



Secretary of State Oregon Audits Division



Oregon Department of Education
Recommendation Follow-up Report:
**ODE Must Accelerate Efforts to Monitor Spending and
Improve Initiatives to Help Vulnerable Students**

September 2021
Report 2021-28

Secretary of State Shemia Fagan
Audits Division Director Kip Memmott

Executive Summary

Follow-up to Audit Report 2019-01 (report one of two)

Oregon Department of Education

Recommendation Follow-up Report: ODE Must Accelerate Efforts to Monitor Spending and Improve Initiatives to Help Vulnerable Students

September 2021

Follow-up Summary

The Oregon Department of Education (ODE) made progress on 10 out of 11 recommendations from our audit focused on improving the performance of struggling schools, fully implementing two. The original audit, issued in January 2019, included recommendations to ODE and Portland Public Schools (PPS). This follow-up report addresses recommendations made to ODE. A second, separate report will address recommendations to PPS.

The COVID-19 pandemic posed substantial challenges for ODE and school districts in the last year and a half. ODE's need to prioritize pandemic-related steps delayed action on several of the recommendations.

Findings from the Original Audit

- » ODE does relatively little to support and monitor efficient district spending.
- » ODE does not adequately evaluate whether grants and other initiatives improve student performance.
- » ODE's limited enforcement of district standards, short-lived improvement initiatives, and a disjointed education funding system increase risks that Oregon student performance will continue to lag.

Improvements Noted

- » ODE has made progress implementing the state Student Success Act, signed into law in May 2019, addressing many concerns around implementation of the federal Every Student Succeeds Act. ([pg. 4](#))
- » ODE made progress consolidating initiatives ([pg. 3](#)) and establishing a framework for monitoring and evaluating school improvement programs. ([pg. 6](#))
- » ODE has analyzed classroom spending and produced guidance on improving spending efficiency. ([pg. 2](#))

Remaining Areas of Concern

- » ODE has made limited progress on measuring the results of Title I school improvement programs and no progress reporting those results, a significant obstacle to closing Oregon's equity gaps in student performance by income level and race and ethnicity. ([pg. 3](#))
- » ODE has not discussed implementation challenges for school improvement efforts in public reports and presentations, a particular concern given Oregon's history of ineffective K-12 reform efforts. ([pg. 4](#))
- » ODE has not highlighted key strategies to direct more money to the classroom. ([pg. 2](#))

The Oregon Secretary of State Audits Division is an independent, nonpartisan organization that conducts audits based on objective, reliable information to help state government operate more efficiently and effectively. The summary above should be considered in connection with a careful review of the full report.

Introduction

The purpose of this report is to follow up on the recommendations we made to the Oregon Department of Education (ODE) as included in audit report 2019-01, "ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools." This report pertains only to those recommendations made to ODE; a second report will follow up on recommendations made to Portland Public Schools.

The Oregon Audits Division conducts follow-up procedures for each of our performance audits. This process helps assess the impact of our audit work, promotes accountability and transparency within state government, and ensures audit recommendations are implemented and related risks mitigated to the greatest extent possible.

We use a standard set of procedures for these engagements that includes gathering evidence and assessing the efforts of the auditee to implement our recommendations; concluding and reporting on those efforts; and employing a rigorous quality assurance process to ensure our conclusions are accurate. We determine implementation status based on an assessment of evidence rather than self-reported information. This follow-up is not an audit, but a status check on the agency's actions, and therefore does not adhere to the full set of government auditing standards.

To ensure the timeliness of this effort, the division asks all auditees to provide a timeframe for implementing the recommendations in our audit reports. We use this timeframe to schedule and execute our follow-up procedures.

Our follow-up procedures evaluate the status of each recommendation and assign it one of the following categories:

- **Implemented/Resolved:** The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.
- **Partially implemented:** The auditee has begun acting on the recommendation but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.
- **Not implemented:** The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

The status of each recommendation and results of our follow-up work are detailed in the following pages.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of ODE during the course of this follow-up work.

Recommendation Implementation Status

Recommendation #1

Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending. Share the analysis publicly, and work with the Quality Education Commission to include the analysis in the Commission's public report.

Implemented

To implement this recommendation, ODE performed a classroom spending analysis in September 2020 and included some results in the 2020 Quality Education Commission (QEC) report. The spending analysis covered spending patterns statewide and within districts, which can potentially start conversations between similar districts about how to get more money into the classroom. The analysis also included general guidance and recommendations about improving efficiency, the effects of spending on student performance, and funding inequalities between urban and rural and high-income and low-income districts.

Though ODE implemented the recommendation, the summary of ODE's spending analysis in the 2020 Quality Education Commission report — a key public document required by law — did not include two important conclusions from the spending analysis:

- Reallocation of 1% of the spending from instructional staff support, business services, and central activities to instruction is associated with graduation rate increases of 3% to 4%.
- Higher costs of living and higher salaries in large cities and suburban schools leads to increased class sizes in districts that include a substantial majority of historically underserved students, a significant source of regional inequity that ODE recommends the Legislature take action to address.

Recommendation #2

Provide tools and templates to help districts regularly benchmark spending against peers and provide guidance on best-practice options for directing more money to the classroom.

Partially implemented

ODE developed a Comparison Tool: a spreadsheet populated with fiscal year 2018-19 data that allows benchmarking among four Oregon districts using 11 spending categories, basic demographic information, and outcomes such as absenteeism, on-track for graduation, and graduation rate information.

The Comparison Tool could be helpful to school districts as an initial means of identifying peers and starting a conversation about best spending practices. However, the level of analysis permitted by the tool is not deep enough — for example, it does not show detailed expense accounts — to identify specific cost-cutting areas outside the classroom. ODE leaders say they want to further develop tools that would be capable of more detailed comparisons if the Legislature approves additional funding, but the agency did not ask for the funding in its 2021-23 budget request.

ODE also summarizes and distributes spending and other best practice recommendations from the Quality Education Commission (see recommendation no. 1) to districts, as part of the requirement that districts review and consider QEC recommendations when applying for funds distributed under the Student Investment Account, a component of the Student Success Act. Districts are required to check a box attesting that they have done so, but ODE's oversight does not extend beyond that attestation at this point. ODE officials said they also work with Education Service Districts to help the districts they serve apply the guidance.

ODE does not appear to provide guidance for best spending practices aside from making the Comparison Tool and QEC reports available.

Recommendations #3 to #6

These recommendations were made to PPS and will be included in a separate follow-up report.

N/A

Recommendation #7

Coordinate with the Governor's Office, the State Board of Education, the Legislature, and districts to develop a plan to align education investments for the long-term. The plan should include steps to reduce and consolidate initiatives, and measure investment results, particularly for state efforts aimed at improving struggling high-poverty schools.

Partially implemented

At least two internal ODE groups have begun work to study and consolidate related K-12 grant programs and funding sources.

- One of these workgroups was formed in response to 2019 House Bill 5105, requiring ODE to investigate the combination and elimination of different initiatives. This work was delayed by the COVID-19 pandemic and wildfire responses, and is not expected to be completed until early 2022.
- The Office of Education Innovation and Improvement has also studied large state funding sources for the purposes of streamlining "the planning, strategy development, program implementation, grant management, and evaluation activities of district and grant recipients."

ODE's work in this area addresses the need to consolidate and eliminate initiatives. However, the agency has not addressed measurement of investment results, including the results of state efforts aimed at improving struggling high-poverty schools. Some of this measurement may occur under the Student Success Act (SSA) for high-poverty districts, but the extent of that measurement is unclear.

Recommendation #8

Work with the State Board of Education and stakeholders to evaluate Division 22 district standards for clarity and enforceability and ensure that ODE has adequate resources to review compliance and enforce standards when districts fall short.

Partially implemented

Division 22 is an administrative regulation section that covers state standards for school districts, such as diploma and academic content standards. In May 2019, ODE created a Division 22 committee that meets monthly. The committee has identified areas of improvement in the Division 22 assurance process and increased support for districts out of compliance and needing corrective action. ODE also successfully pursued a rule change to make Division 22 reporting and corrective action occur earlier in the school year.

ODE has also hired a full-time Division 22 specialist who has revised the Division 22 website, developed systems for tracking and follow-up, and created proactive communication tools to support districts.

The formation of a dedicated ODE workgroup is significant progress toward improving Division 22 standards. However, the group has not yet evaluated the standards for enforceability and clarity, the most important aspect of this recommendation.

Recommendation #9

Thoroughly evaluate Title I school improvement program results annually and include the evaluation and results in ODE’s statewide report card.

**Partially
Implemented**

Schools designated as Title I schools under federal law are high-poverty, and often enroll high proportions of historically underserved students, including Black and Latino students. According to ODE, the COVID-19 pandemic severely limited statewide assessments as well as the collection and publishing of data on school improvement program results, which our audit identified as a key step to raise awareness of school improvement programs and their role in closing equity gaps. Agency officials say plans are in place to develop new Title I support and school improvement procedures for 2021-22, including data sources for evaluating results. ODE officials also surveyed school districts in February 2021 to gather district-reported evidence on the results of school improvement program efforts, and said they have worked with districts to address identified problems.

ODE could have made progress on public reporting and more detailed evaluation before the pandemic, however. ODE has identified a total of 268 low performing Oregon schools, including Title I and other schools, for school improvement efforts; 70 of these were identified in 2018-19 alone. While results for schools identified for additional support under the federal Every Student Succeeds Act (ESSA) were available for the 2018-19 school year, the agency provided no evidence that it had made progress toward analyzing those results. This lack of progress raises concerns. Regularly measuring and reporting the results of Title I school improvement programs is an important step to help close Oregon’s gaps in student performance by race and ethnicity.

Recommendation #10

Annually evaluate and publicly report on the effectiveness of specific ODE interventions for districts that do not improve the performance of their struggling high-poverty schools as part of ESSA efforts.

**Not
implemented**

As in recommendation no. 9, ODE leaders said the pandemic has made it infeasible to monitor the effectiveness of school improvement interventions under ESSA. The agency provided no evidence of efforts to implement this recommendation in the year between the audit release and the beginning of the pandemic. ODE reports that efforts to improve evaluation and reporting systems under ESSA are underway and are occurring in conjunction with implementation of Oregon’s SSA and High School Success programs (see recommendation no. 11), but the extent of those improvements is not clear.

Recommendation #11

Include a thorough analysis of how ODE is addressing challenges to effective ESSA implementation and the results of those efforts in reports to the public, the State Board of Education, and Legislature. These challenges include: timely implementation; the effectiveness of continuous improvement plans; braiding federal and state funds; and ensuring different ODE departments coordinate to help districts and schools improve. Also report on stakeholders’ views of ODE efforts.

**Partially
implemented**

ODE has made significant progress in implementing the requirements of the SSA, which contains accountability and reporting requirements that overlap with the ESSA and address some of the audit’s concerns about a longstanding lack of transparency at ODE around challenges to successful ESSA implementation.

- ODE is required to submit SSA progress reports to the Legislature on a regular basis; the agency submitted one report in February 2020.
- The act requires ODE to monitor performance growth targets of each SSA grant recipient each biennium, gives ODE the authority to require grant recipients to enter coaching programs, and requires ODE to establish a procedure for conducting performance audits of grantees.
- ODE's Office of Education Innovation and Improvement was created in response to the passage of the SSA. The office combines several teams working on related student improvement initiatives with the expectation this will help address the problem of coordination among various ODE offices.

However, challenges to both ESSA and SSA implementation and efforts to address those challenges are not being publicly reported in detail, a significant concern given Oregon's history of ineffective K-12 reform efforts.

ODE provided no compelling evidence that ESSA implementation challenges and performance are being evaluated in detail in public reports. As of July 2021, the SSA reports to the Legislature have identified some challenges but have not reported on challenges in detail or included stakeholder views of ODE's efforts. ODE regularly reports on SSA-related programs to the State Board of Education, but none of the presentations reviewed by OAD have addressed challenges to implementation or efforts to meet those challenges. ODE states that the State Board of Education has had limited time on its agenda for general reports due to pandemic response efforts.

Recommendation #12

Conduct a staffing analysis to determine whether ODE's current staffing assignments align with and support the state's education priorities. Discuss results with the Legislature.	Implemented
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ODE completed a staffing analysis and moved seven existing and new SSA programs under the new Office of Education Innovation and Improvement, for a total of 48 positions focused on state priorities of improving student outcomes. The office combines several teams working on related student improvement initiatives, such as Title I school improvement, Measure 98 High School Success, and several new initiatives created under the SSA.

Recommendation #13

Report to the public, State Board of Education, and Legislature on how ODE manages grantee performance for key federal and state grants designed to improve student outcomes. Also include in this report administrative funding provided for these grants and whether ODE has adequate resources to conduct performance management.	Partially implemented
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ODE completed reports on grant management to the State Board of Education and Legislature by June of 2019. The 2019 Legislature added 26 positions in the Office of Education Innovation and Improvement to support Student Investment grants under the SSA. The additional staff should greatly help with administration of these key grants and provide adequate resources to conduct performance management. Also, in the 2019 legislative session, ODE presented a case to the Governor and Legislature for additional administrative staffing, including business services personnel focused on processing grants. The department received 10 extra staff for administrative duties.

The new Office of Education Innovation and Improvement is responsible for the management of several key grant programs, and the office appears well staffed. However, it is less clear if ODE staffing is adequate to manage the performance of grants outside the Office of Education and Improvement.

Recommendation #14

For key grants, incorporate best-practice performance management, including setting quantitative and qualitative performance expectations in contracts, establishing baseline measurements, and providing timely and constructive feedback to grantees.

**Partially
implemented**

The new Office of Education Innovation and Improvement has developed best practices for the monitoring and evaluation of progress with Student Investment Account programs, including extensive guidance for schools on collection and evaluation of longitudinal performance data — data following students over long time periods. Innovation and Improvement staff have also been involved in ongoing work reviewing best practices for monitoring of performance in all the office’s programs and in developing performance management plans for grant recipients under the Student Success Act.

A new grant agreement template in use at ODE shows some improvement in performance management best practices, such as setting project evaluation and reporting requirements. At least one of the grants using the new template, for African American Black Student Success programs, sets qualitative and quantitative performance expectations, as well as including a discussion of the types of feedback that ODE can provide while monitoring grant performance.

The framework for performance management for grants under ODE’s Office of Education Innovation and Improvement appears promising. However, aside from the new grant template, ODE has not provided evidence of additional improvements to grant performance management practices for the numerous grant programs outside that office. Examples of grants managed outside the innovation and improvement office include the African American Black Student Success grants and grants for American Indian/Alaska Native, and English learner students. ODE officials said they plan to meet with all ODE grant managers during the 2021-22 fiscal year and include performance management strategies as part of the meetings.

Recommendation #15

Provide consistent oversight and support for grant managers, including training on how to evaluate grant performance and collaboration tools such as performance evaluation templates.

**Partially
implemented**

Support for managers focused on fiscal and compliance aspects of grant management is a priority at ODE. The agency requires training for all financial personnel who manage contracts and grants. ODE also has an intranet site with reference and training information and is pursuing improvements to its internal electronic grant management system.

However, ODE did not provide evidence of training for grant managers to evaluate grantee performance and to measure qualitative or quantitative outcomes of grants. For example, a listing of grant management training materials available on ODE's intranet did not contain any clear evidence of grant performance management information.

Conclusion

Since the original audit was issued in January 2019, ODE has made significant progress by implementing the SSA, passed later that year, and creating a new Office of Education Innovation and

Improvement. Despite challenges created by the COVID-19 pandemic, ODE also made progress analyzing school district spending, consolidating initiatives, beginning a review of Division 22 standards, and developing a new grant agreement template with improved performance management features.

The SSA has provided substantial additional funding to K-12 education, along with new requirements for tracking district performance and working to improve it. The act focuses strongly on improving school and district efforts with historically underserved students, offering an important opportunity to narrow equity gaps in school performance.

However, our follow-up work indicates ODE must do more to provide guidance on school district spending, publicize challenges and results for school improvement efforts, and manage performance of initiatives to help vulnerable students. Without sustained focus on these tasks — and improved transparency about how the tasks are proceeding — the risk is high that Oregon's long history of ineffective school reform efforts and persistent equity gaps will continue.



Follow-up Report Team

Andrew Love, CFE, Audit Manager

Scott Learn, MS, CIA, Principal Auditor

T. Cornforth, Staff Auditor

About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

This report is intended to promote the best possible management of public resources.
Copies may be obtained from:

Oregon Audits Division

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sos.oregon.gov/audits



Shemia Fagan Secretary of State
 Cheryl Myers Deputy Secretary of State, Tribal Liaison
 Kip Memmott Audits Director

May 18, 2022

Colt Gill, Director
 Department of Education
 255 Capitol Street NE
 Salem, OR 97310

Dear Director Gill:

We have completed audit work of a selected federal program at the Oregon Department of Education (department) for the year ended June 30, 2021.

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Audit Amount</u>
84.425	Education Stabilization Fund	\$185,571,076

This audit work was not a comprehensive audit of your federal program. We performed this federal compliance audit as part of our annual Statewide Single Audit. The Single Audit is a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance issues. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that are direct and material to the federal program under audit. For the year ended June 30, 2021, we determined whether the department substantially complied with the following compliance requirements relevant to the federal program under audit.

Compliance Requirement	General Summary of Audit Procedures Performed
Cash Management	Confirmed program costs were paid for before federal reimbursement was requested, or federal cash drawn in advance was for an immediate need, and applicable interest was reported/remitted.
Equipment and Real Property Management	Determined whether the department maintained proper records, adequately safeguarded and maintained equipment purchased with federal awards, and properly accounted for the disposition of the equipment.
Reporting	Verified the department submitted special reports to the federal government in accordance with federal requirements.

Compliance Requirement	General Summary of Audit Procedures Performed
Subrecipient Monitoring	Determined whether the state agency monitored subrecipient activities to provide reasonable assurance that the subrecipient administered federal awards in compliance with federal requirements.
Special Tests and Provisions	Determined whether the department complied with the additional federal requirements identified in the OMB Compliance Supplement.

Noncompliance

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described below. Our opinion on the federal program is not modified with respect to these matters.

Internal Control Over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the department’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

Audit Findings and Recommendations

Finding title: Implement controls to ensure accuracy of federal reporting

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	Education Stabilization Fund (ESF); 84.425D
Federal Award Numbers and Years:	S425D200049; 2020
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.302(b); 2 CFR 200.303(a)

Federal regulations require that federal reports include all activity of the reporting period and be supported by applicable accounting records. Federal regulations also require that the Oregon Department of Education (department) file separate annual reports for Elementary and Secondary School Emergency Relief (ESSER) expenditures and Governor's Emergency Education Relief (GEER) expenditures for period ending 9/30/20, which includes both financial and performance data. The GEER program had only \$586,000 in direct expenditures as of 9/30/20.

The department did not establish or follow a consistent methodology for reporting ESSER I award expenditures, nor did the department document the reasoning behind any adjustments made. A lack of documented policies and procedures could result in incomplete or inaccurate reports being submitted to the federal government.

The department reported information for 197 Local Education Areas (LEAs) on the LEA section of the report. This includes total Public and Non-Public School expenditures and a breakdown of the expenditures into various subcategories. Business rules on the federal reporting portal required these two sets of data to reconcile. The department used self-reported LEA data for the Public and Non-Public expenditures and department reimbursement data for the subcategories. The LEA self reported data, as adjusted by the department on the submitted report, totaled \$25.8 million while the reimbursement database totaled \$18.2 million.

Management indicated they applied various criteria when determining whether to adjust the self-reported data or the department's accounting records, including knowledge of the award terms, discussion with LEAs, and timing differences. In some instances, adjustments were made to the self-reported data. For example, one LEA self-reported expenditures of \$115 million when the total amount awarded was only \$149,000. In other instances, the adjustments were made to the amounts the department reported. For example, one LEA self-reported \$1.5 million and only \$89,000 of this amount was supported in the reimbursement database. As the department used various criteria and the process was not documented, the reported expenditures were not consistently supported by the department's records.

Management indicated that the lack of sufficient staff resources and the short timeline between the period to collect data and the due date of report submission was insufficient to collect and thoroughly analyze, correct, and compile self-reported subrecipient information and reconcile that information to the department's reimbursement database.

We recommend department develop a process to ensure that accurate expenditure data is submitted to the federal government for federal reporting.

In addition, we reported a significant deficiency and noncompliance finding related to the department's Federal Funding Accountability and Transparency Act report for this federal program. This finding is reported in the department's Title 1, Part A management letter as similar issues were identified and reported together. Please refer to management letter #581-2022-05-01 for details of the issue.

Response to Current Year Finding

The audit finding and recommendation above, along with your response, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2021. Including your response satisfies the federal requirement that management prepare a Corrective Action Plan covering all reported audit findings. Satisfying the federal requirement in this manner, however, can only be accomplished if the response to the material weakness includes the information specified by the federal requirement, and only if the response is received in time to be included in the audit report. The following information is required for the response:

1. Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
2. The corrective action planned for each audit finding.
3. The anticipated completion date.
4. The contact person(s) responsible for corrective action.

Please provide a response to Kelly Olson, Audit Manager, by May 25, 2022 and provide Rob Hamilton, Statewide Accounting and Reporting Services (SARS) Manager, a copy of your Corrective Action Plan.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Michelle Rock, Principal Auditor or Kelly Olson at michelle.l.rock@sos.oregon.gov or kelly.l.olson@sos.oregon.gov.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Kai Turner, Assistant Superintendent of Finance & Information Technology
Tomas Flores, Financial Services Director
Michael Wiltfong, Director, School Finance and School Facilities
Kimberly Howard Wade, Chair, State Board of Education
Katy Coba, Director, Department of Administrative Services
Rob Hamilton, SARS Manager, Department of Administrative Services



Shemia Fagan Secretary of State
 Cheryl Myers Deputy Secretary of State, Tribal Liaison
 Kip Memmott Audits Director

April 11, 2022

Colt Gill, Deputy Superintendent of Public Instruction
 Oregon Department of Education
 255 Capitol Street NE
 Salem, Oregon 97310-0203

Dear Colt Gill:

We have completed audit work of a selected federal program at the Oregon Department of Education (department) for the year ended June 30, 2021.

Assistance Listing Number	Program Name	Audit Amount
10.553, 10.555, 10.556, 10.559, 10.579	Child Nutrition Cluster	\$ 182,098,302

This audit work was not a comprehensive audit of your federal program. We performed this federal compliance audit as part of our annual Statewide Single Audit. The Single Audit is a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance issues. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that are direct and material to the federal program under audit. For the year ended June 30, 2021, we determined whether the department substantially complied with the following compliance requirements relevant to the federal program under audit.

Compliance Requirement	General Summary of Audit Procedures Performed
Activities Allowed or Unallowed	Determined whether federal awards were expended only for allowable activities.
Cash Management	Confirmed program costs were paid for before federal reimbursement was requested, or federal cash drawn in advance was for an immediate need, and applicable interest was reported/remitted.

Compliance Requirement	General Summary of Audit Procedures Performed
Eligibility	Determined whether only eligible organizations received assistance under federal programs, and amounts provided were calculated in accordance with program requirements.
Special Tests and Provisions	Determined whether the department complied with the additional federal requirements identified in the OMB Compliance Supplement.

Internal Control Over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the department’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Kalindi Devi-Dasi or Kelly Olson at (503) 986-2255.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Cindy Hunt, Chief of Staff, Office of Finance and Information Technology
Kai Turner, Assistant Superintendent, Office of Finance and Information Technology
Tomás Flores, Director, Financial Services
Kristie Miller, Comptroller, Financial Services
Dustin Melton, Director, Child Nutrition Programs
Kimberly Howard Wade, Chair, State Board of Education
Katy Coba, Director, Department of Administrative Services

Office of the Secretary of State

Shemia Fagan
Secretary of State

Cheryl Myers
Deputy Secretary of State, Tribal Liaison



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

503-986-2255

December 28, 2021

Colt Gill, Director
Department of Education
255 Capitol St. NE, 4th Floor
Salem, Oregon 97310

Dear Colt Gill:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2021. This audit work was not a comprehensive financial audit of the department but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Kelly Olson, Audit Manager or Alan Bell, Lead Auditor at kelly.l.olson@sos.oregon.gov or alan.j.bell@sos.oregon.gov.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Tomas Flores, Financial Services Director
Kimberly Howard, Chair, State Board of Education
Katy Coba, Director, Department of Administrative Services



Shemia Fagan Secretary of State
 Cheryl Myers Deputy Secretary of State, Tribal Liaison
 Kip Memmott Audits Director

May 25, 2022

Colt Gill, Director
 Department of Education
 255 Capitol Street NE
 Salem, OR 97310-0203

Dear Director Gill:

We have completed audit work of a selected federal program at the Department of Education (department) for the year ended June 30, 2021.

Assistance Listing Number	Program Name	Audit Amount
10.558	Child and Adult Care Food Program	\$ 34,153,221

This audit work was not a comprehensive audit of your federal program. We performed this federal compliance audit as part of our annual Statewide Single Audit. The Single Audit is a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance issues. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that are direct and material to the federal program under audit. For the year ended June 30, 2021, we determined whether the department substantially complied with the following compliance requirements relevant to the federal program under audit.

Compliance Requirement	General Summary of Audit Procedures Performed
Activities Allowed or Unallowed	Determined whether federal awards were expended only for allowable activities.
Cash Management	Confirmed program costs were paid for before federal reimbursement was requested, or federal cash drawn in advance was for an immediate need, and applicable interest was reported/remitted.

Compliance Requirement	General Summary of Audit Procedures Performed
Eligibility	Determined whether only eligible organizations received assistance under federal programs, and amounts provided were calculated in accordance with program requirements.
Subrecipient Monitoring	Determined whether the state agency monitored subrecipient activities to provide reasonable assurance that the subrecipient administered federal awards in compliance with federal requirements.

Internal Control Over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the department’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Michelle Rock or Kelly Olson at michelle.l.rock@sos.oregon.gov or kelly.l.olson@sos.oregon.gov.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Kai Turner, Assistant Superintendent of Finance and Information Technology
Tomas Flores, Financial Services Director
Dustin Melton, Child Nutrition Director
Kimberly Howard Wade, Chair, State Board of Education
Katy Coba, Director, Department of Administrative Services

High School Graduation and College and Career Readiness Fund

Biennial Financial Report

For Biennium Ended June 30, 2021



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Independent Auditor's Report

The Honorable Kate Brown
Governor of Oregon

Oregon State Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the High School Graduation and College and Career Readiness Fund, a special revenue fund of the State of Oregon, Department of Education, as of and for the biennium ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the High School Graduation and College and Career Readiness Fund, a special revenue fund of the State of Oregon, Department of Education, as of June 30, 2021, and the changes in its financial position thereof for the biennium then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the High School Graduation and College and Career Readiness Fund and do not purport to, and do not, present fairly the financial position of the State of Oregon or the Department of Education as of June 30, 2021, or the changes in its financial position for the biennium then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated August 11, 2022, on our consideration of the Department of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department of Education's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
August 11, 2022

Oregon Department of Education
 High School Graduation and College and Career Readiness Fund
 Balance Sheet
 June 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 15,805,242
Due from Other Funds	83,200,000
Total Assets	<u>99,005,242</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts and Interest Payable	52,280,261
Total Liabilities	<u>52,280,261</u>

Fund Balance:

Restricted by:	
Enabling Legislation	46,724,981
Total Fund Balances	<u>46,724,981</u>

Total Liabilities and Fund Balance	<u>\$ 99,005,242</u>
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The notes to the financial statements are an integral part of this statement.

Oregon Department of Education
 High School Graduation and College and Career Readiness Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Biennium Ended June 30, 2021

REVENUES

Other	\$ -
Total Revenues	<u>-</u>

EXPENDITURES

Current:	
Salaries and Wages	2,055,058
Services and Supplies	83,395
Distribution to Local School Districts	249,419,692
Distribution to Non-Governments	11,241,771
Total Expenditures	<u>262,799,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(262,799,916)

OTHER FINANCING SOURCES (USES)

Transfers from General Fund	166,969,715
Transfers from Other Funds	133,200,000
Total Other Financing Sources (Uses)	<u>300,169,715</u>
Net Change in Fund Balances	<u>37,369,799</u>

Fund Balances - Beginning	9,355,182
Fund Balances - Ending	<u>\$ 46,724,981</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements – Governmental Funds

June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Oregon Department of Education’s High School Graduation and College and Career Readiness Fund (Fund) have been prepared in conformity with generally accepted accounting principles for governments as prescribed by Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The High School Graduation and College and Career Readiness Fund was initiated by ballot Measure 98 entitled High School Success in November 2016 with the measure passing with 65% voter support. The Fund was established pursuant to House Bill 2246 (2017). The purpose of the Fund is to improve the graduation rates and college and career readiness of all high school students in Oregon.

The High School Graduation and College and Career Readiness Fund program is administered by the Oregon Department of Education (ODE). The Fund consists of several activities to establish or expand programs in three specific areas: Dropout Prevention, Career and Technical Education and College Level Education Opportunities. The intent is to improve student progress toward graduation beginning with grade 9, increase the graduation rates of high schools and improve high school graduates’ readiness for college and career.

B. Basis of Presentation

ODE programs and accounts are organized by funds, each of which is a separate accounting entity. The funds utilize a separate set of self-balancing accounts to record the assets, liabilities, fund balance, revenues and expenses of their program activities. ODE’s High School Graduation and College and Career Readiness Fund program is classified as a governmental fund.

Governmental funds focus on how cash and other financial resources that can be readily converted to cash flow in and out and the balances remaining at year-end that are available to spend. Thus, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance ODE’s programs.

C. Measurement Focus and Basis of Accounting

The basic financial statements for the Fund are presented as a governmental fund. As such, the Fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible

within the current year or soon enough thereafter to pay liabilities existing at the end of the year. For this purpose, ODE considers revenues as available, if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recognized when a liability is incurred, as under accrual accounting.

D. Budgetary Process

The Oregon Legislature approves ODE’s budget on a biennial basis. The High School Graduation and College and Career Readiness Fund program expenditures are monitored against approved budgets, quarterly allotments and cash balances. Limitations lapse at the end of the biennium. The Emergency Board of the Legislature approves any necessary increases in budgets when the Legislature is not in session. The Fund has continuous spending authority under ORS 327.856.

E. Cash and Cash Equivalents

All monies of the Fund are deposited with the State Treasury, which is responsible for maintaining these deposits in accordance with Oregon law. The Fund considers all such deposits to be cash and cash equivalents. The Fund has no other cash deposits or investments.

F. Fund Equity

The difference between assets, liabilities and deferred inflows of resources is labeled “Fund Balance” on the governmental fund financial statements. Fund balance is reported as Restricted which are the result of constraints imposed by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors or laws or regulations of other governments. Enabling legislation authorizes the State to levy, assess, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation.

Note 2 – Cash and Cash Equivalents

On June 30, 2021, the book balance of cash and cash equivalents was \$15,805,242 and the bank balance was \$17,211,235. All cash in the Fund is deposited in demand accounts with the State Treasurer in the Oregon Short-Term Fund (OSTF), a cash and investment pool for use by all state agencies.

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State Treasurer will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. ODE does not have a policy regarding custodial credit risk for deposits; however, the insurance and collateral requirements for deposits in the OSTF are established by banking regulations and Oregon law.

A separate financial report for the OSTF is prepared by the Treasurer. Copies of the report may be obtained by writing to the Oregon State Treasury, 900 Court Street, Room 159, Salem, Oregon 97301, or from the [Treasury’s website](#).

Note 3 – Commitments

As of June 30, 2021, the Fund has active grant agreements in the amount of \$253,104,145 obligated during the 2019-21 biennium and has disbursed a total of \$253,044,003 to districts and charter schools that serve students in grade 9 through grade 12. The amount of undisbursed grant commitments is \$60,142.

Note 4 – Interfund Transactions

Transfers are used to move (1) revenues collected by one fund to the fund authorized by statute or the State's budget to expend them, and (2) unrestricted revenues collected by the General Fund for various programs accounted for in other funds according to State budget requirements.

In the 2019 and 2020 legislative sessions, House Bill 5015 and Senate Bill 5723 were passed, respectively, requiring \$166,969,715 to be transferred from the General Fund to the Fund during the 2019-21 biennium.

In the 2019 legislative session, House Bill 5047 was passed requiring \$133,200,000 to be transferred from the Fund for Student Success to the Fund during the 2019-21 biennium.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Honorable Kate Brown, Governor of Oregon
Oregon State Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the High School Graduation and College and Career Readiness Fund, a special revenue fund of the State of Oregon, Department of Education, as of and for the biennium ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the High School Graduation and College and Career Readiness Fund's basic financial statements, and have issued our report thereon dated August 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department of Education's (department) internal control over financial reporting (internal control) related to the High School Graduation and College and Career Readiness Fund as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the department's financial statements of the High School Graduation and College and Career Readiness Fund are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of the Secretary of State, Audits Division

State of Oregon
August 11, 2022

Office of the Secretary of State

Bev Clarno
Secretary of State

Jeff Morgan
Interim Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

503-986-2255

December 22, 2020

Colt Gill, Director
Department of Education
255 Capitol St. NE, 4th Floor
Salem, Oregon 97310

Dear Mr. Gill:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2020. This audit work was not a comprehensive financial audit of the department but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Kelly Olson, Audit Manager or Alan Bell, Principal Auditor at (503) 986-2255.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Rick Crager, Assistant Superintendent of Finance & Information Technology
Tomas Flores, Financial Services Director
Latham Stack, Internal Auditor
Kimberly Howard, Chair, State Board of Education
Katy Coba, Director, Department of Administrative Services



Shemia Fagan Secretary of State
 Cheryl Myers Deputy Secretary of State, Tribal Liaison
 Kip Memmott Audits Director

May 18, 2022

Colt Gill, Director
 Oregon Department of Education
 255 Capitol Street NE
 Salem, Oregon 97310

Dear Director Gill:

We have completed audit work of selected federal programs at the Oregon Department of Education (department) for the year ended June 30, 2021.

Assistance Listing Number	Program Name	Audit Amount
84.027, 84.173	Special Education Cluster (IDEA)	\$130,051,138
84.010	Title I – Grants to Local Education Agencies	\$137,634,195

This audit work was not a comprehensive audit of your federal programs. We performed this federal compliance audit as part of our annual Statewide Single Audit. The Single Audit is a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance issues. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that are direct and material to the federal program under audit. For the year ended June 30, 2021, we determined whether the department substantially complied with the following compliance requirements relevant to the federal programs under audit.

Compliance Requirement	General Summary of Audit Procedures Performed	Federal Program
Activities Allowed or Unallowed	Determined whether federal awards were expended only for allowable activities.	Special Education; Title I
Allowable Costs/Cost Principles	Determined whether charges to federal awards were for allowable costs and that indirect costs were appropriately allocated.	Special Education

Compliance Requirement	General Summary of Audit Procedures Performed	Federal Program
Level of Effort, Earmarking	Determined the specified service or expenditure levels were maintained and the minimum or maximum limits for specified purposes or types of participants were met.	Special Education; Title I
Period of Performance	Determined whether federal funds were used only during the authorized performance period.	Special Education
Reporting	Verified the department submitted financial and performance reports to the federal government in accordance with the grant agreement and that those financial reports were supported by the accounting records.	Title I
Subrecipient Monitoring	Determined whether the state agency monitored subrecipient activities to provide reasonable assurance that the subrecipient administered federal awards in compliance with federal requirements.	Special Education; Title I
Special Tests and Provisions	Determined whether the department complied with the additional federal requirements identified in the OMB Compliance Supplement.	Title I

Noncompliance

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described below. Our opinion on each federal program is not modified with respect to these matters.

Internal Control Over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Audit Findings and Recommendations

Improve Subaward Reporting Under the Federal Funding Accountability and Transparency Act

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.010 Title I Grants to Local Educational Agencies 84.425 Education Stabilization Fund
Federal Award Numbers and Years:	S010A200037, 2020; S425D200049, 2020; S425D210049, 2021
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 170; 2 CFR 200.303

The Title I-A and Education Stabilization Fund programs are subject to subaward reporting under the Federal Funding Accountability and Transparency Act (FFATA). Federal regulations require recipients of federal awards to report certain subaward information in the FFATA Subaward Reporting System (FSRS) for subawards meeting the criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department maintains written procedures that document the steps for completing the monthly FFATA reporting. However, responsibility for this reporting lies solely on one employee and the department did not have formal, documented, and consistently performed controls in place during fiscal year 2021 to ensure the reports were accurately and completely prepared. Our audit procedures included the testing of 50 Title I-A and 60 Education Stabilization Fund subawards/subaward modifications totaling \$38.2 million and \$70.9 million in obligations, respectively. During our testing we noted the following:

- 3 Title I-A subawards obligated in August 2020 totaling more than \$519,000 were not reported for the Title I-A program. 2 subawards obligated in April 2021 totaling \$80,000 were not reported for the Education Stabilization Fund program. According to the department, FSRS edit checks prevented the reporting of these subawards. As a result of our audit procedures, the department reached out to the FSRS HelpDesk to resolve the underlying issues related to the reporting of these subawards.
- 3 Title I-A subaward modifications from March 2021 totaling -\$1.8 million and 1 Education Stabilization Fund subaward from November 2020 totaling more than \$77,000 were overlooked and not reported.

We recommend department management implement controls to ensure the monthly FFATA reports are independently reviewed to ensure accurate and complete reporting of required subaward information. We further recommend department management ensure the required subaward information is reported for the nine subawards identified in our testing.

Implement Documented Methodology and Review Controls over State Level of Effort

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.027, 84.173 Special Education Cluster (IDEA)
Federal Award Numbers and Years:	H173A190100, 2020; H173A200100, 2021
Compliance Requirement:	Level of Effort
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 34 CFR Section 300.163(a)

The IDEA Part B program is subject to level of effort requirements. Federal regulations stipulate a state may not reduce the amount of state financial support for special education and related services for children with disabilities below the amount of state financial support provided for the preceding year. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department maintains a spreadsheet for the calculation of the annual amounts used to meet the state level of effort requirement. Although this spreadsheet contains some instructions the department does not have formal documented methodology or review controls in place to ensure the

state level of effort is accurately and consistently calculated and maintained above prior year availability.

During our testing of the fiscal year 2021 level of effort calculations we determined the department identified and supported sufficient amounts made available by the state to meet the required minimum level of effort. However, we noted the following during our testing:

- The fiscal year 2019-20 State School Fund total was \$14.8 million lower than what was reflected in the department's current supporting documentation as the department did not have support for the amount reported.
- The Office of Student Services operations total of almost \$500,000 for the 2019-20 biennium was not supported.
- The determination of amounts made available from Other Fund sources was based in part on a consideration of cash balances available at the beginning of the biennium rather than solely on budgeted amounts. However, the reasoning behind this approach was not documented.
- The level of effort calculation spreadsheet included areas highlighted for review that were not verified before the level of effort total was submitted in the annual IDEA application.

We recommend department management documents its methodology to ensure the annual level of effort calculation is consistently performed and document review of the calculation before the total is entered into the grant applications.

Response to Current Year Findings

The audit findings and recommendations above, along with your responses, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2021. Including your responses satisfies the federal requirement that management prepare a Corrective Action Plan covering all reported audit findings. Satisfying the federal requirement in this manner, however, can only be accomplished if the response to each significant deficiency includes the information specified by the federal requirement, and only if the responses are received in time to be included in the audit report. The following information is required for each response:

1. Your agreement or disagreement with each audit finding. If you do not agree with an audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
2. The corrective action planned for each audit finding.
3. The anticipated completion date.
4. The contact person(s) responsible for corrective action.

Please provide a response to Kelly Olson, Audit Manager, by May 25, 2022 and provide Rob Hamilton, Statewide Accounting and Reporting Services (SARS) Manager, a copy of your Corrective Action Plan.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Michael Yamamoto, Lead Auditor, or Kelly Olson at (503) 986-2255.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Cindy Hunt, Chief of Staff
Kai Turner, Assistant Superintendent of Office of Finance and Information Technology
Tomas Flores, Director of Grants Management and Financial Services
Jennifer Patterson, Assistant Superintendent of Teaching, Learning and Assessment
Tenneal Wetherell, Assistant Superintendent for the Office of Enhancing Student Opportunities
Mayra Arreola, Director of Resource Management and Operations for the Office of Enhancing Student Opportunities
Kimberly Howard Wade, Chair, Oregon State Board of Education
Katy Coba, Director, Department of Administrative Services
Rob Hamilton, SARS Manager, Department of Administrative Services

Office of the Secretary of State

Shemia Fagan
Secretary of State

Cheryl Myers
Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

503-986-2255

April 12, 2021

Colt Gill, Director
Oregon Department of Education
255 Capitol Street NE
Salem, OR 97310-0203

Dear Mr. Gill:

We have completed audit work of a selected federal program at the Oregon Department of Education (department) for the year ended June 30, 2020.

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Audit Amount</u>
93.575, 93.596	Child Care and Development Fund Cluster	\$ 38,225,230

This audit work was not a comprehensive audit of your federal program. We performed this federal compliance audit as part of our annual Statewide Single Audit. The Single Audit is a very specific and discrete set of tests to determine compliance with federal funding requirements, and does not conclude on general efficiency, effectiveness, or state-specific compliance issues. The Office of Management and Budget (OMB) Compliance Supplement identifies internal control and compliance requirements for federal programs. Auditors review and test internal controls over compliance for all federal programs selected for audit and perform specific audit procedures only for those compliance requirements that are direct and material to the federal program under audit. For the year ended June 30, 2020, we determined whether the department substantially complied with the following compliance requirements relevant to the federal program.

Compliance Requirement	General Summary of Audit Procedures Performed
Activities Allowed or Unallowed	Determined whether federal monies were expended only for allowable activities.
Allowable Costs/Cost Principles	Determined whether charges to federal awards were for allowable costs and that indirect costs were appropriately allocated.
Matching, Level of Effort, Earmarking	Determined whether the minimum amount or percentage of contributions or matching funds was provided, the specified service or expenditure levels were maintained, and the minimum or maximum limits for specified purposes or types of participants were met.

Period of Performance	Determined whether federal funds were used only during the authorized performance period.
Subrecipient Monitoring	Determined whether the state agency monitored subrecipient activities to provide reasonable assurance that the subrecipient administered federal awards in compliance with federal requirements.
Special Tests and Provisions	Determined whether the department complied with the additional federal requirements identified in the OMB Compliance Supplement.

Noncompliance

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described below. Our opinion on the federal program is not modified with respect to these matters.

Internal Control over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the department’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described below, that we consider to be significant deficiencies.

Audit Findings and Recommendations

Improve controls to ensure expenditures are liquidated by federally mandated date

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	G999005, 2018
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$1,452,166 (known)

Criteria: 45 CFR 98.60

The Oregon Department of Education (department) receives federal awards for the Child Care Development Fund program (CCDF) in three categories, each with a specified time period by which funds must be spent. The department uses coding within the state's accounting system to prevent payments beyond each fund category's liquidation period.

We tested fiscal year 2020 payments and found four transactions, totaling \$1,452,166, that were not liquidated by the required date and, therefore, not allowed to be expended from the federal award number G999005, 2018. The system coding the department relied on is not designed to prevent payments beyond the liquidation period.

We recommend department management review and revise how it relies on the accounting system coding to ensure payments are liquidated by federally mandated dates. We also recommend department management reimburse the 2018 grant award .

Improve controls over expenditures

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	90YE0200-03-00, 2020; G999004, 2020; G999005, 2019; G996005, 2018-2020
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$40,282 (known); \$688,610 (likely)

Criteria: 45 CFR 75.403(a), 45 CFR 75.430(a)

Federal regulations state that allowable costs are costs necessary and reasonable for the performance of federal awards. Payroll costs directly related to a federal award are allowable costs, provided they are reasonable for the services rendered and are supported.

The department has implemented the following procedures to ensure allowable costs are charged to the program. Managers approve monthly timesheets submitted by employees in the state's payroll system. When managers do not approve by a specified date, the payroll system will automatically approve the timesheet, shown with the words "system approval." In such cases, managers are to document their approval with signatures on paper timesheets. Additionally, each employee should have a signed position description, which details the duties of the position and the amount of time to be charged for each duty.

We tested a nonstatistical random sample of 25 employees to ensure payroll was appropriately charged to the program. We also tested 7 additional employees with certain payroll months identified as outliers. We verified payroll timesheets were reviewed by a manager and signed position descriptions were retained per state guidelines, and identified the following exceptions:

- Six timesheets did not have evidence of manager approval, and the department could not locate the signed physical timesheets.
- Position descriptions could not be located for two employees. Management verified one of these employees did not work on the Child Care Development Fund program (CCDF), however, a CCDF default labor cost code was entered in the payroll system for this employee. A total of three months' salary was incorrectly charged to the federal program, resulting in \$25,679 in known questioned costs and \$575,222 in likely questioned costs when projected to the population. The second employee was verified to have 100% of duties assigned to CCDF.
- For eight employees, the position descriptions provided were unsigned and did not include the name of the employee. The department stated that it is best practice for position descriptions to be signed and retained but that it does not always happen. We did not question these costs as department management verified job duties were appropriate to the program.

We also tested a nonstatistical random sample of 13 service and supply expenditures. We found one was not entered into the accounting system correctly due to a data keying error. The department subsequently corrected the \$14,603 charged to the federal program after we informed them of the error.

We recommend department management improve its review of timesheets, ensure position descriptions are completed and retained, and strengthen its review of data entry. We also recommend department management reimburse the federal agency for unallowable costs.

Response to Current Year Findings

The audit findings and recommendations above, along with your responses, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2020. Including your responses satisfies the federal requirement that management prepare a Corrective Action Plan covering all reported audit findings. Satisfying the federal requirement in this manner, however, can only be accomplished if the response to each significant deficiency includes the information specified by the federal requirement, and only if the responses are received in time to be included in the audit report. The following information is required for the each response:

- 1) Your agreement or disagreement with the finding. If you do not agree with an audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
- 2) The corrective action planned for each audit finding.
- 3) The anticipated completion date.
- 4) The contact person(s) responsible for corrective action.

Please provide a response to Kelly Olson, Audit Manager, by April 16, 2021 and provide Rob Hamilton, Statewide Accounting and Reporting Services (SARS) Manager, a copy of your Corrective Action Plan.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Janet Lowrey or Kelly Olson at 503-986-2255.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Miriam Calderon, Early Learning Division Director
Jenny Wilfong-Cribbs, Early Learning Division Deputy Director
Rick Crager, Assistant Superintendent, Office of Finance & Administration
Tomas Flores, Financial Services Director, Office of Finance & Administration
Latham Stack, Internal Auditor
Sue Miller, Chair, Early Learning Council
Katy Coba, Director, Department of Administrative Services
Rob Hamilton, SARS Manager, Department of Administrative Services



Oregon Department of Education

Opportunities Exist to Improve Web Application Security and Tracking of Website Accessibility Remediation Efforts

November 2021
Report 2021-32



Secretary of State
Shemia Fagan



Audits Director
Kip Memmott

Audit Highlights

Oregon Department of Education
Opportunities Exist to Improve Web Application Security and
Tracking of Website Accessibility Remediation Efforts

Why this audit is important

- Insecure web applications can put data at risk of inappropriate disclosure.
- The Oregon Department of Education (ODE) hosts several web applications containing sensitive student data.
- Though useful, web applications inherently increase security risks.
- Federal regulations require agencies that receive federal funding to provide equal access and services to people with disabilities.
- In 2016, ODE entered into a joint resolution with the United States Department of Education Office of Civil Rights to ensure web content is accessible to people with disabilities. In 2021, the agreement was terminated because the Office of Civil Rights determined ODE's actions resulted in equal opportunities for people with disabilities to participate in the agency's online activities.

What we found

1. ODE has multiple controls in place to ensure the security of the agency's web applications. However, opportunities exist for ODE to strengthen web application security by improving network and application development security processes. ([pg. 5](#))
2. ODE should develop a more robust security program, including prioritizing and remediating identified deficiencies; ensuring policies and procedures are documented and up to date; and providing security training to key personnel. ([pg. 9](#))
3. ODE has implemented a policy and procedures to ensure the accessibility of online content to people with disabilities. This includes processes to leverage automated solutions and manual review to remove accessibility barriers. However, there are opportunities to better track and document these efforts. ([pg. 11](#))

What we recommend

We made 14 recommendations to ODE. ODE agreed with all of our recommendations. The response can be found at the end of the report.

Introduction

The Oregon Department of Education (ODE) oversees the education of students in Oregon's public pre-kindergarten through 12th grade education system. This includes over 1,200 schools in 197 school districts as well as 19 education service districts.¹ While ODE does not provide direct classroom services, the agency helps districts by developing policies and standards, providing data to inform instruction, training teachers, and administering state and federal grants.

To this end, ODE maintains several web applications for school districts to submit student, staff, and institution data for state and federal reporting. Web applications are also used to support agency programs such as child nutrition, and operational needs such as grant management. Most of ODE's web applications are developed and managed by staff at ODE.

The purpose of this audit was to determine whether ODE has effective processes in place to mitigate risks to the confidentiality, integrity, and availability of information submitted through the agency's web applications. Additionally, we evaluated whether appropriate processes are in place to ensure the agency's online content is accessible to people with disabilities.

As the state's education agency, ODE collects a large amount of student data which may contain sensitive or private information

The Oregon Constitution identifies the Governor as the Superintendent of Public Instruction. The Governor has appointed a Deputy Superintendent, who serves as the director of ODE. In the 2019-21 biennium, the agency's legislatively approved budget exceeded \$13 billion; however, most of these dollars pass through ODE as funding for schools, with only about 2% of the total budget allocated for department operations. ODE's operations budget includes funding for the department's Office of Finance & Information Technology, which had an operating budget of \$77 million and 125 positions prior to the 21-23 legislative session. This office includes several units, such as Financial and Accounting Services, Procurement Services, and Information Technology Services. The Information Technology Unit consists of:

- **IT Operations & Support**, which manages ODE's network and servers, as well as provides technical support to agency staff and district partners;
- **IT Enterprise Services**, which includes business analysts and database architects. The business analysts work with customers to create requirements and manage the ODE collections for state and federal reporting. The enterprise architect team maintains ODE's technology infrastructure, including database architecture and access management;
- **IT Application Development**, which includes quality assurance and developers who develop and maintain ODE's web and internal applications, data, web services, application security, application accessibility, and testing; and

¹ Education service districts assist school districts and ODE in achieving Oregon's educational goals by providing regionalized core services to component school districts, including programs for children with special needs, technology support for component school districts, school improvement services, and administrative and support services.

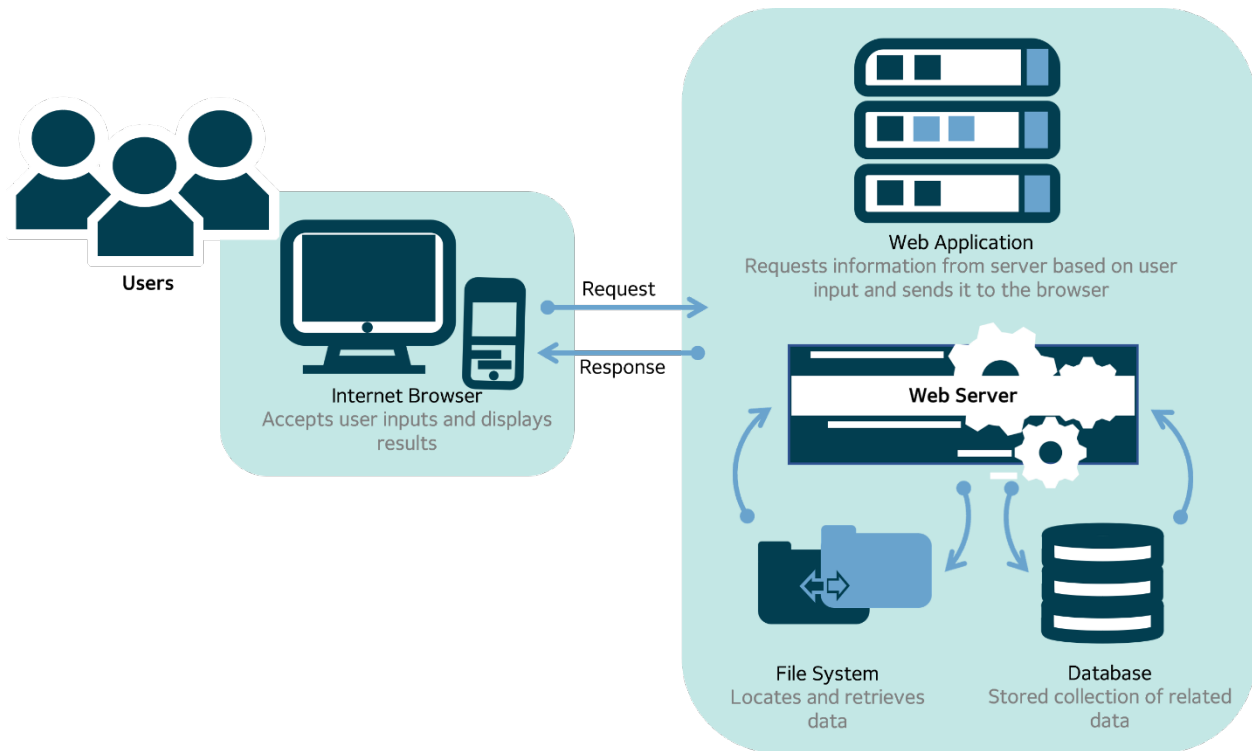
- **IT Governance, Policy, and Strategy**, which supports and improves users' experience through accessibility, training, standardizing and promoting technology tools, communication, and consistency for agency staff and district partners.

School districts submit student data via web applications to ODE for multiple purposes

ODE collects a large amount of data from schools pertaining to students, such as enrollment, assessment, and disciplinary data; school staff, including position, assignments, and demographics; and education institutions, such as budget, capacity, and services provided. Data collected through multiple applications is publicly available through ODE's Collection Catalog.²

To make it easier for districts to report this data to ODE, the agency developed and maintains more than 60 web applications to facilitate data reporting while maintaining data security. Some of these applications collect sensitive and private data. For example, Senate Bill 155 established requirements for ODE to conduct investigations related to reports of suspected abuse or sexual conduct that may have been committed by a school employee. Other applications are available to the public, including applications to look up information about ODE public staff, institution-related information, and a school and district's report card. A full list of ODE's web applications can be found in Appendix A.

Figure 1: Web application architecture includes multiple systems



Web applications are software programs that run on a web server — a computer providing World Wide Web services on the internet — and are accessible by users through an internet browser (such as Microsoft Edge, Google Chrome, Mozilla Firefox, or others).

² ODE's Collection Catalog is available at www.ode.state.or.us/apps/CollectionCatalog.

While web applications serve to improve operational and reporting efficiencies, they inherently add increased risk. This is because web applications are designed to facilitate the sharing of sensitive information over the internet, and therefore introduce a new attack surface for hackers. By targeting the user's browser, or the application code itself, attackers can glean information from unsuspecting users, access sensitive data, or disrupt operations. However, entities can mitigate this risk by ensuring the identification and remediation of vulnerabilities in web applications and the networks on which they are hosted.

Information security responsibilities are shared between Enterprise Information Services and state agencies

Information and cybersecurity at ODE is not the sole responsibility of ODE management. Enterprise Information Services (EIS), an organizational unit of the Department of Administrative Services, has a role to play from the enterprise perspective in ensuring information technology (IT) security.

In September 2016, the Governor signed Executive Order 16-13, unifying IT security functions for most state agencies to protect and secure information entrusted to the State of Oregon. The order directed executive branch agencies, including ODE, to consolidate security functions and staffing into the Office of the State Chief Information Officer, now known as EIS. In addition, the order instructed agencies to work with the newly consolidated group to develop and implement security plans, rules, policies, and standards adopted by the State Chief Information Officer. The passage of Senate Bill 90 in June 2017 made the order permanent.

EIS maintains policy and statewide IT oversight functions. Cyber Security Services (CSS), a division of the EIS, brings together elements of enterprise security — including governance, policy, procedure, and operations — under a single accountable organization. CSS continues to define the division of security responsibilities and functions between its office and the executive branch agencies. However, in accordance with the Statewide Information Security Plan, agencies retain responsibility for many organization-level security controls. For example, the plan requires agencies to establish secure system development environments along with controls over access management, configuration management, malware protection, logging and monitoring, and other IT security areas.

ODE entered into a joint resolution to address potential barriers to website access for people with disabilities

Given the large role ODE plays in the lives of many of Oregon's children and their families, equity is an important consideration for the agency. This may include gathering data to track outcomes and progress for historically underserved populations, such as improvement efforts at schools receiving grants for low-income student populations.³ Alternatively, equity considerations at ODE may involve ensuring students with disabilities have access to appropriate services and supports.⁴ As with many

³ See audit reports [2019-01](#), "ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools" and [2021-28](#), "Recommendation Follow-up Report: ODE Must Accelerate Efforts to Monitor Spending and Improve Initiatives to Help Vulnerable Students."

⁴ See audit report [2020-24](#), "ODE Can Better Support Students Experiencing Disabilities Through Improved Coordination and Monitoring of Services."

state agencies, equitable services can also include ensuring public information and services online are available to all Oregonians — including those with disabilities.

In 2016, a special education advocate in Michigan filed approximately 500 complaints advocating for website accessibility for students with disabilities across the United States. Later that year, the United States Department of Education's Office for Civil Rights (OCR) announced it had entered into settlement agreements over website accessibility with schools, districts, and departments of education in multiple states, though it is unclear which settlement agreements were driven by the complaints.

ODE entered into a joint resolution agreement with the OCR in June 2016. The agreement explicitly states it was entered into voluntarily and does not constitute admission that ODE violated federal statutes. The agreement enumerates several remedies and reporting steps ODE would take to ensure its web content is accessible to people with disabilities, in accordance with recognized technology standards. These steps include:

- Submission of proposed policies and procedures to ensure online content and functionality will be accessible to people with disabilities;
- Proposal of an auditor to audit ODE's website content and functionality;
- Implementation of an approved Corrective Action Plan to address inaccessible content and functionality identified during the audit;
- Publication of a notice on its website to persons with disabilities regarding how to request access to online information; and
- Delivery of website accessibility training to appropriate ODE personnel.

In January 2021, the OCR notified ODE that the resolution agreement was terminated, and OCR would no longer monitor ODE's implementation of the agreement. This termination was based on OCR's testing and monitoring, through which it determined ODE's actions resulted in equal opportunities for people with disabilities to participate in the agency's online programs and activities as well as effective communication of those programs and activities. OCR found ODE had successfully remediated the identified barriers on selected web pages and had posted an accessible notice on its website outlining procedures for users to notify ODE of, or request access to, inaccessible online content.

Audit Results

Robust web application security requires a multi-faceted information and cybersecurity control system. We found ODE has designed multiple controls to protect the confidentiality, integrity, and availability of data submitted through web applications, including both application-level and network-level controls. However, several of the controls we identified were not fully or appropriately implemented. Moreover, we identified some opportunities for the agency to improve the design of its control system to better safeguard its web application security environment.

We also found ODE has developed a policy and procedures to ensure web content is accessible to people with disabilities. This includes ongoing review of information on the agency's website to ensure common barriers to accessibility are identified and remediated. However, we found this important work could be improved by ensuring policy and procedural documentation is up to date and remediation work is tracked more consistently. Though the agency has requested additional funding to support this effort, the request was not approved by the legislature.

ODE should bolster controls protecting web applications

We evaluated whether ODE has processes in place to ensure its web applications are appropriately secure. Securing web applications includes validating the security of the web application itself, but also involves securing the various layers of the environment within which the application operates. Although envisioned differently throughout the information security realm, these layers often include:

- Policies, procedures, and awareness as the foundation;
- Physical security controls, such as locked doors for rooms housing critical hardware;
- Network security, such as intrusion detection and prevention mechanisms;
- Endpoint or Server security, such as processes to ensure patches are up-to-date;
- Application security, such as vulnerability scanning; and
- Data security, such as encryption.

This layered approach creates a series of barriers that are more robust than any single line of defense. Such is the premise of “defense in depth” — an information security concept intended to ensure security mechanisms are layered throughout the IT system to protect the confidentiality, integrity, and availability of the network, applications, and data.

Processes to secure agency web applications are generally in place, but should be enhanced

Statewide standards, set forth by EIS, state that personnel duties should be separated to minimize the potential for abuse of privileges; this includes ensuring system developers do not have unmonitored access to production environments. Further, these standards require that developers should implement only approved changes to systems containing sensitive data; this requirement aligns with best practices which also state entities should document policies and procedures governing how such processes should be implemented. State standards also require agencies to scan systems for vulnerabilities, analyze scan reports, and remediate legitimate vulnerabilities. Finally, state standards require user accounts accessing systems with sensitive data to be disabled when the account has been

inactive for 60 days. However, if the standards cannot be implemented, they allow for agencies to document deviations and indicate compensating protection mechanisms, with the approval of EIS.



We found appropriate processes are in place to review and approve code changes to web applications before they are deployed; however, this process could be enhanced by developing formal code review processes to ensure only approved changes are put into operation. Additionally, the agency has tools and processes to scan applications for vulnerabilities at least annually, though scans are not always performed at this frequency. We also determined ODE has not obtained a written exception for deviations from statewide standards in processes to disable some inactive accounts.

We reviewed a selection of changes to web applications and found changes were appropriately reviewed and approved. Further, we found duties were separated so developers did not both edit code and put code into operation. However, we determined ODE does not have clearly documented processes to ensure only approved changes are made to agency systems. While management indicated lead developers perform code review on all changes made by new developers, once a developer has proven they are following standards and best practices the lead developers choose to review code based on best judgement. Without thorough code review processes, unintended changes may be put into operation, which could inadvertently introduce security vulnerabilities.

We also found development staff and management at ODE work together to develop a schedule to scan web applications at least annually using software designed to identify vulnerabilities. Management indicated applications are also scanned prior to promoting any major change to production, to identify vulnerabilities which may have been introduced during development. Application scans are performed in addition to network scans, which are performed more frequently and are discussed in the network security section of this report.

We found one application had not been scanned in the 12 months prior to our review. According to ODE management, a full scan of this application would require ODE staff to open each collection within the application. This work would need to take place during a time when no districts are using the system, which would require significant coordination and effort. Prior attempts to scan the system proved to be disruptive to users. Despite this, agencies should periodically scan systems and hosted applications

for vulnerabilities. Known vulnerabilities create an easy target for attackers, which puts agency systems at risk of disruption and sensitive data in peril of inappropriate disclosure.

We reviewed controls in place to manage access to ODE's Central Login, the online portal through which districts access most of the agency's externally facing web applications. ODE has a process to automatically disable user accounts accessing Central Login after they have been inactive for a defined period, which can happen if a district user leaves their job, changes roles, or simply doesn't have a business reason to access the application frequently. However, we found the length of time a user is inactive before their account is disabled exceeds the 60-day period defined in statewide standards.

Management indicated they have extended the allowable inactive account period because they expect some users will not log in every 60 days, though they still have a valid reason to maintain access. This is because some users only log in to submit certain reports that are not submitted every 60 days. While statewide standards do allow for deviation from the rule for business reasons, so long as it is approved by EIS, ODE has not documented this approval.

When user accounts retain access unnecessarily, they may have access to data they do not require, which violates best practices indicating users should only have access to information required for their professional role. Moreover, these stale accounts provide an avenue for bad actors to inappropriately access data, increasing the risk that sensitive data may be inappropriately disclosed.

We also identified deficiencies in data storage, access, and logging. Agency management stated there are projects underway to address some of these issues. The details of these findings were communicated to the agency in a confidential appendix due to the sensitivity of the deficiencies, in accordance with ORS 192.345(23).

Network security practices should be strengthened

In addition to ensuring web applications themselves are securely developed, organizations should have appropriate processes in place to protect the network on which applications are hosted. This provides a layered approach to security so attackers are less likely to succeed in accessing sensitive data or otherwise disrupting entity operations. We identified several opportunities for ODE to improve network security practices.

Statewide security standards require executive branch agencies to develop, document, and maintain current baseline configurations for network devices. Documentation of baseline configurations allows management to ensure devices are configured securely by defining expected settings and monitoring actual settings to ensure they align with baselines. However, ODE has not documented baseline hardware and software configurations for network devices. Without clearly defined baselines, management may not identify when unauthorized configuration changes occur, which can introduce vulnerabilities to the agency's network.

ODE also performs periodic network scans to identify security vulnerabilities. However, we found some vulnerabilities were not timely remediated. Agencies should use a risk-rating process to prioritize the remediation of discovered vulnerabilities, to ensure the vulnerabilities of the highest risk are addressed more quickly. Furthermore, agencies should compare the results of scans to verify vulnerabilities have been remediated in a timely manner. ODE did not have a process to prioritize identified vulnerabilities

nor develop a formal plan of action for identified weaknesses. Attackers commonly exploit systems that have known vulnerabilities.



We found two servers where the agency did not have antivirus software installed. Staff indicated they had removed antivirus software on the two servers earlier in the month for troubleshooting purposes and then did not reinstall it. Staff reinstalled the software on the servers when it was brought to their attention; however, improving monitoring processes would allow ODE to identify instances such as this and ensure malware protection remains installed on servers. Statewide standards require all systems to employ malicious code protection mechanisms on servers. Without appropriate protection mechanisms in place, attackers can use malicious code, such as viruses, to exploit systems to gain unauthorized access to data or disrupt operations.

During our review, we also found multiple gaps in privileged access management. At least one user had elevated privileges they did not need. Elevated privileges allow users to access advanced system functions, and actions under these accounts may have critical effects on agency systems and may permit access to sensitive data or system information. We also identified a service account with elevated privileges which network staff stated was no longer necessary.

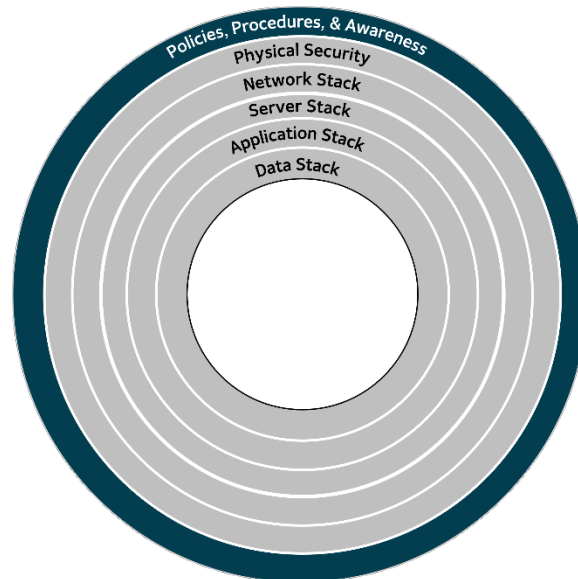
Management was unable to provide documentation authorizing elevated access for some privileged users. Though agency staff indicated they periodically review privileged access for appropriateness, processes are not well defined or documented. Management is responsible for ensuring privileges assigned to users are reviewed to validate the need for such privileges and restricting privileged accounts to authorized individuals with a need for elevated privileges.

We also determined ODE does not employ multifactor authentication for privileged access users accessing the network. Multifactor authentication requires the use of two or more different factors when verifying a user's identity for a system. Authentication factors include something you know (such as a password), something you are (such as a fingerprint), or something you have (such as a cryptographic key). Statewide standards state that agencies should implement multifactor authentication for access to privileged accounts. The use of multifactor authentication reduces the risk

of an attacker gaining access to a privileged account, and thereby, to sensitive data or system resources.

ODE has not developed a well-defined security program

A well-defined and continuously monitored security program is foundational for effective security control operations. The program should have processes to identify, prioritize, and remediate deficiencies in the entity's security control framework. A robust security program also includes formal, management-approved policies and procedures which clearly describe security controls, roles, and responsibilities. Once defined, the organization should establish a training program to ensure employees and partners have adequate training to carry out their security responsibilities. We identified several gaps in ODE's security management program.



ODE lacks processes to ensure remediation of identified deficiencies

During our audit, we found several deficiencies identified in two prior audits and an external, sensitive security assessment remained unresolved.⁵ When initially asked about the implementation status of prior findings related to our audit objective, the information was not readily available. Management indicated the lack of a documented remediation plan was, in part, due to shifts in department management over the past several years.

Statewide standards state agencies should develop a plan of action and milestones for systems to document the planned remedial actions to correct identified weaknesses or deficiencies. A documented action plan allows management to track the status of remedial actions and reduces the risk that monitoring will be disrupted by staffing changes. Without a plan of action to remediate identified deficiencies, security weaknesses such as those identified in this report are not adequately prioritized nor remediated in a timely manner.

⁵ See audit report [2016-32](#), "Oregon Department of Education: Computer Systems Ensure Integrity of Data, But Other Processes Need Improvement" and audit report [2019-39](#), "Oregon Department of Education Cybersecurity Controls Audit."

Policies and procedures are generally outdated, and in some cases have not been developed

ODE lacks policies and formal procedural documentation around several security topics relevant to our audit objective. The agency frequently pointed to its Information Security Plan for security policies; however, this document was outdated and, in many cases, did not accurately reflect the technology or processes employed by agency staff.

Security topics not addressed in up-to-date formal policies include:

- Vulnerability Scanning;
- System Security Plans; and
- Privileged Access.

Best practices advise that security controls and procedures at all levels should: be documented; appropriately consider risk; address purpose, scope, roles, and responsibilities; and be approved by management. Without clearly documented policies and procedures, personnel may not have a clear understanding of operational objectives or their role and responsibility in achieving those objectives.

The agency has not implemented a security training program for internal or external users

ODE does not have a training program in place to ensure key agency employees and other education partners receive security-related training relevant to their role and duties. Agency staff receive annual security training through EIS; however, this training covers only basic security concepts and is targeted at a broad range of state workers. Additionally, while management indicated they used to provide security training to district security staff, that training no longer occurs.

Although security management for state executive department agencies is centralized at CSS, agencies maintain responsibility for some security functions. For example, developers are responsible for ensuring security is built into systems they design and maintain. Additionally, privileged access users should be familiar with security best practices related to their responsibilities to manage sensitive technology assets.

Statewide standards require executive department agencies to provide role-based, security-related training to software development personnel and personnel with privileged access. Appropriate training increases the likelihood that key staff will be familiar with security threats as well as best practices to defend against them.

Additionally, while ODE's technology group is responsible for managing privileged access, as well as provisioning access to users throughout the agency, management in other areas are responsible for approving access to the systems and data owned by their department and notifying the technology department when users no longer require access. Yet according to management in the technology department, management in other areas of the agency do not always include an end date in access requests and are not always timely in communicating when access should be terminated.

For example, we identified one user with access to Central Login who no longer worked for ODE. Failure to disable access when it is no longer required violates the principle of least privilege, wherein users should only have access to information they require for their role, and increases the risk of

inappropriate access to data. Management in ODE's IT department should ensure all individuals responsible for approving access are trained in expected procedures for authorizing, monitoring, and terminating access for individuals with access to systems they own.

Further, access to ODE's Central Login system allows users at school districts and education service districts to access many of ODE's web applications. These applications are used by district staff to submit information to meet state and federal reporting requirements. Since it would be inefficient for ODE to directly manage the access to these systems for employees at all the districts in the state, ODE grants district security administrators the ability to provision and revoke access to employees within their district.

However, ODE does not currently have a formal training program to ensure security administrators are aware of best practices concerning system access security. There are several security concerns around granting and monitoring access to systems, especially those with sensitive data. For example, we found multiple users with generic names (e.g., Accountant01); though best practices state users should be uniquely identifiable so their actions in a system can be traced to the individual.⁶

The Privacy Technical Assistance Center at the U.S. Department of Education advises that education leaders should recognize the importance of security training for all data users and employ best practices. This includes ensuring all employees and partners with access to personally identifiable information be trained to protect data confidentiality and preserve system security. Moreover, the center notes that effective training includes content with tailored elements for different employee job categories and responsibilities.

The agency has developed processes to ensure equitable accessibility to its public websites, though processes should be matured

We found ODE has developed a policy and procedures to ensure people with disabilities are able to access the agency's electronic content; though documentation should be updated to ensure they reflect current processes and objectives. The agency's procedures include reviewing website content to ensure it is accessible to people with disabilities by identifying and remediating common barriers, as well as providing training to agency staff and training resources to external partners. However, we identified a risk that unstable funding may hinder the consistency of this work.

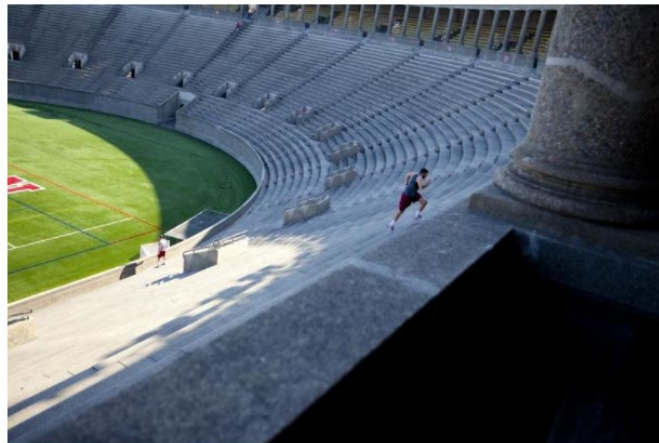
Documented policies allow agency management to define operational objectives and controls to ensure the effectiveness of those objectives, as well as roles and responsibilities so parties can be held accountable for their assigned responsibilities. We found ODE has documented a policy and procedure on website accessibility; however, these documents are outdated. The current policy states it should be reviewed annually, but the last review date was September 2018. Moreover, we found procedure documentation has not been formally approved by management and does not reflect all roles, responsibilities, and processes — specifically, it does not include the duties of the web accessibility technician performing website remediation.

⁶ The username provided in this example is a hypothetical demonstration and was not actually identified by auditors during our review of usernames in ODE's system.

We also found the current policy and procedures do not address how feedback from individuals with disabilities will be reviewed and incorporated in accessibility efforts. The motto “Nothing About Us Without Us” emphasizes the importance of participation of people with disabilities in strategies and policies which affect their lives. While ODE has performed some outreach both indirectly through survey questions collected to address the joint resolution with OCR, and directly by soliciting feedback from those experiencing accessibility issues on their website, the agency would benefit from continued outreach and cooperative work with the disability community as they move forward with accessibility efforts.

ODE has established processes to review content published on its website and remediate deficiencies in content accessibility. Part of the review process involves checking for accessibility problems using software. However, management indicated they rely more heavily on the knowledge, skills, and abilities of their staff when reviewing web content for accessibility issues, as the software tools are limited in the problems they can identify. For example, the tools used by the agency may be able to determine whether an image has alternative text; however, a human is needed to look at whether the alternative text on the image is useful to users.⁷

Figure 2: Contextually relevant descriptive alternative text is more accessible to people with disabilities



Alt-text with no context:

A mostly empty stadium.

Alt-text on a page about recent turnout for track tryouts:

Harvard Stadium with two lone runners bounding up the steps.

Alt-text on page about renovation projects:

Harvard Stadium with cracked concrete pillars.

Source: Harvard.edu digital accessibility website

When ODE’s web content editors make changes or additions to web content, a web accessibility technician receives an automated alert that the website is ready to be reviewed for accessibility

⁷ Alternative text, commonly referred to as “alt text,” provides a text alternative for images. Alternative text can be read by screen readers in place of images, allowing the content and function of the image to be accessible to those with visual or certain cognitive disabilities.

deficiencies. Using a combination of automated tools and professional knowledge, the technician reviews the content for common problems likely to make the information inaccessible to people with disabilities.

To track the remediation work, the web technician maintains a spreadsheet listing the website pages and elements reviewed on each page by date. We found gaps where review had not been documented for several months. Management indicated the remediation work had continued during this time, and provided example emails they had received during this gap period which demonstrated the technician was performing remediation work. However, those emails were very high-level, only providing the number of pages reviewed, rather than the substance of the review conducted. Without proper documentation, management cannot track the progress of pending and completed website accessibility review work, increasing the risk of some web content containing accessibility impediments.

In January 2021, the agency's web accessibility technician left the role to take another position with the agency. The technician position remained vacant until June. During the vacancy, remediation efforts slowed, as pages were only remediated at the request of the agency's webmaster.

The web accessibility technician is currently staffed as a limited duration position, due to lack of dedicated funding for the position. During our audit, ODE requested funding in the 2021 legislative session to hire additional staff to support the agency's efforts to ensure the accessibility of online content. The request included funding for two positions: a permanent web accessibility technician and a web accessibility specialist. Although the agency did not receive approval for either position, ODE plans to maintain the technician as limited duration until stable funding can be secured for the position.

As part of the agency's efforts to ensure website content is accessible to users with disabilities, ODE has developed training resources for internal and external staff on best practices in accessible website development. Several internal staff have received at least basic training in accessible web development. ODE staff have also provided training to external groups, including Oregon's Electronic Government Program user group.⁸ Developing and providing training demonstrates management's commitment to competence by enabling individuals to develop proficiencies appropriate for their role.

⁸ Oregon's Electronic Government Program, or E-Government Program, manages the Oregon.gov portal hosting over 165 websites. According to its website, it is the largest enterprise provider of websites, internet applications, transparent government data, collaboration tools, and online payment processing within state government.

Recommendations

To improve web application and network security processes, we recommend ODE:

1. Document and implement code review processes to ensure that only approved changes are made during application development.
2. Ensure all web applications are scanned at least annually. Where barriers exist to the annual performance of application vulnerability scans, document a plan of action to address those barriers so scans can be performed.
3. Work with CSS to determine if it is appropriate to extend the allowable time for user inactivity before disabling Central Login accounts. If both parties agree to an extended inactive period, document the deviation, and indicate the compensating controls put in place. In alignment with statewide standards, ensure the documentation is signed by the ODE director and approved by EIS.
4. Document baseline configurations for all network devices. Review and update baseline configurations periodically, as defined by Statewide Information and Cyber Security Standards. Ensure subsequent changes are managed in accordance with statewide standards.
5. Develop a risk-rating process to prioritize the remediation of vulnerabilities discovered in network scans and compare the results of back-to-back scans to verify vulnerabilities have been remediated in a timely manner.
6. Periodically review anti-malware software to ensure each of the agency's servers remain protected.
7. Document authorization for all privileged access users. Review privileged access accounts at least semi-annually for continued appropriateness, including service accounts with elevated privileges.
8. Implement multifactor authentication at the system level for access to privileged accounts.
9. Implement recommendations associated with separately communicated confidential findings.

To improve ODE's security management program:

10. Develop a documented plan of action and milestones to correct weaknesses identified in this audit, as well as outstanding deficiencies identified in other audits and assessments.
11. Ensure policies and procedures governing web application and network security are documented and up to date.
12. Provide role-based, security-related training for software developers, privileged access users, data owners approving access to agency systems, and district security administrators.

To enhance efforts to ensure the accessibility of website content:

13. Update policies and procedures governing website accessibility, including processes to incorporate feedback from members of the disability community, to ensure they reflect current program objectives and address key roles and responsibilities.
14. Periodically review website remediation tracking to ensure documentation is complete and effective in achieving the agency's objectives related to website accessibility remediation.

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether ODE has:

1. Implemented effective controls to ensure the agency's web applications are adequately secure.
2. Implemented effective controls to ensure web content is accessible to persons with disabilities.

Scope

The focus of this audit was to assess the design and implementation of controls over web application security, as well as network security as it relates to the security of web applications within our scope. We also assessed the design and implementation of controls over the accessibility of website content to people with disabilities.

Our evaluation of web application security was limited to externally facing applications (i.e., applications accessible by users that are not ODE employees). The majority of ODE's externally facing web applications are built and managed by ODE staff; however, we performed a limited review of contract language for third-party agreements.

Our review of website accessibility was limited to ODE's website. Although we identified two resolution agreements between ODE and OCR, in accordance with audit standards, we determined further inquiry as to ODE's compliance with these resolutions may interfere with OCR's ongoing investigation.

We focused on controls and processes as they existed during 2021 through November.

Methodology

To gain an understanding of web application and network security controls, as well as website accessibility processes, we conducted inquiries of management and program staff in ODE's Office of Finance and Technology; specifically, those in the IT Operations & Support, IT Enterprise Services, and IT Application Development, and IT Governance, Policy, and Strategy units.

We observed network device settings and website accessibility review processes. We also examined privileged access users and account settings; external user accounts; and application change history records.

We inspected:

- ODE's information security plan, policies, and procedures;
- ODE's web application inventory;
- Website accessibility policy and procedures;
- Website accessibility remediation tracking documentation;
- Prior audit findings and recommendations;
- Training records;
- Application and network scan reports; and
- Project documentation.

For our criteria, we used the Statewide Information and Cyber Security Standards published by CSS, where applicable. We also used the National Institute of Standards and Technology (NIST) Special Publication 800-53 Rev 5 and the United States Government Accountability Office’s publication “Federal Information System Controls Audit Manual” (FISCAM) to identify best practices and controls deemed relevant to our audit objectives.

Internal control review

We determined the following internal controls were relevant to our audit objective.⁹

- Control Activities
 - We considered whether management has designed control activities to achieve objectives and respond to risk.
 - We considered whether management has designed the entity’s information system and related control activities to achieve objectives and respond to risks.
 - We considered whether management has implemented control activities through policies.

Deficiencies with these internal controls were documented in the results section of this report.

We considered the risks posed by publicly releasing any information related to security findings. As part of our consideration, we balanced the need for stakeholders, such as the Legislature, to be informed on critical or systemic IT security issues affecting the State against the need to protect the agency from cybersecurity threats. Consequently, in accordance with ORS 192.345(23) and generally accepted government auditing standards, we excluded some security weaknesses from this public report and provided them to agency management in a confidential appendix.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of ODE during the course of this audit.

Audit team

Teresa Furnish, CISA, Audit Manager
Jessica Ritter, CPA, CISA, Senior Auditor
Courtney Percy, Staff Auditor
Sheila Faulkner, Staff Auditor

⁹ Auditors relied on standards for internal controls from the U.S. Government Accountability Office, report [GAO-14-704G](#).

About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

Appendix A: ODE Web Applications

The following list is based on the inventory of ODE web applications provided by the agency's management and adapted to remove extraneous information in the description field:

Application Name	Description
Data Collection Container	Accessed through Central Login
Student Level Collections	Each student level collection requires districts, schools, ESD's to login through our Central Login system to gain access to the respective collection. Each district and/or ESD has a security administrator (DSA) registered with ODE. These DSA's grant access to those staff that require access to submit data to collections, access secured reports, verify data, etc.
Staff Level Collections	Each staff level collection requires districts, schools, ESD's to login through our Central Login system to gain access to the respective collection. Each district and/or ESD has a security administrator (DSA) registered with ODE. These DSA's grant access to those staff that require access to submit data to collections, access secured reports, verify data, etc.
Institution Level Collections	Each institution level collection requires districts, schools, ESD's to login through our Central Login system to gain access to the respective collection. Each district and/or ESD has a security administrator (DSA) registered with ODE. These DSA's grant access to those staff that require access to submit data to collections, access secured reports, verify data, etc.
Secure Web Applications	Accessed thru Central login or other application portal
Sexual Conduct Verification System	Senate Bill 155 established requirements for ODE to conduct investigations related to reports of suspected sexual conduct that may have been committed by a school employee, contractor, agent, or volunteer who is not licensed by the Teacher Standards and Practices Commission.
Youth Development Division Data Manager	Youth Development Division Data Manager - The Youth Development Council was created to support Oregon's education system by developing state policy and administering funding to community and school-based youth development programs, services, and initiatives for youth ages 6-24 in a manner that supports educational success, and career and workforce development, juvenile crime prevention, and is integrated, measurable and accountable.

Application Name	Description
Accountability Warehouse Extract	Tool used by districts/institutions to extract accountability data
CIP Budget Narrative	Describes how Federal funds will supplement District funds and programs and captures how ESEA and Perkins funds will be spent to support the attainment of the Districts' improvement goals.
Child Nutrition Direct Certification Match	Child Nutrition Programs gather three data sets from DHS/OHA and one from ODE: SNAP (Supplemental Nutrition Assistance Program) participants, students in the Foster system, Medicaid recipients, and SSID (Statewide Student Identifier), respectively.
Child Nutrition Programs Web Application	Application used the CNP to administer Child Nutrition programs
Electronic Grant Management System	This is the system through which subrecipients receive subgrant notifications from ODE and submit claims for subgrant funding.
Oregon Migrant Student Information System*	This application gathers eligible migrant student information (demographic, attendance, credits, supplemental services, etc.) data that are required by the federal government and the National Migrant Student Information eXchange system
Special Ed Performance Review & Improvement	This system focuses on procedural compliance and performance indicators identified through federal and state regulation and previous state monitoring findings.
Secure Assessment Reports 2.0	Secure Assessment Report Application
Special Ed Post School Outcomes 2.0*	Special Ed Post School Outcomes Application
Student Centered Staging	The Student Centered Staging application contains test event records that have been received by ODE from an external vendor, which include student demographics and other attributes, institution identifiers, test attributes, and record resolution attributes calculated by ODE.
Bus Driver Portal	Pupil Transportation Bus Driver Application Portal
IDEA Data Manager*	The IDEA Data Manager Application is a web-based application that contains tools and serves as the submission site for certain special education data collections.

*Vendor Application

Application Name	Description
Indirect Cost Rate Certification	Application tracks the status of the LEA's annual indirect rates. Integrated with an Extranet web application that allows districts/schools to submit adjustment data for approval by ODE fiscal staff.
Career and Technical Education	Data system and dashboard for CTE/STEAM and High School Success to track all aspects of Programs of Study (POS), courses, post-secondary affiliations, and contacts.
Achievement Data Insight	Application used by district to validate data.
Student Enrollment	Student enrollment is based on the students who were attending your district or school on the first school day in May, as submitted in the 3rd Period Cumulative ADM Collection. Demographic data are used to populate the School and District Profile sections of the School and District Report Cards.
4-Year Cohort Graduation Rate	The four-year cohort graduation rate is the percentage of students in a cohort, adjusted for transfers into and out of the school, district, or state, that graduate with a standard high school diploma within four years of entering high school. A cohort is composed of students who first started high school in a given school year.
5-Year Cohort Graduation Rate	The five-year cohort graduation rate is the percentage of students in a cohort, adjusted for transfers into and out of the school, district, or state, that graduate with a standard high school diploma within five years of entering high school. A cohort is composed of students who first started high school in a given school year.
Annual Measurable Achievement Objectives	The Annual Measurable Achievement Objectives (AMAO) report is comprised of three categories: 1) AMAO 1: Percentage of students on track to attain English language as measured by number and percent of students with individual growth percentiles equal to or greater than their individual growth target. 2) AMAO 2: Percentage of students attaining academic English proficiency. AMAO 2A: fewer than 5 years identified as English learner, AMAO 2B: 5 or more years identified as an English learner. 3) AMAO 3 the AMO for the LEP subgroup as defined in the ESEA waiver – growth model. Districts and School level data is provided to assist Districts with program evaluation and improvement.

Application Name	Description
Class Size	Beginning in 2014-15, the Oregon Department of Education began producing and reporting class size data for all subjects. A summary of the Class Size data will appear on school and district report cards (http://www.oregon.gov/ode/reports-and-data/Pages/Class-Size-Report.aspx) will be available on the website.
CTE 90% Met Report Combined	The Oregon Department of Education produces yearly Career and Technical (CTE) 90% Met Reports based on performance measures.
CTE 90% Met Report District School	The Oregon Department of Education produces yearly Career and Technical (CTE) 90% Met Reports based on performance measures.
English Language Arts Student Performance	RC Summary tab shows counts and percents that will be used for the Achievement, Growth, and Participation Indicators on the Report Card Rating Details Report.
Essential Skills	The Essential Skills validation reports on the essential skills codes submitted for the 0809 cohort five-year graduation rate and the 0910 cohort four-year graduation rate.
Expulsions & Suspensions	Suspensions and expulsions are collected through the Discipline Incidents Collection.
Fall Membership	Fall Membership is the list of students attending in your district on the first school day in October, as submitted in the first period Cumulative ADM collection.
Freshman On-Track Validation	Freshman On-Track, the percentage of students in their first year of high school who have earned at least 25% of the number of credits required for a high school diploma. This is a minimum of 6 credits, but may be higher in districts that require more credits for a diploma than the state's minimum.
Highly Qualified Teachers	The Classes Taught by Highly Qualified Teachers is the portion of the State report card for which Teacher Quality Data is reported.
Institutions for Accountability Reporting	This validation displays a list of institutions, along with several fields that are used in report card calculations.
Math Student Performance	Statewide mathematics assessment data

Application Name	Description
Mathematics Student Performance	RC Summary tab shows counts and percents that will be used for the Achievement and Growth Indicators and Participation details on the Rating Details Report. Detail tab includes all students reported as resident and enrolled in your district/school on the first school day in May.
NCES Dropout and Graduation Rates	The NCES rate is a measure of the number of students who dropped out or earned a credential in a single school year, as reported in the Cumulative ADM Collection.
Not Chronically Absent	The inverse of chronic absenteeism, the percent of students who are not chronically absent is a measure of the number of students who were present for more than 90% of the days they were enrolled. It will be used to populate the School and District Profile sections of the School and District Report Cards, and to produce the annual Chronic Absenteeism Report.
Perkins Career and Technical Education	New Validation for the CTE 90% Reports
Reading Student Performance	Statewide Reading Assessment data
Report Card	This validation provides districts and schools with an opportunity to preview the Report Card summary and the Report Card Rating Details report.
Report Card Narrative Collection	This collection gathers narrative information from schools and districts for the At-A-Glance report. Including information about school and district goals, school environment, and opportunities for student and parent engagement.
Science Student Performance	RC Summary tab shows counts and percents that will be used on school and district At-A-Glance reports.
Special Education Report Card	The Oregon Department of Education produces yearly special education report cards for EI/ESCSE and school age programs/districts providing special education services.
Spring Membership	Data report for spring membership data
Staff Ethnicity	This validation includes ethnicity and grade level data for teachers, principals, and certain other school-based staff members, for the purpose of populating the District Profile on district report cards.

Application Name	Description
Staff FTE	Staff are reported by full-time equivalency (FTE) which refers to the proportion of a full day that the staff member works. The actual number of hours or classes that a person must work to be full time varies by their employer. FTE data will be used in a report to the federal Department of Education.
Student Attendance	The attendance rate is the average percentage of enrolled students attending school each day.
Student Mobility	The mobility rate is the percentage of students who attended an institution in a given year who enrolled late, left early, transferred schools, or had a significant gap in enrollment at any point during the school year.
Teacher Qualifications	Validation for teacher experience and licensure
Unsafe Schools	Watch List School criteria depends on school size (from the Fall Membership collection) and the count of Expulsions due to weapons possession and/or violent criminal offenses, including: arson, battery, homicide, kidnapping, robbery, school threat, sexual battery, and other violent criminal offenses.
Writing Student Performance	Summary data include students reported as resident and enrolled in your district/school on the first school day in May. This data will be used for the Achievement, Growth, and Participation Indicators in the report card rating system.
Kindergarten Assessment Validation	The Kindergarten Assessment for 2017-2018 includes the following three segments: Approaches to Learning, Early Mathematics, and Early Literacy.
Public Applications	Applications available to the general public - these require no login/password
Web Security	ODE Extract Central Login application
Staff Search	ODE public staff lookup application
Central Login	Application used by districts to access the ODE secure web sites
Free Reduced Lunch	Free Reduce Lunch Application use by customers to application for Free school food for students
District Site Home Page	District Site Home Page or ODE Extranet Site Home Page
Institution Lookup	Web site used by public to lookup institution related information
Public Report Card	Public Report Card distribution application

Application Name	Description
Info Application - Schedule of Due Dates, Public Report, Secure Report, Data Collection Dtls	Info Application - Schedule of Due Dates, Public Report, Secure Report, Data Collection Dtls.
Secure File Transfers	Application used to secure transfer files. Used by District and customers to secure send files to ODE employees
Special Education Report Card	Application developed to do Special Education Report Card maintenance and production.
CACFP Reimbursement Calculator	CACFP Reimbursement Calculator
ODE Collections Catalog	The searchable ODE Collections Catalog is a publicly-accessible tool that will enable users in the field to find information about ODE's data collections, such as which ones contain data relevant to their research interests, or which ones they are required to submit data to.



Oregon

Kate Brown, Governor



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Colt Gill

Director of the Department of Education

November 2, 2021

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled Opportunities Exist to Improve Web Application Security and Tracking of Website Accessibility Remediation Efforts.

The Oregon Department of Education (ODE) appreciates the time and effort the SoS Audit Division took to evaluate and understand ODE's web application and network security standards and practices as well as our commitment to both security and accessibility of our public-facing applications and online presence.

With all audits, this has been an opportunity to learn and evaluate our goals and priorities. The ODE is committed to providing a secure and accessible environment for all our customers, partners and employees. The Application Development, Enterprise and Network teams have focused and prioritized security efforts over the past several years and this audit has afforded us the opportunity to take pride in the work we have completed, while understanding those areas of needed growth.

The ODE has invested substantial resources to provide an accessible online experience for our employees, community partners, school districts, education service districts, and the public and is proud of the initial work completed and our continued commitment and effort of our agency.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1

Document and implement code review processes to ensure that only approved changes are made during application development.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	March 31, 2022	Sandee Hawkins Sandee.Hawkins@state.or.us

Narrative for Recommendation 1

The ODE agrees to further document the process for code review prior to deploying code changes to the production environment. This documentation will include updates to the SDLC and development work-flow documentation as well as core processes.

RECOMMENDATION 2		
Ensure all web applications are scanned at least annually. Where barriers exist to the annual performance of application vulnerability scans, document a plan of action to address those barriers so scans can be performed.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	January 21, 2022	Sandee Hawkins Sandee.Hawkins@state.or.us

Narrative for Recommendation 2

The ODE scans web applications in the TEST environment using Acunetix. The scan tool requires that the application be open before the scan can be executed. The ODE has resolved the issue with the individual application in question. The aforementioned application will be scanned each January moving forward.

RECOMMENDATION 3		
Work with CSS to determine if it is appropriate to extend the allowable time for user inactivity before disabling Central Login accounts. If both parties agree to an extended inactive period, document the deviation, and indicate the compensating controls put in place. In alignment with statewide standards, ensure the documentation is signed by the ODE director and approved by EIS.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	November 1, 2022	Sandee Hawkins Sandee.Hawkins@state.or.us

Narrative for Recommendation 3

The ODE has submitted a deviation from the 2019 Statewide Information and Cybersecurity Standard section AC-2(3) Account Management (pages 4-5) where it states that agencies are to automatically disable system accounts when the account has been inactive for 60 days. Our current system setting is for 24 months and the ODE is asking to update this to 13 months to assure our district and ESD partners are not adversely burdened. Upon submission of this form on 10/28/21 we were informed that CSS does not require this type of exception recorded for Secretary of State Audits and that ODE should record this information internally only. We have complied with CSS' recommendation and will begin updating our system to reflect the deviation from standard to be 13 months.

RECOMMENDATION 4		
Document baseline configurations for all network devices. Review and update baseline configurations periodically, as defined by Statewide Information and Cyber Security Standards. Ensure subsequent changes are managed in accordance with statewide standards.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	June 2022	Harris Geddes Harris.Geddes@state.or.us

Narrative for Recommendation 4

The ODE is working to establish baseline configurations with assistance from Cybersecurity Services (CSS).

RECOMMENDATION 5		
Develop a risk-rating process to prioritize the remediation of vulnerabilities discovered in network scans and compare the results of back-to-back scans to verify vulnerabilities have been remediated in a timely manner.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2021	Harris Geddes Harris.Geddes@state.or.us

Narrative for Recommendation 5

The ODE Network team has created a SmartSheet to track vulnerabilities discovered in network scans, the recommendations, and the results of follow-up scans to ensure vulnerabilities have been remediated. Tickets are created as part of the patching process to track server vulnerabilities that have been remediated.

RECOMMENDATION 6 Periodically review anti-malware software to ensure each of the agency's servers remain protected.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	March 2022	Harris Geddes Harris.Geddes@state.or.us

Narrative for Recommendation 6

ODE plans to create and maintain a policy and process to review anti-malware software is installed and updated on agency servers on a semi-annual basis. Working with CSS and the DART engagement to install Microsoft Defender Advanced Threat Protection on all servers, which monitors all systems for malware attacks.

RECOMMENDATION 7 Document authorization for all privileged access users. Review privileged access accounts at least semi-annually for continued appropriateness, including service accounts with elevated privileges.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2023	Harris Geddes Harris.Geddes@state.or.us

Narrative for Recommendation 7

All privileged users will review and agree to acceptable use policy before being granted privileged access accounts. Privileged access accounts will be reviewed quarterly to ensure they are up-to-date. Permissions will be modified based on the required level of access. Track quarterly review of permissions in Smartsheet.

RECOMMENDATION 8 Implement multifactor authentication at the system level for access to privileged accounts.
--

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 2023	Harris Geddes Harris.Geddes@state.or.us

Narrative for Recommendation 8

ODE will research and implement Multifactor Authentication for all privileged accounts and access to all restricted systems.

RECOMMENDATION 9		
Implement recommendations associated with separately communicated confidential findings.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	July 2023	Peter Tamayo Peter.Tamayo@state.or.us

Narrative for Recommendation 9

See confidential narrative responses

RECOMMENDATION 10		
Develop a documented plan of action and milestones to correct weaknesses identified in this audit, as well as outstanding deficiencies identified in other audits and assessments.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	November 30, 2021	Peter Tamayo Peter.Tamayo@state.or.us

Narrative for Recommendation 10

The ODE Director Team and CIO have created a secured environment to track all audit findings, both past and present, that allows for documentation, assignment of responsible staff, timeline for completion and notification through a Smartsheet.gov environment. This will allow the team visibility into what is in process, what is complete, and creates an environment that is easily accessible and transferable to incoming leadership and staff.

RECOMMENDATION 11		
Ensure policies and procedures governing web application and network security are documented and up to date.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	January 1, 2023	Peter Tamayo Peter.Tamayo@state.or.us

Narrative for Recommendation 11

The ODE is working through the policy process established in 2020 to update and document changes to existing policies and write new policies where current do not exist. This process requires approval by the ODE Executive Team, as well as communication and implementation plans be established and documented. Based on current knowledge of the timeline constraints associated with this new process, the ODE IT leaders concluded that this will take until January of 2023 to complete.

RECOMMENDATION 12		
Provide role-based, security-related training for software developers, privileged access users, data owners approving access to agency systems, and district security administrators.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	March 2023	Peter Tamayo Peter.Tamayo@state.or.us

Narrative for Recommendation 12

The ODE IT leadership team is working with the ODE Data Governance Committee, individual IT teams and human resources to update and deploy new required security training. The Director of Application Development and the Director of Enterprise Services have established budgetary plans for purchasing outside training for development and architect staff that will include security related topics. The development team currently uses OWASP and other security groups for knowledge and best practices.

RECOMMENDATION 13
Update policies and procedures governing website accessibility, including processes to incorporate feedback from members of the disability community, to ensure they reflect current program objectives and address key roles and responsibilities.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	October 2022	Melissa Garner melissa.garner@ode.oregon.gov

Narrative for Recommendation 13

Work has already begun on updating the accessibility policy and creating the accompanying procedure. Portions of the existing policy will be updated to the new format used by ODE, though the essential content will not change.

The procedure will include topics covered in this audit including engaging communities who use the accessibility features of our website. It will also include accessibility procedures for files, web pages, and applications.

Given the current extended time for policy to be approved, we anticipate this work will be completed in approximately one year, though the documents will be completed before then.

RECOMMENDATION 14		
Periodically review website remediation tracking to ensure documentation is complete and effective in achieving the agency’s objectives related to website accessibility remediation.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Quarterly scheduled event starting December 2021	Melissa Garner melissa.garner@ode.orgon.gov

Narrative for Recommendation 14

Using the website accessibility tracking spreadsheet, both the Director of IT Governance, Policy & Strategy and the Webmaster will check recently remediated webpages on a no-less-than quarterly basis. This will constitute part of the quarterly employee review of the Web Accessibility Tech employee.

In the past, we did a full page by page remediation of every page we have... at least one revolution of our complete site - and that entire effort included oversight from an external auditor. Our current process includes remediation for every page change. The Web Accessibility Tech and Webmaster regularly meet to go over issues to help train for prevention; common problems are presented to Web Editors.

Please contact Peter Tamayo at 503.559.3718 or Peter.Tamayo@state.or.us with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Colt Gill", with a horizontal line underneath.

Colt Gill
Director of the Oregon Department of Education, and
Deputy Superintendent of Public Instruction

cc:
Peter Tamayo, ODE CIO
Sande Hawkins, Director of Application Development



Secretary of State
Shemia Fagan



Audits Director
Kip Memmott

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Secretary of State Oregon Audits Division



Oregon Department of Education
Recommendation Follow-up Report:
**ODE Must Accelerate Efforts to Monitor Spending and
Improve Initiatives to Help Vulnerable Students**

September 2021
Report 2021-28

Secretary of State Shemia Fagan
Audits Division Director Kip Memmott

Executive Summary

Follow-up to Audit Report 2019-01 (report one of two)

Oregon Department of Education

Recommendation Follow-up Report: ODE Must Accelerate Efforts to Monitor Spending and Improve Initiatives to Help Vulnerable Students

September 2021

Follow-up Summary

The Oregon Department of Education (ODE) made progress on 10 out of 11 recommendations from our audit focused on improving the performance of struggling schools, fully implementing two. The original audit, issued in January 2019, included recommendations to ODE and Portland Public Schools (PPS). This follow-up report addresses recommendations made to ODE. A second, separate report will address recommendations to PPS.

The COVID-19 pandemic posed substantial challenges for ODE and school districts in the last year and a half. ODE's need to prioritize pandemic-related steps delayed action on several of the recommendations.

Findings from the Original Audit

- » ODE does relatively little to support and monitor efficient district spending.
- » ODE does not adequately evaluate whether grants and other initiatives improve student performance.
- » ODE's limited enforcement of district standards, short-lived improvement initiatives, and a disjointed education funding system increase risks that Oregon student performance will continue to lag.

Improvements Noted

- » ODE has made progress implementing the state Student Success Act, signed into law in May 2019, addressing many concerns around implementation of the federal Every Student Succeeds Act. ([pg. 4](#))
- » ODE made progress consolidating initiatives ([pg. 3](#)) and establishing a framework for monitoring and evaluating school improvement programs. ([pg. 6](#))
- » ODE has analyzed classroom spending and produced guidance on improving spending efficiency. ([pg. 2](#))

Remaining Areas of Concern

- » ODE has made limited progress on measuring the results of Title I school improvement programs and no progress reporting those results, a significant obstacle to closing Oregon's equity gaps in student performance by income level and race and ethnicity. ([pg. 3](#))
- » ODE has not discussed implementation challenges for school improvement efforts in public reports and presentations, a particular concern given Oregon's history of ineffective K-12 reform efforts. ([pg. 4](#))
- » ODE has not highlighted key strategies to direct more money to the classroom. ([pg. 2](#))

The Oregon Secretary of State Audits Division is an independent, nonpartisan organization that conducts audits based on objective, reliable information to help state government operate more efficiently and effectively. The summary above should be considered in connection with a careful review of the full report.

Introduction

The purpose of this report is to follow up on the recommendations we made to the Oregon Department of Education (ODE) as included in audit report 2019-01, "ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools." This report pertains only to those recommendations made to ODE; a second report will follow up on recommendations made to Portland Public Schools.

The Oregon Audits Division conducts follow-up procedures for each of our performance audits. This process helps assess the impact of our audit work, promotes accountability and transparency within state government, and ensures audit recommendations are implemented and related risks mitigated to the greatest extent possible.

We use a standard set of procedures for these engagements that includes gathering evidence and assessing the efforts of the auditee to implement our recommendations; concluding and reporting on those efforts; and employing a rigorous quality assurance process to ensure our conclusions are accurate. We determine implementation status based on an assessment of evidence rather than self-reported information. This follow-up is not an audit, but a status check on the agency's actions, and therefore does not adhere to the full set of government auditing standards.

To ensure the timeliness of this effort, the division asks all auditees to provide a timeframe for implementing the recommendations in our audit reports. We use this timeframe to schedule and execute our follow-up procedures.

Our follow-up procedures evaluate the status of each recommendation and assign it one of the following categories:

- **Implemented/Resolved:** The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.
- **Partially implemented:** The auditee has begun acting on the recommendation but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.
- **Not implemented:** The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

The status of each recommendation and results of our follow-up work are detailed in the following pages.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of ODE during the course of this follow-up work.

Recommendation Implementation Status

Recommendation #1

Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending. Share the analysis publicly, and work with the Quality Education Commission to include the analysis in the Commission's public report.

Implemented

To implement this recommendation, ODE performed a classroom spending analysis in September 2020 and included some results in the 2020 Quality Education Commission (QEC) report. The spending analysis covered spending patterns statewide and within districts, which can potentially start conversations between similar districts about how to get more money into the classroom. The analysis also included general guidance and recommendations about improving efficiency, the effects of spending on student performance, and funding inequalities between urban and rural and high-income and low-income districts.

Though ODE implemented the recommendation, the summary of ODE's spending analysis in the 2020 Quality Education Commission report — a key public document required by law — did not include two important conclusions from the spending analysis:

- Reallocation of 1% of the spending from instructional staff support, business services, and central activities to instruction is associated with graduation rate increases of 3% to 4%.
- Higher costs of living and higher salaries in large cities and suburban schools leads to increased class sizes in districts that include a substantial majority of historically underserved students, a significant source of regional inequity that ODE recommends the Legislature take action to address.

Recommendation #2

Provide tools and templates to help districts regularly benchmark spending against peers and provide guidance on best-practice options for directing more money to the classroom.

Partially implemented

ODE developed a Comparison Tool: a spreadsheet populated with fiscal year 2018-19 data that allows benchmarking among four Oregon districts using 11 spending categories, basic demographic information, and outcomes such as absenteeism, on-track for graduation, and graduation rate information.

The Comparison Tool could be helpful to school districts as an initial means of identifying peers and starting a conversation about best spending practices. However, the level of analysis permitted by the tool is not deep enough — for example, it does not show detailed expense accounts — to identify specific cost-cutting areas outside the classroom. ODE leaders say they want to further develop tools that would be capable of more detailed comparisons if the Legislature approves additional funding, but the agency did not ask for the funding in its 2021-23 budget request.

ODE also summarizes and distributes spending and other best practice recommendations from the Quality Education Commission (see recommendation no. 1) to districts, as part of the requirement that districts review and consider QEC recommendations when applying for funds distributed under the Student Investment Account, a component of the Student Success Act. Districts are required to check a box attesting that they have done so, but ODE's oversight does not extend beyond that attestation at this point. ODE officials said they also work with Education Service Districts to help the districts they serve apply the guidance.

ODE does not appear to provide guidance for best spending practices aside from making the Comparison Tool and QEC reports available.

Recommendations #3 to #6

These recommendations were made to PPS and will be included in a separate follow-up report.

N/A

Recommendation #7

Coordinate with the Governor's Office, the State Board of Education, the Legislature, and districts to develop a plan to align education investments for the long-term. The plan should include steps to reduce and consolidate initiatives, and measure investment results, particularly for state efforts aimed at improving struggling high-poverty schools.

Partially implemented

At least two internal ODE groups have begun work to study and consolidate related K-12 grant programs and funding sources.

- One of these workgroups was formed in response to 2019 House Bill 5105, requiring ODE to investigate the combination and elimination of different initiatives. This work was delayed by the COVID-19 pandemic and wildfire responses, and is not expected to be completed until early 2022.
- The Office of Education Innovation and Improvement has also studied large state funding sources for the purposes of streamlining "the planning, strategy development, program implementation, grant management, and evaluation activities of district and grant recipients."

ODE's work in this area addresses the need to consolidate and eliminate initiatives. However, the agency has not addressed measurement of investment results, including the results of state efforts aimed at improving struggling high-poverty schools. Some of this measurement may occur under the Student Success Act (SSA) for high-poverty districts, but the extent of that measurement is unclear.

Recommendation #8

Work with the State Board of Education and stakeholders to evaluate Division 22 district standards for clarity and enforceability and ensure that ODE has adequate resources to review compliance and enforce standards when districts fall short.

Partially implemented

Division 22 is an administrative regulation section that covers state standards for school districts, such as diploma and academic content standards. In May 2019, ODE created a Division 22 committee that meets monthly. The committee has identified areas of improvement in the Division 22 assurance process and increased support for districts out of compliance and needing corrective action. ODE also successfully pursued a rule change to make Division 22 reporting and corrective action occur earlier in the school year.

ODE has also hired a full-time Division 22 specialist who has revised the Division 22 website, developed systems for tracking and follow-up, and created proactive communication tools to support districts.

The formation of a dedicated ODE workgroup is significant progress toward improving Division 22 standards. However, the group has not yet evaluated the standards for enforceability and clarity, the most important aspect of this recommendation.

Recommendation #9

Thoroughly evaluate Title I school improvement program results annually and include the evaluation and results in ODE’s statewide report card.

**Partially
Implemented**

Schools designated as Title I schools under federal law are high-poverty, and often enroll high proportions of historically underserved students, including Black and Latino students. According to ODE, the COVID-19 pandemic severely limited statewide assessments as well as the collection and publishing of data on school improvement program results, which our audit identified as a key step to raise awareness of school improvement programs and their role in closing equity gaps. Agency officials say plans are in place to develop new Title I support and school improvement procedures for 2021-22, including data sources for evaluating results. ODE officials also surveyed school districts in February 2021 to gather district-reported evidence on the results of school improvement program efforts, and said they have worked with districts to address identified problems.

ODE could have made progress on public reporting and more detailed evaluation before the pandemic, however. ODE has identified a total of 268 low performing Oregon schools, including Title I and other schools, for school improvement efforts; 70 of these were identified in 2018-19 alone. While results for schools identified for additional support under the federal Every Student Succeeds Act (ESSA) were available for the 2018-19 school year, the agency provided no evidence that it had made progress toward analyzing those results. This lack of progress raises concerns. Regularly measuring and reporting the results of Title I school improvement programs is an important step to help close Oregon’s gaps in student performance by race and ethnicity.

Recommendation #10

Annually evaluate and publicly report on the effectiveness of specific ODE interventions for districts that do not improve the performance of their struggling high-poverty schools as part of ESSA efforts.

**Not
implemented**

As in recommendation no. 9, ODE leaders said the pandemic has made it infeasible to monitor the effectiveness of school improvement interventions under ESSA. The agency provided no evidence of efforts to implement this recommendation in the year between the audit release and the beginning of the pandemic. ODE reports that efforts to improve evaluation and reporting systems under ESSA are underway and are occurring in conjunction with implementation of Oregon’s SSA and High School Success programs (see recommendation no. 11), but the extent of those improvements is not clear.

Recommendation #11

Include a thorough analysis of how ODE is addressing challenges to effective ESSA implementation and the results of those efforts in reports to the public, the State Board of Education, and Legislature. These challenges include: timely implementation; the effectiveness of continuous improvement plans; braiding federal and state funds; and ensuring different ODE departments coordinate to help districts and schools improve. Also report on stakeholders’ views of ODE efforts.

**Partially
implemented**

ODE has made significant progress in implementing the requirements of the SSA, which contains accountability and reporting requirements that overlap with the ESSA and address some of the audit’s concerns about a longstanding lack of transparency at ODE around challenges to successful ESSA implementation.

- ODE is required to submit SSA progress reports to the Legislature on a regular basis; the agency submitted one report in February 2020.
- The act requires ODE to monitor performance growth targets of each SSA grant recipient each biennium, gives ODE the authority to require grant recipients to enter coaching programs, and requires ODE to establish a procedure for conducting performance audits of grantees.
- ODE's Office of Education Innovation and Improvement was created in response to the passage of the SSA. The office combines several teams working on related student improvement initiatives with the expectation this will help address the problem of coordination among various ODE offices.

However, challenges to both ESSA and SSA implementation and efforts to address those challenges are not being publicly reported in detail, a significant concern given Oregon's history of ineffective K-12 reform efforts.

ODE provided no compelling evidence that ESSA implementation challenges and performance are being evaluated in detail in public reports. As of July 2021, the SSA reports to the Legislature have identified some challenges but have not reported on challenges in detail or included stakeholder views of ODE's efforts. ODE regularly reports on SSA-related programs to the State Board of Education, but none of the presentations reviewed by OAD have addressed challenges to implementation or efforts to meet those challenges. ODE states that the State Board of Education has had limited time on its agenda for general reports due to pandemic response efforts.

Recommendation #12

Conduct a staffing analysis to determine whether ODE's current staffing assignments align with and support the state's education priorities. Discuss results with the Legislature.	Implemented
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ODE completed a staffing analysis and moved seven existing and new SSA programs under the new Office of Education Innovation and Improvement, for a total of 48 positions focused on state priorities of improving student outcomes. The office combines several teams working on related student improvement initiatives, such as Title I school improvement, Measure 98 High School Success, and several new initiatives created under the SSA.

Recommendation #13

Report to the public, State Board of Education, and Legislature on how ODE manages grantee performance for key federal and state grants designed to improve student outcomes. Also include in this report administrative funding provided for these grants and whether ODE has adequate resources to conduct performance management.	Partially implemented
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ODE completed reports on grant management to the State Board of Education and Legislature by June of 2019. The 2019 Legislature added 26 positions in the Office of Education Innovation and Improvement to support Student Investment grants under the SSA. The additional staff should greatly help with administration of these key grants and provide adequate resources to conduct performance management. Also, in the 2019 legislative session, ODE presented a case to the Governor and Legislature for additional administrative staffing, including business services personnel focused on processing grants. The department received 10 extra staff for administrative duties.

The new Office of Education Innovation and Improvement is responsible for the management of several key grant programs, and the office appears well staffed. However, it is less clear if ODE staffing is adequate to manage the performance of grants outside the Office of Education and Improvement.

Recommendation #14

For key grants, incorporate best-practice performance management, including setting quantitative and qualitative performance expectations in contracts, establishing baseline measurements, and providing timely and constructive feedback to grantees.

**Partially
implemented**

The new Office of Education Innovation and Improvement has developed best practices for the monitoring and evaluation of progress with Student Investment Account programs, including extensive guidance for schools on collection and evaluation of longitudinal performance data — data following students over long time periods. Innovation and Improvement staff have also been involved in ongoing work reviewing best practices for monitoring of performance in all the office’s programs and in developing performance management plans for grant recipients under the Student Success Act.

A new grant agreement template in use at ODE shows some improvement in performance management best practices, such as setting project evaluation and reporting requirements. At least one of the grants using the new template, for African American Black Student Success programs, sets qualitative and quantitative performance expectations, as well as including a discussion of the types of feedback that ODE can provide while monitoring grant performance.

The framework for performance management for grants under ODE’s Office of Education Innovation and Improvement appears promising. However, aside from the new grant template, ODE has not provided evidence of additional improvements to grant performance management practices for the numerous grant programs outside that office. Examples of grants managed outside the innovation and improvement office include the African American Black Student Success grants and grants for American Indian/Alaska Native, and English learner students. ODE officials said they plan to meet with all ODE grant managers during the 2021-22 fiscal year and include performance management strategies as part of the meetings.

Recommendation #15

Provide consistent oversight and support for grant managers, including training on how to evaluate grant performance and collaboration tools such as performance evaluation templates.

**Partially
implemented**

Support for managers focused on fiscal and compliance aspects of grant management is a priority at ODE. The agency requires training for all financial personnel who manage contracts and grants. ODE also has an intranet site with reference and training information and is pursuing improvements to its internal electronic grant management system.

However, ODE did not provide evidence of training for grant managers to evaluate grantee performance and to measure qualitative or quantitative outcomes of grants. For example, a listing of grant management training materials available on ODE's intranet did not contain any clear evidence of grant performance management information.

Conclusion

Since the original audit was issued in January 2019, ODE has made significant progress by implementing the SSA, passed later that year, and creating a new Office of Education Innovation and

Improvement. Despite challenges created by the COVID-19 pandemic, ODE also made progress analyzing school district spending, consolidating initiatives, beginning a review of Division 22 standards, and developing a new grant agreement template with improved performance management features.

The SSA has provided substantial additional funding to K-12 education, along with new requirements for tracking district performance and working to improve it. The act focuses strongly on improving school and district efforts with historically underserved students, offering an important opportunity to narrow equity gaps in school performance.

However, our follow-up work indicates ODE must do more to provide guidance on school district spending, publicize challenges and results for school improvement efforts, and manage performance of initiatives to help vulnerable students. Without sustained focus on these tasks — and improved transparency about how the tasks are proceeding — the risk is high that Oregon's long history of ineffective school reform efforts and persistent equity gaps will continue.



Follow-up Report Team

Andrew Love, CFE, Audit Manager

Scott Learn, MS, CIA, Principal Auditor

T. Cornforth, Staff Auditor

About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

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K-12 Education — Systemic Risk Report

State Leaders and Policymakers Must Address Persistent System Risks to Improve K-12 Equity and Student Success

May 2022
Report 2022-16



Secretary of State
Shemia Fagan



Audits Director
Kip Memmott

Highlights

K-12 Education – Systemic Risk Report State Leaders and Policymakers Must Address Persistent System Risks to Improve K-12 Equity and Student Success



Courtesy of Portland Public Schools

The Student Success Act provides an extra \$1 billion of tax money a year for early childhood education and K-12 school improvement. It requires the Oregon Department of Education (ODE) to track district performance and work with districts to improve, building on other recent state and federal initiatives and bringing the state the closest it has been to meeting the funding recommendations of the Quality Education Model. Oregon's previous three major K-12 improvement efforts were all abandoned, underscoring the importance of addressing risks early on.

This advisory report identifies five key risks we found that could undermine K-12 system improvement as the state implements the 2019 Student Success Act, Oregon's fourth major K-12 improvement effort since the 1990s. The report draws on six Audits Division performance audits of ODE since 2016, focused on student success and inequitable outcomes in Oregon's K-12 education system.

The report is addressed to the Governor, State Board of Education, and Legislature, who must work with ODE to address these risks even as the pandemic has increased K-12 challenges. Not addressing them could allow lagging student results and equity gaps for low-income and historically underserved students to persist despite a historic investment in the education system.

Risk #1: Performance Monitoring and Support: Performance monitoring is crucial to school improvement. State leaders and policymakers must work with ODE to ensure monitoring of district performance and state support when needed to promote success.

Risk #2: Transparency on Results and Challenges: To foster accountability and timely adjustments, leaders and policymakers must require thorough reporting of school improvement results and challenges.

Risk #3: Spending Scrutiny and Guidance: Leaders and policymakers should support ODE in providing more analysis of school district spending, helping districts focus spending on student support and offset rising costs.

Risk #4: Clear, Enforceable District Standards: Oregon's Division 22 standards for K-12 schools lack clarity and enforceability, allowing low performance to persist. To increase accountability for state funds and student success, leaders and policymakers must balance local control of school districts with reasonable, enforceable standards.

Risk #5: Governance and Funding Stability: Reforming education is a complex, long-term effort, requiring leaders and policymakers to set clear goals and foster a long-term focus. A large number of separate programs, unrealistic timelines, and frequent changes in funding priorities and leadership can undermine reform efforts.

Introduction

The Audits Division has focused heavily on K-12 education in the last six years, issuing six audits and four recommendation follow-up reports since 2016. We conducted audits covering ODE's role with struggling schools and districts, high school graduation rates, students experiencing disabilities, alternative and online schools, student testing, and implementation of Measure 98, a ballot measure designed to improve college and career readiness. All these audits included a focus on equity — how students that education systems have historically marginalized are faring.¹

The reason for this focus is the importance of education to Oregon's economy and well-being. Oregon's K-12 public education system includes 197 school districts serving more than 560,000 students, with the State School Fund totaling more than \$4.6 billion per year, by far the state's largest single use of general and lottery funds. The success and well-being of children in this system is critically important to Oregonians. It is also an arena where social inequities can be either exacerbated or mitigated.

This Systemic Risk Report, our office's first, is an advisory report² that identifies key risks found while conducting our audits and follow-up reports. The audits, accompanying recommendations, and follow-up reports were addressed to the Oregon Department of Education, or ODE, the responsible agency. However, this report is addressed not to ODE, but to the Governor's Office, the State Board of Education, and the Legislature — the leaders responsible for overseeing, directing, and supporting ODE.

Under Oregon law, governors have a strong role in K-12 education, serving as Superintendent of Public Instruction, appointing a deputy superintendent to direct ODE, serving as the administrative officer of the State Board of Education, overseeing ODE programs, and proposing a K-12 budget to the Legislature. The State Board of Education, with seven voting members appointed by the Governor,³ is responsible for setting administrative rules for K-12 education — the groundwork that helps establish how effectively ODE operates and how it implements key legislation, including new programs such as the Student Success Act. The Legislature sets the K-12 budget, monitors the system's operations and effectiveness, and adopts new programs and goals intended to hold ODE and school districts accountable for spending of state money and increase student performance.

Our intent with this systemic risk report is to highlight systemic risks these state leaders can address to improve the K-12 system. We believe the systemic risks outlined in this report are also useful for school district boards and Education Service District (ESD) boards to consider. ESDs play a crucial role in supporting districts across the state.

The Student Success Act sets a promising path forward

The pandemic has made the last two years extraordinarily difficult for many students, educators, and administrators, but there are reasons for optimism moving forward. Educators and districts may be

¹ Appendix A includes a list of these audits and associated follow-up reports.

² As non-audit projects, advisory reports do not adhere to government auditing standards, including standards for detailed planning of fieldwork steps and internal control reviews of auditees. However, as with other non-audit reports, this report went through the division's quality assurance process to ensure statements in the report were supported by appropriate evidence.

³ The State Treasurer and Secretary of State, or their designees, also serve as non-voting, ex-officio members of the State Board of Education.

able to address student needs more effectively as students return to class. At the state level, two relatively recent and large initiatives may improve the K-12 system's performance:

Measure 98 High School Success. This 2016 ballot measure, modified by subsequent legislation, established a fund of \$800 per high school student per year to improve graduation rates and students' college and career readiness. The funds can be used for Career and Technical Education, college-level courses while in high school, and dropout prevention programs. A 2020 audit found ODE followed a robust and effective planning process to implement the measure.

The Student Success Act. Adopted by the Legislature in 2019, the act is projected to provide an extra \$1 billion of tax money per year for early childhood education and K-12 school improvement, drawing on a new Corporate Activities Tax. The funding from the act brought Oregon's funding for K-12 education in the 2021-23 biennium as close as it has been to meeting the recommendation in the Quality Education Model since the first QEM report in 1999,⁴ though still \$557 million short of projected needs for the biennium. The act requires ODE to track district performance and work with districts to improve outcomes. It also focuses on improving school and district efforts with low-income and historically underserved students.

In 2019, ODE created the Office of Education Innovation and Improvement to support student investment grants under the Student Success Act. The office includes new staff approved by the Legislature and combines several teams working on related student improvement initiatives, such as federal Title I school improvement, Measure 98 High School Success, new requirements under the federal Every Student Succeeds Act, and several of the additional new initiatives created under the Student Success Act.

ODE's Office of Education Innovation and Improvement now has 48 positions focused on state and federal priorities for improving student outcomes. In addition to staff, the agency is equipped with stronger frameworks for monitoring district performance and providing assistance, including many tied to a new Student Investment Account under the Student Success Act. ODE is also helping to facilitate greater community involvement in state and district decision-making. Agency officials say a more inclusive K-12 culture will help increase performance and equity by influencing resource allocation and increasing opportunities for underserved students.

Unlike prior improvement efforts, the act is backed by a substantial increase in state funds. These funds are not guaranteed — see risk no. 5 for details — and considerable debate exists on whether the Quality Education Model funding model adequately completely captures school and student needs. Those needs include increasing need for mental and behavioral health support for students and the financial impact of staffing shortages and rising wages. However, if maintained and adequately funded, Student Success Act changes have the potential to drive a unified, strategic approach to improving the K-12 system.

⁴ The Quality Education Model is updated every two years. Current and past reports can be found at <https://www.oregon.gov/ode/reports-and-data/taskcomm/Pages/QEMReports.aspx>

Oregon's new Student Investment Account — an important initiative within the Student Success Act

At roughly \$500 million a year, the Student Investment Account is the largest initiative in the Student Success Act. ODE distributes the money through four-year grants with school districts. Key details:

- Authorizes investments to meet students' mental or behavioral health needs and increase their academic achievement.
- Focuses on vulnerable students, among them students who are economically disadvantaged, from racial or ethnic groups with historic disparities, experiencing disabilities, English language learners, or foster children.
- Districts must create a four-year plan for use of the money, collect data to make equity-based decisions, and establish quantitative growth targets focused on measures such as graduation rates, third-grade reading proficiency, and attendance rates.
- Each biennium, ODE determines whether districts met growth targets. If they do not, ODE can require them to enter coaching programs or direct spending to specific areas.
- In addition, ODE develops an intensive program for high needs districts, including involvement by ODE student success teams. These districts can receive extra money from the Statewide Education Initiatives Account, a separate part of the Student Success Act.

Oregon has not sustained past improvement efforts

Taken together, the Student Success Act and Measure 98 comprise Oregon's fourth major K-12 improvement effort since the early 1990s.

The previous three were all abandoned.

In 1991, the Legislature passed the Oregon Educational Act for the 21st Century, a major overhaul whose most direct school improvement provisions were CIM and CAM — certificates of initial and advanced mastery — intended to drive classroom rigor. They were never required for graduation, despite significant investments of time and resources, and the Legislature abolished them in 2007.

In 2011, the Legislature created an Oregon Education Investment Board to oversee a unified education system from early childhood through post-secondary education. The board developed strategic initiatives to spur improvement and required districts to sign "achievement compacts" as part of the budgeting process. By 2015, the investment board and the achievement compacts were gone, and by 2017 many of the initial programs established by the strategic initiatives and network grants were changed, eliminated, or replaced, with limited analysis of lessons learned.

The Legislature replaced the investment board with a Chief Education Office under the Governor and charged it with building a unified education system, a major undertaking. In 2015, the Legislature set a June 2019 sunset date for the office, and most of its functions related to strategic investment and educator training were transferred to ODE.

This history indicates state leaders will need to closely monitor the progress and challenges ahead for the Student Success Act to succeed long-term. Based on our audits of the K-12 system, our judgment is focusing on the risks outlined in this report will help them do so.

Oregon's K-12 system has improved in key areas, but still faces substantial challenges

In recent years, Oregon's K-12 system has increased some important performance metrics. From 2016 to 2019, the state saw increases in ninth-grade students on track to graduate, four-year graduation rates, and five-year completion rates. For graduation and completion rates, those improvements extended to the 2020-21 school year, despite pandemic challenges, and to students living in poverty, Black/African American students, Hispanic/Latino students, and students with disabilities.⁵ Oregon's overall graduation rate also increased faster than the national rate in the last five years of national comparisons. These encouraging results illustrate the benefit of publicly reporting and focusing on key performance metrics.

However, Oregon's underserved student populations still face significant achievement gaps relative to overall results in graduation rates and achievement test results for math and English Language Arts. Overall, less than a quarter of all students meet proficiency standards in math in 11th grade. Despite improvements, Oregon also continues to rank low relative to other states in its graduation rate. In 2018-19, the latest year of national data available, Oregon's 80% graduation rate ranked 48th lowest. This ranking does not account for differences in graduation requirements between states, such as Oregon's relatively high number of minimum credits required for graduation.⁶

Audits have found other specific equity challenges. A 2017 audit found students in online schools and alternative schools and programs account for nearly half the state's dropouts. Alternative school students are disproportionately students of color and more than two-thirds are low-income. A 2020 audit found only a third of Oregon children eligible for early intervention special education programs received an adequate level of services, as defined by ODE. A separate 2017 audit of graduation rates found more than 70% of students who do not graduate on time are low-income.

High school graduation is a critical milestone for students. Research indicates graduates are more likely to have jobs, less likely to be incarcerated, and less likely to rely on public assistance than students who drop out. They are also less likely to have problems with drugs and more likely to live long, healthy lives. A 2018 review of research on the link between education and health concluded the education process is central to health and noted "large and widening" disparities in health and longevity between adults with higher educational attainment and their less educated peers.⁷

Some important student success metrics dropped during the COVID-19 pandemic

Data for the 2020-21 school year, after COVID-19 took hold, shows reductions in some important indicators of student success, including attendance and ninth-grade students on track to graduate. In November 2021, ODE released data showing more than a quarter of Oregon's public high school ninth-graders had not passed enough classes to be on track to graduate in the 2020-21 school year, a drop of 12 percentage points from 2018-19.⁸ Results for all categories of students fell, with decreases for

⁵ When describing racial and ethnic groups in the context of an education data report, we use the terms used in the report.

⁶ A bill passed during the 2021 legislative session directed ODE to review the appropriateness of graduation requirements, including comparison to other states. That analysis is in process.

⁷ [Annu. Rev. Public Health 2018. 39:273-89](#)

⁸ The data is included in ODE's [Oregon Statewide Report Card for 2020-21](#).

American Indian/Alaska Native, Hispanic/Latino, and Native Hawaiian/Pacific Islander students all significantly higher than the statewide drop.

Nationwide, the Northwest Evaluation Association reports achievement testing results dropped from third- through eighth-grade in both reading and math from fall 2019 to fall 2021. Drops were particularly sharp at high-poverty schools and among Hispanic, American Indian/Alaska Native, and Black students.

At ODE and at school districts, the pandemic has delayed some critical student success work as the agency, districts, teachers, and other educators responded to urgent needs for online education and additional student support amid health concerns and staff shortages. Our 2021 follow-up work for a 2019 audit that involved ODE found pandemic-related delays contributed to ODE fully implementing only two of 11 recommendations.

State leaders must appropriately balance local control and state-level monitoring of K-12 results

Improving K-12 education requires balancing two priorities: supporting local control of school districts by district management and school boards — entities closer to the ground and more in touch with their communities — and ensuring ODE appropriately monitors and intervenes to help struggling districts improve, safeguard taxpayers' investment, and protect historically underserved students.

We analyzed risks identified in our past audits and conclude a lack of intervention by ODE, despite significant problems at the school and district level, has been a larger problem than infringement on local control. In some cases, ODE has said it lacked statutory authority to intervene. In addition, the Legislature structured the Student Success Act to focus ODE's efforts on collaboration, support, and coaching of struggling districts. More aggressive intervention — principally, directing spending to improve lagging areas — is likely to be limited and come only after other measures have not improved student success.

The following pages detail the five major systemic risks and, for each risk, suggested actions the Governor, State Board of Education, and Legislature could take to address them.

We sincerely appreciate the courtesies and cooperation extended by ODE leadership and staff during the preparation of this report and in all our prior audits.

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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards, and commissions as well as administer municipal audit law.

Systemic Risks in Oregon's K-12 System

Risk #1: Performance Monitoring and Support

Performance monitoring is crucial to school improvement. State leaders and policymakers must work with ODE to ensure monitoring of district performance and state support when needed to promote success.

For any organization or system, monitoring performance and intervening appropriately are important controls to ensure objectives are met. At ODE, our audits have consistently found issues with ODE's performance monitoring of grants and programs and issues with effective, timely intervention when districts or schools struggle. The Student Success Act added staff and requirements that could help ODE improve in this area, but state leaders also need to monitor how the agency itself is performing and intervene when necessary to ensure student success does, in fact, increase.

Earlier in 2022, the agency developed integrated guidance for school districts and a single application for six crucial initiatives that should help improve performance monitoring — and help districts and grant recipients consolidate their efforts and report their progress more effectively.⁹ The initiatives include Student Investment Account grants under the Student Success Act, the High School Success initiative sparked by Measure 98, Career-Technical Education programs, and district Continuous Improvement Planning. The agency plans to integrate planning and budgeting for these programs, and align reporting on program evaluation and progress.

However, our audits have found deficits in ODE's performance monitoring in practice, including monitoring the performance of grants and programs intended to help vulnerable students. For example:

Title I school improvement. This federal grant program under the Every Students Succeeds Act (ESSA) focuses on schools serving high proportions of economically disadvantaged students, as well as Black, Latino, and Native American students, making it crucial to closing Oregon's equity gaps in student performance. Yet our 2019 ODE-Portland Public Schools (PPS) audit found ODE and its contractor, Education Northwest, each evaluated the program just once between spring 2010 and 2017; both evaluations lacked rigor. Our own analysis found about 70% of the schools performed worse than comparable schools on English Language Arts and math assessments in 2016-17. In our 2021 follow-up report, ODE officials said they plan to develop new Title I support and school improvement procedures for 2021-22, including data sources for evaluating results. The agency also wants districts participating in improvement programs under ESSA to connect those efforts to the integrated application and reporting effort described above.

From an internal control standpoint, monitoring means consistently reviewing how effectively a system or program is working and addressing problems that arise.

⁹ ODE's [integrated guidance document](#), "Aligning for Student Success," is available online.

Alternative and Online Education. A 2017 audit of alternative and online education found ODE has not adequately collected and tracked alternative school and program performance information to identify both successful and underperforming schools and programs. Similarly, ODE’s performance tracking and legislatively authorized oversight of rapidly growing statewide and regional online charter schools — which enroll substantial numbers of academically at-risk students and many students who eventually drop out — is limited, and much lower than oversight in some states.

For example, ODE receives copies of key documents related to online charter schools, such as charter agreements and annual reports, but did not review them for quality or monitor the quality of district oversight of these schools. Our 2019 follow-up found little to no progress on our recommendations, which ODE officials attributed to low alternative education unit staffing and prioritizing accountability requirements under ESSA.

Our 2017 audit found other states have held districts, alternative schools, and programs to high standards and provided more support to help at-risk students succeed. Other states, including Washington, have also increased standards and oversight of fast-growing online schools, while Oregon’s laws allow these publicly funded schools to increase enrollment rapidly regardless of their performance.

Measure 98/High School Success. Our 2020 audit found the High School Success team at ODE is developing a robust plan to evaluate internal performance for this state program, aimed at increasing the state’s high school graduation rate. However, the audit also found this plan focuses on process, such as the number of ODE visits made, and not on interim or long-term outcomes like improvement in dropout prevention activities. The audit also found ODE staff reviewed districts’ requested changes in high school success plans for statutory compliance but did not evaluate the potential impact of the changes on student outcomes. This focus on process and compliance, rather than student outcomes, has been a common issue in ODE grant monitoring. ODE officials said they are making monitoring improvements; our office is conducting the next audit required under Measure 98, which is scheduled to be issued by the end of 2022.

The state lacks crucial data needed for more effective monitoring

Having adequate student data is crucial to monitoring and intervention, allowing ODE and districts to identify problems and respond to them. ODE’s October 2021 reporting showing the increase in ninth-graders not on track to graduate is a prime example.¹⁰ At the time of the data’s release, ODE’s director predicted the alarming results would “drive action” to get students back on track, an illustration of the power of meaningful data to highlight problems and improve results.

However, three of our K-12 audits found ODE lacks crucial student data to upgrade its overall performance monitoring.

Perhaps most important, ODE does not obtain course grades or specific credits attained by middle school and high school students, data the agency could use to help identify and address barriers to graduation. Class performance data would help ODE analyze when students are most likely to fall off

¹⁰ [This data is available on ODE’s website.](#)

track, which courses have high failure rates, and how student success or failure in specific courses ties to graduation.

For example, ODE has no ability to assess how many students take and pass Algebra 1, a key course required for graduation; how ability to pass ultimately affects students' graduation prospects; and whether a lack of the Algebra 1 credit plays a larger role than other potential barriers to graduation. ODE also doesn't have information about which 10th-, 11th- and 12th-grade students are on-track to graduate. That metric stops at ninth grade. That kind of diagnosis could help ODE identify statewide issues and tailor its improvement efforts to address them. In following up on our high school graduation rate audit, ODE management told us collecting this data would require more funding; a bill to collect high school credit attainment data did not pass out of the 2017 legislative session.

Data collection comes at a cost for districts and state agencies. State leaders can help by working with ODE to specify expected uses of the data and ODE's role in supporting districts when the data identifies problems.

Student Success Act requirements could improve monitoring and intervention

Student Success Act provisions for Student Investment Account grants have substantial promise for improving monitoring and intervention. The work is in the early stages, however, and our previous audit work with similar programs indicates ODE's monitoring and intervention efforts under the act could still be limited.

The act requires ODE to monitor performance growth targets of each Student Investment Account grant recipient each biennium; gives ODE the authority to require grant recipients to enter coaching programs; and authorizes ODE to establish a procedure for conducting performance audits of grantees. ODE's new Office of Education Innovation and Improvement has developed best practices for the monitoring and evaluation of progress with Student Investment Account programs under the act, including extensive guidance for schools on collection and evaluation of longitudinal performance data — data following students over long time periods. The office is also working on a long-term vision to develop consistent monitoring and evaluation tools across the agency.

However, ODE officials say the work is in the early stages and the agency still has significant room for improvement around performance management and monitoring.

Our previous audits have also identified monitoring and intervention issues in smaller programs with requirements similar to the Student Success Act. For example, our ODE-PPS audit found ODE personnel monitored PPS' work under the federal Title III grant program for English language learners, but the desk audits the agency conducted mainly consisted of a rules compliance review, not an evaluation of student performance. ODE also did not increase consequences for PPS when the district did not meet four student performance objectives from 2010 to 2015, despite options in the program to do so. ODE also administers other small but important state grants outside the Students Success Act, including African American Black Student Success grants and grants for American Indian/Alaska Native and English learner students. Performance management of these grants is important as well.

Suggested leadership actions

1. Closely track ODE's performance monitoring of grants and the agency's interventions when needed to support district or contractor success, including monitoring and intervention under the Student Success Act, and development of new Title I support and school improvement procedures. Clarify in statute where ODE's responsibility is weak or unclear.
2. Similarly, closely track work by ODE's new Office of Education Improvement and Innovation, including how the office is monitoring and measuring performance of districts and its own efforts to help districts.
3. Monitor and support ODE's efforts to improve inadequate performance measurement of alternative and online schools, and adopt statutes that hold public district and charter online schools, particularly statewide and regional online schools, to stronger standards.
4. Ensure ODE has adequate staff to monitor grant and district performance and to support districts and schools in improving performance.
5. Provide funding and, where needed, statutory authority for ODE to collect data from districts on course grades and specific credits attained by middle and high school students, a key to pinpointing graduation roadblocks.

Risk #2: Transparency on Results and Challenges

To foster accountability and timely adjustments, leaders and policymakers must require thorough reporting of school improvement results and challenges.

Key controls to ensure objectives are met also include identifying and addressing risks to achieving those objectives and reporting quality information on how the organization is doing. In that light, state leaders must support reporting of results for crucial K-12 programs. Leaders must also ensure ODE identifies and addresses challenges to successful implementation of the Student Success Act, revamped programs under ESSA, and other crucial K-12 improvement efforts, in addition to progress made. Effective agency reporting includes details of both successes and challenges, so challenges can be quickly addressed. Timely identification and remediation of roadblocks is crucial to ensure the state's latest improvement efforts maintain momentum and are not stalled.

Oregon's reporting of student outcomes has important gaps

ODE has made significant strides reporting results over the years, including issuing individual school report cards, an annual statewide report card on the performance of the K-12 system, and single-issue reports highlighting key problems. ODE's authority over school districts is limited, given Oregon's focus on local control, and insightful results reporting is one of the clearest ways the state can improve the K-12 system.

However, previous audits have identified gaps in the state's reporting. Most striking: Title I schools and alternative schools and programs — serving high numbers of low-income and historically underserved students — are effectively invisible in state results reporting.

Key programs for some vulnerable students are effectively invisible in state results reporting.

ODE's 2017 evaluation of the results of ESSA-driven efforts with Title I schools was not released publicly or put on the agency's website. Title I efforts are not called out as part of the state's education agenda. They also have not been assessed in ODE budget reports to the Legislature or in the agency's statewide report card.

For alternative education, ODE does not clearly identify schools as alternative on its website or in public performance reporting, including school report cards. It also does not report on alternative programs within districts at all, even when those programs are educating a large proportion of a district's academically at-risk students. The students in those programs may be mixed in with a larger school's population, or else in the district's overall numbers, but not broken out as a separate program.

The Student Success Act is another area where meaningful reporting is crucial. The act's requirements for student growth targets and evaluation by ODE could generate meaningful public reporting. It is not clear yet how ODE will report these results and evaluations.

ODE must transparently report challenges to implementation of the Student Success Act, ESSA, and other crucial K-12 programs

Our September 2021 follow-up to the ODE-PPS audit found ODE has not discussed implementation challenges for school improvement efforts in depth in public reports and presentations to the state board or the Legislature, particularly concerning given Oregon's history of abandoned K-12

improvement efforts. These challenges are likely substantial. Previous audits identified district concerns about redundant state-mandated plans, the difficulty of “braiding” funds from federal and state funding sources to achieve specific outcomes, and the ability of ODE and its contractors to authentically engage with school districts — a key issue given the Student Success Act’s emphasis on state-funded coaching for struggling districts.

As of July 2021, Student Success Act reports to the Legislature identified some challenges but did not report on them in detail or include stakeholder views of ODE’s efforts. ODE regularly reports on SSA-related programs to the State Board of Education, but none of the presentations reviewed by our office addressed challenges to implementation or efforts to meet those challenges. However, ODE’s January 2022 report to the Legislature on the Student Investment Account did detail some significant challenges, including procurement challenges in ODE’s intensive coaching program and the administrative burden and fragmentation caused for school districts and ODE by 88 separate state programs addressing K-12 education. This is an encouraging step toward transparency that state leaders can assure is continued and expanded for the Student Investment Account and extended to other crucial K-12 programs.

Suggested leadership actions

1. Require and support thorough ODE reporting and highlighting of both school improvement progress and challenges to effective implementation to the State Board of Education and the Legislature, including concerns raised by districts and stakeholders. Provide additional staff if necessary.
2. Ensure results — or the fact that results have not yet been measured — are clearly reported and discussed in the Legislature for key ODE programs. Include the Student Success Act, Measure 98, Title I and other efforts under ESSA, and additional grants aimed at student success and equity, such as African American Black Student Success grants and grants for American Indian/Alaska Native and English learner students.

Risk #3: Spending Scrutiny and Guidance

Leaders and policymakers should support ODE in providing more analysis of school district spending, helping districts focus spending on student support and offset rising costs.

Local school boards, business managers, and superintendents control district spending, but a recent study by ODE confirms the agency has the analytical capability to provide boards, school and state leaders, and the public with valuable district spending insights. Student Success Act requirements also provide a pathway for ODE to encourage efficient and effective spending that increases student outcomes and equity. Spending scrutiny is particularly important to help ensure programs serving marginalized students and their families, who may lack political power, are well funded.

However, our audits have found ODE can be wary of infringing on local control. After its recent spending study, the agency did not include two of the most compelling conclusions in its most high-profile annual report. In addition, ODE has not gone beyond checkbox oversight of a requirement that districts review and consider Quality Education Commission spending recommendations when applying for funds under the Student Investment Act. Further support from state leaders would help the agency highlight and follow through on research-backed spending practices.

Rapid increases in school district costs could reduce the impact of the Student Success Act

New money from the Student Success Act has the potential to substantially improve Oregon's sub-par national rankings in spending per K-12 student and in K-12 student-teacher ratios. As detailed in our ODE-PPS audit, a low ratio and smaller classes can allow teachers to focus more on individual students to raise their performance. Research indicates individual attention makes a particular difference in early grades and with disadvantaged students.

However, rapidly increasing Public Employees Retirement System (PERS) costs, rising inflation, and other rapid non-classroom cost increases such as rising costs for health insurance could reduce these gains by shifting the money away from student support. The ODE-PPS audit found benefits were the major K-12 cost category where Oregon exceeded the national average by the largest margin, likely driven by PERS costs.

ODE has made progress evaluating spending, but needs leadership support to publicize and meaningfully follow up on results

ODE has made important strides in spending analysis. Supported by ODE, the Quality Education Commission publishes an annual report on its Quality Education Model, which forecasts the amount of funding required to provide best educational practices statewide. ODE is providing more detailed spending data to districts for peer comparisons. In addition, in response to a recommendation from the ODE-PPS audit, ODE analyzed school district spending and its connection to graduation rates and published a summary in the 2020 annual report.

That study reached important conclusions, including emphasizing the importance of improved student services, and further demonstrated ODE's capacity for useful research. However, the study summary in

the annual Quality Education Commission report — a high-profile document required by law — omitted two of the study’s most critical conclusions:

- Reallocation of 1% of the spending from business services, central activities, and instructional support to instruction is associated with graduation rate increases of 3% to 4%.
- Higher costs of living and salaries in large cities and suburban schools leads to increased class sizes in districts with a substantial majority of historically underserved students, an inequity the ODE study recommended the Legislature take action to address.

The Student Success Act requires districts to consider commission recommendations when applying for Student Investment Account funds, an avenue for ODE to provide oversight and support. Districts are required to check a box attesting they have considered the recommendations, but ODE’s oversight thus far has not extended further. The statutory language also does not indicate how deeply ODE should address district spending issues.

In our judgment, volunteer school boards, parents, and other stakeholders would benefit from more broadly publicized information, well-researched recommendations, and meaningful ODE follow-up to adequately address spending issues. The ODE-PPS audit, for example, found public information on spending analysis at Portland Public Schools, Oregon’s largest district, was limited.

Suggested leadership actions

1. Support ODE in providing more analysis of effective and efficient school district spending and in providing additional information and useful tools for districts to benchmark and evaluate their spending. Ensure the agency details the most substantial findings in the Quality Education Commission’s annual report.
2. Monitor the depth and effectiveness of ODE’s interaction with school districts on spending.
3. Ensure ODE works with districts and other stakeholders to enhance transparency and analysis of district spending, develop academic return on investment models, and increase financial training for district administrators.

Risk #4: Clear, Enforceable District Standards

Oregon's Division 22 standards for K-12 schools lack clarity and enforceability, allowing low performance to persist. To increase accountability for state funds and student success, leaders and policymakers must balance local control of school districts with reasonable, enforceable standards.

Setting standards for operations and performance is an important control activity in a system or organization. Oregon's standards for K-12 school districts primarily come through Division 22 regulations that tie specific requirements to laws passed by the Legislature.

Our audits have found ODE's enforcement of standards designed to improve student achievement is limited, and education leaders and the Legislature have not resolved how best to balance enforcing standards and supporting struggling districts against the priority placed on local school district control.

Division 22 standards lack clarity and enforceability

The Division 22 rules, approved and enforced by the State Board of Education, cover some important district operations, among them: diploma requirements, common district curriculum, academic content standards, equity expectations, and evaluations. Particularly with ODE engaged in more support of districts under the Student Success Act, agency monitoring of district compliance with these standards can help ODE and districts identify areas of improvement to address.

Yet the ODE-PPS audit found the regulations lack clarity and enforceability in key areas. For example, the regulations call for rigorous instruction aligned with state academic standards, but the definition of rigorous is vague. The regulations require reporting of performance but set no performance standards. They require districts to maintain class sizes and teacher assignments that promote effective practices but provide no specifics.

The audit also found ODE's assurance of compliance with the standards, scaled back by budget reductions, is limited and largely complaint-driven. Districts are required to prepare and publicly report a Division 22 compliance form, but it consists of one page of checkboxes.

ODE has begun efforts to improve Division 22 standards and assurance

In May 2019, ODE created a Division 22 committee that meets monthly. The committee has identified areas of improvement in the Division 22 assurance process and increased support for districts out of compliance and needing corrective action. The agency also hired a full-time Division 22 specialist who has revised the Division 22 website,¹¹ developed systems for tracking and follow-up, and created proactive communication tools to support districts.

As our September 2021 audit follow-up noted, the formation of a dedicated ODE workgroup is significant progress toward improving Division 22 standards. However, the group has not yet fully evaluated the standards for enforceability and clarity.

¹¹ <https://www.oregon.gov/ode/rules-and-policies/StateRules/Pages/Division-22.aspx>

Suggested leadership actions

1. Monitor and support improvements in Division 22 standards for clarity and enforceability and in ODE's assurance and support efforts under its Division 22 improvement process.
2. Provide more staff if necessary to build a robust assurance effort that supports and meaningfully monitors districts in complying with the standards and assures compliance.

Risk #5: Governance and Funding Stability

Reforming education is a complex, long-term effort, requiring leaders and policymakers to set clear goals and foster a long-term focus. A large number of separate programs, unrealistic timelines, and frequent changes in funding priorities and leadership can undermine reform efforts.

The Student Success Act provides a foundation for state leaders to support and build on. However, our audits have identified three governance stability challenges that could reduce performance improvements under the act:

Multiple programs. The large number of programs that ODE administers, some funded by grants that come and go, adds substantial volatility to agency operations, makes it harder for ODE to focus on top priorities, and contributes to a piecemeal approach to improving K-12 education. ODE administers more than 108 state and federal grants, with new grants and initiatives added each legislative session — including 22 in the 2021 legislative session.¹² With 197 school districts, and the possibility of working directly with some individual schools, programs, or consortia for different grant programs, this translates to thousands of grant agreements each year. The agency has separate teams working on many grants and plans, and our graduation rate audit found a lack of communication and coordination between teams within the agency. ODE has also had limited input on how legislative initiatives can best fit into the agency's existing structure. For several recent initiatives, including efforts to address chronic absenteeism, high school success, and English language learning, ODE set up new teams to manage them, increasing the potential for duplication and isolation. Our September 2021 follow-up of the ODE-PPS audit found ODE has made progress consolidating and streamlining some critical programs under a new Office of Education Innovation and Improvement, a promising step.

Unrealistic timelines. Grant programs can drive significant improvements in the system, providing evidence of effective programs that can be scaled up statewide. However, Oregon's two-year legislative cycle can prompt state leaders and policymakers to require reports on the performance of state grant programs and initiatives before they have time to show results. As a result, state grants come and go, giving them a "flavor of the month" cast that increases skepticism and instability. Education programs can take a year to implement and generally need at least five years to determine how well they work.

Changes in priorities, leadership, and funding. Oregon's governance system is structured to generate frequent change, particularly in high-profile programs such as education. The Governor, the Superintendent of Public Instruction under the Oregon Constitution, is limited to two consecutive terms. The Legislature meets each year, with a full session every two years.

In 2017 alone, our high school graduation audit found, the Legislature passed 16 education-related policy measures, and considered another 23. ODE's director, appointed by the Governor, turns over periodically, and turnover in some key ODE departments has been high. These frequent changes can reduce focus on long-term goals and investment results.

¹² Each legislative session also creates new processes for ODE and school districts to implement. In the 2021 session, according to ODE, 29 bills passed with new processes, such as notification requirements for harassment and bullying, oral health curriculum, and a State School Fund study and advisory committee.

Reversals and defunding have affected K-12 education programs over the years. The 2013 establishment of the Oregon Education Investment Board led to a suite of strategic programs, including programs in early reading and connecting to work. But by 2017, just four years later, most of those strategic investments were repealed. ODE also has seen cuts in staffing for specific programs, including Division 22 staff, limiting oversight of state standards, and in staffing for oversight and support of academic content standards in the arts and world languages.

In our judgment, the systemic lack of governance and funding stability contributed to the abandonment of the state's three prior major K-12 improvement efforts. Similar rapid shifts in programs and reductions in funding for the Student Success Act — for programs under the act or for ODE's capacity to monitor and support districts — could also undermine this latest reform effort. The Student Success Act is statutory, not constitutional, meaning future Legislatures can reduce or divert funding and change staffing and requirements.

At this point, Oregon does not have a detailed road map of programs to improve K-12 education, which could help foster a longer-term focus on improving programs and managing investments already in place.

Suggested leadership actions

1. Support ODE in developing a comprehensive road map of programs to improve K-12 education that includes student populations served, funding, scale, district reporting requirements, performance measurement requirements, and performance expectations over time. Focus particularly on programs supporting struggling schools and vulnerable students.
2. Use the road map to ensure new K-12 initiatives and requirements are aligned with existing ODE school improvement work, and track the number of new programs introduced each legislative session. This important step by the Governor and Legislature would help foster coordinated action at ODE, reduce duplication, and reduce administrative burdens on the agency and school districts.
3. Require programs to have strong performance measurement plans and robust interim updates, then focus on incremental improvements, maintain adequate long-term funding, and allow time for meaningful analysis of results.

Report Conclusion

The Student Success Act increased Oregon's investment in K-12 education to a level close to what is called for in the Quality Education Model. It also increased capacity at ODE for system oversight and district support, increasing the potential to substantially increase student success and close long-standing equity gaps. State leaders can help ensure Oregon meets these critical goals by steadily monitoring the risks outlined in this report and providing the support Oregon's students need.

Appendix A: Audits and Follow-up Reports

We reviewed the following audit and follow-up reports to identify key risks for this systemic risk report.

Clearer Communication, Consistent Use of Results and an Ongoing Commitment to Improvement Could Help Address Testing Concerns

[Report 2016-21](#) (Sep 2016)

The Oregon Department of Education Should Take Further Steps to Help Districts and High Schools Increase Oregon's Graduation Rate

[Report 2017-29](#) (Dec 2017)

Stronger Accountability, Oversight, and Support Would Improve Results for Academically At-Risk Students in Alternative and Online Education

[Report 2017-30](#) (Dec 2017)

Department of Education and Portland Public Schools: ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools

[Report 2019-01](#) (Jan 2019)

Recommendation Follow-up Report: Stronger Accountability, Oversight, and Support Would Improve Results for Academically At-Risk Students in Alternative and Online Education

[Report 2019-12](#) (Mar 2019)

Recommendation Follow-up Report: The Oregon Department of Education Should Take Further Steps to Help Districts and High Schools Increase Oregon's Graduation Rate

[Report 2019-15](#) (Apr 2019)

ODE Can Better Support Students Experiencing Disabilities Through Improved Coordination and Monitoring of Services

[Report 2020-24](#) (Jun 2020)

High School Success Planning Is Robust, but ODE Can Enhance Benefits of Measure 98 by Improving Monitoring and Analysis

[Report 2020-44](#) (Dec 2020)

Recommendation Follow-up Report: ODE Must Accelerate Efforts to Monitor Spending and Improve Initiatives to Help Vulnerable Students

[Report 2021-28](#) (Sep 2021)

Recommendation Follow-up Report: Portland Public Schools has Made Progress, but Must Take Further Steps to Reduce Inequities at High-Poverty Schools

[Report 2022-10](#) (March 2022)



This report is intended to promote the best possible management of public resources.

Copies may be obtained from:

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Secretary of State
Shemia Fagan



Audits Director
Kip Memmott



PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, (Oregon Department of Education) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2023-2025 biennium.

Supervisory Ratio for the last quarter of 2021-2023 biennium

The agency actual supervisory ratio as of 07/01/2021 is 1: 10.83
 (Date) (Enter ratio from last Published DAS CHRO Supervisory Ratio)

The Agency actual supervisory ratio is calculated using the following calculation;

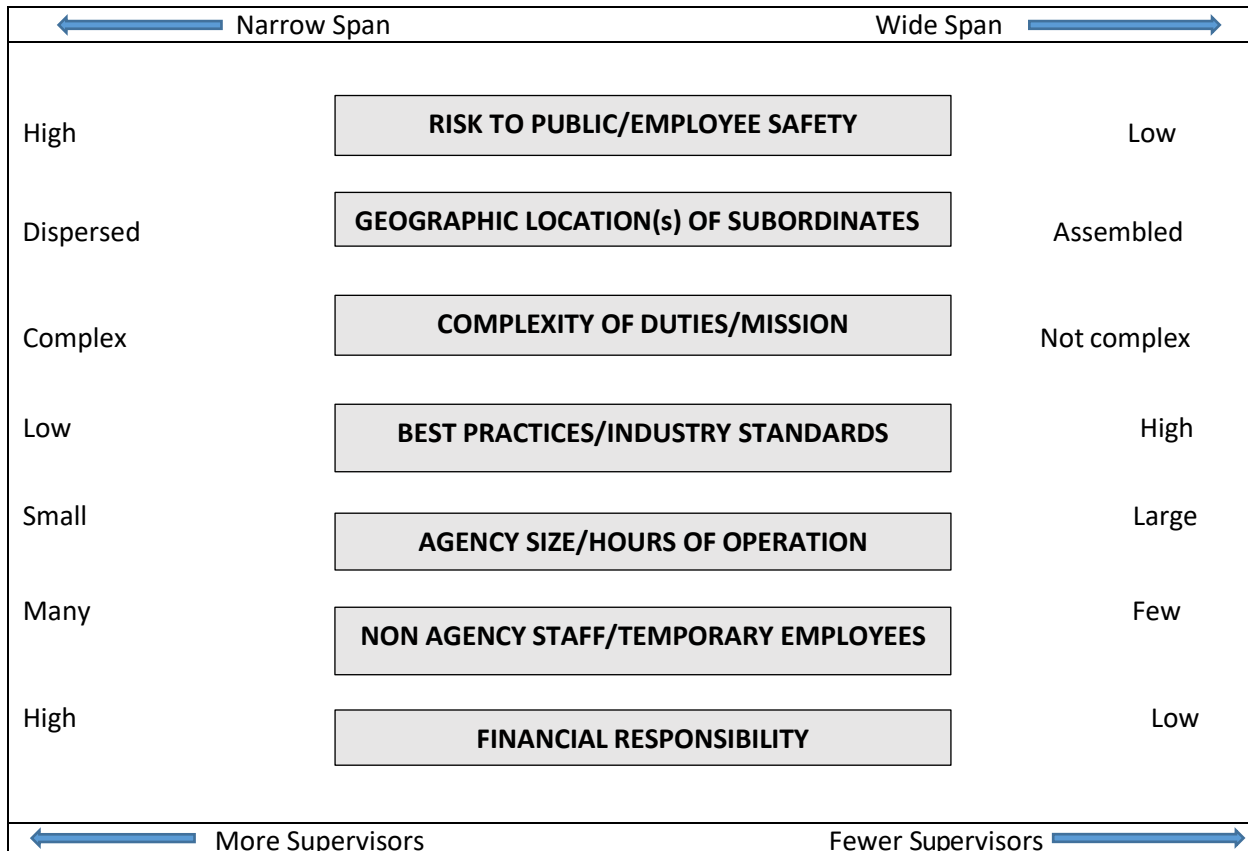
$$\frac{50}{\text{(Total supervisors)}} = \frac{46}{\text{(Employee in a supervisory role)}} + \frac{4}{\text{(Vacancies that if filled would perform a supervisory role)}}$$

$$\frac{554}{\text{(Total non-supervisors)}} = \frac{476}{\text{(Employee in a non-supervisory role)}} + \frac{78}{\text{(Vacancies that if filled would perform a non-supervisory role)}}$$

The agency has a current actual supervisory ratio of-

$$1: \underline{11.08} = \frac{\underline{554}}{\text{(Total non - Supervisors)}} / \frac{\underline{50}}{\text{(Total Supervisors)}}$$

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.



Ratio Adjustment Factors

Is safety of the public or of State employees a factor to be considered in determining the agency maximum supervisory ratio?

Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Department of Education is responsible for work that is large in scope and complexity. The agency oversees the education of over 560,000 students in Oregon's public Kindergarten-12th grade (K-12) education system, and encompasses the Oregon School for the Deaf, regional programs for children with disabilities, and education programs in Oregon youth corrections facilities.

Federal and state laws, rules, and policies govern the work, and cover a wide range of complex areas such as:

Elementary and secondary education programs

- 1,200 public schools organized into 197 school districts and 19 education service districts
- Student Success Act

Equity-Related Programs

- Civil Rights, including Title IX
- English Language Learner Initiatives
- African American/Black Student Education
- American Indian/Alaska Native Education
- Migrant Education

Federal Programs

- Every Student Succeeds Act (ESSA)
- Elementary & Secondary Education Act (ESEA)
- Title I-A (Improving Basic Programs)
- Title I-C (Migrant Education)
- Title I-D (Neglected and Delinquent or At-Risk Children)
- Title II-A (Supporting Effective Instruction)
- Title III (English Learners and Immigrant Youth)
- Title IV-A (Student Support and Academic Enrichment Grant)
- Title IV-B (21st Century Community Learning Centers)
- Title IV-C (Charter Schools)
- Title V-A (Funding Flexibility)
- Title V-B (Rural Education Achievement Program)
- Title VI-A (Indian, Native Hawaiian, and Alaska Native Education)
- McKinney-Vento Act (Education of Homeless Children and Youth Program)

Student Services

- Special Education Data Collection & Compliance
- Child Nutrition
- Early Intervention & Early Childhood Special Education
- Education Programs and Secondary Transition
- Hospital Programs
- School Nurses
- Fingerprinting of all classified staff in school districts
- Regulating Pupil Transportation for all schools
- Regional Programs/Best Practices

District and School Effectiveness

- School Improvement Grants
- Continuous Improvement Planning
- System Performance Review and Improvement

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? (***CONTINUED FROM PREVIOUS PAGE***)

Standards and Instructional Support

- Academic Content Standards

Student Assessment

- Statewide Assessments
- Essential Skills
- Test Administration

Career and Technical Education (CTE)

- Carl D. Perkins IV Federal Grant
- CTE Revitalization Grant
- CTE Civil Rights

Youth Development Division

- Student Supports and Graduation Readiness
- Reengaging Dropout Youth
- Youth Workforce & Training
- Juvenile Justice
- Youth Gang Prevention & Intervention

School Facilities

- Oregon School Capital Improvement Matching Program (OSCIM)
- Oregon School Safety and Emergency Management (GSEM)
- Technical Assistance Program
- School Facilities Database

The agency must have supervisors with the technical and educational knowledge required in each of these areas to effectively supervise and collaborate with educational professionals as they carry out the work. A narrower span of control would allow a tighter focus on highly complex education programs, and effective relationships with a wide variety of interested parties.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? Y N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Department of Education operates the Oregon School for the Deaf (OSD), which provides an educational program for Oregon students who are Deaf or Hard of Hearing, and whose educational needs can appropriately be met in this setting. OSD offers a full range of classes and extra-curricular activities for students in kindergarten through grade 21.

The programs and departments of OSD include Administration, Clerical, Education, Dormitory/Recreation, Adult Transition Program, Athletics, Student Guidance, Maintenance/Custodial, Student Health Services, Student Nutrition Services, Evaluation/Support Services, and Library Media Center.

Residential services are available to students who live beyond a distance feasible for daily transportation or for students who's Individual Education Plan (IEP) requires additional time or alternative settings resulting in OSD providing 24-hour service, care, and education for students.

OSD's 24-hour operations require a narrower supervisory ratio in order to provide sufficient oversight for employees on all shifts who are educating and ensuring the safety and well-being of students.

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Department of Education's total budget for 2023-25 CSL is \$14.26 billion, including the State School Fund's \$9.5 billion. The State School Fund represents approximately **93% of the state's General Fund budget overall**. Distribution of the State School Fund is highly complex and a critical factor in the successful operation of all Oregon schools, school districts and education service districts.

The agency administers approximately \$400 million of complex bond-related programs targeted for improving school facilities, as well as the Oregon School for the Deaf facility. In addition, the agency distributes about \$4 billion in additional grants-in-aid funding with multiple and complex funding.

The agency must have supervisors with the technical and educational knowledge required to administer and distribute the State School Fund, and complex bond-related programs. A narrower span of control would allow a tighter focus on these highly complex funding systems.

Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 10.

Unions Requiring Notification Service Employees International Union (SEIU), State Teachers Education Association (STEA)

Date unions notified _____

Submitted by: _____

Date: _____

Signature Line _____

Date _____

Signature Line _____

Date _____

Signature Line _____

Date _____

Signature Line _____

Date _____

Agency	Policy Group	IT Investment Name
<i>ABC</i>	<i>Administration and Business Services</i>	<i>Example Project</i>
ODE	Education	Adult Professional Learning Platform
ODE	Education	ODE Grant Management System Replacement
ODE	Education	Migrant Education Data System
ODE	Education	Special Education Data Compliance System
ODE	Education	State School Fund System Replacement

Mandate	Project	Start Date	End Date	Total Cost	Previous Biennia GF Cost
<i>Legislature</i>	<i>Yes</i>	2024-03-01	2025-05-01	\$ 1,015,000.00	\$ -
Other	Yes	2022-07-01	2023-06-30	\$ 2,541,587.00	\$ -
None	Yes	2017-07-01	2023-06-30	\$ 2,685,000.00	\$ -
Federal	Yes	2021-10-01	2023-09-30	\$ 575,000.00	\$ -
Federal	Yes	2020-01-16	2024-12-31	\$ 3,310,000.00	\$ -
Legislature	Yes	2016-04-01	2026-03-31	\$ 983,863.00	\$ 141,920.00

Previous Biennia OF Cost		Previous Biennia LF Cost		Previous Biennia FF Cost		Current Biennium GF Cost		Current Biennium OF Cost	
\$	-	\$	-	\$	-	\$	115,000.00	\$	-
\$	-	\$	-	\$	-	\$	567,278.00	\$	-
\$	1,200,000.00	\$	-	\$	-	\$	-	\$	925,000.00
\$	-	\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	-	\$	841,943.00	\$	-

Current Biennium LF Cost		Current Biennium FF Cost		Future Biennia GF Cost		Future Biennia OF Cost		Future Biennia LF Cost	
\$	-	\$	-	\$	900,000.00	\$	-	\$	-
\$	-	\$	-	\$	1,974,309.00	\$	-	\$	-
\$	-	\$	275,000.00	\$	-	\$	285,000.00	\$	-
\$	-	\$	200,000.00	\$	-	\$	-	\$	-
\$	-	\$	2,110,000.00	\$	-	\$	-	\$	-
\$	-	\$	-	TBD		TBD		TBD	

Future Biennia FF Cost	Policy Option Package Request
\$ -	<i>Yes</i>
\$ -	No
\$ -	Yes
\$ 375,000.00	No
\$ 1,200,000.00	No
TBD	Yes

Short Description

This effort replaces the previous example project.

Implement statewide Adult Professional Learning Platform that provides easily accessible, relevant, and timely training opportunities for educators and administrators.
Replacement of ODE's antiquated electronic grants management system (EGMS) based in Access. This system provides a secure, user-friendly interface for managing grants.
Evaluation of moving forward with current, or different, migrant education data system that will allow ODE to continue to provide accurate and timely data for reporting and decision-making.
Replacement of current System Performance Review & Improvement (SPR&I) system to support some of the general education programs.
Replacement of the current State School Fund revenue distribution system; continuing to research best option for funding distribution.

cesses grants payments of over \$6 billion (2021-23), over multiple funding streams. Incorporating CNP web a
tinuously meet federal reporting requirements. System administration will be within the scope, as the curren
eral supervision processes required as a recipient of IDEA funding. Up to \$1.2 million for system, plus \$300,000

t system administration resides solely with the Oregon Migrant Education Service Center (OMESC). Title IC Mig

grant Education funding will pay for this work. Includes 1-3 staff, depending on solution decisions.

**Facility Plan - Maintenance Priority 1-4
2023-25 Biennium**

Agency Name

Department of Education

10 Year Maintenance Priority 1-4 for Owned Assets Over \$1M CRV¹

iPlan Data (Incl Soft C				
Campus	Building ID	Building Name	Construction Year ²	Gross Square Footage
A	B	C	D	E
ODE - Oregon School for the Deaf - OSD	2100	New Extreme Dorm (17)	2010	3,485
ODE - Oregon School for the Deaf - OSD	2101	Maintenance (8)	1961	13,274
ODE - Oregon School for the Deaf - OSD	2102	Industrial Arts (9)	1922	14,325
ODE - Oregon School for the Deaf - OSD	2103	Education Facility (13)	1975	49,104
ODE - Oregon School for the Deaf - OSD	2104	Tillinghast (6)	1914	6,320
ODE - Oregon School for the Deaf - OSD	2105	Wallace Hall (2)	1958	7,092
ODE - Oregon School for the Deaf - OSD	2106	Girls Dorm (3)	1962	24,173
ODE - Oregon School for the Deaf - OSD	2108	Multipurpose/Gym (11)	1963	17,752
ODE - Oregon School for the Deaf - OSD	2109	Lindstrom Hall (Boys) (5)	1957	56,260
ODE - Oregon School for the Deaf - OSD	2114	Primary Dorm (4)	1948	32,904
ODE - Oregon School for the Deaf - OSD	2115	Central Services Facility (7)	1971	32,664
ODE - Oregon School for the Deaf - OSD	2116	Vocational Unit/Hig (12)	1962	20,357
ODE - Oregon School for the Deaf - OSD	248934	Locker Room Improvement	2021	2,977
Subtotal Over \$1M CRV				280,687

287,249

Maintenance Priority 1-4 for Owned Assets Under \$1M CRV (Optional) - This is not required for the bu

iPlan Data (Incl Soft C				
Campus	Building ID	Building Name	Construction Year ²	Gross Square Footage
A	B	C	D	E
ODE - Oregon School for the Deaf - OSD	2107	Tillinghast Carport (16)	1963	440
ODE - Oregon School for the Deaf - OSD	2110	Carpenter House Garage (14)	1950	400
ODE - Oregon School for the Deaf - OSD	2111	Pump House (18)	1950	378
ODE - Oregon School for the Deaf - OSD	2112	Carpenter House (1)	1950	3,864
ODE - Oregon School for the Deaf - OSD	2113	Painthouse (10)	1947	1,480
ODE - Oregon School for the Deaf - OSD	211190	OSD Site Systems	0	0
Subtotal Under \$1M CRV				6,562

Definitions

Current Maintenance Priority 1-4	1	Current costs for all facility maintenance and deferred budgets (routine maintenance).
Construction Year	2	Original Construction Year
Current Replacement Value	3	Current Replacement Value Reported to Risk Management Assessment (FCA)
Priority One: Currently Critical	4	From the Budget Instruction: Priority One projects are violations that affect life safety. Building envelope issues be included in this category.
Priority Two: Potentially Critical	5	From the Budget Instruction: Priority Two projects are accommodate current agency program requirements. not addressed, will cause additional system deterioration (roof, sides, windows and doors) that, if not addressed
Priority Three: Necessary - Not yet Critical	6	From the Budget Instructions: Priority Three projects are building and to address building systems, building code industry standards, but are still functioning in some capacity potential downtime and consequently higher costs if corrected
Priority Four: Seismic and Natural Hazard Remediation	7	From the Budget Instructions: Priority Four projects include changes to protect occupants, minimize building damage mitigate significant flood hazards.
Facility Condition Index	8	A calculated measure of facility condition relative to its

Costs)

Current (Calculated) Replacement Value ³	Priority 1 - Currently Critical (Life Safety, DM, Code Compliance) ⁴	Priority 2 - Potentially Critical (Near Term Capital Renewal, Energy, Functionality) ⁵	Priority 3 - Not Yet Critical (Mid-term) ⁶	Priority 4 - Seismic + Natural Hazard Remediation (if applicable) ⁷	Total (G+H+I+J)
F	G	H	I	J	K
\$1,143,884	\$28,176	\$0	\$82,848	\$0	\$111,024
\$5,161,374	\$262,913	\$547,287	\$366,688	\$0	\$1,176,888
\$3,338,511	\$566,594	\$288,061	\$322,793	\$0	\$1,177,448
\$9,414,449	\$0	\$2,439,045	\$597,248	\$0	\$3,036,294
\$2,376,534	\$323,859	\$361,945	\$46,147	\$0	\$731,950
\$2,148,602	\$102,205	\$487,889	\$396,623	\$0	\$986,717
\$6,057,066	\$1,024,935	\$1,744,700	\$166,437	\$0	\$2,936,073
\$5,262,781	\$505,742	\$1,151,341	\$632,005	\$0	\$2,289,088
\$11,616,619	\$1,094,559	\$2,179,058	\$1,592,871	\$0	\$4,866,487
\$10,460,004	\$214,022	\$1,463,717	\$127,186	\$0	\$1,804,925
\$9,324,440	\$934,387	\$1,514,605	\$443,257	\$0	\$2,892,249
\$5,434,654	\$131,668	\$547,868	\$764,519	\$0	\$1,444,055
\$1,200,000	\$0	\$0	\$0	\$0	\$0
\$72,938,918	\$5,189,060	\$12,725,516	\$5,538,622	\$0	\$23,453,198
\$73,677,020	\$5,554,744	\$13,298,351	\$6,439,851		\$25,292,947

iget submission or CPAB Report. Agencies may choose to complete.

Costs)

Current (Calculated) Replacement Value ³	Priority 1 - Currently Critical (Life Safety, DM, Code Compliance) ⁴	Priority 2 - Potentially Critical (Near Term Capital Renewal, Energy, Functionality) ⁵	Priority 3 - Not Yet Critical (Mid-term) ⁶	Leave Blank	Total (G+H+I)
F	G	H	I	J	K
\$7,833	\$0	\$0	\$3,890	\$0	\$3,890
\$12,411	\$0	\$9,213	\$6,860	\$0	\$16,073
\$191,938	\$0	\$31,122	\$0	\$0	\$31,122
\$451,217	\$341,753	\$369,238	\$74,943	\$0	\$785,934
\$62,983	\$23,931	\$77,656	\$26,049	\$0	\$127,636
\$11,721	\$0	\$85,606	\$789,488	\$0	\$875,094
\$738,103	\$365,684	\$572,836	\$901,229	\$0	\$1,839,749

<p>maintenance except those that are covered in operations and maintenance</p>
<p>ment or <i>Calculated Replacement Value Reported from Facility Conditions</i></p>
<p>conditions that require immediate action in order to address code and accessibility issues (roof, sides, windows and doors) that pose immediate safety concerns should</p>
<p>to be undertaken in the near future to maintain the integrity of the facility and Included are systems that are functioning improperly or at limited capacity, and if ion and added repair costs. Also included are significant building envelope issues l, will cause additional system deterioration and added repair costs.</p>
<p>ould be undertaken in the near to mid-term future to maintain the integrity of a rponents and site work that have reached or exceeded their useful life based on pacity. These projects may require attention currently to avoid deterioration, rrective action is deferred.</p>
<p>improve seismic performance of buildings constructed prior to 1995 building code age and speed recovery after a major earthquake. Projects also include those that</p>
<p>s current replacement value (expressed as a percentage)</p>

Agency Input			
Current FCI ¹⁸ less Seismic Nat Haz = Columns (G+H+I) / F	2021-23 LAB Approved	2023-25 Requested Budget	Remaining 10 Year Need (Estimated) = Columns K-M-N
L	M	N	O
9.7%	\$33,794	\$0	\$77,230
22.8%	\$240,359	\$0	\$936,529
35.3%	\$373,811	\$0	\$803,636
32.3%	\$480,391	\$130,000	\$2,685,902
30.8%	\$0	\$0	\$731,950
45.9%	\$203,572	\$0	\$783,145
48.5%	\$823,405	\$130,000	\$2,242,668
43.5%	\$335,163	\$0	\$1,953,925
41.9%	\$1,314,952	\$130,000	\$3,681,535
17.3%	\$512,961	\$0	\$1,291,964
31.0%	\$699,312	\$0	\$2,192,937
26.6%	\$350,936	\$1,350,000	\$2,443,119
0.0%	\$0	\$0	\$0
32.2%	\$5,368,657	\$1,740,000	\$19,824,540
	\$5,500,000	\$2,740,000	\$20,532,947

Agency Input			
Current FCI ¹⁸ less Seismic Nat Haz = Columns (G+H+I) / F	2021-23 LAB Approved	2023-25 Requested Budget	Remaining 10 Year Need (Estimated) = Columns K-L-M
L	M	N	O
49.7%	\$0	\$0	\$3,890
129.5%	\$2,607	\$0	\$13,466
16.2%	\$0	\$0	\$31,122
174.2%	\$100,732	\$0	\$685,202
202.7%	\$28,005	\$0	\$99,632
7465.8%	\$0	\$1,000,000	(\$124,906)
249.3%	\$131,343	\$1,000,000	\$708,406

Oregon Department of Education																				
2023-25 Biennium																			Agency Number: 58100	
Program/Division Priorities for 2023-25 Biennium																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	
Agcy	Prgm/ Div																			
1	1	ODE	SSF	State School Fund	5,6,7,9,10	7	7,890,603,299	650,508,965	758,887,736	0	0	0	9,300,000,000	0	0	N	Y	S, C, FM	OR Const., ORS Ch. 327 et al, IDEA, NCLB	Uniform system of common schools; basic education; special education (incl. MOE)
2	1	ODE	CSF	Common School Fund - distributions to local districts	5,6,7,9,10	7	0	0	0	133,059,086	0	0	133,059,086	0	0	N	Y	S	OR Const., ORS Ch. 327	
3	1	ODE	OSD	OSD Classroom	5,6,7	7	7,761,435	0	1,312,679	0	329,420	0	9,403,534	38	37	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
4	2	ODE	OSD	OSD Nutrition	5,6,7	7	813,590	0	249,926	0	0	0	1,063,516	7	5	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
5	3	ODE	OSD	OSD Administration	5,6,7	7	1,617,816	0	754,460	0	3,253	0	2,375,529	5	5	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
6	4	ODE	OSD	OSD Physical Plant	5,6,7	7	1,385,031	0	2,195,896	0	0	0	3,580,927	12	12	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
7	5	ODE	OSD	OSD Medical	5,6,7	7	504,485	0	185,886	0	0	0	690,371	3	3	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
8	6	ODE	OSD	OSD Residential	5,6,7	7	2,682,449	0	395,678	0	0	0	3,078,127	17	15	N	N	S, FM	ORS Ch. 343 and 346, IDEA	Mandatory Placement Option, IDEA Directive
		ODE	OSD	OSD Dererred Maintenance	5,6,7	7	0	0	1,591,593	0	0	0	1,591,593	0	0	N	N			
9	1	ODE	OPS	Office of Enhancing Student Opportunities	10	7	3,385,033	0	1,869,772	0	19,942,688	0	25,197,493	44	43	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
10	1	ODE	GIA	Youth Corrections Education Program and Juvenile Delinquency Education Program	4,5,6,7	7	7,965,880	0	14,967,811	0	1,125,721	0	24,059,412	0	0	N	N	C, FM, S	ORS Ch.327, ESSA, IDEA	Eligibility & Reporting
11	2	ODE	GIA	Early Intervention/Early Childhood Special Education	2,3	7	216,112,910	0	83,800,510	0	29,007,114	0	328,920,534	0	0	N	N	S, FM, FO	ORS Ch. 343.475; IDEA	Mandatory Placement; Optional IDEA Directive
12	3	ODE	GIA	Long Term Care and Treatment Program	5,6	7	20,500,345	0	19,882,974	0	3,070,348	0	43,453,667	0	0	N	N	FM	ORS Ch. 343.961, IDEA	Eligibility & Reporting
13	4	ODE	GIA	Hospital & Pediatric Nursing Programs	5,6	7	1,480,823	0	6,323,734	0	88,156	0	7,892,713	0	0	N	N	FM	ORS Ch. 343.261; IDEA	Eligibility & Reporting
14	5	ODE	GIA	Regional Education Programs	5,6	7	29,966,831	0	0	0	35,239,865	0	65,206,696	0	0	N	N	FM	ORS Ch. 343.236, IDEA	Eligibility & Reporting
15	6	ODE	GIA	Blind & Visually Impaired Student Fund	4,5,6	7	0	0	1,680,906	0	0	0	1,680,906	0	0	N	N	S	2009 OL Ch 562 Sec 7	
16	7	ODE	GIA	Transition Network Facilitator Grants	4,5,6	7	1,460,200	0	0	0	0	0	1,460,200	0	0	N	N	S		
17	8	ODE	GIA	Title I - Part A - Low Income	4,5,6,7	7	0	0	0	0	312,998,517	0	312,998,517	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
18	9	ODE	GIA	Title I - School Improvement	4,5,6,7	7	0	0	0	0	21,256,340	0	21,256,340	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
19	10	ODE	GIA	Individuals with Disabilities Education Act	4,5,6,7	7	0	0	0	0	280,909,082	0	280,909,082	0	0	N	N	FM	ORS 326.051, 326.111; IDEA	Eligibility & Reporting
20	11	ODE	GIA	Title I - Part C - Migrant Education	4,5,6,7	7	0	0	0	0	40,013,685	0	40,013,685	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
21	12	ODE	GIA	Title III - English Language Acquisition	4,5,6,7	7	0	0	0	0	13,970,443	0	13,970,443	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
22	2	ODE	OPS	Office of Equity, Inclusion, and Diversity	10	7	1,618,008	0	6,790,578	0	264,387	0	8,672,973	17	17	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
23	13	ODE	GIA	African American Education Plan	4,5,6,7	7	11,495,804	0	7,647,660	0	0	0	19,143,464	0	0	N	N	S	ORS 329.841	

Oregon Department of Education																				
2023-25 Biennium																			Agency Number: 58100	
Program/Division Priorities for 2023-25 Biennium																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	
Agcy	Prgm/ Div																			
24	3	ODE	OPS	Office of Indian Education	10	7	0	0	0	0	0	0	0	0	4	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
25	14	ODE	GIA	Tribal Attendance Program	4,5,6,7	7	1,678,775	0	0	0	0	1,678,775	0	0	N	N	S	ORS 342.950		
26	15	ODE	GIA	American Indian/Alaskan Native Student Success Plan	4,5,6,7	7	0	0	5,151,340	0	0	5,151,340	0	0	Y	N	S	ORS 327.254 (e)		
27	16	ODE	GIA	Latinx Student Success Plan	4,5,6,7	7	0	0	6,086,000	0	0	6,086,000	0	0	Y	N	S	ORS 327.254 (e)		
		ODE	GIA	LGBTQ State Plan	4,5,6,7	7	0	0	2,000,000	0	0	2,000,000	0	0	Y	N	S			
28	17	ODE	GIA	English Language Learners	4,5,6,7	7	0	0	10,000,000	0	0	10,000,000	0	0	N	N	S	ORS 327.344		
42	5	ODE	OPS	Youth Development Division	10	7	2,966,184	0	1,295,069	0	250,265	4,511,518	13	13	N	Y	S, FM	ORS 417.852, JJDP Act	Reporting	
43	1	ODE	YDD	Youth Reengagement Program	5,6,7	7	0	0	8,344,000	0	0	8,344,000	0	0	N	N	S	ORS 327.254 (c)		
44	2	ODE	YDD	Gang Prevention & Intervention Grants	5,6,7	7	811,976	0	0	0	0	811,976	0	0	N	Y	S	SB5518 (2013)		
45	3	ODE	YDD	Youth and Community Grants	5,6,7	7	3,985,986	0	6,071,747	0	0	10,057,733	0	0	N	N	S	SB5518 (2013)		
46	4	ODE	YDD	Youth and Innovation Grants	5,6,7	7	3,433,234	0	0	0	0	3,433,234	0	0	N	N	S	SB5518 (2013)		
47	5	ODE	YDD	Juvenile Crime Prevention	5,6,7	7	6,368,328	0	0	0	1,255,179	7,623,507	0	0	N	Y	FM	42 U.S.C. 5601 and ORS 417.855	Reporting	
48	6	ODE	YDD	Community Schools	5,6,7	7	107,644	0	0	0	0	107,644	0	0	N	Y	S	SB5518 (2013)		
49	7	ODE	YDD	Other Small Grants	5,6,7	7	5,313,429	0	7,259,370	0	0	12,572,799	0	0	N	Y	S	SB5518 (2013)		
50	6	ODE	OPS	Child Nutrition, Fingerprinting & Transportation	10	7	2,415,085	0	2,419,718	4,074,452	9,870,001	18,779,256	46	45	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting	
	8	ODE	OPS	Office of Teaching, Learning, and Assessment	10	7	27,845,450	0	4,277,414	0	34,011,686	66,134,550	90	86	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting	
50	6	ODE	OPS	SSO Research & Accountability	10	7	3,824,128	0	587,366	0	1,763,888	6,175,382	18	18	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting	
51	18	ODE	GIA	Nutritional Programs	4,5,6,7	7	1,573,696	0	56,196,653	0	0	446,672,830	504,443,179	0	0	N	Y	FM	USDA	Eligibility & Reporting
52	19	ODE	GIA	Hunger Free Oregon Account	4,5,6,7	7	0	0	84,340,556	0	0	84,340,556	0	0	Y	N	S	ORS 327.254 (b); ORS 327.548, and SB 5015 (2019)		
53	20	ODE	GIA	Summer School Grants for Title I	4,5,6,7	7	0	0	8,258,000	0	0	8,258,000	0	0	Y	N	S	ORS 327.254 (f)		
54	21	ODE	GIA	Statewide School Safety and Prevention System	4,5,6,7	7	0	0	2,971,280	0	0	2,971,280	0	0	Y	N	S	ORS 327.254 (d)		
55	7	ODE	OPS	Office of Education Innovation and Improvement	10	7	2,798,932	0	27,599,263	0	1,642,749	32,040,944	51	51	Y	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting	
56	22	ODE	GIA	Student Investment Grants	4,5,6,7	7	0	0	892,276,973	0	0	892,276,973	0	0	Y	Y	S	ORS 327.180		
57	23	ODE	GIA	Student Success Teams Grants	4,5,6,7	7	0	0	25,032,000	0	0	25,032,000	0	0	Y	N	S	ORS 327.254 (k) (B); ORS 327.222		
58	24	ODE	GIA	ESD Technical Assistance Grants	4,5,6,7	7	0	0	41,083,200	0	0	41,083,200	0	0	Y		S	ORS 327.254 (L)		
59	25	ODE	GIA	STEM and CTE Related Programs	6,7	7	32,300,293	0	0	0	34,720,730	67,021,023	0	0	N	Y	S, FM	Ch. 344, & Ch 327	Eligibility & Reporting	

Oregon Department of Education																				
2023-25 Biennium																			Agency Number: 58100	
Program/Division Priorities for 2023-25 Biennium																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	
Agcy	Prgm/ Div																			
61	9	ODE	OPS	Office of Director	10	7	9,516,551	0	7,071,625	0	908,218	0	17,496,394	42	41	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
62	10	ODE	OPS	Office of Finance and Information Technology (Finance)	10	7	28,818,110	0	37,871,843	0	6,163,995	0	72,853,948	84	82	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
62	10	ODE	OPS	Office of Finance and Information Technology (IT Systems)	10	7	13,388,654	0	3,215,827	0	72,135	0	16,676,616	46	46	N	Y	S, FM	ORS Chapters 326-346, ESSA, IDEA, Student Success Act	Reporting
63	13	ODE	OPS	General Facility/Operating Expense (Includes Rent)	10	7	4,677,074	0	3,540,760	0	2,279,661	0	10,497,495	0	0					
64	26	ODE	GIA	Phys Ed Grants	4,5,6,7	7	1,475,417	0	3,046,636	0	0	0	4,522,053	0	0	N	Y	S	OL 2007 Sec 10 Ch 839	
65	27	ODE	GIA	High School Success Grants (Measure 98)	4,5,6,7	7	174,618,342	0	307,323,223	0	0	0	481,941,565	0	0	N	Y	S	ORS 327.856; ORS 327.254 (a)	
66	28	ODE	GIA	Chronic Absenteeism Grants	4,5,6,7	7	6,752,151	0	0	0	0	0	6,752,151	0	0	N	Y	S	SB 5516 (2017)	
67	11	ODE	OPS	Educator Advancement Council	10	7	0	0	3,218,305	0	0	0	3,218,305	6	6	Y	Y	S	ORS 342.940, ESSA, IDEA, Student Success Act	Reporting
68	1	ODE	EAC	Educator Advancement Council Grants - Formula	4,5,6,7	7	0	0	32,004,929	0	0	0	32,004,929	0	0	Y	Y	S	ORS 342.940, ESSA, IDEA, Student Success Act	
69	2	ODE	EAC	Educator Advancement Council Grants - Capacity	4,5,6,7	7	0	0	4,480,474	0	0	0	4,480,474	0	0	Y	Y	S	ORS 342.940, ESSA, IDEA, Student Success Act	
70	3	ODE	EAC	Educator Advancement Council Grants - Tech Asst.	4,5,6,7	7	0	0	1,303,420	0	0	0	1,303,420	0	0	Y	Y	S	ORS 342.940, ESSA, IDEA, Student Success Act	
71	4	ODE	EAC	Educator Advancement Council Grants - HECC IAA	4,5,6,7	7	0	0	1,086,177	0	0	0	1,086,177	0	0	Y	Y	S	ORS 342.940, ESSA, IDEA, Student Success Act	
		ODE	EAC	Educator Advancement Council Grants - Anit Racism Initiative	4,5,6,7	7	0	0	1,500,000	0	0	0	1,500,000	0	0					
		ODE	EAC	Educator Advancement Council Grants - Indigenous Educator Institute	4,5,6,7	7	0	0	10,000,000	0	0	0	10,000,000	0	0					
		ODE	GIA	Public Charter School Equity	4,5,6,7	7	0	0	2,000,000	0	0	0	2,000,000	0	0	Y	N	S		
72	29	ODE	GIA	Educator Professional Development	4,5,6,7	7	0	0	30,718,795	0	0	0	30,718,795	0	0	Y	N	S	ORS 327.254 (h)	

Oregon Department of Education

2023-25 Biennium

Agency Number: **58100**

Program/Division Priorities for 2023-25 Biennium

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	
Agcy	Prgm/ Div																			
73	30	ODE	GIA	Title II - Teacher and Principal Grants	4,5,6,7	7	0	0	0	0	39,286,383	0	39,286,383	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
74	31	ODE	GIA	Regional Promise Grants	4,5,6,7	7	0	0	0	0	0	0	0	0	N	Y	S	ORS 327.820		
75	32	ODE	GIA	Vision Screening Reimbursement	4,5,6,7	7	0	0	3,227,400	0	0	0	3,227,400	0	0	N	Y	S	SB 187 (2017)	
76	33	ODE	GIA	Foster Care Transportation Grants	4,5,6,7	7	0	0	2,086,000	0	0	0	2,086,000	0	0	N	Y	S	SB 5516 (2017)	
77	34	ODE	GIA	Title IV - Community Learning Center Grants	4,5,6,7	7	0	0	0	0	19,712,869	0	19,712,869	0	0	N	N	FM	ORS 326.051, 326.111; ESSA	Eligibility & Reporting
78	35	ODE	GIA	Title IVA - Student Enrichment	4,5,6,7	7	0	0	0	0	20,891,270	0	20,891,270	0	0	N	N	S, FM	Various budget bills	Eligibility & Reporting
79	36	ODE	GIA	Healthy and Safe Schools Plan Grants	4,5,6,7	7	0	0	2,000,000	0	0	0	2,000,000	0	0	N	N	S	SB 5516 (2017)	
80	12	ODE	OPS	Office of School Facilities Technical Assistance Grant	10	7	0	0	5,075,260	0	0	0	5,075,260	0	0	N	Y	S	ORS Chapters 326- 346, ESSA, IDEA, Student Success Act	Reporting
82	2	ODE	CBF	OSCIM Program	None	7	0	0	275,000,000	0	0	0	275,000,000	0	0	N	Y	S	OL 2015 Ch 783 Sec 2.4,5 OL 2017 Ch 570 Sec 1 (5)	
		ODE	CBF	Connecting Oregon Schools (E-Rate) Program	None	7	0	0	17,500,000	0	0	0	17,500,000	0	0					
		ODE	CBF	CO - OSD Capital Improvement Projects	None	7	0	0	5,500,000	0	0	0	5,500,000	0	0					
84	38	ODE	GIA	Early Warning Systems/Technical Assistance	4,5,6,7	7	0	0	5,477,182	0	0	0	5,477,182	0	0	Y	Y	S	ORS 327.254 (g)	
85	39	ODE	GIA	Farm to School Program	4,5,6,7	7	10,232,769	0	0	0	0	0	10,232,769	0	0	N	Y	S	ORS 336.431	
86	40	ODE	GIA	Accelerated Learning Grants	6,7	7	2,859,988	0	0	0	0	0	2,859,988	0	0	N	Y	S	SB 5518 (2013) & 2011 OL Ch 639 Sec 1-10	
87	41	ODE	GIA	Other Small Federal Grants	4,5,6,7	7	0	0	144,833,911	0	0	0	18,153,150	0	0	N	Y	S	HB 5015 (2019)	
88	42	ODE	GIA	Reach Out to Read Program	4	7	78,225	0	0	0	0	0	78,225	0	0	N	Y	S	SB 5518 (2013)	
89	43	ODE	GIA	Start Making a Reader Today (SMART)	4	7	283,011	0	0	0	0	0	283,011	0	0	N	Y	S	SB 5518 (2013)	
N/A	N/A	ODE	DS	Debt Service on General Obligation (OSCIM Program, OSD Capital Needs) - NOT SUBJECT TO RANKING	N/A	7	46,715,272	0	234,015	0	0	0	46,949,287	0	0	N	N	D		
	N/A	ODE	DS	Debt Service on Lottery-backed Bonds - NOT SUBJECT TO RANKING	N/A	7	0	0	0	0	0	0	0	0	0					
N/A	N/A	ODE	OPS	State Government Service Charges	10	7	15,615,071	0	2,054,485	0	0	0	17,669,556	0	0	N	Y	S, FM	ORS Chapters 326- 346, ESSA, IDEA, Student Success Act	Reporting
							8,609,807,714	650,508,965	3,011,158,015	137,133,538	949,201,198	446,672,830	\$ 13,804,482,260	539	526.23					

Agency

Vacant Position Information

Vacancies as of December 31, 2022

Agency Initial	SCR	DCR	Office	Pos No	Position Class Comp	Position Title	Pos Type	GF Fund Split	LF Fund Split	OF Fund Split	FF Fund Split	FTE	2023-25 GF PS Total	2023-25 LF PS Total	2023-25 OF PS Total	2023-25 FF PS Total	2023-25 Total Bien PS BUDGET	Vacant Date	Position eliminated in GRB? Y/N	Reason for vacancy
	58100-200-72-03-00000		200-72-03-00000	0000663	OAS C6767 AP	Dorm Counselor 1	Academic			0.42		0.42					67,026	10/22/2021	N	Dorm substitute position
	58100-200-72-03-00000		200-72-03-00000	0000629	OAS C6768 AP	Dorm Counselor 2	Academic			0.83		0.83					149,988	8/31/2021	N	Dorm substitute position
	58100-200-72-02-00000		200-72-02-00000	0000745	UA U7546 BP	Teacher Special Schools -MA	Permanent		1.00			1.00	141,803				141,803	10/18/2021	N	Teacher substitute position
	58100-200-72-05-00000		200-72-05-00000	0000430	OAS C9101 AP	Food Service Worker 2	Academic		0.83			0.83	114,126				114,126	9/30/2021	N	Food Service Worker substitute position
	58100-200-72-02-00000		200-72-02-00000	0000737	UA U7546 BP	Teacher Special Schools -MA	Permanent		1.00			1.00	133,149				133,149	1/22/2019	N	Currently recruiting
	58100-200-72-06-00000		200-72-06-00000	0000445	OAS C4403 AP	Transporter/Custodian	Permanent		0.41	0.42		0.83	48,234		49,411		97,645	6/23/2021	N	Currently recruiting
	58100-200-72-05-00000		200-72-05-00000	0000474	OAS C9100 AP	Food Service Worker 1	Academic		1.00			1.00	54,172				54,172	3/31/2020	N	Student Worker position - Currently recruiting
	58100-100-25-02-00000		100-25-02-00000	1310010	OAS C1218 AP	Accountant 3	Permanent		0.50	0.50		1.00	144,842		144,842		289,683	4/6/2020	N	Frozen to fund a current full-time LD until 6/30/23
	58100-100-15-04-00000		100-15-04-00000	0000030	OAS C1484 IP	Information Systems Specialist 4	Permanent		1.00			1.00	242,306				242,306	6/30/2020	N	Currently recruiting
	58100-100-25-04-00000		100-25-04-00000	1517403	OAS C1118 AP	Research Analyst 4	Permanent		1.00			1.00	289,683				289,683	11/3/2021	N	Currently recruiting
	58100-100-20-01-00000		100-20-01-00000	1310021	OAS C1118 AP	Research Analyst 4	Permanent			1.00		1.00			209,814		209,814	3/1/2020	N	Using savings for unbudgeted positions
	58100-100-30-03-00002		100-30-03-00002	0000295	OAS C5950 AP	Child Nutrition Specialist	Permanent				1.00	1.00				194,301	194,301	8/31/2020	N	Currently recruiting
	58100-100-30-03-00002		100-30-03-00002	1913302	OAS C0860 AP	Program Analyst 1	Permanent					1.00				90,278	90,278	12/6/2021	N	Using savings for unbudgeted positions
Total								Pos	GF	LF	OF	FF	FTE	GF	LF	OF	FF	AF		
								13	6.74	0.00	3.17	2.00	11.91	1,168,314.95	0.00	621,080.40	284,579.00	2,073,974.35		

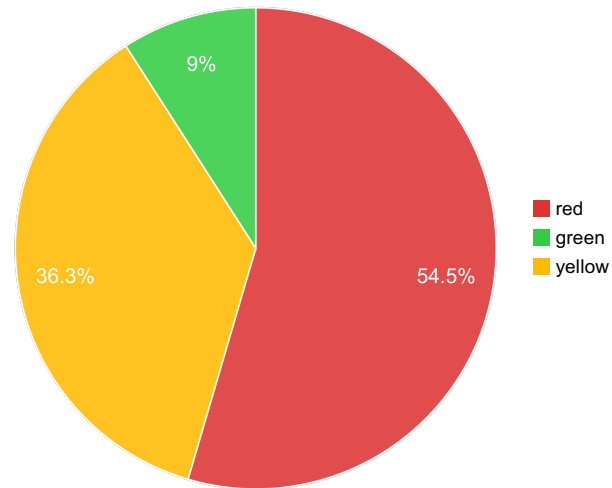
Education, Department of

Annual Performance Progress Report

Reporting Year 2022

Published: 9/30/2022 11:28:12 AM

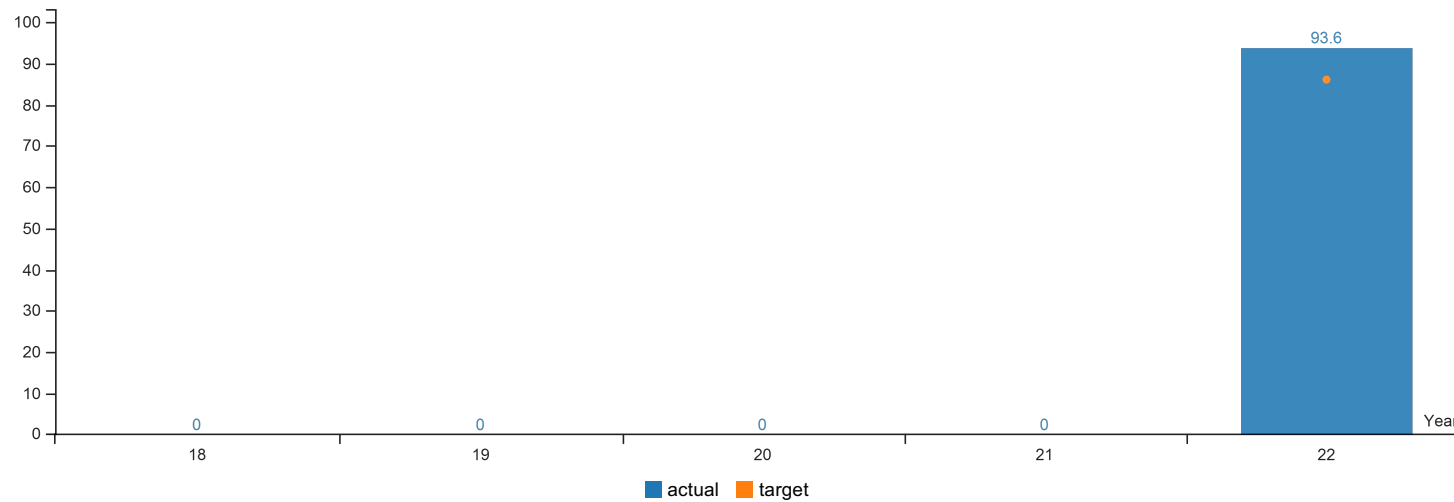
KPM #	Approved Key Performance Measures (KPMs)
1	Protecting the Health & Safety of Children in Child Care - Percentage of citations for a serious valid finding that received a timely follow-up visit to confirm compliance
2	Access to Early Care and Education: Infants & Toddlers - Percentage of infants/toddlers (birth-2 years) with access to a regulated child care slot.
3	Access to Early Care and Education: Preschool Age - Percentage of preschool age children (3-4 years) with access to a regulated child care slot. Regulated child care slots include Certified Centers, Certified Family, and Registered Family Providers.
4	Early Learning Workforce Retention (all) - Percentage of early learning providers who have remained in the workforce.
5	Early Learning Workforce Retention (by race and ethnicity) - Percentage of early learning providers who have remained in the workforce disaggregated by race and ethnicity.
6	EARLY LITERACY - Percentage of students meeting or exceeding statewide academic achievement standards in 3rd grade reading
7	STUDENTS ON TRACK TO GRADUATE - Percentage of 9th grade students on track to graduate.
8	HIGH SCHOOL COMPLETION - Percentage of students who complete high school within four years
9	COLLEGE GOING - College-going rate of Oregon residents into post-secondary institutions
10	CHRONIC ABSENTEEISM - Percentage of students who are absent more than 10% of days of the school year
11	CUSTOMER SERVICE - Percentage of customers rating the agency's customer service as "good" or "excellent"



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	9.09%	36.36%	54.55%

KPM #1	Protecting the Health & Safety of Children in Child Care - Percentage of citations for a serious valid finding that received a timely follow-up visit to confirm compliance
	Data Collection Period: Apr 01 - Mar 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Protecting the Health & Safety of Children in Child Care					
Actual					93.60%
Target					86%

How Are We Doing

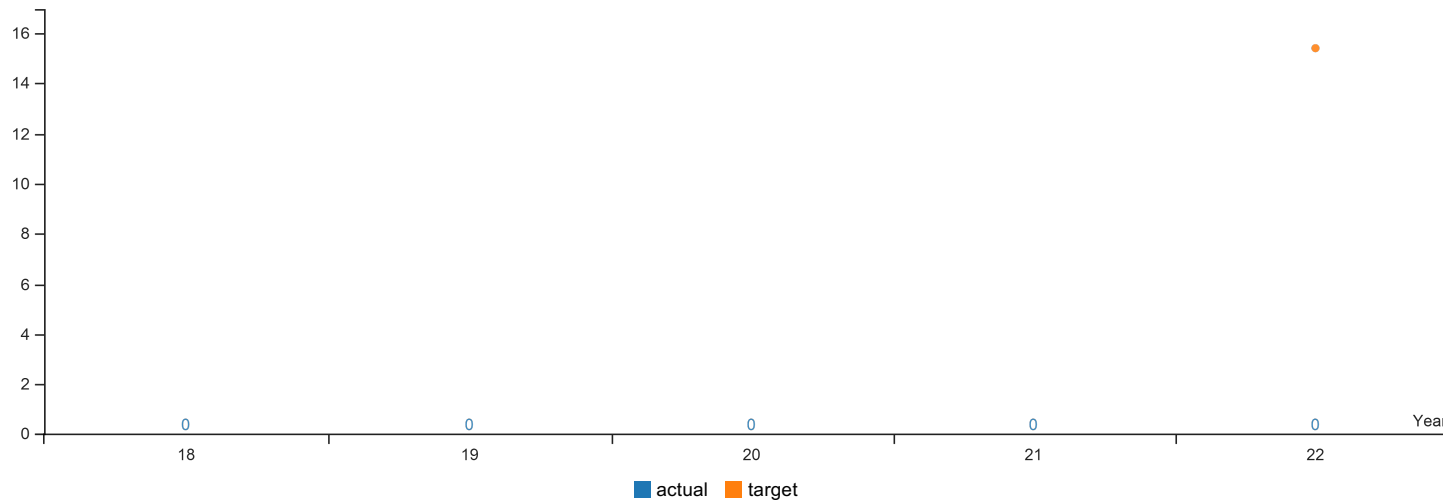
The percentage of citations for a serious valid finding that received a timely follow-up visit to confirm compliance has increased from 81% (2021) to 93.6% (2022). ELD has exceeded the target of 86% that was set in 2021.

Factors Affecting Results

The current report period represents the first full year that data has been available to analyze for this KPM. The value reported for 2021 (81%) was based on data from only a 2-month period, after the "serious" data point had been added to ELD's database to allow for data collection. Therefore, it is difficult to interpret the observed change in the value for this KPM from 2021 to 2022.

KPM #2	Access to Early Care and Education: Infants & Toddlers - Percentage of infants/toddlers (birth-2 years) with access to a regulated child care slot.
	Data Collection Period: Jan 01 - Jan 01

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Access to Early Care and Education: Infants & Toddlers					
Actual					
Target					15.40%

How Are We Doing

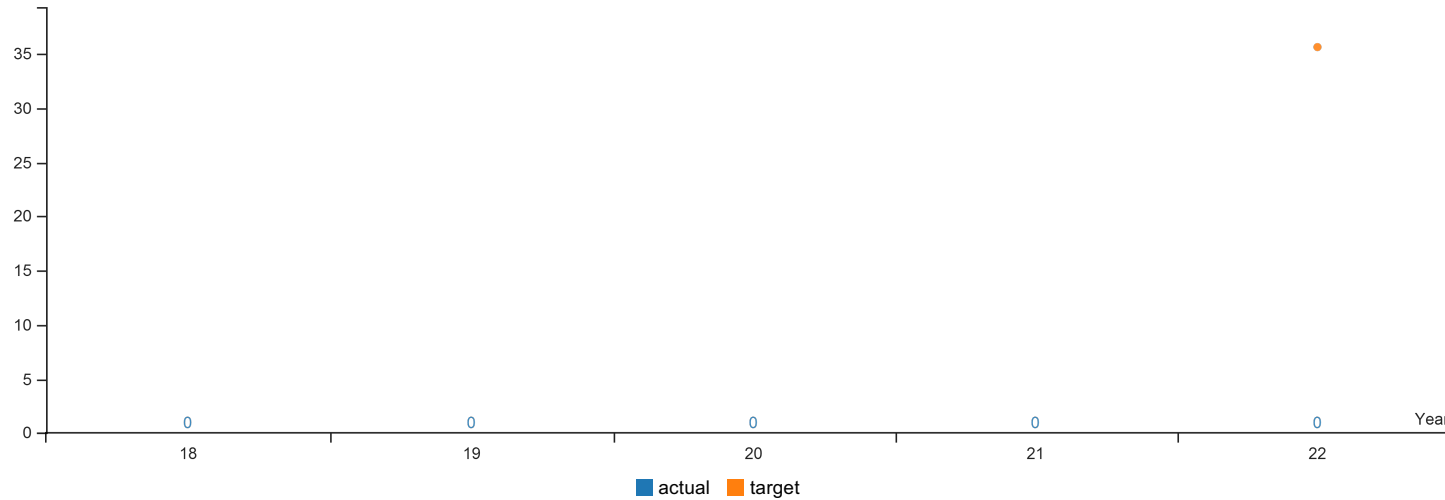
ELD is currently waiting on updated data for this KPM.

Factors Affecting Results

The COVID-19 pandemic produced tremendous turmoil to the field of child care. ELD recognizes that the numbers available for 2018 (12%) and 2020 (14%) may not yet reflect the full impact of the pandemic on families' access to early care and education, and ELD is continuing to monitor this.

KPM #3	Access to Early Care and Education: Preschool Age - Percentage of preschool age children (3-4 years) with access to a regulated child care slot. Regulated child care slots include Certified Centers, Certified Family, and Registered Family Providers.
	Data Collection Period: Jan 01 - Jan 01

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Access to Early Care and Education: Preschool Age					
Actual					
Target					35.65%

How Are We Doing

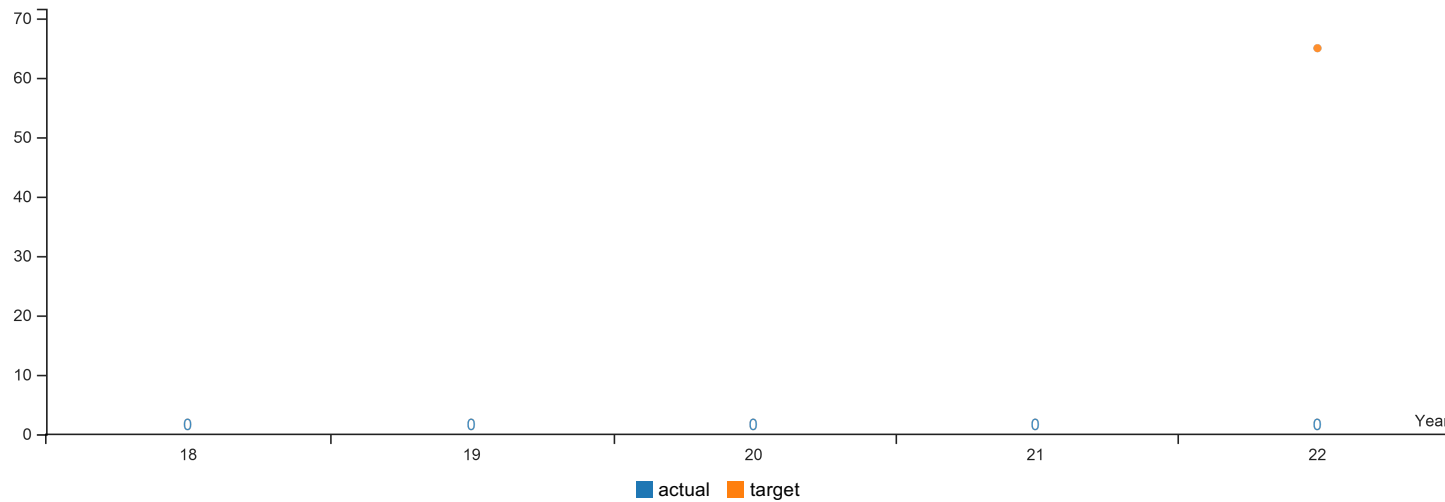
ELD is currently waiting on updated data for this KPM.

Factors Affecting Results

The COVID-19 pandemic produced tremendous turmoil to the field of child care. ELD recognizes that the values available for 2018 (29%) and 2020 (31%) may not yet reflect the full impact of the pandemic on families' access to early care and education, and ELD is continuing to monitor this.

KPM #4	Early Learning Workforce Retention (all) - Percentage of early learning providers who have remained in the workforce.
	Data Collection Period: Jan 01 - Jan 01

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Early Learning Workforce Retention (all)					
Actual					
Target					65.05%

How Are We Doing

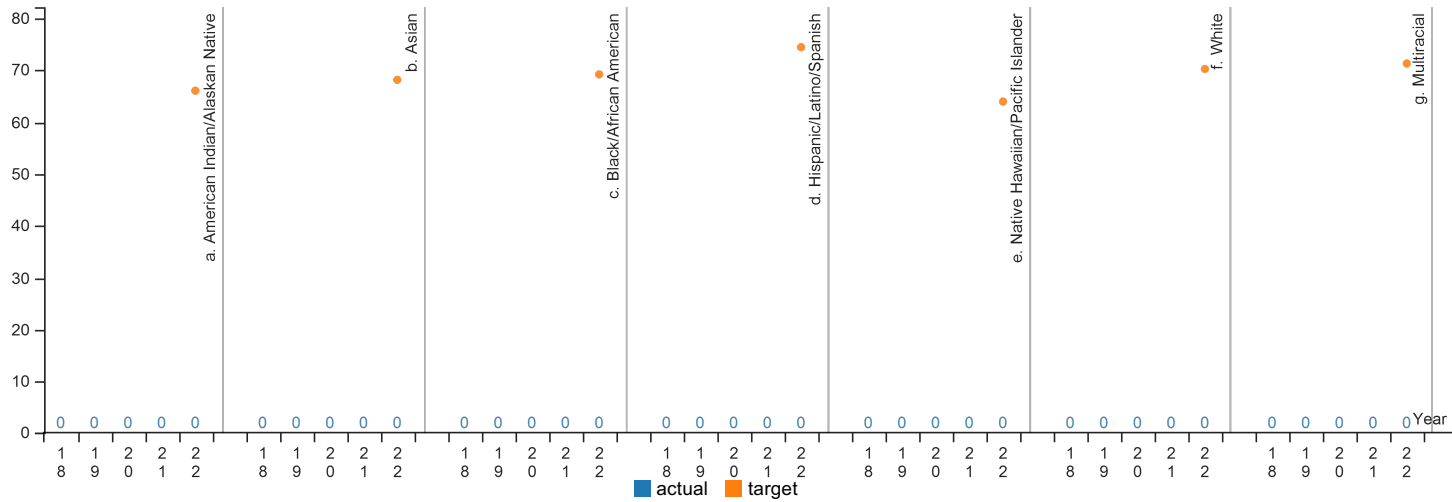
ELD is currently waiting on updated data for this KPM.

Factors Affecting Results

The COVID-19 pandemic produced tremendous turmoil to the field of child care. ELD recognizes that the values available for 2017-2018 (62%) and 2018-2019 (61%) may not yet reflect the full impact of the pandemic on early learning workforce retention, and ELD is continuing to monitor this.

KPM #5 Early Learning Workforce Retention (by race and ethnicity) - Percentage of early learning providers who have remained in the workforce disaggregated by race and ethnicity.

Data Collection Period: Jan 01 - Jan 01



Report Year	2018	2019	2020	2021	2022
a. American Indian/Alaskan Native					
Actual					
Target					66.15%
b. Asian					
Actual					
Target					68.25%
c. Black/African American					
Actual					
Target					69.30%
d. Hispanic/Latino/Spanish					
Actual					
Target					74.55%
e. Native Hawaiian/Pacific Islander					
Actual					
Target					64.05%
f. White					
Actual					
Target					70.35%
g. Multiracial					
Actual					

Report Year	2018	2019	2020	2021	2022
Target					71.40%

How Are We Doing

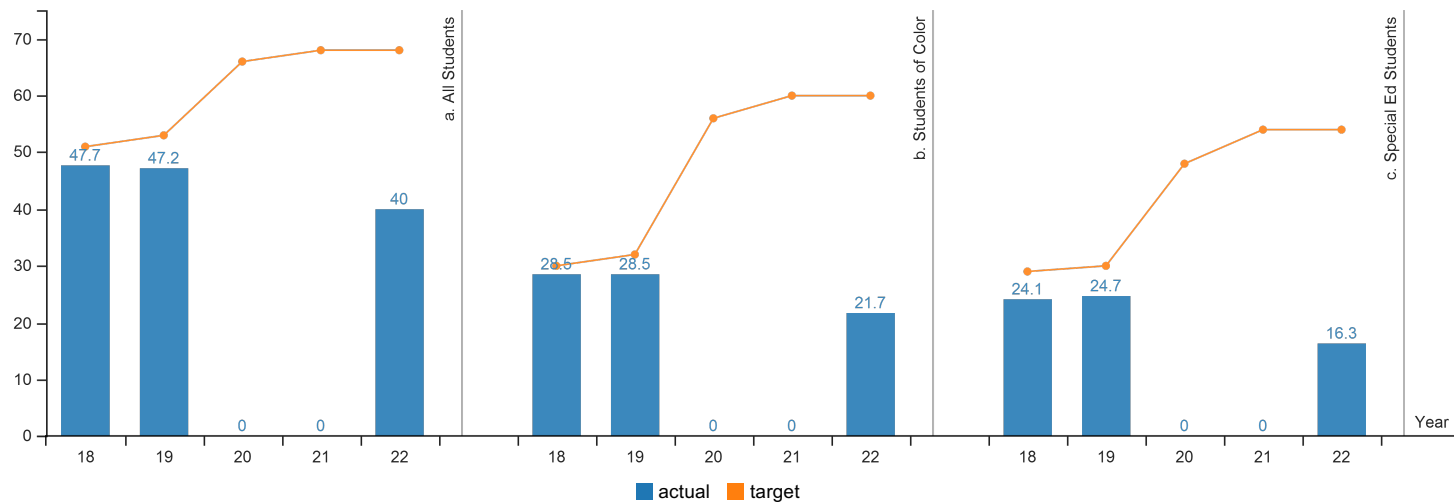
ELD is currently waiting on updated data for this KPM.

Factors Affecting Results

The COVID-19 pandemic produced tremendous turmoil to the field of child care. ELD recognizes that the most-recently available values (listed below) may not yet reflect the full impact of the pandemic on early learning workforce retention, and ELD is continuing to monitor this.

2018-2019: American Indian/Alaskan Native: 63%; Asian 65%; Black/African American 66%; Hispanic/Latino/Spanish 71%; Native Hawaiian/Pacific Islander 61%; White 67%; Multiracial 68%

KPM #6	EARLY LITERACY - Percentage of students meeting or exceeding statewide academic achievement standards in 3rd grade reading
	Data Collection Period: Feb 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
a. All Students					
Actual	47.70%	47.20%			40%
Target	51%	53%	66%	68%	68%
b. Students of Color					
Actual	28.50%	28.50%			21.70%
Target	30%	32%	56%	60%	60%
c. Special Ed Students					
Actual	24.10%	24.70%			16.30%
Target	29%	30%	48%	54%	54%

How Are We Doing

Oregon implemented the comprehensive state summative assessment system in 2021-22, including a return to full test blueprints for English language arts and mathematics. The pandemic substantially impacted student learning, with proficiency dropping from 2019 to 2022 overall in every grade level and content area, as well as in all student groups. This pattern is also present in other data sources from national assessments, such as NAEP long-term trend data, and in reviewing other states' data.

Factors Affecting Results

Summative Assessment Participation: Though there are grade levels in which participation remains a concern in Oregon, participation improved compared to the spring 2021 administration. Participation at 3rd grade, in particular, was strong enough to make state level reporting and decision making a defensible practice.

Instructional Materials: Oregon's state content standards for English Language Arts were adopted by the State Board of Education in June of 2019, following a process of review and revision. This revision resulted in the development of more robust foundational reading skills standards. In addition, ODE revised the criteria for ELA instructional materials adoption to ensure a greater focus on early literacy in newly-adopted instructional materials. Districts are implementing their newly-adopted ELA instructional materials in fall of the 2022-23 school year.

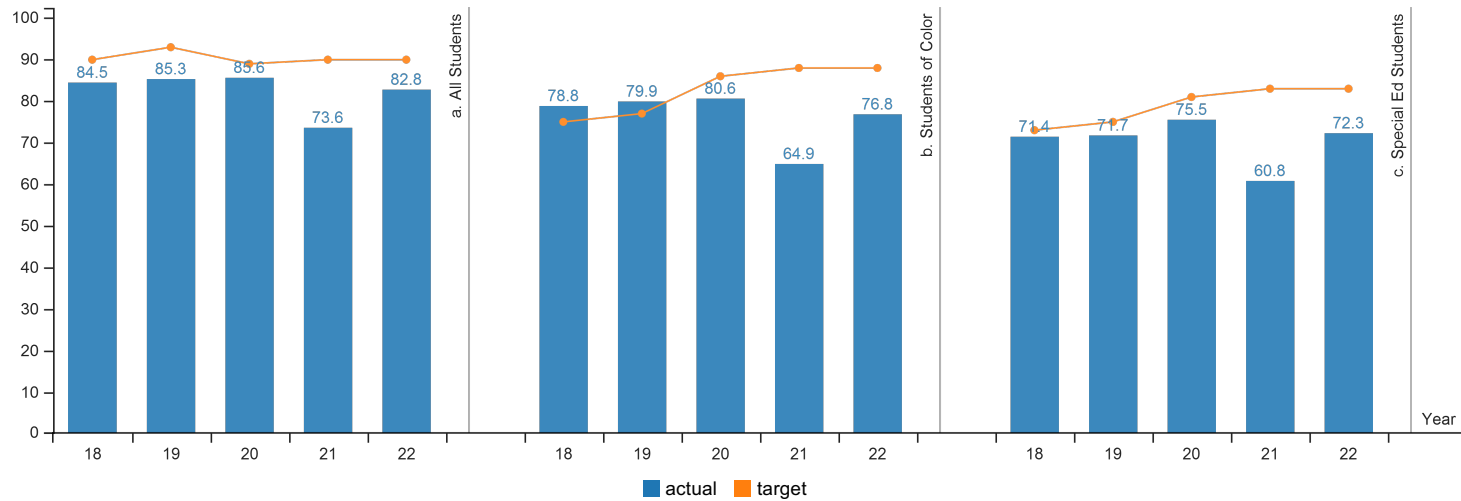
New and Renewed Agency Positions: ODE has a Language Arts Standards and Instruction Specialist, an English Language Arts Assessment Specialist, a PreK-3rd Grade Coordinator, a K-2 Balanced Assessment Specialist, and an Early Language and Literacy Intervention Specialist. This team works to build agency capacity around early literacy in the areas of policy advice, technical assistance, systems, and organizational improvement regarding strategy implementation. Additionally, ODE has hired a K-5 literacy program coordinator to help organize and oversee the K-5 Literacy ESSER III Investment.

K-5 Literacy Investment: One of 12 key ESSER III investments, the K-5 Literacy investment is aimed at developing and promoting literacy in Kindergarten through Grade 5. To address unfinished learning and support literacy education infrastructure for the long term, ODE will invest American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER III) funds for three purposes:

- **Update K-5 Literacy Framework.** ODE will update Oregon's K-5 Literacy Framework, with input from a diverse group of educators, researchers and other partners. The revised framework will elevate knowledge and practices that have emerged from decades of research, which have become collectively known as The Science of Reading, and will incorporate the most recent findings on literacy development and instruction. The Framework will include research about teaching literacy to multilingual students and those who speak other dialects of English.
- **Fund Literacy Professional Development.** The literacy catalyst professional development series will ground educators in the most current foundational literacy pedagogy and cultivate a network of peer support for best practices. Equity will guide the system-wide vision at the state, district, and school levels, bringing coherence across educator knowledge, instructional materials, evidence-based practices, and formative assessment.
- **Revitalize Small School Libraries.** ODE will support small school libraries through revitalization grants, to expand library collection size and range.

Across these projects, ODE is committed to dismantling systemic barriers to literacy as well as providing tools to help students develop as readers, writers, speakers, and critical thinkers. ODE will ensure funds are prioritized for students facing disparities that were only worsened by the pandemic, specifically students from African American/Black, American Indian/Alaska Native, Latino/a/x, and Pacific Islander communities; students experiencing disabilities; multilingual students; and students navigating poverty. Teacher training and framework recommendations will focus on addressing unfinished literacy learning.

KPM #7	STUDENTS ON TRACK TO GRADUATE - Percentage of 9th grade students on track to graduate.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
a. All Students					
Actual	84.50%	85.30%	85.60%	73.60%	82.80%
Target	90%	93%	89%	90%	90%
b. Students of Color					
Actual	78.80%	79.90%	80.60%	64.90%	76.80%
Target	75%	77%	86%	88%	88%
c. Special Ed Students					
Actual	71.40%	71.70%	75.50%	60.80%	72.30%
Target	73%	75%	81%	83%	83%

How Are We Doing

2021-22 was a year of strong growth for 9th grade students on track to graduate. While not entirely back to pre-pandemic levels, rates increased dramatically from 2020-21. This increase is a testament to the hard work and innovative practices of Oregon's educators and students in working to complete unfinished learning and become on-track to graduate.

The rate for students of color (Black, Hispanic, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander students) and for students with disabilities grew more than the overall rate, representing progress towards gap closure, though work remains to be done to ensure that all students are on-track to graduate at the end of their 9th grade year.

Factors Affecting Results

Students in this cohort experienced substantial disruption to their education throughout their 8th grade year as schools shifted to offering comprehensive distance learning (CDL), hybrid, and in-person instruction at various times during the year. Students, families, and communities feel the impact of school closures and loss of access to normally relied-upon resources. CDL may have resulted in interruptions not only to instructional models, but also to engagement efforts and other resources designed to help students get and remain on-track to graduate. While most schools returned to in-person instruction for 2021-22, some disruptions continued due to the ongoing pandemic conditions, and the impact of disruptions in the prior year may have some students starting high school with

fewer than normal credits, and less well-prepared to earn high school credits. Districts and schools will continue to maintain rigorous expectations and support to [accelerate learning](#) for all students to help bring these students back on-track to graduate.

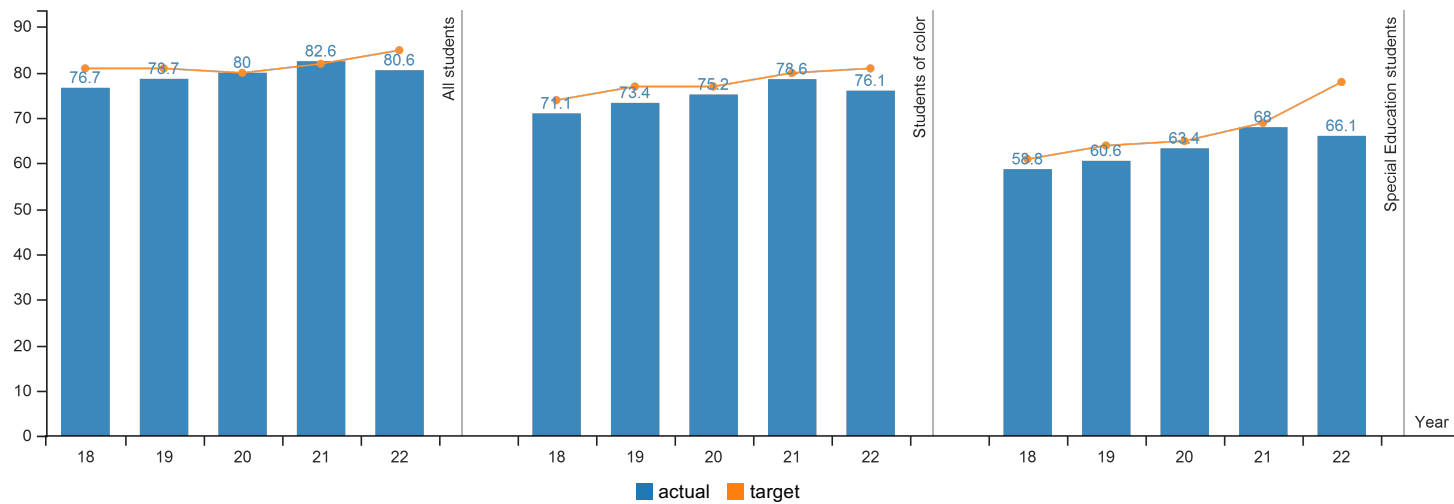
The gaps identified above reflect the disproportionate impact of the pandemic and related closures on students of color. The Oregon Department of Education is committed to promoting educational systems that support every child's identity, health and wellbeing, beauty, and strengths. ODE has developed and continues to develop [resources and research](#) on the best ways to support students who are not on-track to graduate in order to help them graduate on time.

ODE has applied the following strategies to increase the number of Oregon's 9th grade students who are on track to graduate:

- In early 2022, High School Success staff conducted comprehensive [eligibility reviews](#) of each recipient, evaluating among other things the recipient's practices to evaluate data and develop strategies to make sure 9th graders get and remain on-track. 23 recipients were identified as not meeting in one or both of these two areas. These recipients were provided with technical assistance and corrective action plans starting in Spring 2022, to support them in developing systems to help all students get and remain on-track to graduation.
- Since the creation of the High School Success Initiative, ODE has invested in training the High School Success staff and management about effective systems to increase the number of 9th grade students on track to graduate. ODE is using 9th grade on track as a metric for evaluating High School Success fund success, and districts are more focused on using these data to drive institutional practices. With the adoption of [guidance](#) integrating multiple grant programs, and the resumption of longitudinal performance growth target setting under the Student Investment Account, grantees will participate in a collaborative goal setting process around 9th grade on-track rates, both overall and for focal student groups.
- ODE provided supports to the high schools receiving targeted or comprehensive support from ODE to increase student achievement, including increasing 9th grade students on track to graduate.
- ODE continues to provide statewide technical assistance to all districts to improve the quality of special education services, the Individualized Education Program (IEP) process, and ultimately, results for students with disabilities, including the percentage who are on track to graduate by the end of 9th grade. IEP teams must meet no less than annually but can meet more frequently in order to ensure a Free Appropriate Public Education (FAPE) is provided. Each IEP team is responsible for individually problem-solving the barriers that keep a child from independently accessing the general curriculum. This includes determining a child's present levels of academic achievement and functional performance (which could include on-track status), setting goals to enable the child to make progress in the general education curriculum, and determine the supports needed to allow the child to progress towards annual goals and the general education curriculum.

A focus on culturally responsive pedagogy and practice as well as strategic investments for students of color and English Learners provided evidence of the impact such supports provide. To that end, several of the grants funded by [ODE's equity initiatives](#) are focused on high school success, particularly directed at a strong first year performance, offering tutoring and mentoring programs to ensure consistent and significant support toward a positive 9th grade outcome.

KPM #8	HIGH SCHOOL COMPLETION - Percentage of students who complete high school within four years
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
All students					
Actual	76.70%	78.70%	80%	82.60%	80.60%
Target	81%	81%	80%	82%	85%
Students of color					
Actual	71.10%	73.40%	75.20%	78.60%	76.10%
Target	74%	77%	77%	80%	81%
Special Education students					
Actual	58.80%	60.60%	63.40%	68%	66.10%
Target	61%	64%	65%	69%	78%

How Are We Doing

The statewide graduation rate for the class of 2020-21 is 80.6 percent, the second highest cohort graduation rate ever recorded in Oregon. The 80.6 percent rate represents a slight uptick from the most recent, pre-pandemic rate of 80.0 for the class of 2018-19, but a 2 percentage point decrease from last year.

In addition to these overall gains, Oregon’s students who have been historically underserved by the system also experienced continuing gains compared with previous pre-pandemic years. The year-to-year increase in graduation rates was greater for nearly every underserved student group than the increase in the state average, bringing those underserved student groups closer to the statewide average than ever before. Other key findings from the data:

- Students participating in a Career and Technical Education (CTE) course of study significantly exceeded the statewide average, graduating at a rate of 92.9 percent.
- Students who have successfully completed English Learner programs in Oregon graduated at 84.2 percent, 3.6 percentage points higher than the statewide average.
- Black/African American students’ graduation rate of 73.5 percent was down from 76.3 percent the year before, but still higher than the 70.4 percent graduation rate for the Class of 2019.
- Hispanic/Latino/a/x students’ graduation rate of 77.0 percent was down from 79.5 percent the previous year, but still higher than the 76.2 graduation rate for the Class of 2019.

- The Native Hawaiian/Pacific Islander, American Indian/Alaska Native, and Multiracial student groups saw declines that put their graduation rates below pre-pandemic levels, as did CTE Concentrators and participants, though in most cases the declines over those two years were small.
- The graduation rate for students experiencing homelessness dropped five percentage points to 55.4 percent, the same rate as the Class of 2019.

These gains made by some of the student populations that have historically been underserved by the system are particularly important given the alarming historic persistence of a significant achievement gap in Oregon between white students and students of color, including multiracial students. Remaining gaps provide stark evidence of a failing system for children of color in Oregon schools that continues to create a considerable challenge for our collective future. Additionally, decreases among some student groups may reflect an exacerbation of disparities during the pandemic, as well as additional challenges to providing quality CTE instruction and access.

Factors Affecting Results

Through implementation of the High School Graduation and College and Career Readiness Act of 2016 (High School Success), ODE has provided funding to improve high schools through ninth grade teacher collaboration meetings; building data systems to track behavior, attendance, and course performance; and building partnerships, systems to ensure on-time graduation, systems to address chronic absenteeism, and systems to ensure equitable assignment to courses. Recipients of the funds hired staff and supported educator professional learning, built CTE programs, and implemented strategies to increase student engagement and reduce pushout. Access to career and technical education (CTE) and other hands-on learning experiences has [expanded in part as a result](#) of High School Success funding. Students who earn credits in Career and Technical Education (CTE) have a far higher graduation rate than the state average. Even during the pandemic CTE programs continued to expand, though at a reduced rate.

High School Success also provides funding for districts and schools to increase access to college-level opportunities for students. An [Education Northwest study](#) showed that students who participated in college courses while in high school were 30 percentage points more likely to graduate from high school, 25 percentage points more likely to enroll in college and 22 percentage points more likely to persist in college compared to their peers who did not take college credit courses while in high school. The [expansion of college level courses](#) to more students, particularly those belonging to historically underrepresented student groups, has helped boost our graduation rate; however, participation rates in these challenging courses did fall during the pandemic.

Districts and schools receiving grants through High School Success and/or through the Student Success Act conduct extensive needs assessments and community engagement in order to identify the best strategies to engage and support all of their students, with particular emphasis on the needs of focal student populations, which reflect historically underserved groups such as English Learners, students of color, and students with disabilities. Beginning next year, these needs assessments will be part of an [integrated](#) budgeting and planning process, bringing these two programs together with four others to increase coordination and better identify and meet student needs.

ODE has also solicited recommendations from various equity-focused, ODE-sponsored advisory groups that have developed [plans](#) that provide guidance on improving graduation outcomes for traditionally marginalized student populations (i.e., the African American/Black Student Success Plan, the American Indian/Alaska Native State Plan, and the English Learner Strategic Plan). These plans provide actionable steps that schools and districts can take to improve outcomes for students in these groups and for students overall.

In 2021 and 2022, ODE conducted an extensive data review and community engagement process under SB744, culminating in a [report](#) investigating inequities in Oregon graduation outcomes, and making recommendations for modifications to graduation requirements to address those inequities and respond to statewide concerns heard throughout the engagement process.

[Research](#) shows that 9th grade on-track rates are strong predictors of a student's likelihood of on-time graduation; ODE is also investing in efforts to improve 9th grade on-track rates, detailed under KPM 2.

ODE has applied the following additional strategies focused on improving outcomes for students from culturally, racially, ethnically, and linguistically diverse backgrounds:

- Making graduation a high priority for all of our high schools and asking our leaders, teachers, and staff to identify structural supports that can provide pathways for graduation for students of color through the African American/Black Student Success Plan.
- Analyzing trends for students of color and identifying the strategies that are making the mark.
- Providing professional development and resources to district and school staff on culturally responsive pedagogy and practice, via the Office of Equity, Diversity, and Inclusion at ODE.

ODE has applied the following additional strategies focused specifically on improving outcomes for students with disabilities:

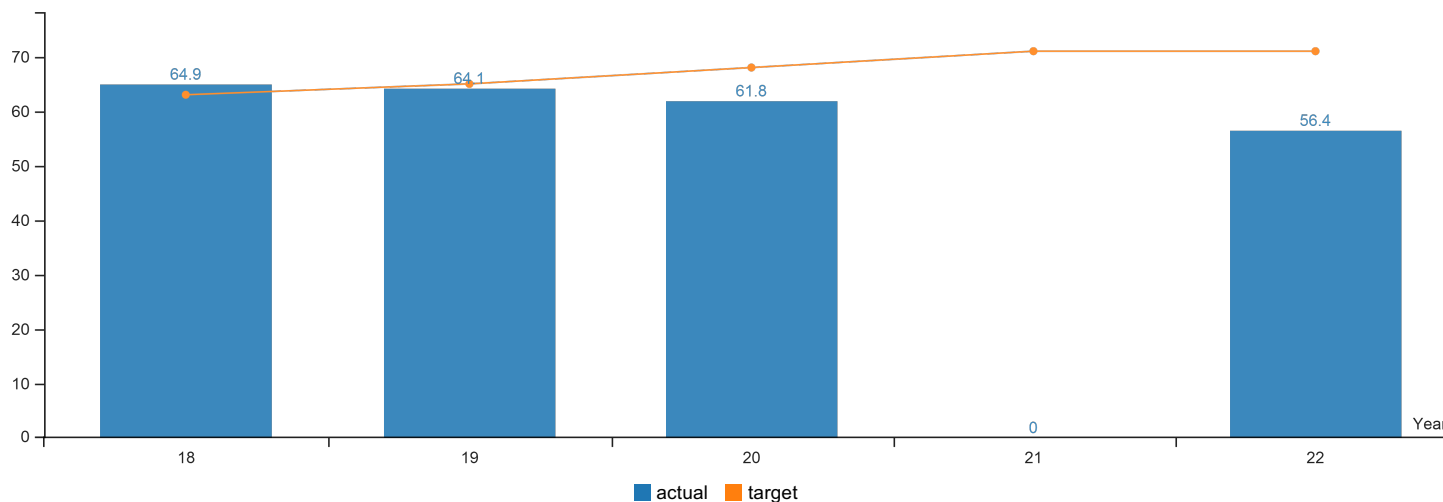
- Provide professional development to school districts using post-school outcome data (PSO) to make changes to transition programs by implementing evidence based practices and predictors of post school success for students with disabilities.

- Collaborate with Vocational Rehabilitation (VR) and Oregon Developmental Disabilities (ODD) to develop and implement 36 cross-agency Regional Employment Collaboration (REC) professional development trainings focused on employment opportunities for staff working in VR, Parent Training Information (PTI), Developmental Disabilities, tribal VR, and education. These trainings were designed to facilitate universal information sharing, encourage collaborative resource delivery, and promote the shared outcome of employment for all transition-age students with disabilities.
- Ongoing partnership with our Parent Training Institute (PTI) to train parents, families, and staff on understanding and participating in the IEP process and to create a culture that sets high expectations for students with disabilities.
- Collaboration with VR to fund the Transition Technical Assistance Network (TTAN), which continues the work to improve Oregon's systems of designing and delivering employment services for students with disabilities. The Transition Network Facilitators (TNF) work to support the collaborative efforts of Vocational Rehabilitation, Developmental Disability Services, Employment First Teams, and Local Education Agencies in Oregon in the implementation of the Workforce Innovation and Opportunity Act (WIOA) and the provision of Pre-Employment Transition Services (Pre-ETS). Transition Network Facilitators provide training and technical assistance in their communities by supporting school districts to recognize and understand the outcomes of Executive Order No. 15-01 and WIOA, specifically focusing on successful transition to employment and/or education.
- Continued work with the National Technical Assistance Center on Transition (NTACT) for intensive technical assistance to support Oregon's continual efforts to improve outcomes for youth with disabilities.
- A new general supervision plan to better identify and support districts in providing high-quality and equitable services to students with disabilities, in support of their progress towards graduation.

In addition, as part of Oregon's pandemic relief efforts, districts [spent](#) \$24 million in funds allocated by the Governor and the Legislature over summer 2021, and over \$32 million over summer 2022, to help more than 18,000 high school students earn credits towards graduation. [Community-based organizations](#) across the state were allocated an additional \$50 million to help remove barriers to student participation for students with disabilities and other groups who have been historically underserved.

KPM #9	COLLEGE GOING - College-going rate of Oregon residents into post-secondary institutions
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
College-going rate					
Actual	64.90%	64.10%	61.80%		56.40%
Target	63%	65%	68%	71%	71%

How Are We Doing

Because the Extended Participation Rate tracks participation within 16 months of high school graduation, the most recent year for which data is available is for the high school graduating class of 2019-20.

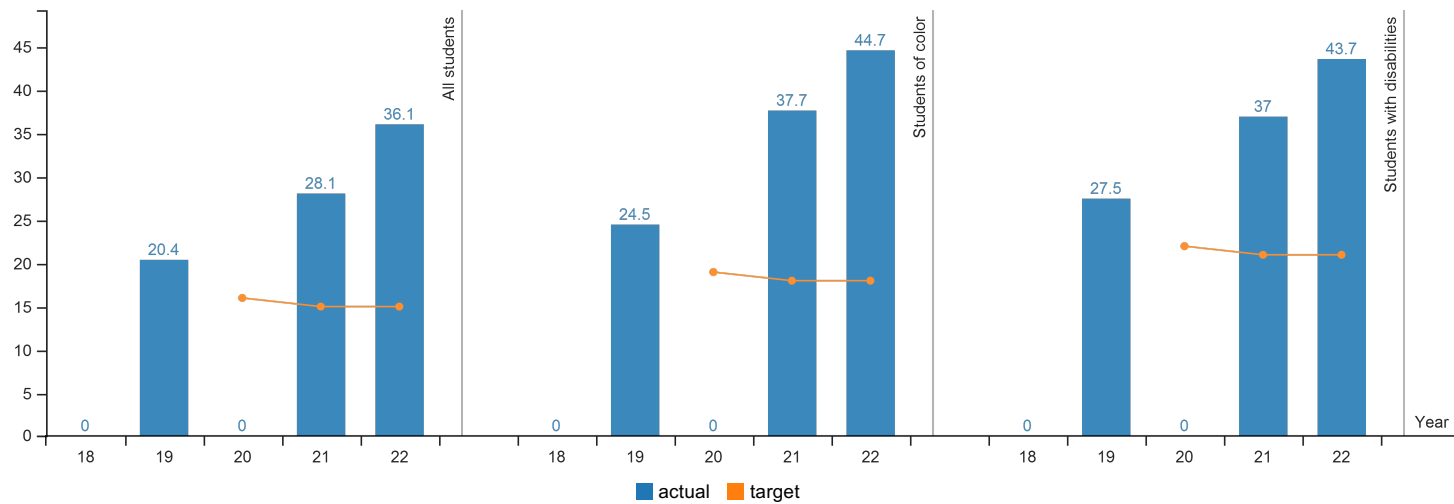
For the class of 2019-20, the Extended Participation Rate for Oregon students was 56.4%. Oregon's rates declined slightly for the class of 2014-15, increased for the class of 2015-16 through 2016-17, then dropped sharply in 2017-18 and again in 2018-19. The rate remained relatively flat in 2019-20. Up through the high school class of 2017-18, the rates exceeded the targets needed to keep Oregon on track to get to its year 2025 goal of 40% of high school students earning a bachelor's degree or higher, 40% earning an associate's degree or other postsecondary credential, and 20% earning a high school diploma (the "40-40-20 goal"). The fall in the Extend Participation Rate to 61.8% for the class of 2017-18, however, put it more than 3 percentage points below the target. The Extended Participation Rate currently sits more than 14 percentage points below the target for the class of 2019-20. The decrease in Extended Participation Rates may be attributable to the economic factors and tuition and fee increases that continue to outpace inflation.

Factors Affecting Results

A number of factors affect the college participation and success of Oregon high school graduates. Principal among them is the quality of preparation that students receive in the early grades and in high school. A number of other factors, however, also affect the rate at which students enter college and the success they have there, including the impact students' financial and family circumstances has on their ability to attend college and to remain there once they start. In addition, college attendance rates are sensitive to labor market conditions, with fewer students enrolling in college when job prospects are better in a growing economy. Nationally, first-time college student enrollment has been down since at least the fall of 2016 (National Student Clearinghouse,). Enrollment of first-time freshman college students decreased by 2 percent each fall term from 2016 through 2017, followed by a 4 percent drop in fall 2018 and an additional 2 percent drop in fall 2019. Due to the the Covid-

19 pandemic, enrollment dropped by nearly 10 percent in Fall 2020. By Fall 2021, enrollment had nearly stabilized.

KPM #10	CHRONIC ABSENTEEISM - Percentage of students who are absent more than 10% of days of the school year
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
All students					
Actual		20.40%		28.10%	36.10%
Target			16%	15%	15%
Students of color					
Actual		24.50%		37.70%	44.70%
Target			19%	18%	18%
Students with disabilities					
Actual		27.50%		37%	43.70%
Target			22%	21%	21%

How Are We Doing

The regular attender rates for 2021-2022 decreased from previous years of reporting. There was also an increase in disproportionality of chronic absenteeism; students of color, students who are of historically underserved races and ethnicities, students navigating poverty, and students with disabilities all experienced even higher rates compared to prior years.

Educators and school staff have found innovative and creative ways to provide resources and maintain communication and connection with students and families through in-person, hybrid, and remote learning. However, as schools are developing hybrid, remote, and customized learning options, attendance may not fully capture the extent of these connections and student learning.

Factors Affecting Results

Chronic absenteeism is a measure of how many students have missed 10% or more of their enrolled days in a school year. Changes to how student attendance is reported during the school year potentially have large effects on chronic absenteeism rates at the end of the year. ODE expects that a few changes in reporting for the 2021-22 school year had such effects:

- The 2021-22 school year was the first full year of in-person schooling since the onset of the COVID-19 pandemic. During the 21-22 school year, students, families, and educators all faced two

COVID-19 waves - “a larger Delta wave during August-September peaking August 16 with 2,625 case onsets; and the largest wave to date, the Omicron wave,” which rose into early 2022. Students and families were, and still are, navigating COVID-19 concerns, exposure, quarantines, changing COVID-19 guidelines, and long-covid. The many reasons for a student’s absence are not shown in the Chronic Absenteeism rate, as there is no state-wide attendance coding system that identifies absence reason, COVID-19 exposure, illness, mental health, or otherwise.

- In 2021-22, the 10-day drop was reinstated, and districts and schools continued to develop innovative hybrid options for students. Schools and districts have experienced three consecutive years of disruptions to attendance reporting. Temporary changes to attendance reporting guidance to support distance learning in 2020-21 reflected ways to track engagement beyond seat time. Online school enrollment sustained, and some new online options were opened in 2021-22. ODE shared guidance on attendance reporting for 2021-22, although reporting may have been implemented differently from school district to school district in implementing codes with fidelity. As with any large shift in the way data is collected, it is expected that it will take a couple of years for remote learning to become both valid and reliable across the state as training is provided, data is audited, and increased communication on best practices in reporting occurs. ODE maintains its commitment to clear guidance and training on attendance data collection and expects this to be a temporary lapse in data validity and reliability.
- Beginning in the 2020-2021 school year, online schools were required to track attendance daily, meaning that students had more opportunities to be counted as absent. This was a continued requirement for remote/hybrid attendance reporting in the 2021-22 school year, which may have contributed to current chronic absenteeism rates.

This data analysis reveals the continued need to address attendance barriers for Oregon’s students of color and students with disabilities. The Tribal Attendance Promising Practices and Every Day Matters work uses this state-wide data to focus support and investment in addressing the root causes of absenteeism.

Every Day Matters (EDM) and Aligning for Student Success: Integrated Guidance for 6 ODE Initiatives

Every Day Matters addresses the root causes of chronic absenteeism through attention to student engagement, school culture, climate, and safety, culturally sustaining pedagogy, and family and community involvement. Every Day Matters is the foundation for the five other initiatives in the Aligning for Student Success: Integrated Guidance for 6 ODE Initiatives, which center on equity and community engagement, expanding well-rounded education, and strengthening systems and capacities. As the foundation for the Integrated Guidance, EDM seeks to expand systemic understanding and support to address the root causes of chronic absenteeism.

Tackling the root causes of chronic absenteeism involves the whole system – ESDs, districts, schools, families, communities, community-based organizations, state agencies, and more. Partnerships between school districts, students and caregivers, community-based organizations, and ESDs are the pathways that center students’ sense of self, belonging, and well-being both within schools and the larger community. To deepen partnerships and alignment, EDM provides funding to all 19 Education Service Districts (ESDs) for technical assistance, coaching, and additional support for school districts and charter schools, specifically focusing on student attendance, belonging, and engagement. EDM is also developing a funding stream for community-based partnerships to deepen the involvement of communities in addressing chronic absenteeism directly with students and in collaboration with districts, ESDs, and other partners. This approach aims to address chronic absenteeism in ways that create the relational conditions that build trust between families, communities, districts, and ESDs to address the root causes of chronic absenteeism (Henderson, Mapp, et al. 2016).

Tribal Attendance Promising Practices (TAPP) program

The work to decrease Chronic Absenteeism continued with the new biennium of TAPP Grants being renewed at the nine TAPP school district sites, with an additional site added in January of 2022. Participating districts continued to receive grant funding to hire a community advocate position with deep local connections to the tribal community to create a school-wide initiative to reduce chronic absenteeism and to eliminate the disparity in attendance data between AI/AN and non-Native student groups. This position, known as the TAPP Family Advocate, works in close partnership with a named school district leader (known as the Project Director) and a designated staff member connected to educational efforts with the tribe (known as the Tribal Partner) to address and respond to the root causes of Chronic Absenteeism with American Indian/Alaska Native students in the local schools.

It is important to note that nine out of the ten TAPP district sites are school districts located the closest geographically to the tribal headquarters of the nine federally recognized tribes of Oregon. The schools served directly in the various TAPP school districts by a TAPP Family Advocate support 19% of the total population of AI/AN students in Oregon, with the potential to influence the educational experience of 47% of the AI/AN students in Oregon - the total percentage of AI/AN students enrolled in the ten TAPP district sites.

With school districts needing to respond rapidly to the COVID-19 global pandemic in March of 2020, TAPP programs and TAPP school sites shifted from monitoring and responding to attendance data with pre-pandemic best practices, to leveraging the relationships made with their tribal partners to create new systems and structures to respond to the immediate needs of families in crisis. TAPP Family Advocates continued to find themselves at the helm of this emergency response throughout the 2021-2022 school year, as COVID-19 safety guardrails, masking, and vaccination guidance continued to impact schools and to disproportionately impact our Native American community of Oregon. School sponsored Native American cultural activities and programs, as well as homework/tutoring centers which had become common practice throughout TAPP school sites, significantly decreased and even had to close due to COVID-19 guardrails. Delivering groceries, picking up medication for quarantined families, triaging and responding to technology needs related to virtual learning, connecting families with community based organizations to help with housing

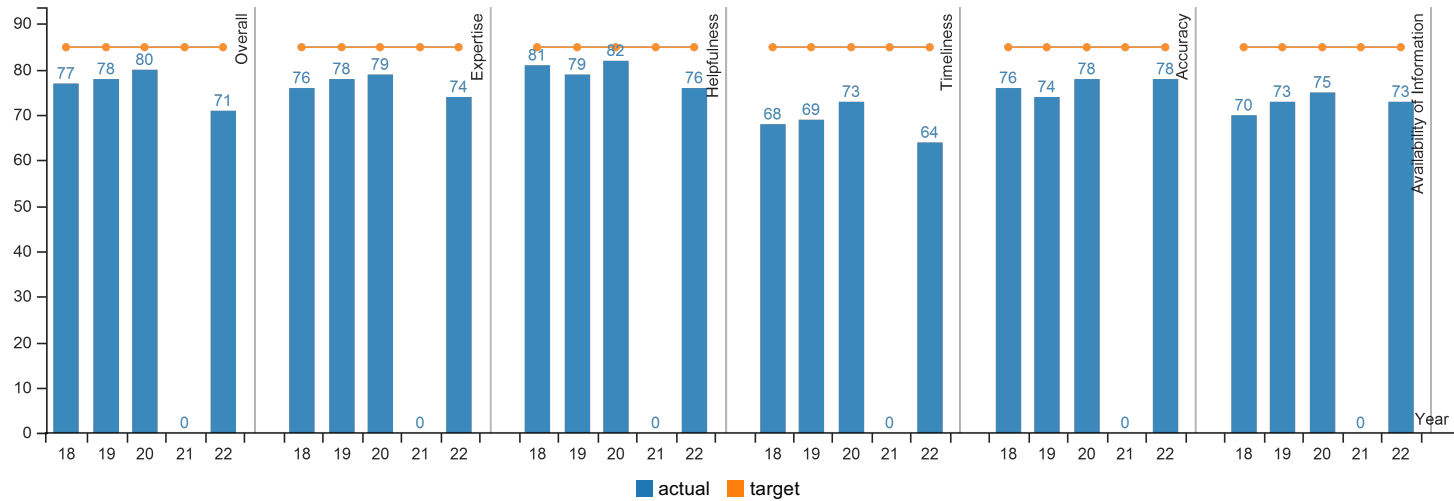
and utilities assistance, became a Tier 1 intervention, as the intergenerational nature of households with Native American families - many with unvaccinated children and elders living under one roof - meant that the day to day lives of AI/AN students dramatically shifted as social distancing and quarantining was ever-increasingly difficult, impacting regular attendance to school.

Despite COVID-19's disproportional impact on all AI/AN communities, while AI/AN students' chronic absenteeism rates were still 15.4% higher than the state overall average, this still reflects a continued drop in the overall data disparity since 2016. However, AI/AN chronic absenteeism rates increased statewide and at TAPP sites since 2020-2021, as the pandemic exacerbated inequities in our tribal communities.

In early drafts of a comprehensive evaluation of the TAPP program being completed by Western Oregon University, some of the most significant outcomes of the TAPP program related to equity have undoubtedly been the reason why chronic absenteeism rates were not higher. TAPP efforts at addressing the impacts of systemic racism in school districts serving some of our highest numbers of AI/AN students and their families are positively impacting our AI/AN community of Oregon. TAPP school districts have cited an increase of trauma-informed practices being implemented in schools to address chronic absenteeism, moving away from punitive measures implemented before. Furthermore, at several sites, the TAPP program's collaboration with the local tribe was found to play an important role in healing for tribes who have experienced trauma from the local school districts or school sites, by shifting the perception of schools perpetuating harmful practices to schools becoming a critical partner with the tribes in ensuring the dynamic needs of tribal families are met in real-time and delivered at the school site.

The Office of Indian Education is continuing to understand COVID-19's impact on the educational experience of AI/AN students throughout the state of Oregon, including paying close attention to the unique nature of TAPP school district sites, and are continuing to shift resources and leverage their Government to Government partnership with tribes to fully understand and meet this need. In the immediate future, TAPP Districts are receiving support from the TAPP Grant Manager in analyzing data with an equity lens, to identify root causes of AI/AN disengagement from schools. TAPP Family Advocates, Project Directors, and Tribal Partners are receiving professional development on data justice to further center the voice of the AI/AN community on how the pandemic has impacted them and what is needed from ODE to respond to and meet their needs.

KPM #11	CUSTOMER SERVICE - Percentage of customers rating the agency's customer service as "good" or "excellent"
	Data Collection Period: Dec 01 - Dec 31



Report Year	2018	2019	2020	2021	2022
Overall					
Actual	77%	78%	80%		71%
Target	85%	85%	85%	85%	85%
Expertise					
Actual	76%	78%	79%		74%
Target	85%	85%	85%	85%	85%
Helpfulness					
Actual	81%	79%	82%		76%
Target	85%	85%	85%	85%	85%
Timeliness					
Actual	68%	69%	73%		64%
Target	85%	85%	85%	85%	85%
Accuracy					
Actual	76%	74%	78%		78%
Target	85%	85%	85%	85%	85%
Availability of Information					
Actual	70%	73%	75%		73%
Target	85%	85%	85%	85%	85%

How Are We Doing

ODE administered its annual customer service survey in February 2022, asking customers to rate ODE's customer service during the 2021 calendar year. ODE experienced a slight decrease in ratings for all criteria compared with pre-pandemic years, with the most significant drops in *Timeliness* and *Overall* customer service. *Accuracy* was ODE's highest rated service criteria, with 78 percent of respondents rating ODE as good or excellent, followed by *Helpfulness*, at 76 percent.

Factors Affecting Results

ODE's mission and vision focus on fostering excellence for every learner, with an emphasis on providing excellent customer service to attain this goal. Throughout the pandemic, ODE, ELD, and YDD have continued to keep this mission statement front and center, maintaining a commitment to service in the face of highly volatile circumstances. In addition to maintaining pre-existing processes to provide excellent customer service, ODE, ELD, and YDD continued to implement new service strategies aimed at helping Oregon youth, schools, and communities recover from the pandemic. These efforts ranged in scope from supporting schools and districts in providing students with equitable access to education to ensuring that youth and their families had sustained access to nutritious food and other services. Staff continued to work tirelessly to distribute unprecedented levels of both federal and state relief funding and provide customers with updated guidance in response to the shifting landscape of the pandemic. Throughout the year, staff also centered care and connection with ODE's many partners and customers, including schools, other agencies, education partners, Tribes, community members, and families to align resources in support of Oregon's youth.

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1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
K-12 EDUCATION										
1	1	100, Dept Ops	Reduction related to Operations through elimination of inflationary increases for all services and supplies, excluding Rent and State Government Service Charges.	796,180	\$ 796,180	0	0.00	TBD	Reduction related to Operations through elimination of inflationary increases for all services and supplies, excluding Rent, Attorney General and Stage Government Service Charges. The impact will be reduced levels in agency customer service and efficiency.	
2	2	100, Dept Ops	Reduction related to decrease of 3.75% to all standard services and supplies categories. Includes travel, professional development, offices supplies, capital outlay, and other program administration expenses.	273,356	\$ 273,356			TBD	Reduction related to Operation related to decrease of 3.75% to all standard services and supplies categories. Includes travel, professional development, offices supplies, capital outlay, and other program administration expenses. The impact will be reduced levels in agency customer service and efficiency.	
3	3	100, Dept Ops	Increase Vacancy Factor overall to 2.5% of Salaries and Wages.	735,058	\$ 735,058			TBD	Reduction to Operations related to increased vacancy factor achieved through holding positions vacancy or not filling positions. Will have significant impact to supporting school districts and administering programs.	
4	4	100, Dept Ops	Reduction to Operations by 5% to K-12 Professional Services budget.	498,280	\$ 498,280			TBD	Reduction to Operations by 5% to K-12 Professional Services budget. This will have a significant impact on Department's ability to provide technical assistance to the field. Additionally, this will create approximately a \$450K reduction in the student assessment contract and create challenges in successfully administering student assessments.	
K-12 GRANT-IN AID PROGRAMS										

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Current Service Level Budget**

1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
5	5	300, GIA	Reduction to the inflationary growth for all Grant-In-Aid Programs with the exception of Specialized Student Service programs and Closing the Achievement Gap.	1,975,819	\$ 1,975,819			TBD	Reduction to the inflationary growth for all Grant-In-Aid Programs with the exception of Specialized Student service programs and closing the achievement gap. Will maintain 2021-23 levels, however, will reduce services to students due to cost increases realized at school & district level.	
6	6	300, GIA	Farm to School Program: Reduce standard inflation.	209,864	\$ 209,864			TBD	Reduce Farm to School Program by standard inflation. This reduction will maintain 21-23 funding to Oregon school districts and non-profit organizations in providing Oregon grown/processed foods to students and children.	
7	7	300, GIA	Farm to School Program: Reduce program expenditures by 8.75%.	969,699	\$ 969,699			TBD	Reduce Farm to School Program by 8.75%. This reduction will reduce funding to Oregon school districts and non-profit organizations in providing Oregon grown/processed foods to students and children.	
8	8	300, GIA	50% reduction of Start Making a Reader Today (SMART), and Accelerated College Credit Instruction Program.	147,449	\$ 147,449			TBD	50% reduction of three programs that have been reduced to the point of a very low cost/benefit. The impact will be reduced effectiveness in teaching literacy skills to young children and reduced training for educators of accelerated learning classes. Taken in 087, Reach out to Read restored in 090.	
9	9	300, GIA	Reduce CTE related programs by approximately 9%.	2,618,525	\$ 2,618,525			TBD	Reduction taken to some CTE Related Programs which will impact the number of programs that can be offered to students that have impacts on college and career readiness. Reductions of 25% were taken in STEM/CTE Regional Network Grants, Career Pathway, and Innovation Grants. CTE Revitalization grants were not reduced. The overall impact to all CTE programs is a reduction of 9.15%.	

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Current Service Level Budget**

1 2 3 4 5 6 12 13 14 15 16

Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes
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Dept	Prgm/ Div	ODE 581	5% Reduction Target	31,564,563	\$ 31,564,563				
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10	10	300, GIA	Reduction of \$0.5 million to Every Day matters (Chronic Absenteeism) grants.	500,000	\$ 500,000			TBD	Reduce Every Day Matters (Chronic Absenteeism) Grants by \$0.5 million, which will delay program on state plan by reducing the capacity in ESDs to provide technical assistance and support to school districts.
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11	11	300, GIA	Reduce Vision Screening reimbursements by 15%.	504,443	\$ 504,443			TBD	15% reduction to Vision Screening reimbursement will decrease the number of students receiving free vision screenings in Oregon over the 2023-25 biennium from approximately 583,000 to 495,500.
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12	12	300, GIA	Reduce High School Success grant program (Measure 98) by 12.21%.	21,036,723	\$ 21,036,723			TBD	12.21% General Fund reduction to High School Success Grant Program. Reduces calculated cost per high school student to \$767 from \$877 . This reduction combined with reduction to CTE/STEM Related Programs will create less curriculum opportunities for high school students. ODE has a POP to request additional funding for HSS/M98 programs to align to SSF CSL adjustment. If approved, this package would add \$71.2 million to HSS/M98.
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Oregon School for the Deaf

13	13	200, Ops	Increase Vacancy Factor overall to 2.5% of Salaries and Wages.	79,838	\$ 79,838			TBD	Reduction to Operations related to increased vacancy factor achieved through holding positions vacancy or not filling positions. Will have significant impact to supporting school districts and administering programs.
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14	14	200, Ops	Reduce GF appropriation to OSD by 2.5%.	304,777	\$ 304,777			TBD	2.5% reduction to the general Fund appropriation to OSD. This will result in approximately 2.40 FTE staff reduction and reduce the school's ability to effectively serve students.
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Youth Development Division

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**Detail of Reductions to 2023-25
Current Service Level Budget**

1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
15	15	100, YDD Ops	Eliminate inflationary increases for all S&S.	16,846	\$ 16,846			TBD	Reduction to Operations for eliminating inflationary increases for all services and supplies. The impact will be reduced levels in agency customer service and efficiency.	
16	16	100, YDD Ops	Increase vacancy factor.	29,268	\$ 29,268			TBD	Reduction to Operations for increased vacancy factor achieved through holding positions vacant longer or not filling as they become vacant. Will have significant impact to supporting school districts and administration of programs.	
17	17	100, YDD Ops	Reduction to Community Investments by 5%.	390,813	\$ 390,813			TBD	Community Investment Grants are grants aimed at serving youth ages 6-24 at risk of disengaging from school, career/work and community. The efforts funded through this grant are culturally responsive, sexual and gender-identity affirming and address various barriers to educational and workforce success.	
18	18	100, YDD Ops	Reduce Juvenile Crime Prevention by 7.5% of General Fund resource.	477,625	\$ 477,625			TBD	Grants go to counties and tribes, and are based on formula that includes population consideration. This program is intended to reduce juvenile arrest, juvenile recidivism and the need for beds in OYA facilities.	
				10% Reduction Target	31,564,563	\$ 31,564,563				
K-12 EDUCATION										
19	19	100, Dept Ops	Reduction related to Operations through elimination of inflationary increases for all services and supplies, excluding Rent and State Government Service Charges.	796,180	\$ 796,180	0	0.00	TBD	Reduction related to Operations through elimination of inflationary increases for all services and supplies, excluding Rent, Attorney General and Stage Government Service Charges. The impact will be reduced levels in agency customer service and efficiency.	

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1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
20	20	100, Dept Ops	Reduction related to decrease of overall 7.5% to all standard services and supplies categories. Includes travel, professional development, offices supplies, capital outlay, and other program administration expenses.	273,356	\$ 273,356			TBD	Reduction related to Operation related to decrease of overall 7.5% to all standard services and supplies categories. Includes travel, professional development, offices supplies, capital outlay, and other program administration expenses. The impact will be reduced levels in agency customer service and efficiency.	
21	21	100, Dept Ops	Increase Vacancy Factor overall to 5% of Salaries and Wages.	735,058	\$ 735,058			TBD	Reduction to Operations related to increased vacancy factor achieved through holding positions vacancy or not filling positions. Will have significant impact to supporting school district and administering programs.	
22	22	100, Dept Ops	Reduction to Operations overall by 10% to K-12 Professional Services budget.	498,280	\$ 498,280			TBD	Reduction to Operations overall by 10% to K-12 Professional Services budget. This will have a significant impact on Department's ability to provide technical assistance to the field. Additionally, this will create approximately a total \$900K reduction in the student assessment contract and create challenges in successfully administering student assessments.	
K-12 GRANT-IN AID PROGRAMS										
23	23	300, GIA	Reduction to the inflationary growth for all Grant-In-Aid Programs with the exception of Specialized Student Service programs and Closing the Achievement Gap.	1,975,819	\$ 1,975,819			TBD	Reduction to the inflationary growth for all Grant-In-Aid Programs with the exception of Specialized Student service programs and closing the achievement gap. Will maintain 2021-23 Levels, however, will reduce services to students due to cost increases realized at school & district level.	

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1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
24	24	300, GIA	Farm to School Program: Eliminate standard inflation.	209,864	\$ 209,864			TBD	Reduce Farm to School Program by standard inflation. This reduction will maintain funding to Oregon school districts and non-profit organizations in providing Oregon grown/processed foods to students and children.	
25	25	300, GIA	Farm to School Program: Reduce program expenditures by 8.75%.	969,699	\$ 969,699			TBD	Reduce Farm to School Program overall by 17.5%. This reduction will reduce funding to Oregon school districts and non-profit organizations in providing Oregon grown/processed foods to students and children.	
26	26	300, GIA	Elimination of Start Making a Reader Today (SMART), and Accelerated College Credit Instruction Program.	147,449	\$ 147,449			TBD	Elimination of three programs that have been reduced to the point of a very low cost/benefit. The impact will be reduced effectiveness in teaching literacy skills to young children and reduced training for educators of accelerated Learning classes. Taken in 087, Reach out to Read restored in 090.	
27	27	300, GIA	Reduce CTE Related programs overall by approximately 18%.	2,618,525	\$ 2,618,525			TBD	Reduction taken to some CTE Related Programs which will impact the number of Programs that can be offered to students have impacts on college and career readiness. Reductions of 25% were taken in STEM/CTE Regional Network Grants, Career Pathway, and Innovation Grants. CTE Revitalization grants were not reduced. The overall impact to all CTE programs is a reduction of 18.3%.	
28	28	300, GIA	Reduction of overall \$1 million to Every Day matters (Chronic Absenteeism) grants.	500,000	\$ 500,000			TBD	Reduce Every Day Matters (Chronic Absenteeism) Grants overall by \$1 million, which will delay program on state plan by reducing the capacity in ESDs to provide technical assistance and support to school districts.	

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Current Service Level Budget**

1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
29	29	300, GIA	Reduce Vision Screening reimbursements by 30%.	504,443	\$ 504,443			TBD	30% reduction to Vision Screening reimbursement overall will decrease the number of students receiving free vision screenings in Oregon over the 2023-25 biennium from approximately 583,000 to 408,000.	
30	30	300, GIA	Reduce High School Success grant program (Measure 98) by additional 12.21%.	21,036,723	\$ 21,036,723			TBD	24.43% General Fund overall reduction to High School Success Grant Program. This reduction combined with reduction to CTE/STEM Related Programs will create less curriculum opportunities for high school students. ODE has a POP to request additional funding for HSS/M98 programs to align to SSF CSL adjustment. If approved, this package would add \$71.2 million to HSS/M98.	
Oregon School for the Deaf										
31	31	200, Ops	Increase Vacancy Factor overall to 5% of Salaries and Wages.	79,838	\$ 79,838			TBD	Reduction to Operations related to increased vacancy factor achieved through holding positions vacancy or not filling positions. Will have significant impact to supporting school district and administering programs.	
32	32	200, Ops	Reduce GF appropriation to OSD overall by 5%.	304,777	\$ 304,777			TBD	5% reduction overall to the general Fund appropriation to OSD. This will result in approximately another 2.40 FTE, 4.80 FTE overall, staff reduction and reduce the school's ability to effectively serve students.	
Youth Development Division										
33	33	100, YDD Ops	Eliminate inflationary increases for all S&S.	16,846	\$ 16,846			TBD	Reduction to Operations for eliminating inflationary increases for all services and supplies. The impact will be reduced levels in agency customer service and efficiency.	

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1 2 3 4 5 6 12 13 14 15 16

Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563			
34	34	100, YDD Ops	Increase vacancy factor.	29,268	\$ 29,268			TBD	Reduction to Operations for increased vacancy factor achieved through holding positions vacant longer or not filling as they become vacant. Will have significant impact to supporting school districts and administration of programs.
35	35	100, YDD Ops	Reduction to Community Investments overall by 5%.	390,813	\$ 390,813			TBD	Community Investment Grants are grants aimed at serving youth ages 6-24 at risk of disengaging from school, career/work and community. The efforts funded through this grant are culturally responsive, sexual and gender-identity affirming and address various barriers to educational and workforce success.
36	36	100, YDD Ops	Reduce Juvenile Crime Prevention overall by 15% of General Fund resource.	477,625	\$ 477,625			TBD	Grants go to counties and tribes, and are based on formula that includes population consideration. This program is intended to reduce juvenile arrest, juvenile recidivism and the need for beds in OYA facilities.
				15% Reduction Target	31,564,563	\$ 31,564,563			
K-12 EDUCATION									
37	37	100, Ops	Increase Vacancy Factor overall to 10% of Salaries and Wages.	2,300,000	\$ 2,300,000			TBD	Reduction to Operations related to increased vacancy factor achieved through holding positions vacant or not filling positions. Will have significant impact to supporting school district and administering programs.

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1	2	3	4	5	6	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$ 31,564,563				
38	38	100, Ops	Eliminate Adult Learning Platform.	567,278	\$ 567,278			TBD	Eliminates the Comprehensive Adult Professional Learning System, the online learning platform for Oregon educators. This will have significant impact to Oregon educators and reduce the Educator Advancement Council in building system-wide capacity, and design sustainable state and regional learning organizations able to respond with real-time, flexible, differentiated supports.	
K-12 GRANT-IN AID PROGRAMS										
39	39	300, GIA	Reduce High School Success grant program (Measure 98) by additional 9.13% for a total of 33.56%	15,723,435	\$ 15,723,435			TBD	33.56% General Fund overall reduction to High School Success Grant Program. This reduction combined with reduction to CTE/STEM Related Programs will create less curriculum opportunities for high school students. ODE has a POP to request additional funding for HSS/M98 programs to align to SSF CSL adjustment. If approved, this package would add \$71.2 million to HSS/M98.	
40	40	300, GIA	Eliminate Farm to Schools program.	8,473,849	\$ 8,473,849			TBD	Eliminates Farm to School Program. This will eliminate funding to Oregon school districts and non-profit organizations in providing Oregon grown/processed foods to students and children.	
K-12 EDUCATION										
41	41	100, Dept Ops	Reduction of 15 agency positions	4,500,000	\$ 4,500,000			TBD	Elimination of 15 agency positions reducing the support of administration of various programs across ODE already experiencing workload capacity limits.	
GRAND TOTALS				94,693,688	\$ 94,693,688	0	0.00			

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Dept	Prgm/ Div	ODE 581		5% Reduction Target	31,564,563	\$	31,564,563			

\$ 94,693,688
\$ (0)