

## Analysis

### Item 11: Department of Education

#### K-12 Grant-in-Aid Program Consolidation

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**Analyst:** Doug Wilson

**Request:** Acknowledge receipt of a report on consolidating K-12 Grant-in-Aid programs.

**Analysis:** The budget report for HB 5015, the budget bill for the Oregon Department of Education (ODE), included a budget note instructing ODE to study the potential for combining and/or eliminating various K-12 Grant-in-Aid (GIA) programs. Specifically, the budget note language was:

The Oregon Department of Education is instructed to study the various K-12 Grant-in-Aid programs to determine if further programs can be combined with other programs or eliminated. The Department is to identify any barriers or required statutory changes in its study. Groups representing the various K-12 interest groups should be consulted in this effort. The Department is to submit a preliminary report to the Interim Ways and Means committee by February 1, 2020 with a final report as part of their Ways and Means presentation to the 2021 legislative session.

With the passage of the Student Success Act (HB 3427 - 2019) and the High School Success Grant Program (Ballot Measure 98), there was concern by legislators that many of the Grant-in-Aid (GIA) programs overlapped with others. Other concerns included the limited funding of some programs, the programs' competitive nature, and where the number of districts receiving a grant was small. There was also a Secretary of State audit that addressed similar issues for these programs.

This report represents a progress report on these efforts. ODE has inventoried the various K-12 GIA programs and have identified 43 programs to be further evaluated. Specific GIA programs are left out of this analysis because: (1) they are entirely funded with federal funds with specific federal requirements limiting merging of funds and programs; and (2) specific grants funded or carved-out from the State School Fund. Some of the included programs are new for 2019-21 as part of the Student Success Act.

ODE has established a workplan and time-table for carrying out the work required by the budget note. During the first three months of 2020, ODE will review goals, application and reporting procedures, and performance indicators for each program. This will be followed by a gap analysis, description of programs, and identification of candidate programs for consolidation to be completed by the end of June. Stakeholders will be engaged for input and a final report will be completed by the end of 2020. This effort will be carried out with existing staff.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office (LFO) recommends acknowledging receipt of the report. LFO encourages the agency to be as broad as possible in including programs in this analysis, including those that are "carve-outs" from the State School Fund. In addition, the analysis should identify the staffing consolidation resulting from the potential program consolidations.

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**Request:** Report on consolidating K-12 education Grant-in-Aid programs per the Budget Note included with House Bill 5015 (2019).

**Recommendation:** Acknowledge receipt of the report.

**Discussion:** Given that sizeable, additional financial commitments have been made to the education system through the Student Success Act, House Bill 3427 (2019), it is prudent and timely for the State to reexamine existing Grant-in-Aid (GIA) programs to determine if there is duplication or overlap. The Oregon Department of Education's (ODE) ability to identify and potentially eliminate duplicative funding streams available for similar purposes, presents an opportunity to reduce administrative costs, simplify funding circumstances for local school districts and strengthen the GIA programs remaining after consolidation. ODE has made progress in this work and as noted, has made initial scoping assumptions concerning the aid programs best suited for consolidation. Those scoping assumptions account for federally funded grants that limit flexibility or the ability to merge resources, grants comprised of federal and non-federal resources that pose challenges for co-mingling, direct State School Fund Grants, and those grants administered by the Early Learning Division, Youth Development Division and Educator Advancement Council, unless instances of overlap are determined.

Based upon the initial scoping assumptions, ODE has identified 43 different grant programs to be evaluated for potential consolidation. This is a significant number of grant programs, indicating ODE has a lot of work ahead on this initiative. This work will be completed by existing staff and entail participation and feedback from internal and external stakeholders. The large number of grant programs initially in scope means there is also a promising opportunity to enhance K-12 Grant-in-Aid effectiveness and efficiency. At this time, the relative size of the grant programs under consideration for consolidation or the administrative savings that may be realized remains unclear.

The Department has provided a timeline and work plan to meet the deadline, per the Budget Note within House Bill 5015, which requires the Department to deliver the final report during the 2021 Legislative Session. Next steps in this effort include internal staff work, a gap analysis, external stakeholder engagement, as well as time for external and internal feedback on the report findings. ODE also notes the final report will include a list of existing challenges and barriers to implementation, which may shape the next phase of any consolidation actions.



# Oregon

Kate Brown, Governor



OREGON  
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EDUCATION

*Oregon achieves . . . together!*

Colt Gill

Director of the Oregon Department of Education

December 9, 2019

The Honorable Senator Betsy Johnson  
The Honorable Senator Elizabeth Steiner Hayward  
The Honorable Representative Dan Rayfield  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem OR 97301-4048

Dear Co-Chairpersons:

### **Nature of Request**

The Oregon Department of Education (ODE) respectfully requests acceptance of this preliminary report required through a budget note in House Bill 5015 instructing the department to conduct a study on the various K-12 Grant-In-Aid programs to determine if programs can be combined or eliminated.

### **Agency Action**

The 2019 Legislature determined through the passage of House Bill 3427 (Student Success Act) and the High School Success Grant Program passed under Ballot Measure 98 (2016), that many of ODE's existing grant programs may have overlaps with larger and broader programs. In addition, the Legislature was concerned that because some of these grant programs were competitive due to limited funding availability, that many small and/or rural districts may be unable to take advantage of these opportunities. As a result, the Legislature approved the following budget note within House Bill 5015 (ODE's Budget Bill):

*The Oregon Department of Education is instructed to study the various K-12 Grant-in-Aid programs to determine if further programs can be combined with other programs or eliminated. The Department is to identify any barriers or required statutory changes in its study. Groups representing the various K-12 interest groups should be consulted in this effort. The Department is to submit a preliminary report to the Interim Ways and Means Committee by February 1, 2020 with a final report as part of their Ways and Means presentation to the 2021 legislative session.*

In addition to the budget note, there were recommendations made to the department from a Secretary of State's (SOS) audit completed in January 2019 that were similar to the legislative directive. In the SOS Audit Report 2019-01 entitled *Oregon Department of Education and the Portland Public Schools Must Do More to Monitor Spending and Address Systematic Obstacles to Student Performance, Particularly at Struggling*

Schools, there were a series of recommendation of which one, Recommendation 7 in the report, stated the following:

*Coordinate with the Governor’s Office, the State Board of Education, the Legislature, and districts to develop a plan to align education investments for the long-term. The plan should include steps to reduce and consolidate initiatives, and measure investment results, particularly for state efforts aimed at improving struggling high-poverty schools.*

Upon the close of the 2019 Legislature, ODE has worked diligently on developing a plan to ensure it can meet the requirement of presenting a final report during the 2021 Legislature, as well as provide follow up to the Secretary of State’s audit report. The department has created an internal team led by the ODE Deputy Director which has developed a work plan to guide how the department will approach studying the feasibility of consolidating certain grant-in-aid programs and the challenges that exist in implementing these consolidations.

To date, ODE has primarily focused on scoping the project and targeting the grants that would be the most likely to consider. Based on a comprehensive inventory of the ODE’s K-12 Grant-In-Aid programs completed in April 2019 and again updated in September 2019 based on the actions taken by the 2019 Legislature, the department has made these initial scoping assumptions:

- Grants funded only with Federal Funds will not be in scope due to the fact that federal resources have statutory requirements that limit flexibility and the ability to merge resources.
- Grants with a combination of federal and non-federal resources will not be top candidates for consolidation unless Federal Fund co-mingling is determined feasible.
- School Financing Grants (Direct State School Fund Grants) will not be considered in scope due to the nature of their prescriptive and targeted use.
- Grants administered by the Early Learning Division, Youth Development Division, and Educator Advancement Council will not be in scope initially, however, may be reexamined if there are determined connections or overlaps.

Based on these assumptions, the department estimates there are 43 different grant programs that would be evaluated for potential consolidation. This number may change with additional evaluation, however, at the time of this preliminary report, this is the best estimate.

The next steps of the work plan will be conducted from January 1, 2020 to March 31, 2021. The table below provides an overview of the work plan tasks and timelines.

Timeline	Responsibility and Tasks
January 1, 2020 to March 31, 2020	Complete internal staff work for all in-scope grants programs to identify: program goals; application procedures; reporting procedures; and performance indicators.
April 1, 2020 to June 30, 2020	Conduct gap analysis and provide program category summary for all in scope grants programs that identify commonalities and distinctions.
	Create preliminary report of potential consolidations based on internal examination.

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July 1, 2020 to September 30, 2020	Conduct external stakeholder engagement process to gather input to preliminary report.
	Form an internal/external evaluation team to analyze stakeholder input and feedback. Based on review, reevaluate recommendations.
October 1, 2020 to December 31, 2020	Create final draft report of potential consolidations based on internal and external examination.
	Solicit feedback from external stakeholders on final draft report.
	Finalize report along with listing of existing challenges and barriers that must be overcome for implementation.
January 1, 2021 to March 31, 2021	Present final report to Ways and Means Subcommittee on Education.

As the department conducts further research and analysis, it may be necessary to revise the work plan. Should these changes or additions have any impact on ODE's ability to provide the final report within the timelines established in the budget note, the department will reach out immediately to the Department of Administrative Services Chief Financial Office and the Legislative Fiscal Office.

**Agency Request**

Accept this preliminary report required by a budget note in House Bill 5015 to study the various K-12 Grant-In-Aid programs to determine if programs can be combined or eliminated

**Legislation Affected**

None

Thank you for considering the approval of this request.

Sincerely,



Colt Gill  
Agency Director