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79<sup>th</sup> LEGISLATIVE ASSEMBLY  
HOUSE COMMITTEE ON EDUCATION

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## PURPOSE

The purpose of this report is to inform the House Education Committee on progress of the Ballot Measure 98 ('Measure') workgroup that was convened between March and April and tasked with suggesting statutory changes to the Measure to provide flexibility for school districts and best serve Oregon students.

## WORKGROUP PARTICIPANTS

### *Legislators*

Rep. Barbara Smith Warner\* (D, HD 45)  
Rep. Carl Wilson\* (R, HD 3)  
Rep. Mark Johnson (R, HD 52)  
Rep. Susan McLain (D, HD 29)

*\*co-facilitator*

### *Organizations Represented*

Confederation of School Administrators  
Focus Point Communications on behalf of  
STEM-CTE Employers Coalition  
Oregon Education Association  
Oregon School Board Association  
Reynolds School District  
Northwest Regional Education Service District  
Stand for Children  
Chief Education Office  
Oregon Department of Education

## BACKGROUND

Ballot Measure 98 ('Measure') was an initiated state statute on the November 8, 2016 ballot. After being approved by 66% of Oregon voters, the Measure was adopted into state statute as the "High School Graduation and College and Career Readiness Act of 2016." As adopted, the Measure requires the Legislature to provide at least \$800 per high school student-adjusted upward annually for inflation/population-to the Oregon Department of Education (ODE) administered account. ODE is required to distribute those funds to school districts to establish or expand high school programs providing career-technical education, college-level courses, and dropout-prevention strategies.<sup>1</sup> Measure funds are made available pursuant to the state's Extended Average Daily Membership weighted (ADMw). The House Education Committee held an informational session on February 8, 2017 to hear from stakeholders on recommended technical changes to the Measure. The intention was to further define implementation strategies

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<sup>1</sup> Secretary of State Voters' Guide: <http://oregonvotes.gov/voters-guide/english/votersguide.html#Ballot Title>

and discuss language in the Measure that is unclear or difficult to implement. The Committee heard from representatives of the: Confederation of School Administrators, Oregon Education Association, Oregon School Board Association and Stand for Children. State agencies represented were the Chief Education Office and Oregon Department of Education.

There were four concerns repeatedly addressed during the informational session from stakeholders; all of them relate to flexibility for school districts (see Appendix A for the four areas stakeholders recommended addressing). At the request of House Speaker Tina Kotek, a workgroup was formed to develop recommendations to modify the Measure's statutory language and address these concerns. The workgroup held four meetings during the months of March and April. The goal of the workgroup was to consider changes to state statute that would allow districts flexibility and address the four concerns from the informational session (see Appendix A), while ensuring the workgroup recommendations maintained the fidelity of voters.

A timeline of the workgroup's convening is below:

On February 8, 2017 – an informational session on the technical aspects of the Measure was presented to the House Education Committee. There were four recommendations identified by multiple stakeholders at the Measure informational session (see Appendix A):

- (1) Include elementary school and/or middle school students (grades 5-9) for purposes of school districts spending Measure dollars;<sup>2</sup>
- (2) Include the allowance for investing in only one or two areas of focus, as opposed to all three: Career and Technical Education, college-level training opportunities and programs aimed at drop-out prevention;<sup>3</sup>
- (3) Include the requirement of a funding floor for small school districts impacted by low student enrollment;<sup>4</sup>
- (4) Include the allowance of spending Measure funds on existing programs to support existing efforts (supplement), as opposed to having districts close and reopen programs (supplant).<sup>5</sup>

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<sup>2</sup> The Ballot Measure identifies high school students as the targeted group:

**(Career Technical Education)** SECTION 5. A school district shall use a portion of the funds apportioned under section 3 of this 2016 Act to establish and expand career-technical education programs in high schools that are relevant to the job market in the community or region the school district serves...

**(College-level courses)** SECTION 6. (1) A school district shall use a portion of the amount apportioned under section 3 of this 2016 Act to establish and expand college-level educational opportunities for students in high schools....

**(Dropout-Prevention)** SECTION 7. (1) A school district shall use a portion of the amount apportioned under section 3 of this 2016 Act to establish and expand dropout-prevention strategies in all high schools.

<sup>3</sup> The Measure, as written, requires school districts spend money in all three areas

<sup>4</sup> The Measure allocates money dependent on the ADMw of school districts, which means districts with extremely low enrollment may not have the resources or funds available to implement the programs proposed by the Measure. Funding floors would require a minimal dollar allocation to ensure every district can utilize the money on programs.

<sup>5</sup> During the informational session on February 8, 2017, stakeholders expressed concerns that districts would be required to spend money on new programs. The concern was that in order to use Measure 98 resources, districts could not use Measure 98 resources on currently existing programs, which would lead to districts closing programs and reopening them.

Section 8 of the Ballot Measure reads (1) A school district must use the amount apportioned under section 3 of this 2016 Act to establish and expand programs, opportunities and strategies under sections 5, 6 and 7 of this 2016 Act and may not use the amount apportioned to maintain programs, opportunities and strategies established prior to the effective date of this 2016 Act,

On March 10, 2017 – the workgroup met to discuss the Measure and participants were given the opportunity to elaborate on concerns already addressed in the informational meeting or express additional concerns.

On March 17 – the workgroup decided to narrow the scope of their recommendations to the four objectives identified during the informational session before the House Education Committee.

On March 24, 2017 – the workgroup created a proposal agreed to by 13 out of the 14 members (see Appendix B for copy of proposal). After the meeting, workgroup members suggested feedback and changes to the proposal.

On April 7, 2017 – the workgroup discussed an alternative proposal that was submitted and presented by Stand for Children (see Appendix B). At this meeting, the workgroup could not agree to either the proposal on March 24 or the Stand for Children proposal. It was decided that the legislators on the workgroup would meet separately and consider both proposals. Thus, the final proposal was developed.

## **RECOMMENDATIONS**

Since school districts operate on a biennial budget cycle, the workgroup discussed how districts should submit to the Oregon Department of Education (‘Department’) plans for using Ballot Measure 98 (‘Measure’) dollars on a biennial cycle. It was discussed how best practices suggest that districts should operate on a four or five-year plan to ensure forward thinking in district planning. The below recommendations were proposed by the legislators participating in the workgroup, who met after the April 7 meeting and finalized an alternative proposal based on discussions surrounding the two proposals.

*The first recommendation* is to require that school districts submit four-year plans to the Department every two years; however, an adjustment will be made to the first biennium. The adjustment is to accommodate the operative date of the first plan, which is due in 2018; the biennium runs from 2017-2019. So, the first four-year plan submitted to the Department would be for three years.

The workgroup discussed how the dollar amounts districts receive will impact their ability to expend funds in the three areas:

- (1) Career and Technical Education (CTE);
- (2) College-level training opportunities;
- (3) Programs aimed at drop-out prevention.

*The second recommendation* is to allow school districts flexibility in using Measure dollars depending on the dollar amount received. Additionally, the recommendation is to allow the dollar allocation to justify the number of areas in which districts are required to expend funds. The sequencing of districts was decided by the legislators while using the model proposed by Stand for Children.

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except when a use is necessary to replace the loss or expiration of time-limited grants, federal funds and funds that support extended co-enrollment programs in effect prior to the effective date of this 2016 Act.

**Small School Districts** are districts receiving less than \$100,000 per year and \$200,000 per biennium of Measure funds.

- Small school districts must expend funds in at least one of the three areas

**Medium School Districts** are districts receiving between \$100,000 and \$350,000 per year, and between \$200,000 and \$700,000 per biennium of Measure funds.

- Medium school districts must expend funds in at least two of the three areas
- One of the three areas must be Career Technical Education

**Large School Districts** are districts receiving more than \$350,000 per year, and more than \$700,000 per biennium of Measure funds.

- Large school districts must expend funds in all three areas

The legislators participating on the workgroup agreed that sideboards should be created to ensure districts maintain the number of areas if the allocation goes up during the biennium. If a school district is appropriated more Measure dollars for the second year of the biennium compared to the first year, the district is not required to change the number of areas where money is being allocated.

Since research has shown that pathways to graduating high school begin as early as kindergarten, stakeholders testified in February about the necessity of using Measure money for students in grades lower than high school. The workgroup agreed that using the money on students earlier than high school age will benefit students pursuing high school graduation.

*The third recommendation* is to allow school districts up to 15 percent of their non-administrative allocation on activities in eighth grade that align to the three areas targeted by the Measure: Career and Technical Education (CTE), college-level training opportunities and programs aimed at drop-out prevention.

## CONCLUSION

Out of the four concerns addressed by the workgroup<sup>6</sup>, three of the issue areas were resolved by the recommendations. The above recommendation resolves the concern of spending money on students younger than high school age by allowing districts to spend money on students in eighth grade with the non-administrative allocation. The recommendation addressed the concern related to dollar allocation being tied to size of school district and providing flexibility in spending in the three areas.<sup>7</sup> This addresses the concern relevant to creating a funding floor for small districts and the allowance of flexibility in spending on all three areas. The issue of supplement versus supplant was not addressed in the recommendations.

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<sup>6</sup> Flexibility in ADMw of students, flexibility in school districts writing plans, flexibility for size of school districts, and flexibility in program spending

<sup>7</sup> Three areas: Career and Technical Education (CTE), college-level training opportunities and programs aimed at drop-out prevention.

Section 11 of Ballot Measure 98 ('Measure') indicates that by no later than December 31, 2020, and every two years thereafter, the Secretary of State shall conduct financial and program audits of the High School Graduation and College and Career Readiness Fund. The term Program Audit is further defined as the extent to which the desired results of a program are being achieved, whether objectives are relevant, whether the program complements or duplicates other programs, the effectiveness of the program and organization, and whether the entity subject to the audit has complied with laws and regulations.<sup>8</sup>

From discussions in the workgroup, concerns arose from the statutory requirement that school districts receive program audits. It is unclear in the Measure language which school districts will be audited, and whether the Oregon Department of Education will pay for the audit as opposed to the district. The workgroup discussed whether the audit is a hidden cost. The legislators on the workgroup recommended the 2019 Legislative Assembly review the program audit definition and what the purpose of the program audit is. This is to ensure the audit receive information addressed in a cost-efficient manner

The legislators also recommended that future legislatures review the per student dollar amount and the built-in escalator. This refers to the amount appropriated, allocated or otherwise made available to the fund under Section 2<sup>9</sup> of the Measure and that it shall be increased each school year in a biennium to maintain the current service level.<sup>10</sup> The escalator is written in statute, whereas the same does not exist for the State School Fund.

The workgroup did not address the implementation strategy for the proposal, nor dollar amount per student. The workgroup agreed that funding questions would be identified and deliberated by the Committee on Joint Ways and Means. This specific workgroup aimed their questions at the public policy in the Measure and what policies would best serve Oregon students.

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<sup>8</sup> Section 16 of the Ballot Measure, under definitions: (5) As used in section 11 of this 2016 Act, "program audit" means determining: (a) The extent to which the desired results or benefits of a program are being achieved; (b) The extent to which the need for or objectives of an ongoing program are necessary or relevant; (c) Whether the program complements, duplicates, overlaps or conflicts with other related programs; (d) The effectiveness of organizations, programs, activities or functions; and (e) Whether the entity that is the subject of the audit has complied with laws and regulations applicable to the program

<sup>9</sup> Link to Ballot Measure 98: <http://oregonvotes.gov/voters-guide/english/votersguide.html#Text of Measure>

<sup>10</sup> Section 3 of the Ballot Measure describes the escalator: (2)(a) For school years beginning on or after July 1, 2018, the amount appropriated, allocated or otherwise made available to the fund under section 2 of this 2016 Act shall be increased each school year in a biennium by the amount derived from the application of the process in Executive Order 14-14 used to calculate the cost to maintain the current level of service.

## APPENDIX A

### Ballot Measure 98 Workgroup House Education Informational Meeting (February 8, 2017)

#### Flexibility in ADMw of Students (grade levels):

- Calculation of BM 98 grant amounts are based upon the ADMw of students in high school (grades 9-12)
- School programs impacting objectives identified by BM 98 begin as early as elementary school.
- ***Recommendation from Testimony: Include elementary school and/or middle school students (grades 5-9)***

#### Flexibility for School District Writing Plans:

- BM 98 requires the creation of plans and expenditure of funds in three areas: Career and Technical Education (CTE), College-level training opportunities/programs and programs aimed at dropout prevention.
- School districts doing well in one area, may prefer to divert money to another.
- ***Recommendation from Testimony: Include the allowance of one or two areas of focus, as opposed to all three.***

#### Flexibility for All School Districts:

- BM 98 allocates money dependent on the number of students. Smaller districts (typically rural) may lack the resources to implement the programs proposed by BM 98.
- ***Recommendation from Testimony: Include the requirement of a funding floor for small school districts impacted by low student enrollment.***

#### Flexibility in Program Spending: Supplement versus Supplant

- BM 98 requires grant moneys to be spent on new programs. This may duplicate efforts currently taking place in school districts.
- BM 98 money could be used to fund existing programs in order to reduce duplicative program requirements.
- ***Recommendation from Testimony: Include the allowance of spending BM 98 funds on existing programs to supplement existing efforts, as opposed to having districts close and reopen programs (supplant).***

## APPENDIX B

### WORKGROUP PROPOSAL (MARCH 24, 2017)

#### Flexibility for School Districts Writing Plans:

- I. Districts are required to submit 4 year plans
- II. Districts are required to do a minimum of 2 of 3 strands over 4 years
- III. This assumes school districts are receiving money each biennium.
- IV. Each biennium can address 1 or 2 or 3 strands

**Note:** Strands refer to focusing on Career and Technical Education (CTE), College-level training opportunities/programs and programs aimed at dropout prevention.

#### Flexibility in Student Grade Levels:

- Allow targeted money in High School plans for eighth grade with a cap TBD (suggestion of 10 to 20 percent)

### PROPOSAL SUBMITTED BY STAND FOR CHILDREN (APRIL 7, 2017)

#### Flexibility for Districts Writing Plans:

- I. Districts with an allocation of less than \$100,000 per year (or \$200,000 for the biennium) can choose one of the three strands in M98.
- II. Districts with an allocation between \$100,000 to \$250,000 per year (or between \$200,00 and \$500,000 for the biennium), must implement at least the dropout prevention and CTE strands.
- III. Districts with an allocation of greater than \$250,000 per year (or \$500,000 per biennium) would have to implement the measure as passed.

**Note:** Strands refer to focusing on Career and Technical Education (CTE), College-level training opportunities/programs and programs aimed at dropout prevention.

#### Flexibility in Student Grade Levels:

Districts can use up to 10% of their non-administrative allocation on activities in the 8<sup>th</sup> grade that are aligned to the three strands and must include any or all of the following:

- Support related to the transition into high school (such as counseling support for forecasting, career planning, or an AVID course); or
- An introduction to CTE course; or
- Providing Algebra I to all 8<sup>th</sup> graders.

Implementation must happen within the biennium in which funds are received. No further changes to the language and underlining rules issued by the state board of education will be made