
MEMORANDUM

Legislative Fiscal Office
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To: Members of the Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office
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Date: June 11, 2013

Subject: Oregon Education Investment Board – SB 5548 Work Session
Recommendations

Oregon Education Investment Board –Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund				6,158,784
Other Funds				
Federal Funds				
Total Funds	\$0	\$0	\$0	\$6,158,784
Positions				15
FTE				15.00

Background Information

The Oregon Education Investment Board (OEIB) was established in 2011 as a primary focus point and advisory board to both the Governor and the Legislature on education issues spanning from pre-kindergarten through post-secondary education (P-20). The Board is chaired by the Governor. One major responsibility is to recommend strategic investments to ensure that the public education budget is integrated and is targeted to achieve the establish outcomes.

The OEIB appoints the State's Chief Education Officer (CEdO) who provides the staffing for the OEIB. While the CEdO position does not have general direct control or hire/fire authority for other education officials in the State, the CEdO does have authority for "direction and control...for matters related to the design and organization of the state's education system" over these officials.

For 2011-13, the budget for the OEIB and Office of the CEdO was part of the Office of the Governor as was the budget for the Early Learning Council and Youth Development Council. The OEIB and CEdO budgets were part of an appropriation of just less than \$3

million General Fund. The majority of the funding was used for employee/contract compensation (most for the 2nd year of the 2011-13 biennium). Additional funding was used for executive search, OEIB meeting costs, and for projects authorized by the OEIB. These projects included those related to return on education investment, planning for the longitudinal data system, and the Education Funding Team for the Governor's ten-year budget process. OEIB and the CEdO Office also relied on resources and loaned staff from Oregon Department of Education, Oregon University System, and other agencies.

For 2013-15, the OEIB is proposed to be established as a separate and independent state agency. The statutory authority for both the OEIB and CEdO are still scheduled to sunset in 2016.

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Education Investment Board.

- Work Session Presentation Report – LFO Analyst Recommended

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 6/8/2013.

Major changes to this budget in relation to the Current Service Level (CSL) are:

- This is a new agency for budgetary purposes for 2013-15 so there is no CSL number.
- The recommended budget includes the funding for the 11 positions currently housed in the Office of the Governor as well as the resources for the Board itself. The current staff makes up the Office of the Chief Education Officer, and generally is policy staff responsible for coordinating the P-20 education system. Funding is also included for contracting for studies as identified by the Board or the CEdO.
- The recommended budget only includes funding four positions or half of what the Governor had proposed for a research unit in the Office of the CEdO.
- Funding for the three strategic education initiatives included in the Governor's proposed budget is included but at a reduced level reflecting the overall decrease in funding for the initiatives from roughly \$35 million to \$27 million. No funding is provided for the proposed Support and Investment Fund.

Accept LFO Recommendation

Sen. /Rep. _____ moves the LFO recommendation to SB 5548.

Performance Measures

Since the agency is new for the 2013-15 it does not have any Key Performance Measures (KPMs) at this time. It has formed a good basis for determining KPMs for the future by

adopting goals and associated metrics. LFO recommends that the Board use these existing measures to determine the proposed overall KPMs for the future. As part of the development of the 2015-17 budget, the agency should propose KPMs.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

Budget Notes

The Oregon Education Investment Board, the Oregon Department of Education and other education related agencies are directed to report to the Joint Committee on Ways and Means during the 2014 Legislative Session on the progress of implementing the education strategic initiatives and the Network for Quality Teaching and Learning. The report shall include at the least the following:

1. For each individual program the total amount of grants or contracts awarded or entered into, the amount of grants or contracts committed to but not awarded, and the amount of funding remaining to be committed.
2. For each individual program a list of recipients of the grant award or contract, a short description of program or service the grant or contract was for, the target group of the program or service, the anticipated number served by the grant or contract, and the anticipated outcome of the grant or contract.
3. Any changes to law or practice that would improve the initiatives or network that should be considered by the Legislature during the 2014 or 2015 Sessions.
4. Any transfer of funding between individual programs and initiatives from the amount of funding assumed during the 2013 Session and the rationale for making each of the transfers.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$6,158,784 General Fund and that SB 5548 be amended accordingly.

Sen. /Rep. _____ moves the LFO recommended changes to SB 5548.

SB 5548 Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ moves SB 5548 to the full committee as amended with a "do pass" recommendation.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Total LFO Recommended Packages	6,158,784	-	-	-	-	-	6,158,784	15	15.00
2013-15 Legislative Actions	6,158,784	-	-	-	-	-	6,158,784	15	15.00
Net change from 2011-13 Leg Approved Budget	6,158,784	-	-	-	-	-	6,158,784	15	15.00
Percent change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2013-15 Current Service Level	6,158,784	-	-	-	-	-	6,158,784	15	15.00
Percent change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the package.

LFO Recommended	(13,108)	-	-	-	-	-	(13,108)	-	-
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the package.

LFO Recommended	(104,737)	-	-	-	-	-	(104,737)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 OEIB Board and Staff

Package Description This package funds operation of the OEIB and its current staff. It includes resources for 12 board members and 11 staff positions including the Chief Education Officer, a chief of staff, two deputies assigned for general areas of education policy, three policy analysts or project managers, a Board administrator and three support staff. The package also includes Services and Supplies for the general operations of the agency, \$500,000 for contracts, funding for paying the Department of Administrative Services for financial and administrative support (\$285,000), board expenses (\$24,000), travel and car allowance (\$88,000) and other costs. Also proposed is \$200,000 General Fund to establish a CEEdO support and incentives fund. The package has been adjusted for final PERS rates.

LFO Recommendation Generally approve the package except for the \$200,000 General Fund proposed for the CEEdO Support and Investment Fund. The budget does not include over \$200,000 in resources to meet its obligation for payments related to Pension Obligation Bonds as it was inadvertently left out during the development of the Governor's budget. LFO recommends adding \$100,000 to assist in filling the gap, but the agency will have to find savings in the budget to meet the remaining portion of the obligation.

LFO Recommended	4,621,042	-	-	-	-	-	4,621,042	11	11.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Educational Research Capacity

Package Description This package provides staff and funding resources to create a research unit for the P-20 educational continuum. It includes one research manager (PEM F), six Research Analyst 3s, and one Administrative Specialist 1. It also includes funding for position-related Services and Supplies. The package has been adjusted for final PERS rates.

LFO Recommendation Approve resources for one half of the proposal. The agency can decide how to structure the four positions (4 researchers) within the resources provided in the package to best meet their needs.

LFO Recommended	705,587	-	-	-	-	-	705,587	4	4.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 103 PK-20 Program Initiatives

Package Description The Governor included this package as part of his strategic education investments which was spread between the Department of Education, Oregon Student Access Commission and other agencies. For OEIB, these proposed investments included \$750,000 General Fund for convening regional compact grants, \$250,000 for state connections conferences, and \$250,000 for a high-profile statewide reading campaign. Staffing needs for any of these programs were assumed to be covered with existing OEIB staff.

LFO Recommendation Reduce the package by reducing the amount for convening regional compact grants to \$500,000, for the state connections conferences to \$200,000, and maintain the statewide reading campaign at \$250,000. Total reduction is \$300,000. This reflects the need to reduce the overall amount for the investments from roughly \$35 million to \$27 million.

LFO Recommended	950,000	-	-	-	-	-	950,000	-	-
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