



# QUALITY EDUCATION MODEL

FINAL REPORT  
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EXECUTIVE SUMMARY

QUALITY  
EDUCATION  
COMMISSION

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## EXECUTIVE SUMMARY

The Quality Education Model (QEM) was developed as a research and data-driven tool to evaluate educational practices and estimate the level of funding required to meet Oregon's educational goals. The model provides information that promotes a more informed dialogue among policy-makers, educators, the public, and other stakeholders, using national research as well as lessons learned from the analysis of Oregon schools. The goal of the Quality Education Commission, which maintains and enhances the QEM and assists others using the model for policy analysis, is to promote a better-informed decision-making process that leads to better prepared students, a more equitable system, more successful citizens, and a more productive economy in the state.

As Oregon continues to work toward an integrated approach to education that spans pre-kindergarten through post-secondary training and higher education, the Quality Education Commission has supplemented its focus on K-12 with data and research on children's pre-K experiences and on the preparation for students' post-secondary plans. This broadening of the Commission's perspective is based on the belief that to better understand the needs of the K-12 portion of the system, we need to learn more about the knowledge and skills that our youngest learners possess when they enter kindergarten and their level of preparedness for next steps when they complete high school.

The QEM continues to evolve so it can remain a useful guide to policy. The Commission has maintained its commitment to improving the model through ongoing research based on the experiences in Oregon schools. In addition to the analysis supported by the Commission itself, there has been an increasing amount of useful research by other public and private entities. The Oregon Department of Education, Oregon State University, the University of Oregon, and Western Oregon University have all done valuable analysis that has helped the Commission enhance the QEM. In addition, a number of non-profit and for-profit organizations continue to do valuable work that informs the Commission's work. The Quality Education Model will be most effective if it serves as a resource that promotes an informed and robust dialogue among educators, communities, and policy makers. To accomplish this:

- The Quality Education Model cannot simply be the mechanism used to quantify Oregon's funding shortfall. The model's greatest value lies in evaluating the costs and expected impacts on student success of specific policy proposals to help policymakers and educators make better decisions.
- The Commission must progress in its work evaluating the "inputs" to the K-12 system (pre-K and other early education) as well as the "outputs" (readiness for college and other post-secondary training). The knowledge gained will allow schools to help students navigate critical transition points in the system, where many students struggle.
- The State must continue to promote a balanced system of shared local and state education leadership. Decisions driven by communities are critical, but without effective research, guidance, and assistance from the state, our schools and students cannot reach their full potential.

## KEY FINDINGS

In this round of the Quality Education Commission's work, the Commission relied primarily on a case study carried out by the Education Policy Innovation Center and an analysis of key factors influencing graduation rates by the Oregon Department of Education. Based on that work and the financial analysis using the QEM, the Commission made the following findings:

### **Oregon's high school graduation rate is increasing, but more improvement is needed**

Oregon's on-time high school graduation rate increased to 74% in 2014-15, up from 72% in the prior year. That is good news, but it will take substantial further increases if Oregon is to meet its educational goals. Recent analysis by the Oregon Department of Education (ODE) isolates key student characteristics that are correlated with successfully graduating from high school, giving policymakers important information to help develop policies to increase graduation rates.<sup>1</sup> ODE's key findings in that analysis were:

- Attendance rates are highly correlated to graduation, so policies that can increase attendance by increasing student engagement have the potential to increase graduation rates substantially.
- For African American, Hispanic, and white students, raising academic performance is the most effective way to raise graduation rates.
- For Native American, low-income, and male students, raising academic achievement alone will have only a limited impact in raising graduation rates. Many of these students face additional barriers to graduation that will require other approaches if those students are to graduate at the same rate as their peers.

### **Oregon needs to better prepare students for post-secondary success**

The Educational Policy Improvement Center (EPIC), under contract to the QEC, conducted a case study of four Oregon high schools to look closely at factors that constitute a school's success in preparing students for their post-secondary endeavors. EPIC identified five important takeaways:

1. Effective schools have clearly stated and commonly understood values and beliefs, develop a shared vision, and work from a theoretical framework that emerges from and informs their understanding and decision making.
2. Effective schools begin by identifying and using the assets that they have in their building. School leadership is dispersed horizontally and vertically and includes administrators, teachers, staff, students, families, and the community.
3. Teacher collaboration within and between institutions is vital to creating an engaging school culture.

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<sup>1</sup> <http://www.ode.state.or.us/wma/superintendent/release/graduation-brief-2016.pdf>

4. Effective schools have structures designed to get to know students well. These structures help teachers develop deep understanding of their students and are then able to craft their instruction accordingly. In turn, students engage in the lessons that support their learning.
5. Relationships with families and community organizations increase the social capital of the school and allow for innovative and supportive programming that effectively use local assets and address complex needs.

### **K-12 funding has grown in the last two biennia, but it needs to increase further**

The total cost of running K-12 schools at a level recommended by the QEC is estimated at \$9.971 billion in the 2017-19 biennium, \$1.992 billion more than the funding required to maintain the Current Service Level—that is, to simply keep up with inflation from the prior biennium. As Exhibit 1 shows, this funding gap is slightly larger than the gap in the prior biennium, (2015-17), which was \$1.782 billion.<sup>2</sup> Because salaries, health costs, and general inflation rose slower than previously expected, the increase in the gap can be attributed entirely to the increase in the Public Employee Retirement System employer contribution rate from 20.0% in the 2015-17 biennium to 23.59% in 2017-19.

#### **EXHIBIT 1: QUALITY EDUCATION MODEL FUNDING REQUIREMENTS**

Dollars in Millions	2015-17	2017-19	2019-21
State Funding Requirements for Current Service Level*	\$7,376.3	\$7,978.5	\$8,514.6
Percent Change from Prior Biennium		8.2%	6.7%
State Funding Requirements for Fully-Implemented Model	\$9,158.4	\$9,971.0	\$10,649.2
Percent Change from Prior Biennium		8.9%	6.8%
Funding Gap: Fully Implemented Model minus Current Service Level	\$1,782.1	\$1,992.4	\$2,134.6
Percent Change from Prior Biennium	-16.1%	11.8%	7.1%
Gap as a Percent of Current Service Level	24.2%	25.0%	25.1%
* The 2015-17 amount is the actual legislative appropriation			

Funding of K-12 education in Oregon has increased faster than inflation and enrollment growth over the past two biennia, causing the gap between current state funding and the level recommended by the Quality Education Model to fall to 24.2%, in 2015-17 and then rise only slightly to 25% in 2017-19. The gap had grown to as high as 38% in 2011-13 as the impact of the recession took its full impact on

<sup>2</sup> The QEM initially projected the gap in 2015-17 to be \$2.381 billion, but then the legislature appropriated more than the Current Service Level requirement, so the actual gap was \$1.782 billion.

Oregon's General Fund revenue. Exhibit 2 shows how the gap has changed since the first estimate was made for the 1999-00 biennium.

## EXHIBIT 2: GAP BETWEEN QEM AND ACTUAL STATE FUNDING

Dollars in Millions				
Biennium	QEM Full Implementation	Legislative Appropriation*	Gap	Percent Gap
1999-01	\$5,654.2	\$4,562.0	\$1,092.2	23.9%
2001-03	\$6,215.6	\$4,573.9	\$1,641.7	35.9%
2003-05	\$6,659.2	\$4,907.6	\$1,751.6	35.7%
2005-07	\$7,096.7	\$5,305.2	\$1,791.5	33.8%
2007-09	\$7,766.2	\$6,131.0	\$1,635.2	26.7%
2009-11	\$7,872.8	\$5,756.9	\$2,115.9	36.8%
2011-13	\$8,004.9	\$5,799.0	\$2,205.9	38.0%
2013-15	\$8,775.0	\$6,650.4	\$2,124.6	31.9%
2015-17	\$9,158.4	\$7,376.3	\$1,782.1	24.2%
2017-19	\$9,971.0	\$7,978.5	\$1,992.5	25.0%
2019-21	\$10,649.2	\$8,514.6	\$2,134.6	25.1%
* For 2017-19 it is the estimated Current Service Level since the legislative appropriation has not yet been made.				

## RECOMMENDATIONS

1. If Oregon is to meet its educational goals, the state must increase education funding. To continue the progress toward full QEM funding over a 5-biennia period (i.e., by the 2021-23 biennium), the legislature should appropriate at least \$9.1 billion to the State School Fund in 2017-19. The legislature should also increase spending for high-quality pre-K programs, which research has shown to have a large impact on later success, both in school and in the labor market as those students move through school and become working adults.
2. The legislature should take action to raise more revenue. Despite education being the single largest area of spending in Oregon's budget, education funding in Oregon continues to be well below the national average—about 11% lower. That is a dramatic decline from 1990-1991, prior to Oregon's Measure 5 and 50 property tax limitations, when Oregon was 6% **above** the national average. Those property tax limitations, along with the lack of action by Oregon policymakers to replace the lost revenue by making meaningful adjustments to Oregon's revenue structure, has

resulted in Oregon becoming a relatively low-tax state.<sup>3</sup> This makes funding of high-quality public services a challenge.

Budget analysts are currently predicting that Oregon's general fund and lottery revenues will not be sufficient to meet the Current Service Level in 2017-19 for all state agencies and education. As the qualification of Initiative Petition 28 for the November 2016 ballot indicates, the lack of action by state policymakers over the past 25 years to adjust the revenue system so that it raises sufficient revenue has resulted in citizens taking action to try to do so.<sup>4</sup>

3. Schools must start early to assure that all students read at grade level by the third grade by utilizing best practices and intentional collaboration with the early learning community. The State's increased investment in pre-K programs and full-day kindergarten is a good start. It is critical we continue that investment and that we solve Oregon's widespread chronic absenteeism problem by more effectively engaging students to keep them in school and on track for graduation. A number of Oregon high schools, highlighted in a recent analysis by the Oregon Department of Education, have programs that have been very successful at doing just that.<sup>5</sup>
4. The state must increase its understanding of the social, economic, and cultural factors that impact students so it can allocate resources and develop strategies that help districts improve the achievement of specific student groups: students in the early grades, where literacy development is critical to later learning; English Language Learners, whose high school graduation rates soar if they are proficient in English prior to entering high school; economically disadvantaged students, who face challenges both inside and outside the classroom; male students, who graduate at lower rates than females with similar academic achievement; and Native American students, who face exceptional challenges.
5. Schools must continue their efforts to provide more individualized instruction time, particularly for struggling students. To make that time most productive, schools must promote teacher collaboration that focuses on the needs of individual students. Teacher effectiveness in meeting the individual academic needs of all students increases over time in schools where teachers dedicate regular and adequate professional development time to engage in collaborative continuous cycles of improvement processes. These processes have been identified in Oregon High Schools making progress in achieving equitable outcomes for economically disadvantaged and diverse student populations. Policies, systems, and processes should be implemented that recognize and advance the teaching and leadership skills of experienced teachers who increasingly improve their effectiveness as individual teachers and the collective effectiveness of their team members.
6. The Quality Education Commission, along with the Department of Education and other partners, should continue their evaluation of practices that promote college-readiness and success in post-

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<sup>3</sup> Taxes in Oregon represent 9.91% of the state's Personal Income, while the national average is 10.35%. Oregon ranked 28<sup>th</sup> highest in 2013 while we ranked 13<sup>th</sup> highest in 1991 when the first property tax limitation, Measure 5, was passed. <http://www.taxpolicycenter.org/statistics/state-and-local-tax-revenue-percentage-personal-income>

<sup>4</sup> Initiative Petition 28, if passed, will raise the corporate minimum tax for large corporations and is projected to raise about \$6 billion per biennium.

<sup>5</sup> <http://www.ode.state.or.us/wma/superintendent/release/graduation-brief-2016.pdf>

secondary programs and to tell the stories of successful schools. Case studies and other methods of researching local practices in Oregon's schools can offer insights to local conditions that may be missed in statewide and national research, and the information gained can be disseminated throughout the state to help spread promising practices.

A copy of the full 2016 Quality Education Model report can be found at the following link:

<http://www.ode.state.or.us/search/results/?id=166>