



QUALITY EDUCATION MODEL

FINAL REPORT
AUGUST 2014

EXECUTIVE SUMMARY

QUALITY
EDUCATION
COMMISSION

EXECUTIVE SUMMARY

More than fifteen years ago, the Quality Education Commission (QEC) was created in order to provide a clear and data-driven model for funding and best practices in Oregon. The hope was, and continues to be, that the Commission's report each biennium would help lead to a more informed dialogue by policy-makers and the public. In recent years, Oregon has moved to an integrated approach to education considering the whole continuum from birth to college & career as we collectively strive to provide a system that supports our children in an atmosphere of often shrinking resources. Every dollar matters and every dollar must be spent wisely. This system's view is critical as we strive to create an Oregon full of promise for all of our children.

With this shift – so must the QEC evolve. It is no longer adequate nor reasonable to consider our K-12 schools as a silo. In order to effectively create policies, funding, and support for our public schools, we must consider early childhood and the circumstances that our children face before they find themselves on the steps of their local school, as well as their skills and preparation as they enter our system of higher education and workforce development. In this evolved world, the QEC can no longer operate as an island and must provide relevance in a new context.

- The Quality Education Model cannot be just a mechanism to report Oregon's education funding shortfall. The model must be the jumping off point for informed and robust dialogue by educators, community, and policy makers.
- We have started the process of considering the "inputs" (early education) and "outputs" (higher education) of our traditional K-12 education system. While much work remains to be done, this integrated approach provides support and analysis of the critical "ramps" of transition for our children.
- Our system of "tight-loose" shared local and state education leadership model that strives for rigorous outcomes while maintaining local decision-making must be balanced to be effective. Decisions driven by communities are critical, and must be informed by data supporting best practices and positive outcomes for our children.

As Oregonians we come together with a shared focus on the outcomes we desire for our future, our children. The Quality Education Commission is in a unique position to provide value across the continuum.

- The Quality Education Model provides cost analysis to policy makers and localities as they struggle to dedicate the necessary resources to meet our quality goals;
- Resource pathway allocation analysis provides guidance on where in the continuum to focus both new investments as well as existing funds;
- Best practices data and research help drive local decisions and provides insight in to the ramps between early childhood, K-12, and work/post-secondary as well as providing a map between practice and policy. In a vision-rich environment, being able to tie vision to practice is critical.

Findings

The Oregon Education Investment Board's Strategic Plan is aligned with current educational best practices. Statewide initiatives designed to improve graduation and postsecondary enrollment rates have strong potential to result in a more equitable level of college and career readiness for Oregon students as they navigate the transition between high school and postsecondary education. Oregon's strongest college and career readiness indicator is Academic Attribution, which is a mindset that reveals students know that hard work determines how well they do. Further analysis will reveal whether or not this empowering attribute has the potential to be used as a lever for improving Oregon's postsecondary enrollment rate.

The Quality Education Model's new Achievement Model shows that factors beyond academic achievement have large impacts on the likelihood of a student graduating from high school. Males, economically disadvantaged students, and Native American students in particular have lower graduation rates even when they perform as well academically as other students. And attendance is critical—students who have poor attendance rates graduate from high school at dramatically lower rates than those with higher attendance rates but the same academic performance. These relationships remain relatively unchanged as students advance through the grades.

Based on the 2014 QEM Costing Model, Exhibit 1 shows the total cost of running K-12 schools at a level recommended by the QEC is estimated at \$9.158 billion in the 2015-17 biennium, \$2.382 billion more than the funding required to simply maintain current service levels.¹ This funding gap is smaller than the gap previously estimated for the 2015-17 biennium and is also smaller than the gap in the prior biennium, 2013-15. Four factors contributed to the gap's decline: 1) the legislature appropriated more for the 2013-15 biennium than was required to simply keep up with inflation. This raised the Current Service Level for 2013-15; 2) teacher salaries did not grow as much as previously forecast, leading to a reduction in the current forecast; 3) growth in health care costs has slowed; and 4) the employer rate for the Public Employees Retirement System (PERS) for 2015-17 was set lower than previously forecast.

Despite the reduction in the funding gap, the gap remains large—35% of the state's share of the K-12 Current Service Level.

EXHIBIT 1: QUALITY EDUCATION MODEL FUNDING REQUIREMENTS

(Millions of Dollars)	2013-15*	2015-17	2017-19
State Funding Requirement for Current Service Level	\$6,315.8	\$6,776.6	\$7,442.1
Percent Change from Prior Biennium		7.30%	9.82%
State Funding Requirement for Fully Implemented Model	\$8,755.0	\$9,158.4	\$9,960.2
Percent Change from Prior Biennium		4.61%	8.75%
Funding Gap: Fully Implemented Model above Current Service Level	\$2,439.2	\$2,381.8	\$2,518.1
Percent Change from Prior Biennium		-2.35%	5.72%
Gap as Percent of the State's Share of Current Service Level		35.15%	33.84%

* From 2012 Quality Education Model Report

¹ These estimates do not include the costs of going from half-day to full-day kindergarten. Those costs are discussed later in the report.

Recommendations

If Oregon is going to meet its 40-40-20 goal by the year 2025, it is critical that all of the following things happen:

1. Resources must be allocated to the uses that have that greatest positive impact on student learning and on high school graduation. Analysis by the Commission in developing its student achievement model indicates that many students face barriers other than low academic achievement that reduce their likelihood of graduating from high school. Helping students overcome those barriers is as important as increasing their academic achievement.
2. School districts must start early to assure that all students read at grade level by the third grade by utilizing best practices and intentional collaboration with the early learning community. Current public and private investments such as the Oregon Community Foundation's P-3 initiative and the State's *Kindergarten Readiness Partnership & Innovation Fund* must be expanded and utilized effectively.
3. With the State's timely investment in full day kindergarten, it is critical that attention is paid to Oregon's widespread chronic absence problems that start in the early grades and erode our students' ability to graduate. As well, with this change many communities have significant capital needs for both pre-K and kindergarten. Our rural communities in particular often do not have the bonding capacity to work within existing capital investment frameworks.
4. The state must direct resources to promising new initiatives that help districts improve the achievement of specific student groups: students in the early grades, where learning to read well is critical to later learning; English Language Learners, whose high school graduation rates soar if they are proficient in English prior to entering high school; economically disadvantaged students, who face challenges both inside and outside the classroom; male students, who graduate at lower rates than females with similar academic achievement; and Native American students, who face a unique set of challenges.
5. The state must increase funding to education in the places where it makes the most difference. Despite the fact that education is the single largest area of spending in the state budget, education funding in Oregon is lower than the national average and has declined steadily and dramatically over the past two decades when adjusted for inflation. In the aftermath of two property tax limitations passed by Oregon voters, **Oregon is now a low-tax state**, and that makes funding of high-quality public services a challenge.
6. When public resources are limited, evaluating the trade-offs among various options for achieving public goals is essential. The Quality Education Model can help evaluate those tradeoffs, making it a strategic tool in the budgeting and policymaking process. The Model, and the Quality Education Commission, should be fully integrated in to the discourse at all points along the P-20 continuum and utilized for its unique strengths.

The full 2014 QEM report can be found at <http://www.ode.state.or.us/search/results/?id=166>