



## House Interim Committee on Revenue

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# Equalization and the State School Fund Formula

November 2023

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# State School Fund

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1. In dollars, the SSF is the largest of ODE's programs, and the State's largest GF and OF investment;
2. With local formula revenues, the SSF provides approximately 80% of general operating dollars to school districts and education services districts (ESDs);
3. Allocated through a statutorily required equalization formula adopted in 1991 in response to Measure 5 and largely unchanged since then.
4. Goals of the formula are to:
  - Equalize district and ESD funding;
  - Compensate districts for certain student and district characteristics through "weights" (equity) and
  - Maintain local control (discretionary spending).
5. Districts control spending decisions unless the Legislature directs otherwise.

5 THINGS  
YOU  
NEED  
TO  
KNOW

# What is the State School Fund?

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- State School Fund (SSF) = a combination of State and Local funds dedicated to the operation of K-12 public schools – General Funds
- Comprised of multiple grants (annual amounts):
  - General Purpose Grant: ~\$7 billion (SD & ESD)
  - Transportation Grant: ~\$290 million
  - High Cost Disability Grant: \$55 million
  - Small High School Grant: \$2.5 million
- Legislature appropriates funds each biennium
- ODE manages the grants and distributes the funds monthly (*except June*)



# Philosophy of SSF

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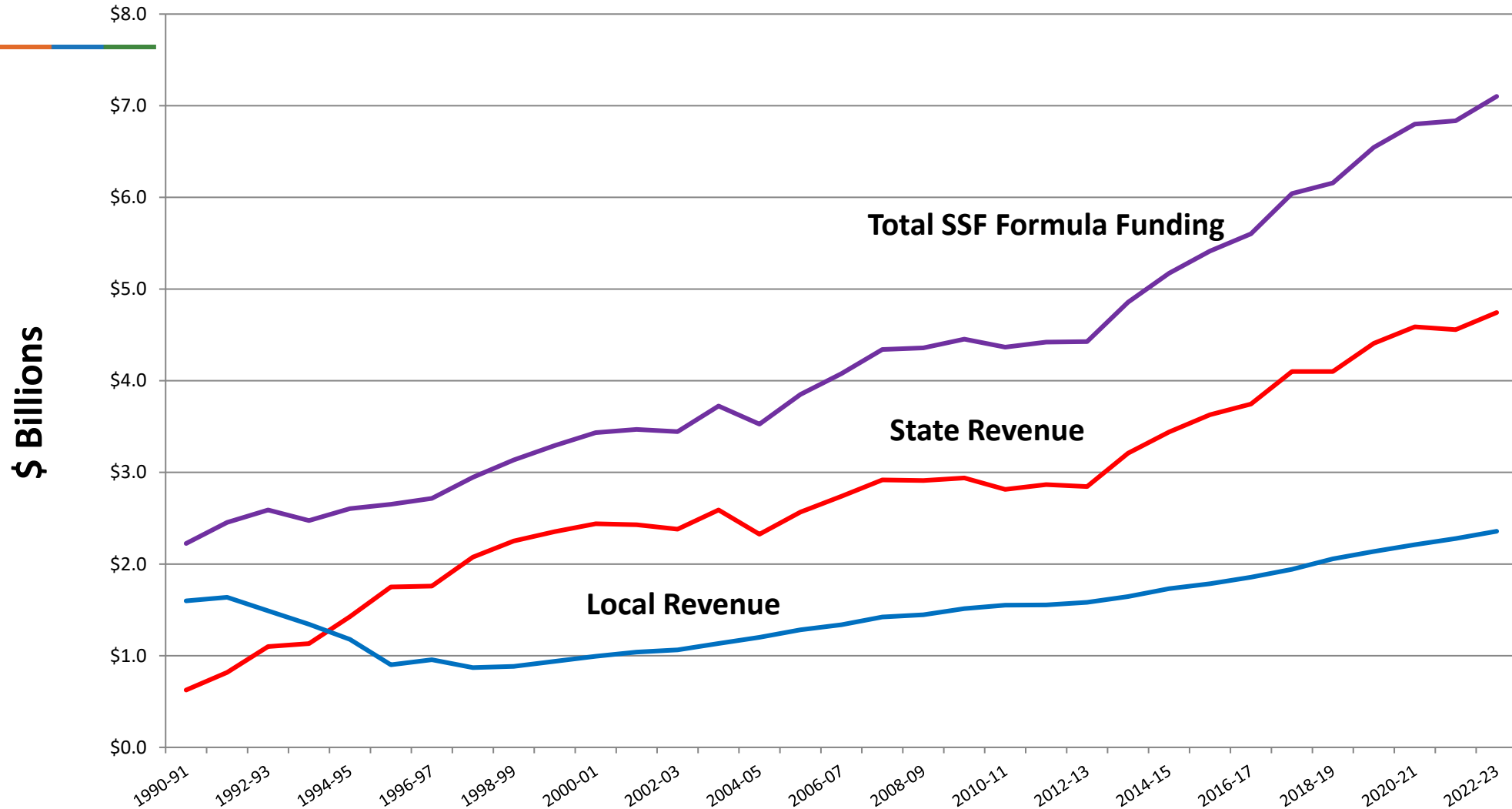
- **It is** a revenue formula, which takes into account local needs and resources, and State needs and resources, and allocates funding statewide based on an equalization formula.
- Oregon's equity of resources is identified in the SSF weighting and carve-outs
- The funding received from the SSF Grant is intended for General Operations and it is at the local school district and community levels to decide how best to use their resources, as the needs of districts and communities varies considerably across the state
- **It is not** a block grant, an outcomes-based grant, a system of accountability, nor is it a guaranteed-level of funding, as available resources are often tied to economic conditions and challenges within the state.

# Disbursements & Carve-Outs



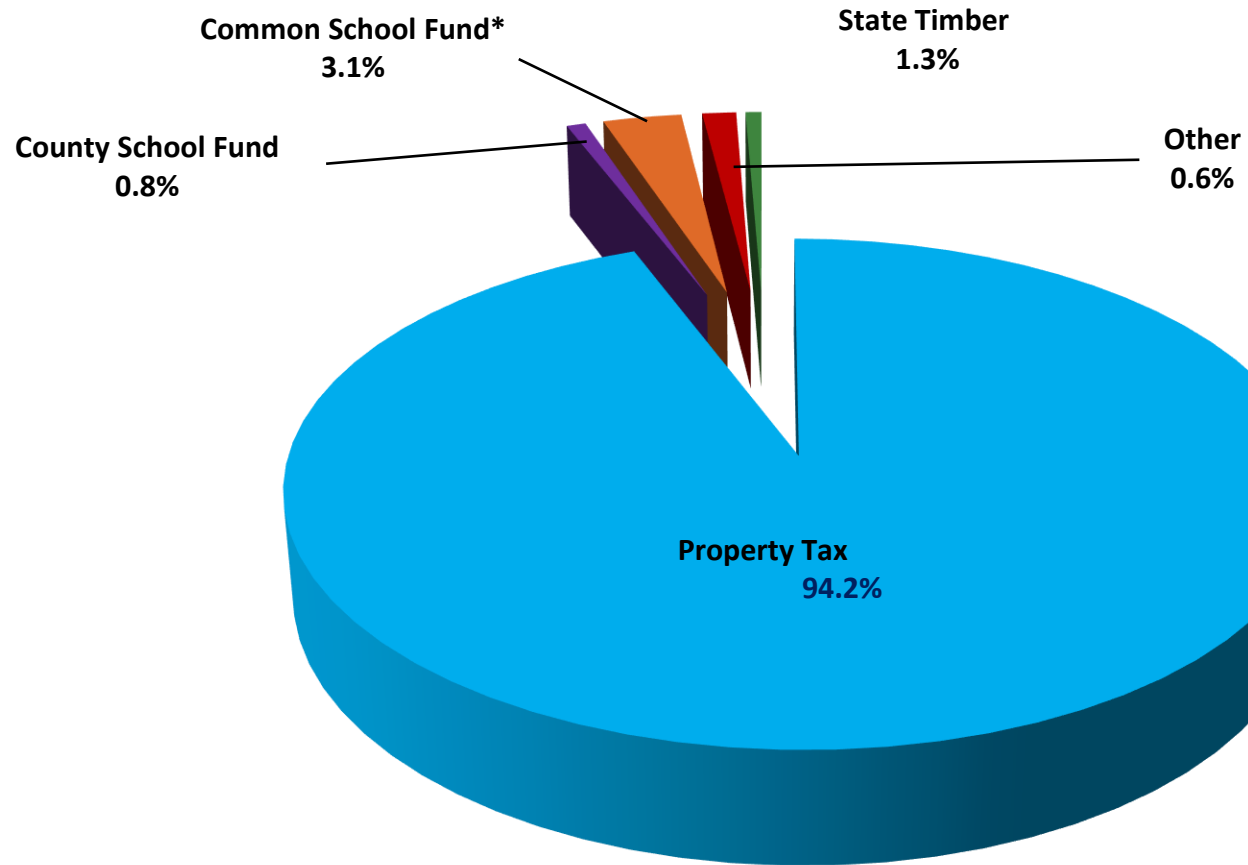
	2023-24 \$4,998,000,000	2024-25 \$5,202,000,000	2023-25 Biennium \$10,200,000,000
<b>2023-24 Budget Appropriation for school districts &amp; ESDs:</b>			<b>\$4,998,000,000</b>
Oregon Revised Statute		Less Reserve Account:	(\$20,000,000)
327.008(15,16)		Less TAG, Speech Pathology, and Oregon Virtual School District:	(\$1,050,000)
327.859(b), 327.023(1)		Less Long Term Care and State Schools:	(\$14,500,000)
327.008(13)		English Language Learner Improvement Funds:	(\$6,250,000)
327.008(12)(a)(A)		Educator Advancement Fund (EAF):	(\$3,263,547)
327.008(17)		Less Small High School Grant:	(\$2,500,000)
327.008(3)		Less Charter School Closure Funds:	(\$300,000)
327.339		Less Local Option Equalization Grant:	(\$3,000,000)
327.008(9)		Less Office of School Facilities:	(\$6,000,000)
327.008(10)		Skilled Nursing Facilities (pediatric nursing):	(\$1,062,224)
327.531		Free Lunch program:	(\$1,425,188)
		Menstrual Hygiene HB 3294	(\$2,853,450)
		<b>Transfers/Deductions</b>	<b>(\$62,204,409)</b>
<b>State Revenue for Formula</b>			<b>\$4,935,795,591</b>
		District Local Revenue:	\$2,340,621,351
		ESD Local Revenue:	\$157,636,914
<b>Local Rev. for Formula (District + ESD)</b>			<b>\$2,498,258,265</b>
<b>Total Revenue For Formula</b>			<b>\$7,434,053,856</b>
		District Share at 95.50%	\$7,099,521,433
		ESD Share at 4.50%	\$334,532,424
<b>Other Transfers/Deductions:</b>			
		327.008(11) Less High Cost Disability Grants:	(\$55,000,000)
327.008(8)		Less School Safety and Emergency Management Program:	(\$1,500,000)
327.008 (12)(a)-(B)		Less share of EAF:	(\$8,735,125)
<b>Districts</b>			<b>(\$65,235,125)</b>
327.008(14)		Less ESD testing contract:	(\$484,000)
327.008(12)(a)-(C)		Less share of EAF:	(\$8,735,125)
<b>ESDs</b>			<b>(\$9,219,125)</b>
<b>Formula Revenue for Distribution</b>			
<b>School Districts</b>			<b>\$7,034,286,308</b>
<b>ESDs</b>			<b>\$325,313,299</b>

# SSF Funding History (1990 – 2023)



# State School Fund Local Revenue AY'23

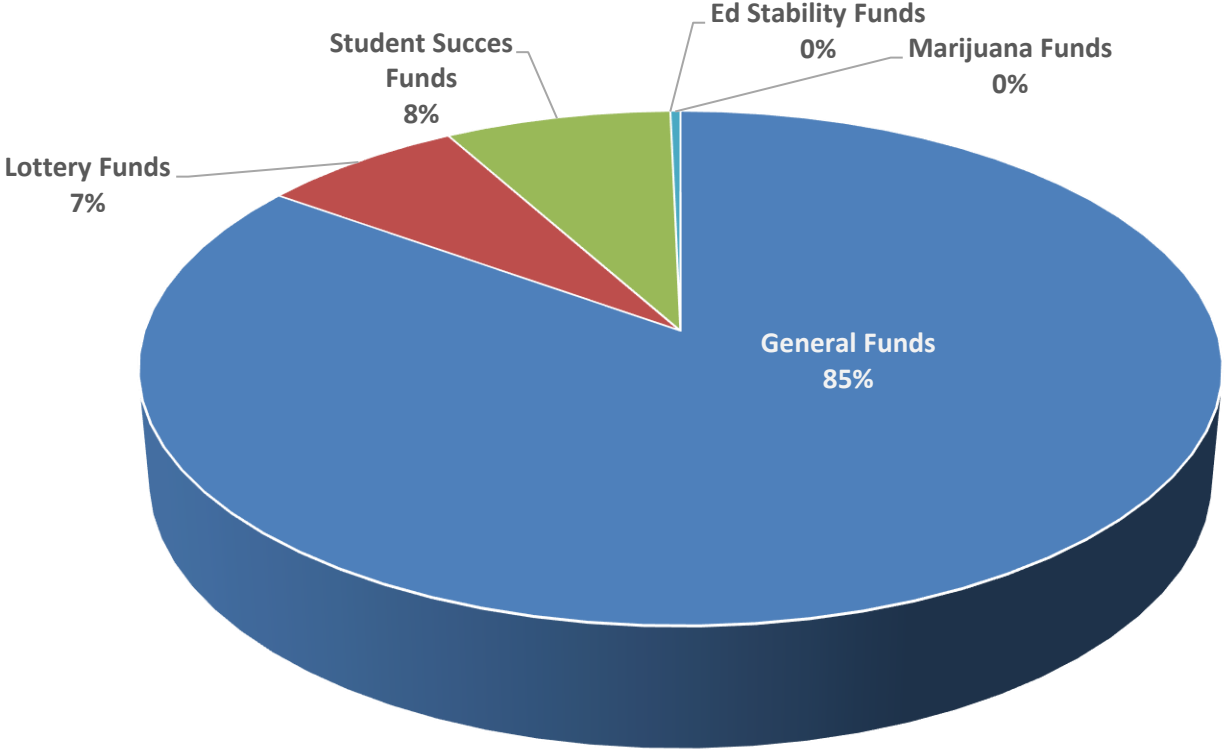
\$4,577.4 (in millions)



\* 2021-23 Common School Fund estimate is \$133,059,086 and is distributed to local districts by the Department of Education as transferred from State Lands.

# State School Fund State Revenue AY'23

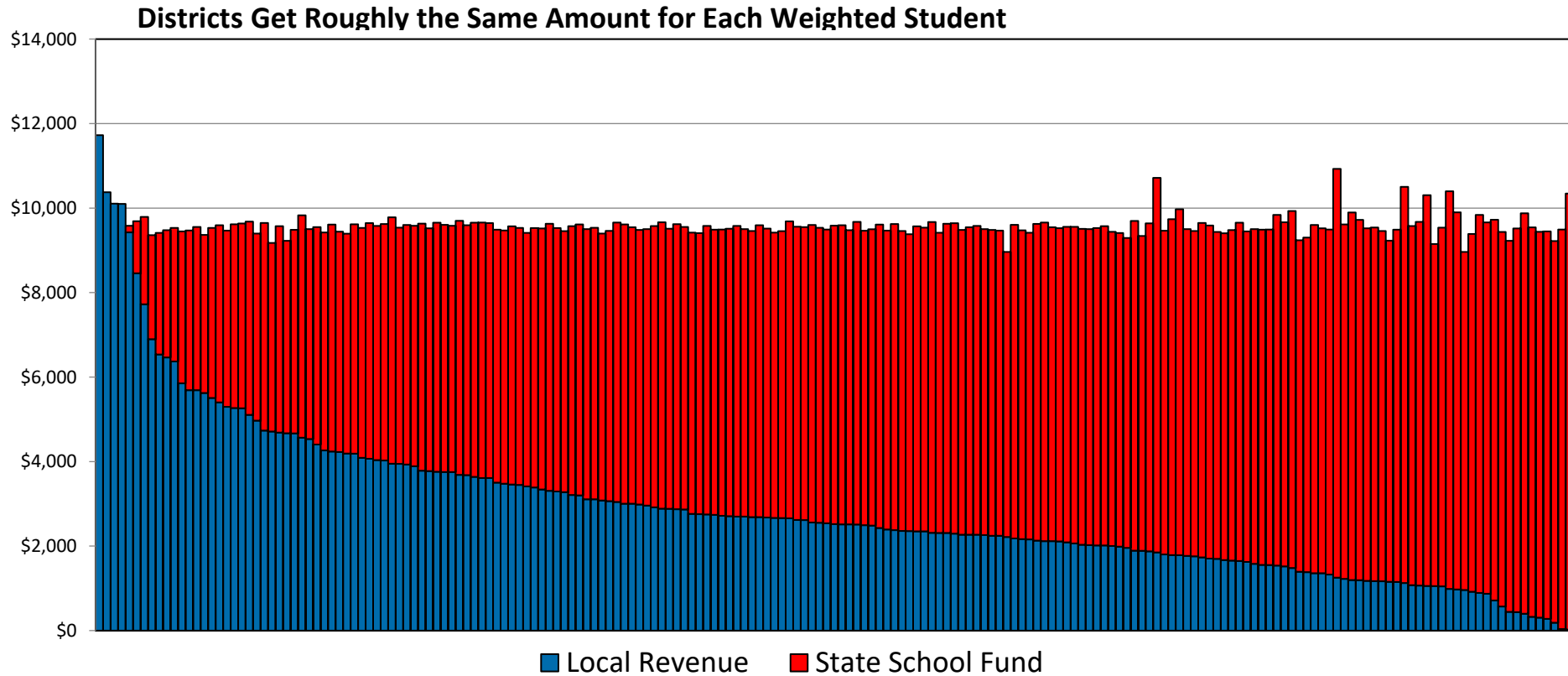
\$9,296 (in millions)





# State School Fund Equalization Across Districts

General Purpose Grant Per Weighted Student  
(2022-23)



# General Purpose Grant

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General  
Purpose  
Grant



Students  
(ADMw)



\$4,500 Target  
Adjusted by Teacher Experience  
& Balanced to Total Funds (funding ratio)

# SSF ratio calculation

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Formula Revenue (SD)	Transportation Grant	Available Distribution - Formula Revenue less Transportation Grant	ADMw	\$/ADMw	State Target	Ratio
\$ 7,034,286,308	\$ 290,966,359	\$ 6,743,319,949	672,145	\$ 10,032.54	\$ 4,500	2.229

# ADM & Weights Defined

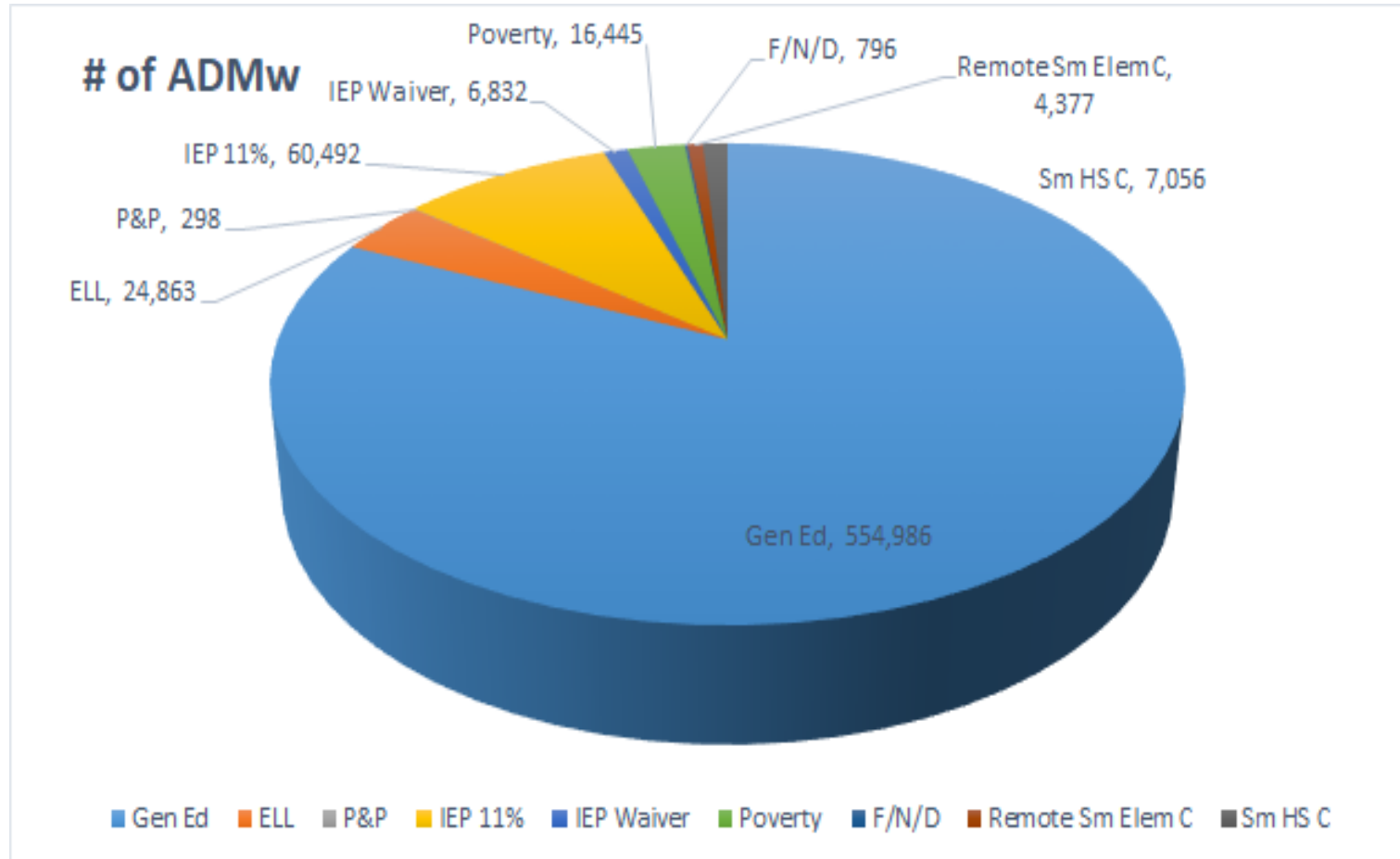
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- ADM = Average Daily Membership
- ADMr = Average Daily Membership resident
- ADMw = Average Daily Membership weighted \*Extended ADMw
- ADMa =
  - Average Daily Membership attending; or
  - Average Daily Membership adjusted

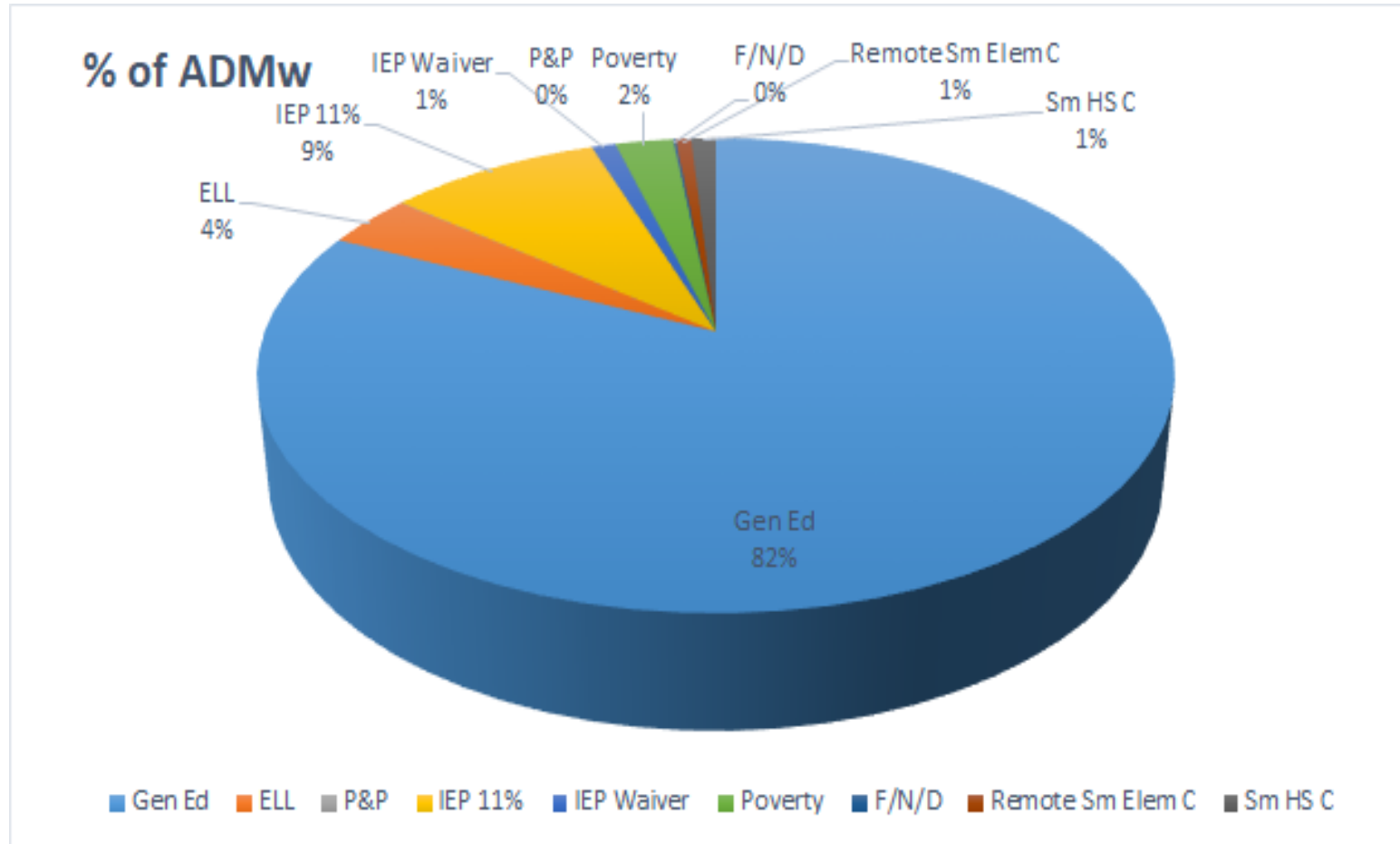
## Weights:

- ADMr (1.0)
- English Language Learners (0.50)
- Pregnant & Parenting (1.00)
- Special Education (IEP) (1.00 up to 11% of district ADMr)
- Poverty (0.25)
- Foster Care, Neglected, Delinquent (0.25)
- Remote Elementary School Correction (1.00)
- Small High School Correction (1.00)
- Post Graduate Scholars (-0.25)

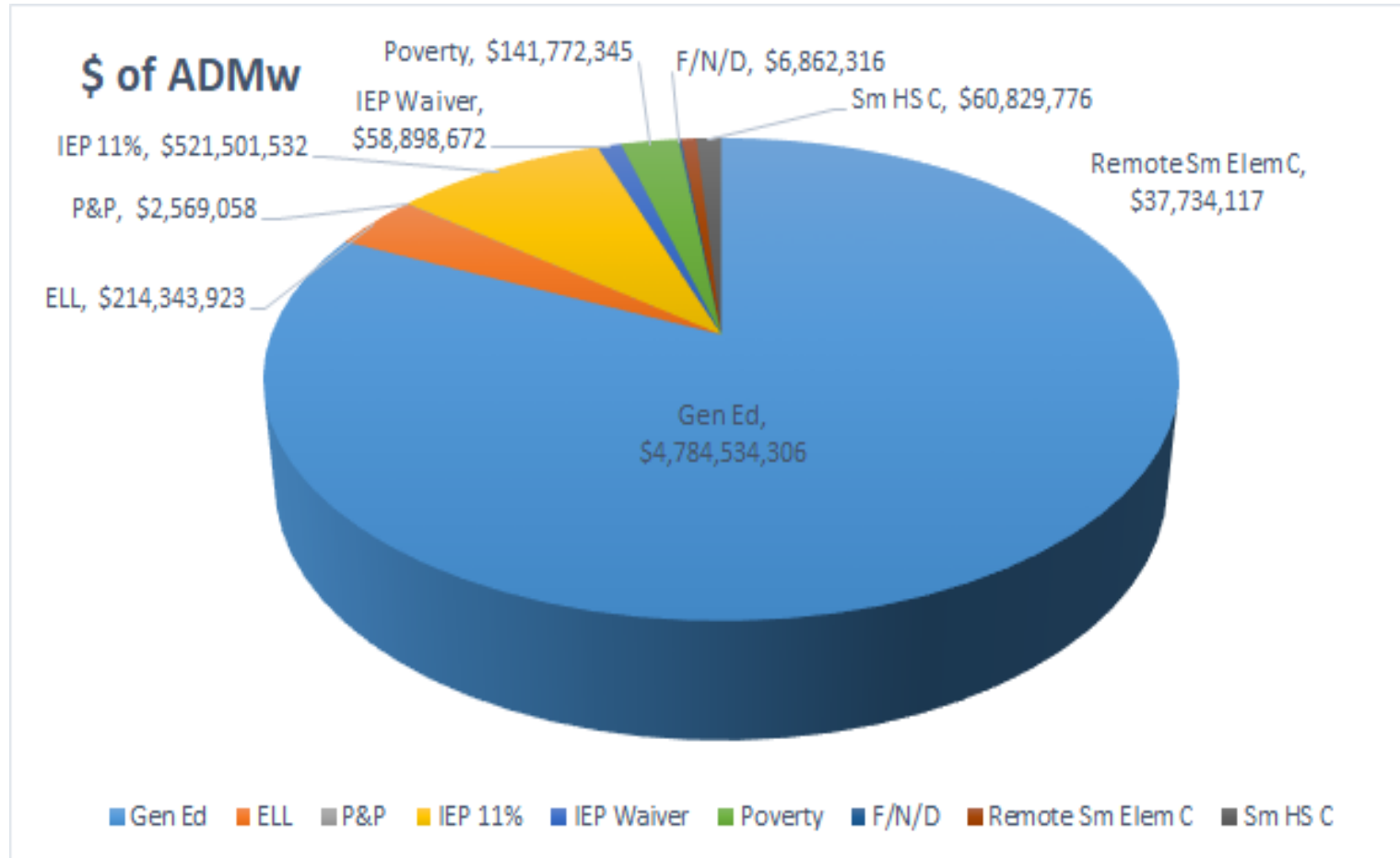
# 2020-21 ADMw #



# 2020-21 ADMw %



# 2020-21 ADMw \$



# General Purpose Grant

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$$\begin{array}{l} \text{General} \\ \text{Purpose} \\ \text{Grant} \end{array} = \text{Students} \times \begin{array}{l} \$4,500 \text{ Target} \\ \text{Adjusted by Teacher Experience} \\ \text{\& Balanced to Total Funds} \end{array} \text{ (ADMw)}$$

## ***2023-2024 General Purpose Grant***

Multiply the Teacher Experience Adjustment of 2.21 by \$25 then add \$4500 to the result = \$4,555.25

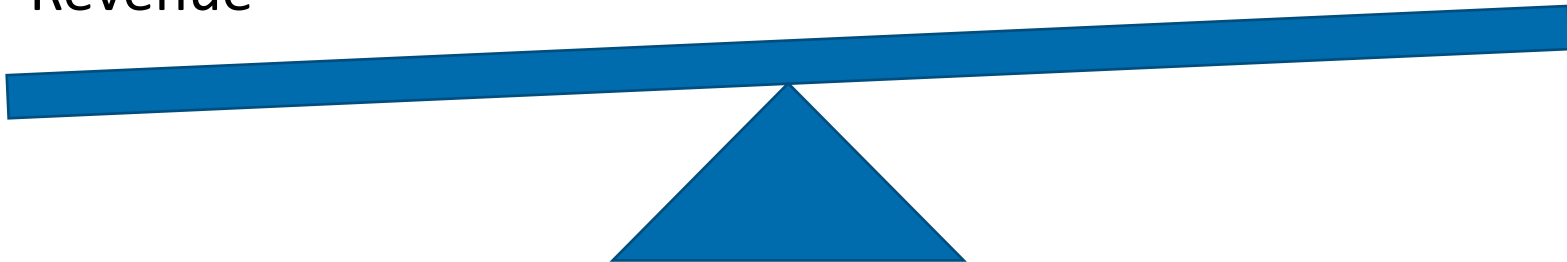
Then multiply \$4,555.25 by the Extended ADMw 19738.38 and then by the funding ratio 2.229061600497 = \$200,422,185.20



# State School Fund Grant

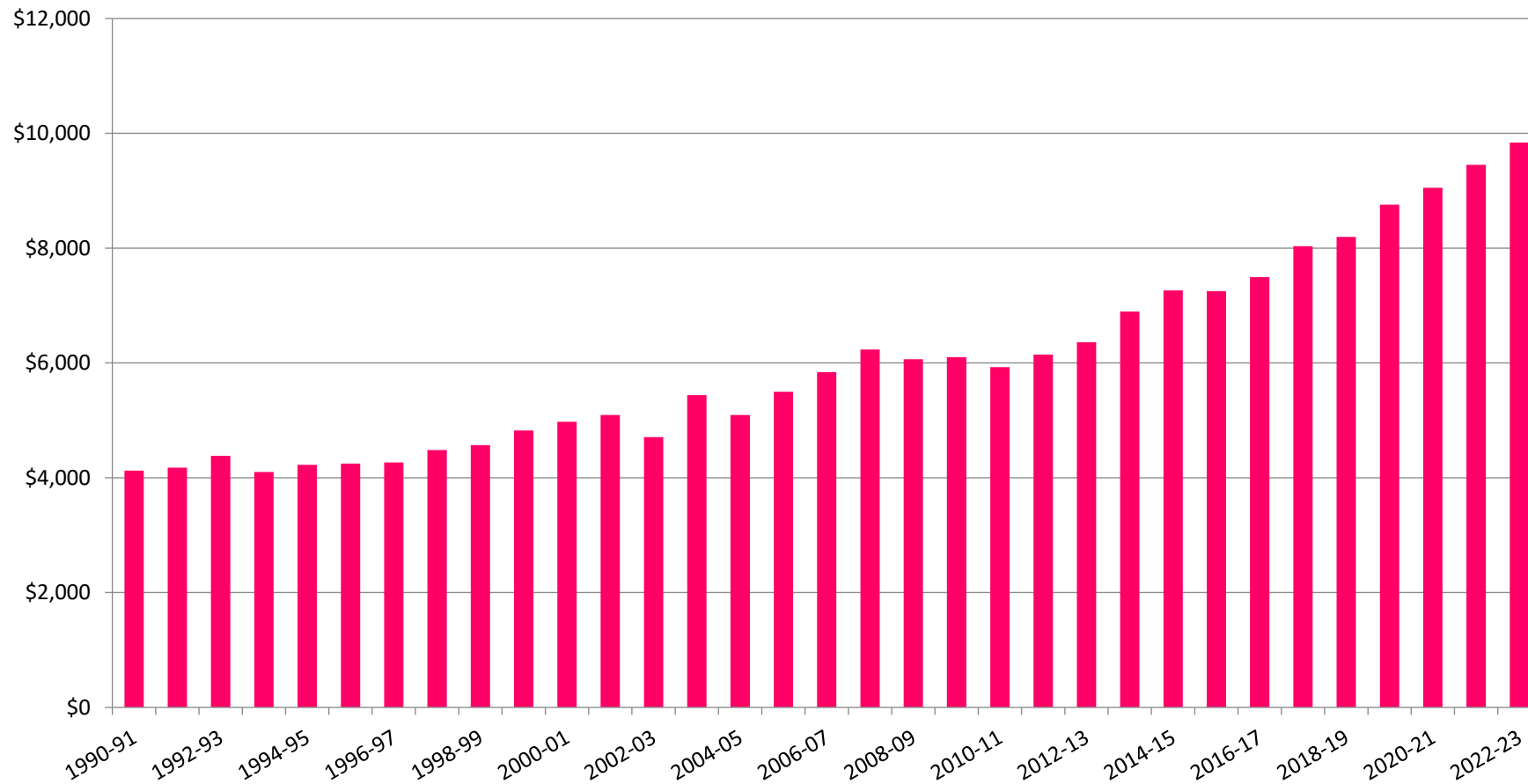
General Purpose Grant + Transportation Grant = Total Formula Revenue

Total Formula Revenue = Local Revenue = State School Fund Grant



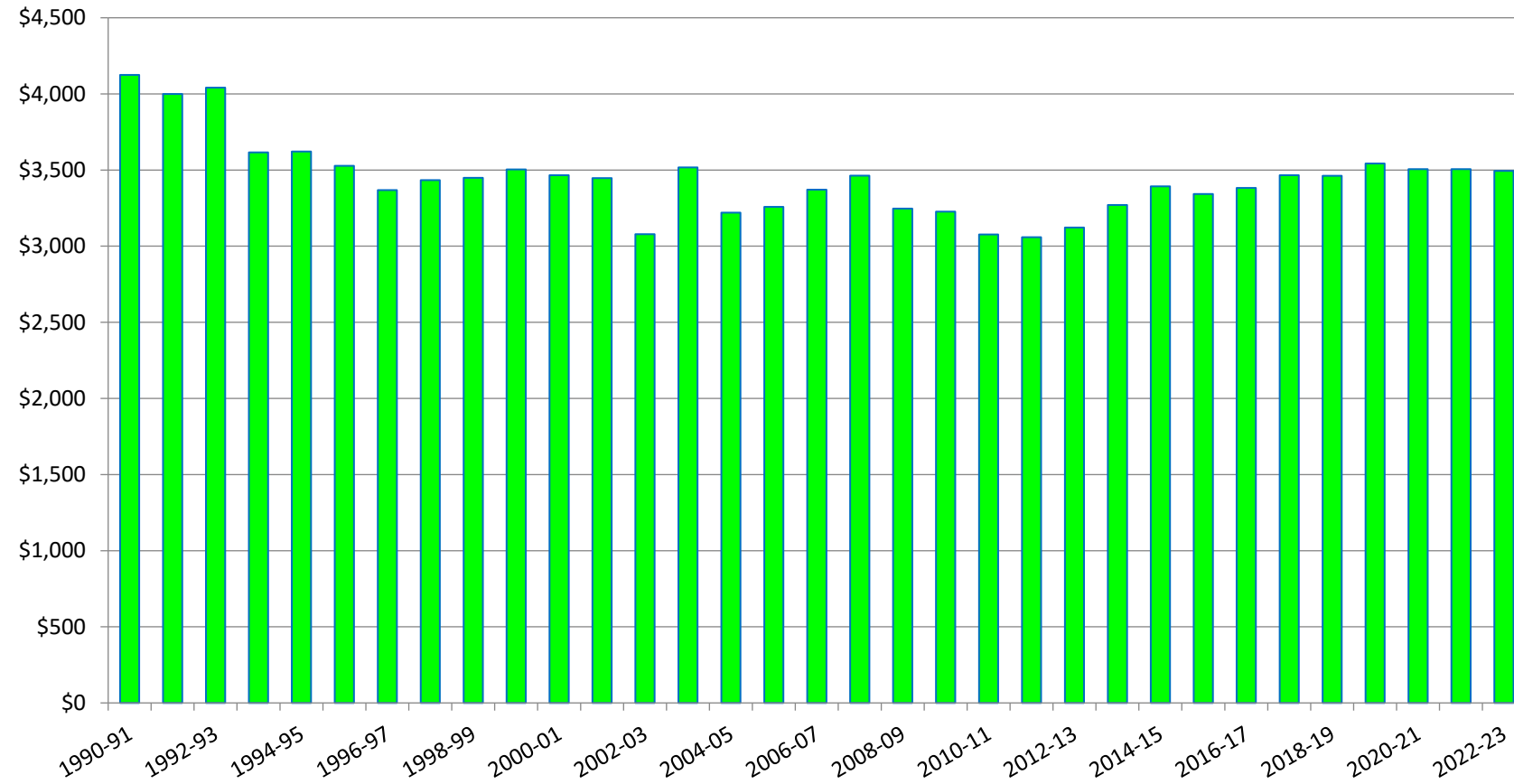
# State School Fund

## Formula Funding Per ADMw



# State School Fund

## Formula Funding Per ADMw Adjusted for Inflation



# SSF Formula take away

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- Two primary sources of funding – Property Taxes and State General Fund
  - Property taxes are relatively fixed at ~3%-4% growth year over year
- A system that was supposed to be a temporary solution in response to Measure 5 has remained relatively unchanged since the early 1990s, although there have been many attempts to make changes in all of that time
- 82% of Basic Support goes toward General Education and 18% goes toward equity of resources and specialized needs for districts
- Equity of resources and adequacy of resources are often conflated when reviewing levels of support for general and specialized needs – ebb and flow of the Equalization Formula
- Districts depend on the State School Fund to balance resources and needs to the largest extent possible, where there is considerable variances across the state

# Reference Resources



- [School Finance Statute: ORS 327](#)
- [Oregon Administrative Rules for School Finance: Division 23](#)
- [State School Fund Estimates and Pay Statements webpage](#)
- [SSF Grants, Expenditure Reports, and Other Funding Related Reports webpage](#)

# Thank you!

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