

**74<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5020-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Galizio  
Carrier – Senate: Sen. Devlin**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 19 – 0 – 2

House – Yeas: D. Edwards, Galizio, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields

– Nays:

– Exc: Garrard

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Winters

**Prepared By:** Jim Carbone, Department of Administrative Services

**Reviewed By:** Daron Hill, Legislative Fiscal Office

**Meeting Date:** 6/1/07

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**Agency**

Department of Education – State School Fund

**Budget Page**

B-10

**LFO Analysis Page**

19

**Biennium**

2007-09

**Senators:** Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,  
Schrader, Verger, Westlund, Whitsett, Winters

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Senator Kurt Schrader, Co-Chair

**Representatives:** D. Edwards, Galizio, Garrard, Hanna, Jenson,  
Morgan, Nathanson, Nolan, Shields

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Representative Mary Nolan, Co-Chair

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Representative Larry Galizio, Education Subcommittee Chair

## Budget Summary\*

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	<u>Legislatively Approved</u>	<u>Governor's Budget</u>	<u>Committee</u>	<u>Difference from</u>	
General Fund	\$ 4,858,192,341	\$ 5,465,615,769	\$ 5,350,757,521	\$ -114,858,248	-2.1%
Lottery Funds	447,302,659	534,142,231	634,142,231	+100,000,000	+18.7%
Other Funds	950,000	242,000	242,000	0	0.0%
Total	\$ 5,306,445,000	\$ 6,000,000,000	\$ 5,985,141,752	\$ -14,858,248	-0.2%

## Position Summary

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) Positions	0.00	0.00	0.00	0.00

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

This bill appropriates the State's portion of the State School Fund's Formula Revenue. It consists primarily of General Fund and Lottery Funds. A relatively small amount of Other Funds come from small tract timber taxes. The Subcommittee replaced \$100 million General Fund in the Governor's Recommended budget with \$100 million Lottery Funds, in response to the May 2007 Lottery revenue forecast increase.

## Summary of Subcommittee Action

The Oregon Constitution directs the Legislature to "provide by law for the establishment of a uniform and general system of common schools." General state support for K-12 schools and education service districts is provided through the State School Fund. Certain local revenues, primarily property taxes, are also included as State School Fund Formula Revenue. The local revenue portion stays with the district where collected, but is considered as a part of Formula Revenue for allocation purposes. Formula Revenue is available for general school operations. It does not include bond revenue or state and federal categorical aid.

The Subcommittee approved \$5.985 billion total funds for the State School Fund (\$5.351 billion General Fund; \$634.1 million Lottery Funds; and \$242,000 Other Funds). This level of funding is 12.8 percent more than the 2005-07 Legislatively Approved Level.

Assuming current enrollment forecasts, the recommended budget would increase the funding per Average Daily Membership weighted (ADMw) by \$347, to \$6,460 for the 2007-08 school year over the current year. There would be an additional increase of \$238 to \$6,698, for the 2008-09 school year.

## Detail

The Essential Budget Level (EBL) has been reduced by \$17 million in Package 813. A combination of local and state revenues is used to fund the EBL for the State School Fund. Forecasted local revenues have increased by \$17 million since the Governor's Recommended Budget. Therefore, state revenues can be decreased by the same amount and still fund the same Essential Budget Level.

Package 451 adds \$196 million General Fund to the State School Fund, above the Essential Budget Level. The total state funding for the State School Fund, including this package, is \$5.985 million, or 12.8 percent more than the 2005-07 Legislatively Approved amount.

Package 814 reflects a fund shift of \$100 million from General Fund to Lottery Funds. The State School Fund uses the largest amount of discretionary Lottery Funds. This package simply replaces General Fund with Lottery Funds, in response to the May 2007 forecast for both fund types.

An additional amount will be allocated to schools through the School Improvement Fund in House Bill 5021.