

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2010 Special Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5565-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Komp  
Carrier – Senate: Sen. Monroe**

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

**Vote:** 23 – 0 – 1

House – Yeas: Barker, Buckley, Cowan, Edwards, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson

– Nays:

– Exc: G. Smith

Senate – Yeas: Bates, Courtney, Edwards, Girod, Johnson, Kruse, Monroe, Nelson, Shields, Verger, Whitsett, Winters

– Nays:

– Exc:

**Prepared By:** Monica Brown, Legislative Fiscal Office

**Reviewed By:** Ken Rocco, Legislative Fiscal Office

**Meeting Date:** February 22, 2010

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**Agency**

Department of Education – State School Funding

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**Biennium**

2009-11

## **Budget Summary**

|   | 2009-11 Legislatively Adopted Level |               | 2010 Committee Recommendation* |               | Committee Change from 2009-11 Leg. Adopted |             |        |
|---|-------------------------------------|---------------|--------------------------------|---------------|--|-------------|--------|
|   |                                     |               |                                |               | \$\$ Change                                | % Change    |        |
| <b><u>Department of Education – State School Funding (excluding Local Option Equalization Grants)</u></b> |                                     |               |                                |               |  |             |        |
| General Fund  | \$                                  | 5,111,527,276 | \$                             | 5,111,527,276 | \$   | 0           | 0%     |
| Lottery Funds   |                                     | 439,791,571   |                                | 439,791,571   |  | 0           | 0%     |
| Other Funds   |                                     | 3,637,214     |                                | 3,637,214     |  | 0           | 0%     |
| Subtotal:   | \$                                  | 5,554,956,061 | \$                             | 5,554,956,061 | \$   | 0           | 0%     |
| Federal Funds – State Fiscal Stabilization Fund (ARRA)  |                                     | 226,099,942   |                                | 226,099,942   |  | 0           | 0%     |
| Common School Fund – increased distribution   |                                     | 19,140,000    |                                | 19,140,000    |  | 0           | 0%     |
| Rainy Day Fund/General Fund*  |                                     | 200,000,000   |                                | 116,400,000   |  | -83,600,000 | -41.8% |
| Education Stability Fund (Lottery)*   |                                     | 0             |                                | 83,600,000    |  | 83,600,000  | N/A    |
| Total:  | \$                                  | 6,000,196,003 | \$                             | 6,000,196,003 | \$   | 0           | 0%     |

**\*Appropriation and expenditure limitation for resources from the Oregon Rainy Day Fund and Education Stability Fund are estimates based on the March 2010 forecast and are subject to revision based on available resources at the date of transfers.**

## **Summary of Revenue Changes**

With the latest General Fund forecast reflecting a budget deficit and having met statutory requirements for accessing the Oregon Rainy Day Fund (ORDF), SB 5565 appropriates \$10 million from the ORDF to the General Fund for general government purposes. This transfer is in addition to any transfer made to support state school funding. The anticipated 2009-11 ending balance in the ORDF totals \$8.3 million.

## **Summary of Committee Action**

The 2009-11 legislatively adopted budget provided \$6 billion in total funds for state school funding. Of this amount, \$200 million was contingent on statewide financial conditions (SB5520 (2009)). If the sum of the balances in the Oregon Rainy Day Fund and Education Stability Fund plus the General Fund ending balance as forecast in June 2010 exceeded \$100 million, all of the resources in the Oregon Rainy Day Fund and any unappropriated General Fund dollars would be appropriated up to the additional \$200 million.

SB 5565 retains the \$200 million contingency, but modifies the distribution to a newly established Supplemental School District and School Program Subaccount within the State School Fund and provides secondary support from the Education Stability Fund should the Oregon Rainy Day Fund and General Fund be insufficient to meet the \$200 million distribution. Education Service Districts (ESD) are excluded from the distribution of resources from the new Subaccount. With this exclusion, \$9.5 million fewer dollars will be distributed to ESDs with a corresponding increase to school districts and statewide programs. The Committee adopted the following budget note:

**Budget Note:**

With the affirmed commitment to provide \$6 billion for school funding, the Legislature expects school districts to maintain existing services and not reduce school days for Oregon's children. To the extent that the exclusion from the Supplemental School District and School Program Subaccount necessitates expenditure reductions, the education services districts are expected to first reduce administrative expenditures and to preserve special education and federally mandated services.