

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

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5519-A

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Monroe

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

Vote: 20 – 5 – 2

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Smith, Tomei, Williamson

Nays:

Exc: Richardson

Senate

Yeas: Bates, Devlin, Johnson, Monroe, Steiner Hayward, President Courtney

Nays: Girod, Hansell, Thomsen, Whitsett, Winters

Exc: Edwards

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: May 31, 2013

Agency

Department of Education – School Funding

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	\$ 5,160,749,551	\$ 5,924,260,594	\$ 6,235,452,436	\$ 1,074,702,885	20.8%
Lottery Funds	\$ 554,000,717	\$ 391,169,853	\$ 314,547,564	\$ (239,453,153)	-43.2%
Other Funds	\$ 340,252	\$ 400,826	\$ 400,826	\$ 60,574	17.8%
Federal Funds	\$ 61,000,000	\$ 0	\$ 0	\$ (61,000,000)	-100.0%
Total	\$ 5,776,090,520	\$ 6,315,831,273	\$ 6,550,400,826	\$ 774,310,306	13.4%

Position Summary

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

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The School Fund Formula revenue consists of state support, which is reflected in this bill, and certain local revenues. The local revenues (primarily property taxes) are not reflected in the state budget but are estimated to provide \$3.223 billion in the 2013-15 biennium. This local revenue portion remains with the districts where collected, but is considered as a part of the Formula Revenue for allocation purposes. Formula Revenue is available for general school operations and does not include bond revenue or federal categorical aid. Also included in local revenue are distributions from the Common School Fund which is managed by the State Land Board.

State support for school funding consists primarily of General Fund and Lottery Funds. A relatively small amount of Other Funds comes from small tract timber taxes and donations.

Summary of Education Subcommittee Action

The Subcommittee approved a total state funding level of \$6,550,400,826 for the State School Fund. In addition, the operating costs of school districts will be reduced by approximately \$200 million as a result of Public Employee Retirement System (PERS) policy changes that were adopted in SB 822. The total resulting impact of State School Fund resources plus the PERS related cost reduction is that schools will have the equivalent of \$6.75 billion for operational support in 2013-15 – nearly a 17 percent increase over the current biennium. This is in addition to local revenues and state, federal and other categorical aid.

These State School Fund revenues are, for the most part, allocated to school districts and education service districts according to the formula prescribed in statute. Forty-nine percent is allocated in the 2013-14 school year and 51 percent is allocated in the 2014-15 school year. A few special purpose allocations are recommended that are different than those provided for in ORS 327.008, as follows:

- The Department of Education may expend up to \$968,000 from the State School Fund for 10th grade assessments as described in ORS 329.488.
- The Department of Education may expend up to \$1,600,000 from the State School Fund for the purposes of the Oregon Virtual School District.
- \$3,535,581 is transferred to the Local Option Equalization Grants Account established in ORS 327.339 for allocation to eligible districts.
- The Department of Education may not spend any money for administration of ORS 326.133 and 326.136 – relating to District Best Business Practices.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5519-A

Oregon Department of Education - State School Fund
 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 *	\$ 5,160,749,551	\$ 554,000,717	\$ 340,252	\$ 0	\$ 61,000,000	\$ 0	\$ 5,776,090,520	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 5,924,260,594	\$ 391,169,853	\$ 400,826	\$ 0	\$ 0	\$ 0	\$ 6,315,831,273	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 400 - School Funding									
Package 090 - Analyst Adjustments									
Special Payments	\$ 32,046,105	\$ (76,622,289)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (44,576,184)		
Package 092 - PERS Taxation Policy									
Special Payments	\$ (12,935,081)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (12,935,081)		
Package 093 - Other PERS Adjustments									
Special Payments	\$ (196,284,529)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (196,284,529)		
Package 121 - School Funding Enhancements									
Special Payments	\$ 488,365,347	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 488,365,347		
TOTAL ADJUSTMENTS	\$ 311,191,842	\$ (76,622,289)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 234,569,553	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 6,235,452,436	\$ 314,547,564	\$ 400,826	\$ 0	\$ 0	\$ 0	\$ 6,550,400,826	0	0.00
% Change from 2011-13 Leg Approved Budget	20.8%	-43.2%	17.8%	0.0%	-100.0%	0.0%	13.4%	0.0%	0.0%
% 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%

*Excludes Capital Construction Expenditures