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Education in Oregon

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There is general agreement that state and local governments have a central responsibility in providing its citizenry with an appropriate education that provides the knowledge and skills required to be successful contributing members to American democracy. And in almost all states, when it comes to public policies that enjoy strong, bipartisan public support, education is among the top two or three. The movement to expand the roles and authority of federal and state governments in public education policy was aided by the creation of the US Department of Education in the late 1970s and by a series of court decisions starting in the 1980s that mandated that tax revenues from local sources, primarily property taxes, be shared statewide across elementary school districts. In Oregon today, these changes, among others, have led to the kindergarten through 12th grade, or K–12, public school system taking 39 percent of the state's General Fund budget, while K–12 and public colleges together receive over half of the General Fund budget every year.

This chapter reviews the landscape of higher education in Oregon, noting key developments and challenges for students, university leaders, and politicians alike. It then describes the state of K–12 funding, important new policies, and the many significant challenges facing the K–12 system in Oregon. Of central importance to both the higher education and K–12 policy realms is the fact that each is wrestling with how to provide an effective, appropriate education at a reasonable cost in the face of new challenges.

HIGHER EDUCATION POLICY

The US higher education landscape is a chaotic one, lacking a history of federal or state control (Hofstadter and Smith 1961; Rudolph 1962). From the beginning, when President George Washington wanted a national college, there has been a strong countervailing desire for local control, mostly in the hands of private groups (e.g., churches; Marsden 1994). A 1902 report to Congress argued against creating a national university, as higher education served elites only and therefore should be left in private powers; a federally supported university would be, variously, "godless," "elitist," and wholly unnecessary (Nemec 2006: 153). But over the course of the twentieth century, federal and state workforce development policies brought higher education increasingly into the orbit of government policy (Loss 2012).

The pattern of college attendance in the United States (and elsewhere) has often been described as a shift from elite to mass participation, to its current move toward "universal" access (Trow 2010). Policy has changed accordingly. We are currently experiencing a third major transition in higher education public policy, in which states are struggling economically and "a need for high-quality higher education to satisfy workforce needs contends with rising frustration with increasing costs" (Doyle and Kirst 2015: 194-95). In addition to raising the human capital of the workforce, higher education has been tasked with reducing inequalities among social groups. Although we have moved well past the era in which only a small elite group attends college, our current era of mass participation remains stubbornly stratified by both type of institution (e.g., elite, public, two-year, for-profit) and experience within institutions themselves. An insightful historian of higher education in the twentieth century has remarked, "The persistent tendency of intellectually elite institutions such as the universities to be also the home of the social and economic elite, is a major source of tension between the institutions of higher education and the increasingly strong egalitarian values of Western society" (Trow 2010: 92). Indeed, higher education overall has become more unequal as participation rates have increased (Calhoun 2011). Higher education policy is thus taxed with encouraging the full development of human capital for both civic and workforce ends, while also minimizing accompanying inequalities that occur when participation expands, all in a chaotic and patchwork landscape of overlapping and competing public and private institutions.

THE LANDSCAPE OF HIGHER EDUCATION IN OREGON

Oregon's higher education landscape has a distinctly western cast. The history of the western United States affected the types of institutions and the relationships between the states and higher education in ways quite distinct from other regions of the United States (Goodchild et al. 2014). Like the rest of the region, Oregon's land-grant institutions have been relatively important and well supported by its citizens and their representatives. Unlike the Northeast, where land-grant institutions came late to the scene and had to compete with much older, privately founded but state-subsidized institutions (e.g., Harvard, Princeton, Yale), the land-grant institutions were among the first postsecondary institutions in the state. Oregon has many fewer church-founded and supported colleges than other regions (particularly the South and Midwest), and fewer colleges founded on the liberal arts model (small, residential, private, often historically associated with a particular community; Goodchild et al. 2014: xiii). Thus the integration of the dominant institutions of higher education with state goals and state policy has been more complete and of longer duration than in some other states and regions.

The state of Oregon is home to seven four-year public colleges that primarily serve undergraduate students (fig. 17.1) and seventeen public two-year colleges. All together, these public institutions serve approximately one hundred eighty thousand undergraduate students. In addition, there are at least sixty-nine private institutions, most of which are relatively new for-profits. Before 2013, all seven public four-years formed part of the Oregon University System (OUS), governed by the Oregon State Board of Higher Education. This arrangement has been unraveling for the past decade and no longer exists. The state's three largest universities—University of Oregon (UO), Oregon State University (OSU), and Portland State University (PSU)—were the first to leave the system in 2013, creating their own independent governing boards, while the smaller campuses were initially governed by OUS until July 1, 2015, when the system was formally abolished by Senate Bill (SB) 80. A large reason given for the breakup was the need for universities to raise their own money and manage their own property, something felt all the more strongly in the aftermath of the Great Recession. All campuses are now loosely governed by the Higher Education Coordinating Commission, first created in 2011. The HECC answers directly to the governor and encompasses seven distinct offices, including two policy-setting departments, the Office of Student Access and Completion and the Office of Community Colleges and Workforce Development. The HECC also includes an office overseeing the private postsecondary sector. Unlike the OUS, the HECC has limited powers of governance, although the exact power balance between the independent boards and HECC is still being negotiated.

The unbundling of the OUS system occurred at a time when state appropriations for higher education had been cut drastically. According to a national study, Oregon slashed

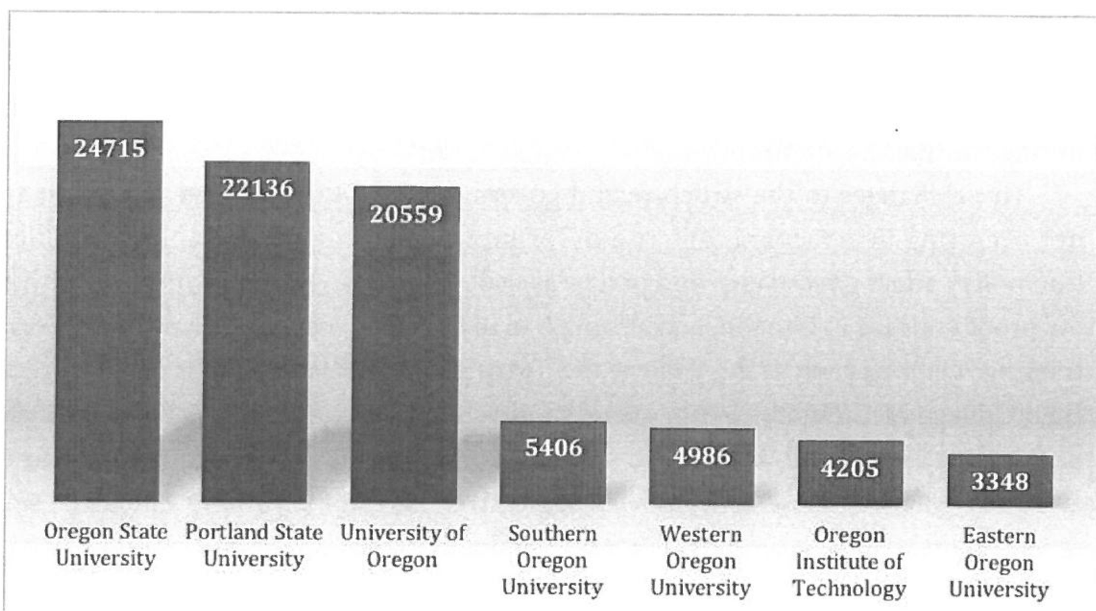


Figure 17.1. Oregon's seven public four-year colleges, ranked by size of undergraduate enrollment, 2015.

spending on higher education per student by 51 percent between 2000 and 2014, more than any other state except Michigan. This is partly attributable to rising enrollment, the highest in the nation (Baum and Johnson 2015). This means that Oregon's colleges and universities must increasingly rely on a combination of tuition and external sources to keep afloat financially. In 2013, for example, the state shouldered less than 5 percent of UO's operating expenses. The drying up of state funding has come at the same time that the state has made increased demands on public higher education.

The second major change in structure and organization was the rise of faculty unionization. This is taking place in a national context that has seen the rise of non-tenured and adjunct labor as a way of cutting costs (DeCew 2003; Nelson 2010). In 2009, faculty at the University of Oregon affiliated with the American Federation of Teachers (AFT) and the American Association of University Professors (AAUP) began the process of forming a faculty union, called United Academics. The union was formally recognized in 2012 and reached its first collective bargaining agreement with the administration in October 2013. The union represents both tenure-track and non-tenure-track faculty. AAUP President Cary Nelson noted that "they are one of the first of two major research campuses [with the University of Illinois at Chicago] to organize for collective bargaining in decades."[1]

The Portland State University Faculty Association has represented part-time faculty and researchers since 1979. Full-time faculty are represented by the AAUP. Neither PSU nor OSU has a union representing both tenure-track and non-tenure-track faculty, but some see movement toward representing both kinds of faculty. As costs increase and public funding drops, pressures mount, and faculty unionization is one way that such pressures may be confronted and managed. Graduate student organizing has been strong at all three major campuses. PSU's Graduate Employees Union began their first contract in the fall of 2016. The graduate student unions at both UO and OSU have existed for decades (1970s and 1990s, respectively), but they have also seen recent renewed activism and membership, and they have made significant gains during contract negotiations.

These changes to the structure and governance of Oregon higher education are not occurring in a vacuum. The rise of for-profit colleges and federal higher education policy affect governance and policy, as well. There are currently thirty-six private for-profit colleges in Oregon, and although many of these are traditional "professional training" centers, such as the College of Cosmetology in Klamath Falls or Le Cordon Bleu College of Culinary Arts in Portland, several are part of the national juggernaut of franchised for-profit alternatives to baccalaureate degree programs (Breneman et al. 2006). Many of these colleges have aggressively targeted returning veterans, using federal grant money to servicemembers to maintain their profitability (Mettler 2014). These schools can be quite expensive and rely on students taking on substantial debt to attend. Cohort default rates (the percentage of a graduating class whose federal loans are not in repayment) can be frighteningly high (above 65%, compared to less than 10% at comparable public institutions).

Federal grants to students have not kept up with need (St. John and Asker 2003). Although the individual amounts of Pell Grants have risen since a low point in the mid-1990s, the amounts have not kept up with either CPI changes or rising college tuition. Between 2010-11 and 2015-16, total Pell Grant expenditures declined by 28 percent in inflation-adjusted dollars. Although the maximum $5,815 award in 2016-17 is historically the largest on record, it is expected to cover less than 30 percent of the cost of college, the lowest share in more than forty years.[2] Colleges have not been making up the difference. Instead, many colleges have been shifting to merit aid instead of need-based aid to keep up with rankings (Gladieux 2004; Wilkinson 2005). One economist has called this widespread practice "buying the best" (Clotfelter 1996).

THE IMPACT OF THE GREAT RECESSION

The landscape of higher education has been changing. Partly because of the Great Recession of 2008, students, their parents, and policymakers have begun questioning the value of a college degree (Kirst and Stevens 2015). The image of a jobless graduate living in his parents' basement circulated widely in 2009 and 2010. Even before the recession hit, however, the number and percentage of young adults going to college had plateaued, putting constraints on many colleges and universities while state funding was becoming more scarce. In order to grow, or even to maintain facilities at their current state, colleges and universities are reaching out to new streams of students, particularly those who are the "first in their family" to go to college, who often require greater financial assistance. Many schools are adding or expanding the services they provide to their students in an attempt to retain a greater number. New services often add administrative costs, which in turn make it harder to attract and retain new students, especially those for whom college is not a given. So far, this problem has been resolved or managed by increasing availabilities of debt. The situation is precarious. A college degree is more expensive today than it ever has been, and yet, to survive, colleges and universities need a growing supply of students, many of whom can ill afford the rising tuition.

Access, accountability, and outcomes have become important organizing foci in this current era of precarious enrollment. Colleges and universities are trying to increase access to college among the historically underrepresented. In Oregon, this includes students from eastern Oregon (and rural areas generally), ethnic minorities (particularly Latino/a and American Indian), and students from poor and working-class families. What these groups often have in common is that many would be the first in their families to get a college degree ("first-generation college student"). Colleges and universities need to pull from these groups to remain viable, but there is also a social justice element to expanding access to underrepresented groups. This element is important in a time when rising tuition threatens to cut off access even to middle-income families and some critics accuse college of catering to the children of the elite. But expanding access is also linked to a developed workforce (Perna and Finney 2014).

In 2011, Oregon legislators passed the 40<H>40<H>20 Goal. According to this goal, at least 40 percent of adult Oregonians would have earned a bachelor's degree or higher by 2025, with another 40 percent earning some form of associate's degree or postsecondary credential, and the remaining 20 percent having at least a high school diploma or its equivalent.

This goal is ambitious, requiring almost a doubling of adults with college degrees in less than a single generation (fig. 17.2). Nationally, even today, only about one-third of young adults will earn a bachelor's degree (and only 7% a graduate degree), and *these basic figures have not changed significantly since the 1970s* (Settersten 2015: 118).

In order to reach this goal, public colleges and universities are being prodded, cajoled, and disciplined by state agencies to provide metrics that measure success. This focus on accountability is relatively new and likely to remain in effect so long as the ties between college completion and workforce development are stressed, but especially so during periods of contention over appropriate state funding of higher education. Colleges and universities are currently striving to improve student retention and timely completion. There is great variation by institution in how long it takes students to receive a degree (fig. 17.3). Many of the largest differences can be attributed to what types of students attend. For example, SOU's poor outcomes can be attributed to the fact that it admits harder-to-serve students, many of whom are more likely to take longer to earn a degree for reasons of cost and social circumstances. In the future, accountability schemes must take into account these differences if they are to be effective measures of success.

While researchers and policymakers have been focused on addressing access, improving accountability, and measuring outcomes, the influx of new students is

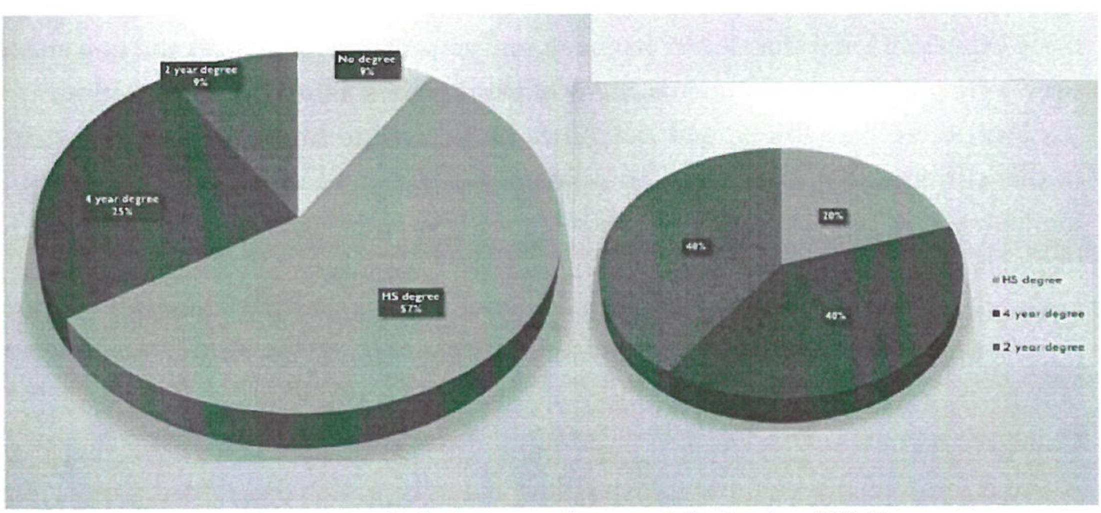


Figure 17.2. Oregon's 40<H>40<H>20 Goal compared to actual distribution, 2015-16.

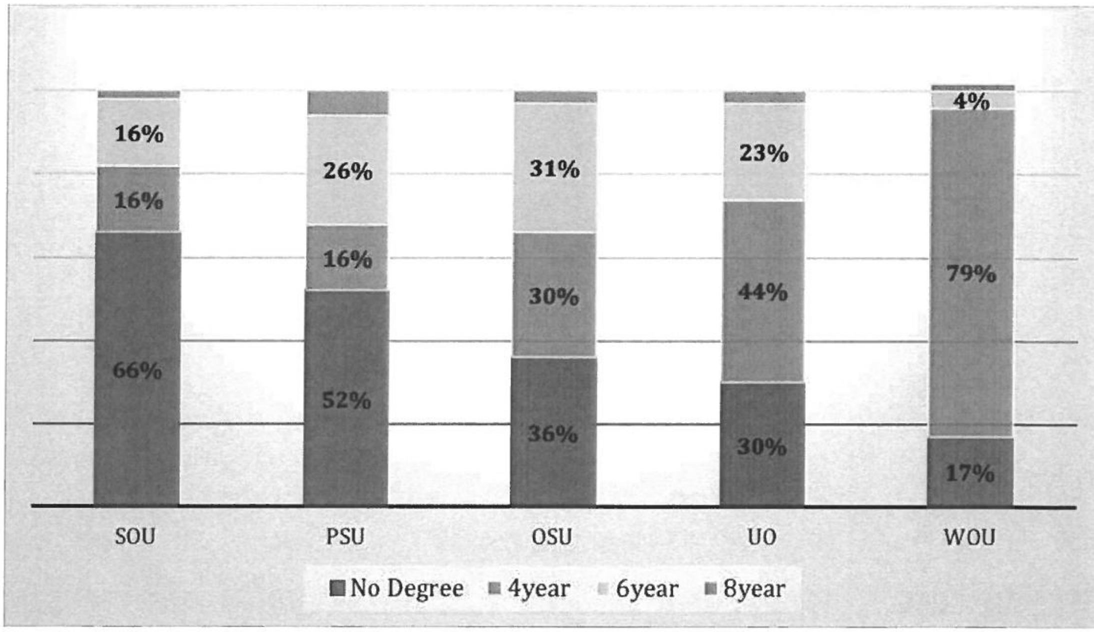


Figure 17.3. Time to degree of Oregon college students, by institution.

affecting campus life and programming. Between 2001 and 2014, the percentage of undergraduate students attending Oregon public colleges and universities who received Pell Grants (indicating a high level of financial need) more than doubled, from 16 to 34 percent (fig. 17.4). At two-year public colleges, more than half of all students are eligible to receive Pell Grants. Innovative programs have been developed to address the needs of these students. Oregon State University, for example, was a co-founder (along with Michigan State University) of the College and University Food Bank Alliance, which promotes and supports the development of campus food banks to alleviate food insecurity and hunger among its students. Western Oregon University (WOU) has a highly developed food pantry that helps the 59 percent of its students who were reportedly food insecure at some point during the previous year.[3]

Many public two-year colleges have long sought to address the needs of "first-generation" college students, but the four-year colleges and universities are beginning to include targeted programming, as well. Oregon participates in the federally funded TRiO programs, first created under Title IV of the 1965 Higher Education Act to provide competitive institutional programming for low-income and underrepresented students in higher education. Funded programs included Upward Bound (identifying potential college students in high school), Student Support Services, and McNair Scholars (providing doctoral study preparation for undergraduates). In 2008, Congress extended TRiO grants to homeless youth, those in foster care, English as Second Language learners, and students with disabilities. In 2012-13, Oregon TRiO served 11,758 students, 73 percent of whom were low-income first-generation undergraduates. WOU won the prestigious Higher Education Excellence in Diversity Award for its programming efforts in 2012. OSU began collecting information on

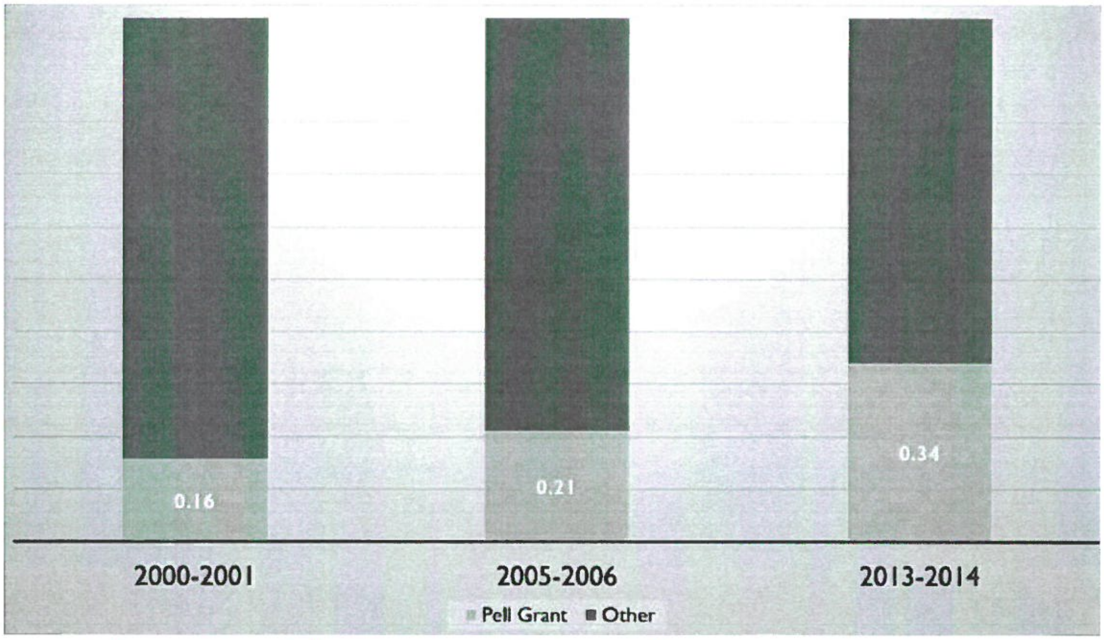


Figure 17.4. Percentage of Pell Grant recipients at Oregon public colleges and universities.

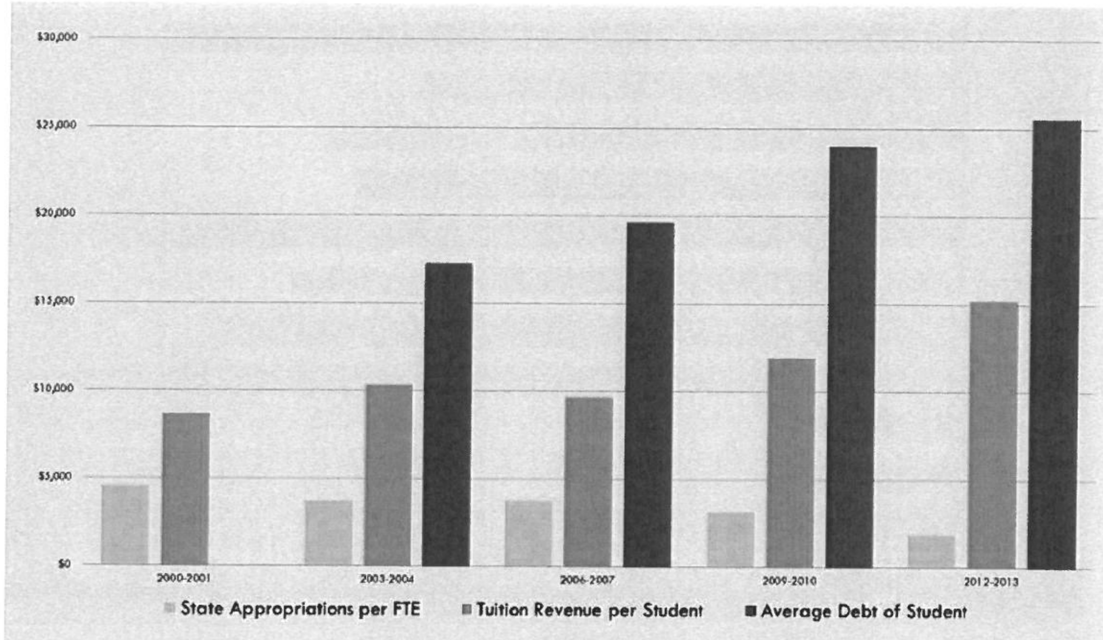
first-generation status for all incoming students in the fall of 2014. In 2016-17, 27 percent of OSU incoming students were identified as first-generation college students. It has since begun a program—called First!—to celebrate and mentor these students.

ADDRESSING RISING COSTS

Students and their families are paying more for college today than ever before. Although the increase in cost is linked to rising tuition, it is also a function of major decreases in the state's ability and willingness to subsidize higher education (Mettler 2014). Figure 17.5 shows the changes in the relation of state appropriation per full-time-equivalent (FTE) and tuition revenue since 2000; this shift in funding has contributed to the debt explosion among college graduates.[4] At the University of Oregon, the stated annual tuition for a resident student was $3,819 in 2000-2001. By 2012-13, tuition had jumped to $9,703. To put this in some perspective, tuition had never exceeded $1,000 prior to 1980.

Rising costs for students have led to discussions about the economic value of a college degree in a tight labor market. Given the ambitious 40<H>40<H>20 Goal, these concerns could not come at a worse time. How can institutions attract more students to college, especially students who are traditionally underrepresented on college campuses, when the costs overshadow the economic benefits of a degree? Two recent programs, the Oregon Promise and the Pay It Forward plan, have been devised to address that question.

The Oregon Promise was developed in the 2015 Oregon legislature. The state set aside $10 million to pay for two years of community college to all qualified Oregon high school graduates, beginning in the fall of 2016. Students are expected to offer a



17.5. Relative funding of higher education in Oregon by state and student, 2000-2013.

"co-pay" of $50 for each term they are in college, with the state directly paying tuition to the student's local community college. As with any program, there are trade-offs and policy concerns. Four-year colleges and universities have expressed concern that this program will negatively affect their ability to attract first-year students, thus reducing their revenue. Once again, however, Oregon is a vanguard in this area, and the results of this experiment will have much to offer the rest of the nation.

In 2013, a group of Portland State University college students came up with a plan they called Pay It Forward. The plan was taken up by the Oregon legislature and extensively debated and modified. But the cost of the plan (estimated between $5 and $20 million annually) has so far prevented its implementation. The basic idea is that Oregon students attending a public college or university would receive free tuition; in return, each would pledge to repay a certain percentage of their salary for twenty-four years after graduation; these repayments would be deposited in a publicly administered fund to help pay the next cohort of students. Thus the system would operate similarly to the national social security regime.

In the end, it may cost much more not do something to rein in the costs of college for students. Cohort default rates, or the percentage of a graduating class who stop making payments on their student debt, have risen substantially as the costs of college have increased and are particularly high among low-income, first-generation, working-class students and students of color. Colleges that serve those populations can have much higher default rates than the more selective universities (fig. 17.6). Rising debt may prevent colleges from reaching more students in the future, and it may also prove bad for Oregon's economy.

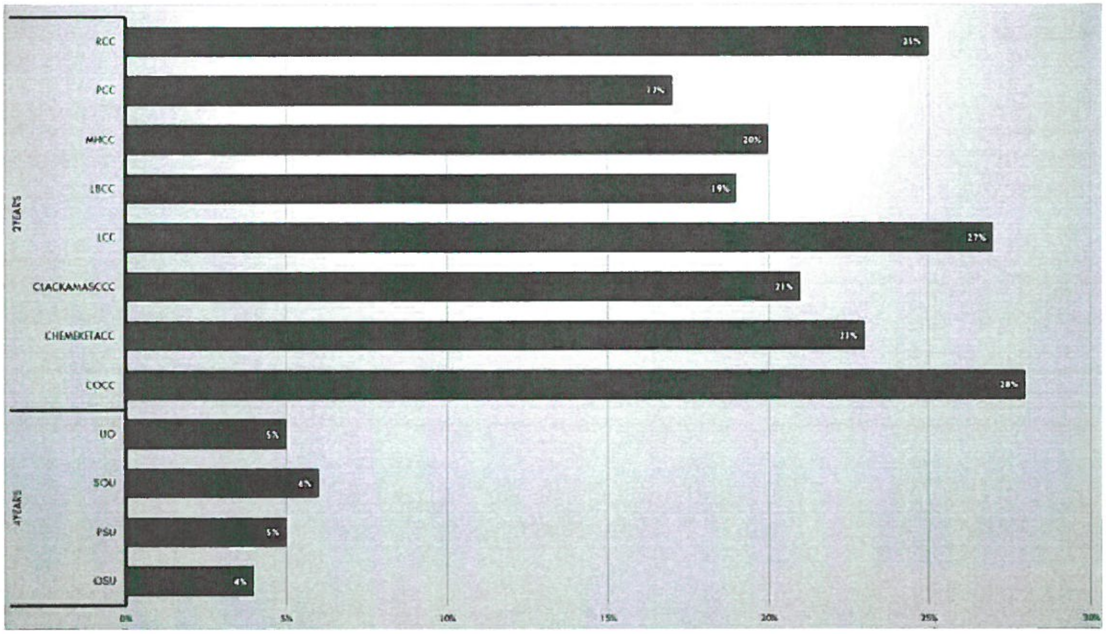


Figure 17.6. Percentage of students receiving Pell Grants at the twelve largest institutions (enrollment > 5,000), 2013–14.

Ruined credit can negatively affect Oregonians' ability to buy a house, have decent transportation, and engage in the productive economy. Some studies indicate that students overwhelmed with debt are less likely to get married and to have children than their peers. The whole generation of students may not be drowning in debt, but many are swimming furiously.

MEASURING THE ECONOMIC IMPACT OF COLLEGE

Controlling rising college costs when colleges and universities are trying to attract low-income and first-generation students is difficult enough, but there is a third part of the story that makes things even more complicated. Perhaps partly attributable to rising costs, state and federal legislators have begun to criticize colleges and universities for their failures to monitor and improve the outcomes of their graduates. A focus on outcomes of college graduates is a distinct addition to the accountability regime, one that is tightly connected to the question of the value of a college degree. But no one has yet figured out how to measure outcomes effectively. More research in this area is clearly warranted.

Nationally speaking, there has been a chorus of voices criticizing "impractical" majors such as the humanities, and conflicting studies about the relative value (differently defined) of a major in STEM (science, technology, engineering, and mathematics) or one in the arts or humanities. There has also been some evidence that absolute returns to college are shrinking (Wolff 2006). One reasonable response today to the question of whether college will pay off is "it depends"—on the individual, the institution, the major, and whether one graduates in a recession year (Cappelli 2015).

Students graduating in a recession year are more likely to be unemployed or underemployed than comparable peers; this situation continues or cumulates over the entire working life (Oreopoulos et al. 2006).

Oregon has not been immune to the efforts to score colleges on their ability to demonstrate good career outcomes of their graduates. The first step in this endeavor is to find ways to measure this. Senator Wyden has proposed a system that would inform prospective students how likely they are to earn with a degree from a particular program. The "Student Right to Know Before You Go Act" would lift restrictions linking information between what graduates earn and the institutions they attended (federal privacy regulations), so that students could make more informed choices about where to spend their money. Critics worry that such a narrow view of "economic value" would undermine the educational missions of many institutions. The critics have a point, but given the high cost of college and the wooing of students who are searching for a way to improve their economic prospects, such a plan seems inevitable.

Expanding access, strengthening retention, measuring outcomes, reining in costs are all issues that are tightly woven into the pattern of Oregon Higher Education in the aftermath of the Great Recession. Managing change and diversity has brought new (and old) issues to the Oregon campus.

OTHER ISSUES IN HIGHER EDUCATION

Oregon's public institutions of higher education face the same issues confronting colleges and universities across the country. Before moving to K–12 education, it is useful to briefly discuss some of the issues at the forefront of recent concern.

Black Lives Matter (BLM), a social movement coalescing around issues of systemic racism, hit the national scene in 2014 after highly publicized deaths of several unarmed black men by police in various states. At the University of Oregon, BLM protestors called for renaming several campus buildings named for historic figures in Oregon who had been associated with racist policies of the past. An academic advisor whose work focuses on student retention was quoted in the student newspaper as saying, "Oregon was founded as a white utopia so there are a lot of reasons why people wouldn't feel as though this is a place where they can move and live."[5] Oregon may have to confront its history and the perceptions surrounding its historic whiteness if it wants to continue attracting and retaining students of color, from Oregon and beyond.

In 2016, the US Departments of Education and Justice issued a "Dear Colleague" letter informing all public schools that they may not discriminate against transgender students by blocking access to bathrooms that match the students' gender identity. At the time of the letter, nineteen states had implemented or considered implementing legislation restricting access to multiuser restrooms, locker rooms, and other sex-segregated facilities on the basis of a definition of sex or gender consistent with sex assigned at birth rather than one's gender identity. Oregon was not one of these states.

Oregon campuses were early adopters of nondiscrimination policies. In 2004, both UO and OSU incorporated gender identity and expression into their nondiscriminatory policies, with PSU following in 2007. By 2009, several campuses had made gender-inclusive dorms available to students, and, by 2016, most college campuses had established gender-inclusive bathrooms. In 2015, UO ranked in the top ten campuses that were most friendly to LGBTQ (lesbian, gay, bisexual, transgender, and queer) students.[6] In 2016, the Oregon Department of Education issued its own explicit recommendations for creating safe spaces for all students, including use of preferred pronouns, access to preferred attire, and gender-inclusive bathrooms. These guidelines are among the most comprehensive in the nation.

Colleges in the United States have a long and sometimes complicated relationship with student athletes. The first college football team was established in Oregon in 1893, at Oregon State University, soon followed by University of Oregon in 1894. Revenue from college sports can be substantial. High revenues call into question the traditional understanding of student athletes, who receive access to college in return for playing sports for the college. In 2014, representatives from the College Athletes Players' Association (CAPA) sought to unionize Northwestern University's football players. It is possible that discussions of exploitation of student athletes, muted in the past, will become more prominent on college campuses, especially when linked to issues of race (who gets included on college campuses and how?) and the increasingly documented long-term health effects of concussions.

Another returning issue is that of sexual assault on campus. Despite the passage of the Clery Act in 1990, reports of sexual assault are generally acknowledged to be underreported on college campuses. A recent survey conducted at UO found that more than one-third of female students (and about 15% of male students) had experienced some form of nonconsensual sexual contact or attempted assault during college.[7] Victims of sexual assault may not report crimes owing to fear of backlash. Several high-profile rape cases involving athletes at both UO and OSU shed some light on this phenomenon. In 2014, President Ray of OSU issued a public apology to a woman who had been gang-raped by four OSU football players in 1998. At the time, she stopped cooperating with prosecutors when it appeared they were not interested in continuing the prosecution. When she made her story public in 2014, Ray apologized for the way OSU had handled the rape and hired her as a consultant on sexual assault. This came at a time of renewed attention to colleges and how they handle sexual assault. In 2015, a former UO student who claimed she was gang-raped by three members of the basketball team received a settlement of $800,000 in a suit against the college for failing to take appropriate action.[8]

A relatively new set of issues confronting campuses involves guns, particularly the issue of whether a campus can or should prohibit guns on campus and the issue of responses to "active shooter" threats. As a state, Oregon is decidedly more in favor of gun rights than opposed, with its frontier history of hunting and independence. Open carry of firearms is legal statewide in accordance with the Oregon Constitution. Oregon is noted for having few restrictions on where a concealed firearm may be carried. In 2012, however, HECC banned all firearms at the seven Oregon campuses, a move that some claim is a violation of Oregon state law. On the ground, there is a great deal of confusion as to what is permitted on campus. As mass shootings continue, including one at Umpqua Community College that took the lives of ten people in the fall of 2015, pleas for both stricter gun control and more guns on campus are likely to increase.

EDUCATION POLICY

K–12 public education policy in Oregon tends to enjoy significant support from most moderate, conservative, and progressive legislators. The general public, too, gives the K–12 education system generally high marks. Public education is almost always among the "top three important issues" facing the state in any given year, and in annual surveys conducted over the past twenty-five years.[9]

Under this veneer of broad support, however, are disagreements over how best to provide the necessary resources for K–12 schools, a series of new policies designed to expand the reach and character of K–12 educational opportunities, and the growing funding challenge of these expanded programs, along with the continued growth in size of financial commitments to K–12 employee benefits, particularly the Public Employee Retirement System (PERS). This section briefly discusses these components of education policy and politics in Oregon, while also exploring the growing diversity of the K–12 student population.

K–12 SCHOOL FUNDING

The Oregon Constitution requires the legislature to establish a "uniform and general system of common schools" and created a state superintendent of public instruction to oversee and administer the system. In 1951, a state Board of Education was established to set policies for the administration and operation of public elementary and secondary schools. In 2011, Governor John Kitzhaber successfully passed a reform that transferred the superintendent role to the governor, who then appoints, with senate approval, a deputy superintendent to manage education policies along with the state Board of Education. Together, the deputy superintendent and the board are required to: (1) implement statewide standards for public schools; (2) adopt rules for the general governance of public kindergartens, public elementary and secondary schools, and public community colleges; and (3) distribute basic school support funds to districts that meet all legal requirements and maintain and operate a standard school.

Yet, until ballot Measure 5 passed in 1990, the state exercised limited control over K–12 school funds and, like many other states at the time, was heavily dependent on local sources of funding, particularly local property taxes. In fact, in 1933, the state

Table 17.1. Elementary-secondary public school funding by revenue source in selected western states, 2014

State	Federal Sources, %	State Sources, %	Local Sources, %
Idaho	11.2	63.3	25.5
Nevada	9.1	63.1	27.8
Washington	8.0	60.5	31.5
California	10.6	55.0	34.4
Oregon	7.9	51.6	40.4
Montana	11.8	48.0	40.2
Colorado	7.5	43.5	49.1
Arizona	13.3	38.4	48.3
Regional average	*10.0*	*53.0*	*37.0*
National average	*8.6*	*46.7*	*44.7*

Source: US Census Bureau, Percentage Distribution of Public Elementary-Secondary School System Revenue by Source and State: Fiscal Year 2014

provided only 2 percent of all school funds, while in 1990 the share provided by the state was 30 percent. Measure 5 changed Oregon K–12 funding from being predominantly reliant on local taxes to being more heavily reliant on state-level funding controlled by the governor and legislature. It did this by phasing in limits on property taxes over five years, eventually reducing property taxes by 45 percent, and limiting these taxes to no more than 1.5 percent of assessed market value, of which school districts could only receive 0.5 percent. Measure 5 also required state government to replace most of the lost property tax revenues for public schools, which has resulted in a significant decrease in local funding and authority for K–12 education and an increase in state funding and authority. Another consequence of this increased centralization has been more equity in funding for once poorer education districts—especially in rural areas—and a decrease in funding for once-wealthier districts such as Corvallis and Lake Oswego.

The effects of Measure 5 were profound, and by 2000 the state's share of K–12 funding had almost doubled to 56.7 percent, which was more in line with the 54.2 percent level found in other western states and the US average of 49.8 percent (Lunch and Steel 2005). This new pattern, whereby the state funds more than half of the K–12 education budget, has continued each year since 2000, including 51.6 percent of all funding for the 2015-16 school year. The 10 percent decline in state-level funding is the largest such decline since 2000 across the western states, as represented in table 17.1. But a sizable portion of the overall decline in Oregon state funding was offset by the corresponding 27 percent increase in federal funding from 6.2 to 7.9 percent of the total for K–12 schools.

Viewing Oregon's K–12 budget through the lens of per pupil expenditures also shows a decline in the aftermath of the Great Recession (see table 17.2). The Oregon system spent $10,448 per pupil in 2010, which was second highest among the eight

Table 17.2. Spending per pupil in public elementary-secondary school systems in selected western states

State	FY 2010	FY 2014	2010–14 Change, %	2013–14 Change, %
Montana	$11,397	$11,017	-3.3	+2.0
Washington	$10,262	$10,202	-0.6	+3.8
Oregon	$10,448	$9,945	-4.8	+2.5
California	$10,178	$9,595	-5.7	+2.4
Colorado	$9,611	$8,985	-6.5	+2.3
Nevada	$9,210	$8,414	-8.6	-0.7
Arizona	$8,520	$7,528	-11.6	+2.8
Idaho	$7,715	$6,621	-14.2	-4.1
Regional average	*$9,668*	*$9,038*	*-6.5*	*+2.2*
National average	*$10,600*	*$11,009*	*+3.9*	*+2.7*

Note: Totals are inflation adjusted and shown in 2014 dollars. FY, fiscal year.
Source: Governing: The States and Localities (2016)

Table 17.3. US ranking by total spending per pupil in public elementary-secondary schools in selected western states

State	FY 2000	FY 2014
Montana	30	22
Washington	28	27
Oregon	19	29
California	29	34
Colorado	32	39
Nevada	40	45
Arizona	49	48
Idaho	48	49

Note: FY, fiscal year.
Source: US Census Bureau, Annual Survey of School System Finances, 2014

western states in table 17.2, and at 98.6 percent of the national average expenditure. The recession, however, took a toll on K–12 funding in virtually all US states, with the per pupil funding falling in Oregon over $1,000 between 2010 and 2014, a decline of 4.8 percent. Compared to the western region, Oregon spending was again near the top, behind only Montana and Washington, but the comparison to the US average shows Oregon per pupil spending at only 90.3 percent, a drop of almost 10 percent versus year 2010. The latest available data show a significant one-year improvement between the 2013 and 2014 school years, with an increase of 2.5 percent, suggesting that the worst of the Great Recession is behind Oregon, at least as concerns K–12 per pupil funding.

But the trends in per pupil funding also show that Oregon has lost significant ground since year 2000 in terms of how its funding levels ranks nationally. Table 17.3

displays how Oregon's former rank of 19th had slipped to 29th by 2014, following a similar trend for those western states nearest to Oregon.

MAJOR NEW POLICIES FOR K–12 EDUCATION

At the same time that Oregon has struggled to maintain or grow its per capita funding for K–12 education, the state has provided innovations likely to lessen the overall cost for the K–12 system. The state has also expanded education requirements, which has compounded the funding challenge because the expanded requirements, with one exception, have not been accompanied by new streams of revenue.

Allowing Performance-Based Knowledge Standards

In 2002, Oregon's State Board of Education approved a "Credit for Proficiency" policy, which allowed school districts to provide students with education credits through demonstrations of knowledge rather than the traditional "seat time" model, which focused on counting the amount of time students spend in class. The next step, following several pilot programs, was the establishment in 2007 of the Oregon Diploma, a key feature of which was the use of proficiency credits. In the early going, proficiency credits were generally used only for earning elective credits outside of a classroom setting. Yet in 2009, the state Board of Education broadened the program's impact by issuing a rule that allowed both school districts and charter schools to grant credit if a student could demonstrate "defined levels of proficiency or mastery of recognized [educational] standards," whether inside or outside of the classroom.[10]

Further, proficiency credits have become a key feature of what many consider to be a more rigorous Oregon Diploma for high school students, with its stated goal of ensuring that "each student demonstrates the knowledge and skills necessary to transition successfully to his or her next steps: advanced learning, work and citizenship."[11] In addition to more rigorous credit requirements in math, English, and science, as well as fewer elective credits, the revised Oregon Diploma now requires that students complete three of nine "Essential Skills" to graduate: "Read and comprehend a variety of text," "Write clearly and accurately," and "Apply mathematics in a variety of settings."[12]

All-Day Kindergarten

As with most states, Oregon's public school system has long supported the half-day model for kindergarten. But by the early 2000s, many education policy experts had concluded that the all-day model provided children with a positive, measurable educational boost, especially with regard to reading in the early grades of elementary school. The Oregon legislature acted in 2011, passing the All Day Kindergarten Bill (SB 248), with the ultimate goal of having 95 percent of Oregon third graders reading at grade level by 2019. The all-day model did not take effect, however, until the 2015-16 school year in order to give school districts and the legislature adequate time to prepare for the changes to classrooms and the state budget.

The new law does not mandate that Oregon school districts adopt the all-day model; instead, it incentivizes them to do so by providing full funding from the state budget. In response, 740 of the 750 eligible districts offered all-day kindergarten, leading to 99.7 percent enrollment in the all-day model during the 2015-16 school year, a dramatic increase over the previous year, when just over 42 percent of students were enrolled in full-day kindergarten.[13]

Ballot Initiatives: Career Technical Education and Outdoor Education

In 2016, Oregon voters said yes to two major ballot initiatives involving K–12 education: Measure 98, on Career Technical Education (CTE), and Measure 99, on Outdoor Education.

Measure 98, formally known as Oregon State Funding for Dropout Prevention and College Readiness, requires the Oregon legislature to distribute at least $800 per student (adjusted for inflation) each year to high schools for "establishing or expanding career and technical education programs, college-level educational opportunities, and dropout-prevention strategies."[14] Voters gave the initiative overwhelming support, with just under 66 percent in favor. The problem for the state Department of Education is that the measure did not provide a new source of funding, despite the fact that Measure 98 commits the state to spend a minimum of $147 million per year on career and technical education, accelerated learning, and high school graduation improvement programs.

Measure 99, supported by over 67 percent of Oregon voters, created the Oregon Outdoor School Fund. The measure allocates 4 percent of state lottery revenue in support of outdoor school programs for fifth and sixth graders across the state. Previously, there had not been statewide funding for these programs, and so students participated at varying levels depending on their district. The fund is administered by the Oregon State University Extension Service.

CHALLENGES TO K–12 SCHOOLS IN OREGON

The Oregon K–12 system faces not only the challenge of trying to successfully incorporate these new education policies into existing curriculums but also the challenges of a growing student population, entitlement spending demands, the likelihood of less federal funding from the new Trump administration, the ongoing battle against low graduation rates, and changing demographics.

The first challenge is a growing K–12 student population that, by definition, increases the cost of public education. Oregon encountered rapid student growth during the 1990s, from 472,394 students statewide in 1990 to 551,480, a 16.7 percent overall increase (see table 17.4). Student growth then slowed dramatically between

Table 17.4. Total percentage growth of Oregon's K–12 student population

	1990-2001	2001-12	2012-23
Total growth	16.7	3.3	9.9

2001 and 2012, increasing by only 18,420, or 3.3 percent, to a total of 569,900. K–12 student growth continued at an anemic pace up through the latest recorded enrollment figures in 2015, increasing a mere 1.2 percent over 2012 student numbers. Future enrollment projections, however, estimate another period of strong growth going forward to 2023, when experts predict there will be 626,600 students, a 9.9 percent increase over year 2012.[15]

A second challenge involves the rising burden of retirement, or PERS, obligations, which threaten to crowd out spending on other types of educational needs such as instructional materials, hiring more teachers, and maintaining smaller class sizes, learning (information) technologies, and so on. In the 2009–11 biennium, the basic rate to cover PERS for school districts equaled 14.4 percent of payroll. When schools' Social Security obligations are added, the effective rate in 2009–11 was over 20 percent of payroll. The combined PERS / Social Security cost rose to 25 percent in the 2011–13 biennium, to 32 percent in 2013–15, and then to 34.3 percent in 2015–17. The combined retirement burden for schools' payrolls, barring any reforms, is projected to be over 36 percent in the 2017–19 biennium. As Sharie Lewis, director of accounting and payroll in Portland Public Schools, notes, "PERS is the elephant in the room at every conference I go to."[16]

Third, the Trump administration is unlikely to be an ally of blue state Oregon, and the general expectation is that the sizable increases in federal K–12 funding during both the George W. Bush and Barack Obama years will not continue. Key to this expectation is that the US Department of Education, now led by charter school and vouchers advocate Betsy DeVos, will likely cut existing federal funding levels to the states, currently at almost 8 percent of total K–12 funding in Oregon. An opportunity might arise, however, in the expected federal push to expand funding for alternatives to traditional public schools, especially public charter schools and voucher programs that offer the government-based per pupil funding to individual students, who then get to choose where and which type of school—public or private—they wish to attend. Oregon does not have any voucher programs, but its charter school program, which currently serves 30,000 students, has struggled with making progress in reading and math, reaching minority populations, and funding restrictions imposed by the state (e.g., the state does not fund transportation costs for charter schools). New federal funds and guidelines may help in all three areas.

Fourth, Oregon businesses and communities face a major long-term challenge from the state's dismal high school graduation rate. As of the 2014-15 year, the four-year graduation rate was only 73.8 percent, compared to the US average of 83.2 percent.

This ranks Oregon 48th, ahead of only Nevada and New Mexico. The graduation rates for low-income students and most minorities are even more troubling. Only 66.4 percent of low-income students graduate in four years (vs. the US average of 76.1%), and the latest available cohort data show the following graduation rates: whites, 71 percent; Hispanics, 60 percent; blacks, 53 percent; Asians / Pacific Islanders, 79 percent.[17]

The fifth challenge involves the rapidly changing demographics of the K–12 student population. In 2000, just 19.2 percent of the K–12 population were students of color. By 2010, that number had jumped to 32.5 percent and in 2015 to 36.6 percent. In addition, twenty school districts encompassing 133,700 students now have 50 percent or more students of color, with another eleven districts with at least 40 percent. The fastest-growing subgroup continues to be Hispanics, who now represent 22 percent of Oregon's overall K–12 student population. Moreover, 10 percent of K–12 students are now nonnative English speakers, with Spanish, Russian, and Vietnamese being the most common foreign languages. Given these changing demographics, State Deputy Superintendent Rob Saxton argues that a key challenge for Oregon in the future is that

> We must achieve significantly better outcomes for students of color if we want to see our achievement results increase statewide. Our state is working to address these needs with the Governor's strategic initiatives designed to help close achievement gaps, better support students, and more actively involve historically underserved communities and families.[18]

CONCLUSION

The K–12 and higher education systems in Oregon are facing new challenges from globalization; the shift to a more high-tech, digital, and service-based economy; and changing student demographics. In recent years, the K–12 system has also been asked to provide new and expanded educational programs (e.g., all-day kindergarten, outdoor education, technical education). Of central importance to both policy realms is the fact that each is wrestling with how to provide an effective, appropriate education at a reasonable cost in the face of these new challenges. Can public universities in Oregon and elsewhere keep their costs in check such that higher education is still affordable and attainable for the growing number of citizens needed to support Oregon's economy of the future? Can Oregon's K–12 system find a way to reduce its abysmally low high school graduation rates while also training students, including those not going to college, to be ready for the modern workforce? Can the state as a whole figure out how to relieve or resolve the fiscal pressure stemming from the increasing PERS costs for public schools, thereby freeing up additional funding for other K–12 educational needs? And how will K–12 and higher education in Oregon manage the needs of the growing racial and ethnic diversity of its student population?

While these questions are to be answered over time, Oregon has made strides in one area: college affordability at the two-year community college level. The Oregon Promise of 2015 program pays two years of community college tuition to all qualified Oregon high school graduates. Yet as this chapter makes clear, this small step in the direction of access and affordability is just that—a small step. The dominant picture for the higher education policy landscape is one of escalating tuition and fees, fewer grants and more loans, less affordability, and increasing student debt. In short, we are in a different world from 1862, when the US Congress passed the Morrill Act, which was designed to "ma[k]e possible the higher instruction of the children of workers and farmers and thus enabled social mobility and the equality of educational opportunity to become realities in a political democracy" (Brickman and Lehrer 1962: 11). By doing so, the individuals earning college degrees would certainly gain significant personal benefits, economically and otherwise. But of equal importance to the law's sponsors was the idea that educating more citizens would necessarily strengthen the American economy and democracy by providing a citizenry more fully capable of effective participation in civic life.

Perhaps public policy in the area of public education can find its ultimate challenge here—in how to provide an individual and collective good to all, one that develops human potential without increasing inequality through excessive cost, one that places appropriately trained workers into satisfying and necessary social positions, and one that develops the workforce while at the same time raising its citizens to participate fully in civic life.

Notes

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