

A WAY FORWARD

Five Proposals To Transform Washington Education Finance And Drive Gains In Student Achievement

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**League of Education Voters
Foundation
School Finance Workgroup**

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The LEV Foundation wishes to express our appreciation to the school leaders on our team for generously sharing their time, thoughts and energy over the past 14 months.



The Challenge Facing Washington

Knowledge-based manufacturing, services and trade drive Washington's economy. Out-competing economies in other states and nations requires an education system vastly different from the one that existed 30 years ago. Our schools must educate more Washingtonians to a higher level than ever before.

The State's above average National Assessment of Educational Progress (NAEP) scores reflect a coincidence of geography and demography rather than school quality. Washington students score above the national average in all but the 8th grade writing test, but most subgroups of students score no higher than their US peers (See Chart 1). Asian and White students, historically on the high end of the achievement gap, comprised 77 percent of Washington K-12 students in 2007. The national average was 61 percent.

Washington has run its average performing system with below average resources. In recent years, K-12 operating expenditures—expressed as a share of total personal income—have fallen below the US average (see Chart 2). In 2005, expenditures stood at only 3.5 percent of personal income. If Washingtonians had invested the US average of 4.1 cents per dollar of personal income in 2005, K-12's operating budget would have been \$1.4 billion higher.

CHART 1. A Closer Look at NAEP Scores Suggests Washington's K-12 Performance is Average at Best: Most Student Subgroups Don't Outperform their US Peers

Testing Year	Assessment	All Students	White	Black	Hispanics	Asian / Pacific Islander	Lunch Eligible	Lunch Ineligible
2007	Mathematics 4th Grade	H	S	S	S	S	S	S
	Mathematics 8th grade	H	S	S	S	S	S	S
	Reading 4th Grade	H	S	S	S	S	H	S
	Reading 8th grade	H	S	S	S	S	S	S
2002	Writing 4th Grade	H	S	S	S	S	S	S
	Writing 8th grade	S	S	S	S	S	S	S
2005	Science 4th Grade	H	L	H	S	S	H	S
	Science 8th grade	H	S	H	S	S	H	H

H Share of subpopulation scoring at or above the basic achievement level is **HIGHER** in Washington than for the US

L Share of subpopulation scoring at or above the basic achievement level is **LOWER** in Washington than for the US

S Share scoring at or above the basic achievement level in Washington is **STATISTICALLY INDISTINGUISHABLE** from US

Source: ECONorthwest calculated using National Assessment of Educational Progress (NAEP) data

Almost all agree that change is needed, but where does Washington start?

State school finance systems should be judged in five areas: adequacy, equity, stability, efficiency, and accountability.

Compared to other states, state funding of Washington’s K–12 system is relatively *equitable*. (However, local levies and private fundraising

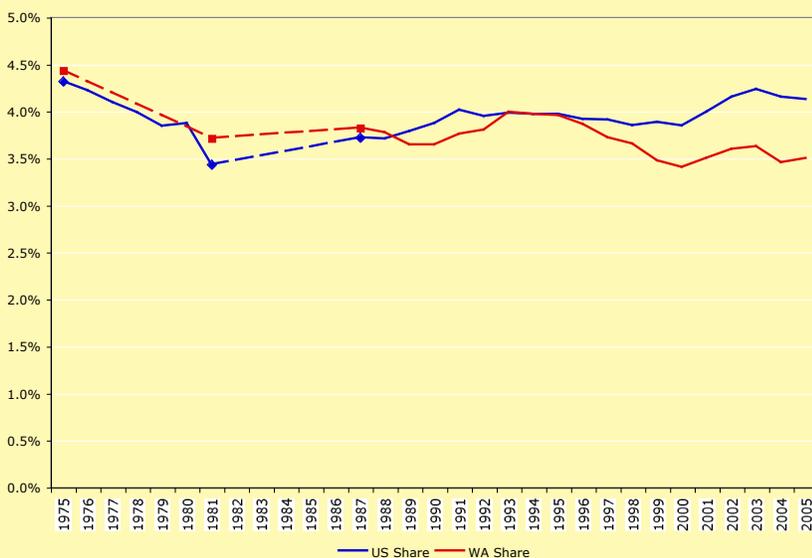
distort that equity.) The revenue streams that fund K–12—property and sales taxes—are more *stable* than the personal income, capital gains, and corporate income taxes that underwrite schools elsewhere. Washington has been a leader in standards-based reform and has laid the foundation for increased system *accountability*. Although it could do better, Washington appears to be *efficient*—creating average academic

outcomes with below average resources.

Where Washington is most deficient is *adequacy*. Few, if any, objective observers argue the state spends at levels consistent with the system’s high standards. Washington spent less per student on K–12 operations in the 2005–06 school year than each of the seven other Global Challenge States. Washington’s spending per student is more than \$1100 below the US average (see Chart 3).

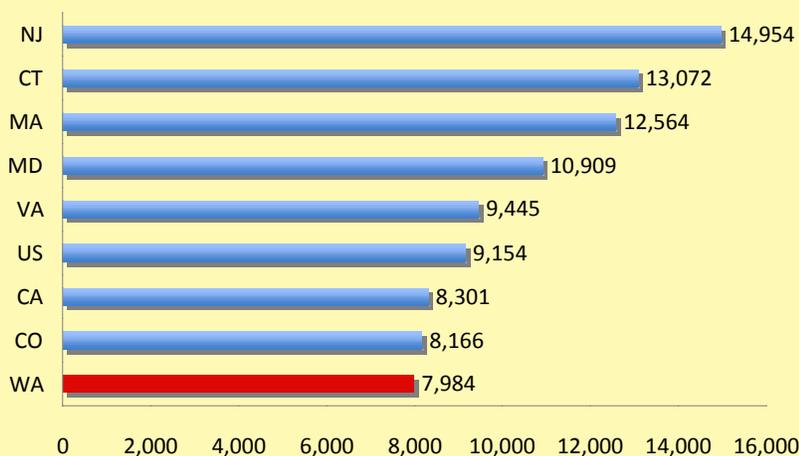
The League of Education Voters’ Workgroup on School Finance has asked “Is there a set of education investments and finance reforms with a strong likelihood of measurably and quickly moving underachieving students of all racial and income groups toward Washington’s standards?” The short answer is “yes.” The balance of this paper outlines a comprehensive overhaul of the way Washington funds its schools, rewards its educators, and accounts for the success of its students.

CHART 2. A Decade of Underinvestment: Washington has invested less in K-12 operations—measured as a share of personal income—than the US average



Source: ECONorthwest calculated using data from the US Bureau of Economic Analysis and National Center for Education Statistics.

CHART 3. Subpar Spending: Washington spent less per student on K-12 operations in the 2005-06 school year than the seven other Global Challenge States. Washington’s spending per student is also below the US average. (Includes state, local and federal revenues)



Source: National Center for Education Statistics.

Underlying the Workgroup’s thinking and recommendations are these *five core principles*:

1. The state is responsible for providing every student reasonable opportunities to meet the state’s high school graduation standards, and those standards must mean graduates are prepared for college, job training, or work.
2. The finance system is organized to drive improvements in student performance: it provides additional resources to students with greater challenges; it rewards educators for the skills, knowledge and practices that have been proven effective; it provides bonuses to schools that meet or exceed their achievement targets.
3. The responsibilities of the state and local districts for funding are clearly delineated and separated: the state is responsible for fully funding basic education and for bargaining compensation; local districts are responsible for funding enhancements.
4. State revenue distribution is dramatically simplified, and school budgets are transparent to parents, taxpayers, stakeholders, and policy makers.
5. Local decision makers have flexibility to determine the best use of money to meet local needs. In return for broader local flexibility, the state demands results and expects implementation of a disciplined set of policies and measurable objectives.

The following policy package flows from these principles.

Proposal 1: Establish a Coherent and Expanded Definition of Washington’s Basic Education Commitment

The debate over what is and isn’t basic education is the central question facing Washington policymakers, educators, students, parents, and taxpayers. The Workgroup calls on the Taskforce to take this once-in-a-generation opportunity to clarify and expand its education commitment to Washington’s citizens.

Today, the state attempts to meet its constitutional mandate through an awkward and incomplete mix of appropriations to six programs officially defined as “basic education.” Appropriations to the defined basic education programs are inadequate, so the state and individual school districts have added resources through a complex patchwork of state-funded “non-basic” education programs and local levies. Resources are co-mingled, and individual staff positions may be funded by multiple categorical programs, which makes it impossible to determine where basic education starts and where it ends. Pool all these resources—state basic education, state non-basic education, and local levies—and Washington’s K–12 spending per student still falls well below the US average.

To meet its constitutional requirement, *at a minimum*, the state should fund a complete K–12 education program. First, the Workgroup recommends dissolving most of the current state categorical programs that are not counted as basic education and sweeping that funding into basic education. So the state would eliminate programs such as I-728, I-732 cost-of-living adjustments, health benefit increases, all-day Kindergarten, enhanced K–4 staffing, NERCS, and learning improvement days—all programs reasonable people would agree are fundamental—in favor of a single, much more ample basic education fund. Second, the state would assume responsibility for a large portion of the resources that today are raised through local levies. Why? Because in the absence of a clear delineation of responsibilities, districts are relying more and more on unstable, non-uniform local levies to underwrite what most reasonable people would agree are fundamental basic education expenses. The state would consolidate all these basic education resources into a new ***Core K–12 Education Fund***.

When the state fully funds basic education under this expanded definition, local levies would be reserved for educational supplements that voters are willing to fund, including lower class

sizes, athletics, band and orchestra, fine arts, expanded world language courses, and extended learning opportunities. With full funding of basic education, the state could consider eliminating caps on local levies but should maintain its historic commitment to equity through levy equalization.

The Workgroup views these initial moves as essential but believes they don't go far enough. Global competition has rendered Washington's historically narrow definition of basic education outdated. Students will need more and better education to compete with increasingly well-educated workers across the world. To recognize the changed times, the Workgroup calls for the creation of two additional funds that the state should commit to finance as part of basic education.

Early Learning Fund would fully fund high quality pre-kindergarten for all children in low-income households (that is, below 185 percent of the federal poverty level). Specifically, the Workgroup supports funding Washington Head Start to include all eligible children. Rigorous research suggests high quality education for low-income preschool-aged children can boost elementary school achievement, lower enrollment in special education, and reduce grade retention.

13th Year Fund would ensure that all Washington students who earn a state high school diploma and attend an in-state institution of higher education within two years of graduating receive the equivalent of one year's paid tuition at the community college level. What better way to tell students and their families that today a high school diploma is no longer a ticket to a family wage job but they should raise their educational goal to at least one year of post-secondary job training or higher education.

Proposal 2: Enhance Washington's Strong Accountability System

The Workgroup's proposal is premised on building robust systems of accountability at

all levels, from students, parents, teachers, principals and districts, to OSPI and the Legislature. Washington has laid the foundation for a system that can monitor individual student performance across students' school careers, track and compare cohorts of students, link student performance to teachers, and compare performance by schools and districts. More work needs to be done to realize the full potential of using performance data to guide teachers in classrooms, school boards and administrators in districts, and policy makers in Olympia. But what's still largely missing are data systems that tie spending decisions at the school, district and state levels to academic outcomes.

Overhaul the K–12 chart of accounts and make school budgets understandable. The existing accounting framework, which is derived from the complexity of the state distribution formula, leaves many important fiscal questions unanswerable. A revamped accounting structure would call on districts to fully and transparently report all forms of staff compensation, as well as delineate spending on key functions including K–3, 4-5, 6-8, 9-12 regular instruction, special education outside regular classrooms, special education within regular classrooms, professional development, and a host of non-instructional programs. With an improved chart of accounts, the state should then create engaging web-based tools that show the public how districts spend their resources.

Build an Integrated P–20 Data System to Track Student Progress. Washington should develop uniform, integrated, and automated student records to facilitate efficient transfer of student credits from school to school, both within and between education systems. Schools and policymakers would be able to track student achievement and persistence more accurately. Longitudinal data would make it easier to improve curriculum, instruction, and student services, and to hold institutions accountable for results.

Principals, teachers, and district leaders—together—should tap the full potential of achievement data to improve teaching practice and inform personnel decisions.

Most of the compensation reforms to date have asked principals to evaluate teachers without well-summarized data on student outcomes. Going forward, policymakers need to put better achievement data in the hands of district leaders, principals and teachers and make it part of the evaluation process. Washington only recently linked student achievement records to individual teachers, but having done so, has created the potential for useful intra- and interschool comparisons of teacher practices. But, achievement scores should be one, but only one, element of evaluation. Student achievement on the narrow list of tested standards does not capture the full range of goals for Washington's primary and secondary education system. While teachers are a key determinant in student achievement, a host of other socioeconomic factors are equally important, or more important, so isolating a teacher's relative impact on changes in achievement cannot be exact. Principals and teachers must be supported in setting realistic achievement targets.

Require districts to establish benchmark spending and achievement targets and a fixed timeframe to achieve them. Districts and the state should agree to achievement targets associated with an agreed upon level of funding. Three-year achievement/spending plans would be appropriate. In developing the achievement targets, districts would use a value-added approach, illustrating gains for cohorts of students rather than comparing test scores across cohorts.

Fund school-based performance awards. The awards, \$100 or more per full-time student, would target entire schools that meet or exceed their achievement targets, to reward collaboration. Examples of eligible uses include nonrecurring bonuses to the faculty and staff

and nonrecurring expenditures for educational equipment.

Institute inspections for low-performing schools. The state should deploy experienced external inspectors to schools that are chronic underperformers. The inspectors would examine how well schools are setting goals and developing plans; gathering and using data to monitor student performance; and building the skills and knowledge of its instructional staff. Inspectors would also assess the adequacy of district support and would advise the school and district on the need for improvements.

Proposal 3: Build an Efficient, Equitable, and Flexible Core K–12 Education Fund

The state must overhaul the means by which it *develops* and *distributes* K–12 budgets to improve efficiency and transparency. The Workgroup views budget development and distribution as related but distinct processes. **Budget development** is the process by which the Governor and Legislature arrive at a funding level and associated performance goal. **Budget distribution** is the method of allocating the agreed-upon state funding to local school districts.

To *improve budget development*, the Workgroup recommends the creation of a *K–12 Expenditure Forecast Council*, which would be modeled on the existing Economic Forecast and Caseload Forecast councils. Prior to each legislative session, the Council would produce a comprehensive five-year forecast of the state, local, and federal resources required to maintain the existing K–12 service level. The Council would make explicit assumptions about the ongoing availability and uses of local and federal revenue over the forecast period. To strengthen the forecasts and aid transparency, the Council would build and maintain a *K–12 Resource Model*, which would characterize class size and staffing levels at typical elementary, middle, and high schools. Legislators would use the Model throughout

the budget development process to compare levels of service across funding proposals. The purpose of the Model would be two-fold: 1) help legislators build and debate budget alternatives and 2) illustrate to taxpayers what a particular funding level “buys” in a typical school. The Resource Model’s structure could be patterned after *Oregon’s Quality Education Model*, which compares actual and proposed spending on a host of K–12 school inputs (See Appendix A).

For budget distribution, the Workgroup urges simplicity and a sharp reduction in the number of K–12 categorical programs. Specifically, the plan collapses multiple state K–12 programs to just two: a reconstituted **Core K–12 Education Fund** would finance a full set of K–12 education activities required to meet the traditional definition of basic education. A **Targeted K–12 Intervention Fund** (Proposal 4) would stimulate spending on innovative practices backed by rigorous evidence.

The **Core K–12 Education Fund** would distribute revenue for regular, special, vocational, and compensatory education, as well as transportation, food, community, and other support services. The fund would include a small schools factor. The state would vary funding levels by student need:

General enrollment. The formula would assign a uniform amount to every full-time equivalent K-12 student. This allocation would provide funding for community, food and other support services currently funded through separate programs.

Weighted-student enrollment. In addition to the general enrollment allocation, districts would receive supplemental revenue to fund enhanced services for four categories of students: **students eligible for free- or reduced-price lunches** under the National School Lunch program, **special education students**, **English language learning students**, and **career and technical education students**.

A separate formula for **transportation** revenue

would account for transportation cost drivers, including number of students, student density, and special education.

Revenue **would not be earmarked** to specific purposes. Rather, the state would send a single Core K–12 Education Fund allocation to each district, and the district would be responsible to report how the allocation was spent.

Proposal 4: Make Money Matter through Targeted Interventions

Through a new **Targeted K–12 Intervention Fund**, the state would fully fund K–12 interventions that have met the research “gold standard”: achievement gains proven through an experimental trial that included carefully designed treatment and control groups. The Workgroup recognizes the list of evidence-based practices will change over time. The Legislature should charge the Washington State Institute for Public Policy (WSIPP) to continuously review and identify programs backed by rigorous scientific evidence for inclusion in the Fund. The Workgroup’s research suggests programs that currently meet the gold standard include **one-on-one tutoring in K–3, class size reductions in K–1, and monitors for students at risk of dropping out of high school**.

With the evidence-based programs identified, the newly created K–12 Expenditure Forecast Council would estimate the cost of fully funding the evidence-based interventions, and the Legislature would appropriate the estimated amount to the Targeted K–12 Intervention Fund. Districts that demonstrate full implementation of evidence-based practices would access the Fund with no required local match. Districts that do not fully implement the evidence-based practices would pay a local match rate of up to 20 percent.

In addition to the gold standard programs, WSIPP would recommend a disciplined list of innovative programs, like Navigation 101, for targeted implementation. The Legislature would

fund evaluations to determine whether they meet the Fund's high standard.

Proposal 5: Attract, Develop, and Reward High Quality Teachers

Teachers matter. Improving teacher quality is the single most effective way to improve student outcomes.¹ To compete effectively for skilled teaching talent as today's teachers retire in accelerating numbers, schools will have to reward teachers more like the professionals they are. Washington's existing salary structure—like most across the country—relies almost exclusively on teachers' tenure and education levels. Researchers have concluded that neither experience nor the attainment of a master's degree in teaching is a strong predictor of quality. Experience matters in the early years of a teacher's career, with the steepest learning curve occurring in the first six years. Moreover, the attainment of a master's degree in specific subjects (e.g., mathematics) may correlate with higher student achievement, but when measured across all teachers and all types of degrees, the average master's degree in teaching shows no correlation with achievement.²

To address the shortcomings of the existing compensation model, the state should develop and pilot, in collaboration with districts and unions, an alternative salary schedule that would gradually replace the existing one.

New salary schedule would be based on three levels of responsibility and skills: Entry, Professional, and Lead. Entry-level teachers are those newly hired and rapidly building skills and knowledge. Lead teachers are those demonstrating advanced skills and training and willing to take on added mentoring, coaching, and curriculum development responsibilities. The solid corps of quality teachers compose the middle, professional tier.

Informed by a compensation survey, the new schedule would increase average compensation to bolster the competitiveness

of the teaching profession. When schools attempt to replace aging educators in coming years, they will face much stiffer competition from other professions for skilled workers than they did when baby boomers were first hired in the 1960s, 1970s, and 1980s. To bolster the competitiveness of the teaching profession, the state would conduct a comprehensive compensation survey and bring combined salaries and benefits in line with professions that require similar levels of knowledge and skills. During the transition to the new schedule, which could be phased in for individual teachers or district-by-district, no current teacher would see a reduction in compensation.

Hard-to-staff positions would receive higher compensation. Subjecting all teachers to an identical salary schedule creates staff shortages in some subjects, particularly mathematics, science, and special education, and surpluses in others. Moreover, high poverty/high cost urban, and remote rural schools struggle to recruit top-tier staff under the current system.

Classified staff are the unsung heroes of education. But when districts face tough budget cuts, too often the decision is made to get by with fewer instructional aides, administrative assistants, security and technology personnel, custodians, and maintenance workers. The Workgroup proposes that appropriate classified staffing levels should be built into the K-12 Resource Model. Salaries, COLAs, and benefits would be informed by the state compensation survey and updated annually by the K-12 Expenditure Forecast Council.

Because it holds the responsibility for basic education, the state would bargain compensation. Given its constitutional funding responsibility, the state must assume the responsibility for bargaining compensation. State-level bargaining could take one of two forms. The state could develop a statewide

schedule of salaries. Alternatively, a cadre of state negotiators could bargain salaries with local units on a district-by-district basis. In either event districts would be required to use the same state-negotiated salary rates for state or locally funded teaching activities to prevent cross subsidization. Local bargaining over working conditions and other contractual issues would be maintained.

State would design and implement a rigorous teacher induction program. To ensure the highest quality teachers join the system, the state would fully fund mentors for novice teachers to accelerate the new teacher’s understanding of subject area content, instructional practices, school processes, and management strategies. The state would invest heavily in evaluation. Throughout the state, the Legislature should fund “consulting” teachers who leave their classrooms for three years to evaluate teachers

through frequent observations—as many as six observations annually for new teachers. The state would target intensive professional development to teachers who struggle in their initial years. The probationary period for new teachers would extend to five years.

Finally, the Workgroup proposes the state adopt three-year rolling, renewable contracts for all teachers and principals. This would give struggling teachers and principals three years to get the assistance or training they require to be effective team members in their schools.

Endnotes

¹ See Rivkin, Steven G. et al. March 2005. “Teachers, Schools, and Academic Achievement” *Econometrica*. Volume 73. Number 2.

² See Rice, Jennifer King. August 2003. *Teacher Quality: Understanding the Effectiveness of Teacher Attributes*. Economic Policy Institute. Washington DC.

Appendix: Oregon's Quality Education Model 2006

Model Users' Guide

The Quality Education Model (QEM) is a tool that policymakers and others interested in education policy can use to estimate the cost impacts on Oregon's schools of various policy proposals. Using the QEM, the user can input different assumptions about resource levels, and the Model will estimate the change in funding that will be required. For example, the Model user can estimate the cost of reducing class sizes by changing the assumption in the "Model Key Assumptions" worksheet. The Model will make the required calculations and report the result in the Model's "Output Table" worksheet.

Model Key Assumptions

The Model Key Assumptions worksheet contains about 80 different assumptions that the user can adjust. The assumptions include parameters such as half-day or all-day kindergarten; class sizes in elementary schools, the number of specialists, counselors, and other staff in elementary, middle, and high schools; the number of professional development days for teachers; and many others.

For each assumption, the worksheet contains values for the current situation in Oregon Schools ("Current Funding Level") as well as for the fully-implemented level of funding recommended by the Quality Education Commission ("Full QEM Implementation"). "Policy Scenario Assumptions" would contain the values in a proposed policy scenario.

To run a policy scenario using the Model, the user must simply change the values in the Policy Scenario Assumptions column to the levels that reflect the desired policy scenario. The user then looks in the Output Table worksheet to see the

cost impact of the scenario. For example, to determine how much it would cost to reduce class sizes to 20 in grades 1-3, the user simply changes the value for that parameter to 20. The user can then look at the Output Table worksheet to see that the estimated cost of that policy scenario is \$216.5 million in the 2007-09 biennium (or roughly \$108 million per year). Note that in the Model Key Assumptions worksheet, the last column shows the difference between the Policy Scenario Assumptions chosen by the user and the current situation in Oregon Schools.

Output Table

The worksheet labeled "Output Table" displays the results of the policy scenarios run by the user and is relatively self-explanatory. The "Difference" column shows the cost impact of the policy scenario chosen by the user compared to the costs of funding the level of services currently provided in Oregon schools. The Output Table also shows the impact per weighted student (ADMw) for each year of the 2007-09 biennium.

Example Policy Scenario

To estimate the cost of a policy scenario, the user simply changes the value in the Policy Scenario Assumptions column and then looks at the Output Table worksheet to see the cost impact. In the example policy scenario, the user decided to provide all-day kindergarten in all Oregon elementary schools, reduce class size in K-3 to 20 students, add one subject-area specialist in middle and high schools, and add one additional counselor in high school. The Output Table worksheet shows this would cost Oregon an additional \$458.2 million in the 2007-09 biennium.

2006 Quality Education Model Key Assumptions

Policy Assumptions	Current Funding Level	Full QEM Implementation	Policy Scenario Assumptions	Policy Scenario Difference From Current Level
All-Day Kindergarten (Y=Yes, N=No)	N	Y	Y	All-Day
Elementary Class Sizes				
Kindergarten Class Size	24.0	20.0	20.0	-4.00
Grade 1-3 Class Size	25.0	20.0	20.0	-5.00
Grade 4-5 Class Size	25.0	24.0	25.0	0.00
Staffing Levels (FTE)*				
Staffing in Core Classes at Middle and High Schools				
Middle School	20.80	21.00	20.80	0.00
High School	41.00	44.00	41.00	0.00
Subject Area Specialists (e.g., reading, math)				
Elementary School	2.00	4.50	2.00	0.00
Middle School	0.00	1.50	1.00	1.00
High School	0.00	3.00	1.00	1.00
English as a Second Language Licensed Staff				
Elementary School	0.50	1.00	0.50	0.00
Middle School	0.50	0.75	0.50	0.00
High School	0.50	0.50	0.50	0.00
Media Specialist/Librarian				
Middle School	1.00	1.00	1.00	0.00
High School	1.00	1.00	1.00	0.00
Special Education and Alternative Education Licensed Staff				
Elementary School	2.00	3.00	2.00	0.00
Middle School	4.00	4.50	4.00	0.00
High School	5.00	5.25	5.00	0.00
Counselors				
Elementary School	0.00	0.00	0.00	0.00
Middle School	1.50	2.00	1.50	0.00
High School	3.00	4.00	4.00	1.00
Co-Curricular Activities Director (FTE)				
High School	0.00	1.00	0.00	0.00
Instructional Improvement Staff				
Elementary School	0.00	0.50	0.00	0.00
Middle School	0.00	1.00	0.00	0.00
High School	0.00	1.00	0.00	0.00
Classified Staff				
Elementary School	5.00	6.00	5.00	0.00
Middle School	11.00	10.00	11.00	0.00
High School	20.00	20.00	20.00	0.00
Length of School Year (teacher contract days)				
Elementary School	190	190	190	0.00
Middle School	190	190	190	0.00
High School	190	190	190	0.00
Professional Development				
Teacher Professional Development (days)				
Elementary School	3.00	7.00	3.00	0.00
Middle School	3.00	7.00	3.00	0.00
High School	3.00	7.00	3.00	0.00
Administrator Leadership Development (days)				
Elementary School	0.00	4.00	0.00	0.00
Middle School	0.00	4.00	0.00	0.00
High School	0.00	4.00	0.00	0.00
Consultants (\$)				
Elementary School	\$0	\$1,000	\$0	0.00
Middle School	\$1,000	\$1,000	\$1,000	0.00
High School	\$3,000	\$3,000	\$3,000	0.00
Additional Instruction Time				
Summer School (weeks)				
Elementary School	0.0	4.0	0.0	0.00
Middle School	0.0	4.0	0.0	0.00
High School	0.0	4.0	0.0	0.00

Policy Assumptions	Current Funding Level	Full QEM Implementation	Policy Scenario Assumptions	Policy Scenario Difference From Current Level
Tutoring and After-School Programs (% of students participating)				
Elementary School	0.0%	20.0%	0.0%	0.00
Middle School	0.0%	20.0%	0.0%	0.00
High School	0.0%	20.0%	0.0%	0.00
Computers				
Hardware (percent of computers replaced each year)				
Elementary School	20.0%	20.0%	20.0%	0.00
Middle School	20.0%	20.0%	20.0%	0.00
High School	20.0%	20.0%	20.0%	0.00
Software (share of computers upgraded each year)				
Elementary School	20.0%	46.7%	20.0%	0.00
Middle School	20.0%	46.7%	20.0%	0.00
High School	20.0%	46.7%	20.0%	0.00
Networks				
Elementary School	\$0	\$4,500	\$0	\$0
Middle School	\$0	\$6,000	\$0	\$0
High School	\$0	\$15,000	\$0	\$0
Texts, Consumables, Classroom Sets (\$ per student)				
Elementary School	\$47	\$94	\$47	0.00
Middle School	\$43	\$71	\$43	0.00
High School	\$51	\$89	\$51	0.00
Classroom Supplies and Materials (\$ per student)				
Elementary School	\$78	\$134	\$78	0.00
Middle School	\$79	\$113	\$79	0.00
High School	\$109	\$177	\$109	0.00
Library and Media Center Materials (\$ per student)				
Elementary School	\$13	\$20	\$13	0.00
Middle School	\$12	\$24	\$12	0.00
High School	\$13	\$26	\$13	0.00
Other Supplies and Materials (\$ per student)				
Elementary School	\$0	\$19	\$0	0.00
Middle School	\$0	\$19	\$0	0.00
High School	\$0	\$58	\$0	0.00
Extracurricular Activities Sponsors (Number of staff)				
High School	9	12	9	0.00
Centralized Special Education (\$ per student)				
Elementary School	\$93	\$135	\$93	0.00
Middle School	\$93	\$135	\$93	0.00
High School	\$93	\$135	\$93	0.00
Food Service Costs per Student (Net of Revenue)				
Elementary School	\$0	\$0	\$0	0.00
Middle School	\$0	\$0	\$0	0.00
High School	\$13	\$0	\$13	0.00
District Administrative Support (\$ per Student)				
Elementary School	\$260	\$260	\$260	0.00
Middle School	\$260	\$260	\$260	0.00
High School	\$260	\$260	\$260	0.00
Operations and Maintenance(\$ per Student)				
Elementary School	\$636	\$647	\$636	0.00
Middle School	\$656	\$667	\$656	0.00
High School	\$713	\$724	\$713	0.00
State-Level Special Education Fund (\$ millions per year)				
	\$12.0	\$40.0	\$12.0	0.00

* Changes made to elementary school staffing levels will be in addition to any changes in the number of teachers resulting from increasing or decreasing class sizes.

Other Key Assumptions	School Year			
	2005-06	2006-07	2007-08	2008-09
PERS Contribution Rate for Employers	15.72%	15.72%	17.66%	17.66%
Teacher Salary Growth Rate	3.32%	1.40%	1.50%	1.60%
Classified Employee Wage Growth Rate (Portland CPI)	2.86%	2.08%	2.09%	2.05%
Health Insurance Premiums Growth Rate	8.00%	8.00%	9.00%	9.00%
Overall Student Population Growth Rate	1.25%	0.40%	0.50%	0.50%

Quality Education Model Impact Analysis for the 2007-09 Biennium

	Baseline Funding Level Scenario	Policy Scenario	Difference	Percent Difference
Estimated Prototype School Operating Expenditures for 2007-08*	\$4,414,338,780	\$4,639,990,940	\$225,652,159	5.1%
Estimated Prototype School Operating Expenditures for 2008-09*	\$4,555,221,515	\$4,787,815,006	\$232,593,491	5.1%
2007-09 Biennium Total for Prototype Schools*	\$8,969,560,296	\$9,427,805,946	\$458,245,650	5.1%
Plus: 2007-09 ESD Expenditures	\$791,363,341	\$791,363,341	\$0	0.0%
Plus: High-Cost Disabilities Fund for Special Education Students	\$24,000,000	\$24,000,000	\$0	0.0%
Equals: Total 2007-09 School Funding Requirement	\$9,784,923,636	\$10,243,169,286	\$458,245,650	4.7%
Less: Local Revenue not in Formula	\$280,083,137	\$280,083,137	\$0	0.0%
Less: Federal Revenue To School Districts and ESDs	\$901,445,216	\$901,445,216	\$0	0.0%
Equals: Total Distribution Formula Funding Requirement	\$8,603,395,283	\$9,061,640,933	\$458,245,650	5.3%
Less: Property Taxes and other Local Resources	\$2,797,265,762	\$2,797,265,762	\$0	0.0%
Equals: 2007-09 State School Fund Requirement	\$5,806,129,521	\$6,264,375,171	\$458,245,650	7.9%
2007-08 Total ADMw	669,615	689,535	19,921	3.0%
2008-09 Total ADMw	673,346	693,366	20,020	3.0%
2007-08 District Formula Revenue per ADMw	\$5,988	\$6,127	\$139	2.3%
2008-09 District Formula Revenue per ADMw	\$6,181	\$6,322	\$141	2.3%