
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Members of the Education Subcommittee
From: Doug Wilson, Legislative Fiscal Office
(503) 986-1837
Date: May 20, 2015
Subject: HB 3499 Work Session Recommendations

Background Information

HB 3499-A relates English Language Learner's (ELL) program within the Oregon Department of Education. This bill establishes two work groups or advisory groups to: (1) develop uniform budget coding requirements and reporting requirements relating to ELL spending and students; and (2) identify criteria for determining if districts meet objective and needs of ELL students, information necessary for district reporting, guidelines for district reporting, and what technical assistance is required. The bill also includes a permanent \$12.5 million distribution or "carve-out" from the State School Fund to provide funding for ELL programs and grants.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends the -A4 amendment to the bill to remove the distribution or "carve-out" language in section 4, chapter 25, Oregon Laws 2015 (HB 5017; State School Fund bill) passed earlier in the session which provided a one-time distribution for English Language Learners for 2015-17. HB 3499-A includes language for a permanent distribution starting in 2015-17.

Please see the attached amendment (-A4) for the LFO recommend changes to the bill.

Sen./Rep. _____ moves the -A4 amendment to HB 3499.

HB 3499 Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ moves HB 3499 to the full committee as amended with a "do pass" recommendation.

PRELIMINARY STAFF MEASURE SUMMARY**Joint Committee On Ways and Means**

Fiscal: Fiscal impact issued
Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

Prepared By: Doug Wilson, Budget Analyst

WHAT THE MEASURE DOES:

HB 3499 establishes advisory group to develop uniform budget coding requirements and reporting requirements. This advisory group on January 2, 2016. The State Board of Education is required to adopt rules related to uniform budget coding requirements no later than January 1, 2016.

The bill establishes work group who is required to identify:

- criteria for determining if school district is not meeting objectives and needs of English language learner (ELL) students, or needs targeted assistance;
- information necessary for school district report on ELL student progress, with specific focus on long-term ELL students;
- technical assistance to be provided by ODE; and
- guidelines for expenditure of ELL program moneys.

The State Board of Education is to adopt rules related to above January 2016. This workgroup is also required to make specific recommendations for best practices relating to ELL students and programs as well as to determine best practices relating to specific support services. The State Board is to adopt rules on this part of the workgroup's work by January 1, 2017. The authority for the s work group sunsets on January 2, 2017.

An annual report made by each school district relating to ELL expenditures and outcomes, with first filing of report not later than September 1, 2016. The Department of Education (ODE) is required to submit biennial report to Legislative Assembly on results of ELL report.

Updates definition of ELL in statute "English as a second language" to "English language learner."and requires a statewide plan to support ELL students. ODE is directed to identify school district not meeting objectives and the needs of ELL students, or in need of targeted assistance. An account for statewide activities related to ELL programs is established which is funded with a \$12.5 distribution or carve-out from State School Fund. Declares emergency, effective July 1, 2015.

ISSUES DISCUSSED:**EFFECT OF COMMITTEE AMENDMENT:**

The A-4 amendment repeals a one-time distribution language from the State School Fund for 2015-17 which was included in State School Fund bill (HB 5017) which passed earlier in the Session. Current language in HB 3499 provides for a similar permanent distribution that would include the funding for the 2015-17 biennium. FISCAL: Fiscal impact issued REVENUE: Revenue impact issued

BACKGROUND:

Currently, under the distribution formula for the State School Fund, students designated as belonging to "English language learning" category receive an additional 0.5 weight, for a total weighted Average Daily Membership

(ADMw) of 1.5. Within the broad category of ELL programs, there is no specific restriction, and limited reporting, around how this money may be spent.

House Bill 3499-A updates and enhances ELL programs policy by: creating a work group to address challenges to coding and budget transparency; creating a work group to examine ELL program challenges and best practices; increasing financial support for districts not meeting objectives and the needs of ELL students; increased tracking and reporting around ELL program moneys; and, creating a dedicated distribution or carve-out from the State School Fund to address ELL funding.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3499**

1 On page 1 of the printed A-engrossed bill, line 3, after “344.257” insert
2 “and section 4, chapter 25, Oregon Laws 2015 (Enrolled House Bill 5017)”.

3 On page 14, after line 44, insert:

4 “**SECTION 20.** Section 4, chapter 25, Oregon Laws 2015 (Enrolled House
5 Bill 5017), is amended to read:

6 “**Sec. 4.** Notwithstanding ORS 327.008 and 327.013, for the biennium be-
7 ginning July 1, 2015, the Department of Education:

8 “(1) May spend up to \$968,000 from the State School Fund for the contract
9 described in ORS 329.488.

10 “(2) May spend up to \$1,600,000 from the State School Fund for purposes
11 related to the Oregon Virtual School District.

12 “[~~(3)~~ *May spend up to \$12,500,000 from the State School Fund for an Eng-*
13 *lish language learners program. Up to \$10,000,000 of this amount may be used*
14 *to support school districts that are identified as low-performing districts re-*
15 *lating to English language learners. Up to \$2,500,000 of this amount may be*
16 *used for technical assistance, best practice support and implementation of the*
17 *statewide English language learners plan.*.]

18 “[~~(4)~~ **(3)** May spend up to \$2,395,593 from the State School Fund to pro-
19 vide lunches, at no charge to the student, to students who are eligible for
20 reduced price lunches under the United States Department of Agriculture’s
21 current Income Eligibility Guidelines.”.

22 In line 45, delete “20” and insert “21”.

FISCAL IMPACT OF PROPOSED LEGISLATION

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Measure: HB 3499 - A

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Krista McDowell
Reviewed by: Doug Wilson
Date: 5/7/2015

Measure Description:

Directs Department of Education to convene advisory group related to English language learner programs.

Government Unit(s) Affected:

Department of Education, School Districts

Summary of Expenditure Impact:

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill creates the Statewide English Language Learner (ELL) Program Account for statewide activities related to English language learner programs and the account is funded by \$12.5 million distribution from the State School Fund each biennium. The State School Fund appropriation bill (HB 5017) includes the language for this distribution or "carve-out" for the 2015-17 biennium only. This bill establishes a permanent distribution for the ELL program.

The Oregon Department of Education (ODE) is directed to convene an advisory group and adopt rules related to developing uniform budget coding requirements and uniform reporting requirements to provide budget transparency for the spending of moneys received by school districts as provided by ORS 327.013. ODE is also directed to convene a work group related to the English Language Learner Program and each school district is directed to file an annual report, by September 1 of each year, related to the expenditures of the program as well as student progress information. Prior to January 1 of each odd-numbered year ODE is directed to submit to the interim Legislative Committees on Education a report on the data collected from the school districts for the preceding two school years.

To implement provisions of the bill ODE will need two (2.00 FTE) Education Program Specialist 2 positions to support research and implementation of the statewide ELL plan as well as help develop the district reports and support the targeted school districts with high concentrations of ELL's. These positions are estimated to cost \$498,334 per biennium including services and supply costs such as travel, office expenses, dues & subscriptions, as well as publicity & publications.

The remainder of the \$12.5 million is anticipated to be expended on costs such as recruitment, training, and legal costs associated with contracting school improvement coaches at each school site for 8-10 hours per week, as well as up to \$60,000/year/school grants for the ELL Program. The exact number of school districts that will be served by the ELL Program is not known but is anticipated to be between 30 to 35 schools.

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office

Bill Number: HB 3499 - A
Revenue Area: School Finance
Economist: Dae Baek
Date: 4/21/2015

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description: Creates the Statewide English Language Learner Program Account to provide moneys for statewide activities related to English Language learner programs. Transfers to the account from the State School Fund, \$12.5 million each biennium. First applies to the 2015-16 State School Fund distribution. Takes effect on July 1, 2015.

Revenue Impact (in \$Millions):

	Biennium
	2015-17
State School Fund	No change
Statewide English Language Learner Program Account	+\$12.5
Formula Revenue for school districts and education service districts	-\$12.5

Impact Explanation: HB 3499 creates the Statewide English Language Learner Program Account to provide moneys for statewide activities related to English Language learner programs. The account is funded by \$12.5 million, transferred from the State School Fund each biennium.

The funding of this account is a carve-out off the top, and reduces the amount of money available for distribution through the formula.

This \$12.5 million carve-out is included and fully accounted for in the co-chairs' State School Fund budget for the 2015-17 biennium.

Creates, Extends, or Expands Tax Expenditure: No