



OREGON

Description of the Formula

The 1991 session of the Oregon Legislature created a new measure of financial equity for school districts. Equity is not viewed as the same funding per student for all school districts; school districts will have students with special needs, will need to offer different programs, and will experience different costs to deliver equivalent programs and services. The foundation program consists of four different types of grants: General Purpose Grants, Transportation Grants, High Cost Disability Grants, and Facility Grants. The following principles guided the development of the new formula:

1. Share all school funding sources statewide
2. Let school districts decide how to spend their allocation,
3. Create funding differences only for uncontrollable cost differences.
4. Avoid incentives for school districts to increase their allocation.
5. Provisions of the four grants are discussed in the following paragraphs.

General Purpose Grants

These grants are based on weighted student counts; they account for 95.5% of the formula revenue. (There are no constraints on how this money can be spent.)

- Weighted Student Counts are adjusted for teacher experience and the value of a weighted student is balanced on available revenues. Each kindergarten student is assigned a weight of 0.50; the cost of any special services and/or programs is added to the base weight.
- A teacher experience factor of \$25 per student per year is added, or subtracted from, to the base funding per student depending on whether the district's average teacher experience exceeds, or falls below, the state average.
- The initial base value of the student weight was \$4,500 for 2006-07; after considering the available revenues, number of weighted students, the teacher experience adjustment, transportation, high cost disability students, and facility needs, the amount per weighted student is actually \$5,580 for the 2006-07 school year.

The student cost weights used in the calculations for the equalization are listed in the following table.

Weights and Weighted ADM Used in the Equalization Formula

Group	Weight	Weighted ADM
Special Education and At-Risk		
Special Education	1.00	2.00
English as a second Language	0.50	1.50
Pregnant and Parenting	1.00	2.00
Students in poverty	0.25	1.25
Neglected and Delinquent	0.25	1.25
Students in foster home	0.25	1.25
Grade and School		
Kindergarten	- 0.50	0.50
Elementary district students	- 0.10	0.90
Union high school district students	0.20	1.20
Small school	Varies	Varies

Note: Maximum additional is 2.00 but not all weights are coupled.

Transportation Grants

The transportation grant uses actual costs as the factor to adjust for different costs per student. The transportation grant is 70% to 90% of approved transportation costs. Approved costs include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools, on field trips and for other reasons in special cases. This categorical grant is only available for actual transportation costs. The highest cost districts tend to be in rural districts with a low density of students where most students ride a bus over considerable distances.

High Cost Disability Grant

This grant is actual costs above \$30,000 per disability student to help compensate for the uneven distribution of high cost disability students. High cost special education students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be very disproportional to the revenue generated from the double weighting of these students in the school equalization formula.

The effect of adding a high cost disability to the formula reduces the total for the general purpose by \$12 million. The 2007 Legislature raised this annual amount to \$18 million starting in the 2007-08 school year. All districts share in the cost and those districts with students who have high cost disabilities benefit by their high cost disability grant exceeding the reduction in their general purpose grant.

Facility Grant

The cost of new facilities to increase classroom space is the differentiating cost factor for districts with new classrooms to equip. The facility grant is 8% of the total construction costs of new school building costs excluding land. New buildings include additions and portable classrooms, but exclude buildings not used for some classes such as a central

administration. Initially, grants to districts could not exceed \$17.5 million per biennium and were prorated if eligible costs exceeded \$17.5 million. The 2005 Oregon Legislature increased the amount to \$25 million beginning in 2007-09.

District-Based Components

Density/Sparsity of Small Schools

Students in a qualified small school receive an extra weight based on grade level, average grade size, and distance to the nearest school. The smaller the school, the higher the weight. The weight is based on the size of each school, not the size of the district. To qualify as a small elementary school, the school must have been in the same location since 1955 and qualified as a small school in 1995 (elementary) and in 1999 (high school). Elementary schools also must be remote – more than 8 miles from the nearest school. If small high schools are the result of a merger, they receive the combined weight for four years...

Grade Level Differences

Kindergarten students are weighted at .50, elementary at .90 and union high school district students at 1.20. There are also varying small school weights.

Declining Enrollment or Growth

The equalization formula uses the higher of the current years weighted ADM or prior years weighted ADM. Extended weighted is the term for the higher of the two years.

Capital Outlay and/or Debt Service

One of the four components in the school equalization includes a limited grant program for classrooms (i.e., the facilities grant program described above).

Transportation

State support for pupil transportation is one of the four components in the state's equalization program. The rate of reimbursement to the school district for pupil transportation is 70% to 90% of approved costs.

Other

Small High School

In 2005, the Legislature transferred \$5 million (\$2.5 million per year) from the State School Fund (K-12 Equalization Formula) to the Small School District Supplement Fund. Small districts are those with fewer than 8,500 weighted students with high schools having less than 350 students for four grades and 267 for three grades. Of the 198 school districts in the state, 102 districts qualify. Each eligible small school district receives its proportionate share of the small high school ADM each year of the biennium. The 2007 legislature eliminated funding for this program starting in the 2012-13 school year.

State Special Education Programs

Three state education programs are funded directly out of the State School Fund. They are for students in hospitals, long-term care facilities, and a facility for the deaf or blind.

Virtual School

The sum of \$2 million was transferred from the State School Fund to the Department of Education to develop a statewide virtual school district.

Educational Service Districts

The state also funds 21 Educational Service Districts (ESDs). Their functions are to support school districts and provide special education services. Of the total funds in the State School Fund, 4.75% of the total is distributed by formula to the ESDs.

Student-Based Components

Special Education

Two types of funding are provided in the equalization program – a 0.50 general weight for students with disabilities and the “High Cost Disability Grant” for disabled students whose annual IEP cost would exceed \$30,000.

Compensatory Education

Oregon funds students in Pregnant and Parenting Programs at a weight of 1.0, students in poverty at .25, neglected and delinquent students at .25 and students in foster care at .25.

English Language Learner/Bilingual Education

Students served in programs for English Language Learners are weighted at 1.5.

Gifted and Talented Education

Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment

Oregon maintains both assessed values and real market values for all taxable properties. Assessed values were set for existing properties in 1997 and are allowed to grow at 3% per year, but cannot exceed real market value. Local property tax rates are applied to assessed values, but total taxes imposed on each property cannot exceed 0.5% of real market value for education taxing districts or 1.0% of real market value for non-education taxing districts.

Measure of Local Ability to Support Schools

Property valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

All 197 school districts are fiscally independent. Local permanent property tax rates can be applied to assessed value without voter approval. In addition, “local option” property

tax levies can be established with voter approval. For each property, taxes imposed by the sum of the permanent rate and the local option rate cannot exceed 0.5% of the real market value of the property for all taxing districts combined (school districts, education service districts, and community college districts).

State Support for Nonpublic Schools

Does not apply.