



OREGON

Description of the Formula

In 1991, the Oregon Legislature created a new measure of financial equity for school districts. Equity for Oregon is defined as those students who have additional costs will receive additional resources so all students have the opportunity to achieve the same outcomes. Contrast this with equality, which is the same funding for every student regardless of the costs of the student. The basic level of school support, the State School Fund Formula (Formula), is divided into four grants: General Purpose Grants, Transportation Grants, High Cost Disability Grants, and Facility Grants. The Formula distributes all state revenue. Local revenue is counted in the formula but remains with the district where it is collected. 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 unnecessarily increase their allocation.

General Purpose Grants

These grants are based on a district's weighted student count multiplied by the funding per weight received by the district; they account for roughly 93% of the formula revenue. (This percentage can vary from year to year based on the total funding available and the amounts devoted to the other three types of grants.) There are no constraints on how General Purpose Grant money can be spent.

- Weighted Student Counts are the sum of the General Education Average Daily Membership (ADM) count plus the additional student weights based on student and district characteristics. Each student in grades 1-12 is assigned a General Education ADM of 1.0, with kindergarten students counted at 0.50. Additional weights are then added to the General Education ADM based on student and district characteristics, resulting in a measure known as Weighted Average Daily Membership, or ADMw. A teacher experience factor of \$25 is added to, or subtracted from, the General Purpose Grant per ADMw depending on whether the district's average teacher experience exceeds, or falls below, the state average.

- The initial base value of the General Purpose Grant per ADMw was set in statute in 1991 at \$4,500. However that number is modified to ensure all funding is distributed to the school districts of the state. To get the actual amount of funding per weight, all of the weights in the state are combined and the total amount of funding available (both state and local) is divided by the total number of statewide weights. In 2012-13, the statewide average funding per weight was \$6,075.45. Each district received their weighted funding modified by their teacher experience adjustment as described above. Because the initial base value of \$4,500 per ADMw set in statute is not adjusted for inflation, current amounts per ADMw are considerably higher than the base value of \$4,500.

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

Weights used in the Equalization Formula

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

Note: Maximum additional weighting assigned to any student, beyond the General Education ADM, cannot exceed 2.00 for Special Education and English as Second Language students.

Transportation Grants

The transportation grant uses actual expenditures as the factor to adjust for different costs per student. The transportation grant reimbursement rate is 70%, 80% or 90% of approved transportation expenditures. Approved expenditures include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools, on education-related field trips and for other reasons in special cases. This categorical grant is only available to reimburse for actual transportation expenditures. 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 awarded to districts that have students who have exceptional high costs for the provision of special education student. If an individual student has more than \$30,000 in eligible costs per year, then all of that student's costs over \$30,000 are eligible for reimbursement through this grant. High cost disability students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be dramatically

higher than the revenue generated from the double weighting of these students in the school equalization formula.

The Oregon Legislature establishes the amount of the High Cost Disability Grant to be deducted from the State School Fund prior to the calculation of the General Purpose Grant. The current amount of the High Cost Disability Grant is \$18 million per year. This has the effect of reducing the Formula by \$18 million per year as well. If the total approved costs exceed available funding in any fiscal year, the department prorates the amount of money available for distribution. All districts share in the cost and those districts with students who have high cost disabilities benefit because the amount they receive through the grant offsets the loss of Formula revenue to their district.

Facility Grant

This grant was established to help districts equip new classroom space that they build. The facility grant payment is not to exceed 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 per biennium beginning in 2007-09. In 2013, the Legislature reduced the amount in the grant to \$20 million per biennium, beginning with 2013-15.

District-Based Components

Density/Scarcity of Small Schools

Students in remote small elementary school receive additional weighting based on the number of grades, the average size of each grade and the distance from the next nearest elementary school. Small high schools receive the additional weighting based on the size of the high school. There is no distance factor. The weight is based on the size of each school, not the size of the district. A school qualifies as a small school if the school has been in the same location since 1995 and qualified as a small school in 1995 (elementary) or in 2009 (high school). Elementary schools also must be remote – more than 8 miles from the nearest school. If small high schools become larger than the allowable size as the result of a merger, the new, larger school receives the combined weight for four years following the merger.

Grade Level Differences

Kindergarten General Education ADM is weighted at .50, elementary school districts ADM at .90 and union high school district ADM at 1.20. There are also varying small school weights.

Declining Enrollment or Growth

The equalization formula uses the larger of the current year's ADMw or prior year's ADMw. Extended ADMw is the term used for the higher amount 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. Please see the facilities grant program described above.

Transportation

State support for pupil transportation is one of the four components in the state's equalization program. As noted earlier, the rate of reimbursement to the school district for pupil transportation is 70%, 80% or 90% of approved costs.

Other

Small High School

In 2005, the Legislature transferred \$5 million (\$2.5 million per year) from the Formula to the Small School District Supplement Fund. Small districts are those with fewer than 8,500 weighted students (ADMw) with high schools having fewer than 350 students for four grades and 267 for three grades. Of the 197 school districts in the state, 95 districts qualify. Each eligible small school district receives its proportionate share of the small high school funding each year of the biennium. The 2007 Legislature eliminated funding for this program starting in the 2015-16 school year. There are no requirements on how the districts spend the funds received through this grant.

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 the Oregon School for the Deaf.

Virtual School

Each biennium, approximately \$1.8 million is transferred from the State School Fund to the Department of Education to develop and maintain a statewide program offering virtual resources to school districts and their personnel.

Education Service Districts

The state also funds 19 Education Service Districts (ESDs). Their functions are to support school districts, help with business operations and provide special education services as needed. Of the funds distributed by the funding formula, 4.5% of the total is distributed to the ESDs.

Charter Schools

All students enrolled in the charter schools are included in the state's primary funding formula. The funding formula takes the students and weights at the charter school and combines them with the students and weights at the rest of the non-charter schools located in the district. This total number is the basis for the district's total funding.

The district then distributes a portion of the funding to the charter school based on the number of students and weights at the charter school. This distribution is calculated by dividing the district's general purpose grant by the current average daily membership weighted for the district. The actual percentage of that distribution is based on the charter agreement entered into between the charter school and district. Additional funding issues, such as timing and reconciliation, should also be addressed in the charter agreement.

Student-Based Components

Special Education

Two types of funding are provided in addition to the general education funding for special education students. An additional weight of 1.0 is identified for special education students as part of the weighted funding formula. The additional 1.0 weight is capped at 11% of the districts resident Average Daily membership. Additional funding is through the “High Cost Disability Grant” for disabled students whose annual IEP costs exceed \$30,000. Please see the High Cost Disability Grant description above.

Low Income / Compensatory Education / At-Risk

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 in addition to the students’ general education ADM. These weights are not capped for an individual student. Further, there is no limit to the number of students in a district who can receive these weights.

English Language Learner/Bilingual Education

Students served in programs for English Language Learners are eligible to receive weighting of .50 in addition to the students’ general education ADM. There is no limit to how many students in a district can receive this weight.

Gifted and Talented Education

These students are not specifically weighted in the formula.

Career and Technical Education

These programs are not specifically funded in the formula.

Preschool Education

These programs are not specifically funded in the formula.

Other

There isn’t anything else to report at this time.

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. The rate is applied to the Assessed Market Value (AMV), and not the Real Market Value (RMV), with the AMV typically being lower than the RMV.

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. Voter-approved bond levies used for capital construction are not subject to the property tax limits of Measure 5.

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 education taxing districts combined (school districts, education service districts, and community college districts).

State Support for Nonpublic Schools

Does not apply.