

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

MEASURE: SB 5552-A

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

Carrier – Senate: Sen. Monroe

JOINT COMMITTEE ON WAYS AND MEANS

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

Vote: 22 – 1 – 2

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

– Nays: Nolan

– Exc: Whisnant

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

– Nays:

– Exc: Girod

Prepared By: Monica Brown, Legislative Fiscal Office

Reviewed By: Ken Rocco, Legislative Fiscal Office

Meeting Date: April 8, 2011

Agency

Department of Education – School Funding

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Biennium

2011-13

Budget Summary

	2009-11 Legislatively Approved Spending Level	2011-13 Governor's Recommended	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
<u>Department of Education – State School Fund</u>				
General Fund	\$ 4,878,838,365	\$ 5,183,964,432	\$ 5,204,741,308	6.7%
Lottery Funds	512,696,349	371,918,440	471,918,440	-8.0%
Other Funds	3,637,214	340,252	340,252	-90.1%
Federal Funds	342,590,524	---	--	-100.0%
Common School Fund – increased distribution	19,140,000	---	23,000,000	20.2%
Total:	\$ 5,756,902,452	\$ 5,556,223,124	\$ 5,700,000,000	-1.0%

Summary of Revenue Changes

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 \$3.15 billion in the 2011-13 biennium, or approximately \$99 million more than in the 2009-11 biennium. The local revenue portion remains 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 and does not include bond revenue or federal categorical aid. Also included in local revenue are distributions from the Common School Fund which is managed by the State Land Board. In cooperation with the Governor, the Committee recommendations include direction to the State Land Board to increase the distribution to schools by \$23 million.

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.

Summary of Education Subcommittee Action

The Subcommittee approved a total funding level of \$5.7 billion for the State School Fund with a fifty percent allocation per school year, or \$2.85 billion. However, the total available funds for the 2011-12 school year assumes passage of SB 5553 that would draw \$100 million from the Education Stability Fund which is reflected in the Lottery Funds total in the above table. The \$100 million will be deposited into a newly created State School Fund subaccount for the purposes of distribution to school districts and programs, excluding education service districts, which agree to utilize these resources for smaller class sizes or to enhance learning opportunities. The Subcommittee adopted the following budget note:

Budget Note:

For the 2011-12 school year, additional resources from the Education Stability Fund have been approved for the sole purpose of supporting smaller class sizes or the enhancement of learning opportunities, as compared to the 2010-11 school year, while allowing school districts, the Youth Corrections Education Program (YCEP), and the Juvenile Detention Education Program (JDEP) the flexibility to determine the specific activities to support these efforts. However, funding should focus on services to students in the classroom rather than on teacher mentoring, retention or professional development. Acceptable activities would include, but are not limited to, class size reduction, increased instruction time, remediation, and vocational education. If a district or program is only able to maintain smaller class sizes or enhancements in some schools or classrooms rather than district-wide, the plan should identify why this was a priority.

At a minimum, a school district's or program's written proposal shall include a description of the enhancements and activities along with the funding for each with comparable data for the 2010-11 school year, any measurable outcomes, and how the school district or program determined its priorities for expenditures. Proof of compliance shall consist of a signature by the School District Superintendent certifying compliance along with proof of the School Board's review and adoption of the written proposal (e.g., Board minutes, resolution, or signatures). For YCEP and JDEP, proof of compliance shall consist of the signature by the Superintendent of Public Instruction certifying compliance along with proof of the State Board of Education's review and adoption of the written proposal.

The Subcommittee also approved spending up to \$1,584,000 from the State School Fund for the purposes of the Oregon Virtual School District Fund, limited expenditures for administering nationally normed assessments for all students in the 10th grade to \$968,000, and suspended allocations for the School Improvement Fund and for District Best Practice Audits for the 2011-13 biennium.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5552-A

Department of Education - School Funding

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget	\$4,878,838,365	\$512,696,349	\$3,637,214	\$19,140,000 *	\$342,590,524	\$0	\$5,756,902,452	0	0.00
2011-13 ORBITS printed Current Service Level	\$6,298,192,164	\$416,255,878	\$340,252	\$0	\$0	\$0	\$6,714,788,294	0	0.00
2011-13 Governor's Recommended Budget	\$5,183,964,432	\$371,918,440	\$340,252	\$0	\$0	\$0	\$5,556,223,124	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 400									
Package 810: Co-Chair Adjustments									
Special payments: Dist. To Local School Districts	20,776,876	100,000,000	0	23,000,000 *	0	0	143,776,876	0	0.00
TOTAL ADJUSTMENTS	\$20,776,876	\$100,000,000	\$0	\$23,000,000	\$0	\$0	\$143,776,876	0	0.00
SUBCOMMITTEE RECOMMENDATION	\$5,204,741,308	\$471,918,440	\$340,252	\$23,000,000	\$0	\$0	\$5,700,000,000	\$0	0.00
% Change from 2009-11 Leg Approved Budget	6.68%	-7.95%	-90.65%	20.17%	-100.00%	0.00%	-0.99%	0.00%	0.00%
% Change from 2011-13 Current Service Level	-17.36%	13.37%	0.00%	0.00%	0.00%	0.00%	-15.11%	0.00%	0.00%
% Change from 2011-13 Governor's Budget	0.40%	26.89%	0.00%	0.00%	0.00%	0.00%	2.59%	0.00%	0.00%

* Increased distribution from the Common School Fund is included here for display purposes only. Actual Non-Limited budget is within a separate division of the Department of Education.