

K-12 School Funding Equalization: Parameters

House Interim Committee on Revenue

Presented by

Legislative Revenue Office

State of Oregon

Legislative Revenue Office

September 23, 2024

K-12 School Funding Equalization Parameters

1. Formula Revenue for Distribution to SDs and ESDs

| | | | | |
|--|---|----------------------------------|---|---------------------------|
| K-12 School Funding Formula Revenue (State and Local) | = | State School Fund | + | Local Revenues |
|--|---|----------------------------------|---|---------------------------|

| | | | | |
|---|---|--|---|---------------------------|
| K-12 School Funding Formula Revenue for Distribution (State and Local) | = | State School Fund (minus carve-outs) | + | Local Revenues |
|---|---|--|---|---------------------------|

| | | | | |
|---|---|---|---|---|
| K-12 School Funding Formula Revenue for Distribution (State and Local) | = | School Districts (95.5%) | + | Education Service Districts (4.5%) |
|---|---|---|---|---|

2. School Years 2023-25 Formula Revenue (HB 5015, 2023)

| | | | | |
|--|---|---|---|---|
| K-12 School Funding Formula Revenue (State and Local) \$15.343 B | = | State School Fund \$10.2 B | + | Local Revenues \$2.520 B (23-24) \$2.623 B (24-25) |
| K-12 School Funding Formula Revenue for Distribution (State and Local) \$15.263 B | = | State School Fund (minus carve-outs) \$10.12 B | + | Local Revenues \$2.520 B (23-24) \$2.623 B (24-25) |
| K-12 School Funding Formula Revenue for Distribution (State and Local) | = | School Districts (95.5%) | + | Education Service Districts (4.5%) |

In LRO Distribution Tabulations for SSF Budget, for 2023-24 Distribution, 50% of SSF and 2023-24 Local Revenues Are Combined for Distribution. Likewise, for 2024-25, 50% of SSF and 2024-25 Local Revenues Are Used for Distribution

3. Distribution Basics for Funding Equalization (SDs)

$$\text{School District Formula Revenue (State and Local)} = \text{State School Fund Grant} + \text{Local Revenue}$$

$$\text{School District Formula Revenue (State and Local)} = \text{General Purpose Grant} + \text{Transportation Grant} + \text{High Cost Disabilities Grant}$$

- 3.1 **General Purpose Grant** Reflects Two Important Elements: **Student Demographics** and **District Characteristics** - These Two Elements Lead to the Construction of Weighted Student Counts or **Weighted Average Daily Membership (ADMw)**
- 3.2 **Transportation Grant** and **High Cost Disabilities Grant** Are Determined **Independently of ADMw** - Changes in ADMw Do Not Affect These Two Grants
- 3.3 Consequently, When We Talk about **Formula Revenue Distribution involving/Changing ADMw**, We Are Focused on **General Purpose Grant** Distribution

4. Distribution Basics for Funding Equalization (SDs): An Example

4.1 **Statewide Total ADMw = 100,000**

4.2 Total Formula Revenue Available for Distribution to SDs
- Total Transportation Grant - Total High Cost Disabilities Grant
= **Total General Purpose Grant**
= **\$1,000,000,000**

4.3 **General Purpose Grant per ADMw**
= Total General Purpose Grant ÷ Total ADMw
= \$1,000,000,000 ÷ 100,000
= **\$10,000**

4.4 Two School Districts A, B (Current Poverty Weight = **0.25**)

- A: Total ADMw 1,000 with 0 Poverty Weight
- B: Total ADMw 1,000 with 100 Poverty Weights (**Only SD with Poverty**)
(ADMw Other Than Poverty Weights = 900)
- State - A - B: Total ADMw 98,000 with 0 Poverty Weight

4.5 Two School Districts A, B

- A: Total General Purpose Grant = \$10,000 x 1,000 = **\$10,000,000**
- B: Total General Purpose Grant = \$10,000 x 1,000 = **\$10,000,000**
- State - A - B = \$10,000 x 98,000 = **\$980,000,000**

4.6 Poverty Weight Increases/Doubles to **0.50**; Nothing Else Has Changed

- A: **Total ADMw 1,000** with 0 Poverty Weight
- B: **Total ADMw 1,100** with **200** Poverty Weights (900 + 200)
- State: **Total ADMw = 100,100** (1,000+1,100+98,000)
- **New General Purpose Grant per ADMw**
= $\$1,000,000,000 \div 100,100 \approx \$9,990.01$

4.7 Two School Districts A, B **AFTER** Poverty Weight Change

- Total General Purpose Grant Stays at **\$1,000,000,000**
- A: Total General Purpose Grant
= $\$9,990.01 \times 1,000 = \$9,990,010 < \$10,000,000$
- B: Total General Purpose Grant
= $\$9,990.01 \times 1,100 = \$10,989,011 > \$10,000,000$
- State - A - B = $\$9,990.01 \times 98,000 = \$979,902,980 < \$980,000,000$
- Total General Purpose Grant Stays at **\$1,000,000,000**

4.8 Making Sure All SDs Other Than B Receive the Same Level of Funding AFTER the Change ↔ General Purpose Grant Per ADMw Should Stay the Same at \$10,000. Then,

- A: Total General Purpose Grant = $\$10,000 \times 1,000 = \mathbf{\$10,000,000}$
- B: Total General Purpose Grant = $\$10,000 \times 1,100 = \mathbf{\$11,000,000}$
- State - A - B = $\$9,990 \times 98,000 = \mathbf{\$980,000,000}$

4.9 Additional Poverty Weight by Doubling Poverty Weight = 100

Cost of Funding Additional Poverty Weights with No Harm Done to Other SDs
= $\mathbf{\$10,000 \times 100} = \mathbf{\$1,000,000}$

5. Actual Data (for 2023-24 School Year) with Focus on IEP and Poverty

General Purpose Grant per ADMw \approx **\$10,200** (HB 5015, 2023) - LRO
ADM and Weights Data (As of August 2024) - ODE

- ADM = 538,134
- **Individualized Education Plan (IEP) Counts**
 - Total Identified = 81,257
 - 11% Cap = 59,002
 - On Waiver = 7,064
 - Identified But Not Receiving IEP = 15,191** (=81,257-59,002-7,064)
 - Price Tag for Funding Remaining IEP**
= \$10,200 x 15,191 = \$154,948,200
- **Poverty Counts**
 - Total Poverty Counts = 59,220
 - Poverty Weights with 0.25 Weight = 14,805 (Current)
 - Poverty Weights with Doubling Poverty Weight to 0.50
= 29,610 (Additional 14,805)
 - Price Tag for Doubling Poverty Weight to 0.50**
= \$10,200 x 14,805 = \$151,011,000

For More Information

- LEGISLATIVE REVENUE OFFICE
- 900 Court St. NE, Room 160
- Temporary location - 255 Capitol St NE (5h floor)
- Salem, OR 97310
- 503-986-1266
- <https://www.oregonlegislature.gov/lro>