May 1, 2012

To: Members, Oregon Education Investment Board

From: Tim Nesbitt

Re: Projects Underway and Questions for Discussion

In reviewing our projects underway, we have identified the following six strategies for which we should complete our planning and answer key questions, both policy-related and operational, in the months ahead.

These six strategies are:
1. Focus public investment on achieving student outcomes;
2. Create a coordinated P-20 system;
3. Build statewide support systems;
4. Use achievement compacts to focus investments and align efforts;
5. Engage the public in the achievement of the state's education goals; and,
6. Engage local communities in the development of wraparound services.

Note that many of these strategies are inter-connected and should be coordinated with each other.

This memorandum summarizes our work done to date and work underway, and it attempts to capture the assumptions and thinking that have informed our identification and development of these strategies. For each strategy, we present key policy questions, operational questions and options for next steps.

This memorandum is intended as a DISCUSSION DRAFT to focus your review and discussion of strategies and resolve the questions that must be answered as you establish policies and craft work plans that will carry us through the next 14 months, through July 2013.

Please treat this document as an evolving draft of ideas and questions, to be modified and added to as directed by your discussions, and to be finalized when we complete the strategic planning process, scheduled for one or more meetings and/or planning sessions through June.

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1. Focus public investment on achieving student outcomes.

We refer to "public" investment, not just "state" investment. The state's investments are determined through its budget allocations, distribution formulas and tuition policies established by the legislature and by state governing and policy boards (i.e. the Board of Education and the Board of Higher Education). Local investments are determined by local governing boards.

Work Done or Underway

Achievement compacts will shape decisions at both the state and local level by focusing investments on student outcomes. These compacts are being put in place for the 2012-13 academic year. (See Strategy #4.)

The Governor's OEIT came up with a three-level model for state investments: Sustainable operations grants, proficiency/outcome funding and strategic grants. In our December report, we referred to three levels of investment in terms of:

- a sustainable baseline of funding;
- mechanisms that reward success (funding for results); and,
- incentives for innovation (strategic grants).

In discussions since then, we have refined the terminology for this three-level approach to refer to sustainable *capacity* grants, incentive funds and strategic grants. But we have postponed decisions on how these categories of investments might be structured and apportioned.

In addition to levels of investment, the Governor's OEIT and Learn Works identified "groups of learners" or "learner groups" as leverage points around which to organize state investments. In our December report, we identified five "learning stages" along the education continuum and suggested exploring an investment strategy focused on these learning stages:

- ready for school;
- ready to apply math and reading skills;
- ready to think strategically;
- ready for college and career training; and,
- ready to contribute in career and community.

The Governor's Education Funding Team will carry this three-level model forward in its work on the ten-year budget plan and its budget recommendations to the Governor for his 2013-15 budget. We have scheduled key check-in points for your Board with the EFT for May, July-August and October-November.

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The Quality Education Commission is in the midst of a study of how allocation of resources in K-12 budgets across elementary, middle and high schools affects student achievement.

Assumptions and Thinking to Date

Getting financial incentives right between the state as investor and its educational institutions as providers of education can help to improve the performance of those institutions and boost student success. In its pure form, this aligns with the tight-loose model, whereby the state is tightly focused on investing for outcomes, and educational entities are given wide latitude to achieve those outcomes.

We have agreed that the tight side of tight-loose, i.e. the state level investment strategy, is to be defined by outcomes. These can be general, as in 40/40/20, or specific, as in the measures of progress that are represented in the achievement compacts. The more specific the outcomes, the more directive the funding strategies will be to educational institutions. For example, the use of 3rd grade reading or 9th grade on track as measures of progress will shape budget decisions in ways in which a focus on high school completion by itself may not.

We expect that the largest share of funding for K-12 will be incorporated in the sustainable capacity grants or baseline funding, i.e. the State School Fund allocation as distributed through the ADMw formula. But the level of funding that flows through the formula and whether the formula itself is subject to any revisions will be addressed by the Education Funding Team, reviewed by the OEIB, recommended in the Governor's budget and ultimately determined by the legislature.

The approach to post-secondary funding has yet to be determined.

Key Questions and Next Steps

Key Policy Questions
a) Do we agree with the three-level model of funding – based on sustainable capacity grants, strategic grants and funding for results – for K-12, community colleges and OUS?
b) Should the capacity grants/baseline funding for K-12 remain tied to the existing school funding formula? If so, are we open to recommending legislative changes to the K-12 funding formula? If so, what are some examples of changes that can improve outcomes? If there is no change in the K-12 formula, can the achievement compacts and mechanisms such as the new Oregon Report Card do the job of focusing state and local investments on the best leverage points in K-12?
c) Should our budgeting align with learning stages or similar measures of progress? If so, what is the mechanism for accomplishing this? Presumably, we would first apply this approach to the strategic grants.

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d) What are the accountability mechanisms in this financing model? If withholding funds (at least baseline or capacity funds) is perceived as counter-productive or otherwise not advisable, the answers point to interventions that will require more funding, such as support in the form of expert guidance, or more state direction that constrains local control. Should this be addressed in the P-20 work?
e) How can an outcomes-based budget strategy drive efficiencies? Is this question ultimately answered by accountability mechanisms, or are there other budgeting mechanisms that can be used for this purpose, such as a change in funding formulas?
f) What are the most tangible results for students that we can expect to deliver with the new approach to budgeting in 2013-15?
Operational Questions
g) How can the budget model address cost drivers, such as PERS? If current law does not change, the QEM will pick up these cost increases and roll them into its targeted funding model, even though covering these cost increases will do nothing to expand teaching capacity.
h) How can we align the budget work with the P-20 systems work? See (d) above.
i) How will the budget strategies align with the use of achievement compacts? What can we learn from the achievement compact process that can inform the budget process?
j) How can the work of the QEC on allocation of funds across the K-12 continuum inform the work of the OEIB and the Education Funding Team?
Next Steps
• Schedule presentation from the Education Funding Team in June, if not feasible for the May 8 meeting.
• Find a way to engage the Quality Education Commission's study of K-12 resource allocation – perhaps by presentation to the K-12 subcommittee.

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2. Create a coordinated P-20 system.

As directed by SB 909, this strategy refers to the education continuum from early childhood to college and careers. Its goal has been variously described as a unified, coordinated and seamless system. SB 909 directs the OEIB to accomplish this goal by assuming oversight of a unified, public P-20 system.

Work Done or Underway

Our December report determined that the purpose of this strategy is "to enable all Oregon students to learn at their best pace and achieve their full potential."

Your Board has adopted a work plan and will appoint a work group to design and implement the P-20 system, including proposals for legislative changes in 2013. The guidelines for this work plan include:

- Focus on functions – investment, direction and coordination and support;
- Streamline and consolidate governance and management to support student success;
- Commit to a flat organizational structure that meets the needs of the system and students;
- Understand the function of independent local boards;
- Arrive at one entity for the direction and coordination of the university system; and,
- Free up resources to support teaching and learning.

SB 1581 gives the Chief Education Officer "direction and control" authority over other state education officials for the purpose of designing and implementing the state's P-20 system.

A new Higher Education Coordinating Commission (HECC) will become operational on July 1, 2012. The Chief Education Officer will be responsible for staffing and overseeing this commission.

A legislatively-established Special Committee on University Governance has begun meeting. Its members consist of eight legislators and two OEIB members, Matt Donegan and Kay Toran.

Assumptions and Thinking to Date

Design and implementation of a unified P-20 system must begin at the state level. This requires policy direction and a foundation of supports from the state.

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The key components of a state-level P-20 system are direction (policy, standards and assessments) and support (data base, technical assistance, professional development). Research/analysis and outreach/public engagement must also be part of this effort.

We should take a form-follows-function approach to this effort, leaving decisions on governance and management changes to be shaped by our organization of the key functions.

Much of this work will need to encompass the elements of support in Strategy #3.

Key Policy Questions
a) What are the other features of a P-20 system that we have yet to address? Examples: • Standards and assessments; • Educator (administrators and teachers) effectiveness.
b) Should proficiency-based learning be incorporated in our P-20 model? If so, what are the elements of leadership and support should be added to the P-20 system to support this approach? Should the functions-first approach consider organizing supports around learning stages?
c) What are the responsibilities of educators at each learning stage to those in prior and subsequent learning stages? How can these responsibilities be addressed in the P-20 system?
d) What are our expectations of the responsibilities of schools of education in the P-20 system? What should be their role in the P-20 system?
e) Should the Teacher Standards and Practices Commission be incorporated in the P-20 system?
Operational Questions
f) If we believe that there are significant savings to be achieved at the state level by establishing a better-aligned and structurally more efficient P-20 system, how do we identify and achieve those savings?
g) How can we best incorporate the work of the legislature's Special Committee on University Governance and the functions of the HECC into the OEIB's P-20 work?
h) When and how should we involve the OUS schools of education in our P-20 efforts? Should we involve private schools of education as well?
i) Should we attempt to complete this work in time to advance legislation in the 2013 session?

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Next Steps
• Develop and file legislative concept(s) for legislation needed to effect P-20 system at state level.
• Appoint and convene the P-20 work group.
• Governor's Office to make appointments to the HECC. Governor and OEIB to address staffing for HECC's responsibilities.

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3. Build statewide support systems.

SB 909 identifies a longitudinal data base as a key element of statewide support. More generally, SB 909's direction to the OEIB to oversee a unified P-20 system and SB 1581's grant of authority to the Chief Education Officer for organizing the P-20 system imply state-level design, implementation and support for such a system.

SB 1581 authorizes the OEIB to work with the Quality Education Commission to identify best practices for school districts and the costs and benefits of adopting such practices.

Work Done or Underway

Work is underway to complete a return-on-investment model across the P-20 system. Plans for data base development beyond the ROI findings include contracting for completion of a comprehensive data base development plan.

Beyond the data base work, we have little more than wish lists of supports needed and hopes for what can be provided from a reorganized P-20 system.

Pursuant to SB 290 (2011) and a request from the Governor, the Board of Education is working on an evaluation system for K-12 educators.

The Quality Education Commission is in the midst of school-level interviews and surveys to determine how teacher collaboration and formative assessments are being used in K-12.

Assumptions and Thinking to Date

There is great interest from K-12 leaders in more support and less of a compliance orientation from ODE.

The follow-up plan for achievement compacts will require greater capacities for data analysis, on-site analyses and diagnoses and interventions with K-12 districts.

Ditto for the ESEA/NCLB waiver as proposed.

We are building the longitudinal data system on the existing ALDER system, supported with federal funds.

We need an infusion of expertise and resources to advance the data base work, beginning with a more defined and intentional plan for this work.

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Key Policy Questions
a) What are the key elements of state support for a P-20 system? Examples: • Standards and assessments; • Policies and rules; • Support and intervention; • Methods to ensure teacher and administrator effectiveness. (See Strategy Question 2.a)
b) Should the same longitudinal data base attempt to serve both system-wide performance monitoring and investment decisions as well as teaching and learning at the school and classroom level?
c) What are the most critical deliverables after the completion of the ROI work?
d) What links should be established with health and social service systems? (See Strategy #6 .)
e) What should be the state's role in developing and supporting effective administrators and teachers?
f) How can the work of the Board of Education be integrated with a P-20 system of standards and assessments? How can the work of the Board of Education, the Board of Higher Education and the new Higher Education Coordinating Council best inform the development of standards and assessments across the P-20 system? What should their role be going forward?
Operational Questions
g) How do we convert existing data to provide meaningful information at every level and across sectors to improve performance, increase efficiency and reach equity?
h) How should the data base project proceed? Should we attempt to capture other data base upgrades now on the drawing board for OSAC and TSPC?
i) Should we consider an outside contract for the data base work that involves both design and operation?
j) What will be the costs of maintaining the data system, including personnel, once it is established? How can the system be sustained after the ALDER grant runs out in 2014?

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k) How will the work of the Smarter Balanced Coalition affect the data base design?
Next Steps
• Execute contract to complete a plan for the next phase of development of the longitudinal data base.
• Task the P-20 work group with overseeing this work.

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4. Use achievement compacts to focus investments and align efforts.

SB 1581 requires achievement compacts between the OEIB and all public education entities in the state and authorizes the OEIB to design and implement these compacts.

Work Done or Underway

OEIB has distributed achievement compacts with specified outcome measures to all K-12 districts, ESDs, community college districts, OUS and its seven universities and OHSU. These are to be completed and returned to the OEIB by July 2. Analysis will follow.

Separately, the OEIB will begin working with ECONorthwest to map a statewide trajectory to the 40/40/20 Goal by 2025.

The OEIB has adopted temporary rules for the implementation and administration of achievement compacts but will have to replace and expand these with permanent rules this summer.

Assumptions and Thinking to Date

Achievement compacts should be focused, first and foremost, on achieving our 40/40/20 Goal.

Achievement compacts have an important place in the framework of the ESEA waiver as part of the state's K-12 accountability system, but they are only one part of that framework. There will be other components, such as a new Oregon Report Card, that are separate from the OEIB's use of achievement compacts in K-12.

Achievement compacts should be used to engage educators, parents, students and community representatives in the adoption of outcomes-based budgets at the district level.

Key Policy Questions
a) How can we use achievement compacts to establish a feasible trajectory to the 40/40/20 Goal, both statewide and at the local/institution level?
b) What are the best methods for identifying low-achieving districts/institutions and using the compacts to engage them in raising achievement?
c) How much of the focus on disadvantaged students and the achievement gap should be addressed through the compacts and what can be better addressed through the Oregon Report Card?

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Operational Questions
d) How can the concern about reduced funding levels in 2012-13 and the wariness about setting targets be allayed during the remaining two months when the compact are being finalized by K-12 districts and other education entities?
e) How should the achievement gap committee proposed by the Governor be implemented and how can it tie in to the achievement compact process?
Next Steps
• Task the K-12 and post-secondary achievement compact subcommittees with continuing to work on developing the 40'40'20 trajectory for their sectors.
• Convert the temporary rules for achievement compacts now in effect to permanent rules that address the next steps in the process, e.g. the establishment of achievement compact advisory committees for K-12 and guidance for the reporting of results for 12-13.
• Coordinate OEIB's work on achievement compacts with the Board of Education's work on a new Oregon Report Card for K-12.

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5. Engage the public in the achievement of the state's education goals.

This continues to come up as a need in all of our strategies.

Work Done or Underway

Eight community forums hosted by the OEIB in January 2012 drew more than 1,100 participants.

Governor has convened meetings with African-American and Latino community members.

Assumptions and Thinking to Date

The messages that resonate most strongly with the public are that children should learn at their own, best pace and to their full potential.

Individualized learning has appeal. But proficiency-based teaching/learning and advancement is a challenging concept to many educators and the public.

Closing the achievement gap remains a top priority.

Key Policy Questions
To be determined.
Operational Questions
a) Does public engagement deserve its own strategy, or is it better addressed through each of the strategies above? Or combined with the community-based wraparound strategy in #6 below?
b) What elements are missing, such as engagement of university foundations and alumni associations?
c) What public engagement strategies can be applied to existing programs and coordinated with agencies, such as public announcements of Oregon Opportunity Grant awards and recruitment for ASPIRE volunteers?
Next Steps
• Governor has announced his intention to appoint an Achievement Compact Advisory Committee. Coordination with this group will be needed.

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6. Engage local communities in the development of wraparound services.

This is a recurring theme in our discussions that has been touched on but has not yet been addressed in our strategies.

Work Done or Underway

The early childhood regional service hubs and the implementation of coordinated care organizations for Medicaid services will add yet more regional entities to the mix of ESDs, workforce investment boards and economic development regions.

Key Policy Questions
a) Can achievement compacts be expanded at the local level to include community partners? What are the opportunities for working with existing regional boards, such as ESD boards and workforce investment boards, to raise community involvement in our education initiatives and delivery?
b) Should we look to the regional models being developed for early childhood services and health care services as platforms for wraparound approaches to education?
Operational Questions
To be determined.
Next Steps

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