STATE BOARD OF EDUCATION – ADMINISTRATIVE RULE SUMMARY

Title/OAR #: Adoption—Poverty Eligibility Determination for Purposes of State School Fund Distribution OAR 581-023-0102

Date: November 23, 2015

Staff/Office: Michael Elliott, School Finance, ODE; Cindy Hunt, Superintendent's Office, ODE

☐New Rule   ☒Amend Existing Rule   ☐Repeal Rule

Hearing Date: _____ ☐ **Hearings Officer Report Attached**

Prompted by: ☐ State law changes ☐ Federal law changes ☒ Other

Action Requested:

☐ **First Reading/Second Reading**   ☐ **Adoption**   ☒ **Adoption/Consent Agenda**

PROPOSED/AMENDED RULE SUMMARY:

Changes how often poverty data is updated in caculating poverty weights for districts.

BACKGROUND: Oregon K-12 Public Schools are funded through a combination of local revenues and money appropriated by the legislature. The Oregon Department of Education (ODE) first totals all available funding for school districts and then distributes the money appropriated by the legislature to school districts—not individual schools—through the State School Fund Formula (Formula).

The Formula's goal is to equalize funding across the state. The Formula achieves this goal by dividing the total revenue available by the number of weights in the state to get a funding per weight amount. The weights are often expressed as "ADMw" which means Average Daily Membership Weighted. Each district counts the number of ADMw it has and multiplies that by the per ADMw amount to determine how much funding it will receive under the Formula. The average statewide funding per ADMw is $6,970 for the 2015-16 school year.

The legislature uses ADMw for funding rather than students for two reasons. First, the legislature wanted to equalize funding across the state. Some students do not attend school full time and so their part time attendance needs to be taken into account. A per student formula would over-fund part time programs. Secondly, some students take more resources to educate. Example of the types of students who may take additional recources are students on an Individualized Education Plan (IEP), students living in poverty, or students enrolled in a qualifying ELL program. The legislature assigns additional ADMw for these students so that districts receive additional funds for those students under the Formula.

As stated above, students living in poverty receive additional weighting. That weighting is set at 0.25 ADMw. This means that if a student has been identified as living in poverty and attending a public school full-time the student will receive a total of 1.25 weights: 1.0 weights for attendance and 0.25 weights for being identified in poverty.

In 2013, the legislature updated the data set being used to calculate poverty in Oregon's school districts. Instead of using static data from 2000, the legislature authorized ODE to use U.S. Census Bureau data that is updated every year. The response to the change was positive. Even some of those districts that had a negative impact from the change were in support of using more current data. That system went into effect for the 2014-15 school year.

After working with the system for two years, the districts raised concerns about potential swings in funding under the current poverty update schedule. The first update occurs before districts receive any state school funds for a given year. For example, the first update for 2015-16 came in January 2015. This is an estimate and is the basis of funding for the 2015-16 year. The next update comes in January 2016. This is more recent data and still gives the districts time to adjust to the new funding levels with the new poverty data. However, the last update comes in January 2017. The only adjustments that can be made for this update are during the reconciliation process for the 2015-16 school year.

The districts are concerned that, because poverty is one of the largest weights, there could be significant funding swings during the reconciliation. Districts would not have enough time to plan for those swings and the swings could cause hardships for the districts.

The districts and ODE worked together to determine a solution. ODE's concern is that we use the most recent data possible. Districts wanted to provide a level of stability to avoid swings during the reconciliation. The solution is to only update poverty data twice for any given funding year. For the 2015-16 school year for example, the poverty number would be updated once in January 2015 and once in January 2016. That way districts could anticipate any changes to funding and ODE is providing recent data that reflects current poverty.

ISSUES/CONCERNS THAT SURFACED DURING RULE WORK:

No issues surfaced during rule work. The proposal was developed working with representatives from the seven largest districts in the state. The proposal is the agreement of the districts.

CHANGED SINCE LAST BOARD MEETING?
☐ N/A; first read—hasn't been before board
☒ No; same as last month
☐ Yes – As follows:

FISCAL IMPACT:

The revised rules will have a minimal impact on ODE as it reprograms its systems to accommodate the change.

EFFECT OF YES VOTE: If the Board approves this rule, then it will implement revisions that provide certainty to districts, prevent potential swings in funding and continue to update overty data using the latest information available.

EFFECT OF NO VOTE: If the Board does not approve this rule, the current rules will stay in place where poverty will be updated once before reconciliation. This will provide the absolute latest data but could result in funding swings for districts during reconciliation.

581-023-0102

Poverty Eligibility Determination for Purposes of State School Fund Distribution

(1) The following definitions and abbreviations apply to this rule:

(a) "ADM" means Average Daily Membership as defined under ORS 327.006 and OAR 581-023-0006;

(b) "Census Bureau" means the United State Census Bureau;

(c) "SAIPE" means the Small Area Income Poverty Estimate published by the Census Bureau every year and available to the public on the Census Bureau's website at: http://www.census.gov/did/www/saipe/.

(2) Pursuant to ORS 327.013(1)(c)(A)(v)(i) the Department of Education will determine poverty using Census Bureau data and ADM data from the school districts.

(3) The Department will obtain SAIPE data published on the Census Bureau website for all Oregon school districts annually as it is released.

(4) (a) The Department will divide the concurrent year's ADM data by the total children ages 5 to 17 as reported in the SAIPE data;

(b) For those districts where the ratio of the ADM divided by total children ages 5 to 17 as reported in SAIPE data is greater than 100%, the Department will reduce the ratio to 100%.

(5) The Department will multiply the population ages 5 to 17 in families in poverty as reported by the SAIPE by the percentage calculated above.

(6) The Department will round the resulting product to two decimal places.

(7) The Department will use ~~the final number to calculate weighted average daily membership for poverty~~the previous year's SAIPE data to calculate the final poverty weights for the current year pursuant to ORS 327.013(1)(c)(A)(v).

(8) The Department will use the poverty weights determined from the latest SAIPE data to estimate future weighting for poverty until the next SAIPE data is available and annually obtained by the Department.

Stat. Auth.: ORS 327.013 & 327.125
Stats. Implemented: ORS 327.013
Hist.: ODE 9-2014, f. 2-19-14, cert. ef. 7-1-14