

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

Senate Committee on Education

REVENUE: Revenue statement issued**FISCAL:** Minimal fiscal impact, no statement issued**Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Gretchen Engbring, Administrator**Meeting Dates:** 5/21, 5/28

WHAT THE MEASURE DOES: Increases minimum general services grant for Education Service District (ESD) to \$1,165,000 for the 2015-16 school year. Specifies that minimum grant should mirror growth of ESD's revenue in State School Fund (SSF) distribution in future school years.

ISSUES DISCUSSED:

- Legislative history of ESD funding since 2003
- Services that ESDs provide (e.g., special education, administrative, and information technology services)
- Five frontier ESDs with less local revenue need adjustments in annual base distribution to account for inflation and continue providing adequate services
- Increase in districts using general funds to pay for services ESDs were previously able to provide at no additional cost to the district

EFFECT OF COMMITTEE AMENDMENT:

BACKGROUND: ORS 334.005 provides that the mission of ESDs is to assist school districts and the Oregon Department of Education (ODE) in achieving the state's educational goals by "providing equitable, high quality, cost-effective and locally responsive educational services at a regional level." Today, there are 19 ESDs serving Oregon's 36 counties.

ORS 327.019 regulates SSF distribution calculations for ESDs, providing that ESDs are to annually receive the higher of \$1 million dollars or an amount calculated and distributed as largely based on local revenues. Currently, the minimum general services grant for an ESD is \$1 million per school year.

House Bill 3497-B increases that amount to \$1,165,000 in the 2015-16 school year, and directs that the growth rate of the minimum grant should be the same as that of the ESD's revenue in the SSF distribution in future school years. Under the bill, the additional amount of money needed for the minimum grant increase totals \$825,000 in 2015-16 for five districts. This increase in minimum allocation will reduce the formula revenue per Average Daily Membership (ADMw) in the remaining 14 ESDs. The reduction for these ESDs is estimated to be about \$1.20 per ADMw in 2015-16, relative to the SSF budget reflected in HB 5017.

5/27/2015 9:09:00 AM *

This summary has not been adopted or officially endorsed by action of the committee.

Committee Services Form – 2015 Regular Session