

THE NEW
FINANCE PLAN
PROPOSED FOR
OREGON'S SCHOOLS

... as developed by the

State Department of Education Finance Committee

THE STATE DEPARTMENT OF EDUCATION FINANCE COMMITTEE

In order to more equitably and adequately provide for the basic financing of Oregon's education needs for some 437,000 children in elementary and secondary schools, a new state distribution plan was developed and approved by a State Department of Education Finance Committee, and subsequently approved by the Legislative Fiscal Committee.

This State Department of Education Finance Committee consisted of two sections: a so-called "technical" committee; and a "lay advisory" committee.

The technical committee included three school board members (John Beatty, Jr., Portland; Richard Miller, Eugene; and William Wyse, Portland); one county unit superintendent, Alfred Haberly, Crook County; one I.E.D. deputy superintendent, Tom Sommerville, Multnomah I.E.D.; and the following school superintendents:

Walter Commons	Springfield
Kenneth Erickson	Corvallis
Russell Esvelt	Lake Oswego
J. R. Evans	Baker
Wayne Foster	St. Helens
John Harr	Rogue River
Ray Hunsaker	Klamath Falls (deceased)
J. W. King	Lebanon
Floyd Light	David Douglas
Ellis Neal	Pendleton
Charles Schmidt	Salem
Roy Seeborg	Astoria
Marion Winslow	Coos Bay

The lay advisory committee consisted of 29 persons from as many associations broadly representative within the state. These associations were:

Oregon Association of Public Accountants, Oregon Association of Real Estate Boards, Oregon Junior Chamber of Commerce, Oregon Association of School Administrators, Joint Council of Teamsters, Western Forest Industries Association, Oregon Insurance Agents Association, Oregon Association of Broadcasters, International Longshoremen's Union, Oregon Wheat Growers League, Western Wood Products Association, Associated General Contractors, Oregon Newspaper Publishers Association, Associated Oregon Industries, Oregon Wool Growers Association;

Oregon Dairy Industries, Portland Realty Board, Oregon State Bar, Oregon Chamber Managers, Oregon Tax Research, Oregon Farm Bureau, Oregon Cattlemen's Association, Oregon Society of CPA's, AFL-CIO, Oregon Education Association, Oregon Trucking Association, Oregon Bankers Association, Oregon Medical Association, Timber Operators Council.

Dr. Delos Williams, State Department of Education, was the general coordinator and chairman of the committee; and most of the technical staff assistance was provided by Dr. Warren Carson and his associates in the State Department. Ex-officio members of the technical committee were Tom Rigby, Oregon School Boards Association; and Cecil Posey, Oregon Education Association.

THE PROPOSED PLAN

The proposed plan, in addition to other changes, would replace the existing distribution formula in the Basic School Support Fund. The overall objectives of this new plan are: (a) simplification of the state distribution system; (b) augmented state support for elementary and secondary education; (c) elimination of so-called "double equalization," due to present I.E.D. allocations; (d) adequate financing for small schools or attendance centers; and, (e) recognition of special problems of large, concentrated urban centers.

In summary, this new finance plan provides for:

Variable Basic Grant

1. A variable basic grant program which will provide minimum grants for all districts in accordance with local effort as measured in mills and supporting the approved program. The basic grant would vary from a minimum of \$120 per RADM to a maximum of \$200 per RADM. The actual dollar amount of the basic grant for any district is dependent upon the mills locally levied within the district and in accordance with the following schedule:

Local Levy (Mills - TCV)	Basic Grant Per RADM	Program Level (Per RADM)
10	\$200	\$500
9	180	450
8	160	400
7	140	350
6	120	300

Both mills and support amounts may be in portions of whole numbers, i.e., a 9.5 mill local levy geared to a \$475 program level would produce a \$190 basic grant.

Also, it should be emphasized that the mills levied locally is the key factor in determining the size of the basic grant. If, for example, a 9 mill local levy is sufficient to operate a \$500 program, the basic grant will be \$180. Conversely, if because of unforeseen growth or other factors a 10 mill local levy is made for a \$450 program, the basic grant will also be \$180.

Equalization Support Formula

2. An equalization support formula which allows districts to operate programs up to \$500 per RADM at a maximum tax of 10 mills (TCV): up to \$450 at a maximum tax of 9 mills; up to \$400 at a maximum tax of 8 mills; etc.

This equalization factor represents that portion of state aid making up the difference between program level, and the combination of basic grant and that amount obtained by a local levy of 1 mill (TCV) for each \$50 of the support program.

The program level represents net operating expenditures per pupil for administration, instruction, attendance, health services, operation, maintenance, fixed charges, capital outlay for equipment and tuition paid to other districts. Initial figures for apportionments will be derived from district budgets and final adjustments will be based on audits.

Receipts from Federal Forest fees and 50% of receipts from PL 874 will be treated as direct state offset, and thus deducted from each district's state entitlement.

The following illustration shows operation of the formula for certain districts with a \$500 program level (as defined above), and assuming a full 10 mill local levy:

Approved Program Level	Basic Grant	TCV Per RADM	Local Levy	State Equalization
\$500	\$200	\$30,000	\$300	\$.....
500	200	25,000	250	50
500	200	20,000	200	100
500	200	15,000	150	150
500	200	10,000	100	200

Urban Correction

3. An urban correction factor for districts of 50,000 ADM or more, and consisting of an amount equal to 10% of the support amount as determined by \$500 or lesser cost multiplied by the district's RADM. This would be available to districts having significant numbers of pupils who are in need of extra cost compensatory instructional programs. This amount is added to the basic grant of districts which qualify.

Funds received under the urban correction factor may not be used to establish the state support program level, this being consistent with the purpose underlying the grant that such additional funds be utilized to improve the quality of the program, and not as a means of raising a lower program level to \$500.

Transportation Apportionments

4. Apportionments for transportation equal to 60% of two years' prior total approved transportation costs of school districts in the state. These amounts are in addition to grants in (1), (2), and (3) above; and are to be disbursed in accordance with present law. Present statute provides for such allowance at the rate of 2 cents per mile for twice the distance from the pupil's home to the school by the nearest road; but only pupils residing one mile or more from the school are considered for purpose of the allowance.

Small School Correction

5. A necessary small school correction based on necessary teacher units, rather than ADM. However, a basic requirement is that elementary schools or attendance centers shall have an ADM of 100 or less; and high schools, 200 ADM or less. It also requires that local effort be maintained and that the number of teachers needed actually be employed.

Repeal of I.E.D. Levy

6. Repeal of the Intermediate Education District equalization levy, as presently being used in some 26 Oregon counties. It was the conclusion of the Finance Committee that elimination of the I.E.D. levy would simplify school finance patterns by having equalization solely at the state level.

Repeal of \$10 Levy

7. Repeal of the \$10 per census levy for the county school fund. This mandatory county levy was "frozen" by amendments adopted during the 1965 session of the legislature. Total county school fund levies (36 counties) for 1966-67 approximate \$6.9 million.

Cost of New Program

8. The cost of the new finance program is estimated at \$120 million (state funds) per annum, compared with a 1966-67 distribution from the Basic School Support Fund of \$76 million.

It is also contemplated that payments to school districts would be accelerated, providing maximum amounts to school districts when it is needed most. Tentative plans call for August and October payments each approximating 25% of a district's entitlement, with subsequent adjustments in March and May, and final settlement during the ensuing fiscal year. Apportionments will be based on current year's data.

This summary of the proposed new school finance plan is designed to give a brief description of its key features. The summary was reviewed by several members of the Finance Committee and by Dr. Warren Carson, technical advisor to the Committee.

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