



## LANE EDUCATION SERVICE DISTRICT

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EQUITY    COMMITMENT    LEADERSHIP    COLLABORATION    INTEGRITY

March 18, 2015

Lane County Legislators,

First off, thank you again for your ongoing leadership and support for Lane County's children. We know this is an extraordinarily difficult session with leadership transition, the high hopes coming out of the recession, the kicker triggering, and with a state budget that continues to challenge and put the services we care about at risk. We know you will do all you can to save our schools from another round of budget cuts that would further increase class sizes and shorten the school year for our children.

### Co-Chairs Budget Assumptions

The Lane County Superintendents have reviewed the Ways & Means Co-Chairs latest proposals and documents at the current legislative budget (SB 5017) for K-12 education of \$7.235 billion. With these assumptions from the co-chairs, this number is:

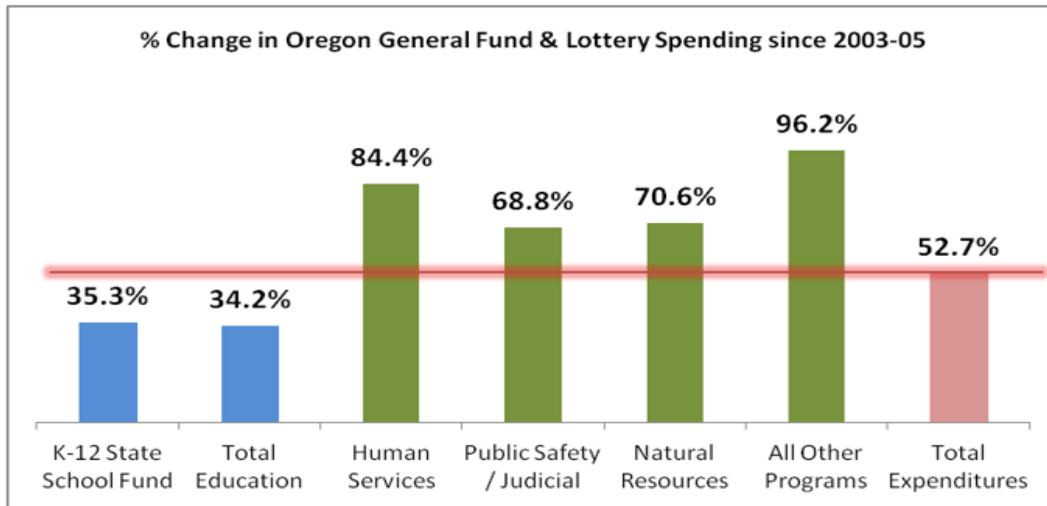
- An increase of \$585 million in state funding from the 2013-2015 budget. Based on maintaining the current level of services being offered in our schools, it builds on our \$1 billion investment from last session. It includes \$220 million to fund full-day kindergarten.
- As of March 11, 2015, our official forecasts from the Legislative Revenue Office demonstrate that all but a very small number of schools will see an increase in resources. This forecast includes the \$134 million in local property tax growth that was projected in the March 2015 revenue forecast.
- This simulation shows an average increase in per-student funding next year of \$102 and \$116 the following year.
- To be clear – Our K-12 budget is an improvement. But more revenue will provide schools with the resources they need to help students thrive.

### Review & Analysis

We, respectfully, disagree with much of what the co-chairs have stated regarding the budget proposal for the 2015-17 biennium. **This budget will result in cuts to schools.** The cuts will come in the form of lay-offs, commensurate class size increases, and fewer school days. This comes at a time when Oregon has already decimated its education system. It comes at a time when Oregon is so far below the norm in terms of instructional hours and class size that our state ranks at or near the very bottom of every national comparison. And, ironically, it comes at a time when the economy is improving in Oregon and the state's revenue is growing. To think that we would treat our children and our state's future in this way is an embarrassing and appalling situation for anyone who has pride in our state.

Everyone recognizes that Oregon's budget is slated to grow by something close to 11% in the next biennium. Yet the amount allocated to K-12 is not designated to keep pace. This is perpetuating what has become a 12 year history of underfunding education in comparison to overall increases in state spending. See the following chart:

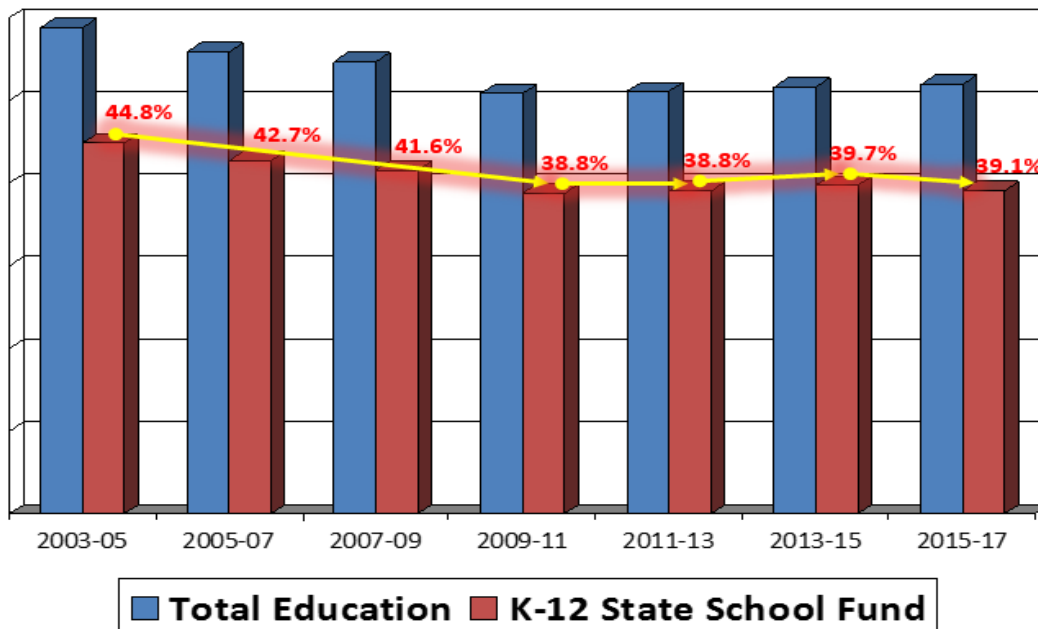
## Oregon's state budget has prioritized services other than education since 2003-05



Data Source: Oregon Legislative Revenue Office, 2014

From the Oregon Legislative Revenue Office: The State's expenditures have grown by 53% over the last twelve years. Human Services expenditures up by 84%. Public Safety up by 69%. *All while K-12 has lost ground. It is clear that our state has not and is not prioritizing education or prevention.*

This co-chairs proposal is a clear continuation of this trend:



This proposed budget reduces the portion of the state's budget designated for K-12 schools once again. While at the same time all districts are implementing full-day kindergarten and bringing an additional 28,000 ADMw into the system.

### The Basics

It is clear from the charts above that we are continuing our recent history of divesting in schools and prioritizing other services. We cannot pretend that this is an improvement over previous budgets. We

especially cannot pretend this is the case when all school districts will be implementing full-day kindergarten, which is the equivalent of adding 28,000 new students to the state's public school system. School districts also have annual cost increases to meet obligations of collective bargaining agreements, increasing energy costs, updating curriculum to meet new standards, and long ignored and crumbling infrastructure.

The ODE State School Fund Estimates are clear. We have attached a highlighted example from Bethel (see below signatures):

- These clearly illustrate the \$136 less per student from the current budget to the co-chairs 2015-16 budget. The estimate for this year is highlighted in green. The estimate for next year is highlighted in orange.
- This loss holds true for every district in Lane County. You can check the statements at:
  - <http://www.ode.state.or.us/services/ssf/2014-15-ssf-estimate-as-of-12-5-14-1121hrs.pdf>
  - <http://www.ode.state.or.us/services/ssf/2015-16-ssf-estimate-as-of-2-24-15-1145-hrs.pdf>

The estimates are what school district payments are based on. At this time all districts in Oregon are going to their Budget Committees, School Boards, associations, and communities with proposals for reductions in budgets for next school year. **Districts receive payments from ODE based on these official estimates, *not* on proposals from the Legislative Revenue Office.**

To be clear, for school districts in Oregon, the co-chairs budget is cutting funding to schools.

### **Some Details**

Since the latest statements were released on February 23<sup>rd</sup>, the co-chairs have altered their proposal to some degree, as noted in Floyds email and at the beginning of this communication. Frankly, we prefer not to get into a back and forth over the details of the co-chairs latest statements. But, we understand you need talking points. We do not believe arguing any one of these individual points will get us to the number that is needed. **Schools in Oregon need at least \$7.5 billion to add full-day kindergarten and remain stable with no other increases.** Schools need more than \$7.5 billion if we are to pull ourselves up from the national embarrassment that we have become from years of divestment.

However, here are a few statements that may help you “de-bunk” the co-chairs’ logic on individual points. Again, with the hope that your greatest effort is on moving the SSF number to at least \$7.5 billion and not on making minuscule additions on any of these points.

Point 1: This is an increase of \$585 million in state funding from the 2013-2015 budget. Based on maintaining the current level of services being offered in our schools, it builds on our \$1 billion investment from last session. It includes \$220 million to fund full-day kindergarten.

- **Disagree:** The State School fund was delivered at 49% of \$6.55 billion for year one of the last biennium and 51% of \$6.55 billion plus \$100 million for year two. This change makes this current school year 2014-15 revenue equate to a biennial funding level of about \$6.88 billion for all of 2013-15. This maneuver by the legislature allowed many districts to add back days and reduce class sizes last year. It also means that the increase slated for next biennium is only \$355 million.

With 28,000 ADMw added to the system for full-day kindergarten we arrive at fewer dollars per student to operate our schools in 2015-17. This funding level is inadequate to meet standard roll-up costs and add full-day kindergarten.

Point 2: As of March 11, 2015, our official forecasts from the Legislative Revenue Office demonstrate that all but a very small number of schools will see an increase in resources. This forecast includes the \$134 million in local property tax growth that was projected in the March 2015 revenue forecast.

- **Agree:** ODE's local revenue growth estimate is 3%. The LRO's estimate is about 5%. The difference is small, about \$50 million. We propose that you have ODE, the LRO, and the LFO meet to determine which numbers should be used. We believe it would be helpful to have OSBA, OASBO, and COSA present to provide some "boots-on-the-ground" perspective to the discussion. We suspect the three agencies will land somewhere in the middle and it will have very little impact on moving \$7.235 billion toward the needed \$7.5 billion.

Point 3: This simulation shows an average increase in per-student funding next year of \$102 and \$116 the following year.

- **Disagree:** There are three parts to this assumption:
  - First, this is moving the distribution from the traditional 49% in year one of the biennium and 51% in year two of the biennium to the disastrous 50/50 approach Governor Kitzhaber and the co-chairs used in the 2011-13 biennium. The only purpose this serves is to allow districts to delay *some* of their cuts to year two of the biennium. The 49/51 split is designed to account for increasing costs of operation over the biennium. All districts are tied to collective bargaining agreements that will require more money be spent in year two of the biennium. A 50/50 split means two more straight years of cuts to schools. During the 2011-13 biennium we heard promises from legislators that they would never propose such a maneuver again. And, here we are in a growing economy hearing the same proposal to attempt to minimize or stage the budget cuts.
  - Second, this assumption is saying schools actually would get more in year two, not because the state is allocating any more funds but because it is placing a hope that local revenue (property values primarily) will continue to grow at ambitious rates. We are not willing to make the same bet for an increase that would still be inadequate to meet roll-up costs for year two of the biennium.
  - Third, the co-chairs are assigning the low ADMw reserve of \$33.6 million to each district. This is the closeout which ODE has never assigned to schools and the simulation doesn't identify whether LRO has assigned that to schools for prior years. Therefore, it seriously inflates the difference between years of the biennium. Additionally, the closeout is not strictly an ADMw allocation but it is actually different for each school to adjust for prior changes in ADMw. Finally, as an example, when we analyze the difference for Eugene 4J between the drop of \$95/ADMw in the ODE analysis and the increase of \$125 in the LRO version, \$100 of the change is due to moving to 50-50 (which just delays cuts another year) and the rest is due to the assignment of the reserves. We are not aware of this being done before and could be a great risk in a year that has potentially volatile ADMw estimates.

Point 4 is the key assumption that we'd like to conclude with, it states: "To be clear – Our K-12 budget is an improvement. But more revenue will provide schools with the resources they need to help students thrive."

**We fervently disagree.** The co-chairs budget along with the implementation of full-day kindergarten is far from an improvement. It is a substantial set-back. Less money per student over the biennium (whether spread across two years or all in year one) will very clearly diminish services for our students.

We would ask our Lane County Delegation to listen again to Alfonso Bernal’s testimony, think about what has happened under our watch, think about what we are doing to our children, and ask yourselves if we really cannot find a way to do better. Click [here](https://www.youtube.com/watch?v=ANJvThar_6w&feature=youtu.be), listen for 3 minutes, and hear a 5<sup>th</sup> grader tell it like it is: [https://www.youtube.com/watch?v=ANJvThar\\_6w&feature=youtu.be](https://www.youtube.com/watch?v=ANJvThar_6w&feature=youtu.be).

Our kids have dreams, and our educators are striving to help them reach their dreams in a dismantled system. Another round of layoffs and furlough days just cannot be sustained. We need \$7.5 billion to maintain our broken system. We know we can do better. We know our Lane County delegation has the will to pull it off. And we are standing by to help you. Call on any one of us to answer questions, provide examples, testify, and support your efforts to bring Oregon back to the forefront of education in our country...or, as pathetic as it sounds, at least get us moving toward national averages.

Thank you for your efforts,

**Sally Storm**  
Superintendent  
Fern Ridge School District

**Colt Gill**  
Superintendent  
Bethel School District

**James Brookings**  
Superintendent  
Blachly School District

**Todd Hamilton**  
Superintendent  
Creswell School District  
District

**Aaron Brown**  
Superintendent  
Crow-Applegate-Lorane SD

**Sheldon Berman**  
Superintendent  
Eugene 4J School

**Larry Sullivan**  
Superintendent  
Lane Education Service District

**Kathleen Rodden-Nord**  
Superintendent  
Junction City School District

**Walt Hanline**  
Superintendent  
Lowell School District

**Jodi O’Mara**  
Superintendent  
Mapleton School District  
District

**Bill Watkins**  
Superintendent  
Marcola School District

**Jim Thomas**  
Superintendent  
McKenzie School

**Don Kordosky**  
Superintendent  
Oakridge School District

**Tony Scurto**  
Superintendent  
Pleasant Hill School District

**Ethel Angal**  
Superintendent  
Siuslaw School District

**Krista Parent**  
Superintendent  
South Lane School District

**Hertica Martin**  
Superintendent  
Springfield Public Schools

This year

STATE SCHOOL FUND GRANT

2014-2015

Based on \$6.65 Billion Legislatively Approved Budget with 49/51 split as of 12/5/2014

Lane County, Bethel SD 52

District ID: 2088

2014-2015 Local Revenue		2014-2015 Transportation Grant	
Property Taxes and in-lieu of property taxes from local sources =	\$12,624,410.00	Salaries =	N/A
Federal Forest Fees =	\$0.00	Payroll =	N/A
Common School Fund =	\$544,025.58	Purchased Services =	N/A
County School Fund =	\$41,356.00	Supplies =	N/A
State Managed Timber =	\$0.00	Other =	N/A
ESD Equalization =	\$0.00	Garage Depreciation =	N/A
In-Lieu of Property Taxes(non-local sources) =	\$0.00	Bus Depreciation =	N/A
Revenue Adjustments =	\$0.00	Fees Collected =	N/A
Local Revenue =	<b>\$13,209,791.58</b>	Non-Reimbursable =	N/A
<b>2014-2015 Experience Adjustment</b>		Net Eligible Trans. Expend. =	\$2,338,000.00
District Average Teacher Experience =	13.65	Trans per ADMr Rank. 22%	Transportation Reimburs. Rate 70.00%
State Average Teacher Experience =	13.18	Grant (Rate* Net Eligible Expend) =	<b>\$1,636,600.00</b>
Experience Adjustment (Difference in District and State Teacher Experience) =	<b>0.47</b>		

2014-2015 Extended ADMw			
	2014-2015 ADMw	2013-2014 ADMw	Extended ADMw
Bethel SD 52 (non-charter)	6,655.56	6,477.70	6,655.56
HomeSource Family Charter	0.00	0.00	0.00
<b>District Extended ADMw</b>			<b>6,655.56</b>

**2014-2015 General Purpose Grant**  
 (Extended ADMw x [ \$4500 + ( \$25 x Experience Adjustment) ] ) x Funding Ratio  
 ( 6,655.56 x [ \$4500 + ( \$25 x 0.47 ) ] ) X 1.524591090200 = \$45,780,727

**2014-2015 Total Formula Revenue**  
 General Purpose Grant + Transportation Grant  
 = \$45,780,727 + \$1,636,600 = \$47,417,327

**2014-2015 State School Fund Grant**  
 Total Formula Revenue - Local Revenue  
 = \$47,417,327 - \$13,209,792 = **\$34,207,535**

General Purpose Grant per Extended ADMw= \$6,879  
**Total Formula Revenue per Extended ADMw= \$7,124**  
 Charter Schools Rate( ORS 338,155 )= \$6,879

Total Paid To date			Estimated Remaining Balance Due			High Cost Disability
SSF	Small HS Grant	Facility Grant	SSF	Small HS Grant	Facility Grant	

Next year

STATE SCHOOL FUND GRANT

**2015-2016**

Based on \$7.235 Billion Co-Chair's Budget with 49/51 split as of 2/23/2015

**Lane County, Bethel SD 52**

District ID: 2088

<b>2015-2016 Local Revenue</b>		<b>2015-2016 Transportation Grant</b>	
Property Taxes and in-lieu of property taxes from local sources =	\$12,640,879.00	Salaries =	N/A
Federal Forest Fees =	\$0.00	Payroll =	N/A
Common School Fund =	\$528,992.05	Purchased Services =	N/A
County School Fund =	\$115,000.00	Supplies =	N/A
State Managed Timber =	\$0.00	Other =	N/A
ESD Equalization =	\$0.00	Garage Depreciation =	N/A
In-Lieu of Property Taxes(non-local sources) =	\$0.00	Bus Depreciation =	N/A
Revenue Adjustments =	\$0.00	Fees Collected =	N/A
Local Revenue =	<b>\$13,284,871.05</b>	Non-Reimbursable =	N/A
<b>2015-2016 Experience Adjustment</b>		Net Eligible Trans. Expend. =	\$2,350,000.00
District Average Teacher Experience =	12.22	Trans per ADMr Rank, <b>18%</b>	Transportation Reimburs. Rate <b>70.00%</b>
State Average Teacher Experience =	12.90	Grant (Rate* Net Eligible Expend) =	<b>\$1,645,000.00</b>
Experience Adjustment (Difference in District and State Teacher Experience) =	-0.68		

<b>2015-2016 Extended ADMw</b>			
	2015-2016 ADMw	2014-2015 ADMw	Extended ADMw
Bethel SD 52 (non-charter)	6,880.14	6,654.56	6,880.14
HomeSource Family Charter	0.00	0.00	0.00
<b>District Extended ADMw</b>			<b>6880.14</b>

**2015-2016 General Purpose Grant**  
 (Extended ADMw x [ \$4500 + ( \$25 x Experience Adjustment ) ] ) x Funding Ratio  
 ( 6,880.14 x [ \$4500 + ( \$25 x -0.68 ) ] ) X 1.505419292644 = **\$46,432,652**

**2015-2016 Total Formula Revenue**  
 General Purpose Grant + Transportation Grant  
 = **\$46,432,652 + \$1,645,000 = \$48,077,652**

**2015-2016 State School Fund Grant**  
 Total Formula Revenue - Local Revenue  
 = \$48,077,652 - \$13,284,871 = **\$34,792,781**

General Purpose Grant per Extended ADMw = \$6,749  
**Total Formula Revenue per Extended ADMw = \$6,988**  
 Charter Schools Rate( ORS 338.155 ) = \$6,749

Total Paid To date			Estimated Remaining Balance Due			High Cost Disability
SSF	Small HS Grant	Facility Grant	SSF	Small HS Grant	Facility Grant	