

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5520-A

Carrier – House: Rep. D. Edwards

Carrier – Senate: Sen. Monroe

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

Vote: 20 – 0 – 2

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Richardson, Shields

– Nays:

– Exc: Nathanson, G. Smith

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Monica Brown, Legislative Fiscal Office

Meeting Date: June 18, 2009

Agency

Department of Education – State School Fund

Emergency Board

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)		2009-11 Essential Budget Level		2009-11 Committee Recommendation		Committee Change from 2007-09 Leg. Approved	
							\$ Change	% Change
<u>Department of Education – State School Fund</u>								
General Fund	\$	5,591,149,767	\$	6,005,773,807	\$	5,258,895,645	\$ -332,254,122	-5.9%
Lottery Funds	\$	654,142,231	\$	539,063,144	\$	539,063,144	\$ -115,079,087	-17.6%
Other Funds	\$	3,247,438	\$	340,252	\$	3,637,214	\$ 389,776	12.0%
Total	\$	6,248,539,436	\$	6,545,177,203	\$	5,801,596,003	\$ -446,943,433	-7.2%
<u>Emergency Board</u>								
General Fund	\$	0	\$	0	\$	900,000	\$ 900,000	100.0%

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 and donations. The specific funding sources approved in Senate Bill 5520 will be modified in a subsequent bill this session to reflect final budget balancing decisions within the Education sector and allocation of the Federal State Fiscal Stabilization Fund provided under the American Reinvestment and Recovery Act.

Summary of Education 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 – but are not part of the state budget. The local revenue portion stays with the districts 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.

Senate Bill 5520 authorizes the state portion of the School Fund Formula Revenue. The Subcommittee recommends that this funding total \$6,001,596,003 (including \$1.4 million for Local Option Equalization Grants). However this bill includes a General Fund appropriation and Lottery Funds and Other Funds expenditure limitations totaling only \$5,801,596,003. The remaining \$200,000,000 would be made available when certain financial conditions are met.

Allocation of the \$6 billion by school year would be 49 percent in 2009-10 and 51 percent in 2010-11. Therefore, the maximum expenditure from the School Fund in 2009-10 would be \$2,940,096,041.

In addition to funding for the State School Fund, the \$5,801.6 million approved in this bill includes \$1,400,000 General Fund for Local Option Equalization Grants. An additional \$900,000 General Fund for the second year funding of these grants is included as a Special Purpose Appropriation to the Emergency Fund.

Finally, the Subcommittee approved spending up to \$1,800,598 from the State School Fund for the purposes of the Oregon Virtual School District Fund. Allocations for the School Improvement Fund and for District Best Practice Audits is suspended for 2009-11.

Note that the specific funding sources approved in Senate Bill 5520 will be modified in a subsequent bill this session to reflect final budget balancing decisions within the Education sector and allocation of the Federal State Fiscal Stabilization Fund provided under the American Reinvestment and Recovery Act.