

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: SB 5518-A**

**Carrier – House: Rep. Sprenger**

**Carrier – Senate: Sen. Monroe**

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

**Vote:** 22 – 2 – 2

House

**Yeas:** Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Richardson, Smith, Tomei, Williamson

**Nays:** Freeman

**Exc:** Hanna, Read

Senate

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

**Nays:** Whitsett

**Exc:**

**Prepared By:** Jim Carbone, Department of Administrative Services

**Reviewed By:** Doug Wilson, Legislative Fiscal Office

**Meeting Date:** June 21, 2013

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Agency

Oregon Department of Education

**Biennium**

2013-15

**Budget Summary\***

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 340,837,528	\$ 367,172,563	\$ 432,006,914	\$ 91,169,386	26.7%
Lottery Funds Debt Service	\$ 54,160,517	\$ 42,457,585	\$ 42,371,076	\$ (11,789,441)	-21.8%
Other Funds	\$ 60,414,666	\$ 62,948,708	\$ 122,408,573	\$ 61,993,907	102.6%
Other Funds Debt Service	\$ 2,525,733	\$ 0	\$ 0	\$ (2,525,733)	-100.0%
Other Funds Nonlimited	\$ 107,024,055	\$ 107,024,055	\$ 94,331,467	\$ (12,692,588)	-11.9%
Federal Funds	\$ 831,354,523	\$ 851,766,267	\$ 995,059,930	\$ 163,705,407	19.7%
Federal Funds Nonlimited	\$ 285,380,254	\$ 349,992,872	\$ 349,992,872	\$ 64,612,618	22.6%
<b>Total</b>	<b>\$ 1,681,697,276</b>	<b>\$ 1,781,362,050</b>	<b>\$ 2,036,170,832</b>	<b>\$ 354,473,556</b>	<b>21.1%</b>

**Position Summary**

Authorized Positions	376	376	499	123
Full-time Equivalent (FTE) positions	357.79	356.80	472.63	114.84

<sup>(1)</sup> Includes adjustments through December 2012

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

Other Fund revenues include indirect cost recovery from federal programs, fees, transfers from the State School Fund and other intra-fund transfers, revenues from other agencies for specific purposes, Common School Fund pass-through funding for school districts, and other miscellaneous sources. Federal Fund revenues include funding for compensatory education programs, school improvement, child nutrition, education for students with disabilities, childcare programs and youth development programs.

**Summary of Education Subcommittee Action**

Senate Bill 5518 provides budget expenditure authority for programs administered by the Oregon Department of Education (ODE). This bill generally excludes funding for the State School Fund, which was addressed in SB 5519.

The Subcommittee approved a total funding level of \$2,036,170,832 for the department, excluding the State School Fund, or 21.1 percent more than the 2011-13 Legislatively Approved Budget (LAB) as of December 2012. The primary reasons for this growth include the transfer in of early learning and youth development programs, the establishment of the strategic education initiatives, and growth in federal nutrition programs.

### Department Operations

This budget unit includes most of the staff in the agency that is responsible for the administration of educational programs. The Subcommittee approved a budget of \$143,973,414 total funds, including \$45,948,991 General Fund, \$23,247,159 Other Funds, \$72,072,812 Federal Funds, \$2,704,452 Nonlimited Other Funds and 412 positions (393.44 full-time equivalents). General Fund is increased from the 2011-13 LAB by 34.0 percent. Total Funds are increased by 28.5 percent.

The Subcommittee approved the following adjustments to this division's Current Service Level:

- Package 070 (Revenue Shortfalls) which reduces Other Funds (\$7.7 million) and Federal Funds (\$2.4 million) expenditure limitation that is no longer required and/or not supported by the revenue available for 2013-15.
- Package 081 (May 2012 E-Board) which makes adjustments related to the May 2012 Emergency Board actions that reflected staffing reductions imposed by House Bill 4131 (2011). For the Operations part of the ODE budget, one position is eliminated. Some resources were added to the budget (Professional Services) related to other Emergency Board actions. This package was modified to reflect a reduction in the budgeted PERS employer rate due to the effect of SB 822. General Fund is increased by \$122,946 while total funds increases by \$124,292.
- Package 090 (Analyst Adjustments) which reflects adjustments to the Operations budget resulting in \$1.9 million in General Fund savings and a net overall reduction of \$1.6 million total funds. The changes include:
  - Elimination of dues for the National Association of State Boards of Education.
  - Reduction of two State Board of Education meetings during the biennium.
  - Shift in funding for computer services to Federal Funds for one biennium, reducing the amount of Federal Funds for other purposes.
  - Elimination of the e-rate contract and elimination of the connectivity grants. This will likely increase workload/cost offsets for both school district staff and ODE staff.
  - A one-time shift of Office of Finance and Administration payroll costs to miscellaneous revenues, reducing this resource by an estimated 80 percent, which could affect how the agency deals with unexpected costs during the biennium.
  - Elimination of resources for a nursing specialist position.
  - Discontinuation of writing, math and English language arts test items that should be replaced by the new assessment system starting in 2014-15.
  - Elimination of resources for an education specialist position relating to foreign language content areas.

- Elimination of the contract for technical assistance relating to assessments and other areas which will likely reduce assistance to districts.
- For the Office of Assessment and Information Services, vacant positions will be left open for at least 60 days to generate further vacancy savings.

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

- Package 091(Statewide Administrative Savings) which is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session. Reductions in this package are \$276,887 General Fund and \$814,374 total funds.
- Package 092 (PERS Taxation Policy) which reduces General Fund costs by \$69,775 (\$159,816 total funds) reflecting the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments in cases where 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 percent.
- Package 093 (Other PERS Adjustments) which saves \$466,499 General Fund (\$1.1 million total funds) reflecting the policy change in Senate Bill 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 100 (Superintendent Office Reorganization). As a result of SB 552 (2011) 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 costs. The package also eliminates the position of the former elected Superintendent and the executive assistant position that supported the elected Superintendent. In addition, the package reclassifies 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. Total savings in this package is \$50,520 General Fund and \$75,267 total funds.
- Package 101 (Operations Clean up) which realigns funding sources for positions and Services and Supplies categories to reflect actual practices. Funding for over 40 positions is adjusted, but overall the package has a net savings of \$1,274 total funds. Three positions are established by this package, including two in the School Finance Unit. The package has been adjusted to reflect a reduction in the budgeted PERS employer rate based on SB 822.



- Package 103 (Native American Education) which establishes a position to address the needs and challenges of Native American students in the K-12 education system. An existing vacant position has been identified within the agency to assist in funding this new position and \$83,342 General Fund is added to support the position.
- Package 104 (CNP Positions) which establishes three positions in the Child Nutrition Programs Unit due to increasing workload in the unit over the past few biennia. The \$492,598 in funding for the positions 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 passage of SB 822.
- Package 300 (Longitudinal Data System) which provides the resources to create a longitudinal data system for tracking student/school information from early learning through post-secondary education. The package includes \$700,000 General Fund for the business plan and equipment replacement. The highest priority for these resources is completion of the business case and related project management materials for the longitudinal data system. Limitation for the actual development costs of the system 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 Note:**

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.

The Subcommittee also stressed the importance of involving all stakeholders in all stages of the project.

- Package 401 (PCS Transfer to HECC) which transfers the staff, resources and expenditure limitation 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 licensing authority 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. The total amount of the transferred resources is \$1.3 million. Two positions, components of other positions and an additional two positions related to the Veterans' portion of the program are transferred to HECC. The \$1,384 General Fund in the package trues-up the funding for the transferred and remaining positions between General and Federal Funds.
- Package 501 (Transfer to Early Learning) which is part of the establishment of a new Early Learning Division within the Oregon Department of Education by HB 3234. Early childhood programs that are currently budgeted in ODE, the Oregon Employment Department, and the Office of the Governor (Early Learning Council staff) are consolidated into this new division. Staffing and related spending for these programs are budgeted in ODE's Operations Division in this package. The funds in these programs that flow to communities and districts are transferred into the new Early Learning Division in a separate package 501 that can be found in the Early Learning Division section of this report. A total of \$6.5 million General Fund and \$29.4 million total funds are transferred into Operations along with 108 positions (98.87 FTE), which are primarily related to the childcare program.

Note that this package includes five more Information Systems positions (5.00 FTE) than were included in the Governor's budget. These positions, which have been dedicated to the Child Care Program, are transferred from the Employment Department and are funded with federal funds. Three of these positions are limited duration.

- Package 502 (Transfer to Youth Development) which moves the Youth Development Council budget 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 and Families. This package moves the staffing and related spending for these programs into ODE's Operations Division, totaling \$2.7 million General Fund, \$4.1 million total funds and eight positions (9.38 FTE). The grant funding that is distributed to communities is transferred into ODE's Youth Development Division in a separate package 502 that can be found in the Youth Development section of this report.
- Package 810 (LFO Analyst Adjustments) which incorporates technical changes in the budget. 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. General Fund is increased by \$164,302 while total funds is reduced by \$974,954.
- Package 811 (Integrated Employment Executive Order). The Governor issued Executive Order #13-04 which addresses the needs of individuals with disabilities, specifically in the area of employment. This executive order addresses 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 of the executive order along with the Oregon Department of Justice and the Office of the Governor. ODE will work with DHS to improve the system of designing 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.

Package 811, totaling \$1.6 million General Fund, includes one Education Specialist position to coordinate the activities of transition specialists who will be locally employed and stationed across the state. Funding is also available to pay for substitute teachers when staff is out of the class-room for training, data collection, and monitoring.

- Package 816 (Strategic Initiatives Staffing) which provides the staffing for the agency's share of the Strategic Education Initiatives, established in HB 3232. The initiatives are laid out in three areas: Early Reading Programs (1.5 FTE); Guidance and Support for Post-Secondary Aspirations (2.9 FTE); and Connecting to the World of Work (3.1 FTE). Total cost of this package is \$1,951,198 General Fund. Ten positions (7.50 FTE) are created and are spread across the three initiatives. Note that this package is based on an overall funding level of \$27 million for the initiatives. If this overall amount changes for the agency's programs, the staffing resource needs may change also.
- Package 817 (Quality Teaching Network) which provides the staffing and other related resources for the activities under the Quality Teaching and Learning Network that is established by House Bill 3233. The \$3.7 million of funding for these staff and other related resources is from the Quality Teaching and Learning Network Fund that is established in House Bill 2506 and is funded by a distribution from the State School Fund. Sixteen positions (13.00 FTE) are established for staffing the functions of the Network.

Up to \$10,000 of the General Fund appropriation for the Operations Division is to be used for the expenses of the Fair Dismissal Appeals Board.

#### Oregon School for the Deaf (OSD)

The Department of Education operates the Oregon School for the Deaf (OSD), which is located in Salem. OSD serves just over 100 hearing impaired students, many of whom reside at the school during the school year. The Subcommittee approved a budget of \$15,283,428 total funds, including \$11,117,017 General Fund and 75.19 full-time equivalent positions (FTE). General Fund is increased from the 2011-13 LAB by 1.2 percent. Total Funds are decreased by 21.7 percent, primarily the result of the transfer of the Blind and Visually Impaired Student Fund to the Grant-in-Aid budget unit.

The Subcommittee approved the following adjustments to Oregon School for the Deaf's Current Service Level:

- Package 081 (May 2012 E-board) which makes adjustments related to the May 2012 Emergency Board actions that reflected staffing reductions imposed by House Bill 4131 (2011). Two positions (1.83 FTE) are eliminated – a Dormitory Counselor Supervisor and a Supervising Teacher position – for a savings of \$149,811 General Fund. The package reflects a reduction in the budgeted PERS employer rate due to the effect of SB 822.
- Package 092 (PERS Taxation Policy) which saves \$30,235 General Fund (\$33,247 total funds) reflecting the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments in cases where 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 percent.
- Package 093 (Other PERS Adjustments) which saves \$202,140 General Fund (\$222,276 total funds) reflecting 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 201 (OSD Reorganization). This package aligns the budget for the Oregon School for the Deaf with how funding is spent. Overall this package adds \$669,614 in total fund resources and eliminates 11 positions (3.51 FTE). This package has the following components.
  - Re-allocates the funding from a number of vacant positions to fund differentials, primarily for American Sign Language, and for temporary staff to provide one-on-one staffing, substitute teachers and assistants, and summer maintenance staff. The authority for the vacant positions and the corresponding FTE is eliminated in the budget. Many of these positions had been part-time with FTE of less than 1.00.
  - Adds \$494,614 in Other Funds expenditures that had been off-budget - including the spending associated with proceeds from the Nightmare Factory. Accounting principles and legislative monitoring of these funds call for this spending to be "on-budget".
  - Increases Federal Funds expenditure limitation by \$175,000 to reflect the anticipated growth in federal funding available to OSD in 2013-15.
  - Increases the FTE on two positions by .96 FTE to reflect actual usage.

The agency had requested \$516,118 in General Fund resources to fund three maintenance positions currently funded with OSD's share of the proceeds from the sale of the Oregon School for the Blind. This was not included in the budget. The agency will need to identify other resources or carryover funding to support these positions in 2013-15.

Youth Corrections Educational Program (YCEP):

This program provides funding and staff for education services for students under the supervision of the Oregon Youth Authority and county juvenile programs. The Subcommittee approved a budget of \$18,226,731 total funds and 4.00 full-time equivalent positions (FTE). Total Funds are increased by 7.0 percent.

The Subcommittee approved the following adjustments to this division's Current Service Level:

- Package 092 (PERS Taxation Policy) (\$1,676 Other Funds savings) which reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments in cases where 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 percent.
- Package 093 (Other PERS Adjustments) (\$11,203 Other Funds savings) which 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 251 (YCEP Contracts) which aligns the budget for the Youth Corrections Program (YCEP) with expected revenues and practices. The bargaining agreement with SEIU includes provisions that require if vacant positions at Hillcrest or Maclaren are not filled by current ODE employees, the duties of these positions are to be done by the Willamette Education Service District under contract with ODE. This package eliminates four positions (4.00 FTE) and transfers the corresponding funding from Personal Services to (Services and Supplies) Professional Services. Also the package transfers all of the expenditure authority corresponding to the contracts (\$12.3 million) from Professional Services to Special Payments, which is the proper expenditure category. The package also increases the Federal Funds expenditure limitation by \$175,000 to reflect anticipated additional federal revenues and Other Funds limitation by \$763,678 for increased State School Fund distributions.
- Package 812 (State School Fund Transfer) which aligns the Other Funds expenditure limitation with the expected school formula revenues which will flow through this budget unit based on the \$6.55 billion SSF appropriation. The adjustment is an increase in Other Funds expenditure 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.



Grant-in-Aid (GIA)

The Grant-in-Aid budget unit includes most of the K-12 funding, not including the State School Fund that is distributed to school districts, Education Service Districts, and other entities. The Subcommittee approved a budget of \$1,406,740,190 total funds, including \$208,072,157 General Fund. General Fund is decreased from the 2011-13 LAB by 29.6 percent, primarily due to the transfer of programs to the Early Learning Division. Total Funds are increased by 2.3 percent.

This budget unit includes spending authority for dozens of grants that are received and administered by the Department. Most of these grants come from the U.S. Departments of Education and Agriculture and are distributed primarily to local education programs. In addition, the state funds grants for specific education-related purposes with General Fund resources, described in the table, below:

<b><u>General Fund Supported Grant-in-Aid Program</u></b>		<b><u>2013-15 General Fund</u></b>
<b>Early Childhood Special Education</b>		<b>\$136,042,231</b>
Early Intervention	\$28,138,740	
Early Childhood Special Education	107,903,491	
<b>Other Special Education Programs</b>		<b>42,871,304</b>
Regional Programs	26,448,402	
Hospital Programs	1,306,711	
Long Term Care and Treatment Programs	15,116,191	
<b>Blind and Visually Impaired Student Fund</b>		<b>988,426</b>
<b>Food and Nutrition Programs</b>		<b>2,318,756</b>
<b>Other Grant-in-Aid Programs</b>		<b>4,002,638</b>
Student Leadership Programs	250,208	
Physical Education Grants (I)	379,662	
CTE Revitalization Grants	1,877,504	
FIRST Robotics (Package 810)	648,224	
Accelerated College Credit	247,040	
The Start Making a Reader Today (SMART) Program (Package 810)	500,000	
Reach Out to Read Program (Package 810)	100,000	
<b>Strategic Investments</b>		<b>21,848,802</b>
Oregon Reads (HB 3232 & Package 303)	7,367,965	
Guidance and Support for Post-Secondary Aspirations ( HB 3232 & Package 304)	5,344,693	
Preparation for the World of Work (HB 3232 & Packages 301 & 305)	9,136,144	

(1) Funding for the Physical Education grant programs authorized by ORS 329.501 is supplemented by \$4,000,000 Other Funds from the Tobacco Master Settlement Agreement. See Package 813.

The Subcommittee approved the following adjustments to this budget unit's Current Service Level:

- Package 070 (Revenue Shortfalls) which makes a \$1.1 million reduction in Federal Funds expenditure limitation based on the anticipated decrease in federal funding available to this budget unit in 2013-15.
- Package 090 (Analyst Adjustments) which eliminates the Connectivity Grants that had been made to school districts. There is a related reduction in the Operations budget for the Office of Assessment and Information Services. In addition, this package aligns the increase for two early learning related programs (Early Intervention and Early Childhood Special Education) that had funding added by the Governor. These programs had originally been added to the new Early Learning Division, but HB 3234 keeps these programs in the Grant-in-Aid budget unit. The net General Fund increase for this package is \$343,439.
- Packaged 301 (Preparation for the World of Work) which 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 (before reductions for staffing) in three areas:
  - Provide \$3.0 million for start-up or expansion for STEM or STEAM (Science, Technology, Engineering, Arts, Mathematics) "labs" in schools for designing curriculum and assessment tools, providing professional development, and funding technology and infrastructure for the programs. The goal is to provide enhanced STEM related activities for 500 to 1,000 students and also provide training for teachers across the state.
  - Provide \$2.5 million for regional STEM/STEAM networks which would provide a clearinghouse function for STEM and CTE (Career and Technical Education) resources including curriculum, hands-on applications, and assistance in linking schools with business partnerships and internships. It is anticipated the funds will be used to establish or expand three to five sites.
  - 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 is also spending relating to the Preparation for the World of Work in Package 305 which expands on the concept of the Eastern Promise model between high schools and post-secondary institutions in Eastern Oregon.

Note that this package, which totals \$7,505,317 General Fund, does not include the staffing costs related to the World of Work initiative. The resources for these costs, totaling \$494,683, reduce the program amounts, shown above, and can be found in Package 816 in the Operations budget unit. Also this package assumes the overall funding level of the strategic initiatives is \$27 million General Fund.

The agency may transfer up to 15 percent of this funding between the programs within this policy package, net of the allocation of funding to the Operations budget for the programs' share of staff and related costs. The agency may also transfer up to 15 percent between the major initiatives found in policy packages 301 (Preparation for the World 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.

- Package 303 (Oregon Reads) which provides General Fund resources for another of the Governor's education initiatives -- Early Reading or Oregon Reads. Funding totaling \$7.8 million General Fund (before reductions for staffing) is proposed for the following:
  - \$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.
  - \$750,000 for competitive grants to nonprofits, early learning providers, school districts and others to ensure parents and caregivers have the training and guidance in pre-literacy skills. The goal is that 7,500 families or caregivers receive the training and support.
  - \$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. The goal is that 15,000 children will be served through this program.
  - \$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.
  - \$2.0 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.

Note that this package, totaling \$7,367,965 General Fund, does not include the staffing costs related to the Oregon Reads initiative. The resources for these costs, totaling \$432,035, reduce the program amounts, shown above, and can be found in Package 816 in the Operations budget unit. Also this package assumes the overall funding level of the strategic initiatives is \$27 million General Fund.

The agency may transfer up to 15 percent of this funding between the programs within this policy package, net of the allocation of funding to the Operations budget for the programs' share of staff and related costs. The agency may also transfer up to 15 percent



between the major initiatives found in policy packages 301 (Preparation for the World 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.

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

- Package 304 (Support for Middle and High School) which provides \$6.0 million General Fund (before reductions for staffing) 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. \$3.0 million in funding will be used to assist an estimated 1,500 to 2,000 students with mentoring and other means to get them on track for graduation. Another \$3.0 million will be used to fund dual credit and early college-related programs.

Note that this package, totaling \$5,344,693 General Fund, does not include the staffing costs related to the Middle and High School initiative. The resources for these costs, totaling \$655,307, reduce the program amounts, shown above, and can be found in Package 816 in the Operations budget unit. Also this package assumes the overall funding level of the strategic initiatives is \$27 million General Fund.

The agency may transfer up to 15 percent of this funding between the programs within this policy package, net of the allocation of funding to the Operations budget for the programs' share of staff and related costs. The agency may also transfer up to 15 percent between the major initiatives found in policy packages 301 (Preparation for the World 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.

**Budget Note:**

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 students taking their second or more nationally standardized examination, and then funding can be made available for students taking non-nationally standardized examinations.

- Package 305 (Seamless Transitions). A part of the Governor's Preparation for the Work of Work initiative, this package provides \$2.0 million in General Fund (before reducing for staffing) to expand on the concept of the Eastern Promise. This is a program that is shared between post-secondary institutions and school districts in Eastern Oregon with the purpose of increasing the number of college credits

earned by high school students. The intent of this package is to increase the efficiency and effectiveness of transitions between high schools and college. It is expected this funding will enhance the Eastern Promise and, also start other similar projects.

Note that this package, totaling \$1,630,827 General Fund, does not include the staffing costs related to Seamless Transitions. The resources for these costs, totaling \$369,173, can be found in Package 816 in the Operations budget unit. Also this package assumes that the overall funding level of the strategic initiatives is \$27 million General Fund.

The agency may transfer up to 15 percent of this funding between the programs within this policy package, net of the allocation of funding to the Operations budget for the programs' share of staff and related costs. The agency may also transfer up to 15 percent between the major initiatives found in policy packages 301 (Preparation for the World 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.

- Package 501 (Transfer to Early Learning) which transfers \$126.7 million in General Fund resources for Oregon Pre-Kindergarten program from the Grant-in-Aid budget unit into the 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. See related Packages 501 in the Operations budget and the Early Childhood Division budget.
- Package 810 (LFO Analyst Adjustments) which establishes or increases the funding for the following grant programs:
  - \$500,000 General Fund for the Start Making a Reader Today (SMART) program
  - \$500,000 General Fund for the For Inspiration and Recognition of Science and Technology (First) Robotics program
  - \$100,000 General Fund for the Reach Out to Read program provided through physicians' offices
- Package 813 (Physical Education) which adds \$4.0 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 a result of the Tobacco Master Settlement Agreement (TMSA).
- Package 817 (Quality Teaching and Learning Networks) which provides grant-in-aid funding for this program that is established in HB 3233. \$29,276,755 in Other Funds expenditure limitation is provided to six program areas, with additional funding provided in the Operations budget unit (Package 817) for the staff and other costs relating to these 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 (see HB 2506). 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.
  - \$22.8 million is provided as grants and contracts relating to mentoring for newly licensed and employed teachers and administrators, school district collaboration efforts, and expansion of 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 these Other Funds resources, more than doubling the amount available.

- Almost \$500,000 is provided for scaling up proficiency based demonstration sites and expanding proficiency expertise through regional training for student centered learning.
- Almost \$1.9 million is provided 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 that teachers are classroom-ready when they graduate.
- \$500,000 is provided for early learning professional development, including expanding professional development supports to early learning educators and providing financial incentives to access professional development.
- Almost \$3.2 million is provided to assist in closing the achievement gaps, including developing processes for replicating exemplar programs, assisting districts to implement best practices, ensuring valid use of assessments, incorporating more culturally responsive training, and developing dual language immersion preparation.
- Over \$400,000 is provided for aligning professional development plans to school improvement objectives and educators' needs.

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

**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.



Common School Fund

The Common School Fund receives funds from the earnings of state lands controlled by the State Land Board and is considered a local revenue resource for purposes of the State School Fund distribution formula. The Subcommittee approved a Non-limited Other Funds budget of \$91,627,015. This is a 10.0 percent decrease from the 2011-13 Legislatively Approved Budget.

The Subcommittee approved the following adjustment to this budget unit’s Current Service Level:

- Package 810 (LFO Analyst Adjustments) which adjusts the amount available from the Common School Fund based on the latest information from the Department of State Lands. The amount available for distribution to school districts is reduced by \$10,125,873.

Early Learning Division

The Subcommittee approved a budget of \$302,419,864 total funds, including \$161,119,658 General Fund. This is a new division established by HB 3234. This budget unit includes spending authority for programs providing services to children ages zero through six that are received and administered by the Department. This includes programs, previously administered by the State Commission on Children and Families, which are currently administered through the Office of the Governor, the Child Care Division within the Employment Department, and early learning programs within the Department of Education’s Grant-in-Aid programs. The programs and associated funding are listed in the table below:

<u>General Fund Supported Early Learning Programs</u>	<u>2013-15 General Fund</u>
Oregon PreKindergarten	\$127,424,153
Early Head Start	1,540,108
Early Learning Hub Funding	4,280,000
Early Learning Kindergarten Readiness and Partnership and Innovation Fund	4,000,000
Healthy Families Oregon	14,129,563
Relief Nurseries	6,601,498
Service Continuity Funding	720,000
Other Early Learning Program funding	2,424,336

As required in HB 2013, the Early Learning Council is to establish Early Learning Hub Demonstration Projects, no more than seven in the first fiscal year and a total of up to 16 for the second fiscal year. The Early Learning Division budget includes \$4.4 million General Fund to develop these sites. Also related to HB 2013, the division’s budget includes \$4.0 million General Fund to administer grants for partnerships between schools and early learning providers that improve kindergarten readiness through the Early Learning Kindergarten Readiness Partnership and Innovation Program. As the early learning system transitions its service delivery model, funding for programs currently delivered through local

Commissions on Children and Families will continue through the first year of the biennium, including Great Start, Children, Youth and Families, and Federal Title IV B(s) programs, along with one-time service continuity payments to counties. Funding for Healthy Families Oregon (Healthy Start Family Support Services) will continue through the first year of the biennium through counties and then through the new service delivery model. For Relief Nurseries, the division will contract directly with the providers. Within this division's budget, is funding that local communities invest in local Court Appointed Special Advocates (CASA) programs. The division will transfer this funding to Oregon Housing and Community Services Department for distribution to the appropriate CASA programs.

The Subcommittee approved the following adjustments to this division's Current Service Level, which was zero as this is a new division proposed in the Governor's Budget:

- Package 090 (Analyst Adjustments) which adds an additional \$2.3 million General Fund to the Early Learning Programs that are transferred into the new Early Learning Division, including \$22,617 for Head Start Collaboration and \$2.2 million for Oregon Prekindergarten.
- Package 501 (Transfer to Early Learning) which consolidates various early learning programs into the 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 Operations and Grant-in-Aid budget units in this agency. HB 3234 authorizes the consolidation. Programs transferred include:
  - All child care programs, including licensing, subsidies and administration from the Employment Department,
  - Great Start, Healthy Families (Healthy Start), Relief Nurseries, Race to the Top federal funding and other programs from the Office of the Governor,
  - Oregon Pre-Kindergarten, and other programs from within the Department of Education

This transfer includes investments made in early learning programs prior to transferring to ODE. Investments include \$3.1 million General Fund increase in Relief Nurseries funding to add satellite locations and address waitlists at current locations, and \$1.3 million General Fund increase in Healthy Families program. Also included in the transfer is Federal Funds investments in child care programs for the implementation of the Tiered Quality Rating Improvement System. The grant funding for these programs is included in this division and the relating staffing and administrative support for the programs is included in ODE's Operations budget unit.

- Package 810 (LFO Analyst Adjustments) which adjusts the budget for more 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 for the Employment Related Day Care program.

Youth Development Division

The Subcommittee approved a budget of \$15,529,114 total funds, including \$5,749,091 General Fund for the Youth Development Division. This is a new division established by HB 3231. This division includes programs which provide services to school-age children through the age of 20. These programs support academic success and reduce involvement in the criminal justice system. This includes the following programs:

- Title XX Youth Investment Program which directs funds to communities to address risk factors and issues faced by non-delinquent youth.
- Juvenile Crime Prevention Program which provides funding to school based services, family support services, teen and peer courts, gang outreach, education and skill building, behavioral health and mentoring.
- Gang Involved Youth Program, which is new grant program, to fund activities that reduce youth gang violence and involvement.
- Community Schools which supports programs at five schools across the state designed to improve student achievement including extended day or year programming.
- Safe and Equitable Foster Care Reduction is a partnership with the Department of Human Services and the courts to promote strength and stability of families to reduce the risk of children ending up in foster care.

The Youth Development Council will report back to the Legislature in the 2014 Session with a plan for investing and distributing Youth Development Funds via grants and/or performance based contracts in furtherance of the policy directives and youth academic and developmental outcomes contained in HB 3231 and with Oregon's 40/40/20 educational goals and the OEIB Strategic Plan. In developing this plan, the Council shall consult with youth, parents, schools, service providing organizations, labor, business, local governments, tribes, and communities to ensure that plans achieve the highest impact, address issues of equity, leverage public and private investment, and develop sustainable models for improving youth outcomes.

The Subcommittee approved the following adjustment to this division's Current Service Level, which was zero as this was a new division proposed in the Governor's Budget:

- Package 502 (Transfer to Youth Development) which moves the budget for the Youth Development Council into 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 and Families. The grant funding for these programs is included in this division and the relating staffing and administrative support for the programs is included in ODE's Operations budget unit. This package adds \$5.7 million General Fund and \$15.5 million total funds.

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

Debt Service Costs

The Subcommittee approved a budget of \$42,371,076 Lottery Funds.

The Subcommittee approved the following adjustment to this division's Current Service Level:

- Package 810 (LFO Adjustments) which adjusts the required debt service funding to reflect the most recent estimates available from the Department of Administrative Services. A total of \$86,509 Lottery Funds is reduced by this package.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB5518**

Oregon Department of Education  
Jim Carbone - 503-378-3619

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 *	\$ 340,837,528	\$ 54,160,517	\$ 62,940,399	\$ 107,024,055	\$ 831,354,523	\$ 285,380,254	\$ 1,681,697,276	376	357.79
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 367,172,563	\$ 42,457,585	\$ 62,948,708	\$ 107,024,055	\$ 851,766,267	\$ 349,992,872	\$ 1,781,362,050	376	356.80
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 100 - Operations</b>									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ 0	\$ 0	\$ 0	\$ (1,903,575)	\$ (7,666,101)	\$ 0	\$ (9,569,676)	0	0.00
Special Payments (6030 Dist to Non-Gov Units)	\$ 0	\$ 0	\$ 0	\$ (463,140)	\$ 0	\$ 0	\$ (463,140)		
Package 081: May 2012 E-Board									
Personal Services	\$ (118,595)	\$ 0	\$ (118,597)	\$ 0	\$ 0	\$ 0	\$ (237,192)	-1	-1.00
Services and Supplies	\$ 241,541	\$ 0	\$ 119,943	\$ 0	\$ 0	\$ 0	\$ 361,484		
Package 090: Analyst Adjustments									
Personal Services	\$ (866,074)	\$ 0	\$ 300,000	\$ 0	\$ (47,599)	\$ 0	\$ (613,673)	-2	-2.00
Services and Supplies	\$ (1,010,500)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,010,500)		
Package 091: Statewide Administrative Savings									
Services and Supplies	\$ (276,887)	\$ 0	\$ (123,622)	\$ 0	\$ (413,865)	\$ 0	\$ (814,374)	0	0.00
Package 092 PERS Taxation Policy									
Personal Services	\$ (69,775)	\$ 0	\$ (16,308)	\$ 0	\$ (73,733)	\$ 0	\$ (159,816)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ (466,499)	\$ 0	\$ (109,031)	\$ 0	\$ (492,957)	\$ 0	\$ (1,068,487)	0	0.00
Package 100: Superintendent Office Reorg.									
Personal Services	\$ (50,520)	\$ 0	\$ 0	\$ 0	\$ (24,747)	\$ 0	\$ (75,267)	-2	-2.00
Package 101: Operations Cleanup									
Personal Services	\$ 834,893	\$ 0	\$ (2,376,382)	\$ 0	\$ 2,141,576	\$ 0	\$ 600,087	3	3.00
Services and Supplies	\$ (836,208)	\$ 0	\$ 2,386,737	\$ 0	\$ (2,151,890)	\$ 0	\$ (601,361)		
Package 103: Native American Education									
Personal Services	\$ 83,342	\$ 0	\$ 0	\$ 0	\$ (96,823)	\$ 0	\$ (13,481)	0	0.00



**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB5518**

Oregon Department of Education  
Jim Carbone - 503-378-3619

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
<b>Package 104: CNP Positions</b>										
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 428,020	\$ 0	\$ 428,020	3	3.00	
Services and Supplies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,578	\$ 0	\$ 64,578			
<b>Package 300: Longitudinal Data System</b>										
Services and Supplies	\$ 700,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,000			
<b>Package 401: PCS Transfer to HECC</b>										
Personal Services	\$ 1,384	\$ 0	\$ (415,495)	\$ 0	\$ (629,790)	\$ 0	\$ (1,043,901)	-4	-5.46	
Services and Supplies	\$ 0	\$ 0	\$ (45,000)	\$ (200,000)	\$ (35,904)	\$ 0	\$ (280,904)			
<b>Package 501: Transfer to Early Learning</b>										
Personal Services	\$ 4,997,185	\$ 0	\$ 1,747,932	\$ 0	\$ 11,006,765	\$ 0	\$ 17,751,882	108	98.87	
Services and Supplies	\$ 1,491,082	\$ 0	\$ 1,275,169	\$ 0	\$ 8,848,625	\$ 0	\$ 11,614,876			
Capital Outlay	\$ 14,542	\$ 0	\$ 3,824	\$ 0	\$ 4,652	\$ 0	\$ 23,018			
<b>Package 502: Transfer to Youth Development</b>										
Personal Services	\$ 1,335,530	\$ 0	\$ 205,630	\$ 0	\$ 436,964	\$ 0	\$ 1,978,124	8	9.38	
Services and Supplies	\$ 1,338,939	\$ 0	\$ 409,448	\$ 0	\$ 342,883	\$ 0	\$ 2,091,270			
<b>Package 810 LFO Analyst Adjustments</b>										
Personal Services	\$ 164,302	\$ 0	\$ (176)	\$ 0	\$ (1,139,080)	\$ 0	\$ (974,954)	0	0.00	
<b>Package 811 Integrated Employment Exec. Order</b>										
Personal Services	\$ 164,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 164,645	1	0.88	
Services and Supplies	\$ 1,478,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,478,833			
<b>Package 816: Strategic Initiative Staffing</b>										
Personal Services	\$ 1,536,706	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,536,706	10	7.50	
Services and Supplies	\$ 414,492	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,492			
<b>Package 817: Quality Teaching Network</b>										
Personal Services	\$ 0	\$ 0	\$ 2,647,028	\$ 0	\$ 0	\$ 0	\$ 2,647,028	16	13.00	
Services and Supplies	\$ 0	\$ 0	\$ 1,076,217	\$ 0	\$ 0	\$ 0	\$ 1,076,217			
<b>SCR 200 - Oregon School for the Deaf</b>										
<b>Package 081: May 2012 E-board</b>										
Personal Services	\$ (149,811)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (149,811)	-2	-1.83	

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB5518**

Oregon Department of Education  
 Jim Carbone - 503-378-3619

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>Package 092: PERS Taxation Policy</b>									
Personal Services	\$ (30,235)	\$ 0	\$ (2,429)	\$ 0	\$ (583)	\$ 0	\$ (33,247)	0	0.00
<b>Package 093: Other PERS Adjustments</b>									
Personal Services	\$ (202,140)	\$ 0	\$ (16,238)	\$ 0	\$ (3,898)	\$ 0	\$ (222,276)	0	0.00
<b>Package 201: OSD Reorganization</b>									
Personal Services	\$ 0	\$ 0	\$ (386)	\$ 0	\$ 0	\$ 0	\$ (386)	-11	-3.51
Services and Supplies	\$ 0	\$ 0	\$ 495,000	\$ 0	\$ 175,000	\$ 0	\$ 670,000		
<b>SCR 250 - Youth Corrections Educational Prg.</b>									
<b>Package 092: PERS Taxation Policy</b>									
Personal Services	\$ 0	\$ 0	\$ (1,676)	\$ 0	\$ 0	\$ 0	\$ (1,676)	0	0.00
<b>Package 093: Other PERS Adjustments</b>									
Personal Services	\$ 0	\$ 0	\$ (11,203)	\$ 0	\$ 0	\$ 0	\$ (11,203)	0	0.00
<b>Package 251: YCEPS contracts</b>									
Personal Services	\$ 0	\$ 0	\$ (410,995)	\$ 0	\$ 0	\$ 0	\$ (410,995)	-4	-4.00
Services and Supplies	\$ 0	\$ 0	\$ (12,315,000)	\$ 0	\$ 0	\$ 0	\$ (12,315,000)		
Special Payments (6040 Dist. To Local School Dist.)	\$ 0	\$ 0	\$ 13,489,673	\$ 0	\$ 175,000	\$ 0	\$ 13,664,673		
<b>Package 812: State School Fund Transfer</b>									
Special Payments (6040)	\$ 0	\$ 0	\$ 443,726	\$ 0	\$ 0	\$ 0	\$ 443,726		
<b>SCR 300 - Grant-In-Aid</b>									
<b>Package 070: Revenue Shortfalls</b>									
Special Payments (6575 To Student Access Comm)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,088,338)	\$ 0	\$ (1,088,338)		
<b>Package 090: Analyst Adjustment</b>									
Special Payments 6040 Dist to School Dist.)	\$ (482,734)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (482,734)		
Special Payments (6040)	\$ 826,173	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 826,173		
<b>Package 301: Preparaton for the World of Work</b>									
Special Payments 6040 Dist to School Dist.)	\$ 8,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,000,000		
Special Payments (6040)	\$ (494,683)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (494,683)		

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB5518**

Oregon Department of Education  
Jim Carbone - 503-378-3619

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>Package 303: Oregon Reads</b>									
Special Payments 6040 Dist to School Dist.)	\$ 8,800,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,800,000		
Special Payments (6040)	\$ (1,432,035)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,432,035)		
<b>Package 304: Support for Middle and High School</b>									
Special Payments 6040 Dist to School Dist.)	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,000,000		
Special Payments (6040)	\$ 1,344,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,344,693		
<b>Package 305: Seamless Transitions</b>									
Special Payments 6040 Dist to School Dist.)	\$ 5,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000,000		
Special Payments (6040)	\$ (3,369,173)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,369,173)		
<b>Package 501: Transfer to Early Learning</b>									
Special Payments (6030 Dist to Non-Gov Units)	\$ (90,000,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (90,000,000)		
Special Payments 6040 Dist to School Dist.)	\$ (171,944,145)	\$ 0	\$ 0	\$ 0	\$ (27,992,784)	\$ 0	\$ (199,936,929)		
Special Payments (6040)	\$ 135,216,058	\$ 0	\$ 0	\$ 0	\$ 27,992,784	\$ 0	\$ 163,208,842		
<b>Package 810: LFO Analyst Adjustment</b>									
Special Payments (6040)	\$ 1,100,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,100,000		
<b>Package 813: Physical Education</b>									
Special Payments (6040)	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 4,000,000		
<b>Package 817: Quality Teaching and Learning network</b>									
Special Payments (6040)	\$ (8,541,417)	\$ 0	\$ 29,276,755	\$ 0	\$ 0	\$ 0	\$ 20,735,338		
Special Payments (6030)	\$ (777,307)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (777,307)		
<b>SCR 450 - Common School Fund</b>									
<b>Package 810: LFO Analyst Adjustment</b>									
Special Payments 6040 (Dist to School Dist.)	\$ 0	\$ 0	\$ 0	\$ (10,125,873)	\$ 0	\$ 0	\$ (10,125,873)		
<b>SCR 500 - Early Childhood Division</b>									
<b>Package 090: Analyst Adjustments</b>									
Services and Supplies	\$ 74,558	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,558		
Special Payments (6030 Dist to Non-Gov Units)	\$ 2,236,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,236,174		

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB5518

Oregon Department of Education  
 Jim Carbone - 503-378-3619

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 501: Transfer to Early Learning									
Services and Supplies	\$ (74,558)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (74,558)		
Special Payments (6025 Dist to Other Gov Units)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,771,181	\$ 0	\$ 2,771,181		
Special Payments (6030 Dist to Non-Gov Units)	\$ 90,152,971	\$ 0	\$ 974,246	\$ 0	\$ 12,493,814	\$ 0	\$ 103,621,031		
Special Payments (6035 Dist to Individuals)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 260,524	\$ 0	\$ 260,524		
Special Payments (6040 Dist to School Dist.)	\$ 36,728,087	\$ 0	\$ 0	\$ 0	\$ 1,722,556	\$ 0	\$ 38,450,643		
Special Payments (6045 Dist to Comm College Dist)	\$ 0	\$ 0	\$ 549,164	\$ 0	\$ 63,345	\$ 0	\$ 612,509		
Special Payments (6085 Other Special Payments)	\$ 31,534,724	\$ 0	\$ 9,229,934	\$ 0	\$ 5,083,760	\$ 0	\$ 45,848,418		
Special Payments (6100 Spc Pmt to Human Svcs)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,972,977	\$ 0	\$ 98,972,977		
Special Payments (6443 Spc Pmt to OHA)	\$ 1,191,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,191,316		
Special Payments (6580 Spc Pmt to OUS)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,278,703	\$ 0	\$ 1,278,703		
Special Payments (6085)	\$ (773,614)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (773,614)		
Package 810: LFO Analyst Adjustments									
Special Payments (6100)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,900,000	\$ 0	\$ 7,900,000		
<b>SCR 550 - Youth Development Division</b>									
Package 502: Transfer to Youth Development									
Special Payments (6085 Other Special Payments)	\$ 5,749,091	\$ 0	\$ 6,791,977	\$ 0	\$ 2,988,046	\$ 0	\$ 15,529,114		
<b>SCR 850 - Debt Service</b>									
Package 810: LFO Analyst Adjustments									
Debt Service	\$ 0	\$ (86,509)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (86,509)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 64,784,351</b>	<b>\$ (86,509)</b>	<b>\$ 59,459,865</b>	<b>\$ (12,692,588)</b>	<b>\$ 143,293,661</b>	<b>\$ 0</b>	<b>\$ 254,758,780</b>	<b>123</b>	<b>115.83</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 431,956,914</b>	<b>\$ 42,371,076</b>	<b>\$ 122,408,573</b>	<b>\$ 94,331,467</b>	<b>\$ 995,059,928</b>	<b>\$ 349,992,872</b>	<b>\$ 2,036,120,830</b>	<b>499</b>	<b>472.63</b>
% Change from 2011-13 Leg Approved Budget	26.7%	-21.8%	94.5%	-11.9%	19.7%	22.6%	21.1%	32.7%	32.1%
% Change from 2013-15 Current Service Level	17.6%	-0.2%	94.5%	-11.9%	16.8%	0.0%	14.3%	32.7%	32.5%

\*Excludes Capital Construction Expenditures

## Legislatively Approved 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
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
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

**Agency: EDUCATION, OREGON DEPARTMENT of**

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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
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

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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:**

Approve the LFO recommendation.