

WHAT IS THE STUDENT SUCCESS ACT?

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In 2019, the Oregon Legislature made history by passing the Student Success Act (SSA) for children and families. The SSA marked not only a major new investment in public education—the first in decades—but also a renewed effort to address long-standing challenges in the state’s K-12 system: lagging student outcomes, deep-rooted educational inequities, and the growing need for mental health support.

To appreciate the SSA’s early impacts, we must look back at significant shifts in Oregon’s public education funding and strategies since the 1990s, and what problem the SSA was meant to solve. Join us as we explore the history behind the SSA, unpack the law’s key components, and shed light on how it was designed to improve the lives of Oregon children from birth through high school graduation.

THE ROAD TO THE STUDENT SUCCESS ACT

A SEISMIC SHIFT IN HOW OREGON FUNDS K-12 EDUCATION

Before 1990, Oregon mostly funded public education through a patchwork of local property taxes. This approach created stark disparities and volatile shifts in public school funding driven not only by whether a community chose to invest but also by the assessed values of property within the community. The instability and eventual breakdown of this approach would ultimately set the stage for the SSA.

When voters passed Measure 5 in 1990, they sent a shockwave through Oregon's public education system. By capping how much local communities could collect in property taxes, the ballot measure sought to balance public school funding across the state. Supporters rallied around leveling the playing field, though many were also driven by the promise of lower property taxes. But as Measure 5 starkly limited local revenue for school districts, the burden to fund K-12 schools suddenly shifted squarely onto the Oregon Legislature, fundamentally altering how the state finances public education.

Table 1. — Interdistrict disparities in spending and school property tax rates for selected medium-sized unified districts, Oregon, 1987-88

Spending range	Low tax rate	High tax rate
Low spending	<i>Brookings-Harbor</i> (1,418 students) \$2,591/pupil \$6.65/\$1,000	<i>Fern Ridge</i> (1,755 students) \$3,781/pupil \$20.61/\$1,000
High-spending	<i>Morrow County Unit</i> (1,683 students) \$4,802/pupil \$8.85/\$1,000	<i>Pleasant Hill</i> (1,187 students) \$4,736/pupil \$28.28/\$1,000

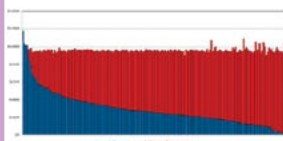
This table, originally published in 1989, demonstrates the wide disparity in investment per student across Oregon due to the variation of local tax rates and spending.¹

FROM LOCAL PROPERTY TAXES TO THE STATE SCHOOL FUND

In response, the Legislature created the State School Fund (SSF). This new system pooled local property tax revenue with state General Fund dollars and distributed resources back to school districts through a funding formula. While this formula didn't add more money to the K-12 system, it essentially redistributed public education funding equally across school districts. As a result, public education funding became relatively balanced across school districts regardless of their local tax rate or economic conditions.

¹ Weber, B.A. (1989). *Oregon School Funding: Assessing the Options*. Oregon State University Extension. ir.library.oregonstate.edu/downloads/9880vr17q

Key design principles baked into our 1990s State School Fund formula



Equalize per student district funding to help advance equitable funding for regions that are restricted in local revenue.

Support greater operational costs for districts for student and district characteristics that have greater needs to meet, done through additional funded per student (weighted funding).



Maintain local decision-making over spending priorities.

This slide, created by the Office of Gov. Tina Kotek in 2024, outlines what Oregon's State School Fund was designed to achieve.²

The SSF is still the primary funding source for state school districts today. Its funding formula factors in everything from teacher salaries to student transportation and school infrastructure. Largely unchanged since the early 2000s, the formula bases local K–12 funding primarily on student enrollment but with crucial adjustments: More funds are allocated for school districts serving particular student groups such as those living in poverty, learning English, or navigating the complexities of homelessness, pregnancy, or parenthood.

The Oregon Legislature sets a new SSF budget every two years. This is one of the Legislature's most significant budget decisions, with around 28.2% of Oregon's General Fund and Lottery funds

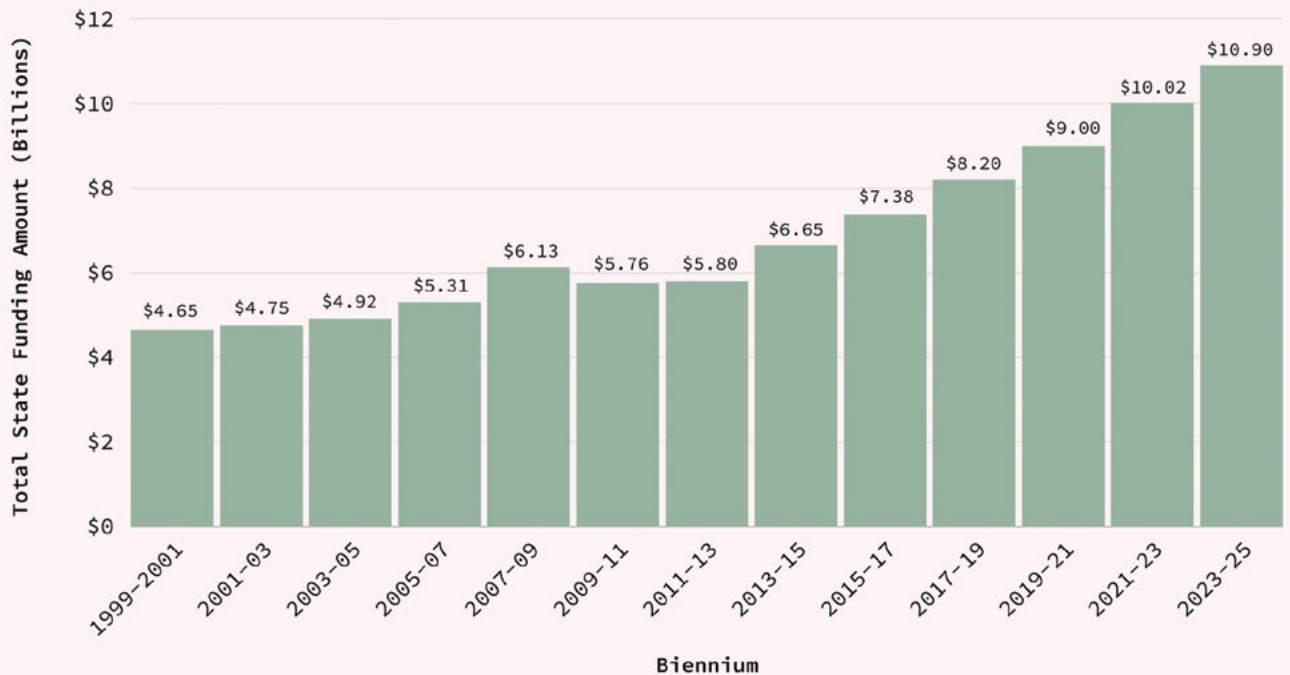
allocated to the SSF in 2023–2025.³ The state's total investment in the SSF has more than doubled since 2003–2005 from \$4.907 billion to \$9.372 billion.

While the SSF sought to equalize and stabilize public education funding, its approach is not seamless. For instance, school districts must often prepare—and sometimes even adopt—their local budgets before the Legislature finalizes the SSF budget, leading to uncertainty and confusion about available resources. Moreover, while SSF funding has grown steadily over two decades, SSF budgets fluctuate with economic growth and recession because Oregon's General Fund largely relies on personal income tax revenue.

² Office of Gov. Tina Kotek. (2024, August). *Connecting the Dots to Improve Education for Oregon Students* [Slideshow]. Oregon Department of Education Roundtable on Education Funding.

³ Oregon Legislative Policy and Research Office. (2023, August). *K–12 Education Funding*. Oregon State Legislature. <https://www.oregonlegislature.gov/lpro/Publications/Education%20Funding%20Background%20Report%202023.pdf>

Total State School Fund Appropriation



Oregon Quality Education Commission. (2024, August). *Quality Education Model: Identifying Best Practices and Calculating the Cost of a Quality Education*. Oregon Department of Education. [https://www.oregon.gov/ode/reports-and-data/taskcomm/Documents/M000266 DOE Quality Education Model Report 2024.pdf](https://www.oregon.gov/ode/reports-and-data/taskcomm/Documents/M000266%20DOE%20Quality%20Education%20Model%20Report%202024.pdf)

AS K-12 EDUCATION NEEDS GROW, VOTERS REJECT NEW TAXES

For two decades, the governor-appointed Quality Education Commission consistently reported that Oregon needed to invest \$1 billion to \$2 billion more per biennium to provide a high-quality education to all students. Yet despite widespread recognition that Oregon's K-12 funding was not keeping pace with school and student needs, voters were not ready to shoulder significant new taxes.

In 2016, a coalition led by labor unions—including the Oregon Education Association—hoped to close

this gap with Measure 97, which proposed raising taxes on corporations' gross receipts to generate an estimated \$6 billion per biennium.⁴ This revenue would have increased the state budget by nearly a third, with much of it earmarked for public education and health care. However, business advocates strongly opposed the measure, arguing it would cripple the state's economy.

After the most expensive ballot initiative campaign in state history, Measure 97 was soundly defeated, with 59% of Oregonians voting against it.⁵ The vote underscored a harsh reality: While many voters recognized the need to fund critical public services, the prospect of significant new taxes was too much for them to bear.

⁴ Oregonians have historically been resistant to sales tax measures, voting them down nine times in the past century.

⁵ In the same election, voters overwhelmingly passed Measure 98, which would become the High School Success Initiative. However, the ballot measure did not create a new revenue source, leaving it up to the Legislature to determine how to fund this multimillion-dollar program.

AS STUDENT OUTCOMES LAG, SCHOOL IMPROVEMENT EFFORTS FALTER

As Oregon sought to equalize public education funding, it also embarked on several ambitious efforts to improve K–12 schools and student outcomes, with a special focus on boosting graduation rates and closing stubborn achievement gaps.

In 1991, the Legislature passed the Oregon Educational Act for the 21st Century, which aimed to improve academic rigor and learning outcomes through a system of certificates demonstrating students' initial and advanced mastery of school subjects. In 2011, the Oregon Education Investment Board was created both to oversee the public education system from early childhood through postsecondary school and to spur K–12 improvement through “achievement compacts” as part of the local budgeting process.

Though initially celebrated as groundbreaking reforms, all such initiatives eventually lost momentum and ultimately faltered due to inadequate funding and inconsistent support. In 2022, the Oregon secretary of state's K–12 Education—Systemic Risk Report acknowledged that once-promising endeavors launched in the 1990s and 2000s “were eliminated or replaced with limited analysis of lessons learned.”⁶ The state would continue without a cohesive statewide approach to K–12 school improvement through the late 2010s.

THE LEGISLATURE'S JOINT COMMITTEE ON STUDENT SUCCESS

After Measure 97 was defeated, the Legislature's attempts to pass a more modest tax increase in 2017 met with continued resistance. Facing a persistent shortfall in public education funding, Senate President Peter Courtney acted in 2018 by forming the Joint Committee on Student Success, a bipartisan group of 14 legislators. Then-House Speaker Tina Kotek quickly joined forces, declaring, “It's time we come out of our corners and solve this problem together. Every student deserves a fair shot at success. It's time to come together and forge a path forward that will ensure every child has access to the high-quality schools they deserve.”⁷

Over the following year, the Joint Committee traveled across the state, holding forums and roundtables in 29 communities. In January 2019, they released a bipartisan report capturing what they heard and learned from hundreds of students, teachers, administrators, and families. Priorities included closing persistent academic disparities, strengthening mental health support, expanding access to hands-on learning and a well-rounded education, and fostering more collaboration between educators. Legislators also emphasized the public's clear demand that any new state funding should result in better student outcomes and that local communities would have a voice in how school districts invested this funding.⁸

6 Oregon Audits Division. (2022, May). *K–12 Education—Systemic Risk Report*. Oregon Secretary of State. <https://sos.oregon.gov/audits/Documents/2022-16.pdf>

7 Pate, N. (2018, January 4). Legislators Tasked With Fixing Oregon's Dismal Graduation Rate. *Statesman Journal*. <https://www.statesmanjournal.com/story/news/education/2018/01/04/legislators-tasked-fixing-oregons-dismal-graduation-rateoregon-house-senate-leaders-create-joint/1005579001/>

8 Legislative Policy and Research Office. (2019, January). *Joint Committee on Student Success: Report on 2018 Activities*. http://opb-imgserve-production.s3-website-us-west-2.amazonaws.com/original/jcss_report_on_2018_activities_1548375392795.pdf

TAKEAWAYS FROM THE JOINT COMMITTEE ON STUDENT SUCCESS

As the Joint Committee on Student Success toured communities across the state, legislators gained a broader and more nuanced view of the public education system. They heard clear and consistent messages from the public and stakeholders at every stop.



Members of the Joint Committee on Student Success visit a classroom at Rex Putnam High School in Milwaukie.

Image Source: Oregon Joint Committee on Student Success. (2018, May 9). [Facebook](#).

Schools need stable and adequate funding to meet student, educator, and community needs.

“Money spent in education is good money spent.”

—Hermiston, April 25, 2018

Because every school is different, no one-size-fits-all policy can improve the public education system.

“Even in high-resource schools, we don’t have enough.”

—Portland, September 27, 2018

Because young children lack sufficient access to high-quality early childhood education programs, too many show up on the first day of kindergarten not ready for the challenges and demands of that year.

“Investing early in kids is the most effective strategy to ensure that children will thrive in school and life.”

—Baker City, April 24, 2018

TAKEAWAYS FROM THE JOINT COMMITTEE ON STUDENT SUCCESS

Students face significant challenges outside the classroom and need a stronger network of mental and physical health support to be able to learn in school.

“We need more counselors and support systems to expand access to mental health services.”

—Woodburn, May 24, 2018

Students do not have sufficient access to career learning programs that help them engage in school and prepare them to achieve their goals.

“CTE [career and technical education] requires alignment between middle school, high school, and community college.”

—Bend, September 12, 2018



Rep. Barbara Smith Warner (right), co-chair of Joint Committee on Student Success, joins a student listening session in Baker City in April 2018. *Image Source: Oregon Joint Committee on Student Success. (2018, April 24). [Facebook](#).*

Opportunity gaps persist, especially for students of color, linguistically diverse students, low-income students, students with disabilities, and rural students.

“Rural schools are really lagging behind urban schools. We have less resources, which results in less opportunities for us students.”

—Salem, February 9, 2018

Oregon faces a shortage of teachers, particularly racially and linguistically diverse teachers, qualified math and science teachers, and qualified special education teachers.

“Our future teachers are in our classrooms now.”

—Hermiston, April 25, 2018

“At Cesar Chavez, my middle school, the teachers I had were people of color, and they respected my culture and my traditions, and I had great memories with them. Then I learned that many of my peers have never [had a teacher of color].”

—Salem, February 9, 2018

THE NEGOTIATIONS

The Joint Committee on Student Success laid the groundwork for the SSA as Oregon's next major increase in public education funding and next major effort to improve public schools. Despite broad consensus on the need for greater investment in early learning programs and K–12 schools, the debate over how to fund any new initiative remained contentious. The corporate activity tax (CAT)—a novel revenue source that now funds the SSA—faced significant pushback but eventually gained traction when key business groups chose to stay neutral on the legislation, recognizing that a high-quality public education system benefits Oregon both economically and socially.

Tensions also emerged during negotiations over how to allocate the new funds. Education associations and school districts argued for minimal restrictions, allowing flexibility to address unique local needs. Legislative leaders, business groups, and other education advocacy groups pushed for more targeted investments and accountability to ensure that every dollar would have a tangible impact. The final agreement struck a balance, allowing school districts some flexibility to invest new K–12 funding on a range of student needs and proven strategies while also empowering the Oregon Department of Education and local communities as partners in school district improvement and accountability.

THE CELEBRATION OF A HISTORIC INVESTMENT

Headlines and press releases across the state and beyond celebrated the SSA's passage as historic and unprecedented. "Today marks a turning point for education in Oregon," said Gov. Kate Brown in her remarks at the bill's public signing, "and what we have come together to do over the past few months will be felt by students, teachers, and schools for years to come."⁹

The National Education Association also heralded Oregon's success in making one of the nation's most significant investment increases. "Tens of thousands of educators, students, parents, and supporters gathered in one voice in nearly 100 communities across the state to call on lawmakers to prioritize Oregon students," said John Larson, a high school English teacher and president of the Oregon Education Association, in an NEA publication. With this new law, he added, "Educators and public school families can start to breathe a sigh of relief, knowing that instead of worrying about budget cuts, we can instead focus on the educational needs of our students and our future."¹⁰

9 Governor Kate Brown Press Office. (2019, May 20). *Student Success Act: A Turning Point for Education in Oregon*. My Oregon News. <https://www.myoregon.gov/2019/05/20/student-success-act-a-turning-point-for-education-in-oregon/>

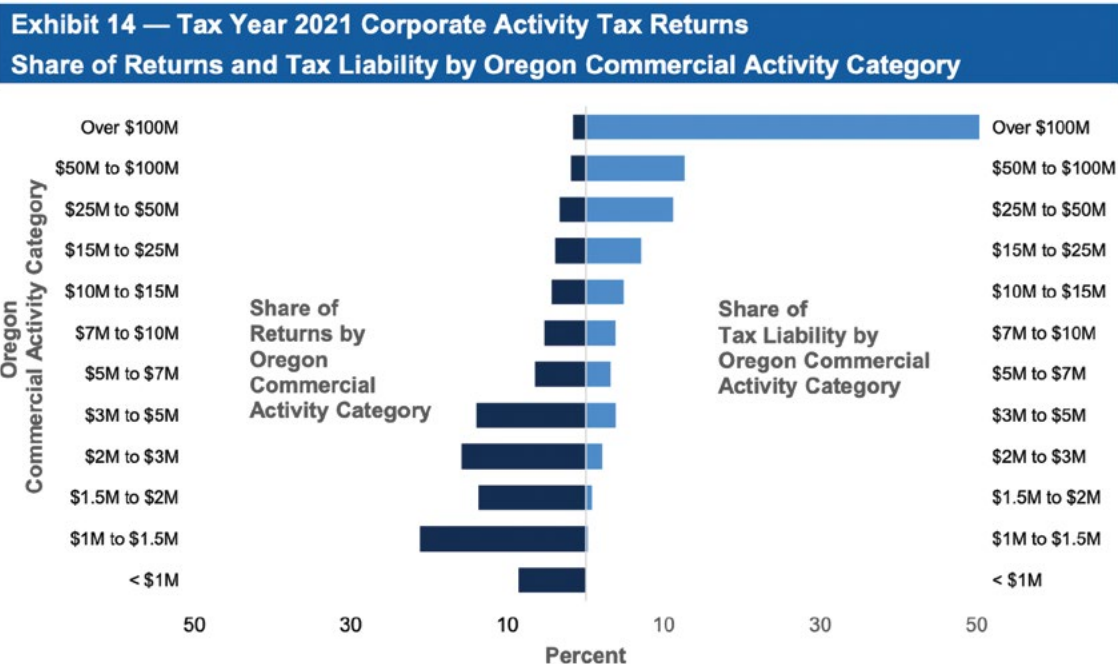
10 Menas, A., & Wimmer, L. (2019, September 23). *Oregon Educators Led the Way to Historic School Funding Victory*. National Education Association. <https://www.nea.org/advocating-for-change/new-from-nea/oregon-educators-win-school-funding>

WHAT IS THE CORPORATE ACTIVITY TAX? AND WHO PAYS?

The CAT, which funds the SSA, was designed to stabilize education funding by acting as a balance against the volatility of personal and corporate income taxes. As summarized by the Oregon Center for Public Policy:

The tax, which took effect in 2020, applies to business receipts—not profits—exceeding \$1 million after certain deductions. Specifically, a business deducts 35 percent of their labor costs or costs of goods sold, whichever is higher. Any receipts exceeding \$1 million after the deduction are taxed at a rate of 0.57 percent. The CAT applies to all business forms, including C-corporations, S-corporations, partnerships, limited liability corporations, and sole proprietorships. The law contains numerous exemptions, including exemptions for receipts from the sale of groceries and fuel.¹¹

The Oregon Department of Revenue provides an annual report on CAT revenue statistics and the characteristics of CAT taxpayers. While the CAT applies to all businesses with more than \$1 million in Oregon sales annually, state data shows more than 70% of the total revenue is paid by corporations with more than \$25 million in Oregon commercial activity.¹²



Data from the Oregon Department of Revenue outlines the share of tax returns and share of tax liability across Oregon businesses.¹³

11 Hauser, D., & Ordóñez, J.C. (2020, April 23). *Oregon Schools Would Pay the Price of Suspending the Corporate Activity Tax*. Oregon Center for Public Policy. <https://www.ocpp.org/2020/04/23/oregon-schools-suspending-corporate-activity-tax/>

12 Oregon Department of Revenue Research Section. (2024). *Oregon Corporate Activity Tax Statistics: Characteristics of CAT Taxpayers*. <https://www.oregon.gov/dor/programs/gov-research/Documents/Edition%202024%20Oregon%20Corporate%20Activity%20Tax%20Statistics%20150-106-010.pdf>

13 Ibid.

UNPACKING THE STUDENT SUCCESS ACT



This graphic, produced by the Oregon Department of Education, outlines the SSA's three main program accounts and its community engagement requirements.¹⁴

Though often viewed as a single initiative, the SSA is a tapestry of over 20 targeted programs and strategies supporting students from their earliest years through high school graduation. These programs include critical investments in areas contributing to student success and well-being, from preschool programs and parenting support to educator professional development, youth reengagement efforts, and initiatives focused on nutrition, school culture, and safety.

To fund these programs, most CAT revenue flows into Oregon's new Student Success Fund, which is separate from the SSF. A portion of CAT revenue is used to manage the tax itself, but a significant chunk—\$701.9 million for the 2023–2025 biennium—is first directed straight into the SSF to bolster the state's base K–12 funding.¹⁵

¹⁴ Oregon Department of Education. (n.d.). *The Student Success Act Marks a Turning Point for Education in Oregon*. www.oregon.gov/ode/StudentSuccess/Documents/SSA%20infographic%202019.pdf

¹⁵ The SSA requires transferring a portion of CAT revenue to the SSF to address a small decrease in personal income tax that was negotiated as part of the legislative package in 2019. For the 2023–2025 biennium, \$701 million in CAT revenue was transferred directly to the SSF.

The remaining funds—\$2.18 billion for the 2023–2025 biennium—are then strategically allocated to three main program accounts: the Student Investment Account (SIA), the Early Learning Account (ELA), and the Statewide Education Initiatives Account (SEIA). The SSA mandates that at least 50% of CAT revenue must be funneled into the SIA, and at least another 20% into the ELA. The remainder—up to 30%—supports the SEIA.

The SSA’s 2023–2025 program funding summary reveals the SSA’s breadth, detailing how funds are distributed through a mix of competitive and noncompetitive grants for entities promoting children’s learning and well-being, including school districts, child care providers, community-based organizations, and other key players in the education system.¹⁶

THE STUDENT INVESTMENT ACCOUNT

The SIA is the cornerstone of the SSA, often overshadowing its other crucial components. As the largest and most comprehensive of its investments, the SIA represents the core of the SSA’s goal to bolster K–12 funding and outcomes. Commanding at least 50% of CAT revenue, the SIA channels substantial funding directly to school districts through a noncompetitive formula grant.

The SIA’s strategic aims include improving academic outcomes, closing academic achievement gaps, and addressing students’ mental and behavioral health needs.¹⁷ Its architecture places a priority on better supporting “focal students”—groups of students who have historically been underserved by Oregon’s K–12 schools and have long faced systemic disparities in educational

access and outcomes—in order to drive progress where it’s needed most. The SIA’s allocation formula is similar to the SSF formula—it’s based on student enrollment with additional “weights” for certain student groups—but the Legislature felt it critical to increase the weight given for students living in poverty to ensure focal students’ needs could be met.

To focus how school districts invest new resources, the SSA includes several “allowable uses” for SIA funding, including expanding instructional time, addressing student health and safety, providing a well-rounded education, and (in certain cases) reducing class sizes. In this series exploring the SSA’s early impact, Foundations for a Better Oregon will examine how districts have spent their SIA funding, the research behind their strategies, and the broad public support for these investments.

In addition to parameters placed on the use of SIA funds, school districts must follow equally important processes and protocols to access these funds. Unlike the SSF, which is allocated to school districts largely without constraints, the SIA includes a set of planning requirements to improve the quality of district spending toward SIA goals. For example, school districts must authentically engage students, families, and school staff in their planning and budgeting process, with a particular focus on engaging those who represent focal students. The SIA also requires districts to conduct a needs assessment, review disaggregated student data, and consult best-practice recommendations in Oregon’s Quality Education Model to guide their spending decisions.

16 Oregon Department of Education. (n.d.). *2023–2025 Student Success Act: How the Revenue Flows*. <https://www.oregon.gov/ode/StudentSuccess/Documents/GO%20SSA%202023-25%20LAB%20FINAL%20ONLY%20PORTRAIT.pdf>

17 “Behavioral health” is a strengths-based term for addressing needs related to substance use and abuse. It is not related to student behavior in classrooms, even where that is a distinct need.

WHO ARE SIA FOCAL STUDENTS?

To close persistent achievement gaps, state legislators originally specified the following groups of students as SIA focal students:

- Students from racial or ethnic groups who have historically experienced academic disparities.
- Economically disadvantaged students.
- Students with disabilities.
- Students who are English language learners.
- Students who are foster children.

The SSA also authorizes the Oregon State Board of Education to identify additional focal student groups who have been historically underserved by the public education system. Since 2019, the Board has expanded SIA focal students to include students who are enrolled members of federally recognized tribal nations, LGBTQ2SIA+ students, refugee and immigrant students, migrant students, and students navigating the justice system, among others.

THE STATEWIDE EDUCATION INITIATIVES ACCOUNT

The SSA allows up to 30% of total distributions to the Statewide Education Initiatives Account (SEIA). Perhaps the most diffuse of the three SSA accounts, it funds more than 25 programs ranging from school nutrition, to wildfire recovery, to reengaging youth who have left the education system.

Since the SSA's passage, the SEIA has integrated preexisting and new programs such as High School Success and the Early Literacy Success Initiative. While the SEIA houses over 20 unique investments, we will focus on a subset of key K–12 programs on the next page.



STATEWIDE EDUCATION INITIATIVES ACCOUNT PROGRAMS

HIGH SCHOOL SUCCESS

Beginning with Ballot Measure 98, which voters passed in November 2016, Oregon invested \$324.9 million in High School Success for the 2023–2025 biennium, including nearly \$180 million in CAT revenue via the SEIA. The program seeks to improve high school graduation rates by advancing best practices and effective systems to support students' transition to ninth grade, expanding access to advanced coursework, and investing in career and technical education.

EARLY LITERACY SUCCESS INITIATIVE

A priority for Gov. Tina Kotek and many education advocates, the Early Literacy Success Initiative was passed by the Legislature in 2023 and integrated into the SEIA. This \$100 million statewide investment aims to improve early literacy outcomes, reduce disparities, and support families and educators in developing literacy skills. The initiative includes grants to school districts, early learning providers, tribes, and community-based programs.

SSA ADVISORIES AND STUDENT SUCCESS PLANS

SSA Advisories are advisory groups that leverage community knowledge and experience to develop Student Success Plans with recommendations to better support historically underserved students. School districts are required to consult these population-specific plans when investing SIA dollars. The plans also grant a relatively small amount of funding to trusted community-based organizations and partners that provide wraparound, school-day, and out-of-school support to specific youth communities. The SSA integrated Oregon's existing American Indian/Alaska Native Student Success and African American/Black Student Success plans into the SEIA and increased funding for their grant programs. Since 2019, the Legislature has also supported creation of the Latino/a/x and Indigenous* Student Success, LGBTQ2SIA+ Student Success, Native Hawaiian/Pacific Islander Success, and Immigrant and Refugee Student Success advisories and plans.

INTENSIVE PROGRAM

This \$25 million-per-biennium program invites struggling school districts with the highest needs into a multiyear partnership with the Oregon Department of Education based on education improvement science and national models like the University of Virginia's Partnership for Leaders in Education School Turnaround. Incentivized by additional funding, this opt-in program is the state's strongest intervention strategy for K–12 improvement.

LEARNING FROM THE STUDENT SUCCESS ACT

Grasping the full scope of the SSA is essential to understanding how Oregon is moving to strengthen investment, improvements, and outcomes across early learning and K–12. While the ELA and various SEIA programs all play a vital role, this report on the SSA spotlights key pieces of the law that are poised to spark and scale systemwide improvement in K–12 public schools.

By concentrating on investments like the SIA, High School Success, and other innovative system infrastructure, we hope to illuminate how Oregon can advance toward a more modern, integrated, and effective model of K–12 funding, spending, and accountability. Understanding these strategic investments is crucial as Oregon charts its course toward a more equitable and high-performing education system.

Foundations for a Better Oregon's report on the Student Success Act is available online at www.betteroregon.org/ssa.

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