

Changes to the K12 Funding Formulas

Warning

Slides are not done.

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 Major Funding Formulas

From ORS 327.013

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

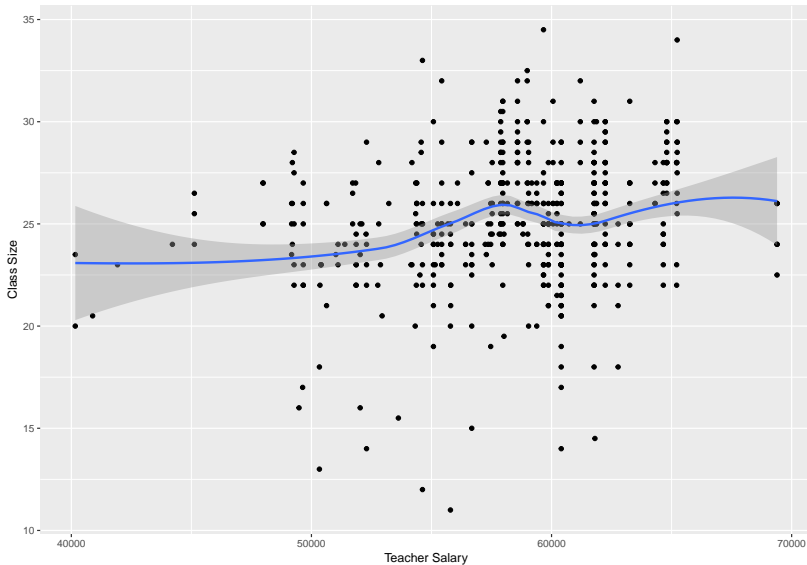
How Equal Funding Results in Unequal Class Size and School Year

- ▶ Funding formula gives a roughly fixed dollar amount per student.
- ▶ Districts primarily trade-off class size with school year.
- ▶ Districts with low teacher salaries can afford more teachers per student, or longer school years.
- ▶ 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

Class size, School year and Salaries

- ▶ OSBA does a salary survey every year with a high response rate.
 - ▶ Covers salary schedules,
 - ▶ Student contact days
- ▶ ODE Reports class sizes and other figures
 - ▶ Average class size for Elementary
 - ▶ By class type, e.g., for middle and high school.

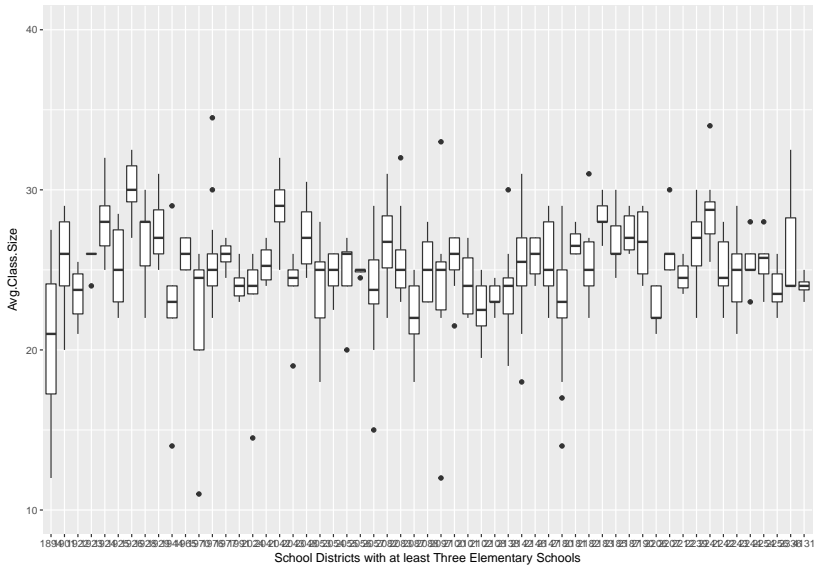
Elementary Class Size by Salary (2015)



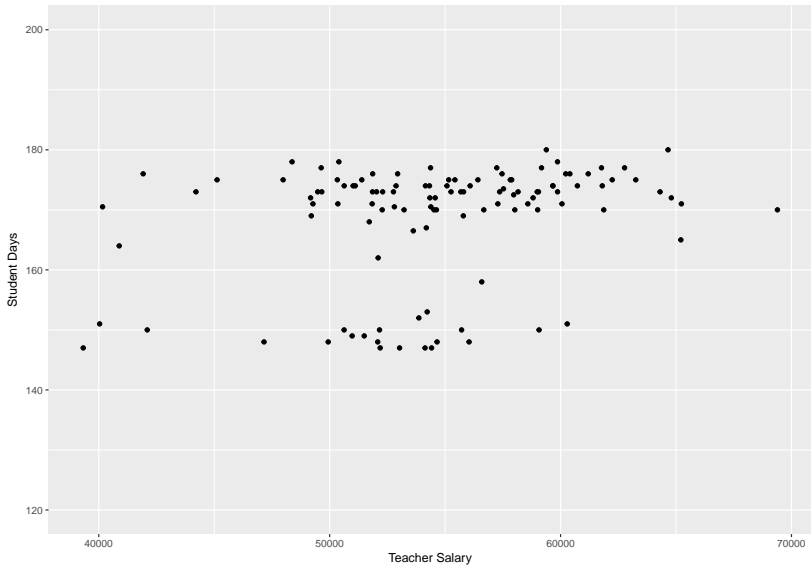
What it Means

- ▶ These are school level averages.
- ▶ There are significant differences between schools within districts and within schools
- ▶ Tendency for districts with higher salaries to have higher class sizes.

Within District Class Size



What about School Year?



Salary and School Year

- ▶ No real relationship
- ▶ Some district choose a short school year, others choose a longer one.
- ▶ A small number of days cut often substitutes for larger class size

School days and Class Size Together

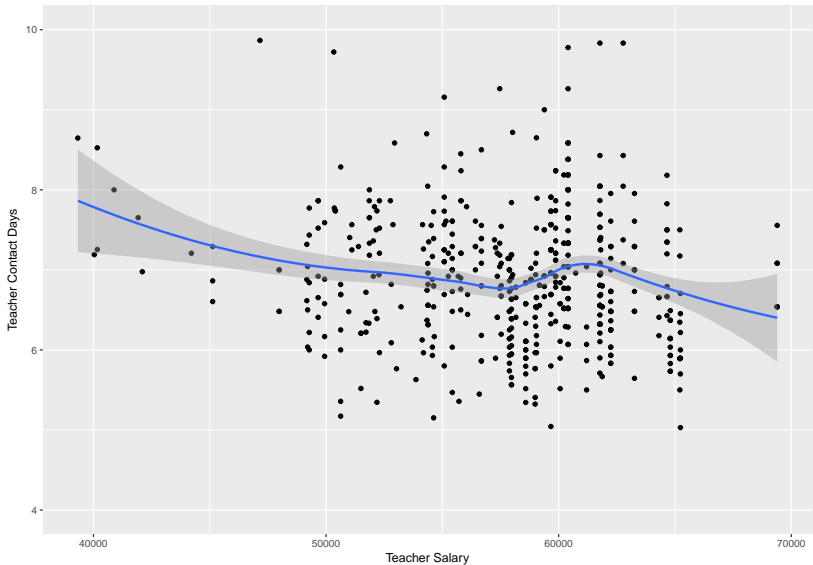
- ▶ Define Teacher Contact Days

- ▶ $\frac{1}{\text{Class Size}} \text{School Year}$

- ▶ Basic logic

- ▶ In a class of 20, each student gets, $\frac{1}{20}$ of a day of attention.
 - ▶ 200 day long school year gives the student, $\frac{1}{20} 200 = 10$ contact days with the teacher.

Teacher Contact Days vs Salary



What is Going

- ▶ There are some key districts with average salaries in the 55k to 63K salary range that are keeping some schools with small class sizes.
- ▶ That pops up the Teacher contact days in that range when you look per school.
- ▶ Does not mean it is true per student.

Teacher Contact Days By Student

But What About the QEM?

- ▶ 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 graduation 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?

$$F * (\$4,500 + \$25(\text{Average Teacher Experience} - \text{State Average})) * ADM_w$$

to

$$F * (\$4,500 + m * \text{Average Annual Teacher Salary}) * ADM_w$$

The key is m .

- ▶ F is the “Funding Percentage” which adjusts each district’s funding to meet the state budget allocation.
- ▶ 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

The politics

- ▶ Rural vs Urban
 - ▶ Rural will object but:
 - ▶ Transportation takes into account cost difference why not the general
 - ▶ They often get more money because of the small schools grant (another nod to cost difference)

Supporting Data