

**STATE BOARD OF EDUCATION – TOPIC SUMMARY**

**Title/OAR #:** ADM and Full Time Equivalency (“Tenths Method”)

**Date:** October 24, 2014

**Staff/Office:** Cindy Hunt and Michael Wiltfong, ODE

New Rule     Amend Existing Rules     Repeal Rule  
**Hearing Date:** 11/21/14     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:**

Amend relevant OARs to change the way ODE accounts for students who attend school less than full-time.

For the October meeting, ODE staff will present a policy proposal. If the board agrees with the policy proposal, staff will return in December with the necessary revisions to the relevant rules, including OAR 581-023-0006 and 581-023-0008.

**BACKGROUND:**

The Department of Education’s School Finance Unit was asked to create a proposal to equitably account for students attending school less than full-time.

The current rules do not accurately account for differences in student schedules. Under the current rules, there are only two options for FTE in our ADM data collections: 0.50 and 1.0. In a district that offers an 8 period schedule, the district receives a full 1.0 FTE for a student who is enrolled in 8 courses and a full 1.0 FTE for a student who is enrolled in only 5 courses. The school district is receiving the same amount of money despite providing a different level of service for those two students. Some may argue the current rule actually creates a disincentive for schools to provide more instruction in these instances, as their costs would increase, but their revenues would remain the same.

The School Finance Unit is proposing a new method, the “Tenths Method,” for calculating FTE. Under the Tenths Method, districts will report FTE based on whether the student’s current schedule, if extended to encompass all of the school’s session days for the year, would meet the minimum instructional hours required by law.

For example, a high school student in a school operating 175 days per year would have to be scheduled for 5.66 hours per day in order to meet the minimum instructional hours required of a high school student.

990 hours ÷ 175 session days = at least 5.657 hours per day required to meet 990 hours for the school year.

Students scheduled to meet or exceed this minimum criteria would be given an FTE of 1.0 for the time period reported. Students who are scheduled for fewer hours would receive proportionally less funding. A student in the above school only scheduled for 4 hours per day. This student would be funded as .7 FTE because they are only participating in 70% of the minimum instructional hours required:

$$4 \div 5.657 = .707 \text{ or } 700 \text{ hours out of } 990 \text{ hours.}$$

**FISCAL IMPACT:**

ODE does not have data indicating how many students are currently enrolled in less than a full schedule. For that reason, ODE staff are recommending we phase in the Tenths model over a three year period. In years one and two, ODE would request data from districts that would allow ODE to produce runs showing financial impact. In year three, the Tenths Method would be fully implemented.

There is also a safety-net in the State School Fund Formula called the “Extended” ADMw, which takes into account the current year’s membership and compares it to the previous year’s membership, and uses the larger of the two for funding calculations (ORS 327.013(1)(c)). Extended ADMw creates an additional phase-in period of two years.

ODE also considered the cost associated with making changes to ODE’s data collections and systems and the districts’ programming and systems to accommodate the way we account for FTE. From our initial review, it is our understanding this change won’t cost much, as it literally takes a few minutes of programming here at the Department. We estimate it will not take a lot of time for the change in programming on the Districts’ part, but do we realize there will be time devoted to training. It is our understanding there are a number of current systems already prepared to have this level of accounting.

**ISSUES/CONCERNS THAT SURFACED DURING RULE WORK:**

- Financial impact on districts is unknown given ODE does not currently have data on how many students are enrolled in a full schedule.

**CHANGED SINCE LAST BOARD MEETING?**

- N/A; first read—hasn’t been before board
- No; same as last month
- Yes – As follows:

**POLICY QUESTIONS:**

- Does the State Board agree with the policy proposal to account for FTE using the Tenths Method?
- If the State Board does agree with the proposal, what should be the timing for implementing the Tenths Method?