

SB 5516 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Department of Education

2017-19

PRELIMINARY

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	\$ 580,091,439	\$ 619,678,874	\$ 798,297,460	\$ 218,206,021	37.6%
General Fund Debt Service	\$ -	\$ 19,851,315	\$ 19,851,315	\$ 19,851,315	100.0%
Lottery Funds	\$ 1,434,927	\$ 651,225	\$ 651,225	\$ (783,702)	(54.6%)
Other Funds Limited	\$ 277,236,218	\$ 194,841,138	\$ 204,908,348	\$ (72,327,870)	(26.1%)
Other Funds Nonlimited	\$ 112,916,253	\$ 112,916,253	\$ 118,964,721	\$ 6,048,468	5.4%
Federal Funds Limited	\$ 1,038,273,686	\$ 1,058,609,260	\$ 1,054,101,527	\$ 15,827,841	1.5%
Federal Funds Nonlimited	\$ 388,007,727	\$ 388,007,727	\$ 388,007,727	\$ -	
Total	\$ 2,397,960,250	\$ 2,394,555,792	\$ 2,584,782,323	\$ 186,822,073	7.8%

Position Summary

Authorized Positions	555	530	547	(8)
Full-time Equivalent (FTE) positions	520.90	510.80	534.58	13.68

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The non-State School Fund Education budget relies primarily on Federal Funds, which provides 55.8 percent of the revenue. General Fund provides 31.7 percent and Other Funds provide 11 percent of the budget. Lottery Funds is only used for debt service and provides less than 0.1 percent of revenues. Other Funds revenues include indirect cost recovery from federal programs, fees, transfers from the State School Fund (SSF) 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 Funds revenues include funding for compensatory education programs, and child nutrition, education for students with disabilities, childcare programs through the Child Care Development Block Grant, and youth development programs.

Summary of Education Subcommittee Action

Senate Bill 5516 provides budget expenditure authority for programs administered by the Oregon Department of Education (ODE). This bill excludes direct funding for the SSF, which was addressed in Senate Bill 5517.

The Subcommittee approved a total funding level of \$2,584,782,323 for the department, excluding the SSF, which is 7.8 percent more than the 2015-17 Legislatively Approved Budget as of December 2016. The primary reason for this growth is the passage of Measure 98 (2016) which

provides \$171.8 million General Fund for grants and related staff costs for dropout-prevention, college-level education opportunities or accelerated learning and career and technical education.

Capital Bonding – School Facilities

This budget unit includes bond proceeds from the Oregon School Capital Improvement Matching Program (OSCIM). This program was authorized by Senate Bill 447 (2015) to provide matching grants to school districts for capital costs including construction, improvement, remodeling, equipment purchase and maintenance and repair of facilities. It also allows for assessments and long-range planning of district facilities and for hardship grants. Districts must match the state grants with funds from local voter approved bonds and grants are capped at \$8.0 million. The grants are funded with Article XI-P general obligation bonds. The Subcommittee approved a budget of \$39,312,315 total funds. This is a new budget unit; the bond proceeds were included in the Operations program previously. Accordingly, the Subcommittee approved the following package:

Package 804, Bonding Related Changes. This package transfers the outstanding Other Funds limitation for bonds sold during the 2015-17 biennium, for the OSCIM program. Article XI-P bonds were sold to fund this program and the payments are made to the districts participating in the program. This \$39.3 million represents an estimated amount of remaining funds from bonds sold in the 2015-17 biennium to pay for program obligations that carry-forward in 2017-19.

Department Operations

This budget unit includes most of the staff in the agency responsible for the administration of educational programs. The Subcommittee approved a budget of \$199,086,158 total funds, including \$77,167,794 General Fund, \$39,120,017 Other Funds expenditure limitation, \$80,093,895 Federal Funds expenditure limitation, \$2,704,452 Other Funds Nonlimited and 465 positions (458.81 FTE). General Fund increases from the 2015-17 Legislatively Approved Budget by 11.5 percent. Total funds decrease 37.5 percent, primarily due to the movement of the OSCIM program to another unit. The Subcommittee approved the following adjustments to this unit's current service level:

Package 070, Revenue Shortfalls. This package adjusts the 2017-19 current service level to address a shortfall in the 2015-17 current service level. The issue was temporarily addressed in the 2015-17 Legislatively Approved Budget, through the use of Emergency Board appropriations and one-time Federal Funds. The Office of Assessment and Accountability received \$2.2 million General Fund from the Emergency Board to partially backfill a revenue shortfall in its current service level. The remainder of the hole was filled with \$3.8 million of carried-over federal assessment revenue from the 2013-15 biennium. The use of the one-time Federal Funds leaves the program underfunded and \$3.8 million General Fund is appropriated to fill the gap. There is also a corresponding reduction to Federal Funds limitation.

Package 106, Maintaining Oregon's Ability to Measure Student Progress. This package provides \$2.0 million to fund two assessments:

- English Language Proficiency Assessment (ELPA), \$1.2 million - ODE is a lead agency in a multi-state consortium to develop ELPA using a federal grant. The development grant is nearly complete; administering the test will cost \$0.4 million in the 2017-19 biennium. Also, this package would shift funding for an ELL screener from local to state resources. Schools currently pay for these screenings. The ELPA license and screenings are \$0.8 million.
- Next Generation Science Standards (NGSS): The State Board of Education has adopted the NGSS as the State's science standards. These standards have a five-year phase-in schedule; \$0.8 million is provided to develop an assessment that aligns with the science content standards that meet ESSA standards.

Package 111, Internal Operational Realignment. This package adds \$1.1 million total funds and five positions (8.63 FTE); it shifts funding on nine positions, increases FTE on five positions, abolishes two positions, reclassifies 29 positions, and reduces Services and Supplies to cover resulting personal services costs. Details include:

- Position establishments. All are currently limited duration positions. Six of these positions will continue as limited duration and one Child Nutrition Specialist position will be permanent due to the ongoing revenue source and workload.
- Fund Shifts. Nine current positions shift fund types to reflect their current responsibilities.
- FTE increases. Five part-time positions (most are IT related positions) have their FTE increased to fully fund the workload assigned to the position.
- Abolishments. To offset a portion of the increased FTE, two IT positions are abolished. This will result in having full-time positions to better attract new hires.
- Reclassifications. Twenty-nine positions are reclassified. All 29 positions have had desk audits and were reviewed by the Department of Administrative Services (DAS) Chief Human Resources Office. All are currently working out of class and the reclassifications bring them up to where they currently are paid.

The package does not have a net impact on General Fund over the entire agency budget. Overall, the package has an increase of \$779,683 Other Funds limitation and a total funds impact of \$1.1 million. Reductions in Services and Supplies across the agency provides the General Fund resources for some of these position changes, with a shift of funding from Preschool Promise to fund Early Learning Division related actions.

Package 113, Tribal History and Sovereignty Curriculum. This package adds \$0.2 million General Fund to coordinate the development of a curriculum that recognizes the cultural heritage, history and language of Oregon's nine federally recognized tribes. In this specific package, funding is proposed for contract dollars to assist in the coordination, development and professional training for the curricula. The package in Grant-in-Aid provides funding for grants to develop the specific curriculum in grades K-12 for each of the nine tribal governments.

Package 114, Measure 98 CTE. This package adds \$1.8 million General Fund and eight positions (7.02 FTE) to perform the activities required under Ballot Measure 98 for the Oregon Department of Education. Ballot Measure 98 was approved by the voters in 2016 to provide additional grants over and above the school funding formula payments for three specific areas for high school students: dropout-prevention, college-level education opportunities or accelerated learning, and career and technical education. The positions include one Operational and Policy Analyst to coordinate the overall work of the program ensuring accountability and program outcomes; one Education Specialist to provide technical assistance, coaching, professional development and support to districts and others regarding the required plans and implementation of the Ballot Measure 98 programs; two Administrative Specialists will provide support to the team as well as provide any rule clarifications required by the districts; and one Research Analyst will address research and data needs for the program, as well as maintaining the data required under the Measure. In addition to the direct program support, one Operations and Policy Analyst will coordinate the Ballot Measure 98 activities of numerous units across the agency. Responsibilities include, but are not limited to, communications, rule-making, legal review, policy development, legislative reporting and other specific program supports. A Procurement and Contract Specialist and part-time Fiscal Analyst will provide the required fiscal and contract responsibilities and oversight. This will be a \$170 million grant program for 2017-19, and will grow in the future. ODE is authorized to receive up to 1.5 percent of the program resources in 2017-19, decreasing to 1.25 percent in succeeding biennia. The \$1.8 million in this package represents 1.0 percent.

Package 202, Implementing Child Care Federal Regulatory Requirements. This package repurposes Child Care Development Fund (CCDF), Federal Funds to implement the provisions of the Child Care and Development Block Grant Act of 2014. This federal act increases requirements for provider training, extends health and safety inspections to license-exempt family providers (e.g., Employment Related Day Care - ERDC), requires more training for formerly unregulated providers and institutes new background checks from the Federal Bureau of Investigation (FBI). Federal Funds for the ERDC program and other programs at the Department of Human Services (DHS), will be maintained through the federal CCDF ending balance. These repurposed Federal Funds will be used to cover the increased costs of training and for inspections.

Also, fingerprint related background checks are now required for all providers and their employees who have contact with children. These enhanced background checks are estimated to take three or so times as long to process. The total cost of the background checks is \$75 including the staff costs. Of these costs, \$40 will be paid to the State Police (OSP) for the actual FBI background check and the remaining costs are funded by Child Care block grant fund resources. The actual fee charged to the child care providers will be \$35. The package includes Other Funds expenditure limitation of \$2.9 million, for payment of these costs. The package also retains \$4.0 million in Federal Funds limitation, which in the past has been transferred to DHS for payment of contracts for child care resource and referral services. The funding will be retained by the agency and they will directly pay for the contracts.

The recommended package 202 establishes 18 positions (18.00 FTE), which is less than the 25 positions in the original request. The positions include:

- Nine Administrative Specialists to perform the background checks, of which five were limited duration in 2015-17 and are permanent for the 2017-19 biennium, for the ongoing workload. Three of the nine positions are limited duration for 2017-19.
- Three Office Specialist positions to support the background and compliance activities, address the increased volume of information requests and assistance in the background activities.
- Three Compliance Specialists to prepare materials for contested cases, revoking facility licenses, communicating with law enforcement and child welfare and supporting legal and policy changes.
- Three Program Analysts to support the quality and professional development activities and provide strategies to increase the supply of providers.

Package 203, Enhancing Operational Efficiency and Program Services – Early Learning Division. This package shifts funding on seven permanent full-time positions and establishes a federally funded Project Manager 3 (1.00 FTE). In the 2015-17 biennium, the seven positions were partially funded with federal Race-to-the-Top funds (18 months) and General Fund for the remaining six months. The intent in approving these positions during the 2015 Legislative Session, was funded entirely with General Fund for 2017-19, as the federal grant funds ran out.

Package 801, LFO Analyst Adjustments. This package reduces administrative costs across the agency including:

- Reducing Personal Services costs by increasing the assumed vacancy savings across the agency by \$0.5 million General Fund. This will result in further delays in hiring or filling positions.
- Decreasing the budget for assessments by \$1.0 million General Fund. The agency is expected to renegotiate with the firm who administers the statewide assessment across the state.
- Reducing the amount available for Services and Supplies and the amount available for professional contracts by 10 percent or \$1.2 million General Fund.
- Eliminating a policy position in the Office of the Deputy Superintendent and reducing the FTE, by 0.50 FTE, on a position in the Office of Finance & Administration (OFA). Further reductions in Services and Supplies for OFA are also taken.

- Adds \$0.8 million General Fund to backfill Services and Supplies costs in information technology previously funded with federal grant funds no longer available.
- Shifts funding (\$0.5 million) for Personal Services from Network for Quality Teaching and Learning resources to General Fund in the Office of Equity.

Package 802, Program Enhancement. This package adds \$1.6 million total funds, including \$1.4 million General Fund. Four positions (3.83 FTE) and \$1.2 million General Fund are added to administer the Chronic Absenteeism Initiative. The Grant-in-Aid program also receives \$6.2 million for grants to districts for the Chronic Absenteeism Initiative. Funding of \$0.2 million Other Funds expenditure limitation is included for the Teaching Empowering Leading Learning (TELL) survey from the Network for Quality Teaching and Learning revenue stream and \$0.2 million General Fund for a contract to assess the need and the current systems available for Early Indicator systems.

Package 803, Technical Changes. This package makes several technical changes to the Operations budget. These include:

- Changing the funding from Federal Funds limitation to Other Funds expenditure limitation on three positions to line up with the duties and responsibilities of the positions.
- Reclassifying a Child Nutrition Program position to an equal classification, resulting in no additional cost.
- Adding \$0.2 million in Federal Funds expenditure limitation for increased costs resulting from moving applications to the State Data Center.
- Adding \$0.6 million in Federal Funds expenditure limitation for increased rent for the proposed new Early Learning Division staff, resulting from new federal regulations (Package 202).
- Increasing the Other Funds expenditure limitation by \$0.5 million for the “Ounce of Prevention” grant funds not entirely spent during 2015-17; this includes one limited duration position.
- Increasing Other Funds expenditure limitation by \$0.4 million for increased background checks for school volunteers (House Bill 2992).
- Transferring \$0.8 million General Fund for Gang Prevention grants from Operations to Youth Development Grant-in-Aid.
- Transferring \$7.0 million Federal Funds expenditure limitation for the Charter School program from Operations to K-12 Grant-in-Aid.

Package 804, Bonding Related Changes. This package transfers outstanding Other Funds limitation for bonds sold during 2015-17 for the Oregon School Capital Improvement Matching program (OSCIM) to the Capital Bonding – School Facilities budget unit. Article XI-P bonds were sold to fund this program and the payments are made to the districts participating in the program. This \$39.3 million represents an estimated amount of remaining funds, from bonds sold in 2015-17, to pay for program obligations that carryforward in 2017-19.

Package 812: Vacant Position Elimination eliminates positions, which have been vacant for an extended period of time or have been identified by the agency for elimination. All state agencies are participating in this effort. The positions include:

- One Public Affairs Specialist and one Program Analyst in the Early Learning Division;
- One Electronic Publications Design position in Assessment;
- One Information Systems Specialist position in Information Technology;
- One Research Analyst Position in the Office of School Facilities;
- One Principal Executive Manager F, two Education Program Specialists and three Office Specialists in the Office of Teaching and Learning; and
- Two Part-time Education Specialist positions and two Administrative Specialists in CTE-related areas.

Services and Supplies resources associated with these positions are also reduced, although some Services and Supplies resources are added back to offset the public affairs work in the Early Learning Division. The net savings is \$1.1 million General Fund, \$1.9 million total funds and 15 positions (10.2 FTE).

Package 814, IT Security Positions Consolidation. This package transfers two security related information technology positions, and the associated Services and Supplies from ODE to the DAS, Chief Information Officer (OSCIO). The amount transferred is \$0.6 million General Fund. This is the result of a Governor’s Executive Order in 2016.

Oregon School for the Deaf

ODE operates the Oregon School for the Deaf (OSD), located in Salem. OSD serves approximately 100 hearing impaired students, many of whom reside at the school, during the school year. The Subcommittee approved a budget of \$18,606,778 total funds, including \$12,317,072 General Fund and 82 positions (75.77 FTE). General Fund is increased from the 2015-17 Legislatively Approved Budget by 3.4 percent. The Subcommittee approved the following adjustments to Oregon School for the Deaf’s current service level.

Package 803, Technical Changes. This package makes several technical changes to the OSD's budget. These include:

- Shifting funding from Federal Funds limitation to Other Funds to reflect a decrease in available federal revenues.
- Increasing Other Funds limitation by \$0.3 million, to reflect greater revenues from school districts and ESDs when OSD, staff perform Individual Educational Plans (IEP) for students. These contracts have grown from 18 in 2013-15 to 44 projected for 2017-19.
- Increases the Other Funds limitation by \$1.5 million for carry-forward funds for deferred maintenance needs that will extend into the 2017-19 biennium.

Package 812, Vacant Position Elimination. This package reclassifies two Facility Energy Technicians no longer required given the replacement and modernization of the HVAC systems. The positions will be reclassified to custodians who will provide needed maintenance work, as well as to be a presence for safety reasons during off-hours at this 24-hour facility.

Youth Corrections Educational Program

This program provides funding and staff for educational services to students under the supervision of the Oregon Youth Authority and county juvenile programs. The Subcommittee approved a budget of \$0 total funds and no positions because the funding and positions were moved to other budget units.

Package 803, Technical Changes. This package transfers the Youth Corrections Education Program/Juvenile Detention Education Program (YCEP/JDEP) from this budget unit to the K-12 Grant-in-Aid unit. All YCEP and JDEP services are now administered by school districts and Education Service Districts (ESDs) through grants from ODE. This is a transfer of \$16.8 million Other Funds limitation and \$2.3 million Federal Funds limitation.

Package 812, Vacant Position Elimination. This package eliminates two positions (2.00 FTE), which have been vacant for an extended period or positions identified by the agency as positions available to be eliminated. The positions for Youth Corrections program are a Teaching Assistant and an Office Specialist which are no longer required. All the education services for the Youth Corrections is provided through contracts with school districts or ESDs. The \$0.3 million Other Funds limitation attached to these positions, will be transferred to K-12 Grant-in-Aid budget unit.

Grant-in-Aid and District Support

The Grant-in-Aid budget unit includes most of the K-12 funding, not including the State School Fund, distributed to school districts, ESDs and other entities. The Subcommittee approved a budget of \$1,790,274,686 total funds, including \$447,720,802 General Fund. General Fund increases 70.8 percent and total funds by 16.0 percent from the 2015-17 Legislatively Approved Budget primarily due to the new Ballot Measure 98 related grants.

This budget unit includes spending authority for many grants received and administered by the department. Most of these grants come from the U.S. Department of Education and the U.S. Department of Agriculture, and are distributed primarily to local education programs. In addition, the state funds provide grants for specific education-related purposes with General Fund resources. The Subcommittee approved the following adjustments to this division's current service level:

Package 113, Tribal History and Sovereignty Curriculum. This package adds \$1.8 million General Fund for grants to the nine tribal governments to develop the curriculum in grades K-12. Coordination, development and professional development for the curriculum is funded in the Operations unit.

Package 114, Measure 98 CTE. This package appropriates \$170 million General Fund to the High School Graduation and College and Career Readiness Fund established by Ballot Measure 98. This measure was approved by the voters in 2016, to provide additional grants over and above the school funding formula payments for three specific areas for high school students: dropout-prevention, college-level education opportunities or accelerated learning and career and technical education. Staff and other resources are funded in the Operations budget unit.

The \$170 million represents approximately 60 percent of the amount the \$800 per high school student would generate. Districts will need to phase in many of the programs included in this initiative. While there are no instructions on how districts should phase in the programs, the administrative rules allow for spending some of the first school year's allocation in the second year.

Package 801, LFO Analyst Adjustments. This package makes several changes to the many programs under the K-12 grant-in-aid programs for a total funds reduction of \$6.9 million (including a \$9.5 million reduction in General Fund).

- Student Success Grants. Two reading programs -- Start Making a Reader Today and the Reach Out to Read are reduced by 50 percent from current service level. The Supporting Accelerated Learning Opportunities, which assists in paying for Advanced Placement and International Baccalaureate tests, is reduced by nine percent, while Accelerated Learning and Regional Promise grants are maintained at the current service level. These programs support district efforts around Ballot Measure 98. The General Fund for the Physical Education grants is increased by \$0.6 million to offset the loss of a portion of the Tobacco Master Settlement Agreement (TMSA) funding. To offset the costs of districts for requirements around Dyslexia, \$1.9 million in Network for Quality Teaching and Learning (NQTL) funds are included.
- STEM and CTE Related Programs. Due to limits in General Fund resources, various STEM and CTE related programs were reduced by 10 percent. CTE Revitalization grants were increased by almost 11 percent, in part because of its importance in supporting Ballot Measure 98 programs and because the CTE Summer programs were folded into the Revitalization grants. The CTE Mentoring program is eliminated, as is the Course Equivalent pilot program.

- Nutritional Programs. The Farm-to-School is not funded in this budget but House Bill 2038 includes General Fund resources for this purpose. Other General Fund in the Nutrition programs, are reduced by approximately \$0.4 million recognizing the agency usually reverts more each biennia.
- Educator Effectiveness and Professional Development. The General Fund resources in the Collaboration grants and the Mentoring grants are eliminated, leaving the programs with NQTL funding of \$13.5 million and \$11.5 million respectively. Similarly, General Fund resources for both the Leadership Training Program and Effective Teacher Prep Program are eliminated, and combined NQTL funding for the two programs is \$2.5 million. Assessment Literacy was not funded in this budget.
- Closing the Achievement Gap. Funding (General Fund) for the African American Education Plan, a new program in 2015-17, grows by over 100 percent to \$6.0 million, while the Tribal Attendance program is continued at the current service level of \$1.6 million. The English Language Learners program is continued at \$10.4 million Other Funds limitation, as a carve-out from the SSF. NQTL funding is used for the School and District Turnaround grants and the Low Performing Schools program at \$2.0 million and \$2.5 million, respectively.
- Special Education Programs. Besides the Early Invention/Early Childhood Special Education (EI/ECSE) funding outlined in package 802, the various Special Education programs are maintained at CSL or 2015-17 levels.

Package 802, Program Enhancement. This package adds funding to three Grant-in-Aid programs. First, \$6.0 million General Fund and \$1.7 million Federal Funds expenditure limitation, is added for the EI/ECSE. Funding has not kept pace with caseload and cost increases. Second, \$6.2 million General Fund is directed to the implementation of the Chronic Absenteeism initiative. There is a related \$1.2 million package in the Operations budget unit for the staff and related costs for this initiative. Finally, \$1.0 million in NQTL resources (Other Funds expenditure limitation) is directed to Trauma Informed pilot projects begun in the 2015-17 biennium.

Package 803, Technical Changes. This package makes technical changes to the Grant-in-Aid budget area. These changes are:

- Transfers YCEP and JDEP from its own budget area to the K-12 Grant-in-Aid area. All the YCEP and JDEP services are now administered by school districts and ESDs through grants from ODE. This is a transfer of \$17.1 million Other Funds expenditure limitation and \$2.3 million Federal Funds expenditure limitation.
- Transfers the \$7.0 million Federal Funds Charter School program funding from the Operations budget unit to the K-12 Grant-in-Aid budget unit.

- Reduces \$159,770 Other Funds expenditure limitation from the Grant-in-Aid area to fully fund the Physical Education position in Operations. This is required to fund this position, which is responsible for coordinating and assisting districts to meet the requirements for the minimum minutes spent each week in Physical Education related activities.
- Increases Other Funds expenditure limitation to pay the difference in costs between what the SSF will pay for transporting Foster Care children by school districts and the actual cost. The Department of Human Services will be providing the resources. It is unclear how many transactions will occur so this amount may require future adjustment.
- Shifts a portion of the funding for the Physical Education grants from Other Funds to General Fund because of falling TMSA revenues. The reduction in Other Funds expenditure limitation is in this package while the General Fund increase is in package 801.

The table below shows the final budget figures for Grant in Aid Programs following these adjustments:

GRANT IN AID (\$ millions)					
Program	General Fund	Total Funds	Program	General Fund	Total Funds
Network Quality Teaching and Learning (NQTL)*	\$ -	\$ 82.7			
Student Success Grants			Nutritional Programs		
Start Making A Reader Today (SMART)	0.3	0.3	Federal Reimbursement Programs	-	388.0
Reach Out to Read Program	0.1	0.1	After School Meal/Snack Program	0.5	0.5
Supporting Accelerated Learning Opportunities	2.6	2.6	Breakfast & Summer Lunch Programs	1.6	1.6
Accelerated Learning	0.3	0.3	SUBTOTAL	\$ 2.1	\$ 390.1
Regional Promise Grants	3.1	3.1	Closing the Achievement Gap		
PE Grants	1.0	4.4	African American Education Plan	6.0	6.0
Measure 98 Grants	170.0	170.0	Tribal Attendance	1.6	1.6
Chronic Absenteeism (Senate Bill 183)	6.2	6.2	Native American Curriculum	1.8	1.8
Student Transitional Supports	-	-	English Language Learners	-	10.4
Charter Schools	-	7.0	Low Income: Title I, Part A	-	300.0
YCEP/JDEP	-	19.4	Title I - School Improvement Grants	-	10.0
Other Federal/Other Funds Grants	-	61.3	Migrant Education: Title I, Part C	-	21.5
SUBTOTAL	\$ 183.6	\$ 274.7	English Language Acquisition: Title III	-	22.8
STEM and CTE Related Programs			Title IV-B 21st Century Community Learning Ce	-	18.1
STEM/CTE Regional Network Grants	\$ 4.7	\$ 5	SUBTOTAL	9.4	392.2
CTE Revitalization Grants	10.3	10.3	Special Education Programs		
STEM/CTE Career Pathway Fund	8.2	8.2	Early Intervention/Early Childhood Ed	175.0	207.3
STEM/CTE Innovation Grants	4.4	4.4	Regional Programs	27.7	60.4
Student Leadership Centers	0.7	0.7	Blind & Visually Impaired	1.0	6.0
For Inspiration & Recognition of Science & Tech (FIRST)	0.5	0.5	Individuals with Disabilities Act (IDEA)	-	261.6
CTE Vocational Education Grant: Perkins Grant	-	32.2	Hospital Programs	1.4	9.5
			Long Term Care and Treatment	18.9	44.8
SUBTOTAL	\$ 28.8	\$ 61.0	SUBTOTAL	\$ 224.0	\$ 589.6

Within the Grant in Aid total are amounts funded with the carve-out for the Network for Quality Teaching and Learning (NTQL). The following table summarizes those amounts.

NQTL (Educator Effectiveness)	Other Funds
Trauma Informed (SB 183)	1.0
Dyslexia	1.9
School Dist Collaboration Grant	13.5
Mentoring Grants	11.5
Leadership Training & Effective Teacher Prep	2.5
School & Dist Turnaround Grants	2.0
Low Performing Schools	2.5
SUBTOTAL	\$ 34.9

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 SSF distribution formula. ODE receives the funds from the Department of State Lands. These are counted as local revenues for the school funding formula and ODE factors this amount for each participating district's local contribution. The Subcommittee approved an Other Funds Nonlimited budget of \$116,260,269. This is a 5.5 percent increase from the 2015-17 Legislatively Approved Budget. The Subcommittee approved the following adjustment to this budget unit's current service level:

Package 801, LFO Analyst Adjustments. This package increases the Nonlimited Other Funds limitation by \$6,048,468, to match the assumptions used in the Legislative Revenue Office's estimated Common School Fund contribution to local revenues, for the school funding formula for 2017-19. This comes from a payment from the Department of State Lands from earnings of the Common School Fund.

Early Learning Grant-in-Aid

The Subcommittee approved a budget of \$380,557,077 total funds, including \$247,940,701 General Fund. This is a 3.9 percent total funds and 10.4 percent General Fund increase from the 2015-17 Legislatively Approved Budget. This set of programs, which was established in ODE by House Bill 3234 (2013), funds services to children ages zero to six. Other Funds expenditure limitation and Federal Funds expenditure limitation support child care and Head Start collaboration. The funding mechanism is generally grants to other entities. The largest program funded with these resources is the Employment Related Day Care (ERDC) administered by the Department of Human Services (DHS). The Subcommittee approved the following adjustments to this budget unit:

Package 111, Internal Operational Realignment. This package reduces expenditures by \$0.2 million General Fund. It is a companion to Package 111, in Operations. General Fund is reduced from one-time special payments in 2015-17 to pay for Personal Services changes in the funding for staff who work only on the Preschool Promise Program.

Package 202, Implementing Child Care Federal Regulatory Requirements. In a corresponding package in the Operations budget unit, 18 positions are added to provide for the additional workload anticipated by the increased number and scope of background checks due to the passage of federal regulations around Child Care. Those positions and related costs are paid by reducing the amount of Child Care Development Block Grant funds flowing to DHS to primarily fund ERDC. Also factored into this package is the transfer of the funding (and in some cases the responsibilities for) from ODE to DHS for the Teen Parent child care program, Alcohol and Drug Special Populations program and the MSFW Special Populations program. The transfer also includes factoring \$3.1 million of ending balance resources for the Block Grant so the ERDC program is funded just above current service level. Overall, there is a \$0.9 million net reduction in the special payments made by ODE.

Package 801, LFO Analyst Adjustments. This package reduces funding for grants by \$2.3 million General Fund, due to state revenue constraints. The Kindergarten Partnership and Innovation grants are reduced by 4.1 percent to \$9.1 million General Fund and funding for Early Learning Hubs is funded at \$15.0 million General Fund, or a decrease of 11.1 percent from current service level. Miscellaneous grants with General Fund resources, within the Office of Child Care, are reduced by 12 percent. Funding for the Oregon Pre-kindergarten and Early Head Start program is funded at the current service level or \$152.3 million General Fund. The Healthy Families, Relief Nurseries, and Preschool Promise programs are also funded at the current service level.

The following table shows the final budget figures for the Early Learning Division, following these adjustments:

Early Learning Division	General Fund	Total Funds
Oregon Prekindergarten/Early Head Start	152.3	152.3
Healthy Families	24.8	29.5
Office of Child Care	2.1	125.2
Relief Nurseries	8.9	11.0
Kindergarten Partnership Initiative	9.1	9.1
Early Learning HUBs	15.0	17.8
Early Learning Service Providers Capacity Building	-	-
Preschool Promise	35.7	35.7
TOTAL	\$ 247.9	\$ 380.6

Youth Development Grant-in-Aid

The Subcommittee approved a budget of \$20,182,500 total funds, including \$13,151,091 General Fund for the Youth Development programs, which was established in ODE by House Bill 3231 (2013). This is a 5.0 percent total funds and an 8.6 percent General Fund increase from the 2015-17 Legislatively Approved Budget. This set of programs provide services to school-age children through the age of 20. These programs support academic success and reduce involvement in the criminal justice system. The funding mechanism is generally grants to other entities. The Subcommittee approved the following adjustments to this budget unit:

Package 801, LFO Analyst Adjustments. This package reduces funding for Juvenile Crime Prevention grants and the Youth and Innovation grants and increases the Youth and Community grant for a net reduction of \$0.2 million total funds. The Juvenile Crime Prevention grants are funded at \$5.9 million, a 2.6 percent decrease from the current service level, while the Youth and Innovation grants are reduced by 7.2 percent with \$3.2 million General Fund available for grants. The Youth and Community grant are increased to \$3.2 million or by 8.3 percent.

Package 803, Technical Changes. This package makes technical changes to the Youth Development Grant-in-Aid budget area. These changes are:

- Reduce empty Federal Funds limitation for the Juvenile Crime Prevention program. There is not federal revenue to support the existing limitation.
- Increase the General Fund appropriation for the transfer the \$0.8 million General Fund for Gang Prevention grants from Operations to Youth Development Grant-in-Aid.

The following table shows the final budget figures for Youth Development Division following these adjustments:

Youth Development Division	General Fund	Total Funds
Juvenile Crime Prevention	5.9	6.6
Gang Prevention & Intervention Grants	0.8	0.8
Youth & Community	3.2	9.5
Youth & Innovation	3.2	3.2
Community Schools	0.1	0.2
TOTAL	\$ 13.2	\$ 20.3

Debt Related Costs

The Subcommittee approved a budget of \$20,502,540 total funds for existing debt service. This includes \$19,851,315 General Fund and \$651,225 Lottery Funds. The Lottery Funds is for debt approved by the 1997 and 1999 Legislative Assemblies. The General Fund is for debt resulting from the OSCIM program. The Subcommittee approved the amount required by the debt service schedule.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Education
Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 580,091,439	\$ 1,434,927	\$ 277,236,218	\$ 112,916,253	\$ 1,038,273,686	\$ 388,007,727	\$ 2,397,960,250	555	520.90
2017-19 Current Service Level (CSL)*	\$ 639,530,189	\$ 651,225	\$ 194,841,138	\$ 112,916,253	\$ 1,058,609,260	\$ 388,007,727	\$ 2,394,555,792	530	510.80
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 089 - Capital Construction									
Package 804: Bonding Related Changes									
Special Payments			\$ 39,312,315	\$ -			\$ 39,312,315		
SCR 100 - Department Operations									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ 3,800,000	\$ -	\$ -	\$ -	\$ (3,900,000)	\$ -	\$ (100,000)		
Package 106: Measure Student Progress									
Services and Supplies	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
Package 111: Internal Operational Alignment									
Personal Services	\$ 835,141	\$ -	\$ 779,683	\$ -	\$ 97,141	\$ -	\$ 1,711,965	5	8.63
Services and Supplies	\$ (610,537)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (610,537)		
Package 113: Tribal History Curriculum									
Services and Supplies	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000		
Package 114: Measure 98									
Personal Services	\$ 1,325,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325,309	8	7.02
Services and Supplies	\$ 444,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444,770		
Package 202: Child Care Federal Regulations									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 2,529,626	\$ -	\$ 2,529,626	18	18.00
Services and Supplies	\$ -	\$ -	\$ 2,867,500	\$ -	\$ 1,478,374	\$ -	\$ 4,345,874		
Package 203: Early Learning Operations Efficiency									
Personal Services	\$ 1,386,756	\$ -	\$ -	\$ -	\$ (1,191,996)	\$ -	\$ 194,760	1	1.00
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (287,560)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (287,560)	(1)	(1.50)
Services and Supplies	\$ (1,792,478)	\$ -	\$ (500,000)	\$ -	\$ (1,359,938)	\$ -	\$ (3,652,416)		
Package 802: Program Enhancement									
Personal Services	\$ 721,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 721,877	4	3.83
Services and Supplies	\$ 641,342	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 841,342		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 803: Technical Changes									
Personal Services	\$ -	\$ -	\$ 927,240	\$ -	\$ (671,136)	\$ -	256,104	1	1.00
Services and Supplies	\$ (750,000)	\$ -	\$ 686,396	\$ -	\$ 837,775	\$ -	774,171		
Special Payments (Dist. to Local School Districts)			\$ -	\$ -	\$ (7,004,935)	\$ -	(7,004,935)		
Package 804: Bonding Related Changes									
Special Payments (Dist. to Local School Districts)			\$ (39,312,315)	\$ -			(39,312,315)		
Package 812: Vacant Position Elimination									
Personal Services	\$ (1,017,408)	\$ -	\$ (328,657)	\$ -	\$ (393,053)	\$ -	(1,739,118)	(15)	(10.20)
Services and Supplies	\$ (110,722)	\$ -	\$ (34,000)	\$ -	\$ (23,630)	\$ -	(168,352)		
Package 814: IT Security Positions Consolidation									
Personal Services	\$ (550,520)	\$ -	\$ -	\$ -	\$ -	\$ -	(550,520)	(2)	(2.00)
Services and Supplies	\$ (46,135)	\$ -	\$ -	\$ -	\$ -	\$ -	(46,135)		
SCR 200 - Oregon School for the Deaf									
Package 803: Technical Changes									
Personal Services	\$ -	\$ -	\$ 77,553	\$ -	\$ (77,553)	\$ -	-	0	0.00
Services and Supplies	\$ -	\$ -	\$ 1,972,715	\$ -	\$ (172,715)	\$ -	1,800,000		
Package 812: Vacant Position Elimination									
Personal Services	\$ (95,894)	\$ -	\$ -	\$ -	\$ -	\$ -	(95,894)	0	0.00
SCR 250 -Youth Corrections Educational Program									
Package 803: Technical Changes									
Services and Supplies	\$ -	\$ -	\$ (458,209)	\$ -	\$ -	\$ -	(458,209)		
Special Payments (Dist. to Local School Districts)			\$ (16,309,794)	\$ -	\$ (2,304,640)	\$ -	(18,614,434)		
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ (345,448)	\$ -	\$ -	\$ -	(345,448)	(2)	(2.00)
SCR 300 -Grant in Aid									
Package 113: Tribal History Curriculum									
Special Payments (Dist. to Local School Districts)	\$ 1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	1,800,000		
Package 114: Measure 98									
Special Payments (Dist. to Local School Districts)	\$ 170,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	170,000,000		
Package 801: LFO Analyst Adjustments									
Special Payments (Dist. to Local School Districts)	\$ (9,505,180)	\$ -	\$ 2,634,450	\$ -	\$ -	\$ -	(6,870,730)		
Package 802: Program Enhancement									
Special Payments (Dist. to Local School Districts)	\$ 12,178,889	\$ -	\$ 1,000,000	\$ -	\$ 1,725,423	\$ -	14,904,312		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE							
			LIMITED	NONLIMITED	LIMITED	NONLIMITED										
Package 803: Technical Changes																
Services and Supplies			\$	458,209		\$	-	\$	458,209							
Special Payments (Dist. to Local School Districts)	\$	-	\$	16,655,242	\$	2,304,640	\$	-	18,959,882							
Special Payments	\$	-	\$	(215,670)	\$	7,004,935	\$	-	6,789,265							
SCR 450 -Common School Fund																
Package 801: LFO Analyst Adjustments																
Special Payments (Dist. to Local School Districts)	\$	-	\$	-	\$	6,048,468	\$	-	6,048,468							
SCR 500 -Early Learning Division																
Package 111: Internal Operational Alignment																
Special Payments	\$	(224,604)	\$	-	\$	-	\$	-	(224,604)							
Package 202: Child Care Federal Regulations																
Other Special Payments	\$	-	\$	-	\$	(944,490)	\$	-	(944,490)							
Package 801: LFO Analyst Adjustments																
Other Special Payments	\$	(2,318,783)	\$	-	\$	-	\$	-	(2,318,783)							
Package 803: Technical Changes																
Special Payments	\$	-	\$	-	\$	-	\$	-	-							
SCR 550 - Youth Development Division																
Package 801: LFO Analyst Adjustments																
Other Special Payments	\$	(155,677)	\$	-	\$	-	\$	-	(155,677)							
Package 803: Technical Changes																
Other Special Payments	\$	750,000	\$	-	\$	(2,441,561)	\$	-	(1,691,561)							
SCR 850 - Debt Service Costs																
None.																
TOTAL ADJUSTMENTS	\$	178,618,586	\$	-	\$	10,067,210	\$	6,048,468	\$	(4,507,733)	\$	-	\$	190,226,531	17	23.78
SUBCOMMITTEE RECOMMENDATION *	\$	818,148,775	\$	651,225	\$	204,908,348	\$	118,964,721	\$	1,054,101,527	\$	388,007,727	\$	2,584,782,323	547	534.58
% Change from 2015-17 Leg Approved Budget		41.0%		(54.6%)		(26.1%)		5.4%		1.5%		0.0%		7.8%	(1.4%)	2.6%
% Change from 2017-19 Current Service Level		27.9%		0.0%		5.2%		5.4%		(0.4%)		0.0%		7.9%	3.2%	4.7%

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 7/1/2017 10:32:14 AM

Agency: Education, Department of

Mission Statement:

Increase Achievement for All Students

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. QUALITY LEARNING ENVIRONMENTS - Increase the number of early learning and development programs participating in the statewide Quality Rating and Improvement System		Approved	1,342	1,500	1,675
2. QUALITY LEARNING ENVIRONMENTS - Increase the percentage of high quality early learning and development programs as measured by the statewide Quality Rating and Improvement System (rated as 3, 4, or 5 star)		Approved	33%	40%	45%
3. KINDERGARTEN ASSESSMENT - Increase performance of entering kindergarten students on the Kindergarten Assessment	a) Increase in the average number of letter names that children are able to identify in one minute	Approved	18.50	TBD	TBD
	b) Increase in the average number of letter sounds that children are able to identify in one minute		7.40	TBD	TBD
	c) Increase in the average number of math questions that children are able to correctly respond to		8.50	TBD	TBD
	d) Increase in the average Approaches to Learning score that children receive		3.60	TBD	TBD
3. KINDERGARTEN ASSESSMENT - Increase performance of entering kindergarten children on the Kindergarten Assessment	Percent of students entering kindergarten who can identify 18 uppercase English letters	Approved	No Data	60%	70%
	Percent of students entering kindergarten who can identify 15 lowercase English letters		No Data	60%	70%
	Percent of students entering kindergarten who can identify at least 3 letter sounds		No Data	60%	70%
	percent of students entering kindergarten who can respond correctly to 8 math questions		No Data	60%	70%
	percent of students entering kindergarten who fall into either the Approaching or Demonstrating & Above benchmark levels in Self-Regulation		No Data	85%	95%
	percent of students entering kindergarten who fall into either the Approaching or Demonstrating & Above benchmark levels in Interpersonal Skills		No Data	95%	95%
4. EARLY LITERACY - Percentage of students meeting or exceeding statewide academic achievement standards in 3rd grade reading	a) All Students	Approved	48.50%	51%	53%
	b) Students of Color		29.10%	30%	32%
	c) Special Ed Students		25.50%	29%	30%
5. STUDENTS ON TRACK TO GRADUATE - Percentage of 9th grade students on track to graduate.	a) All Students	Approved	83.50%	90%	93%
	b) Students of Color		77.70%	75%	77%
	c) Special Ed Students		68.60%	73%	75%
6. HIGH SCHOOL COMPLETION - Percentage of students who complete high school within five years	a) All Students	Approved	76.50%	82%	TBD&B 5516

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
	b) Students of Color		70%	74%	TBD
	c) Special Ed Students		58.40%	52%	TBD
6. HIGH SCHOOL COMPLETION - Percentage of students who complete high school within four years	All students	Approved	No Data	81%	81%
	Students of color		No Data	74%	77%
	Special Education students		No Data	61%	64%
7. COLLEGE GOING - College-going rate of Oregon residents into post-secondary institutions		Approved	62.90%	63%	65%
8. PRIORITY AND FOCUS SCHOOLS - Percentage of priority and focus schools achieving sufficient growth for all students such that they would no longer be identified as a priority and focus school based on the criteria used for their original identification		Approved	73%	30%	50%
9. HIGH QUALITY STAFF - Percentage of ODE staff performing at or above standard on evaluation		Approved	91.10%	75%	80%
10. STAFF SATISFACTION - Percentage of ODE staff rating their satisfaction with internal customer service as "good" or "excellent"	Accuracy	Approved	84%	TBD	TBD
	Overall		77%	TBD	TBD
	Timeliness		69%	TBD	TBD
	Availability of Information		68%	TBD	TBD
	Expertise		84%	TBD	TBD
	Helpfulness		78%	TBD	TBD
10. CUSTOMER SERVICE - Percentage of customers rating the agency's customer service as "good" or "excellent"	Overall	Approved	78%	85%	85%
	Expertise		77%	85%	85%
	Helpfulness		82%	85%	85%
	Timeliness		68%	85%	85%
	Accuracy		74%	85%	85%
	Availability of Information		73%	85%	85%

LFO Recommendation:

LFO recommends the targets outlined above. They are based on recent trends of the information that is collected. One measure is recommended to be deleted. Existing KPM #10 measures staff satisfaction. This is an internal measure and does not necessarily measure the direct performance of the agency. Staff satisfaction is an important measure and current agency leadership is re-evaluating how to measure its as an internal measure. LFO recommends the deletion of this KPM.

Two measures are proposed to be replaced and LFO recommends their replacement:

- Existing KPM #3 is replaced with a similar KPM measuring the performance of students entering into kindergarten as indicated by the Kindergarten Assessment tool. The new metrics reflect the state standards adopted by the Early Learning Council.
- Existing KPM #6 is replaced with a similar KPM which measures the percentage of students graduating from high school within a certain number of years. The existing KPM was within five years and proposed KPM uses a four year period which is more in line with the standard expectations of completion.

Two other items that LFO suggests being evaluated in the upcoming biennium:

- KPM #9 measures the percentage of staff performing at or above standard on evaluation. The agency is reviewing the efficacy of this KPM and LFO suggest that they come back during the 2019 Legislative Session with a recommendaion on whether to continue this KPM or replace it.

2. One area of responsibility of the agency is not captured directly by the current set of KPMs. While Youth Development programs are not a large part of the agency's budget, they do represent a key area of keeping youth on track for graduation and successful employment experience. LFO recommends that the agency return to the 2019 Legislative Session with a recommended KPM for this key area of the agency's duties and responsibilities.

SubCommittee Action:

Approve LFO recommendations.