



**Date:** April 1, 2015  
**To:** House Education Committee, Chair Doherty and Members  
**From:** Laurie Wimmer, OEA Government Relations  
**RE:** HB 3493 [Distribution Authority for State School Fund]

On behalf of OEA's 42,000 members, I am here today to testify in support of HB 3493, which will clarify whose responsibility it is to determine State School Fund distribution policy.

This bill addresses an issue that arose in the last interim, when the Department of Education sought to change the way it distributes State School Fund resources by enacting a new rule. This rule, the so-called "Tenths Method", would cut the funding of districts whenever a student takes less than a full course load in any semester. Pro rata increment financing would replace the current, full- or half-weight system enacted by the legislature.

We, along with our education partners in other stakeholder organizations, opposed these changes, and ultimately, the concept was withdrawn as a proposed rule. In addition to explaining our concerns over the proposal, we asked for the formal authority enabling such a sweeping change. The language ODE pointed to was this:

"The legal authority that gives ODE the ability to distribute the SSF is set forth below:

ORS 327.013(1)(a) appoints ODE with the responsibility of distributing the SSF:

*(a) The funding percentage shall be calculated by the Superintendent of Public Instruction to distribute as nearly as practicable the total sum of money available for distribution.*

OAR 581-023-0006(3)(d) then goes on to say each school district and ESD shall:

*(d) Report enrollment, attendance, membership, and such other information as the Superintendent may require, within 15 days of the end of the collection periods. Reports for the period ending the first school day in October shall be submitted no later than November 15.*

OAR 581-023-0006(5)(a) goes onto define a full-time student.

*(a) A full-time equivalency (FTE) for each student on the active roll shall be determined. Students participating in more than one-half of the full-day program shall be given an FTE of 1.0. Students participating in one-half or less of the full-day program shall be given an FTE of .5. The FTE computation of students placed in community college programs by the local school district shall include time spent in the community college program:*

As you know, only the Legislature can alter the SSF formula. ODE is proposing to implement a change in reporting that allows more accurate membership data."

We believe that the authority to calculate the total distributable sum, to collect enrollment data, and to determine whether a student is a full- or half-time student is clear. What is not clear is whether that authority extends to new policy decisions that essentially enact more restrictive funding laws. We see that as a legislative matter. In other words, it is our belief that the ODE is in charge of determining the “what” but the legislature determines the “how” of distributing school funding. The need for clarification of this distinction is the purpose of this bill.

Below you will see an excerpt from the ODE proposal and how dramatically it would have redistributed the State School Fund. Also attached is the text of our testimony in opposition to the concept.

### **EXCERPTED ODE TENTHS PROPOSAL:**

Definitions:

Session Days = The school's annual session days - typically 175 in Oregon

Required Hours = The minimum required instructional hours per year for the grade level as required by OAR 581-022-1620.

Student Daily hours = The student's Daily Instructional Hours.

#### Step One

Full-Time Daily Hours = Required Hours ÷ Session Days (round to two digits after the decimal)

Example:

$990/175 = 5.66$  hours required for the same grade, same school

If the Student's Daily Hours are greater than or equal to the Full-Time Daily hours then the FTE is 1.0.

If the Student's Daily Hours are less than the Full-Time Daily hours then proceed to Step Two.

#### Step Two

FTE = Student's Daily Hours ÷ Full-time Daily Hours

Example:

175 Session Days

990 Required Hours

4.75 Student Daily Hours

#### Step one

$990/175 = 5.66$  hours required for the same grade, same school

#### Step Two

$4.75/5.66 = .839222$

#### Truncate

.8 FTE

We have created a simple calculator to make this work much easier for the school districts, which we can make available upon request.

### **I. Impact on School Districts**

With this proposal, our first concern is the financial impact on Districts, which there will be - especially for those that are currently taking advantage of the system. However, there is a safety-net in the State School Fund Formula called

the "Extended" ADMw, which takes into account the current year's membership and compares it to the previous year's membership, and uses the larger of the two for funding calculations (ORS 327.013(1)(c)). So, this proposal already has a phase-in period of two years. If a district doesn't want to have their funding reduced, they simply need to engage the students to participate in more hours of instruction.

The vast majority of school districts will not have any concern with this proposal, as they are providing at least the minimum hours of instruction required in law.

Other than the financial impact, making changes to our data collections and systems, and the districts' programming and systems to accommodate the way we account for FTE was of great concern to us; in that we didn't want it to cost very much in resources to implement. This is also the beauty of the Tenths Method.

From our initial review, it is our understanding this change won't cost much, as it literally takes a few minutes of programming here at the Department. We'll need to change the business rule to allow a range of tenths and adjust the table that feeds the dropdown box in the web interface. Currently, the dropdown options are .50 and 1. We're simply increasing the number of FTE options to more accurately account for services being provided. We estimate it won't take a lot of time for the change in programming on the Districts' part, but do we realize there will be time devoted to training. It is our understanding there are a number of current systems already prepared to have this level of accounting.

## II. Conclusion

Changing the FTE standards is a significant change to how districts report ADM and could change levels of revenue for some. We know significant change is best accomplished when stakeholders have opportunities to provide feedback, air concerns and suggest better ways of accomplishing the goals. Please know much of this work has already been discussed with stakeholders.

In fact, this idea of expanding the FTE options to include tenths, as opposed to two options we currently have, .5 and 1, was proposed by a member of the Data Collection Committee (DCC). The DCC is the stakeholder group responsible for data reporting for all school districts in the state. We have been working with committee members and other stakeholders for almost two years and this proposal is the most widely-accepted, as it is easy to understand, it's equitable, and it's not difficult to implement.

This is the substance of OEA's testimony in opposition to the proposal:

**Date:** October 24, 2014  
**To:** State Board of Education, Chair Henry and Members  
**RE:** *Proposed Rule Changes On Instructional Time, Definitions, Credit Options, and "Tenths" Method*

Thank you for considering our thoughts as you contemplate several interrelated policy issues coming before you with respect to student instructional time and financing associated with student learning. We believe that instructional time is one of the key inputs needed to help our students maximize their public education experience, and we are supportive of the intent, if not the details, of the proposals before you. We are also grateful to have been invited to share our concerns and ideas with Department of Education staff in three meetings on these proposals. Having said that, however, we have significant concerns that we feel the need to bring to the State Board's attention.

As we understand it, the changes to OAR 581-022-1620, OAR 8-1022-0102 (30), and OAR 581-022-1131 would make significant changes to the definition of "instructional time"; would change the measurement from courses "offered" to courses "scheduled" for purposes of the count; would increase the required time for K-3 students; and would eliminate the 130 hours of "seat time" required. Additionally, the proposed changes to ADM and Full-time Equivalency would limit the reimbursement to school districts for students electing to enroll in courses that exceed a half-time level but do not maximize the possible courses per term other full-time students elect. Each of these proposed changes are problematic, and, taken together, would significantly alter the landscape of the K-12 education system. We believe that such dramatic changes warrant a "go-slow" and "research first" approach before adoption, even in a phased-in manner.

In our three advisory meetings prior to the submission of the formal proposed rule changes, we raised many questions about consequences, intended or unintended, of making such changes, particularly in an environment in which our schools continue to be underfunded. Among the various impacts we saw were:

- A likely dramatic increase in class sizes (we're already second in the nation in high class sizes);
- Worrisome impacts to the delivery of special education services;
- Impacts to the time districts have made for collaboration, planning, professional development, and other collegial interaction (such as professional learning community contact time);
- Implications for low-income students whose work schedules literally help keep their families fed and housed;
- Particular challenges in meeting the new requirements for districts with four-day weeks or trimester schedules;
- Greater impacts on small, rural, and poorer school districts with less flexibility;
- Budget instability with the tenths model will be greater because of timing – districts budget and hire staff months before students schedule their school year; differential funding could compromise these budgeting and staffing plans;
- Urgency to meet new, more expensive requirements could drive districts to cut costs in a way that may not optimize student learning. More virtual classes, less teacher planning time, reduction in off-campus learning activities such as internships are some likely casualties of these proposals.

[W]ith respect to the tenths model, that districts will have a smoother landing in absorbing funding losses because of the formula's "extended ADM" feature. We disagree. The extended rule enables a district to take the higher of two enrollment years; if the same number of students is enrolled, but funding is pared back for some enrolled students, extension will not make a bit of difference, because the head count has not changed in either of the two years – only the dollars have. The extension feature does not compensate for that in any way.

We believe that a good option for the Board to consider would be to slow down the adoption schedule of these ideas. If you set them aside now and undertake a study of the information you would need to truly make an informed decision, based on what is happening now and how these rules would impact districts, we believe your future steps to enhance student learning could avoid the unintended consequences our students will otherwise experience. We know that researching a few key districts of all sizes in the various regions of the state will take some time and resources to accomplish, but to jump on board such a huge change without sufficient information, especially given the stakes of enacting the wrong changes, could be counterproductive. Given that each school district tracks much of the data the Department of Education would need, ODE should do an informational request that drills down on the specifics that it currently lacks in order to predict impacts. Only then will the Board be able to determine whether the changes will lead to increased teaching and learning time. And, given that the 2015 Legislative Assembly will soon begin to consider education budgets and policy, it also makes sense to see what kind of resources districts will receive for the coming biennium before forging ahead with distributional and regulatory changes.