

Analysis

Item 8: Department of Education

Early Warning System

Analyst: Doug Wilson

Request: Reduce the Other Funds expenditure limitation by \$216,820 for the Early Warning System in Grant-in-Aid, increase the Other Funds expenditure limitation by \$216,820 for Operations, and establish one position (0.67 FTE).

Analysis: One component of the Student Success Act (HB 3427 [2019]) was an Early Warning System initiative that provides educators and others information or indicators that a student is at risk of not graduating so actions may be taken to assist the student in meeting graduation requirements. HB 5047 allocated a total of \$2,750,000 for this purpose with \$1,750,000 designated for grants to school districts (\$3 per ADMr) for reimbursement of costs of establishing and operating an early warning system and \$1,000,000 for providing technical assistance in applying best practices in developing, implementing, and maintaining a system. It was anticipated that the technical assistance would be provided through contracts with non-state partners. There was no funding provided to the Oregon Department of Education (ODE) for administering the grants and other state-level responsibilities.

Upon further analysis by ODE in developing this program, the agency determined a position is required to perform the state-level responsibilities. These include administering and overseeing the grants to 197 districts, administering and coordinating the contracts with the partners providing technical assistance, responding to inquiries regarding the program, and providing technical assistance. ODE is requesting to use \$216,820 of the \$1,000,000 allocated for technical assistance for this position and associated costs. This request requires legislative approval since it means moving funding from the K-12 Grant-in Aid section of the ODE budget to the Operations section.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including a decrease of \$216,820 in the Fund for Student Success Other Funds expenditure limitation for the Early Warning System and an increase of \$216,820 in the Fund for Student Success Other Funds expenditure limitation for Operations, and authorizing the establishment of one limited duration position (0.67 FTE), for the Department of Education in a budget reconciliation bill during the 2020 legislative session for the Early Warning System.

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Oregon Department of Education
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Request: Transfer \$216,820 Other Funds expenditure limitation within the Statewide Education Initiative Account from Grant-in-Aid to Operations and establish one position (0.67 FTE) to administer the Student Success Act Early Warning System program.

Recommendation: Approve the request during the 2020 Legislative Session.

Discussion: The Student Success Act (SSA), House Bill 3427 (2019), contains substantial changes to education funding in a number of areas including early learning, student investment, as well as initiatives and programs supported by the Statewide Education Initiative Account. Given the scale and complexity of the changes to education funding through the SSA, not all of the administrative needs were fully realized at the time of the bill’s passage. This letter specifically represents the Department of Education’s (ODE) progress on right sizing the need for effective oversight and management of the additional resources being committed to the state’s education system.

Under Section 46 of House Bill 3427, the Legislature authorized \$2.75 million for grants and technical assistance to support school districts in implementing early warning systems improving stakeholder capacity for corrective actions in keeping students enrolled and on course for graduation. However, due to a two-pronged approach, (\$1.75 million for grants and \$1.0 million for technical assistance contracts), the Department did not previously design or budget for a comprehensive administrative strategy covering both aspects of the early warning systems initiative.

To meet this need, ODE is requesting a transfer of Other Funds expenditure limitation from the Technical Assistance portion of the Early Warning Grant-in-Aid funding to Operations and the establishment of one position (0.67 FTE) to administer the Early Warning System grant program and technical assistance contracts, manage publications, and assist school districts with knowledge sharing and information dissemination.

Legal Reference: Transfer \$216,820 of Other Funds expenditure limitation established by chapter 220, Oregon Laws 2019, for the 2019-21 biennium as follows:

<u>Section</u>	<u>Amount</u>
7(8) Early warning system grants	\$-216,820
8(2) Operations	+\$216,820



Oregon

Kate Brown, Governor



OREGON
DEPARTMENT OF
EDUCATION

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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 a shift of \$216,820 within the Statewide Education Initiative Account from Grant-In-Aid to Operations for the purposes of providing sufficient budget for operating and administering the Early Warning System program initiative authorized through Section 45-47 of House Bill 3427 (Student Success Act).

Agency Action

The 2019 Legislature made a substantial commitment to Oregon's children, educators, and schools through the passage of the Student Success Act. This Act is expected to invest \$1.0 billion in early learning and K-12 education each fiscal year. This funding will be deposited to the Fund for Student Success where a portion will be transferred to the State School Fund and the remaining balance will be divided between three distinct accounts – Early Learning Account (20%); Student Investment Account (50%); and Statewide Education Initiative Account (30%).

The Legislature, through HB 5047, authorized \$265.1M of the funding deposited to the Statewide Education Initiative Account to be used on various initiatives established in Section 25 of the Act. Within this Section, the Legislature approved a portion of the \$265.1M for ODE operations to assist in implementing all the initiatives outlined in the Section. The Department received the appropriate operations budget to cover the cost of each initiative with Section 25 except for Sub Section (g) – early warning systems to assist students in graduating from high school, as described in Section 46 of the act.

Under Section 46 of HB 3427, the Legislature authorized \$2,750,000 for both grants and technical assistance that effectively support school districts in implementing early warning systems that enable school districts, students, students' families, educators, school counselors and community organizations to take necessary corrective action to assist students in graduating from high school. The approved budget was divided between two strategies:

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- School District Grants - \$1,750,000 for grants to all 197 school districts based on \$3 per each district's average daily membership. The funding is targeted to reimburse the district cost of standing up and/or operating an early warning system.
- Technical Assistance - \$1,000,000 for contracts to outside entities and partners to provide district support in applying best practices in developing, implementing, and maintaining early warning systems.

The budget established direct funding to either aid or support districts in establishing and maintaining early warning systems; however, it did not provide any resources to support the implementation and ongoing management of the initiative at the state level. Since this initiative came together through two different strategies – direct grants and direct technical assistance – the department was not able to thoroughly analyze the more comprehensive program initiative for a state fiscal impact.

As a result, ODE currently lacks resources to set up and manage both the grants and contracts related to the early warning system program initiative. To effectively implement, ODE requires one position and appropriate supporting resources for creating the necessary policy, rules, and processes for the allocation and administration of the contracts and grants; conducting contract administration for each of the technical assistance contracts to ensure performance; providing grant administration and oversight to 197 school district grants to ensure funding is expended appropriately and outcomes are met; and serving as primary contact to stakeholders and partners as it relates to implementing this portion of HB 3427.

To meet this need, ODE is proposing the cost of this position be covered through a fund shift from the \$1.0 million dedicated for Technical Assistance. This will still leave approximately \$783K in Grant-In-Aid, which will still be adequate in providing technical assistance contracts that directly serve school districts.

Agency Request

Approve a shift of \$216,820 in Other Funds limitation from Grant-In-Aid (Early warning system grants) to Operations, and establish one position (0.67 FTE) to provide support in administering the Early Warning System program initiative established through the Student Success Act.

Legislation Affected

Section 7(8), Chapter 220, Oregon Laws (2019): (\$216,820)

Section 8(2), Chapter 220, Oregon Laws (2019): +216,820

Thank you for considering the approval of this request.

Sincerely,



Colt Gill
Agency Director