

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5548-A

Carrier – House: Rep. Komp

Carrier – Senate: Sen. Monroe

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

Vote: 19 – 6 – 1

House

Yeas: Barker, Buckley, Frederick, Huffman, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: Freeman, Hanna, Jenson, McLane, Richardson

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Monroe, Steiner Hayward, Thomsen, Winters

Nays: Whitsett

Exc: Johnson

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: June 19, 2013

Agency

Oregon Education Investment Board

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 6,158,784	\$ 6,158,784	100.0%

Position Summary

Authorized Positions	0	0	15	15
Full-time Equivalent (FTE) positions	0.00	0.00	15.00	15.00

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Education Investment Board is funded entirely with General Fund.

Summary of Education Subcommittee Action

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

For 2011-13, the budget for the OEIB and Office of the CEdO was part of the Office of the Governor. The OEIB and CEdO budgets were part of an appropriation of just less than \$3 million General Fund. For 2013-15, the OEIB is proposed to be established as a separate and independent state agency. The statutory authority for both the OEIB and CEdO are still scheduled to sunset in 2016.

The Subcommittee approved a budget of \$6,158,784 General Fund and 15.00 full-time equivalent positions. The Subcommittee took the following actions:

- Approved Package 092 that reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an

Oregon resident. The change reduces state employer contribution rates by approximately 0.3 percent. The package reduces General Fund by \$13,108.

- Approved Package 093 that reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. The change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS board, as directed by a budget note in the SB 822 budget report, will reduce state employee contribution rates by up to an additional 1.9 percent. However, no employer rate will be reduced below its 2011-13 biennium rate. The package reduces General Fund by \$104,737.
- Approved Package 101 that provides \$4,621,042 General Fund for funding the operation of OEIB and its current staff. The package includes resources for 12 board members and 11 staff positions, including the Chief Education Officer, a chief of staff, two deputies assigned to general areas of education policy, three policy analysts or project managers, a board administrator and three support staff. The package also includes Services and Supplies funding for the general operations of the agency, \$500,000 for contracts, funding for paying the Department of Administrative Services for financial and administrative support (\$285,000), board expenses (\$24,000), travel and car allowance (\$88,000), and other costs. The Subcommittee included \$100,000 to partially fund Pension Obligation Bond liabilities that were omitted in the Governor's budget. This amount covers less than half of the estimated amount due in the 2013-15 biennium; OEIB will need to identify savings in its budget to meet the remaining part of the obligation.
- Approved Package 102 with \$705,587 General Fund that provides staff and funding to create a research unit for the P-20 educational continuum. The package includes four Research Analyst 3 positions (4.00 FTE). The Subcommittee authorized OEIB to structure the four positions within the resources provided in the package to best meet its needs.
- Approved Package 103 for \$950,000 General Fund to fund a portion of the Governor's strategic education investments that are spread among the Department of Education, the Oregon Student Access Commission and this agency. The package includes \$500,000 for grants to fund regional achievement compact convenings, \$200,000 General Fund for state education connections conferences, and \$250,000 General Fund for a statewide reading campaign.

The Subcommittee discussed strategic initiatives proposed by the Governor and included in House Bill 3232 and House Bill 3233 and adopted the following budget note.

Budget Note

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.

Summary of Performance Measure Action

As a newly established agency, OEIB does not have Key Performance Measures (KPMs) at this time. The agency has formed a good basis for determining KPMs for the future by adopting goals and associated metrics. The Subcommittee directed OEIB to propose KPMs for the 2015-17 budget using these existing measures.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5548-A

Oregon Education Investment Board
Bill McGee 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 001: Oregon Education Investment Board									
Package 092: PERS Taxation Policy									
Personal Services	\$ (13,108)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (13,108)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ (104,737)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (104,737)	0	0.00
Package 101: OEIB Board and Staff									
Personal Services	\$ 3,617,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,617,926	11	11.00
Services and Supplies	\$ 1,003,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,003,116		
Package 102: Educational Research Capacity									
Personal Services	\$ 589,046	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 589,046	4	4.00
Services and Supplies	\$ 116,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,541		
Package 103: PK-20 Program Initiatives									
Services and Supplies	\$ 950,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 950,000		
TOTAL ADJUSTMENTS	\$ 6,158,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,158,784	15	15.00
SUBCOMMITTEE RECOMMENDATION *	\$ 6,158,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,158,784	15	15.00
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		