

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5055-A

**Carriers – House: Rep. Richardson
Rep. Buckley**

**Carriers – Senate: Sen. Devlin
Sen. Nelson**

JOINT COMMITTEE ON WAYS AND MEANS

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

Vote: 23 – 2 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Thomsen, Verger, Winters
– Nays: Girod, Whitsett
– Exc:

Prepared By: Monica Brown, Legislative Fiscal Office

Reviewed By: Ken Rocco, Legislative Fiscal Office

Meeting Date: June 17, 2011

Agency

Department of Education – School Funding
Emergency Board

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Biennium

2011-13

Various Agencies

2009-11

Budget Summary

	2009-11 Legislatively Approved Spending Level	2011-13 LAB	2011-13 Committee Recommendations	Percentage Change from 2011-13 Legislatively Approved Spending Level
<u>Department of Education – State School Fund</u>				
General Fund	\$ 4,878,838,365	\$ 5,204,741,308	\$ <48,579,000>	<1.0%>
Lottery Funds	512,696,349	471,918,440	82,239,000	16.0%
Other Funds	3,637,214	340,252	--	0.0%
Federal Funds	342,590,524	--	--	n/a
Common School Fund – increased distribution	19,140,000	23,000,000	--	0.0%
Total:	\$ 5,756,902,452	\$ 5,700,000,000	\$ 33,660,000	0.6%
<u>Department of Education</u>				
General Fund - Grant-in-Aid – Oregon Prekindergarten	\$ 104,988,285	\$ 105,753,886	\$ 16,500,000	15.7%
General Fund (Senate Bill 252)	\$ --	\$ --	\$ 5,000,000	n/a
<u>Oregon University System</u>				
General Fund - Agricultural Experiment Station of OSU	\$ 53,498,403	\$ 50,220,072	\$ 1,580,000	3.0%
General Fund - Extension Services of OSU	39,087,553	36,324,578	1,145,000	3.0%
General Fund – Forest Research Laboratory of OSU	5,829,217	5,524,444	175,000	3.0%
Total:	\$ 98,415,173	\$ 92,069,094	\$ 2,900,000	3.0%
<u>Department of Human Services</u>				
General Fund – Employment Related Day Care	\$ --	\$ --	\$ 816,250	n/a
<u>Emergency Board</u>				
General Fund – early learning programs and services	\$ --	\$ --	\$ 17,649,000	n/a
General Fund – employment related day care and other services and supports to children and families	\$ --	\$ --	\$ 5,713,750	n/a
Position Summary				
<u>Oregon University System</u>				
Authorized positions	--	--	22	n/a
Full-time equivalent positions	--	--	16.50	n/a

2009-11 Supplemental Appropriations

	2009-11 Legislatively Approved Spending Level	2009-11 Committee Recommendations	Percentage Change from 2009-11 Legislatively Approved Spending Level
<u>Community Colleges & Workforce Development</u>			
General Fund – Community College Support Fund	\$ 416,056,292	\$ 15,000,000	3.6%
<u>Department of Education – State School Fund</u>			
General Fund	\$ 4,878,838,365	\$ <82,625,000>	<-1.7%>
Lottery Funds	512,696,349	96,425,000	18.8%
Other Funds	3,637,214	--	n/a
Federal Funds	342,590,524	--	n/a
Common School Fund – increased distribution	19,140,000	--	n/a
Total:	\$ 5,756,902,452	\$ 13,800,000	0.2%
<u>Oregon Health & Science University</u>			
General Fund – Education and General	\$ 62,274,046	\$ 3,700,000	5.9%
<u>Oregon University System</u>			
General Fund – Education and General	\$ 532,502,731	\$ 30,000,000	5.6%

Summary of Revenue Changes

The May 2011 General Fund forecast reflected a reduced level of resources for the 2009-11 biennium from the prior forecast and having met the constitutional requirements for accessing the Education Stability Fund (ESF), House Bill 5055 directs the transfer of \$178,664,000 from the ESF in two phases and postpones the \$100 million transfer previously authorized in Senate Bill 5553 (2011). On passage of the measure, the State Treasurer will transfer \$96,425,000 to the State School Fund (SSF) for the 2009-11 biennium. On June 1, 2012, rather than October 1, 2011, \$100 million will be transferred to the SSF, and finally, on May 1, 2013, \$82,239,000 would transfer to the SSF. Transfers from the ESF allow for the redistribution of General Fund resources to other services, eliminates the projected 2009-11 General Fund deficit, and provides an estimated \$18.2 million ending balance for the 2009-11 biennium.

The projected 2011-13 ending balance for the Education Stability Fund totals \$15.6 million with the transfers authorized in this bill.

Summary of Capital Construction Subcommittee Action

The Subcommittee approved two special purpose appropriations to the Emergency Board, including: a) \$17,649,000 General Fund for early learning programs and services, and b) \$5,713,750 General Fund for employment related day care and other services and supports to children and families. Any money remaining in these appropriations on December 1, 2012, becomes available for any purpose for which the Emergency

Board may lawfully allocate funds. Prior to the allocation of these funds, the Governor's Office is to report on the results from the early learning design team process and an implementation plan for the proposed Early Learning Council, and the Department of Human Services is to report on employment related day care program caseloads and costs.

The Subcommittee also approved the following items by agency:

Department of Education

\$33.66 million General Fund for the State School Fund including a) \$25 million for the 2011-2012 School Year Subaccount, established in Senate Bill 5553 (2011), and b) \$8.66 million for remote small schools if Senate Bill 453 (2011) becomes law. In addition to the actions taken in Senate Bill 5552 and Senate Bill 5553, the State School Fund for the 2011-2013 biennium totals \$5.7336 billion (\$2,879,330,000 for the 2011-12 school year, and \$2,854,330,000 for the 2012-13 school year).

\$16.5 million General Fund to add approximately 1,000 slots in the Oregon Prekindergarten Program (OPK). This appropriation increases the total funding for OPK to \$122,253,886 General Fund including the actions taken in House Bill 5020 (2011) which reflects a 16.5 percent increase over the 2009-11 legislatively approved budget.

\$5 million General Fund for the School District Collaboration Grant Account if Senate Bill 252 (2011) becomes law.

Oregon University System

\$2.9 million General Fund for the Statewide Public Service Programs at Oregon State University. This restores the General Fund reductions made in Senate Bill 5532 (2011), the budget bill for the Oregon University System, including \$1,580,000 and 12 positions (9.70 FTE) for the Agriculture Experiment Stations, \$1,145,000 and 9 positions (5.83 FTE) to the Extension Service, and \$175,000 and 1 position (0.97 FTE) to the Forest Research Laboratory.

Department of Human Services

\$816,250 General Fund for employment related day care. This is intended to allow the Department of Human Services to cover a maximum of 9,500 cases monthly from January through March of 2012, with the understanding that the Legislative Assembly in February 2012 will consider allocation of the \$5.7 million special purpose appropriation to fund a monthly average of 9,500 cases during the biennium, based on a caseload cap of 9,000 cases from July through December 2011; a cap of 9,500 cases from January 2012 through December 2012; and a cap of 10,000 cases from January 2013 through the end of the biennium.

2009-11 Supplemental Appropriations

Under the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), states must demonstrate that they maintained a level of State support for elementary, secondary, and post-secondary education. This "maintenance of effort" (MOE) is set at the fiscal year 2006 level. Following the General Fund allotment reductions taken during the biennium and subsequently adopted in HB 3339 (2011), state support for post-secondary education is \$48.7 million below MOE prior to passage of this measure. States are also subject to MOE requirements under the Individuals with Disabilities Education Act (IDEA). Oregon was unsuccessful in obtaining a waiver from the requirement and must invest an additional \$13.8 million in special education services or financial penalties will be incurred.

The Subcommittee approved additional General Fund support for the 2009-11 biennium to address MOE requirements: a) \$30 million for the Oregon University System, Education and General Services, b) \$15 million for the Community College Support Fund, c) \$3.7 million for the Oregon Health and Science University, Education and General Services, and d) \$13.8 million to Department of Education support special education services. The Department of Education will distribute the additional special education funding based upon the additional average daily membership weight as calculated under ORS 327.013(1)(c)(A)(i), i.e., under the 11 percent waiver cap.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5055-A

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
<u>Department of Education</u>										
SCR 100 - Operations										
Services & Supplies	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000	0	0.00	
SCR 300 - Grant-in-Aid										
Special Payments	\$ 21,250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,250,000	0	0.00	
SCR 400 - School Funding										
Special Payments - Acct. #6040	\$ (48,579,000)	\$ 82,239,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,660,000	0	0.00	
<u>Oregon University System</u>										
<u>SCR 002: Agricultural Experiment Station</u>										
Personal Services	1,580,000	0	0	0	0	0	1,580,000	12	9.70	
<u>SCR 003: Extension Services</u>										
Personal Services	1,145,000	0	0	0	0	0	1,145,000	9	5.83	
<u>SCR 004: Forest Research Laboratory</u>										
Personal Services	175,000	0	0	0	0	0	175,000	1	0.97	
<u>Department of Human Services</u>										
<u>SCR 025-01 CAF-Self Sufficiency:</u>										
Special Payments - Acct. #6035 Dist. To Individuals	816,250	0	0	0	0	0	816,250	0	0.00	
<u>Emergency Board</u>										
Special Purpose Appropriations										
Early learning programs and services	\$ 17,649,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,649,000	0	0.00	
Employment related day care & other services and supports to children and families	\$ 5,713,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,713,750	0	0.00	
TOTAL ADJUSTMENTS	\$ 0	\$ 82,239,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,239,000	22	16.50	

2009-11 Supplemental Appropriations

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>Department of Education</u>									
SCR 400 - School Funding									
Special Payments - Acct. #6040	\$ (82,625,000)	\$ 96,425,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,800,000	0	0.00
<u>Community Colleges & Workforce Development</u>									
SCR 002 State Support to CC's									
Special Payments - Acct. #6045 Dist to Comm Colleges	\$ 15,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000,000	0	0.00
<u>Oregon University System</u>									
SCR 001 Education and General Service									
Personal Services	\$ 22,800,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,800,000	0	0.00
Services and Supplies	6,450,000	0	0	0	0	0	6,450,000	0	0.00
Capital Outlay	750,000	0	0	0	0	0	750,000	0	0.00
<u>Oregon Health & Science University</u>									
SCR 002 Education & General/Hospitals & Clinics/CDRC									
Special Payments - Acct. #6085 Other Special Payments	\$ 3,700,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,700,000	0	0.00
TOTAL ADJUSTMENTS	\$ (33,925,000)	\$ 96,425,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,500,000	0	0.00