

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2506 - A**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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Prepared by: Kim To  
Reviewed by: Daron Hill, Doug Wilson  
Date: 5/15/2013

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**Measure Description:**

Establishes Task Force on School Funding.

**Government Unit(s) Affected:**

Office of the Governor, Department of Education, education service districts, school districts, schools, school boards

**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:**

House Bill 2506 A-Engrossed establishes the 13-member Task Force on School Funding charged with making recommendations regarding possible modifications to the funding formulas used to distribute State School Fund moneys to school districts and education service districts. The recommendations must align with the policies established by the Oregon Education Investment Board and with state goals. The task force is required to submit a report that may include recommendations for legislation to an interim committee of the legislature by October 1, 2014.

In addition to four legislators, the remaining nine members of the task force include individuals who represent education service districts, school districts, schools, and school boards. This fiscal assumes that membership and participation on the task force will have minimal impact on these entities, and that any resulting work can be absorbed with existing resources. Each entity will have to reprioritize duties and responsibilities of existing staff to allow participation on the task force. All members of the task force serve as volunteers and are not entitled to per diem or reimbursements.

The Office of the Governor is directed to provide staff support to the task force. This fiscal assumes that the Office of the Governor will use existing staff and resources to carry out this directive.

77TH OREGON LEGISLATIVE ASSEMBLY  
2013 REGULAR SESSION  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE

MEASURE: HB 2506 - A  
CARRIER:

REVENUE: No Revenue Impact  
FISCAL: Fiscal Impact Issued

**Action:** Do Pass with Amendments, be printed Engrossed and be referred to Ways and Means by prior Reference.

**Vote:** 9-0-0

**Yeas:** Bailey, Bentz, Berger, Conger, Davis, Gelser, Read, Vega Pederson, Barnhart

**Nays:** 0

**Exc.:** 0

**Prepared By:** Dae Baek, Economist

**Meeting Dates:** 4/1, 5/15

**WHAT THE BILL DOES:** Establishes the Task Force on School Funding. Requires the task force to submit a report with recommendations to the legislature by October 1, 2014. Takes effect on passage.

**ISSUES DISCUSSED:**

- Need and timing of reexamining the State School Fund distribution formula
- Funding and management of the Task Force
- Representation by virtual schools to the task force

**EFFECT OF COMMITTEE AMENDMENTS:** Changes the composition of the Task Force.

**BACKGROUND:** The formula revenue available for school districts and education service districts has two funding sources. They are the State School Fund provided by the legislature and local revenues. The 1991 Legislature adopted the school equalization formula as distribution principle of the formula revenue, and phased in its implementation. Equity as measured by the equalization formula applied to all school districts beginning in the 1992-93 school year.

Education service districts (ESD) also receive the State School Fund. Before the Measure 5 (1990), they received no state aid. Subsequently, state support helped replace reduced property taxes. The 2001 Legislature adopted a 5 year phase-in plan to equalize ESD revenue, with the final equalization occurring in the 2005-06 school year.

State Capitol Building  
900 Court St NE, Room 143  
Salem, OR 97301-1347

Phone: 503-986-1266  
Fax: 503-986-1770  
<http://www.leg.state.or.us>