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# MEMORANDUM

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**To:** Members of the Education Subcommittee

**From:** Doug Wilson, Legislative Fiscal Office  
(503) 986-1837

**Date:** June 12, 2013

**Subject:** Oregon Department of Education –SB 5518 Work Session  
Recommendations

## ***Oregon Department of Education –Totals***

|                    | <b>2009-11<br/>Actual</b> | <b>2011-13<br/>Legislatively<br/>Approved</b> | <b>2013-15<br/>Current Service<br/>Level</b> | <b>2013-15<br/>LFO<br/>Recommended</b> |
|--------------------|---------------------------|---|--|--|
| General Fund       | 319,396,354               | 340.837.528                                   | 367,172,563                                  | 432,006,914                            |
| Lottery Funds      | 55,232,892                | 54.160.517                                    | 42,457,585                                   | 42,371,076                             |
| Other Funds        | 56,757,548                | 62.940.399                                    | 62,948,708                                   | 122,408,573                            |
| Federal Funds      | 975,253,839               | 831.354.523                                   | 851,766,267                                  | 995,059,930                            |
| Nonlimited Other   | 103,361,263               | 107.024.055                                   | 107,024,055                                  | 94,331,467                             |
| Nonlimited Federal | 327,692,063               | 285.380.254                                   | 349,992,872                                  | 349,992,872                            |
| <b>Total Funds</b> | <b>\$1,837,693,959</b>    | <b>\$1,681,697,276</b>                        | <b>\$1,781,362,050</b>                       | <b>\$2,036,170,832</b>                 |
| Positions          | 406                       | 376   | 376  | 499                                    |
| FTE                | 381.74                    | 357.79  | 356.80                                       | 472.63                                 |

Does not include State School Fund.

## **Background Information**

The Oregon Department of Education (ODE) provides support to the Superintendent of Public Education (now the Governor) and the State Board of Education and provides leadership, technical assistance, and oversight of programs relating to K-12 education, special education, compensatory education, pre-school programs, school nutrition, youth corrections, and vocational education. The agency also is responsible for distributing the State School Fund to school districts and education service districts (ESD) as well as operating the Oregon School for the Deaf. The figures in the table above include all programs for ODE except for the State School Fund which is a separate summary item.

The majority of General Fund is for various grant-in-aid programs including Early Intervention/Early Childhood Special Education, and OR Prekindergarten. Other General Fund uses include departmental operations and the School for the Deaf. All of the Lottery Funds above are for debt service. Other Fund resources include fee

revenues and transfers from the State School Fund to programs like the Deaf School and long-term care educational programs. Nonlimited Other Funds is primarily the Common School Fund. Over 90% of the Federal Funds are for Grant-in-aid programs. Nonlimited Federal Fund resources are for nutrition related programs.

The Governor is the new Superintendent of Public Instruction but the agency is headed by the appointed Deputy Superintendent. In addition, there is a Chief Education Officer (CEdO) who has specific authority over the agency head as it relates to the overall organization of the P-20 system. The Oregon Education Investment Board and the State Board of Education also have significant roles in defining the activities of the agency. The proposed transfer of Early Childhood Learning programs and Youth Development programs bring two other high level officials and their own governing boards into the agency.

The Oregon Department of Education is currently implementing an agency-wide strategic plan including establishing new mission and value statements. The statements stress that ODE is to assist and collaborate with educational partners, move toward eliminating the achievement gap, and be "results focused" with less focus on compliance where possible and more focus on customer service. The current funding pattern of ODE staff is likely a limitation in changing the focus and direction of the agency from one of a regulatory and compliance to one of technical assistance and collaboration. Over the past few biennia, ODE staff resources have moved from being funded with almost 50% General Fund (a much more flexible funding source) in 2007-09 to just over 36% in 2011-13. The limitation is that the positions funded with Federal and Other Funds are tied to specific programs and functions. The limited number of positions funded with General Fund resources may limit the ability of the agency leadership to move toward where it wants to be. The recommended budget outlined in this memo does change this trend since positions related to the Network for Quality Teaching and Learning as well as the strategic initiatives are state resources including General Fund.

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Department of Education.

- Work Session Presentation Report – LFO Analyst Recommended

### **Adjustments to Current Service Level:**

See attached "Work Session Presentation Report" dated 6/12/2013.

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

- The recommended budget includes the assumption that HB 3231 and HB 3234 pass which establish two new divisions within ODE – Youth Development and Early Learning. The Youth Development Division consists of programs of which most were part of the former Commission for Children and Family. The Early Learning Division is the result of transferring child care programs from the Employment Department, other programs from the former Commission on Children and Families, and programs transferred from other units within ODE.

Some of these programs for both proposed divisions spent 2011-13 as part of the Office of the Governor.

- Two major initiatives are included as part of the recommendation. First almost \$25 million General Fund is appropriated for the Governor's proposed strategic education investments across three areas – Early Reading, Post-Secondary Aspirations, and Connecting to the World of Work. Funding is split in the ODE budget with most of it in the Grant-in-Aid budget unit for grants and contracts with school districts, consortiums of districts and higher education entities, and others. Other funding is found in the Operations unit for the staffing related to the initiatives.
- The second major initiative is the Quality Teaching and Learning Network proposed assist in developing better trained and more diverse educators. This proposal is funded with a \$33 million distribution from the school aid formula with most of the budget in the Grant-in-Aid unit and some resources in the Operations for the related staff.
- Funding is proposed for a business case and related project management materials for a statewide longitudinal data system (\$200,000 General Fund) and for replacement of hardware and software (\$500,000 General Fund).
- There is \$1.7 million General Fund for ODE's responsibilities under an Executive Order which address the needs of individuals with disabilities, specifically in the area of employment. This address issues and concerns raised in a U.S. Department of Justice's Office of Civil Rights complaint.
- Funding is also added for a number of programs including physical education grants, SMART program, First Robotics, Ready to Read program, and a position to address education issues of Native Americans.
- This budget assumes a Special Purpose Appropriation (SPA) to the Emergency Board of \$4.6 million General Fund for additional resources for the second year of the biennium for implementation of the new assessment system. A second SPA is assumed of \$1.8 million General Fund to provide resources for Youth Development programs in the second year of the biennium as the Youth Development Council finishes a funding allocation plan with a report to the Legislature.

### ***Accept LFO Recommendation***

*Sen. /Rep. \_\_\_\_\_ moves the LFO recommendation to SB 5518.*

### **Performance Measures**

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form

### **Accept LFO Recommendation**

*Move the LFO recommendation on Key Performance Measures*

**Budget Notes**

**Budget Note 1 on Reporting on Initiatives (Same as in OEIB)**

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.

**Budget Note 2 on Longitudinal Data System (Policy Package 300 in Operations)**

The Oregon Department of Education (ODE) and the Oregon Education Investment Board (OEIB) must work closely with the Department of Administrative Services' (DAS) Chief Information Office in all activities related to the development of the needs analysis, business case/option analysis, and related foundational project management materials for the proposed Longitudinal Data System. OEIB and ODE must also follow DAS standards in the development of these materials.

Prior to requesting any further funding than the amount included in Package 300, ODE and OEIB must complete a detailed problem statement, strategic alignment documentation, detailed needs assessment, and a completed business case which includes a high level project schedule, resource plan, financial plan, information on the anticipated return on investment, quality management plan, and a risk management plan.

ODE and OEIB is instructed to report back to the Joint Committee on Ways and Means during the 2014 legislative session on their progress on completing these project planning materials. If the materials are not completed, ODE and OEIB will need to report to the Emergency Board prior to formally requesting further funding for the project.

**Budget Note 3 on Priority for Assisting Students to pay for fees for dual credit exams**

The Department of Education is instructed when making grants to programs for assisting high-school students in the payment of fees for examinations which lead to the award of post-secondary education credits to base the award in the following priority order. First priority is for low income students taking their first nationally standardized examination, second priority is for all other students taking their first nationally standardized examination, third priority is for student taking their second or more nationally standardized examination, and then funding can be made available for students taking non-nationally standardized examinations.

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of \$432,006,914 General Fund, 42,371,076 Lottery Funds, \$122,408,573 Other Funds, \$995,059,930 Federal Funds, \$94,331,467 in Nonlimited Other Funds, and \$349.992.872 in Nonlimited Federal Funds; and that SB 5518 be amended accordingly.

*Sen./Rep. \_\_\_\_\_ moves the LFO recommended changes to SB 5518.*

**SB 5518 Final Subcommittee Action:**

***Final Motion:***

*Sen./Rep. \_\_\_\_\_ moves SB 5518 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                         | 5,498,242,728 | 609,291,917   | 57,609,397  | 892,354,523   | 107,024,055            | 285,380,254              | 7,449,902,874 | 376       | 357.79                     |
| 2011-13 Ebds, SS & Admin Act                      | 3,344,351     | (1,130,683)   | 5,671,254   | -             | -                      | -                        | 7,884,922     | -         | -                          |
| Ways & Means Actions                              | -             | -             | -           | -             | -                      | -                        | -             | -         | -                          |
| 2011-13 Leg Approved Budget                       | 5,501,587,079 | 608,161,234   | 63,280,651  | 892,354,523   | 107,024,055            | 285,380,254              | 7,457,787,796 | 376       | 357.79                     |
| 2011-13 Leg Approved Budget (Base)                | 5,501,587,079 | 608,161,234   | 63,280,651  | 892,354,523   | 107,024,055            | 285,380,254              | 7,457,787,796 | 376       | 357.79                     |
| Summary of Base Adjustments                       | 3,982,095     | (11,702,932)  | (1,677,887) | 2,500,375     | -                      | 64,612,618               | 57,714,269    | -         | (0.99)                     |
| 2013-15 Base Budget                               | 5,505,569,174 | 596,458,302   | 61,602,764  | 894,854,898   | 107,024,055            | 349,992,872              | 7,515,502,065 | 376       | 356.80                     |
| 010: Non-PICS Pers Svc/Vacancy Factor             | 394,785       | -             | 176,758     | 235,646       | -                      | -                        | 807,189       | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost           | (7,375,360)   | -             | -           | (61,000,000)  | -                      | -                        | (68,375,360)  | -         | -                          |
| 030: Inflation & Price List Adjustments           | 645,421,327   | 68,492,729    | 1,580,122   | 19,073,258    | -                      | -                        | 734,567,436   | -         | -                          |
| 040: Mandated Caseload                            | 67,261,374    | 5,523,281     | 5,700       | -             | -                      | -                        | 72,790,355    | -         | -                          |
| 050: Fundshifts and Revenue Reductions            | 80,161,857    | (236,846,874) | (15,810)    | (1,397,535)   | -                      | -                        | (158,098,362) | -         | -                          |
| 2013-15 Current Service Level                     | 6,291,433,157 | 433,627,438   | 63,349,534  | 851,766,267   | 107,024,055            | 349,992,872              | 8,097,193,323 | 376       | 356.80                     |
| 070: Revenue Reductions/Shortfall                 | -             | -             | -           | (8,754,439)   | (2,366,715)            | -                        | (11,121,154)  | -         | -                          |
| 080: E-Boards                                     | (26,865)      | -             | 1,346       | -             | -                      | -                        | (25,519)      | (3)       | (2.83)                     |
| Adjusted 2013-15 Current Service Level            | 6,291,406,292 | 433,627,438   | 63,350,880  | 843,011,828   | 104,657,340            | 349,992,872              | 8,086,046,650 | 373       | 353.97                     |
| Total LFO Recommended Packages                    | 376,053,058   | (76,708,798)  | 59,458,519  | 152,048,102   | (10,325,873)           | -                        | 500,525,008   | 126       | 118.66                     |
| 2013-15 Legislative Actions                       | 6,667,459,350 | 356,918,640   | 122,809,399 | 995,059,930   | 94,331,467             | 349,992,872              | 8,586,571,658 | 499       | 472.63                     |
| Net change from 2011-13 Leg Approved Budget       | 1,165,872,271 | (251,242,594) | 59,528,748  | 102,705,407   | (12,692,588)           | 64,612,618               | 1,128,783,862 | 123       | 114.84                     |
| Percent change from 2011-13 Leg Approved Budget   | 21.2%         | (41.3%)       | 94.1%       | 11.5%         | (11.9%)                | 22.6%                    | 15.1%         | 32.7%     | 32.1%                      |
| Net change from 2013-15 Current Service Level     | 376,053,058   | (76,708,798)  | 59,458,519  | 152,048,102   | (10,325,873)           | -                        | 500,525,008   | 126       | 118.66                     |
| Percent change from 2013-15 Current Service Level | 6.0%          | (17.7%)       | 93.9%       | 18.0%         | (9.9%)                 | 0.0%                     | 6.2%          | 33.8%     | 33.5%                      |

|   | General Fund      | Lottery Funds | Other Funds       | Federal Funds     | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds        | Positions  | Full-Time Equivalent (FTE) |
|---|-------------------|---------------|-------------------|-------------------|------------------------|--------------------------|--------------------|------------|----------------------------|
| <b>2011-13 Agy. Leg. Adopted</b>                  | 36,612,097        | -             | 14,213,101        | 58,278,523        | 5,271,167              | -                        | 114,374,888        | 269        | 264.34                     |
| 2011-13 Ebds, SS & Admin Act                      | (2,312,318)       | -             | -                 | -                 | -                      | -                        | (2,312,318)        | -          | -                          |
| Ways & Means Actions                              | -                 | -             | -                 | -                 | -                      | -                        | -                  | -          | -                          |
| <b>2011-13 Leg Approved Budget</b>                | <b>34,299,779</b> | <b>-</b>      | <b>14,213,101</b> | <b>58,278,523</b> | <b>5,271,167</b>       | <b>-</b>                 | <b>112,062,570</b> | <b>269</b> | <b>264.34</b>              |
| <b>2011-13 Leg Approved Budget (Base)</b>         | <b>34,299,779</b> | <b>-</b>      | <b>14,213,101</b> | <b>58,278,523</b> | <b>5,271,167</b>       | <b>-</b>                 | <b>112,062,570</b> | <b>269</b> | <b>264.34</b>              |
| Summary of Base Adjustments                       | 2,645,818         | -             | 1,531,329         | 2,532,648         | -                      | -                        | 6,709,795          | 3          | 3.93                       |
| <b>2013-15 Base Budget</b>                        | <b>36,945,597</b> | <b>-</b>      | <b>15,744,430</b> | <b>60,811,171</b> | <b>5,271,167</b>       | <b>-</b>                 | <b>118,772,365</b> | <b>272</b> | <b>268.27</b>              |
| 010: Non-PICS Pers Svc/Vacancy Factor             | 247,493           | -             | 111,979           | 234,005           | -                      | -                        | 593,477            | -          | -                          |
| 020: Phase In / Out Pgm & One-time Cost           | (2,375,360)       | -             | -                 | -                 | -                      | -                        | (2,375,360)        | -          | -                          |
| 030: Inflation & Price List Adjustments           | 28,903            | -             | 423,433           | 526,062           | -                      | -                        | 978,398            | -          | -                          |
| <b>2013-15 Current Service Level</b>              | <b>34,846,633</b> | <b>-</b>      | <b>16,279,842</b> | <b>61,571,238</b> | <b>5,271,167</b>       | <b>-</b>                 | <b>117,968,880</b> | <b>272</b> | <b>268.27</b>              |
| 070: Revenue Reductions/Shortfall                 | -                 | -             | -                 | (7,666,101)       | (2,366,715)            | -                        | (10,032,816)       | -          | -                          |
| 080: E-Boards                                     | 122,946           | -             | 1,346             | -                 | -                      | -                        | 124,292            | (1)        | (1.00)                     |
| <b>Adjusted 2013-15 Current Service Level</b>     | <b>34,969,579</b> | <b>-</b>      | <b>16,281,188</b> | <b>53,905,137</b> | <b>2,904,452</b>       | <b>-</b>                 | <b>108,060,356</b> | <b>271</b> | <b>267.27</b>              |
| <b>Total LFO Recommended Packages</b>             | <b>10,979,412</b> | <b>-</b>      | <b>6,965,971</b>  | <b>18,167,675</b> | <b>(200,000)</b>       | <b>-</b>                 | <b>35,913,058</b>  | <b>141</b> | <b>126.17</b>              |
| <b>2013-15 Legislative Actions</b>                | <b>45,948,991</b> | <b>-</b>      | <b>23,247,159</b> | <b>72,072,812</b> | <b>2,704,452</b>       | <b>-</b>                 | <b>143,973,414</b> | <b>412</b> | <b>393.44</b>              |
| Net change from 2011-13 Leg Approved Budget       | 11,649,212        | -             | 9,034,058         | 13,794,289        | (2,566,715)            | -                        | 31,910,844         | 143        | 129.10                     |
| Percent change from 2011-13 Leg Approved Budget   | 34.0%             | 0.0%          | 63.6%             | 23.7%             | (48.7%)                | 0.0%                     | 28.5%              | 53.2%      | 48.8%                      |
| Net change from 2013-15 Current Service Level     | 10,979,412        | -             | 6,965,971         | 18,167,675        | (200,000)              | -                        | 35,913,058         | 141        | 126.17                     |
| Percent change from 2013-15 Current Service Level | 31.4%             | 0.0%          | 42.8%             | 33.7%             | (6.9%)                 | 0.0%                     | 33.2%              | 52.0%      | 47.2%                      |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 060 Technical Adjustments**

Package Description This revenue neutral package changes spending and its funding in two Services and Supplies categories (Facilities Rental and Agency Program Related S&S) to reflect actual spending patterns. Overall \$290,172 in General Fund, \$319,771 in Other Funds and \$609,943 in Federal Funds is moved between the categories.

LFO Recommendation Approve the package.

|                 |   |   |   |   |   |   |   |   |   |
|-----------------|---|---|---|---|---|---|---|---|---|
| LFO Recommended | - | - | - | - | - | - | - | - | - |
|-----------------|---|---|---|---|---|---|---|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 070 Revenue Shortfalls**

Package Description This package reduces Other Funds and Federal Funds limitation that is no longer required and/or not supported by the revenues available for 2013-15.

LFO Recommendation Approve the package.

|                 |   |   |   |             |             |   |              |   |   |
|-----------------|---|---|---|-------------|-------------|---|--------------|---|---|
| LFO Recommended | - | - | - | (7,666,101) | (2,366,715) | - | (10,032,816) | - | - |
|-----------------|---|---|---|-------------|-------------|---|--------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 081 May 2012 E-Board**

Package Description Adjustments were made by the May 2012 Emergency Board to reflect the staffing requirements included in HB 4131 passed by the 2011 Legislature. For the Operations part of the ODE budget, one position is eliminated -- a PEM F supervisory position. At the same time, resources were added back into the budget (Professional Services) related to other Emergency Board actions.

The package was modified to reflect a reduction in the budgeted PERS employer rate due to the effect of HB 822.

LFO Recommendation Approve the package.

|                 |         |   |       |   |   |   |         |     |        |
|-----------------|---------|---|-------|---|---|---|---------|-----|--------|
| LFO Recommended | 122,946 | - | 1,346 | - | - | - | 124,292 | (1) | (1.00) |
|-----------------|---------|---|-------|---|---|---|---------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 090 Analyst Adjustments**

Package Description This package reflects adjustment to the Operations budget totaling \$1.6 million Total Funds and \$1.9 million General Fund. The reductions include:

1. Elimination of dues for the National Association of State Boards of Education.
2. Reduction of two State Board of Education meetings during the biennium.
3. Shift in funding for computer services to Federal Funds for one biennium reducing the amount of Federal Funds for other purposes.
4. Elimination of the e-rate contract and elimination of the connectivity grants. Will likely increase workload/cost offsets for both school district staff and ODE staff.
5. One-time shift of Office of Finance and Administration payroll costs to miscellaneous revenues reducing this resource by an estimated 80% which could affect how the agency deals with unexpected costs during the biennium.
6. Eliminate resources for a nursing specialist position.
7. Discontinue writing math and English language arts test items which should be replaced by the new assessment system added starting in 2014-15 school year.
8. Eliminate resources for an education specialist position relating to foreign language content areas.
9. Eliminate contract for technical assistance relating to assessments and other areas which will likely reduce assistance to districts.
10. For the Office of Assessment and information Services (OAIS), positions will be left vacant for at least 60 days generating further vacancy savings.

Additional Other Funds limitation is added to offset some of the General Fund reductions above.

LFO Recommendation Approve the package with the change to include eliminating the positions where the funding has been cut.

|                 |             |   |         |          |   |   |             |     |        |
|-----------------|-------------|---|---------|----------|---|---|-------------|-----|--------|
| LFO Recommended | (1,876,574) | - | 300,000 | (47,599) | - | - | (1,624,173) | (2) | (2.00) |
|-----------------|-------------|---|---------|----------|---|---|-------------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve the package.

|                 |           |   |           |           |   |   |           |   |   |
|-----------------|-----------|---|-----------|-----------|---|---|-----------|---|---|
| LFO Recommended | (276,887) | - | (123,622) | (413,865) | - | - | (814,374) | - | - |
|-----------------|-----------|---|-----------|-----------|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | (69,775) | - | (16,308) | (73,733) | - | - | (159,816) | - | - |
|-----------------|----------|---|----------|----------|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | (466,499) | - | (109,031) | (492,957) | - | - | (1,068,487) | - | - |
|-----------------|-----------|---|-----------|-----------|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 100 Superintendent Office Reorg**

Package Description As a result of SB 552 passed by the 2011 Legislature, the Governor assumes the responsibilities of the former elected Superintendent of Public Instruction. The Governor was also granted the authority to set the salary of the new Deputy Superintendent (\$190,000) who is effectively the agency head. This package adds resources to meet this designated salary and related costs.

This package also eliminates the position for the former elected Superintendent and the executive assistant position which supported the Superintendent. In addition, the package reclasses an existing management position upwards to create a chief of staff position. The package reflects the reduction in the budgeted PERS employer rate to reflect the passage of SB 822.

LFO Recommendation Approve the package.

|                 |          |   |   |          |   |   |          |     |        |
|-----------------|----------|---|---|----------|---|---|----------|-----|--------|
| LFO Recommended | (50,520) | - | - | (24,747) | - | - | (75,267) | (2) | (2.00) |
|-----------------|----------|---|---|----------|---|---|----------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 101 Operations Cleanup**

Package Description This package realigns funding sources for positions and Services & Supplies categories to reflect actual practices. Funding for over 40 positions are adjusted but overall the proposed package has a net savings of \$1,274 Total Funds and \$1,315 General Fund.

Two positions are established by this package in the School Finance Section -- a Research Analyst 4 and an Administrative Specialist 2. Both of these positions have been limited duration positions in the past.

The package has been adjusted to reflect a reduction in the budgeted PERS employer rate based on SB 822.

LFO Recommendation Approve the package except one more position and 1.00 FTE must be added to reflect the actual intent of the requested package. In the development of the Governor's budget, this position was inadvertently left out.

|                 |         |   |        |          |   |   |         |   |      |
|-----------------|---------|---|--------|----------|---|---|---------|---|------|
| LFO Recommended | (1,315) | - | 10,355 | (10,314) | - | - | (1,274) | 3 | 3.00 |
|-----------------|---------|---|--------|----------|---|---|---------|---|------|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 103 Native American Education**

Package Description This package establishes a position to address the needs and challenges of Native American students in the K-12 education system. A vacant position has been identified within the agency to assist in funding this new position.

LFO Recommendation Approve the package.

|                 |        |   |   |          |   |   |          |   |   |
|-----------------|--------|---|---|----------|---|---|----------|---|---|
| LFO Recommended | 83,342 | - | - | (96,823) | - | - | (13,481) | - | - |
|-----------------|--------|---|---|----------|---|---|----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 104 CNP Positions**

Package Description This package establishes 3 positions (3.00 FTE) in the Child Nutrition Programs unit due to increasing workload in the unit over the past few biennia. Funding for the positions (\$492,598) is entirely Federal Funds. It is anticipated that the workload will continue in future biennia. The three positions are two Child Nutrition Specialists and an Administrative Specialist 1. One of the positions will be for a Community Nutrition Auditor for monitoring the system to stay compliant with federal rules for the nutrition programs. The package is adjusted to reflect a reduction in the budgeted PERS employer rate based on SB 822 assumptions.

LFO Recommendation Approve the package.

|                 |   |   |   |         |   |   |         |   |      |
|-----------------|---|---|---|---------|---|---|---------|---|------|
| LFO Recommended | - | - | - | 492,598 | - | - | 492,598 | 3 | 3.00 |
|-----------------|---|---|---|---------|---|---|---------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 300 Longitudinal Data System**

Package Description This package provides resources for the creation of a longitudinal data system for tracking student/school information from early learning through post-secondary education. The \$200,000 General Fund is proposed for the initial steps of the project including a business plan and \$500,000 is proposed for information system equipment replacement. The \$10.0 million in Other Funds represents a request for bonding authority and proceeds as the first "installment" for the longitudinal data sytem's development costs.

LFO Recommendation Approve the \$700,000 General Fund for the business planning and equipment replacement. The highest priority for these resources is to complete the business case and related project management materials for the Longitudinal data system. The limitation related to the bonding authority will be included in the capital construction bill if approved. The agency is directed to report on the business case and other project planning material when work is completed to either the Interim Joint Committee on Ways and Means, the 2014 Legislature or the Emergency Board.

Budget Notes The Oregon Department of Education (ODE) and the Oregon Education Investment Board (OEIB) must work closely with the Department of Administrative Services' (DAS) Chief Information Office in all activities related to the development of the needs analysis, business case/option analysis, and related foundational project management materials for the proposed Longitudinal Data System. OEIB and ODE must also follow DAS standards in the development of these materials.

Prior to requesting any further funding than the amount included in Package 300, ODE and OEIB must complete a detailed problem statement, strategic alignment documentation, detailed needs assessment, and a completed business case which includes a high level project schedule, resource plan, financial plan, information on the anticipated return on investment, quality management plan, and a risk management plan.

ODE and OEIB are instructed to report back to the Joint Committee on Ways and Means during the 2014 legislative session on their progress on completing these project planning materials. If the materials are not completed, ODE and OEIB will need to report to the Emergency Board prior to formally requesting further funding for the project.

|                 |         |   |   |   |   |   |         |   |   |
|-----------------|---------|---|---|---|---|---|---------|---|---|
| LFO Recommended | 700,000 | - | - | - | - | - | 700,000 | - | - |
|-----------------|---------|---|---|---|---|---|---------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 350 Student Achievement Centers**

Package Description The Governor's package included the request for \$6.0 million in bonding authority and related Other Funds expenditure limitation to establish four to six regional Student Achievement Centers. This request was part of a larger proposal for a Quality Teacher and Learner Network for professional development and recruitment for education professionals.

LFO Recommendation LFO does not recommend this package since the proposal for the network has moved beyond the "bricks and mortar" or individual centers to a series programs awarding grants, contracts, and other efforts funded with General Fund generally administered by ODE with the guidance of the OEIB and Chief Education Officer.

LFO Recommended - - - - -

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 401 PCS transfer to HECC**

Package Description This package transfers the staff, resources and expenditure limitaiton (Other and Federal Funds) from the Oregon Department of Education to the Higher Education Coordination Commission (HECC). The 2012 Legislature passed SB 1538 which transferred the oversight of and licening aurhority for private career schools effective July 1, 2013. Any fund balances in the Tuition Protection Fund and the Private Career Licensing Fees Fund will be transferred at the same time (total amount of transferred fund balances is \$1.3 million).

Two positions and components of other positions are also transferred (2 positions and 3.96 FTE). The General Fund in the package trues up the funding for the transferred and remaining positions between General and Federal Funds.

LFO Recommendation Approve the package generally but complete package by transferring the Veterans portion of the program also and an additional 2 positions.

|                 |       |   |           |           |           |   |             |     |        |
|-----------------|-------|---|-----------|-----------|-----------|---|-------------|-----|--------|
| LFO Recommended | 1,384 | - | (460,495) | (665,694) | (200,000) | - | (1,324,805) | (4) | (5.46) |
|-----------------|-------|---|-----------|-----------|-----------|---|-------------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 501 Transfer to Early Learning**

Package Description This package is part of the establishment of a new Early Learning Division within the Oregon Department of Education as authorized in HB 3234. Programs in ODE, Employment (child care), and the Early Learning Council staff currently in the budget of the Office of the Governor are consolidated in this new division. This package transfers 3 positions (3.00 FTE) responsible for the administration of Oregon Pre-Kindergarten (OPK), Early Head Start, Early Intervention (EI), and Early Childhood Special Education programs. A related package in the Grant-in-Aid section of the ODE budget transfers the program funding.

LFO Recommendation Approve the package generally; but given the current structure of the agency's budget the staffing and related spending are to be part of Operations while the funds flowing to communities and districts stay within the new Early Learning Division. In addition, the Early Intervention (EI) and the Early Childhood Special Education programs will remain in their current budget structures. Also included in this package are five Info Systems positions (5.00 FTE) funded with federal funding that were not included in the Governor's budget for transfer from the Employment Department that were dedicated to the Child Care program. Three of the positions are limited duration.

LFO Analyst Notes

|                 |           |   |           |            |   |   |            |     |       |
|-----------------|-----------|---|-----------|------------|---|---|------------|-----|-------|
| LFO Recommended | 6,502,809 | - | 3,026,925 | 19,860,042 | - | - | 29,389,776 | 108 | 98.87 |
|-----------------|-----------|---|-----------|------------|---|---|------------|-----|-------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 502 Transfer to Youth Development**

Package Description This package moves the budget for the Youth Development Council into the Department of Education. HB 3231 provides the authorization for the transfer. Currently these programs are part of the Office of the Governor and most were programs of the former State Commission for Childrens' and Families. Overall, \$8.4 million General Fund and \$19.6 million total funds is transferred into the Oregon Department of Education. In addition, 10 positions and 6.88 FTE are also transferred into the agency. The programs that are transferred include:

1. Title XX Youth Investment Program (\$6.4 Million Other Funds from federal funds received from the Department of Human Services) which addresses issues faced by non-delinquent youth between ages 11 through 18 and funds are directed to communities to address risk factors.
2. Juvenile Crime Prevention Program (\$6.1 million GF & \$9.7 million TF) which provides funding to school based services, family support services, teen and peer courts, gang outreach, education and skill building, behavioral health, and mentoring.
3. Gang Involved Youth Program (\$1.0 million GF) directed to activities reducing youth gang violence and involvement. This is a new grant program. There is also gang related funding in the Oregon Youth Authority budget.
4. Community Schools (\$100,000 GF) which supports programs at five schools across the state designed to improve student achievement including extended day or year programming.
5. Safe and Equitable Foster Care Reduction (\$0.9 millin Other Funds) is a partnership with the Department of Human Services and the Courts to promote the strength and stability of families to reduce the risk of children ending up in Foster Care.
6. Youth Deveopment Council Policy and Support (\$1.2 million GF and \$1.4 million TF) which provides policy direction and monitoring of the Council's and Division's programs as well as provides the administrative support to the Council and Division.

LFO Recommendation Approve the transfer but in this package move the staffing and related spending to the Operations Division to be aligned with the current agency budget structure. The various grant programs that are distributed across the State will remain in the new Youth Development Division.

|                 |           |   |         |         |   |   |           |   |      |
|-----------------|-----------|---|---------|---------|---|---|-----------|---|------|
| LFO Recommended | 2,674,469 | - | 615,078 | 779,847 | - | - | 4,069,394 | 8 | 9.38 |
|-----------------|-----------|---|---------|---------|---|---|-----------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 810 LFO Analyst Adjustments**

Package Description This package is reserved for technical changes to insure the budget is established properly. In this package adjustments have been made to align Personal Services with the final need of the agency and within the available resources for the transfer of the Early Learning and Youth Development staff to the agency.

LFO Recommendation Approve the package.

|                 |         |   |       |             |   |   |           |   |   |
|-----------------|---------|---|-------|-------------|---|---|-----------|---|---|
| LFO Recommended | 164,302 | - | (176) | (1,139,080) | - | - | (974,954) | - | - |
|-----------------|---------|---|-------|-------------|---|---|-----------|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 811 Integrated Employment Executive Order**

Package Description The Governor issued Executive Order #13-04 which addresses the needs of individuals with disabilities, specifically in the area of employment. This Executive Order address the issues and concerns raised in the U.S. Department of Justice's Office of Civil Rights complaint relating to these issues. A legal case still remains open regarding some related issues.

The Department of Education was an active partner along with the Department of Human Services (Office of Developmental Disabilities Services and Office of Vocational Rehabilitation) in the development for the Executive Order along with the Department of Justice (state) and the Governor's Office. ODE will work with DHS to improve the system of desiging and delivering employment services to persons with intellectual and developmental disabilities. This should result in a reduction over time of state support of sheltered work and increased investment in employment services. The Executive Order (Article X - Education Provisions) sets out specific expectations for ODE and the educational system to accomplish including the provision of transition services for this population.

The package includes one Education Specialist position to coordinate the activities of transition specialists that will be locally contracted for across the state. Funding is also available to pay for substitute teachers when staff is out of the classroom for training, data collection, and monitoring.

LFO Recommendation Approve the package.

|                 |           |   |   |   |   |   |           |   |      |
|-----------------|-----------|---|---|---|---|---|-----------|---|------|
| LFO Recommended | 1,643,478 | - | - | - | - | - | 1,643,478 | 1 | 0.88 |
|-----------------|-----------|---|---|---|---|---|-----------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 816 Strategic Initiatives Staffing**

Package Description This package provides the staffing for the agency's share of the Strategic Education Initiatives. The initiatives are laid out in three areas -- Early Reading Program (1.5 FTE), Guidance and Support for Post-Secondary Aspirations (2.9 FTE), and Connecting to the World of Work (3.1 FTE). Ten positions are created and are also spread across the three initiatives.

LFO Recommendation Approve the package based on the overall level of funding for the initiatives is assumed at \$27 million General Fund. If the overall amount changes for the agency's programs, the staffing resource needs may also change.

|                 |           |   |   |   |   |   |           |    |      |
|-----------------|-----------|---|---|---|---|---|-----------|----|------|
| LFO Recommended | 1,951,198 | - | - | - | - | - | 1,951,198 | 10 | 7.50 |
|-----------------|-----------|---|---|---|---|---|-----------|----|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 817 Quality Teaching Network**

Package Description This package provides the staffing and other related resources for the activities under the Quality Teaching and Learning Network established by HB 3233. Funding for these resources are from the Quality Teaching and Learning Network Fund established in HB 2506 and funded by a distribution from the school formula. Sixteen positions (13.00 FTE) are established for the staffing functions of the Network.

LFO Recommendation Approve the package.

|                 |   |   |           |   |   |   |           |    |       |
|-----------------|---|---|-----------|---|---|---|-----------|----|-------|
| LFO Recommended | - | - | 3,723,245 | - | - | - | 3,723,245 | 16 | 13.00 |
|-----------------|---|---|-----------|---|---|---|-----------|----|-------|

|   | General Fund      | Lottery Funds | Other Funds      | Federal Funds  | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds       | Positions   | Full-Time Equivalent (FTE) |
|---|-------------------|---------------|------------------|----------------|------------------------|--------------------------|-------------------|-------------|----------------------------|
| <b>2011-13 Agy. Leg. Adopted</b>                  | <b>11,131,950</b> | -             | <b>8,243,389</b> | <b>300,000</b> | -                      | -                        | <b>19,675,339</b> | <b>99</b>   | <b>85.45</b>               |
| 2011-13 Ebds, SS & Admin Act                      | (151,056)         | -             | -                | -              | -                      | -                        | (151,056)         | -           | -                          |
| Ways & Means Actions                              | -                 | -             | -                | -              | -                      | -                        | -                 | -           | -                          |
| <b>2011-13 Leg Approved Budget</b>                | <b>10,980,894</b> | -             | <b>8,243,389</b> | <b>300,000</b> | -                      | -                        | <b>19,524,283</b> | <b>99</b>   | <b>85.45</b>               |
| <b>2011-13 Leg Approved Budget (Base)</b>         | <b>10,980,894</b> | -             | <b>8,243,389</b> | <b>300,000</b> | -                      | -                        | <b>19,524,283</b> | <b>99</b>   | <b>85.45</b>               |
| Summary of Base Adjustments                       | 1,336,277         | -             | (102,411)        | 30,645         | -                      | -                        | 1,264,511         | (3)         | (4.92)                     |
| <b>2013-15 Base Budget</b>                        | <b>12,317,171</b> | -             | <b>8,140,978</b> | <b>330,645</b> | -                      | -                        | <b>20,788,794</b> | <b>96</b>   | <b>80.53</b>               |
| 010: Non-PICS Pers Svc/Vacancy Factor             | 147,292           | -             | 3,837            | 2,511          | -                      | -                        | 153,640           | -           | -                          |
| 030: Inflation & Price List Adjustments           | 23,166            | -             | 171,639          | 2,103          | -                      | -                        | 196,908           | -           | -                          |
| 060: Technical Adjustments                        | (988,426)         | -             | (5,131,768)      | -              | -                      | -                        | (6,120,194)       | -           | -                          |
| <b>2013-15 Current Service Level</b>              | <b>11,499,203</b> | -             | <b>3,184,686</b> | <b>335,259</b> | -                      | -                        | <b>15,019,148</b> | <b>96</b>   | <b>80.53</b>               |
| 080: E-Boards                                     | (149,811)         | -             | -                | -              | -                      | -                        | (149,811)         | (2)         | (1.83)                     |
| <b>Adjusted 2013-15 Current Service Level</b>     | <b>11,349,392</b> | -             | <b>3,184,686</b> | <b>335,259</b> | -                      | -                        | <b>14,869,337</b> | <b>94</b>   | <b>78.70</b>               |
| <b>Total LFO Recommended Packages</b>             | <b>(232,375)</b>  | -             | <b>475,947</b>   | <b>170,519</b> | -                      | -                        | <b>414,091</b>    | <b>(11)</b> | <b>(3.51)</b>              |
| <b>2013-15 Legislative Actions</b>                | <b>11,117,017</b> | -             | <b>3,660,633</b> | <b>505,778</b> | -                      | -                        | <b>15,283,428</b> | <b>83</b>   | <b>75.19</b>               |
| Net change from 2011-13 Leg Approved Budget       | 136,123           | -             | (4,582,756)      | 205,778        | -                      | -                        | (4,240,855)       | (16)        | (10.26)                    |
| Percent change from 2011-13 Leg Approved Budget   | 1.2%              | 0.0%          | (55.6%)          | 68.6%          | 0.0%                   | 0.0%                     | (21.7%)           | (16.2%)     | (12.0%)                    |
| Net change from 2013-15 Current Service Level     | (232,375)         | -             | 475,947          | 170,519        | -                      | -                        | 414,091           | (11)        | (3.51)                     |
| Percent change from 2013-15 Current Service Level | (2.0%)            | 0.0%          | 14.9%            | 50.9%          | 0.0%                   | 0.0%                     | 2.8%              | (11.7%)     | (4.5%)                     |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 060 Technical Adjustments**

Package Description This package moves the resources and related expenditure limitation for the Blind and Visually Impaired Student Fund (BVISF) from the Oregon School for the Deaf budget to the ODE Grant-in-Aid section budget unit. This does not change the use or nature of the BVISF but only transfers the Fund to the section of the ODE budget which is most appropriate. The transfer involves \$988,426 General Fund and \$6.1 million total funds. It is revenue and expenditure neutral to the entire ODE budget. A corresponding package is part of the Grant-in-Aid SCR. The appropriate revenue transfers in this budget unit and in the Grant-in-Aid budget unit will need to be transferred.

LFO Recommendation Approve the transfer.

|                 |           |   |             |   |   |   |             |   |   |
|-----------------|-----------|---|-------------|---|---|---|-------------|---|---|
| LFO Recommended | (988,426) | - | (5,131,768) | - | - | - | (6,120,194) | - | - |
|-----------------|-----------|---|-------------|---|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 081 May 2012 E-Board**

Package Description Adjustments were made by the May 2012 Emergency Board to reflect the staffing requirements included in HB 4131 passed by the 2011 Legislature. For the Oregon School for the Deaf part of the ODE budget, two positions (1.83 FTE) are eliminated -- a Dormitory Counselor Supervisor and a Supervising Teacher position. A total of \$149,811 in General Fund savings are included in the package. The package was modified to reflect a reduction in the budgeted PERS employer rate due to the effect of HB 822.

LFO Recommendation Approve the package.

|                 |           |   |   |   |   |   |           |     |        |
|-----------------|-----------|---|---|---|---|---|-----------|-----|--------|
| LFO Recommended | (149,811) | - | - | - | - | - | (149,811) | (2) | (1.83) |
|-----------------|-----------|---|---|---|---|---|-----------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | (30,235) | - | (2,429) | (583) | - | - | (33,247) | - | - |
|-----------------|----------|---|---------|-------|---|---|----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | (202,140) | - | (16,238) | (3,898) | - | - | (222,276) | - | - |
|-----------------|-----------|---|----------|---------|---|---|-----------|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 201 OSD Reorganization**

Package Description This package aligns how the budget for the Oregon School for the Deaf with how it is acutally spent or administered. This package has the following components.

1. Reallocates the funding from a number of vacant positions to fund differentials, primarily for American Sign Language, and for temp staff to provide one-on-one staff, substitute teachers and assistants, and summer maintenance staff. The authority for the vacant positions and the corresponding FTE are eliminated in the budget. Many of these positions had been part-time with FTE less than 1.0.
2. Adds \$494,614 in Other Funds expenditures that had been off-budget including the spending associated with proceeds from the Nightmare Factory. Accounting principals and legislative monitoring of these funds call for this spending to be "on-budget".
3. An increase in Federal Funds expenditure limitation is included to reflect the anticipated growth in federal funding for the School.
4. The FTE on 2 positions has been increased by .96 FTE to reflct acutural usage.

The agency had request \$516,118 in Genral Fund resources to fund three maintenance positions that are funded with BVISF resources in the current biennium, but this was not included in the Governor's budget. The agency hopes to find other resources or carryover funding to avoid using the BVISF to fund all or part of the positions. Otherwise the BVISF resources can be used to address deferred maintenance issues at the school.

LFO Recommendation Approve the package.

|                 |   |   |         |         |   |   |         |      |        |
|-----------------|---|---|---------|---------|---|---|---------|------|--------|
| LFO Recommended | - | - | 494,614 | 175,000 | - | - | 669,614 | (11) | (3.51) |
|-----------------|---|---|---------|---------|---|---|---------|------|--------|

|   | 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                         | -            | -             | 15,030,552  | 2,000,000     | -                      | -                        | 17,030,552  | 8         | 8.00                       |
| 2011-13 Ebds, SS & Admin Act                      | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Ways & Means Actions                              | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| 2011-13 Leg Approved Budget                       | -            | -             | 15,030,552  | 2,000,000     | -                      | -                        | 17,030,552  | 8         | 8.00                       |
| 2011-13 Leg Approved Budget (Base)                | -            | -             | 15,030,552  | 2,000,000     | -                      | -                        | 17,030,552  | 8         | 8.00                       |
| Summary of Base Adjustments                       | -            | -             | (581,072)   | (62,918)      | -                      | -                        | (643,990)   | -         | -                          |
| 2013-15 Base Budget                               | -            | -             | 14,449,480  | 1,937,082     | -                      | -                        | 16,386,562  | 8         | 8.00                       |
| 010: Non-PICS Pers Svc/Vacancy Factor             | -            | -             | 60,942      | (870)         | -                      | -                        | 60,072      | -         | -                          |
| 030: Inflation & Price List Adjustments           | -            | -             | 364,103     | 46,469        | -                      | -                        | 410,572     | -         | -                          |
| 2013-15 Current Service Level                     | -            | -             | 14,874,525  | 1,982,681     | -                      | -                        | 16,857,206  | 8         | 8.00                       |
| Adjusted 2013-15 Current Service Level            | -            | -             | 14,874,525  | 1,982,681     | -                      | -                        | 16,857,206  | 8         | 8.00                       |
| Total LFO Recommended Packages                    | -            | -             | 1,194,525   | 175,000       | -                      | -                        | 1,369,525   | (4)       | (4.00)                     |
| 2013-15 Legislative Actions                       | -            | -             | 16,069,050  | 2,157,681     | -                      | -                        | 18,226,731  | 4         | 4.00                       |
| Net change from 2011-13 Leg Approved Budget       | -            | -             | 1,038,498   | 157,681       | -                      | -                        | 1,196,179   | (4)       | (4.00)                     |
| Percent change from 2011-13 Leg Approved Budget   | 0.0%         | 0.0%          | 6.9%        | 7.9%          | 0.0%                   | 0.0%                     | 7.0%        | (50.0%)   | (50.0%)                    |
| Net change from 2013-15 Current Service Level     | -            | -             | 1,194,525   | 175,000       | -                      | -                        | 1,369,525   | (4)       | (4.00)                     |
| Percent change from 2013-15 Current Service Level | 0.0%         | 0.0%          | 8.0%        | 8.8%          | 0.0%                   | 0.0%                     | 8.1%        | (50.0%)   | (50.0%)                    |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | - | - | (1,676) | - | - | - | (1,676) | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**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 | - | - | (11,203) | - | - | - | (11,203) | - | - |
|-----------------|---|---|----------|---|---|---|----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 251 YCEP Contracts**

Package Description This package aligns the budget for the Youth Corrections Program (YCEP) with expected revenues and practices. The bargaining agreement with SEIU includes provisions which if vacant positions at Hillcrest or MacLaren are not filled by current ODE employees, the duties of these positions are then provided by the Willamette ESD under contract with ODE. This package eliminates four positions (4.00 FTE) and transfers the corresponding funding from Personnel Services to Professional Services. Also the package transfers all of the expenditure authority corresponding to the contracts (\$12.3 million) from Professional Services to Special Payments to properly place where the expenditures should be posted. The package also increases the Federal Funds expenditure limitation by \$175,000 to reflect anticipated federal revenues.

LFO Recommendation Approve the package.

|                 |   |   |         |         |   |   |         |     |        |
|-----------------|---|---|---------|---------|---|---|---------|-----|--------|
| LFO Recommended | - | - | 763,678 | 175,000 | - | - | 938,678 | (4) | (4.00) |
|-----------------|---|---|---------|---------|---|---|---------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 812 State School Fund Transfer**

Package Description The Other Funds expenditure limitation requires adjustment to align with the expected State School Fund revenues which will flow through this budget unit based on the \$6.55 billion SSF appropriation. The adjustment is an increase in the Other Funds limitation of \$443,726. This budget unit's revenues will need to be adjusted to reflect this increase and other increases to update to the proper SSF level.

LFO Recommendation Approve the package.

|                 |   |   |         |   |   |   |         |   |   |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 443,726 | - | - | - | 443,726 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

|   | General Fund         | Lottery Funds | Other Funds       | Federal Funds      | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds          | Positions | Full-Time Equivalent (FTE) |
|---|----------------------|---------------|-------------------|--------------------|------------------------|--------------------------|----------------------|-----------|----------------------------|
| <b>2011-13 Agy. Leg. Adopted</b>                  | <b>295,228,700</b>   | -             | <b>17,317,588</b> | <b>770,776,000</b> | -                      | <b>285,380,254</b>       | <b>1,368,702,542</b> | -         | -                          |
| 2011-13 Ebds, SS & Admin Act                      | 328,155              | -             | 5,610,036         | -                  | -                      | -                        | 5,938,191            | -         | -                          |
| Ways & Means Actions                              | -                    | -             | -                 | -                  | -                      | -                        | -                    | -         | -                          |
| <b>2011-13 Leg Approved Budget</b>                | <b>295,556,855</b>   | -             | <b>22,927,624</b> | <b>770,776,000</b> | -                      | <b>285,380,254</b>       | <b>1,374,640,733</b> | -         | -                          |
| <b>2011-13 Leg Approved Budget (Base)</b>         | <b>295,556,855</b>   | -             | <b>22,927,624</b> | <b>770,776,000</b> | -                      | <b>285,380,254</b>       | <b>1,374,640,733</b> | -         | -                          |
| Summary of Base Adjustments                       | -                    | -             | -                 | -                  | -                      | 64,612,618               | 64,612,618           | -         | -                          |
| <b>2013-15 Base Budget</b>                        | <b>295,556,855</b>   | -             | <b>22,927,624</b> | <b>770,776,000</b> | -                      | <b>349,992,872</b>       | <b>1,439,253,351</b> | -         | -                          |
| 030: Inflation & Price List Adjustments           | 7,093,365            | -             | 550,263           | 18,498,624         | -                      | -                        | 26,142,252           | -         | -                          |
| 040: Mandated Caseload                            | 15,790,546           | -             | -                 | -                  | -                      | -                        | 15,790,546           | -         | -                          |
| 050: Fundshifts and Revenue Reductions            | 1,397,535            | -             | -                 | (1,397,535)        | -                      | -                        | -                    | -         | -                          |
| 060: Technical Adjustments                        | 988,426              | -             | 5,131,768         | -                  | -                      | -                        | 6,120,194            | -         | -                          |
| <b>2013-15 Current Service Level</b>              | <b>320,826,727</b>   | -             | <b>28,609,655</b> | <b>787,877,089</b> | -                      | <b>349,992,872</b>       | <b>1,487,306,343</b> | -         | -                          |
| 070: Revenue Reductions/Shortfall                 | -                    | -             | -                 | (1,088,338)        | -                      | -                        | (1,088,338)          | -         | -                          |
| <b>Adjusted 2013-15 Current Service Level</b>     | <b>320,826,727</b>   | -             | <b>28,609,655</b> | <b>786,788,751</b> | -                      | <b>349,992,872</b>       | <b>1,486,218,005</b> | -         | -                          |
| <b>Total LFO Recommended Packages</b>             | <b>(112,754,570)</b> | -             | <b>33,276,755</b> | -                  | -                      | -                        | <b>(79,477,815)</b>  | -         | -                          |
| <b>2013-15 Legislative Actions</b>                | <b>208,072,157</b>   | -             | <b>61,886,410</b> | <b>786,788,751</b> | -                      | <b>349,992,872</b>       | <b>1,406,740,190</b> | -         | -                          |
| Net change from 2011-13 Leg Approved Budget       | (87,484,698)         | -             | 38,958,786        | 16,012,751         | -                      | 64,612,618               | 32,099,457           | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | (29.6%)              | 0.0%          | 169.9%            | 2.1%               | 0.0%                   | 22.6%                    | 2.3%                 | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | (112,754,570)        | -             | 33,276,755        | -                  | -                      | -                        | (79,477,815)         | -         | -                          |
| Percent change from 2013-15 Current Service Level | (35.1%)              | 0.0%          | 116.3%            | 0.0%               | 0.0%                   | 0.0%                     | (5.3%)               | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 050 Fundshifts**

Package Description This package adds \$1.4 million General Fund to backfill the loss of an equal amount in Federal Funds for the Early Intervention Program and the Early Childhood Special Education Program that is expected to take place for 2013-15. This is the amount required to keep pace with the increasing costs of the program.

LFO Recommendation Approve the package.

|                 |           |   |   |             |   |   |   |   |   |
|-----------------|-----------|---|---|-------------|---|---|---|---|---|
| LFO Recommended | 1,397,535 | - | - | (1,397,535) | - | - | - | - | - |
|-----------------|-----------|---|---|-------------|---|---|---|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 060 Technical Adjustments**

Package Description This package moves the resources and related expenditure limitation for the Blind and Visually Impaired Student Fund (BVISF) from the Oregon School for the Deaf budget to the ODE Grant-in-Aid budget unit. This does not change the use or nature of the BVISF but only transfers the Fund to the section of the ODE budget which is most appropriate. The transfer involves \$988,426 General Fund and \$6.1 million total funds. It is revenue and expenditure neutral to the entire ODE budget. A corresponding package is part of the School for the Deaf SCR.

LFO Recommendation Approve the package.

|                 |         |   |           |   |   |   |           |   |   |
|-----------------|---------|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | 988,426 | - | 5,131,768 | - | - | - | 6,120,194 | - | - |
|-----------------|---------|---|-----------|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 070 Revenue Shortfalls

Package Description This package makes an adjustment in the Federal Funds based on the anticipated federal funding flowing into the ODE budget.

LFO Recommendation Approve the package.

|                 |   |   |   |             |   |   |             |   |   |
|-----------------|---|---|---|-------------|---|---|-------------|---|---|
| LFO Recommended | - | - | - | (1,088,338) | - | - | (1,088,338) | - | - |
|-----------------|---|---|---|-------------|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 090 Analyst Adjustments**

Package Description This package eliminates the Connectivity Grants that were made to school districts. These were grants designed to ensure that all districts had access to the Internet and the appropriate amount of bandwidth. There is a related reduction in the Operations budget for the Office of Assessment and Information Services. This item was taken from the Agency prepared 10% Reduction list (Items 5 & 6).

LFO Recommendation Approve the package with a change to align the increase for 2 early learning related programs (Early Learning and Early Childhood Special Education) that had funding added by the Governor. Those programs had originally been added to the new Early Learning Division but now the Legislative direction is to keep these programs in this budget unit.

|                 |         |   |   |   |   |   |         |   |   |
|-----------------|---------|---|---|---|---|---|---------|---|---|
| LFO Recommended | 343,439 | - | - | - | - | - | 343,439 | - | - |
|-----------------|---------|---|---|---|---|---|---------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 301 Preparation for the World of Work**

Package Description This package provides funding for one of the Governor's education initiatives -- Connecting to the World of Work. Specifically this proposal calls for spending \$8.0 million General Fund in three areas:

1. Provide \$3.0 million of funding for start-up or expansion for STEM or STEAM "labs" in schools for designing curriculum and assessment tools, providing professional development, and funding technology and infrastructure for the programs. It is hoped that this package will provide enhanced STEM related activities to 500 to 1000 students and also provide training for teachers across the state.
2. Provide funding of \$2.5 million for regional STEM/STEAM networks which would provide a clearinghouse function for STEM and CTE resources including curriculum, hands-on applications, and assist in linking schools with business partnerships and internships. It is anticipated that the funds will be used to establish or expand 3 to 5 sites.
3. Provide \$2.5 million to districts and post-secondary institutions to increase access for underserved populations in STEM/STEAM programs and CTE programming. It is anticipated the 10 to 15 CTE initiatives will be funded and 20 to 25 after-school or summer programs will be funded to increase interest and knowledge in STEM related activities.

There were also proposed spending relating to the Connecting to the World of Work in package 305 expanding on the concept of the Eastern Promise model between high schools and post-secondary institutions in Eastern Oregon.

LFO Recommendation Approve the package assuming the overall funding level of the strategic initiatives is \$27 million General Funds. In addition the package is reduced by \$494,683 for the staffing costs related to this initiative. Staffing for 2013-15 is estimated at 1.9 FTE. There are no program related reductions for this initiative other than the reduction for staffing.

The agency may transfer up to 15% between the programs within this policy package net of the legislatively approved allocation of funding to Operations for the programs' share of staff and related costs reduced in the package. The agency may also transfer up to 15% between the major initiatives found in policy packages 301 (Preparation for the Work of Work), 303 (Oregon Reads), 304 (Support for Middle and High School), and 305 (Seamless Transitions) net of the legislatively approved allocation of funding to Operations for the packages' share of staff and related costs.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 7,505,317 | - | - | - | - | - | 7,505,317 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 303 Oregon Reads**

Package Description This package provides \$8.8 million of General Fund resources for another of the Governor's education initiatives -- Early Reading or Oregon Reads. Funding is proposed for the following:

1. \$250,000 for developing web-based resources and printed materials for younger children who have specific risk indicators to insure they have access to reading materials at an early age.
2. \$750,000 for competitive grants to nonprofits, early learning providers, school districts and others to insure parents and caregivers have the training and guidance in pre-literacy skills. It is hoped that 7,500 families or caregivers receive the training and support.
3. \$800,000 through 15-20 competitive grants to school districts, early learning providers, libraries and others to support programs to expand and encourage access to libraries and other reading resources. It is hoped that 15,000 children will be served through this program.
4. \$4.0 million through non-competitive grants to schools identified as Focus or Priority under the federal waiver to provide extended time or individualized support to students who are not proficient in reading. It is expected that 40-60 schools will receive funding through the program.
5. \$1.0 million through 20-25 competitive grants to school districts or nonprofits to provide summer and after-school programs for students in grades K-5. It is hoped that 2000 to 2500 students will be served.
6. \$2 million through competitive grants to school districts for increasing the Response to Intervention program. Training, mentoring and support will be expanded to another 30-40 districts to support struggling readers.

Other programs related to this Early Reading initiative are found in the proposed budgets of the State Library and the Oregon Education Investment Board.

LFO Recommendation Approve the package assuming the overall funding level of the strategic initiatives is \$27 million General Funds. In addition the package is reduced by \$432,035 for the staffing costs related to this initiative. Staffing for 2013-15 is estimated at 1.5 FTE. Funding for the summer and after-school reading programs are eliminated from the original proposal.

The agency may transfer up to 15% between the programs within this policy package net of the legislatively approved allocation of funding to Operations for the programs' share of staff and related costs reduced in the package. The agency may also transfer up to 15% between the major initiatives found in policy packages 301 (Preparation for the Work of Work), 303 (Oregon Reads), 304 (Support for Middle and High School), and 305 (Seamless Transitions) net of the legislatively approved allocation of funding to Operations for the packages' share of staff and related costs.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 7,367,965 | - | - | - | - | - | 7,367,965 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 304 Support for Middle and High School**

Package Description This package provides \$4.0 million in resources to assist struggling students (grades 6-10) to move toward graduation and further progress in post-secondary institutions. The funding is proposed to be distributed through competitive grants to school districts and nonprofits to assist students who may not be on track to graduate. Funding will be used to assist an estimated 1500-2000 students with mentoring and other means to get students on track for graduation. It is expected that 25 to 30 programs will be funded.

LFO Recommendation Approve the package assuming the overall funding level of the strategic initiatives is \$27 million General Funds. In addition, the package is reduced by \$655,307 for the staffing costs related to this initiative. Staffing for 2013-15 is estimated at 2.9 FTE. Funding for the summer transition programs are eliminated from the original proposal while the package is increased by \$3 million to fund dual credit and early college related programs.

The agency may transfer up to 15% between the programs within this policy package net of the legislatively approved allocation of funding to Operations for the programs' share of staff and related costs reduced in the package. The agency may also transfer up to 15% between the major initiatives found in policy packages 301 (Preparation for the Work of Work), 303 (Oregon Reads), 304 (Support for Middle and High School), and 305 (Seamless Transitions) net of the legislatively approved allocation of funding to Operations for the packages' share of staff and related costs.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 5,344,693 | - | - | - | - | - | 5,344,693 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 305 Seamless Transitions**

Package Description As part of the Governor's Connecting to the World of Work initiative, this package proposes to provide \$5.0 million with agreements with consortiums to expand on the concept of Eastern Promise which is a program between post-secondary institutions and school districts in Eastern Oregon to increase awarding high school students with college or community college credits. The intent of this package is to increase the efficiency and effectiveness of bridging the transitions between high school and college. It is expected that funding will be increased for Eastern Promise and to start two or three other similar projects.

LFO Recommendation Approve the package assuming the overall funding level of the strategic initiatives is \$27 million General Funds. In addition the package is reduced by \$369,173 for the staffing costs related to this initiative. Staffing for 2013-15 is estimated at 1.2 FTE. Funding for this package is reduced to a funding level of \$2 million.

The agency may transfer up to 15% between the programs within this policy package net of the legislatively approved allocation of funding to Operations for the programs' share of staff and related costs reduced in the package. The agency may also transfer up to 15% between the major initiatives found in policy packages 301 (Preparation for the Work of Work), 303 (Oregon Reads), 304 (Support for Middle and High School), and 305 (Seamless Transitions) net of the legislatively approved allocation of funding to Operations for the packages' share of staff and related costs.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 1,630,827 | - | - | - | - | - | 1,630,827 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 501 Transfer to Early Learning**

Package Description This package transfers programs and funding for a number of programs from the Grant-in-Aid budget unit to the proposed Early Learning Division as part of an effort to have a "unified system of early learning childhood services for children from birth to age six". Overall, the package proposed to move \$261.9 million General Fund and \$289.9 million total funds in spending. The following programs are proposed to be moved: Early Childhood Special Education (\$107.5 million GF), Early Intervention (\$27.7 million GF), Oregon Pre-Kindergarten (\$126.7 million GF). These programs are proposed to be combined with child care programs and programs that were administered by the former Commission on Children and Families to form the core of the proposed new division. The new division is dependent on the passage of HB 3234. The local delivery system for the programs will be through the proposed "hubs" as outlined in HB 2013.

LFO Recommendation Approve the package except that the Early Intervention (EI) and the Early Childhood Special Education (ECSE) programs will remain in this budget unit and not be transferred to the new Early Learning Division. This corresponds with the current status of HB 3234.

|                 |               |   |   |   |   |   |               |   |   |
|-----------------|---------------|---|---|---|---|---|---------------|---|---|
| LFO Recommended | (126,728,087) | - | - | - | - | - | (126,728,087) | - | - |
|-----------------|---------------|---|---|---|---|---|---------------|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 810 LFO Analyst Adjustments**

Package Description Establish or increase the funding for the following grant programs:

1. \$500,000 for the Start Making a Reader Today (SMART) program.
2. \$500,000 for the For Inspiration and Recognition of Science and Technolgy (FIRST) Robotics program.
3. \$100,000 for the Ready to Read program provided through Doctor's Offices.

LFO Recommendation Approve the package.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 1,100,000 | - | - | - | - | - | 1,100,000 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 813 Physical Education**

Package Description This package adds \$4 million Other Funds expenditure limitation to expand the physical education related grants authorized by ORS 329.501. The source of funding for this program expansion is from the revenues generated as the result of the Tobacco Master Settlement Agreement (TSMA). Other uses of the TSMA revenues in the overall state budget include Tobacco Use Reduction Account, payment of bonds issued on behalf of Oregon Health and Sciences University for research facilities, and the Oregon Health Plan.

LFO Recommendation Approve the package.

|                 |   |   |           |   |   |   |           |   |   |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 4,000,000 | - | - | - | 4,000,000 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 817 Quality Teaching Network**

Package Description This package provides grant-in-aid funding for the Quality Teacher and Learning Network program established in HB 3233 and administered by the Department of Education with leadership from the Oregon Education Investment Board. Over \$29.2 million in Other Funds are provided to six areas with additional funding provided in the Operations budget unit for the staff and other costs relating to the following grant programs. The source of funding for these programs is the Quality Teaching and Learning Network Fund which is funded as part of the school funding formula. It is anticipated that the assistance and programs under the Network as well as the strategic investment assistance in packages 301,303,304,and 305 will be distributed across the state as well as across all sizes of districts and schools.

1. \$22.8 million is provided as grants and contracts relating to mentoring for newly licensed and employed teachers administrators, school district collaboration efforts, and to expand educator evaluation and effectiveness systems statewide. As part of this the \$9.32 million General Fund in the base budget for mentoring and collaboration related activities is replaced with Other Funds resources and more than doubled in the amount available.
2. Almost \$500,000 for scaling up proficiency based demonstration sites and expanding proficiency expertise through regional training for student centered learning.
3. Almost \$1.9 million for educator preparation efforts for recruitment following the intent of Oregon Teacher Corps and Minority Teacher Act. Also funded are grants related to strengthening and transforming educator preparation programs so teachers are classroom-ready when they graduate.
4. \$500,000 for early learning professional development including expanding professional development supports to early learning educators and providing financial incentives to access professional development.
5. Almost \$3.2 million assist in closing the achievement gaps including developing processes for replicating exemplar programs, assisting districts to implement best practices,insure valid use of assessments, incorporate more culturally responsive training, and develop dual language immersion preparation.
6. Over \$400,000 for aligning professional development plans to school improvement objectives and educators' needs.

The agency may transfer up to 20% between the six categories above if it determines that it is more effective to redistribute the funds between the categories.

LFO Recommendation Approve the package.

|                 |             |   |            |   |   |   |            |   |   |
|-----------------|-------------|---|------------|---|---|---|------------|---|---|
| LFO Recommended | (9,318,724) | - | 29,276,755 | - | - | - | 19,958,031 | - | - |
|-----------------|-------------|---|------------|---|---|---|------------|---|---|

|   | 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                         | 5,155,269,981 | 556,980,287   | 340,252     | 61,000,000    | -                      | -                        | 5,773,590,520 | -         | -                          |
| 2011-13 Ebds, SS & Admin Act                      | 5,479,570     | (2,979,570)   | -           | -             | -                      | -                        | 2,500,000     | -         | -                          |
| Ways & Means Actions                              | -             | -             | -           | -             | -                      | -                        | -             | -         | -                          |
| 2011-13 Leg Approved Budget                       | 5,160,749,551 | 554,000,717   | 340,252     | 61,000,000    | -                      | -                        | 5,776,090,520 | -         | -                          |
| 2011-13 Leg Approved Budget (Base)                | 5,160,749,551 | 554,000,717   | 340,252     | 61,000,000    | -                      | -                        | 5,776,090,520 | -         | -                          |
| Summary of Base Adjustments                       | -             | -             | -           | -             | -                      | -                        | -             | -         | -                          |
| 2013-15 Base Budget                               | 5,160,749,551 | 554,000,717   | 340,252     | 61,000,000    | -                      | -                        | 5,776,090,520 | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost           | (5,000,000)   | -             | -           | (61,000,000)  | -                      | -                        | (66,000,000)  | -         | -                          |
| 030: Inflation & Price List Adjustments           | 638,275,893   | 68,492,729    | 70,684      | -             | -                      | -                        | 706,839,306   | -         | -                          |
| 040: Mandated Caseload                            | 51,470,828    | 5,523,281     | 5,700       | -             | -                      | -                        | 56,999,809    | -         | -                          |
| 050: Fundshifts and Revenue Reductions            | 78,764,322    | (236,846,874) | (15,810)    | -             | -                      | -                        | (158,098,362) | -         | -                          |
| 2013-15 Current Service Level                     | 5,924,260,594 | 391,169,853   | 400,826     | -             | -                      | -                        | 6,315,831,273 | -         | -                          |
| Adjusted 2013-15 Current Service Level            | 5,924,260,594 | 391,169,853   | 400,826     | -             | -                      | -                        | 6,315,831,273 | -         | -                          |
| Total LFO Recommended Packages                    | 311,191,842   | (76,622,289)  | -           | -             | -                      | -                        | 234,569,553   | -         | -                          |
| 2013-15 Legislative Actions                       | 6,235,452,436 | 314,547,564   | 400,826     | -             | -                      | -                        | 6,550,400,826 | -         | -                          |
| Net change from 2011-13 Leg Approved Budget       | 1,074,702,885 | (239,453,153) | 60,574      | (61,000,000)  | -                      | -                        | 774,310,306   | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | 20.8%         | (43.2%)       | 17.8%       | (100.0%)      | 0.0%                   | 0.0%                     | 13.4%         | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | 311,191,842   | (76,622,289)  | -           | -             | -                      | -                        | 234,569,553   | -         | -                          |
| Percent change from 2013-15 Current Service Level | 5.3%          | (19.6%)       | 0.0%        | 0.0%          | 0.0%                   | 0.0%                     | 3.7%          | 0.0%      | 0.0%                       |

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds  | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|--------------|-----------|----------------------------|
| <b>2011-13 Agy. Leg. Adopted</b>                  | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| 2011-13 Ebds, SS & Admin Act                      | -            | -             | -           | -             | -                      | -                        | -            | -         | -                          |
| Ways & Means Actions                              | -            | -             | -           | -             | -                      | -                        | -            | -         | -                          |
| <b>2011-13 Leg Approved Budget</b>                | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| <b>2011-13 Leg Approved Budget (Base)</b>         | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| Summary of Base Adjustments                       | -            | -             | -           | -             | -                      | -                        | -            | -         | -                          |
| <b>2013-15 Base Budget</b>                        | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| <b>2013-15 Current Service Level</b>              | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| <b>Adjusted 2013-15 Current Service Level</b>     | -            | -             | -           | -             | 101,752,888            | -                        | 101,752,888  | -         | -                          |
| <b>Total LFO Recommended Packages</b>             | -            | -             | -           | -             | (10,125,873)           | -                        | (10,125,873) | -         | -                          |
| <b>2013-15 Legislative Actions</b>                | -            | -             | -           | -             | 91,627,015             | -                        | 91,627,015   | -         | -                          |
| Net change from 2011-13 Leg Approved Budget       | -            | -             | -           | -             | (10,125,873)           | -                        | (10,125,873) | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | 0.0%         | 0.0%          | 0.0%        | 0.0%          | (10.0%)                | 0.0%                     | (10.0%)      | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | -            | -             | -           | -             | (10,125,873)           | -                        | (10,125,873) | -         | -                          |
| Percent change from 2013-15 Current Service Level | 0.0%         | 0.0%          | 0.0%        | 0.0%          | (10.0%)                | 0.0%                     | (10.0%)      | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 810 LFO Analyst Adjustments**

Package Description This package adjusts the amount available from the Common School Fund based on the latest information from the Department of State Lands. This packages adjusts the amount for distribution to school districts downward by \$10.1 million for a net expected distribution of \$91.6 million.

LFO Recommendation Approve the package.

|                 |   |   |   |   |              |   |              |   |   |
|-----------------|---|---|---|---|--------------|---|--------------|---|---|
| LFO Recommended | - | - | - | - | (10,125,873) | - | (10,125,873) | - | - |
|-----------------|---|---|---|---|--------------|---|--------------|---|---|

|   | 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            | -                  | -             | -                 | -                  | -                      | -                        | -                  | -         | -                          |
| <b>Total LFO Recommended Packages</b>             | <b>161,119,658</b> | <b>-</b>      | <b>10,753,344</b> | <b>130,546,862</b> | <b>-</b>               | <b>-</b>                 | <b>302,419,864</b> | <b>-</b>  | <b>-</b>                   |
| <b>2013-15 Legislative Actions</b>                | <b>161,119,658</b> | <b>-</b>      | <b>10,753,344</b> | <b>130,546,862</b> | <b>-</b>               | <b>-</b>                 | <b>302,419,864</b> | <b>-</b>  | <b>-</b>                   |
| Net change from 2011-13 Leg Approved Budget       | 161,119,658        | -             | 10,753,344        | 130,546,862        | -                      | -                        | 302,419,864        | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | 100.0%             | 0.0%          | 100.0%            | 100.0%             | 0.0%                   | 0.0%                     | 100.0%             | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | 161,119,658        | -             | 10,753,344        | 130,546,862        | -                      | -                        | 302,419,864        | -         | -                          |
| Percent change from 2013-15 Current Service Level | 100.0%             | 0.0%          | 100.0%            | 100.0%             | 0.0%                   | 0.0%                     | 100.0%             | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 090 Analyst Adjustments**

Package Description This package and the adjustments made in package 090 in the Grant-in-Aid budget unit add \$3.1 million General Fund overall to programs that are transferred to this proposed new Early Learning Division by package 501. These program expansions are Headstart Collaboration (\$22,617 GF), Early Childhood administration unit (\$51,941 GF), Early Intervention program funds (\$414,694 GF), Early Childhood Special Education program funds (\$411,479 GF), and Oregon Pre-Kindergarten (\$2.2 million GF).

LFO Recommendation Approve the package.

|                 |           |   |   |   |   |   |           |   |   |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|
| LFO Recommended | 2,310,732 | - | - | - | - | - | 2,310,732 | - | - |
|-----------------|-----------|---|---|---|---|---|-----------|---|---|



|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 501 Transfer to Early Learning**

Package Description This package consolidates various early learning programs into the proposed Early Learning Division within the Oregon Department of Education. There are companion packages in the Office of the Governor, the Employment Department and in the Grant-in-Aid budget unit in this agency. This package is dependent on the passage HB 3234. Programs transferred include:

1. Various child care programs including licensing, subsidies and administration from the Employment Department (\$ 4.1 GF; \$138.0 million TF; 83 positions; and 79.00 FTE);
2. Great Start, Healthy Start, Crisis Nurseries, Race to the Top federal funding and other programs from the Office of the Governor (\$37.1 million GF;\$58.2 million TF; 23 positions; and 16.88 FTE);
3. Early Intervention, Early Childhood Special Education, Oregon Pre-Kindergarten, and other programs from within the Department of Education (\$261.9 million GF; \$289.9 million total funds; 3 positions; and 3.00 FTE).

LFO Recommendation Approve the package generally, but transfer the staffing for this new division to the Operations budget unit given how the agency's budget is organized. The grant funding which is distributed to a number of various organizations and providers remains in this division's budget unit. Also the current version of HB 3234 does not transfer the Early Intervention (EI) program or the Early Childhood Special Education (ECSE) programs to the new Early Learning Division but retained in the Grant-in-Aid budget unit. Finally, \$1,789,557 of the General Fund that was proposed to be transferred into this Division is diverted to a Special Purpose Appropriation for use for Youth Development programs in the second year of the biennium after the Youth Development Council submits a report outlining a funding allocation plan.

The flexible funding available in this package is intended to be spent under the following plan.

1. \$4,280,000 for Early Learning Hub funding.
2. \$720,000 in one-time payments to counties for service continuity funding.
3. \$4.0 million for the Early Learning Kindergarten Readiness & Partnership Innovation Fund established in HB 3234.
4. \$ 387, 618 for Health Start, Relief Nurseries, CASA funding over and above the amount they specifically are allocated.
5. \$2,188,689 for Great Start, Family Preservation and Children Youth and Families flex funding.

|                 |             |   |            |             |   |   |             |   |   |
|-----------------|-------------|---|------------|-------------|---|---|-------------|---|---|
| LFO Recommended | 158,808,926 | - | 10,753,344 | 122,646,862 | - | - | 292,209,132 | - | - |
|-----------------|-------------|---|------------|-------------|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 810 LFO Analyst Adjustments**

Package Description This package adjusts the budget for additional carry forward of Child Care federal funds than what was anticipated when the Governor's budget was finalized. This \$7.9 million Federal Funds will be transferred to the Department of Human Services (DHS) for the Employment Related Day Care program. In addition, the package moves \$550,000 in federal funds limitation from Personal Services to Services & Supplies to align the budget to expected spending.

LFO Recommendation Approve the package.

|                 |   |   |   |           |   |   |           |   |   |
|-----------------|---|---|---|-----------|---|---|-----------|---|---|
| LFO Recommended | - | - | - | 7,900,000 | - | - | 7,900,000 | - | - |
|-----------------|---|---|---|-----------|---|---|-----------|---|---|

|   | 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            | -                | -             | -                | -                | -                      | -                        | -                 | -         | -                          |
| <b>Total LFO Recommended Packages</b>             | <b>5,749,091</b> | -             | <b>6,791,977</b> | <b>2,988,046</b> | -                      | -                        | <b>15,529,114</b> | -         | -                          |
| <b>2013-15 Legislative Actions</b>                | <b>5,749,091</b> | -             | <b>6,791,977</b> | <b>2,988,046</b> | -                      | -                        | <b>15,529,114</b> | -         | -                          |
| Net change from 2011-13 Leg Approved Budget       | 5,749,091        | -             | 6,791,977        | 2,988,046        | -                      | -                        | 15,529,114        | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | 100.0%           | 0.0%          | 100.0%           | 100.0%           | 0.0%                   | 0.0%                     | 100.0%            | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | 5,749,091        | -             | 6,791,977        | 2,988,046        | -                      | -                        | 15,529,114        | -         | -                          |
| Percent change from 2013-15 Current Service Level | 100.0%           | 0.0%          | 100.0%           | 100.0%           | 0.0%                   | 0.0%                     | 100.0%            | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 502 Transfer to Youth Development**

Package Description This package moves the budget for the Youth Development Council into the Department of Education. HB 3231 provides the authorization for the transfer. Currently these programs are part of the Office of the Governor and most were programs of the former State Commission for Children's and Families. Overall, \$8.4 million General Fund and \$19.6 million total funds is proposed to be transferred into the Oregon Department of Education. In addition, 10 positions and 6.88 FTE are also transferred into the agency. The programs that are transferred include:

1. Title XX Youth Investment Program (\$6.4 Million Other Funds from federal funds received from the Department of Human Services) which addresses issues faced by non-delinquent youth between ages 11 through 18 and funds are directed to communities to address risk factors.
2. Juvenile Crime Prevention Program (\$6.1 million GF & \$9.7 million TF) which provides funding to school based services, family support services, teen and peer courts, gang outreach, education and skill building, behavioral health, and mentoring.
3. Gang Involved Youth Program (\$1.0 million GF) directed to activities reducing youth gang violence and involvement. This is a new grant program. There is also gang related funding in the Oregon Youth Authority budget.
4. Community Schools (\$100,000 GF) which supports programs at five schools across the state designed to improve student achievement including extended day or year programming.
5. Safe and Equitable Foster Care Reduction (\$0.9 million Other Funds) is a partnership with the Department of Human Services and the Courts to promote the strength and stability of families to reduce the risk of children ending up in Foster Care.
6. Youth Development Council Policy and Support (\$1.2 million GF and \$1.4 million TF) which provides policy direction and monitoring of the Council's and Division's programs as well as provides the administrative support to the Council and Division.

LFO Recommendation Approve the package generally except that the staff for this Division be transferred to the Operations Division which is based on how the agency's budget is organized. The program funding which is distributed to counties and other local entities will remain in the proposed new Youth Development Division.

For the first year of 2013-15, it is assumed that programs funded through this division will be maintained at levels that are comparable to the amount they received in 2011-13.

|                 |           |   |           |           |   |   |            |   |   |
|-----------------|-----------|---|-----------|-----------|---|---|------------|---|---|
| LFO Recommended | 5,749,091 | - | 6,791,977 | 2,988,046 | - | - | 15,529,114 | - | - |
|-----------------|-----------|---|-----------|-----------|---|---|------------|---|---|

|   | 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                         | -            | 52,311,630    | 2,464,515   | -             | -                      | -                        | 54,776,145   | -         | -                          |
| 2011-13 Ebds, SS & Admin Act                      | -            | 1,848,887     | 61,218      | -             | -                      | -                        | 1,910,105    | -         | -                          |
| Ways & Means Actions                              | -            | -             | -           | -             | -                      | -                        | -            | -         | -                          |
| 2011-13 Leg Approved Budget                       | -            | 54,160,517    | 2,525,733   | -             | -                      | -                        | 56,686,250   | -         | -                          |
| 2011-13 Leg Approved Budget (Base)                | -            | 54,160,517    | 2,525,733   | -             | -                      | -                        | 56,686,250   | -         | -                          |
| Summary of Base Adjustments                       | -            | (11,702,932)  | (2,525,733) | -             | -                      | -                        | (14,228,665) | -         | -                          |
| 2013-15 Base Budget                               | -            | 42,457,585    | -           | -             | -                      | -                        | 42,457,585   | -         | -                          |
| 2013-15 Current Service Level                     | -            | 42,457,585    | -           | -             | -                      | -                        | 42,457,585   | -         | -                          |
| Adjusted 2013-15 Current Service Level            | -            | 42,457,585    | -           | -             | -                      | -                        | 42,457,585   | -         | -                          |
| Total LFO Recommended Packages                    | -            | (86,509)      | -           | -             | -                      | -                        | (86,509)     | -         | -                          |
| 2013-15 Legislative Actions                       | -            | 42,371,076    | -           | -             | -                      | -                        | 42,371,076   | -         | -                          |
| Net change from 2011-13 Leg Approved Budget       | -            | (11,789,441)  | (2,525,733) | -             | -                      | -                        | (14,315,174) | -         | -                          |
| Percent change from 2011-13 Leg Approved Budget   | 0.0%         | (21.8%)       | (100.0%)    | 0.0%          | 0.0%                   | 0.0%                     | (25.3%)      | 0.0%      | 0.0%                       |
| Net change from 2013-15 Current Service Level     | -            | (86,509)      | -           | -             | -                      | -                        | (86,509)     | -         | -                          |
| Percent change from 2013-15 Current Service Level | 0.0%         | (0.2%)        | 0.0%        | 0.0%          | 0.0%                   | 0.0%                     | (0.2%)       | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 810 LFO Analyst Adjustments**

Package Description This package is reserved for technical budget adjustments. The change for this budget unit is a reduction in the amount necessary to make payments on Lottery back bonds. The \$86,509 reduction reflects the most recent figures made available by the Debt Management Unit in the Department of Administrative Services.

LFO Recommendation Approve the package.

|                 |   |          |   |   |   |   |          |   |   |
|-----------------|---|----------|---|---|---|---|----------|---|---|
| LFO Recommended | - | (86,509) | - | - | - | - | (86,509) | - | - |
|-----------------|---|----------|---|---|---|---|----------|---|---|

## Legislatively Proposed 2013-2015 Key Performance Measures

**Agency:** EDUCATION, OREGON DEPARTMENT of

**Mission:** Increase Achievement for All Students

| Legislatively Proposed KPMs   | Customer Service Category | Agency Request      | Most Current Result | Target 2014 | Target 2015 |
|---|---------------------------|---------------------|---------------------|-------------|-------------|
| 7 - SCHOOLS AND DISTRICTS MEETING AYP—Number and percentage of schools and districts that meet Adequate Yearly Progress (AYP) criteria.               |                           | Proposed Delete KPM | 54.00               |             |             |
| 8 - LOW-PERFORMING SCHOOLS IMPROVE - Percentage of low-performing schools that improve over time based on Adequate Yearly Progress (AYP) guidelines.  |                           | Proposed Delete KPM | 59.00               |             |             |
| 1 - ACCESS TO PRE-KINDERGARTEN—Percentage of eligible children receiving Head Start / Oregon Pre-Kindergarten services.                               |                           | Approved KPM        | 64.00               | 75.00       | 75.00       |
| 2 - KINDERGARTEN READINESS— Percentage of kindergarten children demonstrating readiness criteria.   |                           | Approved KPM        | 46.30               |             |             |
| 3 - STUDENT ACHIEVEMENT— Percentage of students meeting or exceeding statewide academic performance standards in 3rd and 8th grade reading and math.  |                           | Approved KPM        | 70.00               | 72.00       | 75.00       |
| 4 - STUDENT GROWTH: Percent of students meeting growth targets on statewide assessments.  |                           | Approved KPM        | 11.40               |             |             |
| 5 - HIGH SCHOOL GRADUATION—Percentage of secondary students who graduate, drop out or otherwise finish PK12 education (three separate metrics).       |                           | Approved KPM        | 67.00               | 72.00       | 75.00       |
| 6 - COLLEGE READINESS - Success rate, participation rate, and second year persistence rate of Oregon PK-12 students into post-secondary institutions. |                           | Approved KPM        | 56.20               | 60.00       | 64.00       |
| 9 - SCHOOLS CLOSING THE ACHIEVEMENT GAP—Percentage of schools closing the academic achievement gap.   |                           | Approved KPM        | 31.00               | 30.00       | 30.00       |
| 10 - SCHOOLS OFFERING ADVANCED COURSES—Percentage of schools offering advanced courses.   |                           | Approved KPM        | 55.30               | 67.00       | 67.00       |

**Agency: EDUCATION, OREGON DEPARTMENT of**

Mission: Increase Achievement for All Students

| Legislatively Proposed KPMs   | Customer Service Category   | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|---|-----------------------------|----------------|---------------------|-------------|-------------|
| 11 - SUSPENSION, EXPULSION, AND TRUANCY—Number of suspension, expulsion, and truancy incidents, disaggregated by incident type.   |                             | Approved KPM   | 88,282.00           | 87,000.00   | 85,000.00   |
| 12 - SAFE SCHOOLS—Number of schools identified as persistently dangerous or on the “watch list.”  |                             | Approved KPM   | 0.00                | 0.00        | 0.00        |
| 13 - BUS SAFETY—Number of bus accidents, severity of accident, and who was at fault, compared to a similar state and the national average.                                      |                             | Approved KPM   | 61.00               | 65.00       | 65.00       |
| 14 - HIGHLY QUALIFIED TEACHERS - Percentage of core academic classes taught by highly qualified teachers.   |                             | Approved KPM   | 98.00               | 100.00      | 100.00      |
| 15 - MINORITY STAFF— Percentage of schools increasing or maintaining a high percentage of minority staff (Shared Measure with Teaching Standards Practices Commission and OUS). |                             | Approved KPM   | 11.50               | 14.00       | 15.00       |
| 16 - TIMELY ASSESSMENTS AND ASSESSMENT RESULTS— Percentage of statewide assessment and statewide assessment results provided to districts on time                               |                             | Approved KPM   | 100.00              | 100.00      | 100.00      |
| 17 - ON-TIME TECHNICAL PROJECTS—Percentage of technology projects met on schedule   |                             | Approved KPM   | 98.00               | 95.00       | 95.00       |
| 18 - ACCURATE AND TIMELY PUBLIC REPORTS—Percentage of key public reports released accurately and on time.   |                             | Approved KPM   | 80.00               | 0.00        | 0.00        |
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Accuracy                    | Approved KPM   | 73.00               | 70.00       | 70.00       |
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Availability of Information | Approved KPM   | 70.00               | 70.00       | 70.00       |
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Expertise                   | Approved KPM   | 70.00               | 70.00       | 70.00       |
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Helpfulness                 | Approved KPM   | 70.00               | 70.00       | 70.00       |
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Overall                     | Approved KPM   | 70.00               | 70.00       | 70.00       |



**Agency: EDUCATION, OREGON DEPARTMENT of**

Mission: Increase Achievement for All Students

| Legislatively Proposed KPMs   | Customer Service Category | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|---|---------------------------|----------------|---------------------|-------------|-------------|
| 19 - CUSTOMER SERVICE – Percentage of customers rating the agency’s customer service as “good” or “excellent”   | Timeliness                | Approved KPM   | 70.00               | 70.00       | 70.00       |
| 20 - Percentage of eligible children who receive Early Intervention/Early Childhood Special Education services that meet service level standards.   |                           | Approved KPM   | 27.90               | 100.00      | 100.00      |
| 21 - Percentage of children who exit Early Intervention/Early Childhood Special Education programs functioning within age level expectations or having made substantial progress (as defined by ODE) in the outcome areas of positive social-emotional skills, acquisition and use of knowledge and skills, and use of appropriate behaviors to meet their needs. |                           | Approved KPM   | 83.60               | 81.40       | 81.40       |

**LFO Recommendation:**

LFO recommends the following on KPMs for the Oregon Department of Education (ODE). **Overall:** The agency needs to review all KPMs over the next two years in light of their implementation of their strategic plan as well as the overall goals of the Oregon Education Investment Board. In addition, there are new functions that are being added to the agency (Early Learning and Youth Development). The existing KPMs should be assessed to determine if they meet the agency's needs. This review and any resulting changes to the KPMs should be reflected in their information presented for action to the 2015 Legislature. **KPMs #7 & 8:** LFO agrees with the agency's proposal to delete these two KPMs because the Adequate Yearly Progress is longer used due to the changes in the agency's requirements under No Child Left Behind (waiver). **KPM #2:** No targets are provided for as there is data available yet for the new Kindergarten Readiness Assessment since it is just being tested at this time. **KPM #4:** Still waiting for data to set targets. **KPM #9:** Increase targets to 30% for both 2014 and 2015 to better reflect recent performance. **KPM #11:** Decrease the 2014 target to 87,000 and 2015 target to 85,000 to better reflect recent performance. The agency has used a four year rolling average. The targets will need to be reviewed in 2015 as the implementation of HB 2192 is taken into account. **KPM #15:** Increase the targets to 14% for 2014 and 15% for 2015 given the efforts by the agency and other education related entities that are focused on increasing minorities among staff. **KPM # 18:** LFO recommends deleting this KPM since it does not really measure performance as much as making sure something is done on time. It is also not necessary a core function of the agency. In addition, the standard customer service measures should account for this issue.

**Sub-Committee Action:**