

# EXECUTIVE SUMMARY

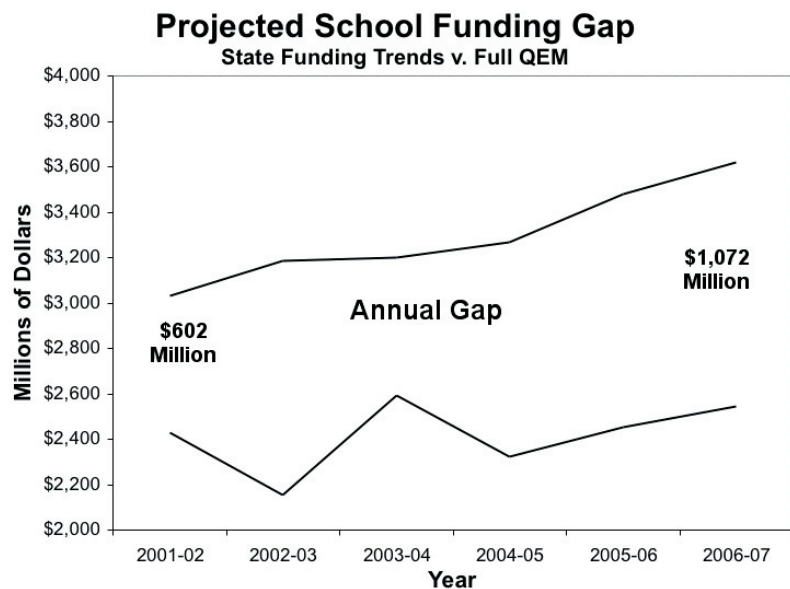
In updating the Quality Education Model, the Quality Education Commission adopted the principle that every student in our state should meet the state's performance goals. This principle requires that the state provide adequate resources to schools, but it also requires us to think about equity in a new way. Rather than defining equity in terms of equal dollars, equity must be based on student results. It means that we need to focus even more on the impact of the factors that affect learning and performance, such as changing student demographics, the challenges in small rural schools, and diminished real resources cause by rapid increases in the cost of employee benefits. It also means that we must distribute school resources in a way that assures all students have an equal opportunity to meet Oregon's performance standards. In order to accomplish this, we must understand what practices are going on in Oregon schools and use data to inform instruction and help students and schools realize these goals.

## THE FUNDING GAP

The gap continues to widen between actual funding levels and the resources needed to achieve Oregon's educational goals. In the 2001-02 school year, the gap between actual funding and the level estimated to get 90% of students to standard was \$602 million.

EXHIBIT A

For the 2005-07 biennium, the Quality Education Model estimates that State funding of \$7.1 billion is required to get 90% of Oregon students to meet the State's academic standards. The Governor's proposed budget of \$5.0 billion leaves a funding gap of \$2.1 billion for the biennium, over \$1.0 billion per year. That's nearly a doubling of the gap since 2001-02. The funding gap has grown over time because state resources devoted to education have not kept pace with education cost increases—in the 2001-03 biennium because of a revenue shortfall caused by a slowing economy and in the 2003-05 biennium because of continued slow revenue growth and the voter rejection of a temporary income tax increase (Measure 30). For 2005-2007, the Governor's proposed budget of \$5.0 billion leaves Oregon schools without sufficient funding to provide an adequate education for Oregon's students.



The solution to the funding gap must include two components, one being adequacy of state resources and the other being opportunity to achieve efficiencies in the system. State education funding per student has not kept pace with inflation over the past decade. At the same time, schools have experienced cost increases above the inflation rate and increases in the number of students with special needs. Unless the state and districts can increase funding and efficiencies, the gap will not shrink, and the progress Oregon's schools have made over the decade will stop. The result will be an inadequate school system, a burden on the state economy, and the loss of our status as a high quality-of-life state. Oregon must establish a stable, adequate funding system if Oregon students are to achieve at high levels.

## RECOMMENDATIONS

The Commission found that the Quality Education Model continues to provide an accurate picture of the costs of a Quality Education for Oregon's students. The Commission also found, however, that the provisions of the Federal NCLB legislation represent a tremendous challenge to creating the programs and providing the funding required to get all students to meet state academic standards. Based on a thorough review of the Quality Education Model and advice from its three broad-based panels, the Commission offers the following recommendations:

### TOP PRIORITIES

- ✎ Provide State resources to complete an overview of the existing cost and effectiveness of the State's educational data system for grades PK-20, and implement an improved system within the next two years.
- ✎ Create a Governance and Accountability taskforce to develop recommendations about how the educational system needs to be structured to provide maximum learning outcomes to students.
- ✎ Provide additional resources targeted at the elementary grades, with emphasis on early reading programs.

### SECONDARY PRIORITIES

- ✎ Continue the expansion of high school restructuring programs in the state.
- ✎ Provide targeted staff development to improve the effectiveness of Oregon's teachers in helping students meet state standards.
- ✎ Improve the alignment between the K-12 school curriculum and Oregon's post-secondary education and employment needs.
- ✎ Continue the line item in the state budget to pay for the highest cost special education students, and look for efficiencies to provide services to these students at lower cost.

### AREAS OF NEEDED RESEARCH

- Continue to study program costs and needed resources to meet state goals for small rural schools, high poverty schools, and special education programs.
- Consider what quality standards for early childhood education and development would look like and how such standards would connect with the Quality Education Model (QEM).
- Develop a statewide strategy for early childhood development.
- Develop other student outcome measures in addition to state assessment scores and dropout rates to evaluate progress toward meeting state Quality Education Goals.
- Study middle school programs to determine whether changes are needed to the QEM middle school prototype that would be likely to increase student achievement.
- Describe the Quality Indicators in greater detail and outline a strategy to collect the data to measure them.

- Evaluate the benefits of an extended school year or extended instructional hours as a best practice.
- Evaluate the effectiveness of Education Service Districts (ESDs) in efficiently providing services to districts, and look for further efficiencies to streamline processes and management systems throughout the state's educational system.
- Create work groups to look at efficiencies in the following areas:
  - federal and state mandates and their funding or lack thereof
  - transportation costs (is there adequate competition, how should funding be allocated, and is the reimbursement of 70% of costs reasonable)
  - healthcare (can we afford 10-15% increases year after year)
  - the cost of special education and English as a Second Language (ESL) programs and the effectiveness of their delivery
  - the structure and number of Oregon school districts and ESDs in delivering services while maintaining local control
  - the impact on latchkey and at-risk students of eliminating after-school programs
  - recruiting more minority teachers and training for teachers to improve the effectiveness of teaching minority students and students from other cultures

#### CHANGES TO THE QUALITY EDUCATION MODEL

- *Fully integrate all sources of funding for the K-12 system in the Quality Education Model.*
- *Develop an empirically-validated formula that identifies relationships between educational inputs in the prototype schools and learning outputs; increase the precision of this formula each biennium.*
- *Determine what would be necessary to bring 99% of students to the quality levels specified in the Model and NCLB by 2014 and determine the cost of achieving that goal, including the appropriate phase-in of such expenditures.*

#### STAYING THE COURSE

The Commission members are dedicated to the continuing refinement of the Quality Education Model and improving educational outcomes in Oregon. In order to achieve the level of improvement required by NCLB, as well as providing better educational outcomes for our students, we need to stay the course on meeting original education goals through efforts like the QEM, but we also need to develop better accountability and governance systems. This Model is not just about money—it is about accountability and understanding the relationship between funding, educational practices, and performance expectations.

The QEM is a good Legislative tool for defining what funding level is needed, and when combined with an improved accountability and data system, it will show us how we can be more effective in reaching both state and federal performance goals. The funding gap in Oregon is widening and is challenging our ability to help each of our students meet Oregon's performance goals. It is time for all of us to think of K-12 as part of an integrated educational system, to see it as one of the State's priorities for economic improvement by reducing long-term costs in other areas and creating better-educated citizens and workers, and to keep the promise of providing a Quality Education for each of our students.