Report on Adequacy of Public Education Funding As Required by Article VIII, Section 8, of the Oregon Constitution

November 2011

Joint Special Committee on Public Education Appropriation

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2011-2013 Education Budget

Introduction: Ballot Measure 1

Oregon voters enacted Ballot Measure 1 in November 2000.

> *The Legislative Assembly shall appropriate in each biennium a sum of money sufficient to ensure that the state's system of public education meets quality goals established by law, and publish a report that either demonstrates the appropriation is sufficient, or identifies the reasons for the insufficiency, its extent, and its impact on the ability of the state's system of public education to meet those goals.*[1]

The 2001 Oregon Legislative Assembly enacted ORS 171.857 specifying the content of the report. The statute reads, in part,

> *. . .The Legislative Assembly in the report shall [:] [d]emonstrate that the amount within the budget appropriated for the state's system of kindergarten through grade 12 public education is the amount of moneys as determined by the Quality Education Commission . . . that is sufficient to meet the quality goals; or [i]dentify the reasons that the amount appropriated for the state's system of kindergarten through grade 12 public education is not sufficient, the extent of the insufficiency and the impact of the insufficiency on the ability of the state's system of kindergarten through grade 12 public education to meet the quality goals. In identifying the impact of the insufficiency, the Legislative Assembly shall include in the report how the amount appropriated in the budget may affect both the current practices and student performance identified by the commission . . . and the best practices and student performance identified by the commission. . . .*

With regard to post-secondary public education, ORS 171.857 states:

> *The Legislative Assembly shall identify in the report whether the state's system of post-secondary public education has quality goals established by law. If there are quality goals, the Legislative Assembly shall include in the report a determination that the amount appropriated in the budget is sufficient to meet those goals or an identification of the reasons the amount appropriated is not sufficient, the extent of the insufficiency and the impact of the insufficiency on the ability of the state's system of post-secondary public education to meet those quality goals.*

In *Pendleton School Dist. v. State of Oregon*,[2] 18 school districts and 7 public school students sought a declaratory judgment requiring that the Legislative Assembly fund the Oregon public school system at a level sufficient to meet the quality educational goals established by law and a mandatory injunction directing the Legislative Assembly to appropriate the necessary funds. The Oregon Supreme Court ruled that "the legislature has failed to fund the Oregon public school system at the level sufficient to meet the quality education goals established by law and that

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[1] Article VIII, Section 8(1), Oregon Constitution.
[2] 345 OR 596, 200 P3d 133.

plaintiffs were entitled to a declaratory judgment to that effect. However, we also conclude that, in adopting Article VIII, section 8, Oregon voters did not intend to achieve the level of funding required in that constitutional provision through judicial enforcement.

K-12 Quality Education Goals

Oregon's Education Quality Goals
"Quality goals" for kindergarten through grade 12 (K-12) public education are specified in ORS 327.506, that references goals in the Oregon Educational Act for the 21st Century statutes found in ORS chapter 329.[3]

Quality Education Commission
In 1997, Speaker of the House Lynn Lundquist created a council to outline an approach to determine the cost of a quality K-12 public education. This effort was endorsed by then Governor John Kitzhaber and subsequently codified by the Legislative Assembly in 2001. This council became the Quality Education Commission (QEC).

Under ORS 327.506, the QEC is directed to:

1. Determine the amount of moneys sufficient to ensure that the state's system of K-12 public education meets the quality goals.

2. Identify best practices that lead to high student performance and the costs of implementing those best practices in the state's K-12 public schools.

3. Issue a report to the Governor and the Legislative Assembly, prior to August 1st of each even-numbered year, that identifies:

    - Current practices in the state's system of K-12 public education,
    - Costs of continuing current practices,
    - Expected student performance under current practices,
    - Best practices for meeting quality goals,
    - Costs of implementing the best practices,
    - Expected student performance under the best practices, and
    - At least two alternatives for meeting quality goals.

The QEC has developed the Quality Education Model (QEM) as a tool to depict Oregon's K-12 education system with sufficient detail and accuracy to help policymakers understand how schools allocate their resources, how various policy proposals affect funding needs, and how the level of resources provided to schools is expected to affect student achievement. The QEM describes and estimates the costs of activities that could be expected to result in identified

[3] ORS 329.007 (Definitions), ORS 329.015 (Educational goals), ORS 329.025 (Characteristics of school system), ORS 329.045 (Revision of Common Curriculum Goals, performance indicators, diploma requirements, Essential Learning Skills and academic content standards; instruction in academic content areas), and ORS 329.065 (Adequate funding required). The full text of these statutes can be found in Appendix A.

outcomes. Prototype schools at the elementary, middle, and high school levels are used as exemplars of best practices research in effective and high performing schools. The prototype schools are not intended to be prescriptive nor are schools required to expend funds as recommended by the QEM.[4]

The 2010 QEC Report indicated that full funding of the QEM for the 2011-2013 biennium would require $8.75 billion.[5] This is equivalent to $8,366/ADMw[6] in the first year and $8,674/ADMw in the second year.

The QEC offered two alternatives to funding the total figure identified by the QEM.

Alternative 1: Based on the 2010 recommendations of the Best practices Panel and the course-taking patterns analysis, identify and implement practices and programs that are most likely to prepare the largest proportion of Oregon students to achieve the state's academic goals and graduation standards.

Key examples of research-based strategies for boosting student achievement throughout the K-12 system include:

- Investing in focused professional development and teacher collaboration, new teacher induction programs, and pre-service training that emphasize methods and pedagogical content knowledge that increase teachers' instructional effectiveness.
- Developing strong district frameworks for the articulation of academic content throughout the grades and the alignment of coursework with state assessments.
- Providing targeted interventions (such as smaller classes, individualized instruction, and additional instruction with a licensed teacher) for students most at-risk of not meeting academic standards.
- Developing methods to promote high levels of academic performance in the early grades and sustaining those skills in the middle and upper grades.[7]

Alternative 2: Establish a timeline for phasing-in all components of the Quality Education Model. The idea of gradual implementation, over five biennia, was first proposed in the 2006 QEM Report. Oregon's 2007 Legislature made some progress in closing the funding gap by appropriating funds above the level needed to simply continue current programs. The economic downturn that began in 2007, however, undid that progress and the Oregon education system will likely face a funding gap of more than $2.0 billion in the 2011-2013 biennium. Despite this setback, the Commission recommends the Governor and Legislature adopt a long-term strategy for closing the funding gap by setting specific funding targets over a five biennia time frame.[8]

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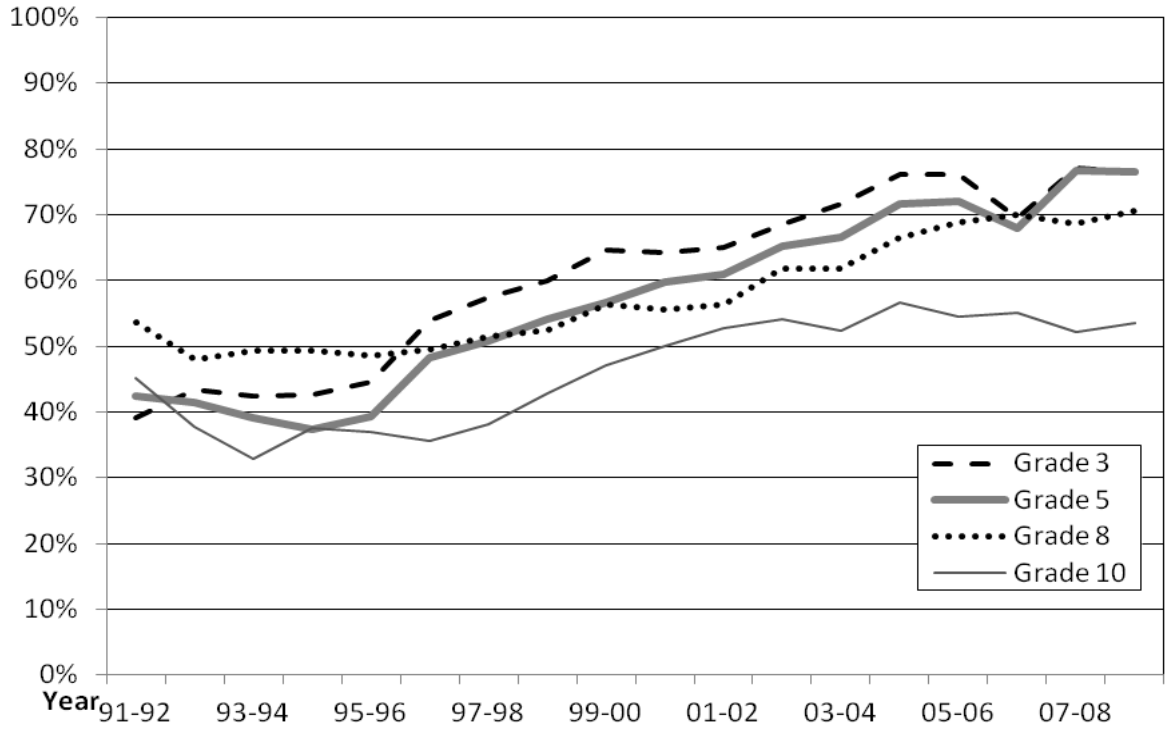
[4] Quality Education Model Final Report, October 2010, pg. 8.
http://www.ode.state.or.us/superintendent/priorities/revised-final-quality-education-model-october-2010-.pdf
[5] *Ibid*, pg. 28.
[6] "ADMw" refers to average daily membership, weighted; the student count plus special student weightings (ORS 327.013).
[7] QEM Report, pg. 3.
[8] *Ibid*, pg. 4.

Measures to Identify Progress toward Quality Goals

The QEM and its recommended funding levels are the state's primary measure for determining funding adequacy. With regard to student performance, the QEC looked to state standardized assessments to measure progress toward quality goals but acknowledged that a single measure is too narrow, in and of itself, to reflect the many dimensions of learning needed for students to meet their full potential. This year's QEM report included statewide data on student performance on the Oregon Assessment of Knowledge and Skills (OAKS) tests for reading, math, science and writing. The report also presented information on high school graduation rates, including the cohort graduation rate for 2008-2009.[9]

Exhibit 1: Percent Meeting Math Standard



[9] *Ibid.*, pg. 30.

Exhibit 2: Percent Meeting Reading Standard

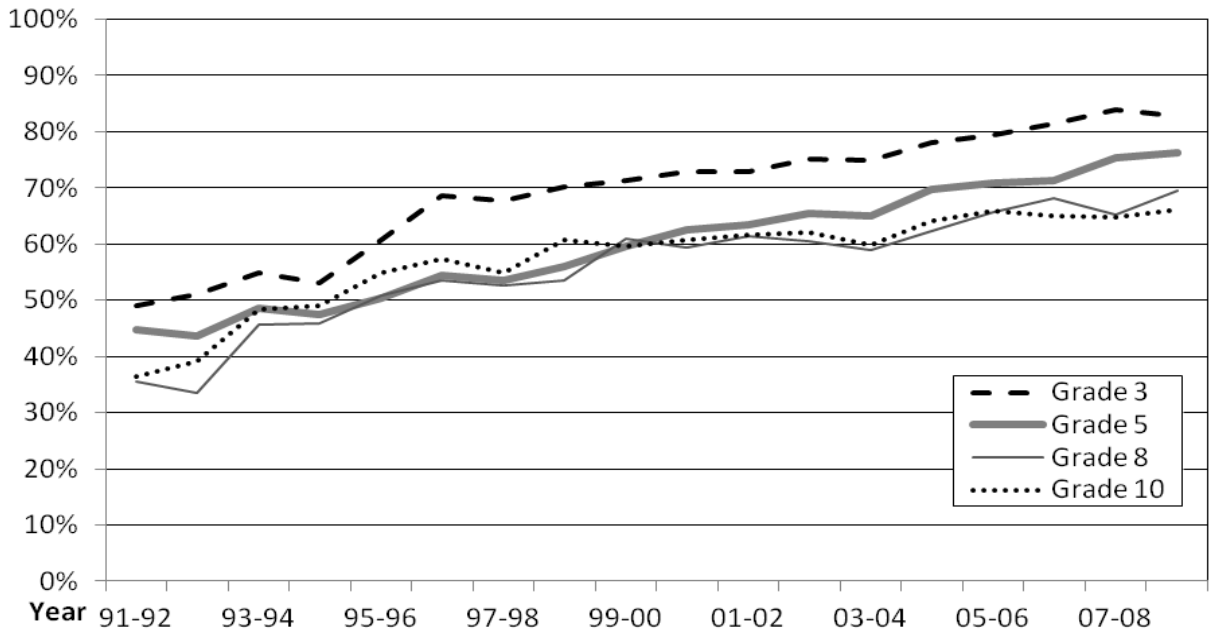
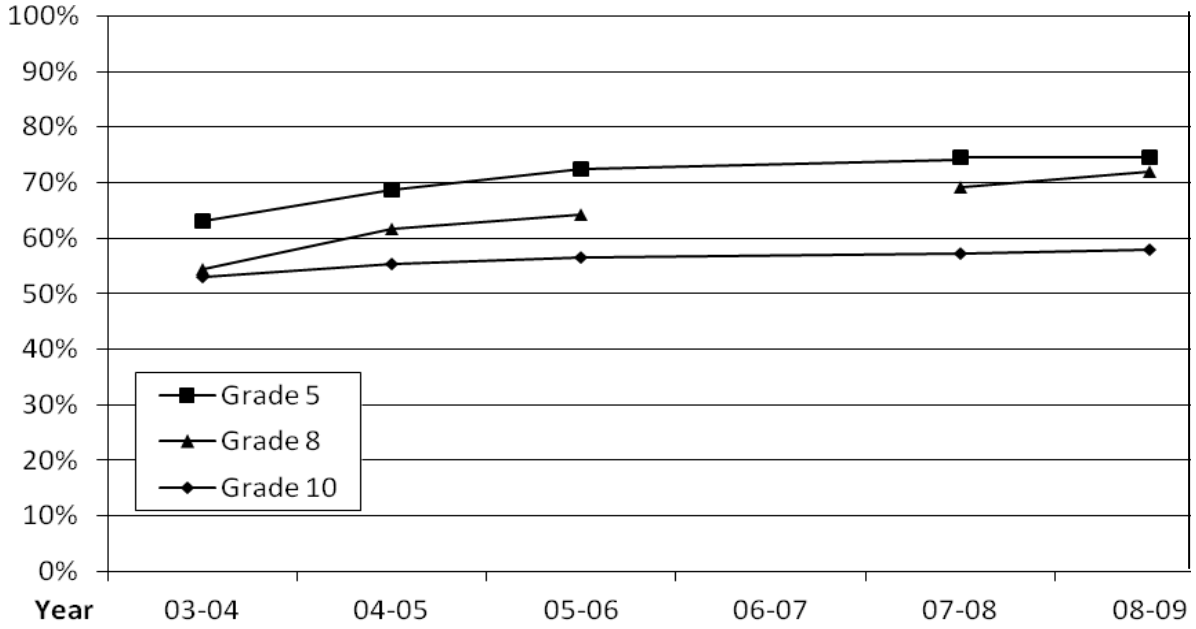


Exhibit 3: Percent Meeting Science Standard



*Science test was not given in **2006-07**

Exhibit 4: Percent Meeting Writing Standard

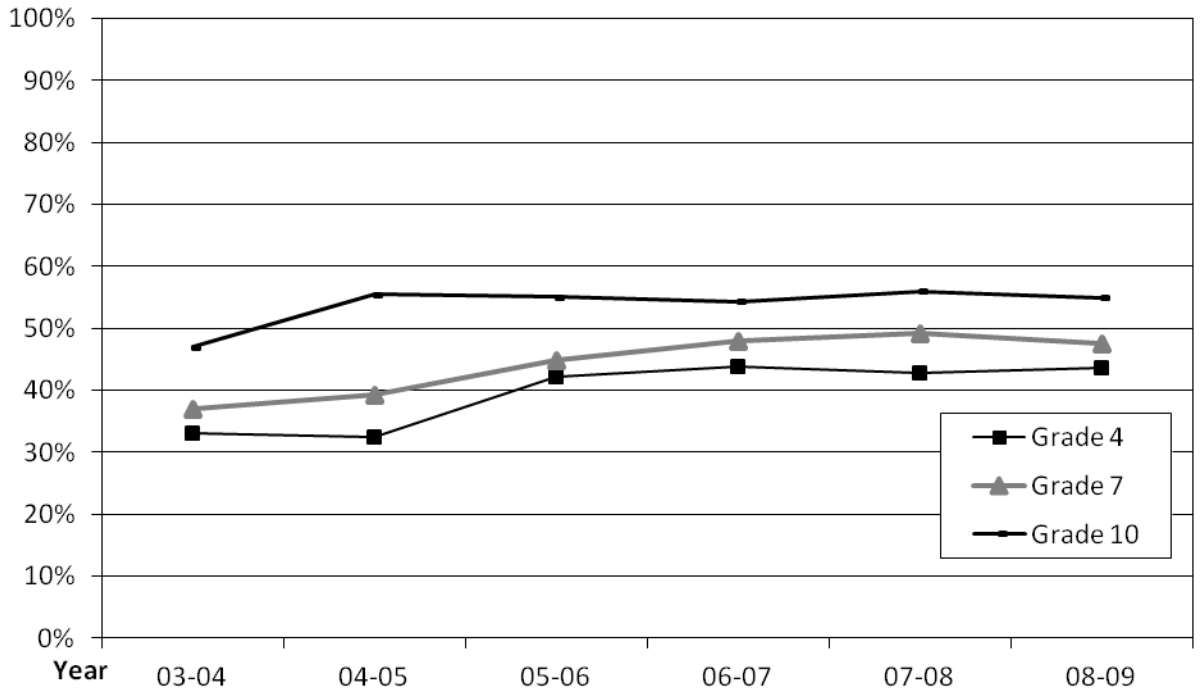
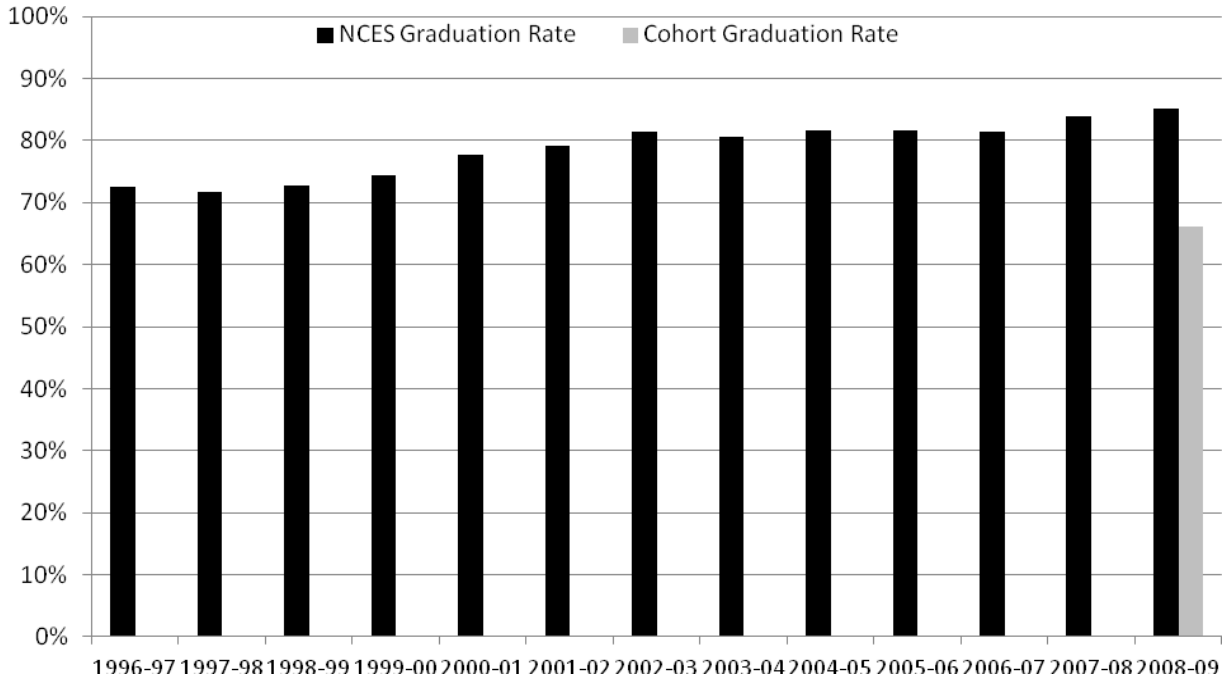


Exhibit 5: Oregon Graduation Rates



To place Oregon's student achievement within the national context, the QEC reported the following:

- Oregon's average reading and math scores on the National Assessment of Educational Progress (NAEP) or "the Nation's Report Card," have followed a generally upward trend in recent years and have been slightly higher than the national average in many categories. NAEP results from 2007 and 2009 show that Oregon's fourth graders have fallen slightly below the national average for both reading and math. Oregon's eighth graders scored above the national average for both reading and math in 2009, as they have consistently since 1998.
- Oregon students have historically outscored U.S. students on the SAT test. In 2008, Oregon's average SAT scores exceeded the national average in the reading, writing, and mathematics sections. Just 33 percent of Oregon's graduating seniors took the ACT in 2009, compared to 45 percent nationally, and the state's average ACT score was slightly higher than the national average.
- Whereas 26.5 percent of graduating seniors in the United States took at least one Advanced Placement (AP) exam during high school, 21.2 percent of Oregon's 2009 graduating class did. The proportion of Oregon students who earned a score of three or higher on an AP exam in 2009 was slightly below the national average. However, the percentage of Hispanic or Latino, African American, and low-income students in Oregon who scored three or higher on an AP exam was greater in 2009 than in previous years.
- After increasing slightly, to 4.2 percent, in the 2006-2007 school year, Oregon's high school dropout rate improved for the following two consecutive school years. The dropout rate fell to 3.7 percent in 2007-2008 and to 3.4 percent in 2008 – 2009. Additionally, the state's graduation rate has been on the rise since 2006 – 2007. According to the National Center for Education Statistics (NCES), Oregon's 2007 – 2008 average cohort graduation rate (the number of graduates divided by the estimated count of freshman four hears earlier) was 76.7 percent, above the national average of 74.9 percent. Still, Oregon students from minority racial and ethnic backgrounds continue to have lower average freshman graduation rates and are disproportionately represented among the dropout population of the state.[10]

Three additional measures, although not specifically related to student performance, have been reviewed by this committee and its predecessors.

<u>Achievement Gap</u>
NAEP results from Oregon's 2009 assessments measured achievement gaps based on gender, racial/ethnic identity, and eligibility for benefits through the National School Lunch program (a commonly used indicator of economic disadvantage).

The largest gaps identified occurred between those students eligible for the National School Lunch programs and their ineligible peers, black and white students, and Hispanic and white students in all four categories (4th grade reading and math and 8th grade reading and math). A large gap was also identified between American Indian and white students in 4th grade math only. Medium gaps were identified between male and female students on 8th grade reading (with

[10] *Ibid.*, pg. 34.

average score for males falling at the 38th percentile of females' scores), and between American Indian and white students on both 4th grade reading and 8th grade math. All other gaps were determined to be small or statistically insignificant.[11]

Federal Criteria

The federal No Child Left Behind Act requires an annual determination of whether schools, districts, and states have made *adequate yearly progress* (AYP) toward the goal of having all students meet rigorous state academic standards by the 2013-2014 school year. Oregon's final AYP report for the 2009-2010 academic year indicates 892 Oregon schools (71.4 percent) met AYP standards. Of the schools receiving federal Title I funds targeted for improving the academic achievement of the disadvantaged, 473 (82.4 percent) met AYP standards compared to 419 (62.1 percent) of non-Title I schools.[12]

College Entry and Success

The number of newly admitted freshmen across the Oregon University System increased by 6.5 percent for the 2010-2011 academic year, pushing system-wide enrollment to a new high of nearly 100,000. The number of Oregon resident first time freshman, however, declined by 2.1 percent. Retention rates for freshman continuing on to sophomore year increased to an all-time high of 82.4 percent.[13]

[11] Achievement Gaps in Oregon's Results on the 2009 National Assessment of Educational Progress. http://www.ode.state.or.us/initiatives/naep/2009-naep-achievement-gaps.pdf

[12] Statewide Report Card, 2009-2010, pg. 63. http://www.ode.state.or.us/data/annreportcard/rptcard2010.pdf

[13] Oregon University System sees record enrollment of almost 97,000, student retention rates also increase significantly. Oregon University System sees record enrollment of almost 97,000, student retention rates also increase significantly | Oregon University System

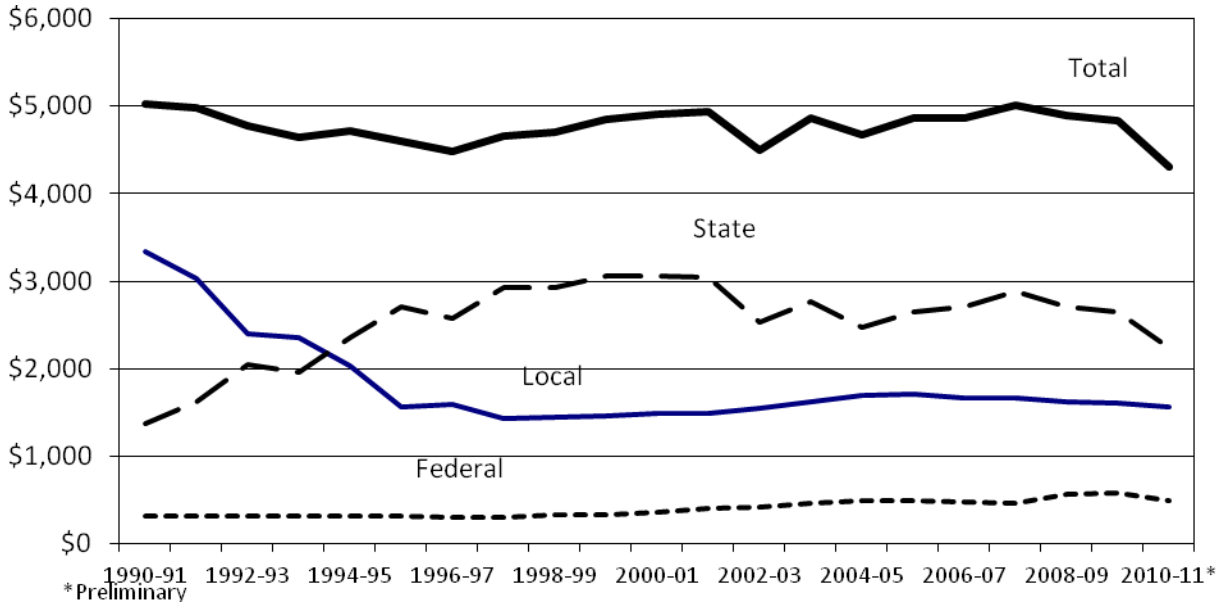
2011-2013 K-12 Appropriation

Funding Sources
At the state level, Oregon's K-12 public education budget draws from four funds: the General Fund; Lottery Funds that are dedicated to economic development, education, and parks/salmon habitat; Other Funds that are dedicated by law for specific purposes; and Federal Funds also dedicated by law for specific purposes. School districts also draw upon local revenues from a variety of sources including property taxes, the Common School Fund, and, historically, state and federal timber taxes.

History of K-12 Appropriations
Oregon schools have historically received about 30 percent of their funding from state sources. The passage of Ballot Measure 5 in 1990 limited the amount of local property taxes that can be collected and used for schools. This shifted the bulk of school funding from local property tax to the state's General Fund. The state now provides approximately two-thirds of the K-12 public education budget.

Exhibit 6 shows how per-student funding, adjusted for inflation, has declined over time. The measure of inflation used, labeled the Education Price Index, is a weighted average of teacher salary increases and health insurance premiums increases. This index better reflects actual price increases in the education sector than does the Consumer Price Index.[14]

<u>Exhibit 6: Inflation Adjusted Revenue per Student</u>



[14] QEM Report, pg. 27.

K-12 Appropriation Process

The process for determining each biennia's K-12 appropriation begins with identification of the essential budget level (EBL), defined as the cost to maintain current service levels. The EBL is determined each legislative interim by the School Revenue Forecast Committee, which was established by executive order in 1999. The EBL is consistent with the baseline budget level used in the QEM prototype school approach. Assumptions made by the Committee for the 2009-2011 EBL included, among other factors, an increase in personal services costs (including average teacher salary and PERS) of 0.86 percent in 2009-2010 and 1.40 percent in 2010-2011, and growth in student counts of 0.28 percent for the biennium.

2011-2013 K-12 Appropriation

The 2011-2013 legislatively adopted budget provides $5.71 billion in state support for K-12 school funding. Of the total K-12 budget, $5.155 billion is derived from General Fund support and $556.9 million from lottery funds. The budget also included a $61 million contingency related to the American Recovery and Reinvestment Act (ARRA). Although no new funds are available in 2011-2013, this amount was included for school and education service districts that may not have fully drawn these resources prior to the close of the previous biennium. The inclusion of these funds would bring the total budget to $5.77 billion. Excluding the $61 million Federal Funds adjustment, the 2011-2013 legislatively adopted budget is less than one percent lower than the 2009-2011 legislatively approved budget, and 2.8 percent higher than the Governor's recommended budget.[15]

For the 2011-2-13 school year, $125 million ($25 million General Fund and $100 million transferred from the Education Stability Fund) will be deposited into a newly created State School Fund subaccount for the purposes of distribution to school districts and programs, excluding education service districts, which agree to utilize these resources for smaller class sizes or to enhance learning opportunities. A school district or programs must provide a written plan and proof of compliance to the Legislature by January 15, 2012.[16]

With the passage of SB 250 (2011), certain school districts are able to withdraw from ESDs and the distribution of the State School Fund changed. The ESD allocation decreased from 4.75 percent to 4.5 percent and the school district distributions increased from 95.25 percent to 95.5 percent. Further, the measure created the Office of Regional Educational Services (ORES) to establish best practice policies, benchmarks, provide training and support to ESD superintendents, and make recommendations. ORES may expend up to $0.5 million per biennium. School districts are expected to receive an additional $22.6 million and ESDs will receive $23.1 million less with the implementation of the measure.[17]

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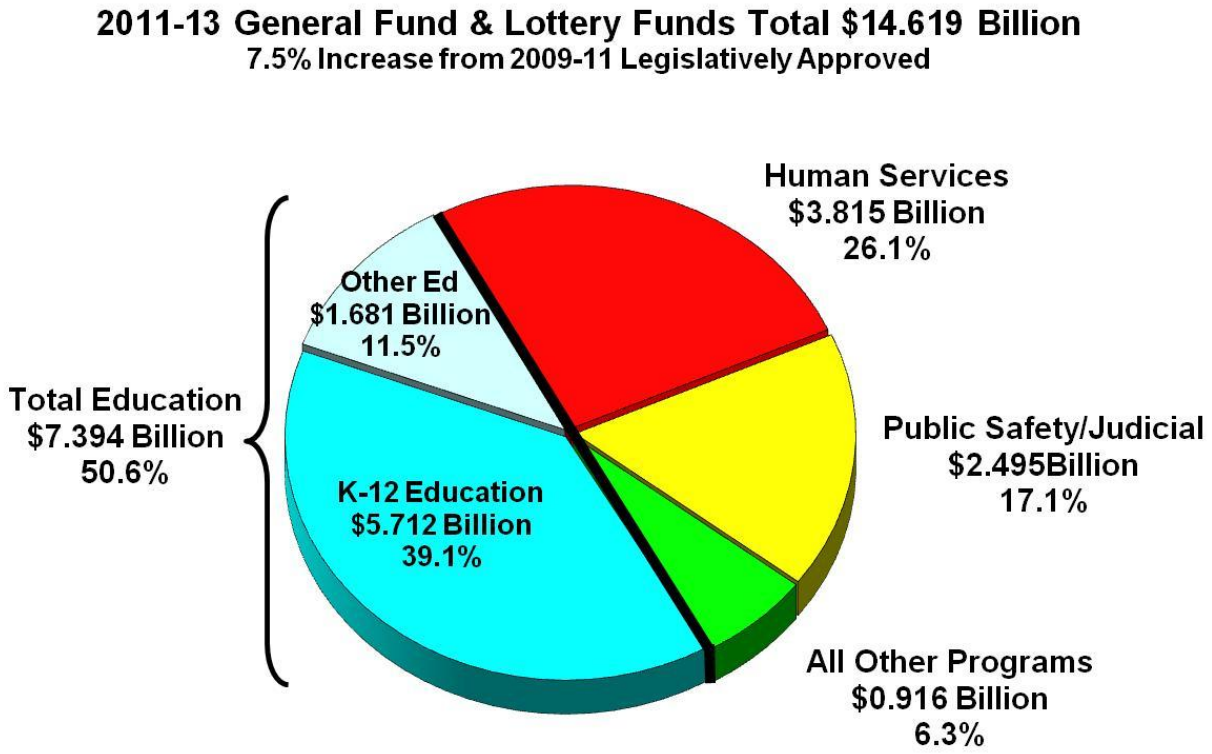
[15] Analysis of the 2011-13 Legislatively Adopted Budget, pgs. 11. http://www.leg.state.or.us/comm/lfo/2011-13%20LAB.pdf

[16] *Ibid*, pg. 12.

[17] *Ibid*, pg. 12.

Exhibit 7: Distribution of General Fund and Lottery Funds

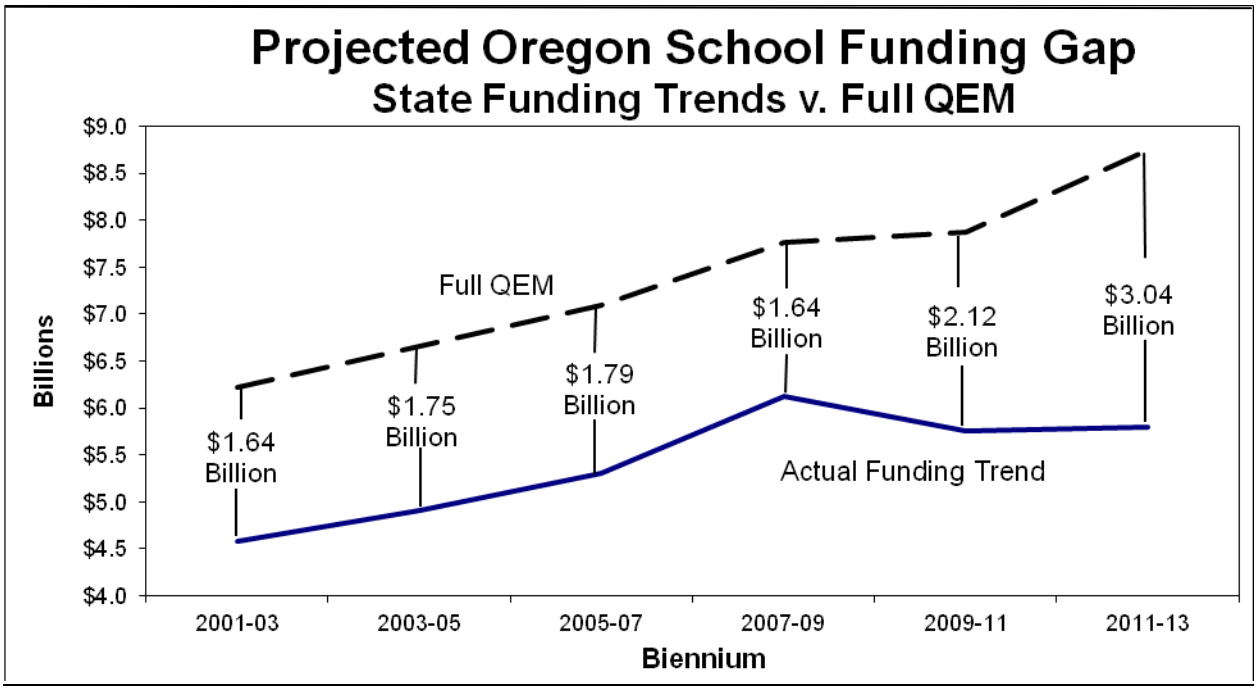


Sufficiency Determination

It is the determination of the Joint Special Committee on Public Education Appropriation that the amount of moneys appropriated for the 2011-2013 biennium for K-12 public education is insufficient to meet the recommended funding levels of the QEC. The QEM estimates that state funding of $8.75 billion for K-12 is required for 90 percent of Oregon students to meet the state's academic standards.[18] The state appropriation for K-12 public education funding is $5.71 billion; a difference of $3.04 billion.

As the chart in Exhibit 8 indicates, the legislatively adopted budget for K-12 education has never equaled the amount recommended by the QEC. However, the current gap of $3.04 billion (representing funding at 65 percent of the QEM) constitutes the largest gap to date.

Exhibit 8: Projected Oregon School Funding Gap



[18] QEM Report, pg. 28.

Factors Leading to Insufficiency

All previous iterations of the constitutionally-mandated Ballot Measure 1 reports have determined that funding insufficiencies resulted from inadequate revenue growth and rapid cost increases in the delivery of educational services. Those factors continue to impact state spending on K-12 public education.

Revenue Growth Historically

Understanding the state of school funding in Oregon today requires a review of the property tax limitation measures passed in the 1990s. Ballot Measure 5, passed in 1990, cut school property taxes dramatically by capping the school property tax rate at $5 per $1,000 of market value. Rapidly growing real estate market values in the early and mid-1990s caused property tax bills to continue to grow, and in response Oregon voters passed Measure 50 in 1997, further cutting property taxes. As a result, the amount of funding for schools has been decreasing in inflation-adjusted dollars. Prior to the passage of Measures 5 and 50, school district and education service district combined property tax rates in Oregon averaged $16.53 per $1,000 of market value. For the 2009-10 tax year, they averaged $4.03 per $1,000 of market value, a tax rate cut of 76 percent since 1990-91. As a result of the dramatic decline in local property tax funding available for schools, more responsibility shifted to the state, with state general fund dollars becoming the primary source of funding for Oregon schools.[19]

In addition to the impact of tax limiting Ballot Measures, Oregon's ability to increase funding in 2001-2003 and 2003-2005 was affected by the state's economic recession and voter defeat of two tax measures referred to voters by the Legislative Assembly: Ballot Measure 28 (January 2003) and Ballot Measure 30 (February 2004).

Ballot Measure 28 carried the option of increasing personal and corporate income tax rates for three years. It was referred to voters by the Fifth 2002 Special Session of the Oregon Legislative Assembly. Had it passed, it would have resulted in $95 million, or an additional 4.2 percent, for K-12 public schools in 2002-2003.

The defeat of Measure 30 had the effect of implementing House Bill 5077 (2003) which reduced the State School Fund by $284.6 million compared to the 2003 legislatively approved budget. In addition, the State School Fund was reduced another $14.3 million because property tax revenue that would have been available under Measure 30 did not materialize. The overall reduction in the State School Fund was $298.9 million.

Revenue Growth Currently

Generally, the state revenue system, dominated by the personal income tax, remains highly volatile over the short-term. This makes it difficult for the state to maintain adequate levels of public services during economic downturns. State policymakers have taken steps to offset revenue instability by the creation of the Education Stability Fund (2002) and the Rainy Day Fund (2007), but risks to major programs remain substantial during periods of recession.

[19] QEM Report, pg. 26.

Because state revenue makes up roughly two-thirds of K-12 operating revenue, school finance remains especially vulnerable to the volatility of the personal income tax.[20]

Another factor contributing to volatility in state revenue is the two-percent surplus kicker. The kicker provision in the Oregon Constitution requires that an income tax refund be mailed to taxpayers following any biennium in which revenue has exceeded the state's two-year budget forecast by two percent or more. These refunds reduce personal income tax revenue for the year in which they are issued.[21] The surplus kicker revenue limit slows revenue growth during periods of high growth, such as the 1990s, and reduces revenue further during recessionary periods such as the 2001-2003 biennium and the 2007-2009 biennium, thereby exacerbating the impact of recessions on the state General Fund.[22]

According to the September 2011 Summary of the Oregon Economic and Revenue Forecast: Led by personal income tax collections, general fund revenues are posting large gains entering the 2011-13 biennium. Temporary factors will help support healthy growth in personal income tax collections in the near term, but growth in collections will lose a steam in the second half of the biennium. Corporate tax collections are now falling rapidly, with the boom in underlying corporate profits having come to an end. Due in roughly equal parts to losses to labor earnings and to investment forms of income, the outlook for the 2011-13 biennium is somewhat weaker than what was predicted in the May 2011 forecast. The forecast for General Fund revenues for 2011-13 is now $13,816 million. This represents a decrease of $62.0 million (-0.4%) from the May 2011 forecast. Excluding policy changes and fund transfers, general fund revenues are expected to be $192.6 million (-1.4%) lower than in May.[23]

Cost Increases

While revenues have declined, the number of Oregon students requiring specialized education services, including English Language Learners, students identified as talented and gifted, and those identified under the federal Individuals with Disabilities Education Act (IDEA), continues to climb. Available state and federal revenues do not allow the state to provide adequate resources to meet the recommended service levels identified in the QEM for any group of students identified with specialized learning needs. Under the IDEA, Congress set a goal to fund up to 40 percent of the average per pupil expenditure involved in educating students with disabilities. This level of funding has never been realized. In 2009-2010, federal funds, not including ARRA funds, covered only 17 percent of costs. The state also provides additional revenue to offset some of the costs for districts that exceed the 11 percent cap and for students with disabilities whose costs exceed $30,000 per year. This is done through two state school fund instruments, the 11% Cap Waiver Fund and the High Cost Disability Fund. However, school districts report that these funds can still fall short of actual costs. As a result, inadequate resources are available to meet the mandates of IDEA and performance of students with disabilities lags. The graduation rate for students on Individualized Education Plans (IEPs)

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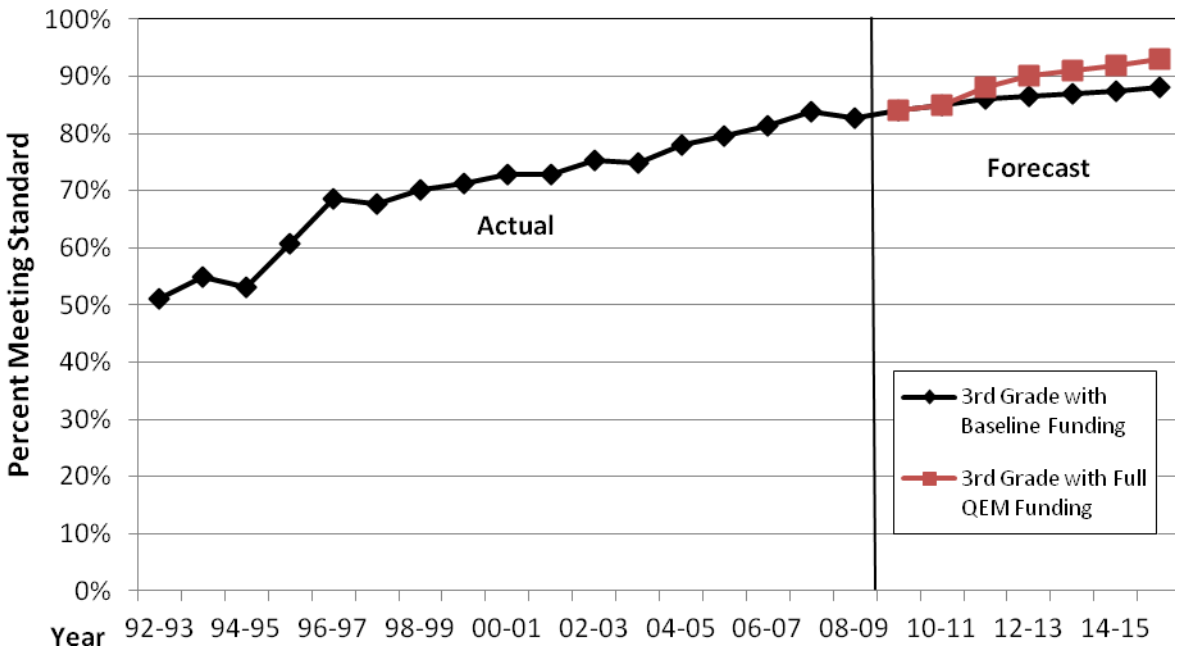
[20] Task Force on Comprehensive Revenue Restructuring, Final Report, January 2009, pg 3. http://www.leg.state.or.us/comm/lro/comprehensive%20revenue%20task%20force/final_report_012109.pdf
[21] *Ibid.*, pg. 10.
[22] *Ibid.*, pg. 13.
[23] Oregon Economic and Revenue Forecast Summary, September, 2011, pgs. 6-7, http://oregon.gov/DAS/OEA/docs/economic/press0911.pdf

receiving regular diplomas was 42 percent in 2009. Likewise, state law mandates that students who are talented and gifted be identified for specialized services, but funding that has been made available to serve this population of students has been inadequate.

Impact of Insufficiency on School Districts

According to the QEC, the Quality Education Model allows policymakers to examine the links between education policy, finances, and expected student performance. The following graphs show estimates of student achievement outcomes, measured as the percentage of students meeting the state's benchmark standards in reading and mathematics, for both the baseline level of funding and the fully funded Quality Education Model. As Exhibits 9-15 clearly suggest, there are notable differences between student performance expectations under the Baseline and Fully Funded scenarios. Reaching certain goals—such as 90% of Oregon students meeting state standards—will be more feasible with full funding of the QEM.[24]

Exhibit 9: 3rd Grade Reading Forecast



[24] QEM Report, pg. 36.

Exhibit 10: 5th Grade Reading Forecast

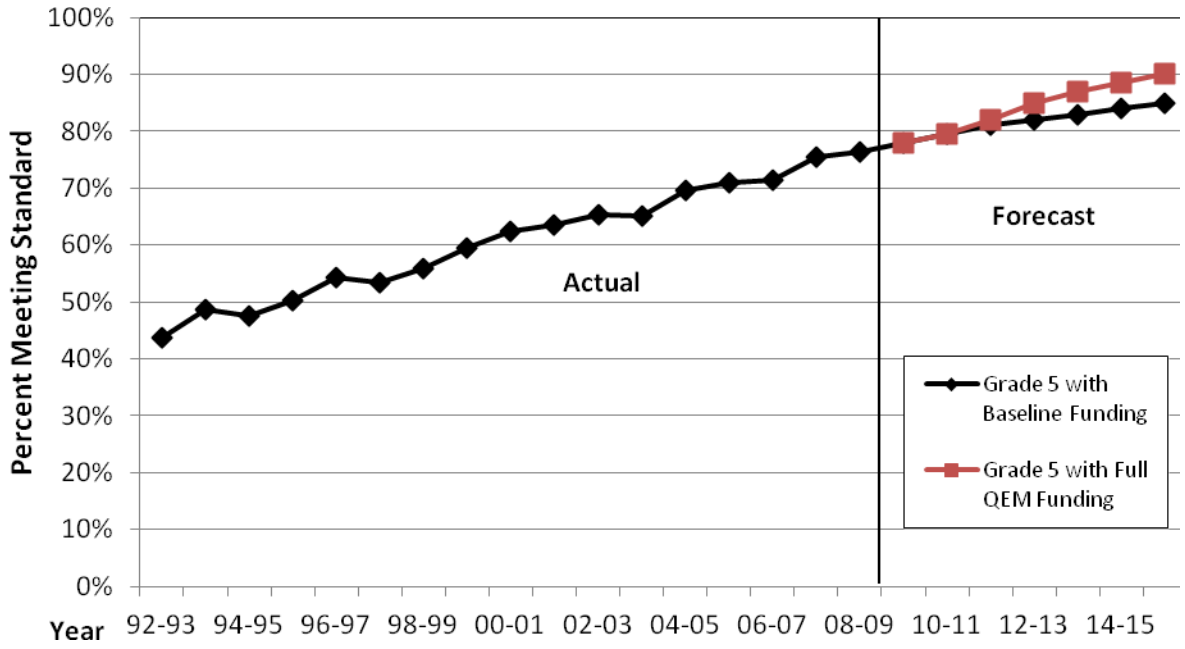


Exhibit 11: 8th Grade Reading Forecast

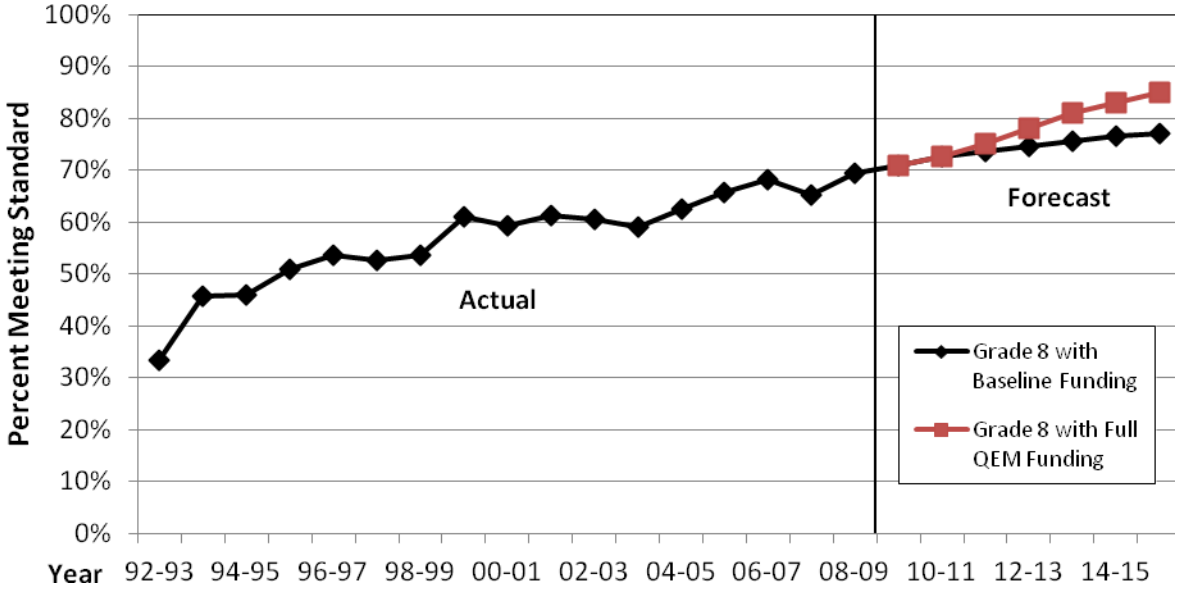


Exhibit 11: 10th Grade Reading Forecast

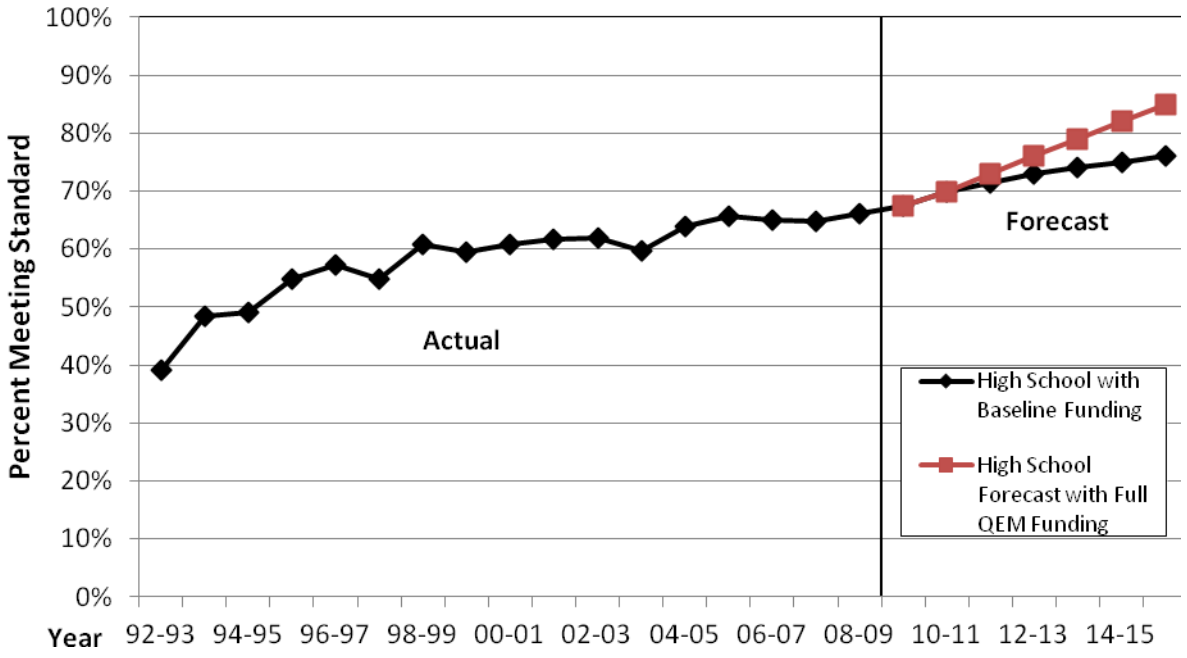


Exhibit 12: 3rd Grade Math Forecast

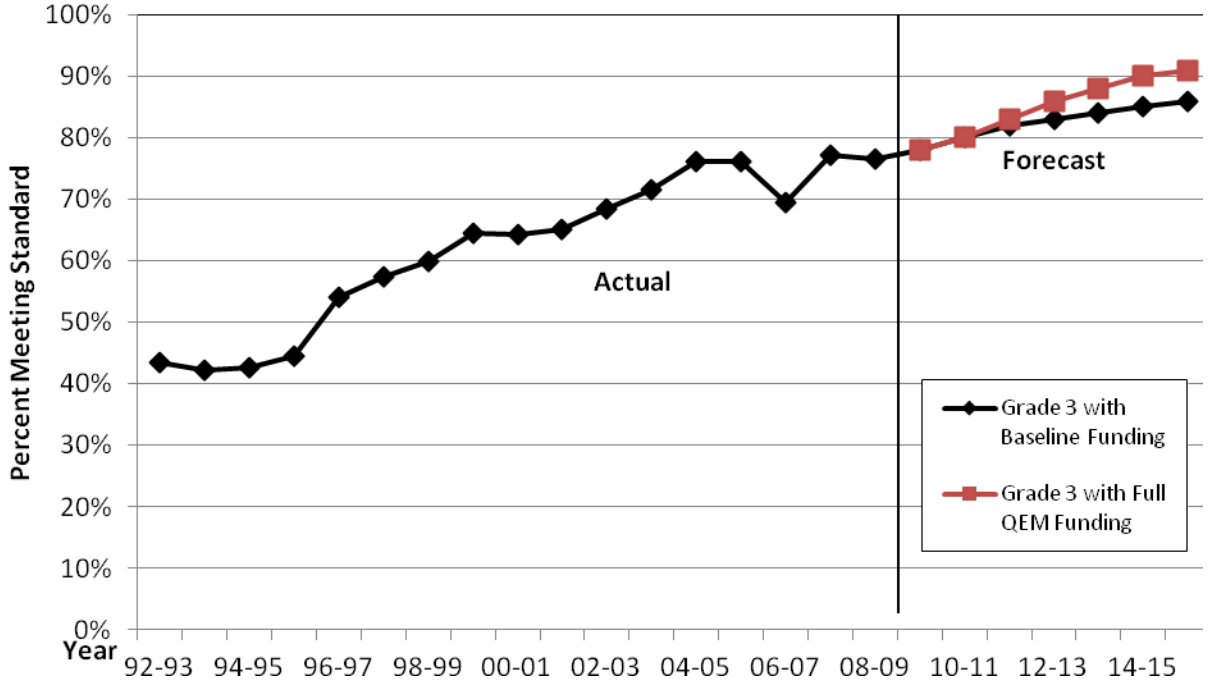


Exhibit 13: 5th Grade Math Forecast

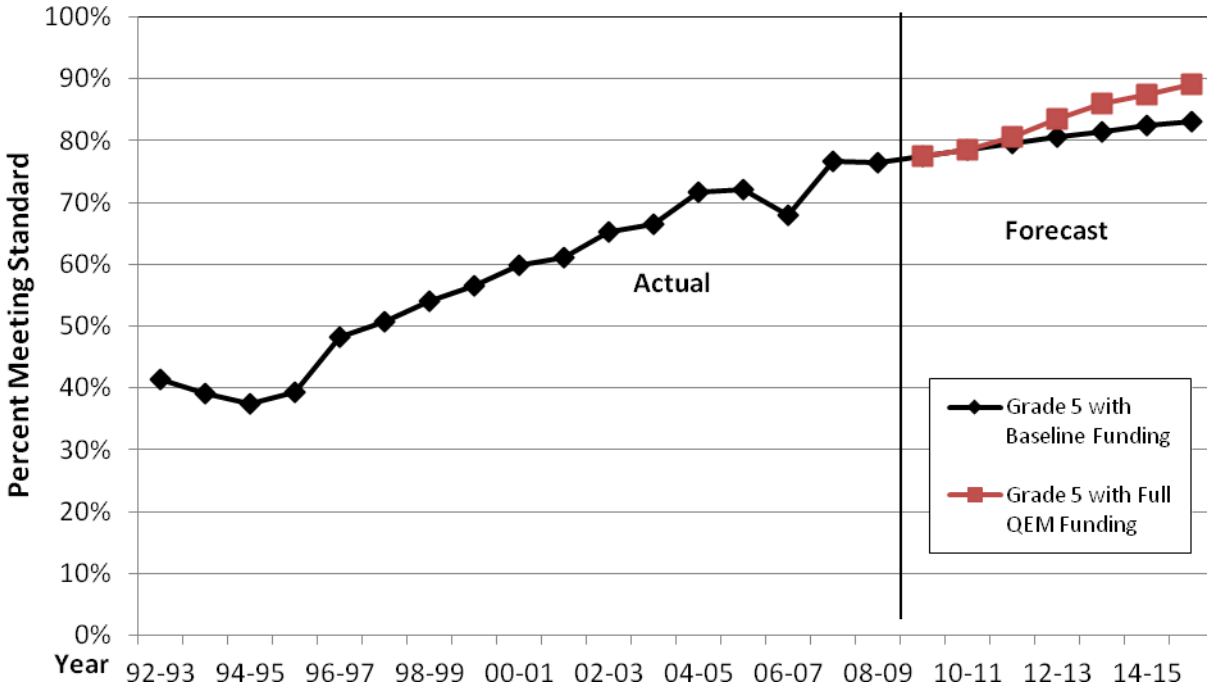


Exhibit 14: 8th Grade Math Forecast

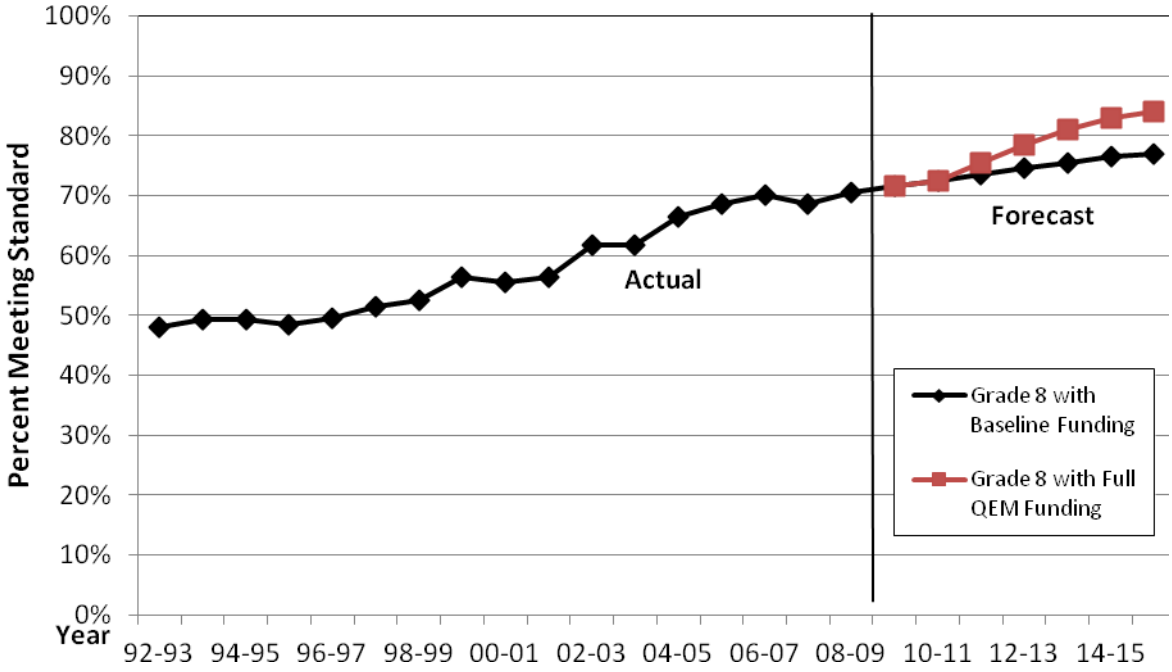
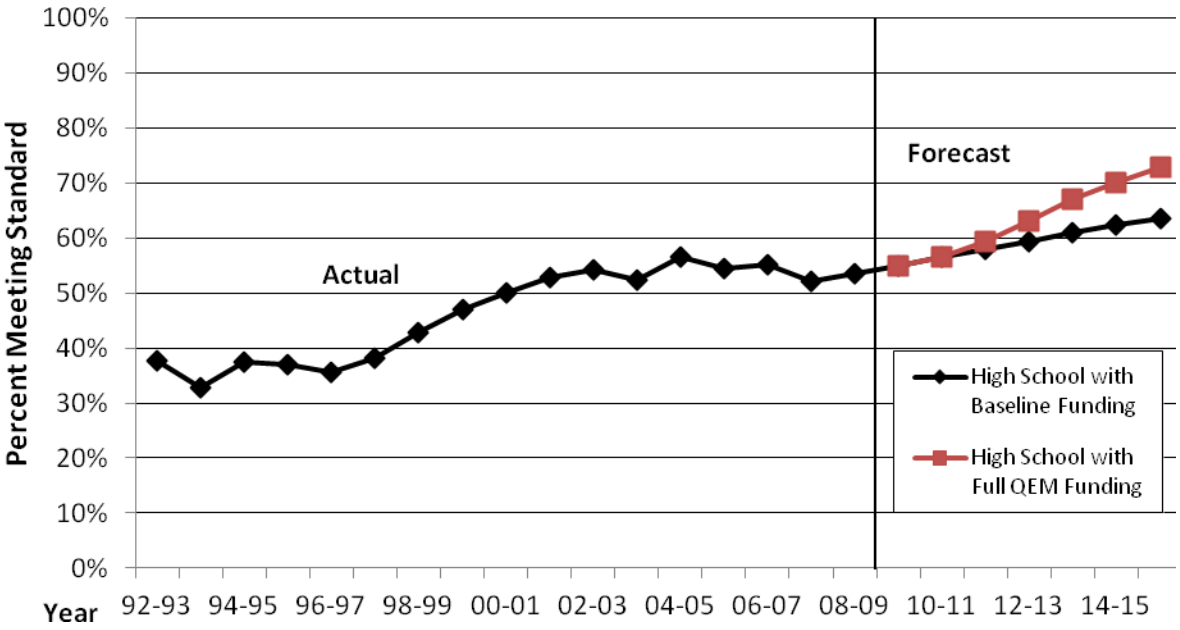


Exhibit 15: 10th Grade Math Forecast



With regard to impacts upon current and best practices, the charts in Appendix B provide a description of the impact by comparing factors and outcomes at baseline funding, which is the current level of funding, and full funding to implement best practices at each of the prototype schools.

Post-Secondary Quality Education Goals

Senate Bill 253 (2011) revised the mission and purpose of post-secondary education in Oregon by establishing numerical goals to be achieved by 2025. These goals specify that at least 40 percent of adult Oregonians will earn a bachelor's degree or higher; at least 40 percent will earn an associate's degree or post-secondary credential; and that the remaining 20 percent will earn a high school diploma, extended or modified diploma, or the equivalent as their highest level of educational attainment. Sponsors of the legislation and Legislative Counsel agree that, due to its aspirational nature, this "40-40-20" plan does not establish the quality goals that would require a determination of sufficiency under Ballot Measure 1.

The Post-Secondary Quality Education Commission (established by a 2007 Executive Order) has developed a model designed to gauge the impact of improved performance in post-secondary education on Oregon's certificate and degree attainment rates. The model is designed primarily to assess the impact of improved performance on a variety of educational measures – ranging from high school graduation to college completion.[25] With its release of the model, the commission recommended the following relatively low-cost strategies to improve retention and graduation rates at two- and four-year institutions: Improving remedial/developmental education; expansion of dual credit and advanced placement opportunities; identification and recruitment of adults who have attended college, but not graduated.

[25] Postsecondary Quality Education Commission, Scenarios for Achieving the 40% 40% 20% Goal in Oregon

APPENDIX A

Oregon Educational Act for the 21st Century Selected Statutes

329.007 Definitions. As used in this chapter, unless the context requires otherwise:
(1) "Academic content standards" means expectations of student knowledge and skills adopted by the State Board of Education under ORS 329.045.
(2) "Administrator" includes all persons whose duties require an administrative license.
(3) "Board" or "state board" means the State Board of Education.
(4) "Community learning center" means a school-based or school-linked program providing informal meeting places and coordination for community activities, adult education, child care, information and referral and other services as described in ORS 329.157. "Community learning center" includes, but is not limited to, a community school program as defined in ORS 336.505, family resource centers as described in ORS 417.725, full service schools, lighted schools and 21st century community learning centers.
(5) "Department" means the Department of Education.
(6) "English" includes, but is not limited to, reading and writing.
(7) "History, geography, economics and civics" includes, but is not limited to, Oregon Studies.
(8) "Oregon Studies" means history, geography, economics and civics specific to the State of Oregon. Oregon Studies instruction in Oregon government shall include municipal, county, tribal and state government, as well as the electoral and legislative processes.
(9) "Parents" means parents or guardians of students who are covered by this chapter.
(10) "Public charter school" has the meaning given that term in ORS 338.005.
(11) "School district" means a school district as defined in ORS 332.002, a state-operated school or any legally constituted combination of such entities.
(12) "Second languages" means any foreign language or American Sign Language.
(13) "Teacher" means any licensed employee of a school district who has direct responsibility for instruction, coordination of educational programs or supervision of students and who is compensated for such services from public funds. "Teacher" does not include a school nurse, as defined in ORS 342.455, or a person whose duties require an administrative license.
(14) "The arts" includes, but is not limited to, literary arts, performing arts and visual arts.
(15) "21st Century Schools Council" means a council established pursuant to ORS 329.704.
[1995 c.660 §2; 1999 c.1023 §4; 1999 c.1029 §1; 2001 c.759 §1; 2003 c.303 §2; 2007 c.858 §1]

329.015 Educational goals.
(1) The Legislative Assembly believes that education is a major civilizing influence on the development of a humane, responsible and informed citizenry, able to adjust to and grow in a rapidly changing world. Students must be encouraged to learn of their heritage and their place in the global society. The Legislative Assembly concludes that these goals are not inconsistent with the goals to be implemented under this chapter.
(2) The Legislative Assembly believes that the goals of kindergarten through grade 12 education are:
(a) To equip students with the academic and career skills and information necessary to pursue the future of their choice through a program of rigorous academic preparation and career readiness;
(b) To provide an environment that motivates students to pursue serious scholarship and to have experience in applying knowledge and skills and demonstrating achievement;
(c) To provide students with the skills necessary to pursue learning throughout their lives in an ever-changing world; and

(d) To prepare students for successful transitions to the next phase of their educational development.
[Formerly 326.710; 1995 c.660 §3; 2007 c.858 §2]

329.025 Characteristics of school system. It is the intent of the Legislative Assembly to maintain a system of public elementary and secondary schools that allows students, parents, teachers, administrators, school district boards and the State Board of Education to be accountable for the development and improvement of the public school system. The public school system shall have the following characteristics:
(1) Provides equal and open access and educational opportunities for all students in the state regardless of their linguistic background, culture, race, gender, capability or geographic location;
(2) Assumes that all students can learn and establishes high, specific skill and knowledge expectations and recognizes individual differences at all instructional levels;
(3) Provides each student an education experience that supports academic growth beyond proficiency in established academic content standards and encourages students to attain aspirational goals that are individually challenging;
(4) Provides special education, compensatory education, linguistically and culturally appropriate education and other specialized programs to all students who need those services;
(5) Supports the physical and cognitive growth and development of students;
(6) Provides students with a solid foundation in the skills of reading, writing, problem solving and communication;
(7) Provides opportunities for students to learn, think, reason, retrieve information, use technology and work effectively alone and in groups;
(8) Provides for rigorous academic content standards and instruction in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages;
(9) Provides students an educational background to the end that they will function successfully in a constitutional republic, a participatory democracy and a multicultural nation and world;
(10) Provides students with the knowledge and skills that will provide the opportunities to succeed in the world of work, as members of families and as citizens;
(11) Provides students with the knowledge and skills that lead to an active, healthy lifestyle;
(12) Provides students with the knowledge and skills to take responsibility for their decisions and choices;
(13) Provides opportunities for students to learn through a variety of teaching strategies;
(14) Emphasizes involvement of parents and the community in the total education of students;
(15) Transports children safely to and from school;
(16) Ensures that the funds allocated to schools reflect the uncontrollable differences in costs facing each district;
(17) Ensures that local schools have adequate control of how funds are spent to best meet the needs of students in their communities; and
(18) Provides for a safe, educational environment.
[Formerly 326.715; 1995 c.660 §4; 1999 c.1029 §2; 2003 c.303 §3; 2007 c.858 §3; 2009 c.101 §2; 2009 c.843 §1]

329.045 Revision of Common Curriculum Goals, performance indicators, diploma requirements, Essential Learning Skills and academic content standards; instruction in academic content areas.
(1) In order to achieve the goals contained in ORS 329.025, the State Board of Education shall regularly and periodically review and revise its Common Curriculum Goals, performance indicators and diploma requirements. This includes Essential Learning Skills and rigorous academic content standards in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages. School districts and public charter schools shall maintain control over course content, format, materials and teaching methods. The regular review shall involve teachers and other educators, parents of students and other citizens and shall provide ample opportunity for public comment.
(2) The State Board of Education shall continually review and revise all adopted academic content standards necessary for students to successfully transition to the next phase of their education.
(3) School districts and public charter schools shall offer students instruction in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages that meets the academic content standards adopted by the State Board of Education and meets the requirements adopted by the State Board of Education and the board of the school district or public charter school.
[Formerly 326.725; 1995 c.660 §6; 1999 c.200 §29; 1999 c.1029 §3; 2003 c.303 §5; 2007 c.858 §4]

329.065 Adequate funding required. Nothing in this chapter is intended to be mandated without adequate funding support. Therefore, those features of this chapter which require significant additional funds shall not be implemented statewide until funding is available.
[Formerly 326.740]

APPENDIX B
2010 QUALITY EDUCATION MODELBASELINE/PROTOTYPE COMPARISONS

PROTOTYPE ELEMENTARY SCHOOL – 340 STUDENTS	Baseline Prototype	Fully-Funded Prototype	Difference
Kindergarten	Half-day	**Full-day**	**Doubles learning time**
Average class size	23 for grades K-3 25 for grades 4-5	**20 for grades K-3** **24 for grades 4-5**	**Cuts class size by 3 for grades K-3 and by 1 for grades 4-5**
K-5 classroom teachers	13.7 FTE	**16.0 FTE**	**Adds 2.3 FTE**
Specialists for areas such as art, music, PE, reading, math, TAG, library/media, second language, or child development	3.5 FTE	**5.0 FTE**	**Adds 1.5 FTE**
Special education licensed staff	2.5 FTE	**3.0 FTE**	**Adds 0.5 FTE**
English as a second language licensed staff	0.5 FTE	**1.0 FTE**	**Adds 0.5 FTE**
Licensed substitute teachers	$93 per student	$93 per student	
On-site instructional improvement staff	None	**0.5 FTE**	**Adds 0.5 FTE**
Instructional support staff	5.0 FTE	**6.0 FTE**	**Adds 1.0 FTE**
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7 days**	**Equivalent of 4 additional days**
Dedicated Teacher Collaboration Time	Limited	**2 hours per week**	**Additional 2 hours per week**
Leadership development training for administrators	Limited	**Equivalent of 4 days**	**4 additional days**
Students per computer	6	6	
Textbooks	$64 per student	**$95 per student**	**$31 per student**
Classroom materials & equipment	$76 per student	$85 per student	**$9 per student**
Other supplies	$91 per student	**$99 per student**	**$8 per student**
Operations and maintenance	$754 per student	$779 per student	**$25 per student**
Student transportation	$418 per student	$418 per student	
State-level special education fund	$32 per student	**$85 per student**	**$53 per student**
Centralized special education services	$101 per student	$101 per student	
Technology services	$185 per student	**$195 per student**	**$10 per student**
Other centralized support	$345 per student	**$360 per student**	**$15 per student**
District administrative support	$295 per student	$295 per student	
Education Service District Services	$725 per student	$725 per student	
Total Expenditure per Student in 2008-09	**$9,744**	**$11,712**	**$1,968**
Percent of students meeting standards in 2008-09			
Reading	3rd grade=83% 5th grade = 76%	n/a	
Math	3rd grade=77% 5th grade = 77%	n/a	
Percent of students expected to meet standards by 2013-14			
Reading	3rd grade=87% 5th grade = 83%	3rd grade=91% 5th grade = 87%	
Math	3rd grade=84% 5th grade = 82%	3rd grade=88% 5th grade = 86%	

PROTOTYPE MIDDLE SCHOOL – 500 STUDENTS	Baseline Prototype	Fully-Funded Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	23	**22, with maximum class size of 29 in core academic subjects**	**Cuts average class size by 1 in core subjects**
Staffing in core subjects	20.0 FTE	**21.0 FTE**	**Adds 1.0 FTE**
Extra teachers in math, English, and science	0.5 FTE	**1.5 FTE**	**Adds 1.0 FTE**
English as a second language licensed staff	0.5 FTE	**0.75 FTE**	**Adds 0.25 FTE**
Special education and alternative education licensed staff	4.0 FTE	**4.5 FTE**	**Adds 0.5 FTE**
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	**One for every 250 students**	**Adds 0.5 FTE**
Licensed substitute teachers	$93 per student	$93 per student	
On-site instructional improvement staff	None	**1.0 FTE**	**Adds 1.0 FTE**
Instructional support staff	10.0 FTE	10.0 FTE	
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7 days**	**Equivalent of 4 additional days**
Dedicated Teacher Collaboration Time	Limited	**2 hours per week**	**Additional 2 hours per week**
Leadership training for administrators	Limited	**Equivalent of 4 days of training**	**4 additional days**
Students per computer	6	6	
Textbooks	$51 per student	**$95 per student**	**$44 per student**
Classroom materials & equipment	$72 per student	$90 per student	**$18 per student**
Other supplies	$83 per student	**$94 per student**	**$11 per student**
Operations and maintenance	$804 per student	$831 per student	**$27 per student**
Student transportation	$420 per student	$420 per student	
Centralized special education services	$101 per student	$101 per student	
State-level special education fund	$32 per student	**$85 per student**	**$53 per student**
Technology Services	$185 per student	**$195 per student**	**$10 per student**
Other centralized support	$333 per student	**$348 per student**	**$15 per student**
District administrative support	$295 per student	$295 per student	
Education Service District services	$725 per student	$725 per student	
Total Expenditure per Student in 2008-09	**$9,971**	**$11,272**	**$1,301**
Percent of students meeting standards in 2008-09			
Reading	70%	n/a	
Math	71%	n/a	
Percent of students expected to meet standards by 2013-14			
Reading	76%	**81%**	
Math	76%	**81%**	

PROTOTYPE HIGH SCHOOL – 1,000 STUDENTS	Baseline Prototype	Fully-Funded Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	23	**21, with maximum class size of 29 in core academic subjects**	**Cuts average class size by 2 in core subjects**
Staffing in core subjects	42.0 FTE	**44.0 FTE**	**Adds 2.0 FTE**
Extra teachers in math, English, and science	1.0 FTE	**3.0 FTE**	**Adds 2.0 FTE**
English as a second language licensed staff	0.5 FTE	0.5 FTE	
Special Education and alternative education licensed staff	5.0 FTE	**5.25 FTE**	**Adds 0.25 FTE**
Alternative education and special programs	2.5 FTE	2.5 FTE	
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	**One for every 250 students**	**Adds 1.0 FTE**
Licensed substitute teachers	$93 per student	$93 per student	
On-site instructional improvement staff	None	**1.0 FTE**	**Adds 1.0 FTE**
Instructional support staff	20.0 FTE	**20.5 FTE**	**Adds 0.5 FTE**
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7 days**	**Equivalent of 4 additional days**
Dedicated Teacher Collaboration Time	Limited	**2 hours per week**	**Additional 2 hours per week**
Leadership training for administrators	Limited	**Equivalent of 4 days**	**4 additional days**
Students per computer	6	6	
Textbooks	$56 per student	**$124 per student**	**$68 per student**
Classroom supplies and materials	$110 per student	$124 per student	**$14 per student**
Other supplies	$110 per student	**$126 per student**	**$16 per student**
Operations and maintenance	$863 per student	$891 per student	**$28 per student**
Student transportation	$435 per student	$435 per student	
Centralized special education services	$101 per student	$101 per student	
State-level special education fund	$32 per student	**$85 per student**	**$53 per student**
Technology Services	$178 per student	**$195 per student**	**$17 per student**
Other centralized support	$331 per student	**$363 per student**	**$32 per student**
District administrative support	$295 per student	$295 per student	
Education Service District services	$725 per student	$725 per student	
Total Expenditure per Student in 2008-09	**$10,103**	**$11,384**	**$1,281**
Percent of students meeting standards in 2008-09			
Reading	66%	n/a	
Math	54%	n/a	
Percent of students expected to meet standards by 2013-14			
Reading	74%	**79%**	
Math	61%	**67%**	