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**CHIEF
EDUCATION
OFFICE**

House Bill 2968 Legislative Report

Chief Education Office



Pursuant to legislative requirement from House Bill 2968, the Chief Education Office convened a work group to produce a report on how State School Fund expenditures relate to the educational achievements of students from families in poverty.

With great appreciation to the members of the Poverty Workgroup, who were convened from a wide spectrum of stakeholder groups including schools, community groups, counties and state agencies.

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All meetings of The Chief Education Office are open to the public and conform to Oregon public meetings laws (ORS 192.610 to 192.690). The workgroup met on October 1 and October 30, 2015. Public testimony was provided at each meeting. Meeting materials are available [online](#) or by request. Contact: Seth Allen, Chief Education Office, (503)378-8213 or [email](#)

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Introduction

On average, Oregon students navigating poverty do not have the same levels of educational attainment and academic performance as students in better economic circumstances. This difference in outcomes is present across a wide variety of valued outcomes, including standardized test performance, attendance, and graduation. (reference 1). In addition, even among students with similar academic performance, students navigating poverty graduate high school and enroll in and complete post-secondary degrees and credentials at a lower rate (reference 2). An opportunity exists for critical analysis and continuous improvement of our institutional anti-poverty programs and strategies.

House Bill 2968 (2015) directed the Chief Education Officer to convene a work group to produce this report on how State School Fund (SSF) expenditures relate to the educational attainments of students from families in poverty. The convened group represented community based organizations, non-profit organizations, parents, public school teachers, classified school employees, school district administrators, school district boards, educational service districts, and the at-large community. The workgroup met twice in October 2015 in all day public meetings that included public testimony. Prior to the initial meeting, the group was provided research and background information.

Included in this document are links to the meeting agendas and all the material considered by the work group (reference 3). HB 2968 directed the group to examine: (a) the financial resources of the state, local, and federal sources that serve students from families in poverty; (b) the poverty weight for SSF distributions; (c) how school districts use moneys received under the poverty weight and whether the weight is sufficient; and (4) other funding or financial barriers associated with increasing academic achievement for students from families in poverty.

This report summarizes the materials reviewed by the Workgroup, describes the Workgroup's conclusions with respect to the relationship between SSF expenditures and educational attainments, and presents a set of policy options considered by the Workgroup.

Materials Reviewed by the Workgroup

Oregon Facts

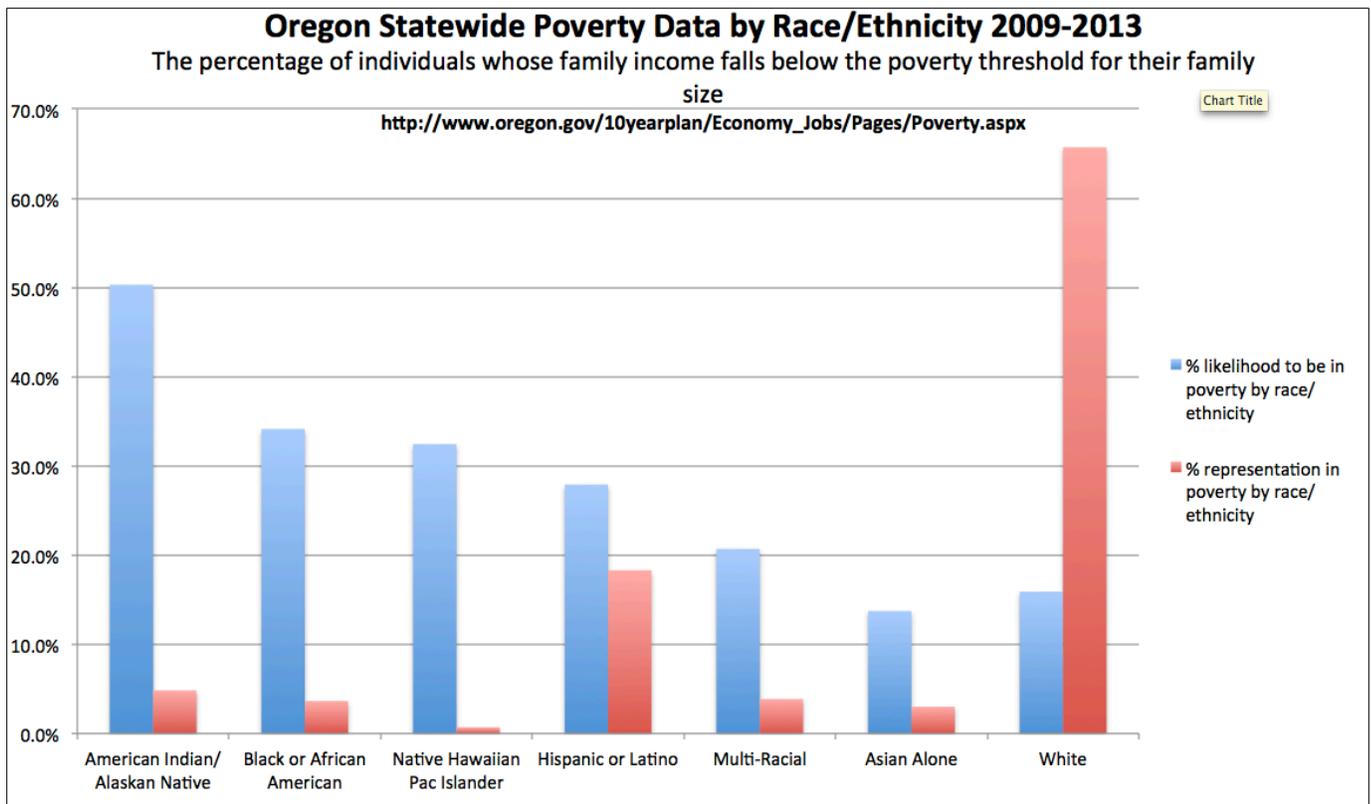
To establish a foundation of common information, the Workgroup considered a broad set of facts regarding poverty in Oregon that were contained in a report by the Chief Education Office (CEdO) entitled “Foundation Information and Oregon Context” (reference 1). For example, the majority of students attending Oregon’s public schools today are navigating poverty. Statewide, in the 2013-2014 school year, 54% of students were eligible for Free and Reduced Lunch (reference 4), which is available to students whose families are at or below 185 percent of the official federal poverty level. In Oregon, that translates to an annual income of \$44,862 or less for a household of four.

“The majority of student attending Oregon’s public schools are navigating poverty.”

Place, Race, and Poverty

In order to facilitate a deeper analysis of these data, the workgroup considered Oregon data referenced above with two additional critical frameworks: place and race/ethnicity. Census data of poverty figures for regions of Oregon disaggregated by race/ethnicity are included in this report (reference 5).

Figure 1: Oregon Statewide Poverty Data by Race/Ethnicity



“Many members expressed a common commitment to honor the strengths, contributions, and untapped capacity of students navigating poverty.”

With respect to place, poverty rates are lowest in the suburbs and highest in remote rural areas (reference 3). High poverty and persistent poverty are disproportionately found in rural areas (reference 3). With respect to race/ethnicity, Oregon data show a disproportionate number of families of color who are below the federal poverty line (figure 1). This disproportionality is greatest for Alaskan Native/American Indian families and African American/Black families. At the same time, white families represent the majority below the federal poverty line.

Special Education and Poverty

The workgroup inquired as to the relationship between poverty and special education status. Although data was not presented at the meeting, subsequent research has identified a large body of research showing that students navigating poverty are more likely to be exposed to social risks that negatively affect early development and increase the need for special services in public school (reference 6). Because special education represents a significant cost to public education, using poverty reduction as a strategy to reduce demand for special education is a possible opportunity for conserving public resources.

Asset Based Perspective and Identification of Students

The Chief Education Officer, as well as many work group members, articulated a critical asset-based conceptual framework for thinking about poverty. Many members expressed a common commitment to honor the strengths, contributions, and untapped capacity of students navigating poverty. The idea of focusing on strengths informed much of the group’s deliberations as did the complementary idea that anti-poverty programs should not single-out particular students in the classroom and in extra- and co-curricular activities.

Within schools and districts, the only time an individual student is identified in any way with respect to economic status is the school lunch program and then only to staff who administer that program. The socio-economic level of a district or school (which comes from census data) is public information; however the individual “free and reduced lunch” status of a given student is private. The U.S. Department of Agriculture guidance requires that schools prevent overt identification of students receiving free or reduced priced meals.

Funding and Financial Barriers

Students (and families) navigating poverty experience barriers that hinder their educational attainment. These include diminished access to

the comprehensive program and co-curricular/extra-curricular activities due to fees, transportation, or other costs. Students who are navigating poverty less easily meet expectations regarding attendance and homework, which can cause additional costs for families in the form of truancy fines, tutoring, and credit recovery. The many types of internal and external barriers are interdependent and strongly linked to the students' local context.

“The many types of internal and external barriers are interdependent and strongly linked to the local context.”

The role of public education with respect to barriers is to address those under control of the system and to help students and families become more savvy and self-sufficient. These elements of self-sufficiency were categorized for the group as (1) income and economic assets; (2) education and skills; (3) housing and surroundings; (4) access to health care and other social services; (5) close personal ties and networks; and (6) personal resourcefulness and leadership abilities (reference 1). From a short-term perspective, comprehensive and coordinated support for students and families that extends far beyond schools was identified by Workgroup members and in public testimony as a promising practice. Successful Oregon coordinated support models are place and context-specific, and have involvement of community and culturally specific organizations. From a long-term perspective, higher educational attainment is identified as part of the solution to all of these barriers. The Oregon 40/40/20 goal of 100% high school graduation and 80% post-secondary attainment and investments into CTE and STEM are both anti-poverty strategies.

Federal Financial Resources to Public Schools

Federal funding comes to Oregon and then to districts in the form of the Title 1A program. The purpose of Title 1A is to improve the academic achievement of “disadvantaged students”. Title 1A funds are designed to go to schools with the highest concentrations of low-income students. This program has strict rules with respect to distribution and expenditure of funds. The Oregon Department of Education partners with each school district that receives these funds to adhere to distribution and expenditure regulations.

A key element with respect to Title 1A is that once a district has developed its funding distribution strategy to schools based on federal criteria and district determinations, the actual services go to students at risk of not meeting Oregon academic standards. These services must support the lowest achieving students without regard to individual poverty status.

The work group identified a key gap in the current information flow with respect to determining the levels of poverty for schools. Whereas certain state administered non-educational programs intended to reduce the impacts of poverty report data to ODE with respect to families receiving services, the information from analogous programs in Oregon Tribes does not get recorded in the same manner. This was an issue identified for the Oregon Tribal Education Cluster for further discussion and suggested action to ensure the most equitable distribution as possible across districts and schools.

“...members reported that in some rural areas, the scarcity of local partners and services limit the reach of anti-poverty programs and the opportunity for schools to collaborate”

State and Local Resources

A wide variety of state and local resources are available to serve students from families in poverty (reference 1). The work group received a presentation from 211.org, which has been commissioned by the state to provide a web-based resource of providers to students, families, staff, and communities (reference 7). From a state agency perspective, the group discussed the many points of overlap between agencies that would benefit from greater coordination to improve access, communication, and alignment of services to children and families. Members identified that when agency efforts are more closely coordinated, services are delivered more frequently and efficiently. Critically, members reported that in some rural areas, the scarcity of local partners and services limit the reach of anti-poverty programs and the opportunity for schools to collaborate.

State School Fund Poverty Weight

Two key factors that drive the per-student funding districts receive in State School Fund revenue are: (1) the amount of time the student is enrolled in school and (2) an amount of extra “weighting” for students from certain groups.

Student membership is calculated by measuring average daily student membership throughout the school year. Nationally, the Oregon system of funding for membership in this manner is rated as one that highly incentivizes districts to attain high attendance levels.

The SSF weighting system is meant to account for the increased costs associated with creating an educational program with equitable outcomes. The Oregon weights are:

Special Education	1.0 *
ESL	0.5
Pregnant/Parenting	1.0
Poverty	0.25
Neglected & Delinquent	0.25
Students in Foster Homes	0.25

**Although the Special Education weight is 1.0, districts are only funded for the first 11% of their identified students. Approximately 80% of Oregon districts exceed the 11% cap. Each year, these districts receive a share of a small fixed set-aside fund based on the relative amount they and other districts exceed the cap.*

For the 2013-2014 school year, the number and associated weights and funding associated with students in poverty is:

Total Students in Poverty	83,140
Poverty Weights @ .25 weight	20,785
Revenue Attributed to Poverty Weight	\$137,716,520

For reference, the total 2013-2014 operating revenue for Oregon school districts, not including Federal Title 1A and 1D, was \$5.575 billion. Therefore, the total revenue from the poverty weight is 2.5% of the total operating revenue. The per-district breakdown of revenue from the poverty weight is contained in (reference 8).

Correlations between Spending and Educational Attainment

Research presented to the group showed that students navigating poverty benefitted when funding was increased in districts. Specifically, for students navigating poverty, a 10 percent increase in per-pupil spending each year for all 12 years of public school was associated with roughly 0.5 additional years of completed education, 9.6 percent higher wages, and a 6.1-percentage-point reduction in the annual incidence of adult poverty (reference 9). The same research also identified that “how the money is spent matters” and that spending increases should be tied towards practices that are most effective (reference 9). Workgroup participants identified this research as supporting that idea that the public school system as a whole is an anti-poverty program and that districts tended to direct more resources to and attain differentially better outcomes for students navigating poverty. Also, participants shared that they believed some districts did better than others in this respect and that districts would benefit by knowing what works in other districts as part of a continuous improvement process.

How Districts Use Revenue Generated by the Poverty Weight

School districts are not required to identify how revenue generated from the poverty weight is budgeted or expended. The poverty weight is distributed as part of a funding formula, not spending formula. Superintendents testified to the work group that such a requirement could be problematic for three reasons: (1) unlike other specific weights which have associated programs (e.g. Special Education or English Language Programs) there are few district programs that are restricted only to serving only students navigating poverty; (2) creating a requirement to code specific activities as being wholly or partially anti-poverty programs would be inconsistently applied across districts; (3) districts cannot direct programs to individual students based on their free and reduced lunch status, the only source of poverty identification; and (4) the impact of poverty is so correlated with other student characteristics that also contribute to the weights that it difficult to segregate the impact of anti-poverty interventions from the impact of related programs.

“The impact of weights in the funding formula is based on the relative sizes, so any evaluation of the poverty weight needs to be done in the context of an evaluation of all the weights.”
- HB 2968 Workgroup

Sufficiency of the Poverty Weight

In 2013, House Bill 2506 directed the Task Force on School Funding to “make recommendations regarding possible modifications to the funding formulas used to distribute State School Fund moneys to school districts and education service districts.” The Task Force produced a set of recommendations, one of which was to maintain the current weighting formula until a comprehensive review could be conducted. A HB 2506 Task Force presentation “School Funding Formulas: A National Perspective” was reviewed by this workgroup and CEEdO staff provided additional information obtained by interviewing the presentation’s author.

Because there existed cross-membership between the HB 2506 Task Force and this Workgroup, additional perspectives were shared with respect to the on-going policy dialogue regarding the sufficiency of the poverty weight. Some members believed the 0.25 weight is not sufficient to provide an educational program that is equitable for students navigating poverty. Many others pointed out that the poverty weight should not be considered in isolation because some of the weights in the SSF are correlated with each other. In particular poverty is likely to be positively correlated with every other weight in the SSF. Further, the impact of weights in the funding formula is based on the relative sizes, so any evaluation of the poverty weight needs to be done in the context of an evaluation of all the weights. The entire group indicated that further discussion and research into this complex topic would be required to answer any sufficiency questions.

Conclusions

The subject of this report is how State School Fund expenditures relate to the educational attainments of students from families in poverty. The research from the CEdO and the deliberation of the Workgroup have resulted in a number of key findings that represent consensus opinions, along with other topics that elicited differing perspectives.

Key findings:

1. There is an overall positive correlation between increased funding to districts and the educational attainment of students navigating poverty.
2. How districts allot resources matters to improving the outcomes for students navigating poverty.
3. School districts have never been required to track expenditures related to the poverty weight and they do not identify particular programs as being targeted specifically for students navigating poverty. There are significant challenges to identifying programs as being directly tied to the anti-poverty weight.
4. Certain state information exchanges related to poverty-based school funding do not identify students from families receiving certain services provided by Oregon Tribes.
5. School district poverty identification of individual students is centered around providing free and reduced lunches and not available to direct a student's instructional plan.
6. For program evaluation, the state can access an individual student's poverty status. However, the "poverty flag" in district data submissions is not always accurate at the student level.

"A statewide anti-poverty plan/approach is recommended"
-- HB 2968 Workgroup

Consensus Opinions

1. As recommended by the HB 2506 School Funding Task Force, the Legislature should fund and staff an in-depth study of the State School Fund formula.
2. A statewide anti-poverty plan/approach is recommended. Cross sector anti-poverty approaches that include different agencies like DHS, OHCS, and OHA and regional initiatives like Coordinated Care Organizations, Early Learning Hubs, and Regional Achievement Collaboratives will be most effective at raising educational attainment and eliminating barriers for students from families in poverty.

Differing Perspectives:

1. Some workgroup participants believed that if the poverty weight were judged as insufficient then a redistribution of revenue based on poverty should commence as soon as possible; others believed that until districts are adequately funded such redistribution should not occur.
2. Some workgroup participants questioned whether--given the level of revenue and importance of the issue--districts should be required to account for and report on their use of weighted revenue; others believed that such an approach was problematic to operationalize and that it would create bureaucracy that would decrease services.

Possible Policy Options

The Chief Education Officer invited work group participants to advance possible policy options at both meetings (reference 3). During the second meeting, the group considered a subset of the concepts that were suggested and offered their critical thinking to each. This section lists the concepts, provides a brief analysis, and groups and paraphrases positive, negative, and neutral comments. None of these concepts were voted on and none represent a consensus opinion of the Workgroup.

1. Provide school funding at the level called for by the Oregon Quality Education Model.
 - a. Analysis: Every other year, the Oregon Quality Education Commission presents a report that estimates the amount the state should spend to reach its educational goals. The current state investment in education is below that level (reference 2).
 - b. Perspectives:
 - i. (+) Research submitted to the workgroup shows that increased investment will result in increased achievement for students navigating poverty.
 - ii. (+/-) Spending increases should be coupled with systems that help ensure spending is allocated toward the most productive uses.
 - iii. (-) There is a limited pool of resources available to meet the many competing needs of the state.
2. Require school districts to report on how they spend the revenues that come from the poverty weight.
 - a. Analysis: Currently, districts are not required to track how this money is spent. Therefore, the data does not currently exist to produce such a report. If such a requirement were to be enacted for districts to account for how they spent the allocation, the report would also need to designate what programs count partially or entirely as anti-poverty programs.
 - b. Perspectives:
 - i. (+) The revenue associated with the poverty weight is higher than that from Title 1A, which does require a spending allocation audit.
 - ii. (+) Public transparency with respect the use of this resource is essential.
 - iii. (+) Some districts are not enacting best practices to serve students and families navigating poverty, in part

- due to lack of awareness about available best practices.
- iv. (-) Unlike other spending categories, there are few well-known, nationally identified programs designed to exclusively serve students navigating poverty.
 - v. (-) Such a report will change accounting practices and drive up the cost of central administration, while not necessarily resulting in program change.
 - vi. (-) For legal and pedagogical reasons, instructional staff members do not use individual students' free and reduced lunch status in determining an individual educational program.
3. Require school districts to produce a narrative on their approach to increasing the educational attainment of students in poverty.
 - a. Analysis: This narrative could exist on its own or be incorporated into existing reports generated by the district. The current district improvement plan process requires that the districts report every three years.
 - b. Perspectives:
 - i. (+) This narrative, especially in conjunction with district achievement data, could provide information with respect to successful programs and practices.
 - ii. (+) The process of developing this report will elevate the district's attention and commitment to succeeding at raising educational attainment.
 - iii. (-) If the education agencies do not read, analyze, and report back out to districts, this collection will not lead to systemic improvement.
 - iv. (-) The diversity of local contexts will make it very difficult for a short narrative to adequately and meaningfully explain what a district is doing and why with respect to this topic.
 - v. (-) Any report requires the commitment of additional staff and governance time and resources, potentially at the expense of instructional time and improvement of educational attainment.
 4. Require school districts with lower outcomes relative to districts with similar demographics to produce a report (spending allocation analysis and/or narrative).
 - a. Analysis: This model could be similar to the current accountability framework that the Oregon Department of Education uses to identify and then give support to Focus and Priority schools. In this case, focus districts would be

supported to produce a report as part of a district improvement process.

- b. Perspectives:
 - i. (+) An example of a tight-loose approach
 - ii. (-) Not enough time to fully consider this topic

- 5. Identify a subset of sample districts and partner with them to produce a report (spending allocations and/or narrative).
 - a. Analysis: This idea was suggested during the second meeting and briefly discussed.
 - b. Perspectives:
 - i. (+) Instead of getting superficial information from every district, this approach would get more valid and reliable data from a representative sample that could better inform policy and practice moving forward.
 - ii. (+/-) The sample districts should be volunteers and they should be given a grant in consideration of their time spent.
 - iii. (-) The diversity of districts within Oregon may make it difficult to construct a representative sample.
- 6. Define categories or types of programs where districts must commit resources generated by the poverty weight.
 - a. Analysis: Such a requirement could either be very specific, requiring detailed accounting methods, or more general, requiring that districts make assurances that programs are in place.
 - b. Perspectives:
 - i. (+) Some practices are better than others and this requirement would drive improvement.
 - ii. (+) Culturally relevant and place-based curriculum should be available for all students.
 - iii. (-) State mandates decrease flexibility and may not honor communities
 - iv. (-) This is an overly simplistic way to address the unique needs of districts and communities
- 7. Give greater support to local collective impact solutions.
 - a. Analysis: Oregon currently has a variety of state-supported and community-based initiatives, all of which directly or indirectly support students and families navigating poverty. These include Coordinated Care Organizations, Local

Workforce Boards, Early Learning Hubs, Regional Achievement Collaboratives, and STEM Hubs, as well as coordinating activities undertaken by DHS, OYA, and others.

b. Perspectives:

- i. (+) Coordinated services, especially wrap-around services, are best for students and families.
- ii. (+) School districts need coaching and support on how to engage with their community-based organizations.
- iii. (-) In rural areas, there are fewer organizations with which to collaborate and limited administrative capacity to engage in additional collaboration.

8. Develop a cross-sector statewide anti-poverty approach.

a. Analysis: Many state agencies, Oregon Tribes, local institutions, and community based organizations all serve the same students and families and all have a role in increasing educational attainment and out outcomes for students and families navigating poverty.

b. Perspectives:

- i. (+) Could address state level barriers, lack of data sharing, and lack of high level collective impact.
- ii. (+) Joint reporting would allow analysis of different streams of funding, identification of trends, and better strategic budgeting in the future.
- iii. (-) Previous efforts to coordinate a statewide anti-poverty strategy have failed because of “turf” concerns that arise, given the reality of large numbers of programs and agencies touching the issue of poverty and the nexus between many state programs and requirements of federal funders.

REFERENCES

- Reference 1: HB 2968 (2015) Poverty Workgroup Foundational Information and Oregon Context (attached)
- Reference 2: Oregon Quality Education Model, August 2014.
[http://www.ode.state.or.us/superintendent/priorities/final-2014-qem-report-volume-i-\(2\).pdf](http://www.ode.state.or.us/superintendent/priorities/final-2014-qem-report-volume-i-(2).pdf)
- Reference 3: Chief Education Office HB 2968 Workgroup Website
<http://education.oregon.gov/connect/#connect-meetings>
- Reference 4: Oregon Department of Education Statewide Annual Report Card, 2013-2014, p. 33
<http://www.ode.state.or.us/data/annreportcard/rptcard2014.pdf>
- Reference 5: Regional Poverty Data by Race/Ethnicity (attached)
- Reference 6: O'Connor, Carla, and Sonia DeLuca Fernandez. "Race, class, and disproportionality: Reevaluating the relationship between poverty and special education placement." *Educational Researcher* 35.6 (2006): 6-11.
- Reference 7: 211.org Program Information (attached)
- Reference 8: Poverty Weight Formula Revenue by District (attached)
- Reference 9: Jackson, C. Kirabo, Rucker C. Johnson, and Claudia Persico. "Boosting Educational Attainment and Adult Earnings; Does School Spending Matter after All?" *Education Next* 15.4 (2015): 68.