

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

MEASURE: SB 5554-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Buckley
Carrier – Senate: Sen. Carter**

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: Ken Rocco, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: June 18, 2009

Agency

Department of Education – State School Fund

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Biennium

2007-09

Budget Summary

Department of Education

	2007-09 Legislatively Approved Budget (1)		2007-09 Committee Recommendations		Committee Change From 2007-09 Leg. Approved	
					\$ Change	% Change
General Fund	\$	5,346,457,708	\$	4,952,507,177	\$ -393,950,531	-7.4%
Lottery Funds	\$	667,412,210	\$	1,061,362,741	\$ 393,950,531	59.0%

Summary of Revenue Changes

The Subcommittee approved a transfer of the balance of the Education Stability Fund to the State School Fund for the biennium ending June 30, 2009. Based on the May 2009 forecast, the amount of the transfer is estimated at \$393,950,531. The Subcommittee also approved a transfer of two-thirds of the balance of the Rainy Day Fund on July 1, 2009 to the General Fund for general government purposes. The amount of this transfer is estimated at \$225,280,945. This action would leave an estimated \$112,640,473 in the Rainy Day Fund.

Summary of Capital Construction and Information Technology Subcommittee Action

Based on the Oregon Economic and Revenue Forecast released on May 15, 2009, the projected General Fund deficit for the 2007-09 biennium was estimated at \$351.3 million. With less than one month remaining in the current biennium, limited options exist for rebalancing the state's budget. In addition, there is a risk of further deterioration in the state's General Fund situation related to the final tax collections for the 2007-09 biennium.

To address the current biennium deficit, the Subcommittee approved a transfer of the Education Stability Fund to the State School Fund for the biennium ending June 30, 2009. The State School Fund is increased by \$393,950,531 Lottery Funds and decreased by \$393,950,531 General Fund, for a net zero change. By reducing General Fund expenditures for the 2007-09 biennium, the state's General Fund ending balance is increased, offsetting the projected deficit.

In addition, as part of the 2009-11 budget plan for the State School Fund, the Subcommittee also transferred two-thirds of the balance of the Rainy Day Fund on July 1, 2009 to the General Fund for general governmental purposes. Based on the May 2009 forecast, this transfer is estimated at \$225,280,945. The transfer is necessary to provide sufficient revenue to finalize the proposed 2009-11 General Fund budget.

Summary of Performance Measure Action

None.