

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

MEASURE: SB 5555-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 21 – 0 – 1

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

– Nays:

– Exc: Shields

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

– Nays:

– Exc:

Prepared By: Monica Brown, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: June 24, 2009

Agency

Department of Education – School Funding
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 –School Funding</u>								
General Fund	\$	5,591,149,767	\$	6,005,773,807	\$	4,912,927,276	\$ -678,222,491	-12.1%
Lottery Funds	\$	654,142,231	\$	539,063,144	\$	439,791,571	\$ -214,350,660	-32.8%
Other Funds	\$	3,247,438	\$	340,252	\$	3,637,214	\$ 389,776	12.0%
Subtotal:	\$	6,248,539,436	\$	6,545,177,203	\$	5,356,356,061	\$ -892,183,375	-14.3%
Federal Funds – State Fiscal Stabilization Fund (ARRA)	\$	0	\$	0	\$	226,099,942	\$ 226,099,942	n/a
Common School Fund – increased distribution	\$	0	\$	0	\$	19,140,000	\$ 19,140,000	n/a
Rainy Day Fund/ General Fund	\$	0	\$	0	\$	400,000,000	\$ 400,000,000	n/a
Total:	\$	6,248,539,436	\$	6,545,177,203	\$	6,001,596,003	\$ -246,943,433	-4.0%
<u>Emergency Board</u>								
General Fund - LOEG	\$	0	\$	0	\$	900,000	\$ 900,000	100.0%

Summary of Revenue Changes

State support for school funding consists primarily of General Fund and Lottery Funds. A relatively small amount of Other Funds come from small tract timber taxes and donations. The allocation of the State Fiscal Stabilization Fund provided under the Federal American Reinvestment and Recovery Act (ARRA) is addressed in HB 5054, section 51(3) and (4). Through action taken in SB 5542, the revenue distribution from the Common School Fund is expected to increase to five percent adding an additional \$19.14 million in funding to school districts. Distributions from the Common School Fund are non-limited (SB 5519).

School Fund Formula Revenue consists of state support, which is reflected in this bill, and certain local revenues. The local revenues (primarily property taxes) are not reflected in the state budget but are estimated to provide an additional \$2.99 billion for the 2009-10 and 2010-11 school years. 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.

Summary of Education Subcommittee Action

The Subcommittee approved a total funding level of \$6.0 billion for school funding of which \$400 million is subject to meeting certain statewide financial conditions in June 2010. Forty-nine percent, or \$2.94 billion, will be allocated for the 2009-10 school year, and fifty-one percent, or a maximum of \$3.06 billion, for the 2010-11 school year. Allocations for the School Improvement Fund and for District Best Practice Audits are

suspended for the 2009-11 biennium. However, the Subcommittee approved spending up to \$1.8 million from the State School Fund for the purposes of the Oregon Virtual School District Fund.

In addition, \$1.4 million General Fund was approved for Local Option Equalization Grants (LOEG). This reflects the anticipated grant level for the 2009-10 school year. An additional \$900,000 General Fund for the second year funding of these grants is included as a Special Purpose Appropriation to the Emergency Board.