

Priority List Explanation

The Priority List's major goal is to provide those districts that have high poverty and low assessed values with a better chance of securing state matching grants. This will ensure that the Oregon School Capital Improvement Matching Program (OSCIM) is providing more equity across the state. OSCIM also creates incentives for districts that may not have passed a local General Obligation (GO) bond or been unwilling to try for a GO bond due to lack of voter support. The prospect of matching funds can be used by districts to encourage their community to support a local GO bond and invest in their schools because the state is putting a priority on their communities as well.

The priority list concept was developed by the Task Force on School Capital Improvement Planning. Members of the Task Force identified total assessed value per student (as measured by Average Daily Membership weighted (ADMw)) and poverty statistics as provided by the U.S. Census Bureau as being the two key ingredients in determining which Districts have the greatest challenges in generating local GO bonds for capital improvements, and were therefore more in need of assistance from the State. The Task Force also based the formula on the successful Local Option Equalization Grant formula.¹

These variables are used in two ways: first, to create the priority list, which determines the rank order in which each district would be awarded funding should a local GO bond issue be approved; and second, to determine the amount of funds that could be awarded to each District.

The creation of the priority list starts with the assessed tax values (AV) per ADMw of each individual district. These values are obtained from Department of Revenue data. The AV/ADMw is then adjusted by a poverty factor to determine the Adjusted AV/ADMw. Poverty numbers are weighted to ensure that districts with high poverty stand out from districts with lower poverty weights. Districts are sorted and ranked from lowest Adjusted AV/ADMw to highest Adjusted AV/ADMw.

This list will be updated once a biennium to ensure that all districts have the same rank throughout all four general elections (three elections in FY 2015-17) in the biennium. ODE will use the latest matching data from all three sources. For example, if one of the data sources latest update is from 2015, then all data sources will use 2015, or 2015-16 data to match.

The funding formula is a continuation of the calculation used to establish the priority list. The Adjusted AV/ADMw calculated in determining the priority list is multiplied by

¹ The Local Option Equalization Grant formula provides additional state revenue to those districts that pass a local option levy but do not have the property values to realize much funding from the local option tax. The additional state revenue rewards districts and voters who create additional revenue even if the amount of revenue is small.

an assumed tax levy rate of \$1 per every \$1000 of assessed value to arrive at the estimated amount of local revenue per ADMw that would be generated through a local tax levy. This amount is then compared to a theoretical funding level of funding that a district could receive if it had an AV per ADMw of \$1 million and a tax rate of \$1/\$1,000, which results in a level of "Guaranteed Revenue per ADMw" of \$1000. The Guaranteed Revenue per ADMw is a theoretical amount that represents the desired level of funding for the OSCIM program. The district's estimated amount of local revenue per ADMw is subtracted from the \$1,000 to arrive at the matching grant per ADMw amount. This amount is then multiplied by the district's ADMw to get the district's amount of matching grant.

Regardless of a district's matching grant under the formula, there are minimum and maximum amounts. All districts will receive a one to one matching grant for local GO bonds issued up to \$4 million. For local GO bonds issued above \$4 million, all school districts will receive a minimum of a \$4 million matching grant, and based on their funding formula, may receive additional matching funds up to \$8 million.