

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1581 - A

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session  
Legislative Fiscal Office

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### Measure Description:

Identifies positions that will be under direction and control of Chief Education Officer for matters related to design and organization of state's education system.

### Government Unit(s) Affected:

Department of Community Colleges and Workforce Development, Department of Education, Office of the Governor, Oregon Student Assistance Commission (OSAC), Oregon University System (OUS), Oregon Health Sciences University (OHSU)

**Summary of Expenditure Impact:** See Analysis

### Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

### Analysis:

The measure identifies the positions that will be under the direction and control of the Chief Education Officer for matters related to design and organization of the state's education system. The measure also requires certain state and local education entities to enter into achievement compacts with the Oregon Education Investment Board (OEIB). The achievement compacts with OEIB are to be entered into for each fiscal year beginning July 1, 2012 through July 1, 2015.

The education entities defined by the measure include, local school districts, education service districts, community college districts or service districts, the Oregon University System (OUS), public universities, and Oregon Health and Science University.

The measure directs the OEIB to specify the process, timelines, terms and guidelines for the achievement compacts. The measure directs the Department of Education to waive the standards compliance reporting requirements for 2012-2013, and provides that the OEIB may direct the ODE to waive continuous improvement plans or implementation of a statewide assessment system, as permitted by federal law. Each school district and education service district is required to form advisory committees to develop and implement the achievement compact.

The Oregon Education Investment Board, delineated in SB 909 (2011), and currently within the Office of the Governor, was provided \$3 million and 2.5 FTE in HB 5508 (2011). The Governor's Office expects OEIB staff to create, implement, and analyze the achievement compacts and to direct the Department of Education (ODE) and the Department of Community Colleges and Workforce Development (CCWD) to provide historical data for the achievement compacts for local districts. The Governor's Office intends for this to be a one-time data population at minimal cost of approximately \$15,000.

The Legislative Fiscal Office (LFO) questions the ability of the OEIB to create, implement, and analyze achievement compacts for over 200 education entities with the current staffing levels without retaining staff from ODE or CCWD. The ability of other agencies to absorb this work within existing resources is indeterminate.

LFO notes that the language in the measure regarding the possibility of waiving the alternative statewide assessment is unclear. The measure's intent appears to be that school districts could contract for a different assessment system if the OEIB directs ODE to waive the current statewide assessment system. The costs for ODE to monitor and track the alternative assessment would vary depending on how many school districts accepted this option, but could be as much as \$870,848 for one-time costs with ongoing costs of \$398,955 to ensure compliance with federal standards.

However, the language of the measure can be interpreted as ODE must implement and provide an alternative assessment system to the current statewide system. Currently, ODE provides school districts with a statewide assessment system (OAKS) as required by state law. If ODE is required to implement and provide an alternative assessment system to school districts, the estimated costs are approximately \$15.8 million.

Additionally, ODE states that an alternative assessment option would need to comply with federal requirements or require the state to seek a waiver of current federal law. Without the waiver, the state would lose the federal No Child Left Behind Act funding currently estimated at \$159 million. ODE notes that the current waiver request to the US Department of Education does not include an alternative assessment waiver. OEIB states that it would not jeopardize the loss of federal No Child Left Behind Act funds by allowing for an alternative assessment system that does not comply with federal requirements.

There is a minimal fiscal impact to ODE, CCWD and the Oregon University System for creation of achievement compacts.

The Legislative Fiscal Office has contacted school district representatives for fiscal impact information but has not received a response. If fiscal impact information is provided from school districts, LFO will issue a revised fiscal impact statement. School districts opting to contract for an alternative assessment will incur increased costs, however those costs will vary by school district and the terms of the contract. Additionally, LFO expects there could be costs to school districts associated with the advisory committees and reporting on achievement compacts, but these costs will also vary by school district. Some of the additional costs to school districts may be offset by the temporary waiver of continuous improvement plan requirements and the standards compliance reporting waiver.