Executive Summary

INTRODUCTION

In July 2003, five of Oregon's larger charitable foundations established "Foundations for a Better Oregon," a new organization created to facilitate collaboration on an integrated set of projects to improve the state of Oregon. These are known collectively as the ***Chalkboard Project,*** an effort to share best practices, broaden perspectives, and bring the citizens of Oregon together to help ensure a superior Kindergarten-12th grade (K-12) public education system.

Before the Project can proceed with a discussion of issues related to K-12 education in Oregon, the sponsors—and the citizens they intend to engage—need a solid understanding of the system's existing conditions. This paper describes the existing condition of the system but does not offer solutions. Policy responses—in the areas of improving student achievement, system accountability, and finance—are the purpose of forthcoming reports.

The report is structured around the three focus areas of the Chalkboard Project: quality, accountability, and finance.

FINDINGS ON QUALITY

In an April 2004 statewide poll conducted by the Chalkboard Project, 36 percent of Oregonians characterized the state's K-12 "somewhat good" while only 9 percent viewed the system as "very good". Despite this unexceptional assessment, Oregonians have high expectations for K-12 with 80 percent believing Oregon should be at least among the very best K-12 systems in the country.

Assessing the quality of the K-12 system is complicated and requires an examination of a wide array of indicators related to the system's context, its inputs and processes, and its outputs. The purpose of this report is to describe and document where Oregon stands on key indicators. In forthcoming Chalkboard reports, we will debate vigorously which factors matter and why. Below, we outline our key findings on the condition of Oregon K-12 system.

- **Oregon's student profile has changed considerably in recent years and will change even more in the years to come**. ***(See Appendix, Section 1.)*** Since 1989-90, increases in total enrollment in Oregon's public K-12 schools have been relatively slow, growing at an annual average rate of 1.1 percent. However, enrollment of students of Hispanic origin increased at an annual rate of more than 10 percent and, by the 2003-04 school year, these students represented 13 percent of the public school population. Meanwhile, students with physical and mental

disabilities served under the federal Individual with Disabilities Education Act (IDEA) increased at an annual rate of 2.8 percent during 1991-2001—or at about two and half times faster than the rate of growth for overall enrollment.

- **Student absenteeism is comparatively high in Oregon.** ***(See Appendix, Section 2.)*** Multiple surveys and data sources suggest Oregon's K-12 system has an unrecognized problem with absenteeism. In background surveys of school officials for national (NAEP) and international (TIMSS) exams, Oregon schools officials expressed much higher concern about absenteeism than their peers in other states. Moreover, Oregon's average daily attendance—as reported to the National Center on Education Statistics—is low relative to counts of student enrollment.

- **Oregon's dropout rate has fallen in recent years but still ranks relatively high nationally.** ***(See Appendix, Section 3.)*** Oregon's dropout rate fell from 5.8 percent in 1991-92 to 4.4 percent in 2002-03. In 2002-03, dropout rates for Hispanic (9.1 percent) and black students (9.0 percent) are more than double those estimated for white students (3.6 percent) and Asian students (3.8 percent). However, national comparisons from the 2000-01 school year (the most recent available) show Oregon's high school dropout rate ranked 11th.

- **Oregon's schools are safe and orderly relative to schools in some other states.** ***(See Appendix, Section 4.)*** The incidence of physical violence toward teachers or other students is relatively low in Oregon. Moreover, surveys of school officials suggest that problems with general classroom misbehavior do not stand out from the national norms.

- **Oregon's public K-12 system relies on fewer staff than most states. Class sizes are high.** ***(See Appendix, Section 5.)*** Oregon, like many other Western states, operates a K-12 system with fewer teachers and fewer non-teaching staff. In fall 2000, Oregon had 19.4 students for every full-time equivalent teacher and 19.5 students for every non-teacher staff member. The U.S. averages were 16.0 and 17.0, respectively. Oregon's student-to-staff ratios declined slightly from fall 1992 levels. The high student-to-teacher ratios translate into larger class sizes. Oregon is consistently in the top five states nationally on most measures of class size.

- **Survey suggests facilities and instructional materials are lacking for mathematics and science.** ***(See Appendix, Section 6.)*** A 1999 survey of school officials—conducted as part of an international mathematics and science assesssment—indicated only 11 percent of Oregon students attended schools with a "high availability of school resources for mathematics and science instruction." The same survey found that—nationwide—an average 37 percent of students attended schools

with high availability of mathematics resources and 34 percent attended schools with a high availability of science resources.

- **While Oregon teacher attrition rates are slightly better than the national average, over one-third of new teachers leave the profession by the fifth year.** Close examination of federal survey data for more than 50,000 teachers nationwide suggests that teacher shortages are not attributable to surges in retirements and enrollments. Steady, high attrition rates, where teachers are leaving education for a variety of reasons, are a better explanation for the constant demand for new teachers. At the national level, 13 percent of teachers leave the profession within one year; 29 percent leave after three years; and 39 percent leave after five years.[1] Based on data from the Oregon Quality Assurance in Teaching project, Oregon teachers leave the profession at a rate of 10 percent after the first year, 21 percent after two years, 33 percent after four years and 37 percent after five years.[2] While slightly better than the national average, this figure means Oregon must prepare and induct a significant number of new teachers each year.

- **Enrollment rates in alternatives to traditional public schools are low relative to other states.** ***(See Appendix, Section 7.)*** The national average for students attending private schools has hovered around 10 percent for the last 30 years. Comparatively Oregon's private school enrollment has increased slightly from 5.8 percent in 1990-91 to 6.7 percent in 2002-03. Oregon's public school enrollment dropped from 93.2 percent in 1990-91 to 91.2 percent in 1997-98. Notably, many students in Oregon's largest school district resorted to alternative education options. In 1990-91, 85.8 percent of students within the Portland Public School district attended PPS schools; in 2002-03 this number was down to 83.5 percent. In addition to increased private school enrollment, the decrease was also caused by many parents exercising their right to home school. Oregon's approximately 12,500 home school students in 2002-03 comprised 2.1 percent of the total student population, up from about 1 percent in the early 90's, and exceeding the national average of 1.7 percent. In 1999, Oregon enacted its first charter school legislation. In the fall of 2002, 25 charter schools served over 2000 Oregon youths. However, to date only 0.2 percent of Oregon students are enrolled in charter schools, compared to the national average of 1.2 percent.

- **Oregon is closer to attaining the status of a "top performing" system in mathematics and science than in other core subject areas**. ***(See Appendix, Section 8.)*** An analysis of National Assessment of Educational Progress (NAEP) scores shows Oregon students do relatively better on mathematics and science assessments—compared to their U.S. peers—than they do on reading and writing. For example, on the most recent NAEP 8th grade tests in mathematics (2003), only seven

states could claim higher average scores than Oregon. In the most recent 8th grade NAEP science exam (2000), students in only five states outperformed Oregon's students. Somewhat less encouraging are the 4th grade NAEP science scores, which show students in 14 states outperforming Oregon students. The NAEP findings are consistent with conclusions of the 1999 Third International Math and Science Study assessments (TIMSS), which reported Oregon's 8th graders scoring above the US average.

- **Achievement scores on reading are average at best.** ***(See Appendix, Section 9.)*** The NAEP assessments for reading present a different picture than those for mathematics and science. For example, in the most recent 4th grade reading assessment (2003), students in 19 states could claim higher average scores than Oregon students. Findings for the 8th grade reading exam found 12 states outperforming Oregon.

- **Writing scores tell different stories at 4th and 8th grade**. ***(See Appendix, Section 10.)*** The most recent NAEP writing exam (2002) showed 4th grade students in 20 states outperforming Oregon students. By contrast, on the 8th grade exam only three states outperformed Oregon.

- **Oregon's racial and ethnic achievement gaps have many facets.** ***(See Appendix, Sections 8-10.)*** A number of preceding studies have identified achievement gaps between white, black, Hispanic, and Asian students as a top concern for Oregon's K-12 system. Achievement gaps exist between whites and non-Asian minority students in every subject and grade level. However, the scores suggest that some gaps are more pronounced than others. For example, on the NAEP 8th grade mathematics, the gap narrows because Oregon's black students significantly outperformed black students in other states while Oregon's white students underperformed relative to white students in other states. Hispanic students, Oregon's fastest growing group of students, demonstrate significantly lower scores across the board than Oregon white students; however, their scores are generally comparable to Hispanics across the nation.

- **Oregon students who attend schools in central cities tend to outperform students from central cities in other states. Oregon students in suburbs and rural areas show comparable achievement to their peers living in similar locations.** ***(See Appendix, Sections 8-10.)*** On the eight most recent state-level NAEP exams (two grade levels in mathematics, reading, writing, and science), Oregon students who attended schools in central cities[3] outperformed their central-city peers on six of the eight exams. Oregon students attending suburban and rural schools showed levels of achievement similar to comparable students in other states. The exceptions: 4th grade rural students underperformed

relative to their rural peers on the NAEP writing assessment while 8th grade rural students outperformed their peers on the science exam.

- **Students from low-income families appear to fare better in Oregon than students from low-income families in other states. Meanwhile, Oregon students from middle- and upper-income families appear to underachieve on a number of assessments.** ***(See Appendix, Sections 8-10.)*** Oregon students who are eligible for free or reduced price lunches (a proxy for students in low-income families) outperformed similarly eligible students across the country on six of the eight most recent NAEP assessments. By contrast, students deemed ineligible for the federal school lunch program underperformed relative to similar students on four of the eight recent assessments. Varying school policies for enrolling children in the federal school lunch program might explain some of the differences between the Oregon and the national achievement averages for this subpopulation as could the relatively smaller gap between poor, middle class, and upper income in Oregon.

- **While Oregon's statewide SAT test scores during the past decade have placed it first or second in the nation among states where over half of the students take the SAT, a breakdown of scores by student ethnicity reveals Oregon's white students rank closer to the middle than the top in their performance.** ***(See Appendix, Section 11.)*** This phenomenon can best be explained by the differences in demographics between Oregon and the rest of the states where a sizeable number of students take the SAT. These states tend to be in the northeast, southeast, and west. These states are much more ethnically and economically diverse than Oregon. States with ethnic makeups more similar to Oregon's tend to be in the Midwest where the ACT is dominant. Therefore, Oregon is not compared to these states. Many of the states to which Oregon's SAT scores are compared have been actively encouraging more low-income and minority-group students to take the SAT. These students' scores have been lower than those of white students from middle-class or higher economic backgrounds. Therefore, Oregon's overall average SAT score ranks the state highly in part because of differences between Oregon and other states in terms of the composition of the test-taking populations.

- **A breakdown of SAT test scores by student ethnicity reveals mixed results.** ***(See Appendix, Section 11.)*** When the scores of Oregon Hispanic, African American and Asian American students are compared to those obtained by their peers in a group of high-participation states that have ethnically diverse student populations, results are mixed. These states include California, Florida, Massachusetts, New Jersey, New York, Pennsylvania and Florida. Generally, Oregon's Hispanic students obtained tests scores roughly equal to the national average for their Hispanic peers. Oregon's African American students received math,

verbal and composite scores that significantly exceeded those of their peers in each of the selected states and nationwide. However, very few Oregon African-Americans take the SAT. Finally, Oregon's Asian American students scored noticeably below national averages in their verbal, math and composite scores. The participation rates for minority students are at low levels relative to their representation in the high school population and the participation of white students.

FINDINGS ON ACCOUNTABILITY

Oregonians believe the responsibility for providing K-12 services should be close to home. When asked about the appropriate roles of various governing entities for everything from curriculum development and testing standards to funding levels and the length of the school year, Oregonians believed local actors—school boards, principals, teachers, and local taxpayers—should have a stronger role in decision-making than state- or federal-level policymakers. Despite this preference, Oregon K-12 policymaking has gradually shifted control away from the local level during the past 15 years. Below we outline our key findings on the nature of Oregon's governance structure and its implications for system accountability.

- **Oregon's K-12 governance structure has shifted from local to increased state control**. The passage of local property tax limitations through Ballot Measure 5 in 1990 ushered in a change in K-12 finance and governance. Along with curbs in the growth of property tax revenues came a dramatic shift in the primary responsibility for funding public education from the local governments (school districts) to the state government. As the state assumed increasing responsibility for funding, the legislature and state-level agencies claimed a larger role in setting educational goals and standards. As a consequence, Oregon's public school system has evolved from one of the most locally controlled in the nation to one with considerable state involvement and direction in a number of important areas.

- **Two policies opened an era of increased centralization of K-12 policy**. In the 1991, the Oregon legislature adopted two important policies that set the state on the course of greater impact on local educational practices. First, the *Oregon Educational Act for the 21st Century* established a new set of standards and assessments for student learning. Second, the enactment of a state-level funding formula equalized the amount of resources available per student after adjusting for certain special needs. In combination, these two measures constrained program and fiscal discretion, two of the hallmarks of local control.

- **Oregon implemented centralized policymaking with little coordination.** Oregon made its transition to centralization with no

systematic examination or redesign of governance structures. Authority shifted within the system, with state-level entities (i.e., Oregon Department of Education, State Board of Education, and the Governor and Legislature) garnering a new level of influence while local authorities (i.e., school boards and school-level administrators and teachers) struggled to understand their role in this new, ill-defined system. While policymakers espoused support for local control, actions at the state level belied such support. Schools experienced the worst of both worlds in some respects, being on the receiving end of state policies that constrained local discretion while simultaneously being told that the goal of state policies was to give schools the flexibility to solve problems locally.

- **Absence of clearly defined state and local responsibilities has hindered progress on K-12 standards**. The net effect of Oregon's loosely coupled accountability system is that state policy goals do not necessarily get achieved. For example, the *Oregon Educational Act for the 21st Century* set ambitious goals for student learning. While progress has been made at the third grade level and to a lesser degree at the fifth grade level in English and math, in no way has achievement of the law's original broad and ambitious goals been accomplished. The type of systemic redesign envisioned by authors of the act has yet to occur.

FINDINGS ON FINANCE

No feature of the Oregon K-12 system has captured more stakeholder and media interest in recent years than finance. The increased focus is due, in part, to the centralized nature of the finance decision, which today rests primarily with the state legislature. Moreover, during this most recent economic downturn, resources have been highly unstable, and in districts across the state, administrators have threatened and, in some cases delivered, shortened school years.

Given Oregon's centralized and highly charged debates about K-12 funding, it should come as no surprise that a recent statewide poll found funding issues topped Oregonians' concerns about the K-12 system. While Oregonians tend to agree that funding is important, they disagree on whether the system has adequate resources to deliver a quality product. The recent Chalkboard poll found 52 percent of Oregonians believed "public schools just do not have enough money" while 40 percent believed schools "did not have a funding problem".

To shed light on the finance debate, we evaluate the system with respect to its adequacy, stability, and equity. We outline our key findings below:

- **Oregon's K-12 spending as a percent of total personal income declined throughout the 1990s and fell below the U.S. average in 2002-03.** ***(See Appendix, Section 12.)*** In the 1989-90 school year, Oregonians spent 4.8 percent of their total personal incomes on current

K-12 expenditures—compared to U.S. average of 4.1 percent. Since then Oregon's K-12 spending did not keep pace with personal income growth and, by 2002-03, K-12 spending equaled 4.0 percent of personal income—below the U.S. average (4.2 percent).

- **Throughout the state, growth in spending on special instruction[4] significantly outpaced growth in spending on regular instruction.** ***(See Appendix, Section 12.)*** During 1992-2000, spending per student (fall enrollment) on regular instruction grew at an annual average rate of 2 percent, which is below the national rate of inflation. However, spending per student on special instructional programs--*defined broadly in this report to include programs targeted to students with mental and physical disabilities, English language learners, and students at risk of dropping out of school*--grew at an average annual rate of 14 percent. In 1992, Oregon K-12 schools spent an average of $443 per fall enrollee (measured across all students regardless of whether they received such services) on special education programs. By 2000, the system spent $1,231 per student.

- **Oregon salaries and benefits measured on a *per student* basis are close to the national average; Salaries and benefits measured *per full-time equivalent staff member* are high relative to other states**. ***(See Appendix, Section 13.)*** In school year 2001-02, Oregon spent $2.44 billion and $1.02 billion on benefits for all staff in the K-12 system. Measured on a per student basis, Oregon spent $6,267 per student on salaries and benefits, almost identical to the national average of $6,272. However, as discussed previously, Oregon employs relatively few staff, which implies salaries and benefits per staff member are above average. Oregon's salaries average $42,453 per full-time staff member, which ranked 14th nationally. Benefit expenditures total $17,684 per full-time staff member, which ranked 1st nationally and is 11 percent higher than second-place Wisconsin. Taken together, expenditures on the total compensation package average $60,137 per full-time employee, which ranked 8th nationally.

- **Spending per student on instruction is slightly below the national average.** ***(See Appendix, Section 14.)*** In 2001-02, Oregon spent $4,490 per student or $265 less than the national average.

- **Spending per student on "other support services" is well above the national average.** ***(See Appendix, Section 14.)*** Oregon spent $467 per student on other support services in 2001-02, which is well above the national average ($264 per student). Other support services include expenses for the business support staff, payroll, financial accounting, internal auditing, purchasing, and warehousing. The Oregon Secretary of State recently audited spending behavior in a number of districts across the state and recommended a variety of cost-cutting strategies

including bulk purchasing, seeking in-kind contributions and donations, and sharing the cost of certain specialized staff.

- **Spending per student has been highly unstable in recent school years.** ***(See Appendix, Section 14.)*** Between the 2001-02 and 2002-03 school years, Oregon's spending per student fell 6.1 percent from $7,713 to $7,242 (estimated). The estimated decline would not only be the largest percentage decline measured between those two years, it would also be the second largest annual decline measured by any state since the 1989-90 school year. We estimate Oregon had the 9th most volatile school finance system in the country (measured by year-to-year state level changes) since 1989-90. Again, much of the instability occurred during the most recent economic downturn. The K-12 system's heavy reliance on Oregon's income tax revenues underlies the problem.

- **Oregon's state funding formula increased equity in spending per student across the state.** ***(See Appendix, Section 14.)*** Together with the transfer of primary funding responsibility to the state came a policy to equalize resources available to students in different districts. At the end of a decade-long process, Oregon's K-12 finance system has become one of the most equitable in the country. With equity come challenges, the greatest of which is a loss of local control over school resources. Taxpayers' fiscal connections to their local schools increasingly run through the state legislature, so an individual school district's interest in increasing resources is often tied to state-level approval of the K-12 budget.

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1 Summary Notes: Presentation on Oregon Teacher Supply/Demand at the Oregon Arts & Sciences Summit, 4/25/02. Retrieved September 15, 2004 from http://www.ous.edu/aca/supplydemandnotes.htm.

2 Ibid.

3 As defined by the US Census.

4 For the purposes of this estimate, we define special instruction to include programs designed for students with physical or mental disabilities, English-learning students, and students at risk of dropping out of high school.