

April 24, 1984

Governor's Campaign for Education in Oregon

Themes for Campaign

1. There must be a resurgence of commitment to education in Oregon and the country if we want to increase productivity, have economic growth, and improve life in America.
2. Renewed public commitment to education will occur only if coupled with improvements in the quality of educational programs, including services to the state.
3. More money, more equitably distributed is essential to improving public education in Oregon.
4. There will have to be stronger public control of education in return for increased public support.
5. Rarely does one get a chance to really make a difference. This is one of those rare times when the country is ready for a major improvement in public education.
6. "I am adamant about providing excellence and equity for all students in Oregon."

Principles Underlying Reform Proposals

1. Public education is a state responsibility.
2. It is the state's responsibility to ensure that all students have access to high quality education.
3. To ensure that every student has the opportunity to develop fully his or her abilities, access to educational opportunities must be made on as equal a basis as possible. More specifically, the availability and quality of educational opportunities should not be unduly affected by differences in the wealth of local communities or the whims of local voters.
4. High quality education at all levels is essential to the economic and social health of the state. It is the state's responsibility to ensure that resources are equitably allocated among the segments of education, as well as within each segment.

Proposals for Four-Year Colleges and Universities

Problem: Much of what our state colleges and universities are doing is of high quality. The research universities attracted over \$114 million last year under the toughest competitive conditions. The state has strong programs in agriculture, forestry, and oceanography, and recent successes by our biological and physical scientists make Oregon a possible site for new science-based industries. Currently, however, the State System is substantially underfunded, and it is increasingly difficult to successfully compete with other colleges and universities. The following proposals outline some of the approaches needed to move State System programs into more competitive positions. We cannot afford to do less for our present generation of students or those to come.

Proposals for Building Excellence in the State System:

1. Identify strengths and potential fields of new excellence at State System institutions.
 - a. At UO, support liberal arts and social sciences and expand the biological sciences and optical sciences programs (\$5 million).
 - b. At OSU, shore up strong land-grant activities in agriculture, forestry, oceanography, and expand engineering and computer science programs (\$6.25 million).
 - c. At PSU, redefine its urban university mission, especially its graduate and public service programs. Focus on programs that serve high-technology industry in the Portland area and programs related to international trade and commerce. Consider changing PSU's name to Oregon International University and establishing a mainland East/West Center in Portland (\$3.5 million).
 - d. Strengthen some specialized programs at OIT and OHSU (\$6 million).
 - e. Clarify missions of regional institutions: liberal arts and performing arts at SOSOC; teacher education and teaching technologies at WOSC; and agriculture and regional services at EOSC.
2. Construct new facilities to provide basic instructional and research necessities in sciences, engineering, and computer science. Specifically, add a biological sciences research facility at UO, and electrical engineering and computer science building at OSU, an international trade and business center at PSU, and an engineering technologies building at OIT (Total for new facilities, \$32 million).

3. Begin modernization of instructional and research equipment at State System institutions (\$10 million).
4. Make a downpayment on cost of computers in State System institutions (\$10 million).
5. Restore funds for maintenance and rehabilitation of existing State System facilities (\$18 million).
6. Continue conversion to automated libraries and restoration of library staffing and book acquisitions (\$12 million).
7. Bring faculty salaries up to competitive levels (\$50 million).

Proposals for Community Colleges

Problem: Community colleges have expanded rapidly in the last twenty years. Their growth has often been uncoordinated and of un-uniform quality. Programs are often duplicated on community college campuses located near one another. Community colleges also provide programs to local students that can also be found in secondary schools or in the lower-division programs of the four-year colleges or universities.

Proposals for Strengthening Community Colleges:

1. Establish a single State Board for Community Colleges
2. Make community college programs accessible to all Oregonians on an equal basis for both students and taxpayers.
3. Replace local property tax support of community colleges with state funds collected from either a statewide property tax or sales tax.
4. Focus mission of community colleges on vocational programs. Reduce remedial programs and limit college transfer programs to students unable to meet high college and university entrance requirements.

Proposals for Public Schools - K - 12

Problem: Public schools in Oregon are well funded and perform above average. They could be much better. Despite a compulsory attendance law, the current school finance system cannot guarantee school children a full year of school instruction. Besides being financially unpredictable, Oregon's public school system, which is built upon a foundation of local control, perpetuates many inefficient small schools and school districts. It also forces local school board members to spend more time negotiating local teacher contracts and passing local school levies than supervising and improving

education programs. In recent years, local control has enabled local teacher unions to dominate local school board elections and collective bargaining sessions. Control of public schools by local citizens is gradually being replaced by control of public schools by teachers. Finally, Oregon's system of locally controlled and financed public schools makes the quality of a child's education heavily dependent upon the wealth of local districts and the whims of local voters. Future generations of Oregon students deserve better.

Proposals for Improving Public Schools in Oregon

1. Transfer major responsibility for funding public schools to the state.
 - a. The state should provide adequate funds for a guaranteed Basic Education Program.
 - b. The Basic Education Program should be funded with a statewide property tax or the proceeds from a state sales tax.
 - c. The new school finance program should include a statewide teacher salary schedule. This would give students access to programs with teachers of comparable quality.
 - d. Local communities should be permitted to supplement the state's Basic Education Program by approving local property tax levies up to 10 percent of the basic program.
 - e. Property taxes for all purposes should be limited.
 - f. The state should encourage school district consolidation.
2. Require a standard high school curriculum including four years of English, two (or three) years of mathematics, two years of science, three years of social science, and for those planning to attend college, two years of foreign language.
3. Establish a state or regional transportation programs.
4. Improve teacher compensation and working conditions so schools can attract better qualified teachers.

Governance

Governance of education in Oregon would be under the three state boards of education. With this arrangement, coordination among the boards could take place in the Executive Department level. One possibility would be to establish a Governor's Education Council consisting of the Governor and the chief executive officers of the three boards. This mechanism would ensure that the people responsible for coordination also have the authority to implement their recommendations.

Schedule for Governor's Campaign for Education in Oregon

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>
April 24	Meeting with Governor	
May 4	Complete Proposal	Chancellor, Thompson
May 7-11	Appoint Steering Committee	Thompson
May 14-18	Hold Meeting of Steering Committee (private)	Governor, Thompson
June 1	Deadline for Steering Committee response	Committee Chairman
June 15	Big Public Meeting for Education Campaign	Governor, Thompson, Committee Chairman
June 15 - Sept. 15	Campaign for Education Across State	Governor, Chancellor, Steering Committee, General Committee
September 15	Review Public Response to Proposals	Steering Committee
October 15	Complete 1985-87 Legislative and Budgetary proposals	Governor's Staff

STEERING COMMITTEE

John Gray	Portland
Louis Perry	Portland
Carl Halvorson	Portland
Wes Sullivan	Salem
Bob Chandler	Bend
John Alltucker	Eugene
Ross Thompson	Portland
Earl Wantland	Portland
Stan Timmerman	Pendleton
Bill Swindells	Portland
Gene Chou	Portland
Robert MacVicar	Corvallis

DAN MERCEL

GENERAL COMMITTEE

Phil Bladine	McMinnville
* Bill Sweet	Coos Bay
Oscar Weed	Coos Bay
Bob Nixon	Junction City
Betty Hamlin	Corvallis
Bud Forrester	Astoria
Sue Harris	Salem
Ted Baker	Eugene
Bob Root	Medford
Bill Ross	Jordan Valley
Neil Goldschmidt	Beaverton
Phil Lang	Portland
Robert Straub	Salem
* Lynn Newbry	Medford
Ken Austin	Portland
Nat Giustina	Eugene
Chris Moore	Ontario
Don Frisbee	Portland
Jim Coe	Portland
Ron Miller	Portland
Ed Stastney	Klamath Falls
*S. Rush Coffin	Klamath Falls
Wally Carson Jr.	Salem
Richard Seideman	Salem
George Corey	Pendleton
Les Buell	Portland
O.B. Robertson	Portland
Fred Stickel	Portland
R.W. Wilke Jr.	Portland
John Elorriaga	Portland
* Dunbar Carpenter	Medford

*Potential Steering Committee Members

4/23/84

May 27, 1984

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SCHOOL FINANCE REFORM PROPOSAL (Basic Education Act of 1984)

Introduction

School finance reform has been near the top of the state's political agenda for the past fifteen years. In the early 1970s various attempts were made to define a basic education, to shift more of the costs of schools onto the state's income tax, and to provide greater equalization of school spending by changing the state's distribution formula. None of these attempts succeeded. The state's 1979 property tax relief program also failed to accomplish its main purpose. It did more to increase public school spending than to reduce property taxes.

There are new reasons for reopening the school finance reform debate today. Foremost among them is the need to improve the state's economic environment. The quality and stability of a state's public education system are essential elements in a state's investment climate. Oregon's public schools are better than average in the country. Two problems persist, however, that reduce Oregon's attractiveness as a place to do business. Oregon's current school finance system does not guarantee that schools will remain open for a full year. Furthermore, students frequently graduate without high levels of basic skills. To improve the state's economic climate, the state needs a public school system with stable, guaranteed funding and with a greater emphasis on the basic skills of reading, writing, mathematics, science, history, and social science.

The state also needs to find a more efficient way of financing public schools that relies less heavily on local property taxes. Property taxes in Oregon are high and discourage both business and housing development. Public school districts and community colleges also spend an unnecessary amount of time and money establishing new tax bases or passing annual operating levies. The availability of unlimited property tax revenues encourages teachers to hold out for larger salary increases and school budgets. Bloated local school levies increase public pressure for state funded property tax relief and basic school support. Finally, the constant growth of state aid to local governments has eroded general fund support for state programs critical for economic development, such as higher education, highways, and even corrections, welfare, and health care.

In summary, public school reform is necessary today to improve the state's economic environment. The state needs a public school system with guaranteed funding of a basic education program. The new system must provide a high quality basic education, reduce local property taxes, control school spending at both the local and state levels, encourage accountability to the citizens of the state, and free resources at the state level for other services essential for the state's economic recovery.

Precedents

These ideas and the following proposal are derived from several sources. In 1972 the Legislative Interim Committee on Education proposed and drafted Senate Bill 2, which defined the subjects schools must provide and the abilities a student would have to demonstrate in language arts, mathematics, science, basic citizenship, history, career education, and health and physical education.

More recently, the Department of Education has had eight task forces evaluating proposals, which include more rigorous graduation requirements in similar fields of basic education. The Oregon Educational Coordinating Commission has just released a revised draft of its goals and objectives for public education in Oregon, which would require the Board of Education to define a core curriculum for students from kindergarten through grade 12. The same document proposes changes in the tax structure and school finance.

Goal 10, Objective B, Guidelines 1 and 2: "The Legislature should reform Oregon's tax structure and school financing so that the local property tax bears less of the direct burden for education and so that the state share increases.

"As the State assumes the costs of a required K-12 basic education program, the State should adopt an adequate statewide salary schedule for teachers..."

The Confederation of Oregon School Administrators (COSA) recently released the following statement on the need for school finance reform in Oregon:

"The funding of elementary/secondary education clearly remains the number one legislative concern of those responsible to administering Oregon's public educational programs in local school districts. It is absolutely necessary that Oregon develop a funding system for elementary/secondary education that 1) assures equal educational opportunity for all students regardless of the property wealth of individual school districts; 2) reduces the current reliance on local property tax; and 3) provides a consistent level of funding to allow long range fiscal planning. Such a system will require a significant level of state support that remains constant over time and recognizes inflationary and population growth. COSA will support legislative efforts to increase revenues to provide such support."

The states of Washington and California both have school finance systems in which the state pays the major costs of public schools. In Washington the state pays the full cost of a basic education, permitting local districts to supplement state monies up to a maximum of 10 percent of the state grant. California's school finance system is essentially fully state funded. Local revenues allocated under proposition 13 are offset against the state funds generated by the district's revenue limitation.

The point is that there are ample precedents and current support for a state funded basic education program of the kind being suggested here.

School Finance Reform Proposal

Major Features:

- * State funding of a basic education program, mandated categorical programs, and transportation.
- * A new state school finance formula that distributes state funds equitably among school districts and establishes a process for achieving a statewide teacher salary schedule.
- * Local control and public accountability. This is accomplished by shifting more decisions about personnel and curriculum to the school building level.
- * Local property tax levy limitation. School districts could only request local levy authority for capital outlay and for limited program enrichment. The program enrichment levy would be limited to 10 percent of the state basic education grant.
- * Greater state control over public school spending.

1. Basic Education Act

- a. Like the 1972 Interim Committee's proposal, it would define the subjects schools would have to provide and the skills students would have to demonstrate at various levels of public education.
 - 1. This would be the program the state funds.
 - 2. Schools would have to conform to fairly specific guidelines on the course to be taught and the length of a school day.

<u>Grade</u>	<u>Courses Offered</u>	<u>Length of Day</u>
K	All basic	2.5 hours
1-3	All basic	5.0
4-8	90% basic, 10% electives	5.5
9-12	75% basic, 25% electives	6.0

- b. The Act would also define the children to be served, the number of hours a teacher would spend in the classroom each week, and the length of the school year.
- c. The Act would define the responsibilities of the State Board of Education, school board members, teachers, parents, and students.

1. Special attention would be given to the responsibilities of parents and students.
2. The Act would define a new system of accountability built around the concept of school based management. Emphasis would be placed on 1) using the school as the basic unit of management, 2) parent advisory councils, 3) increasing the responsibilities of principals and teachers, 4) statewide testing, 5) annual school performance reports, and 6) school based budgeting and accounting.

2. A New State School Finance Formula

- a. The new school finance formula is designed to provide adequate funding for a full year of quality, basic education, to distribute state funds in an adequate manner, and not to tell districts how to spend their money.
- b. Under the formula, the state would pay:
 1. salary cost of certified staff according to a ratio of staff to students.

Example: Each district would be eligible for 1 certified staff for every:

15 FTE in K-3 (See OECC recommendation)
20 FTE in 4-8
18 FTE in 9-12

Certified staff include teachers, librarians, administrators, and other certified employees.

2. salary cost of classified staff based on a ration of 1 for every 50 FTE students. Classified staff include secretaries, custodians, lunchroom workers, maybe bus drivers.
 3. non-salary costs for instructional materials, supplies, utilities.
- c. Components of a District's Basic Education Grant
1. An amount equal to the number of certified staff multiplied by the district's 1984-85 average teacher salary plus a cost of living increase.
 - a. A district's cost of living increase would depend on the relationship between the district's average salary and the state's average salary.

- b. If a district's average salary is above the state's average salary, the cost of living increase would be below the average increase. If a district's average salary is below the state's average salary, the cost of living increase would be above average.

Example: <u>Salary relationship</u>	<u>increases</u>
5% above or more	2%
Average to 5% above	4%
Average to 5% below	6%
5% below or more	8%

- c. The goal is to equalize average salaries by the end of 1987 so the state can adopt a statewide teacher salary schedule for the 1987-89 biennium.
2. An amount equal to the number of classified employees multiplied by a statewide average salary for classified employees.
 3. Nonsalary costs computed as an amount per FTE pupil or certified employee.
 4. The sum of #1-3 equals a district's approved Basic Education Grant.
- d. Computation of a District's State Public School Allocation
 1. Each district would receive its approved Basic Education Grant
 - Less: Revenues from the common school fund
 - Federal Forest Fees
 - County School Fund, including O & C payments
 - Back property taxes
 2. Federal funds, other nonrevenue funds, and voter approved enrichment levies would not be included as offsets to the basic education grants. The schools share of Western Oregon Severance Tax revenues should become a state revenue or an offset to the district's basic education grant.
 3. Each district would also receive funds to pay for transportation and approved categorical programs such as special education, bilingual education, etc.
3. Local School Levy Limitation
 - a. This bill would eliminate local property tax support for community colleges and Educational Service Districts.

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- b. It would only permit a school district to seek voter approval for a property tax enrichment levy that is no more than 10 percent of the district's approved basic education grant. Local levies could only be used for program enrichment (not to raise teacher salaries) and for capital outlays.
- c. This bill would provide for a two-year grandfather clause. It would permit a district to seek voter approval for a levy in excess of the 10 percent limitation in order to provide resources equivalent to the previous year's per pupil expenditure.
- d. The levy limitation would require passage of a sales tax for education before it becomes effective.

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Governor's Higher Education Proposal

1. Goal is to make Oregon's State System of Higher Education among the best in the nation.

- A. Strong higher education programs are key to the state's competitiveness, productivity, and economic growth.
- B. For more than a decade, higher education has fallen behind in its funding relative to other educational segments.
- C. To keep Oregon's best graduates in the state, the bonds between higher education and private industry must be strengthened.

2. Proposals to strengthen higher education in Oregon.

- A. Establish three academic-industrial Centers for Excellence for Advanced Science and Technology.

	General Fund in Millions	
	<u>Biennial Program Costs</u>	<u>Capital Construction</u>
1. Center for Biological and Advanced Science-UO	\$5.0	\$12.0
2. Center for Electrical and Computer Engineering-OSU	3.0	8.0
3. Center for Business and International Trade-PSU	<u>1.0</u>	<u>7.0</u>
	9.0	27.0

(The creation of these three centers will place Oregon in a leadership role in each of these research areas and serve to stimulate the creation of new jobs in areas of emerging growth.)

B. Strengthen Programs in Research, Science, and Technology

	General Fund in Millions	
	<u>Biennial Program Costs</u>	<u>Capital Construction</u>
1. High technology (electrical engineering)-PSU	\$2.0	\$1.5
2. New Engineering Technologies Building-OIT		6.0
3. Remodeled Instructional Technologies Building-WOSC		1.0
4. Research in Agriculture and Forestry-OSU	2.0	
5. Biomedical Research and Program Improvement-OHSU	<u>4.0</u>	
	8.0	<u>8.5</u>
C. Modern Facilities and Curriculum		
1. Computers in Curriculum	\$10.0	
2. Modernization of laboratory and instructional equipment	10.0	
3. Computerization of libraries and library acquisition	12.0	
4. Institutional Programs of Excellence	8.0	
5. Facilities maintenance	18.0	
6. Other high priority capital construction		<u>\$18.8</u>
	<u>58.0</u>	18.5
D. Competitive Faculty Salaries	\$50.0	
TOTAL 1985-87 HIGHER EDUCATION IMPROVEMENT PROPOSAL	\$125.0	\$54.0

3. Funding Higher Education Proposal

A. Higher Education program improvements would be funded from funds currently allocated to the property tax relief program

1. Property Tax Relief program savings in 1985-87

30% program	\$240 million
HARRP	<u>60 million</u>
	\$300 million

2. Uses of Property Tax Relief funds in 1985-87

a. Higher Education \$125 million

b. Public School and Community College \$175 million

B. Capital Construction would be funded through an Article 11 G bond issue.

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Governor's Public School and Community College Reform Proposals

- *provides full state funding of basic education program
- *establishes state funded community college program
- *limits local school district levies to 10% of districts basic education grant
- *eliminates community college and ESD tax bases
- *uses revenues from a 4 or 5% sales tax to support public schools and community colleges

Financing Governor's Proposal (Estimated for 1984-85)

Program	Costs in Millions		
	<u>Current GF</u>	<u>New GF</u>	<u>Increase</u>
Primary/Secondary	\$480	\$1,230	\$750
Community College	<u>54</u>	124 ¹⁰⁰	70
Total Increase	534	1,354	820

Revenues

Sales Tax for Education <i>4/5%</i>	\$740
Property Tax Relief Program	80
Total Resources	820

84-85

30%

Property Tax Relief Provided

Local School Districts	750
Community College Districts	70
ESDs	25
Less reduction in property tax relief	<u>(140)</u>
Total Property Tax Relief	705

50% revenues - 90% of schools & nu cc.

820

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Legislation Required to Implement Governor's Educational Reform Proposal

1. Basic Education Act (Excellence and Equity in Education Act)

The act defines:

- * program of education required in every district
- * a funding formula to pay for basic education program
- * responsibilities to state, school boards, school principals and teachers, and parents
- * state responsibility for funding categorical programs, including transportation, special education, and others.

2. Community College Education Act

The Act:

- * creates a State Board of Community Colleges
- * outlines the broad mission and expectations of Oregon's Community College System
- * specifies duties and responsibilities of State Board and local community college boards

3. Sales Tax for Education

- * establishes a 4 or 5% broad-based sales tax dedicated to the support of public education
- * refers sales tax to a vote of the people

4. Local School Levy Limitation

- * limits local school district operating levies to 10% of district's basic education grant from the state
- * limits use of enrichment levy to program improvements (not salaries)
- * requires voter approval of sales tax for education to become effective
- * eliminates property tax support for community colleges and ESDs

5. State Budget

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Basic Education Act (Excellence and Equity in Education Act)

1. Defines minimum program of education (incorporate some recommendations from Duncan's Action Plan for the 1980s)
 - a. Districts must offer 180 days of instruction a year.
 - b. Districts must provide schooling for all children 5-18 in grades K-12.
 - c. Teachers must teach 25 hours a week.
 - d. Districts must conform to following guidelines on length of school day and course content. For example:

<u>Grade</u>	<u>Courses Offered</u>	<u>Length of Day</u>
K	All basic	2.5 hours
1-3	All basic	5.0
4-8	% basic, % elective	5.5
9-12	% basic, % elective	6.0

2. Funding Formula

a. Introduction

1. provides adequate funding for a full year of quality, basic education.
2. distributes money more equitably among districts.
3. built around agreed upon student/staffing ratios, a process for equalizing teacher salaries, and reasonable non-salary costs.
4. does not tell a district how to spend its money.

b. Under the formula the state would pay:

1. salary cost of certified staff according to ratio of staff to students.

Example: Districts eligible for 1 certified staff for every

15 FTE in K-3 (See OECC recommendation)
20 FTE in 4-8
18 FTE in 9-12

Certified staff include teachers, librarians, administrators, and other certified employees.

2. salary cost of classified staff based on a ratio of 1 for every 50 FTE students. Classified staff include secretaries, custodians, lunchroom workers, maybe bus drivers.

3. Non-salary costs for instructional materials, supplies, utilities.

c. Components of a District's Basic Education Grant

1. An amount equal to the number of certified staff X the district's 1984-85 average teacher salary plus a cost of living increase.
 - a. Districts cost of living increase depends on relationship between district's average salary and state's average salary.
 - b. If district's average salary is above state's average salary, the cost of living increase would be below the average increase. If a district's average salary is below the state's average salary, the cost of living increase would be above average.

Example:

<u>Salary relationship</u>	<u>increases</u>
5% above or more	2%
Average to 5% above	4%
Average to 5% below	6%
5% below or more	8%

- c. The goal is to equalize average salaries by the end of 1987 so the state can adopt a statewide teacher salary schedule for the 1987-89 biennium.
2. An amount equal to the number of classified employees X a statewide average salary for classified employees.
3. Nonsalary costs computed as an amount per FTE pupil or certified employee.
4. The sum of #1-3 equals district's approved Basic Education Grant.(BEG)
5. Formula: District Allocation = BEG - (CSF, FFF, County School Fund, including O & C, and back property taxes.)
6. Federal funds, other nonrevenue funds, and voter approved enrichment levies not included as offsets. Western Oregon severance tax should become a state revenue or an offset to the districts basic education grant.

3. Categorical Programs

- a. provides funding for transportation
- b. Provides funding for approved categorical programs such as special education, bilingual education, etc.

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Community College Education Act

1. Creates a State Board of Community Colleges with authority over community colleges similar to that of the State System of Higher Education.
2. The new State Board of Community Colleges would be responsible for creating a strong system of community colleges serving all of the citizens of the state. It would be charged with strengthening, merging, or closing weak institutions. It would be asked to enter negotiations with the State System of Higher Education to develop community college programs in unserved areas with four-year institutions.
3. Community colleges would receive funding at its current level. In the future its budgets would be developed like other state agencies.

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Local School Levy Limitation (Property Tax Relief Act)

1. Eliminates local property tax support for community colleges and Educational Service Districts.
2. Permits school districts to seek voter approval for a property tax (enrichment) levy that is no more than 10 percent of the money provided by the state for basic education. Excludes from limitation levies for capital outlays.
 - a. Local levies can only be used for programs (not to raise teacher salaries) and for capital outlays.
 - b. Local levies may be approved for a 1 or 2 year period by a majority of the district's voters casting ballots.
 - c. Elections are limited to two a year on the first Tuesday of May and November or on primary or general election dates if they differ.
3. Provides for a two year grandfather clause. Permits districts to seek voter approval for a levy in excess of the 10 percent limitation in order to provide resources equivalent to the previous years per pupil expenditure.
4. Requires passage of a sales tax for education before levy limitation is effective.