

Chair Neron and Frederick, Vice-Chairs, Honorable House and Senate Education Committee Members, I'm Michael Dembrow, six weeks away from chairing the Senate Education Committee. I've been asked to come in from the cold to provide a little background on the report from the American Institutes for Research that you're about to receive. I'm happy to do so.

As you probably know, the Legislature directed the creation of a Quality Education Model in 1999, with a volunteer Quality Education Commission made up of professional practitioners to direct the model and track the extent to which legislative appropriations were meeting the funding needs identified in the model. It produces a report for the Legislature every two years, released during the summer of even-numbered years. Those reports then go to a statutory legislative committee, the Joint Committee on Public Education Appropriation, which holds hearings to assess the Commission's findings and make recommendations to the Legislative Assembly.

In its first report in 2000 the Commission found that there was a gap of 23.9% between the 1999-2001 K-12 appropriation and what the model said was needed. In subsequent years, especially during and immediately after recessions, the gap went as high as 38% during the 2011-13 biennium. Over the next ten years, the Legislature managed to reduce the gap to 5.3%, in part thanks to the passage of the Student Success Act. Following the pandemic, though, the inputs to the model went up substantially, and the projected gap increased to 12.5%. That figure was reduced to just under 10% in the most recent QEC report.

The big jump in the 2022 report generated controversy and initiated a debate over the purpose and methodology of the QEM, debate over whether this was an aspirational target or something without which schools could not succeed.

What everyone could agree on, though, was that the model itself needed updating.

In its 2022 report, the Commission included the following statement: *While the Quality Education Model has served Oregon well for the last 20 years, much has changed in the way schools operate. The Quality Education Commission respectfully requests the Governor and Legislature invest in a research-based update to the QEM in order to incorporate changes in the educational service delivery model and in educational best practices that have emerged since the QEM's first iteration in 1999 and expand the model's capability to more precisely capture the variability in costs that occur by region and the costs of meeting the differential needs of schools and districts.*

As a result of this request, in the following 2023 session, Senate Education introduced a committee bill, SB 283, to secure the funding needed to do the update. Unfortunately, that funding was not secured.

The QEC's request for an update process was repeated to the Joint Committee on Public Education Appropriation when in next met in the fall of 2023 to discuss the 2022 report. The Committee agreed and made it part of its recommendations to the Legislature, along with some other specific concerns:

*We recommend passage of legislation to initiate the modernization of the Quality Education Model and the process involved in its creation and use. Among other issues, the Modernization process should include the following:*

- *Examining the relationship between state appropriation and local spending.*
- *Clarifying the use of outcomes-based analyses in addition to “professional judgment.”*
- *Providing more stability and predictability to the QEC's determination of projected funding need o Incorporating all sources of educational funding into the analysis.*
- *Fully integrating Student Success Act and grant program funding into analysis of meeting quality goals.*
- *Potentially expanding the metrics for determining quality beyond HS graduation rates (e.g., readiness for work and for post-secondary studies)*

By then we had seen the latest Oregon education finance profile from the national *School Finance Indicators Database (SFID)*, which suggested that Oregon was among the better states in terms of its efforts to fund K-12 education, but that those dollars weren't necessarily going to the students who needed them most to be successful. It was clear that we needed a high-quality objective assessment of Oregon's education funding.

As a result of the requests from both the Commission and the Joint Committee, I included this issue in the 2024 Education Omnibus bill. It directed LPRO to select and contract with a high-quality, nationally recognized research firm to provide us with a deep, objective analysis of Oregon school funding and the Quality Education Model. In addition, because challenges related to appropriately funding special education had really risen to the surface, the bill specifically called out SPED as an area of focus.

After passage of the bill last March, LPRO initiated a selection process that resulted in the choice of the American Institutes for Research to do this work, which they have done, and that brings us to today.

Finally, let me say that when we envisioned the study back in February and March, we were thinking that it would lead to recommendations that could be developed into legislation during the 2025 session. While you may see things in it that can help influence and finalize other bills before your committees, I think you'll agree that the findings here are so rich, so complex, and ultimately so consequential that what these

reports need next is to be examined, analyzed, and discussed deeply and broadly before new models of funding, distribution, and spending are created. I hope that you and the Legislature as a whole, in partnership with the Governor, will work together to set that in motion.

I'm happy to answer any questions.