

K-12 School Finance

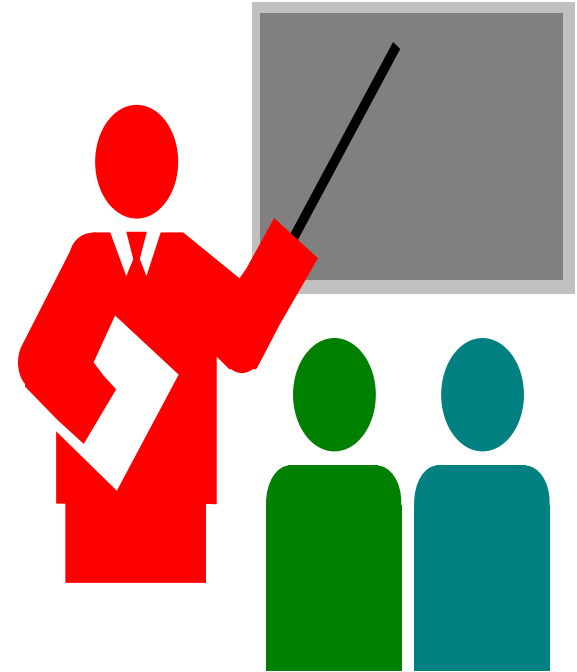
Oregon's K-12 State Funding Formula

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Topics

- ▶ History of School Funding
- ▶ Goals of the School Funding Formula
- ▶ Current Revenue
- ▶ Components of State School Fund

History of School Funding

- ▶ Measure 5
 - Passed in 1990
 - Capped property tax rate to \$5 per \$1,000 of market value for public education (K–12, ESD, Community Colleges)
 - Required State to cover any local revenue losses to public education

History of School Funding

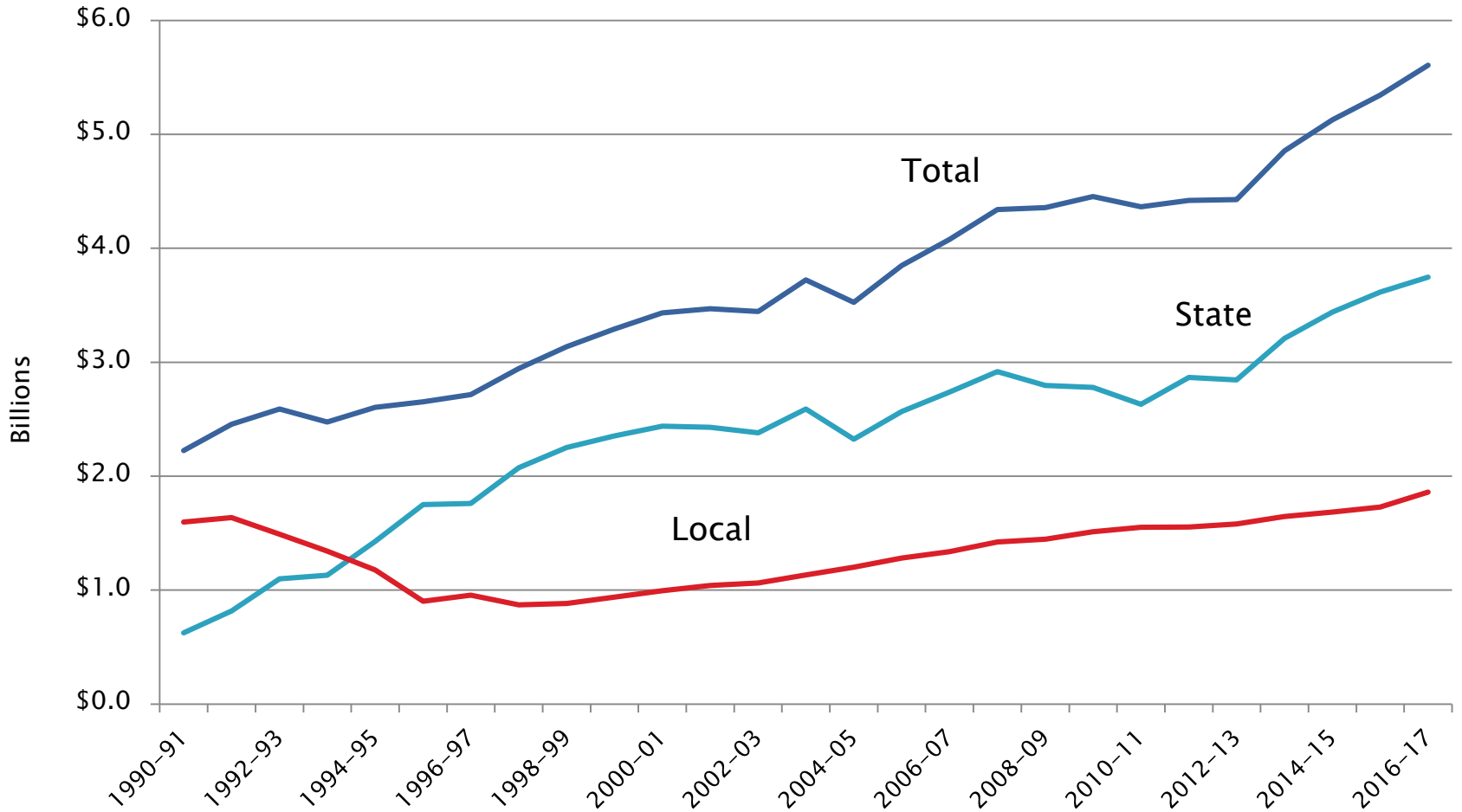
- ▶ Measures 47 and 50
 - Passed in 1996 and 1997, respectively
 - Measure 50 replaced unworkable aspects of Measure 47
 - Set permanent tax rates
 - Cut assessed property values
 - Capped growth of a property's assessed value to 3% a year

History of School Funding

Consequences of Measures 5, 47, and 50:

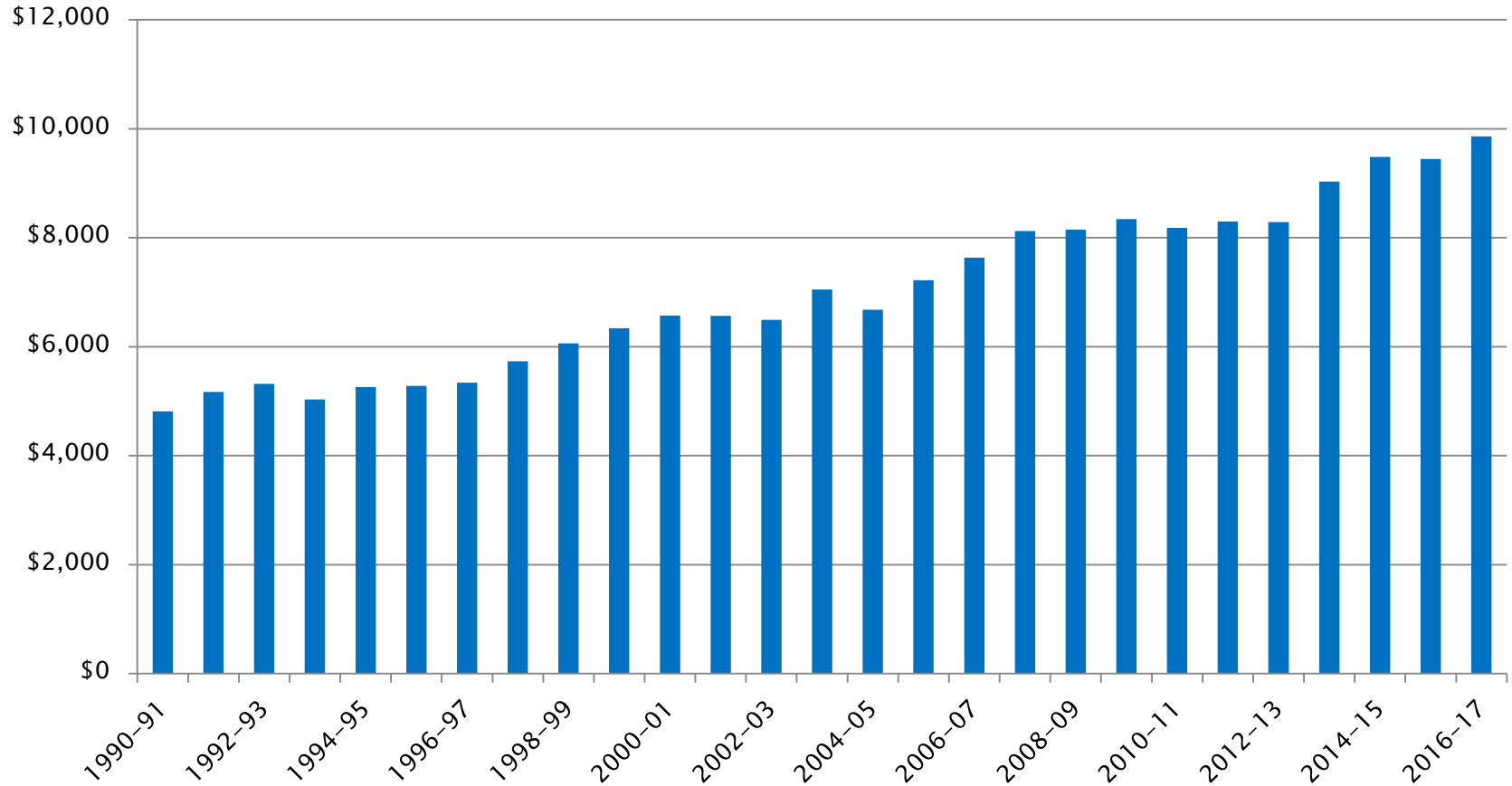
- ▶ Increased volatility of school funding by shifting funding from property taxes to income taxes
- ▶ Led to creation of the current K–12 funding formula
- ▶ Made the state primary source of school funding, and the “marginal” source of school funding

K-12 Formula Funding 1990-91 through 2016-17



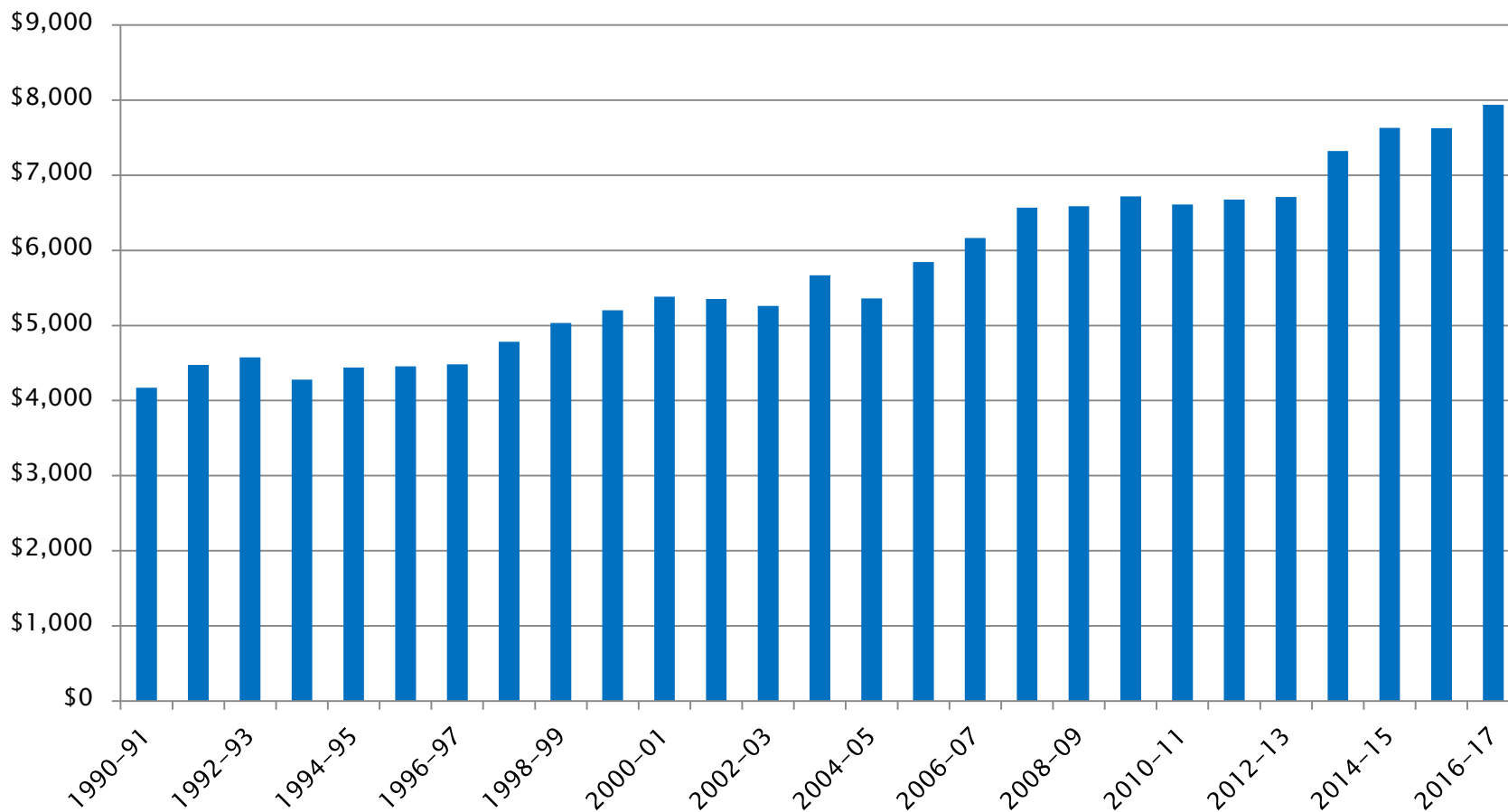
Historical Funding

Total K-12 Formula Funding per ADMr



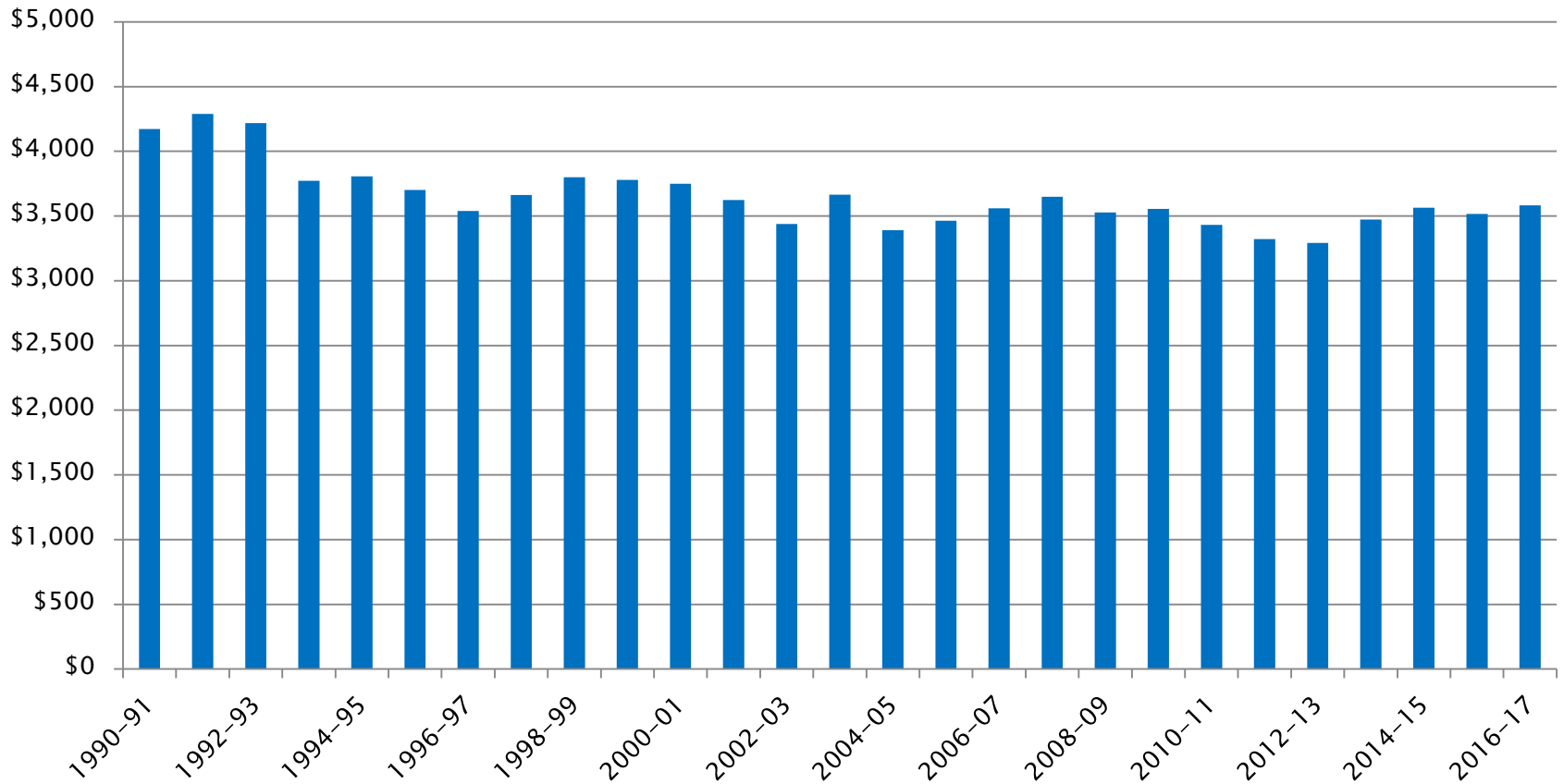
Historical Funding

Total K-12 Formula Funding per ADMw



Historical Funding

Total K-12 Formula Funding Per ADMw Inflation-Adjusted (1990-91 Dollars)



Goals of School Funding Formula

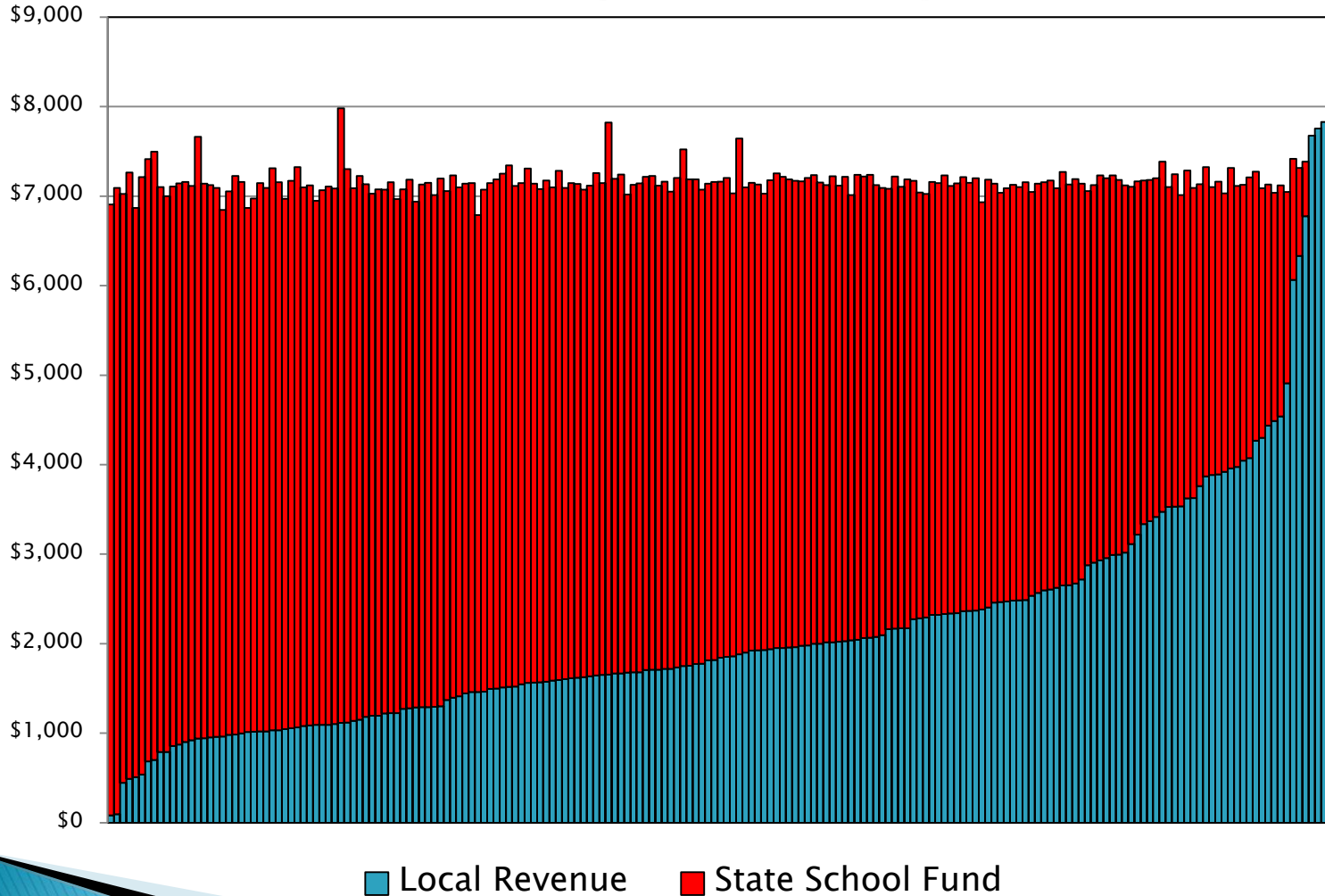
- ▶ Define funding equity, then create a system of student weights that distribute funds based on that equity definition
- ▶ Equalize per weighted student funding across all districts
- ▶ Allocate funding between districts and education service districts (ESDs) on the same equity principle

Distribution Principles

- ▶ Funding equity is based on the principle of compensating for cost differentials that are outside of district control
- ▶ Cost differentials result primarily from differing student needs, but some are from other factors:
 - Transportation costs
 - School size
- ▶ The goal is funding equity among districts
- ▶ Districts have control of spending decisions and allocation of resources to schools

Equity Across Districts

General Purpose Grant per ADMw



State School Fund Components

- ▶ **Carve-outs**
 - Money set aside for specific purposes and grants
- ▶ **Weights**
 - Variables used to determine each district and ESD's share of state school fund

State School Fund: Carve-Outs

Program	Biennial Cost
Talented and Gifted	\$350,000
Speech Pathology	\$150,000
Skilled Nursing Facility	\$5,200,000
Network of Quality Teaching and Learning	\$39,500,000
Oregon School for the Deaf and LTCT	\$26,000,000
English Language Learners Program	\$12,500,000
Office of Educational Facilities	\$6,000,000
School Nutrition	\$2,470,000
Virtual School District	\$1,600,000
10 th Grade Assessment	\$968,000

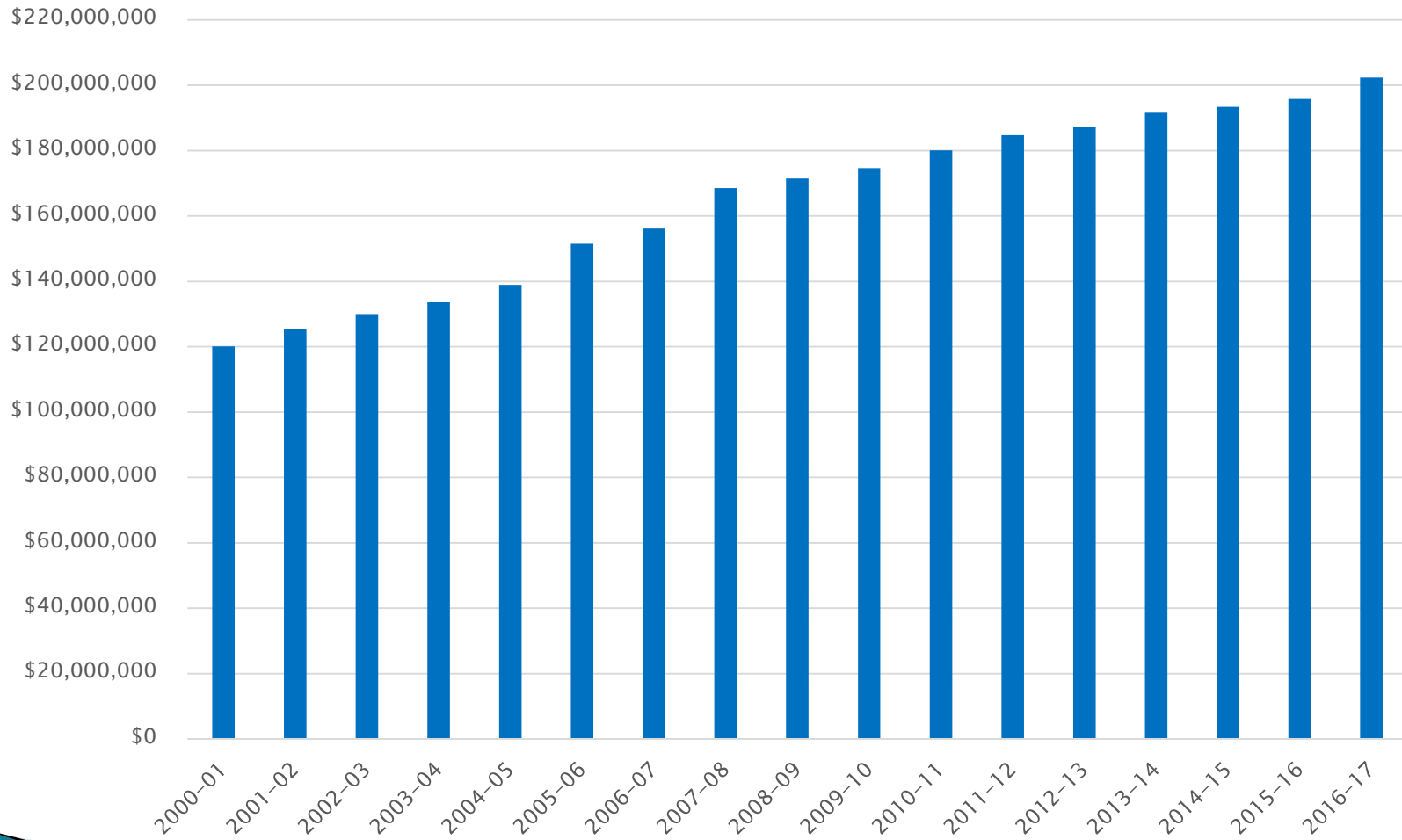
State School Fund: Sub-Grants

Sub Grant	Biennial Cost
Small School Supplement (Small HS Grant)	\$5,000,000
High Cost Disability Grant	\$70,000,000
Facility Grant	\$9,000,000
Transportation Grant	Variable

State School Fund: Sub-Grants

- ▶ **Transportation Grant**
 - Reimburses eligible transportation expenditures
 - Reimbursement rates set by expenditures per ADMr
 - Reimburse at 70%, 80% or 90% of eligible expenditures

Transportation Grant



Weights

Category	Additional Weight
ADMr	1.0
IEP (Special Education)	1.0
IEP Cap Waiver	Variable
ESL	0.5
Pregnant and Parenting	1.0
Poverty	0.25
Foster Care	0.25
Neglected/Delinquent Students	0.25
Union High School Students	0.2
Elementary District Students	-0.1
Remote Small Elementary School Correction	Variable
Small High School Correction	Variable

Extended District ADMw

- ▶ Compares current year ADMw with prior year ADMw
- ▶ Uses the greater ADMw for funding purposes

Teacher Experience

- ▶ Recognizes that more experienced teachers typically have higher salaries
- ▶ Calculation (District Average – State Average) * \$25 per ADMw
- ▶ Teacher Experience Factor may be positive or negative value

District Formula

- ▶ (District extended ADMw * (\$4,500 + [\$25 * (teacher experience difference)] * funding ratio) – Local Revenue
 - District extended ADMw: District Weights
 - \$4,500: minimum funding
 - Funding Ratio completely distributes all State School Funds

ESD Formula

- ▶ 4.5% of total of component school district formula grants; or
- ▶ \$1.3 million; whichever is greater*

* The minimum amount was tied to growth in the state school fund starting in 2015–16. Prior to that, it was \$1 million

What to Remember

- ▶ The purpose of the formula is funding equity
- ▶ Formula combines local revenue and state revenue
- ▶ Formula driven by weights
- ▶ Weights describe specific characteristics of students and districts

Questions?