



SCHOOL FUNDING TASK FORCE

August 27, 2014

Hearing Room F, State Capitol Building, Salem, OR

Members Present:

Sen. Richard Devlin, Chair
Sen. Fred Girod
Rep. Betty Komp, Vice-Chair
Heidi Sipe
Kelly Devlin
John W. Hayes, Jr. PhD.

Steven Isaacs
Claire Hertz
Bobbie Regan
John Rexford
Michael Wolfe

Members Excused:

Sena Norton
Rep. Sherry Sprenger

Staff:

Brian Reeder, Asst. Supt., Research & Data
Analysis, ODE

Jan McComb, Legislative Coordinator, ODE
Michael Elliott, Fiscal Analyst, ODE
Michael Wiltfong, Director, School Finance, ODE

NOTE: Exhibits and testimony submitted to the task force may be found on the task force's website.
<http://www.ode.state.or.us/search/page/?id=4122>

Chair Devlin convened the task force at 1:07 pm and reviewed the agenda.

PUBLIC TESTIMONY

Bob Stewart, Gladstone School District and the Confederation of Oregon School Administrators, testified regarding the task force work. Stewart stated Gladstone's new mission is to "grow great people." He was present when the formula was first developed. The central function was to develop a formula that was equitable. Some areas of the state were funded much differently. Districts agreed to the formula because, in general, it distributed the money in a fair and equitable way. There have been many changes to the formula considered over the years including eliminating the weighting entirely. School districts have rejected other suggested changes because they didn't improve school funding. COSA membership supports maintaining the funding formula as it is. More money would be welcomed, especially for some populations, but without additional funding changes simply move money around.

Craig Hawkins, Director, Confederation of Oregon School Administrators, stated that COSA deliberated on this question of amending the distribution formula at length. The formula works pretty well. It needs further study and additional investment. The topics of poverty, high cost disabilities, English Language Learners all deserve additional attention.

Laurie Wimmer, Oregon Education Association, testified that the distribution formula worked well; the poverty weight may need to be examined and possibly increased. OEA agrees with most recommendations, but disagrees with any language concerning the equity of outcomes. The distribution formula is designed to account for uncontrollable cost factors and does that pretty well. Regarding the proposed changes to the ELL formula, OEA has concerns. The proposal would shift millions. Under the proposal there were 169 losers and 29 winners. The proposal also creates a spending mandate and results in a loss of local control. The shift in funding would result in lots of losses throughout the districts. The incentive proposal assumes lack of quality or volition on the part of districts; that assumption lacks foundation or evidence. There is no evidence that the proposals would move the needle for kids.

Jim Green, Oregon School Boards Association, supported earlier comments. He recounted the history of the formula creation. It was a way to equitably distribute money throughout the state. It's equitable now. There's not enough money in the State School Fund. It is not a spending formula; that's the decision of local school boards after hearing from the community about their priorities. Do not modify the formula unless it is supported by significant research. ELL proposal not supported by research; districts will have to reduce their budget. Salem-Keizer is a big winner, but Salem-Keizer would still need to make programmatic cuts in other areas. Salem-Keizer has a significant ELL population; the district is doing better—they are moving the dial.

In response to questions, Wimmer stated there are issues around student achievement measurement that are problematic. ELPA does not allow students with disabilities to have accommodations in their testing. Because of that, children can't test out of the program. The test is flawed. Another issue is how old the kid is when they come to the public system; earlier is easier.

In response to questions, Green stated that without additional resources, adding more weights, such as proposed with the ELL recommendation, just lowers the level for everyone. Regarding the 4 or 7 year cap, it depends on the student and where they are and what their abilities are. It is easy to get them to a 1 and 2; harder to get to a 3 and higher. The formula should not mandate how funds are spent.

Toya Fick, Stand for Children, testified in support of the ELL proposals. She represented a number of organizations on this issue: APANO, Chalkboard Project, The Education Trust, Adelantge Muheres. While the ELL proposal is not perfect it is a step in the right direction. Oregon is not doing as well as other states with this population. More information needs to be gathered. Kids are not being served well. She urged the task force to adopt the recommendations of the ESL subcommittee: increase the weight for ELL students to .6; give the additional ELL weight for seven years for students who test at 1 or 2 on the ELPA and 4 years for students who test at 3 and above; increase accountability for ELL spending.

Discussion:

- ELL proposals; specific objections.

TASK FORCE REPORT
SUBCOMMITTEE RECOMMENDATIONS
High Cost Disabilities Subcommittee

Recommendation: Maintain the current formula-driven grant and set the reimbursement rate at 80%.

Discussion:

MOTION: Komp moved the task force recommend that the high cost disabilities grant be increased such that districts are reimbursed at 80%.

Discussion:

- The original intent was reimburse at 70-80 percent; the amount has not been increased in a long time; the population affects many school districts.
- Whether rural districts are disproportionately affected; does this move money to bigger districts?
- Possible funding sources for the additional money.
- Recommendation would be for the 2015-17 biennium.
- The impact of this population on large and small districts.
- The top 20 districts according to member John Haye's analysis.
- Students must be served; if the funding in the grant isn't there it will be taken from elsewhere in the budget.
- That the 80% is the important part, not the \$36 million.

MOTION: Komp withdrew her motion.

MOTION: Devlin moved to approve the recommendations of the High Cost Disabilities Subcommittee as reported by to the full committee and as edited by the editing subcommittee.

VOTE: In a roll call vote, the motion passed 10-1. Girod voted no.

ELL Subcommittee Recommendations:

Recommendations:

1. Increase the weight for ELL students to 0.6. This will provide additional funding for those districts with small ELL populations. Additionally, this will help provide additional services to many ELL students who are also economically disadvantaged.
2. Give the additional ELL weight for 7 years for students who test at 1 or a 2 on the ELPA and 4 years for students who test at 3 or above. These timeframes are consistent with information provided to the committee related to research on the mastery of English as a primary language. This will also give districts more stable funding as they will be given set amounts for specific periods of time.
 - a. The subcommittee recommends further research and discussion on this proposal to work out the details. Concerns raised include tracking requirements, how to handle students who change districts, when the funding would start, and when the students would be tested on the ELPA to determine funding level.
3. Increase accountability for ELL spending. The subcommittee does not embrace the any set spending requirement. Further, the subcommittee is very sensitive to the significant resources it

would take at the local and state level to implement an accountability system. However, the subcommittee recommends that ELL funding be spent on ELL services to assist those students.

MOTION: Devlin moved the ELL recommendations as brought forth by the subcommittee and edited by the Editing Subcommittee.

Discussion:

- Without additional funding the money is pulled from other students; changes would need to come with additional dollars and be based on research.
- Administrative burden on tracking spending.
- There are other means of accountability.
- Impact on districts of funding reductions.
- Challenges of teaching older students to read.
- Priorities of the state; will not make 40-40-20 goal without additional investment in ELL.
- Would support additional research.
- “equity” needs to include economies of scale and smaller school districts.
- Poverty a factor in ELL. Interplay between the two.
- Background of student, whether they are proficient in their own language, a factor.
- Without add’l funds, it just redistributes the funds and takes away from some students.
- The research behind the .6 rather than some other number. Support more research.
- There are aspects of the report that many support;

VOTE: Seeing a lack of support for the motion, Chair Devlin withdrew the motion and said he would bring back language on the subject of ELL for the September meeting.

Equity Subcommittee Recommendations

Observations

- When the distribution formula was created in 1991 in response to Measure 5, equity in resource allocation among districts was the goal; the former system of school funding (2/3 property taxes) provided funding levels that varied so much across districts that the system was widely considered to be inequitable.
- The current distribution formula provides a far more equitable distribution of resources than the former system, but the level of resources dedicated to K-12 is still not adequate.
- When the original distribution formula was created, setting of the weights for at risk students was based on research from other states. Oregon’s weights have not been changed since the formula was first created. Now, Oregon has data to allow more in-depth study of the cost differences across categories of students.
- The fact that we still have achievement gaps for students with special needs suggests that the current weights may not be directing sufficient additional resources to districts with disproportionately large populations of students with special needs.

- However, the fact that comparable school districts have different student outcomes suggests that additional money alone cannot eliminate the achievement gaps. Educational practices do matter and should be factored into the evaluation of the formula.
- When school funding reaches more adequate levels it will be easier to make adjustments to the student weights, if they are justified.
- The state’s 40-40-20 Goal could/should help steer education funding policies.

Tentative Recommendations

- Oregon should maintain its existing weighted student formula until a thorough study of the formula can be conducted. The study should provide a clear statement of the state’s educational equity goals, then determine if the current formula is meeting those goals. The formula should be changed only if the study provides clear evidence that the current formula is not meeting the state’s agreed-upon equity goals.
- The legislature should appropriate funds to conduct the study, and the emphasis of the study should be on whether the current weights are an accurate representation of the cross-district cost differences for which they were intended to compensate. The Equity Subcommittee or a larger group of Task Force members should have input into the design of the study. The formula should be reviewed regularly—perhaps every 8 years—to make sure it is accomplishing it’s goals.
- The distribution of the “carve-outs” from the SSF, particularly the High Cost Disability Grant and the Facilities Grant, should be studied as well. Funding provided through strategic investments should also be evaluated for its equity effects. Both the carve-outs and the strategic investments should be evaluated for their incentive effects to make sure they do not create unintended consequences.
- The practices of successful districts should be identified and shared with other districts in a systemic way so that all districts can benefit. In order to achieve equity of student outcomes, all districts need to be using their resources in the most effective manner. Additional resources alone will not ensure better outcomes—resources must be used wisely.
- The study should explore if there are some equity issues that are best dealt with outside of the education system.

Discussion:

- Why poverty isn’t part of the report. It should be added.

MOTION: Devlin moved adoption of the equity recommendations and observations as stated in the report and edited by the Editing Subcommittee.

VOTE: In a roll call vote, the motion passed 10-1, Girod voting no.

LONG TERM CARE & TREATMENT RECOMMENDATION

Sen. Devlin suggested adding a recommendation on the topic of Long Term Care and Treatment. He had formed a work group and met with Department of Education staff on this topic. There seems to be support for changing the law that requires the department to contract with school districts in order to pass the funding to them for LTCT services. It would expedite and streamline the process if the department moved from a contracting method to a grant-in-aid process.

Discussion: Report should acknowledge the work of the department and department is moving toward changing the “weights” (2.0 and 1.75) to be the same.

MOTION: Devlin moved adoption of the LTCT recommendation found on page 5 of the report.

Discussion: Clarification of the recommendation.

VOTE: Hearing no objection, the motion passed 11-0.

Chair Devlin named a subcommittee to craft language for the report on the topic of ESL. He named Komp, Regan, Rexford, Isaacs, and Kelly Devlin.

Discussion:

- The 5th year student issue. Are we going to make any recommendations? Regan suggested stronger language than what was in the report. It is an emerging issue; urgency should be expressed. If big districts did this, it would be a significant hit on SSF. Needs to be looked at.
- Should students studying abroad be included in the SSF?

NEXT STEPS, MEETING SCHEDULE

The next meeting is scheduled for September 26.

ADJOURN

Chair Devlin adjourned the committee at 3:30 pm.