

## Changes to the K12 Funding Formulas

# Warning

Slides are not done. This is just some todo notes for me.

# Funding Basics

Details on the interaction of property tax with the state allocation.

- ▶ Get more property tax, get less from the state
- ▶ A few districts in a few years get nothing from the state because high property values and few students

# The Two Funding Formulas

From ORS 327.013

- ▶ the cost sharing transportation formula
- ▶ the non-cost sharing general formula

# How Equal Funding Results in Unequal Class size

- ▶ Will pull data for this and make a graph that shows class size vs school year for rural (low salary) and urban (high salary) districts
- ▶ Quick illustrative average class size
  - ▶ PPS 23(They have extra funding)
  - ▶ Parkrose 27
  - ▶ David Douglas 26
  - ▶ Centennial 27
  - ▶ Reynolds 25
- ▶ Rural
  - ▶ Bandon 20
  - ▶ Baker 12
  - ▶ Gervis 21
  - ▶ Many in the 10s

## What this Means

- ▶ Even if you fund the Quality Education Model fully
- ▶ High cost areas will still have high class sizes, lower test scores and lower graduation rates than the low cost areas.
- ▶ Funding that puts class size in high cost areas into the low 20s would put class size in rural, low cost, areas into the low teens or even single digits.
- ▶ Equal funding is not the same as equitable treatment.

## Could you move funding to increase aggregate rates?

- ▶ Decreasing class size when class sizes are large generates larger increases than decreasing class sizes when class size is small.
- ▶ IOW, Moving from 27 to 26 increases graduation rates more than decreasing class size from 20 to 19.

# Can we Change the funding formula?

It depends . . .

Oregon Constitution VIII.8(2)

2. Consistent with such legal obligation as it may have to maintain substantial equity in state funding . . .
  - ▶ We have variations in the transportation component by cost
  - ▶ We have variations in the general component based on experience.



# What is the change?

*Funding Percentage* \* (\$4,500 + \$25(Average Teacher Experience – State Average))

to

*Funding Percentage* \* (\$4,500 +  $m$  \* Average Annual Teacher Salary) \* ADMw

The key is  $m$ .

- ▶ Big  $m$  give more equal class size but reduces incentives to negotiate over salary
- ▶ Small  $m$  gives less equal class size but increases incentives to negotiate