SB 5517   BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Lisa Pearson, Department of Administrative Services
Reviewed By: Doug Wilson, Legislative Fiscal Office

Department of Education
2017-19

PRELIMINARY

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

Budget Summary*

	2015-17 Legislatively Approved Budget[1]	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				$ Change	% Change
General Fund	6,925,296,093	$ 7,543,537,881	$ 7,684,226,325	$ 758,930,232	11.0%
Lottery Funds	447,703,907	469,087,606	452,292,849	$ 4,588,942	1.0%
Other Funds Limited	3,260,692	3,260,692	67,341,193	$ 64,080,501	1965.2%
Total	$ 7,376,260,692	$ 8,015,886,179	$ 8,203,860,367	$ 827,599,675	11.2%

Position Summary

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

[1] Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The School Formula revenue consists of state support and certain local revenues. Formula revenue is available for general school operations and does not include bond revenue or categorical aid. State support through the State School Fund (SSF) includes General Fund from income and capital gains taxes and Lottery Funds from net lottery proceeds. Other Funds revenue includes $3,860,367 associated with the Local Option Equalization Grants Account, $63,080,000 in resources from marijuana taxes and $400,826 is state related timber revenues available to the State School Fund. The marijuana revenues depend on passage of Senate Bill 845 or a similar bill, which dedicates revenues to the SSF and not the Common School Fund. Senate Bill 5517 reflects only the SSF – the state's share of School Formula funding. Local revenues (primarily property taxes) are not reflected in the state budget, but are expected to provide $3.98 billion in the 2017-19 biennium as estimated by the Legislative Revenue Office. This local revenue portion remains with the districts where collected, but is considered as a part of the formula revenue for allocation purposes. Local revenue also includes distributions from the Common School Fund, which is managed by the State Land Board.

Summary of Education Subcommittee Action

The Subcommittee approved a total state funding level of $8,203,860,367 for the SSF. Of this $8.2 billion, $7,684,226,325 is General Fund, $452,292,849 Lottery Funds and $67,341,193 Other Funds expenditure limitation. These SSF resources are in addition to local revenues and state, federal and other categorical aid. Together, SSF resources and local funding provides a School Formula budget of $12.2 billion before specific distributions and "carve-outs." At $8.2 billion, the state contribution is $827.6 million (11.2 percent) more

than the 2015-17 Legislatively Approved Budget. It assumes adjustments for educator compensation, increased Public Employee Retirement System contributions, number of students and characteristics of students (e.g. special education, remote schools).

These School Formula revenues are, for the most part, allocated to school districts and education service districts according to the formula prescribed in statute. The Subcommittee approved 50 percent of the SSF resources being allocated in the 2017-18 school year and 50 percent being allocated in the 2018-19 school year. The amount transferred for the Local Option Equalization Account established in ORS 327.339 is set at $3,860,367, the amount estimated by the Oregon Department of Education to be sufficient to make payments based on the levies currently in place. A corresponding amount of Other Funds limitation is included so these payments can be made to the appropriate school districts.

Specific distributions or "carve-outs" are reduced from the amount of the SSF used in the distribution formula to the school districts and Education Service Districts (ESDs). Many of these specific distributions are still distributed to school districts, but outside the general formula. These distributions are generally authorized in chapter 327 of the Oregon Revised Statutes (ORS), but this bill does change the amount or authorize a new distribution as follows:

- Up to $968,000 from the SSF may be expended for 10th grade assessments as described in ORS 329.488.

- Up to $1,600,000 from the SSF may be expended for the purposes of the Oregon Virtual School District.

- Up to $2,470,000 from the SSF may be expended to provide lunches at no cost to the student, for students eligible for reduced price lunches under the current United States Department of Agriculture's Income Eligibility Guidelines.

The distribution for the Network for Quality Teaching and Learning was established at $33 million in 2013, but includes an escalator where the amount distributed increases each biennium equal to the amount of growth in the SSF from the previous biennium. Based on the SSF growth in this bill, the estimated amount available for the Network in 2017-19, is $39.5 million.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Education
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
2015-17 Legislatively Approved Budget at Dec 2016 *	$ 6,925,296,093	$ 447,703,907	$ 3,260,692	$ -	$ -	$ -	$ 7,376,260,692	0	0.00
2017-19 Current Service Level (CSL)*	$ 7,543,537,881	$ 469,087,606	$ 3,260,692	$ -	$ -	$ -	$ 8,015,886,179	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 400 - School Funding									
Package 801: LFO Analyst Adjustments									
Special Payments (Dist. to Local School Districts)	$ 140,688,444	$ (16,794,757)	$ 64,080,501	$ -	$ -	$ -	$ 187,974,188		
TOTAL ADJUSTMENTS	$ 140,688,444	$ (16,794,757)	$ 64,080,501	$ -	$ -	$ -	$ 187,974,188	0	0.00
SUBCOMMITTEE RECOMMENDATION *	$ 7,684,226,325	$ 452,292,849	$ 67,341,193	$ -	$ -	$ -	$ 8,203,860,367	0	0.00
% Change from 2015-17 Leg Approved Budget	11.0%	1.0%	1965.2%	0.0%	0.0%	0.0%	11.2%		
% Change from 2017-19 Current Service Level	1.9%	-3.6%	1965.2%	0.0%	0.0%	0.0%	2.3%		

*Excludes Capital Construction Expenditures