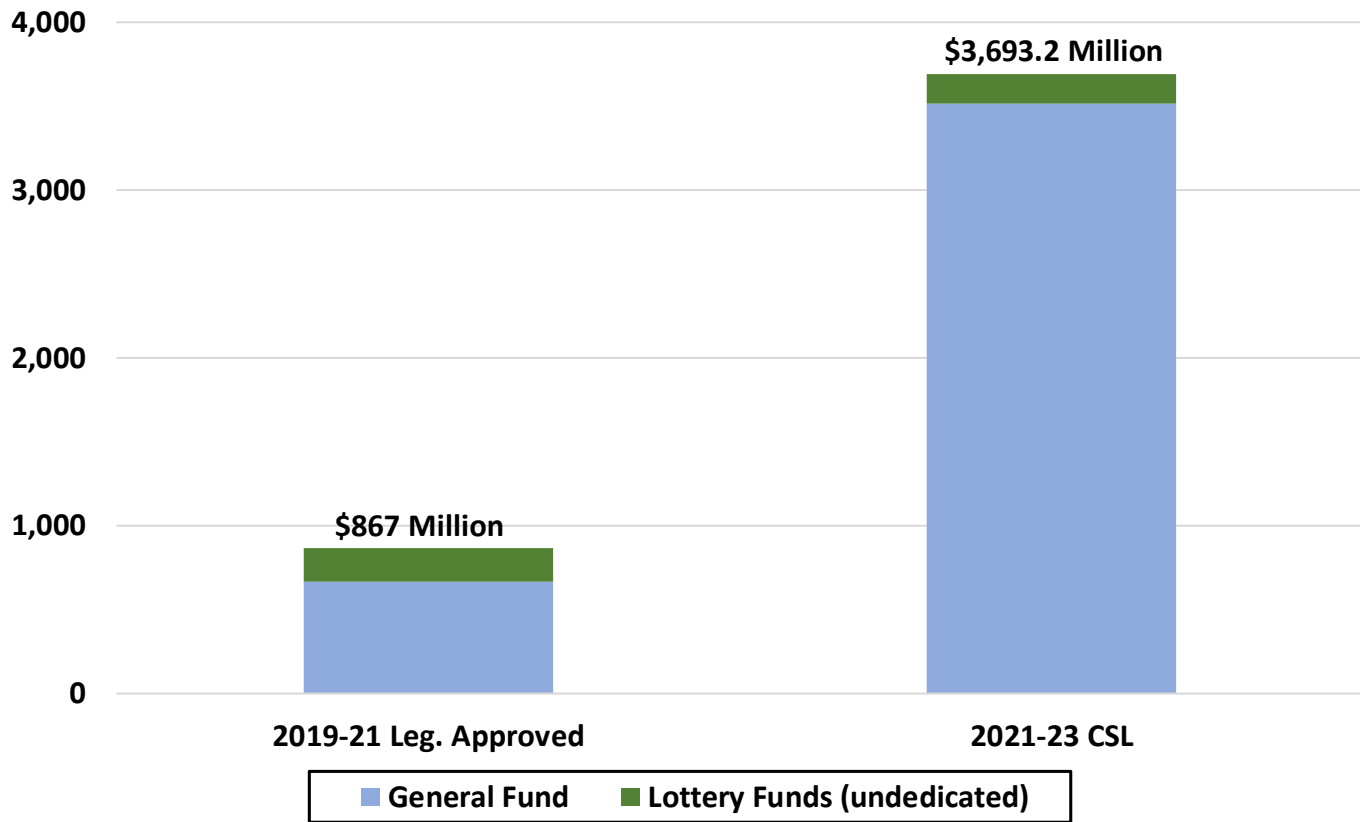


Presentation to the Senate Education Committee

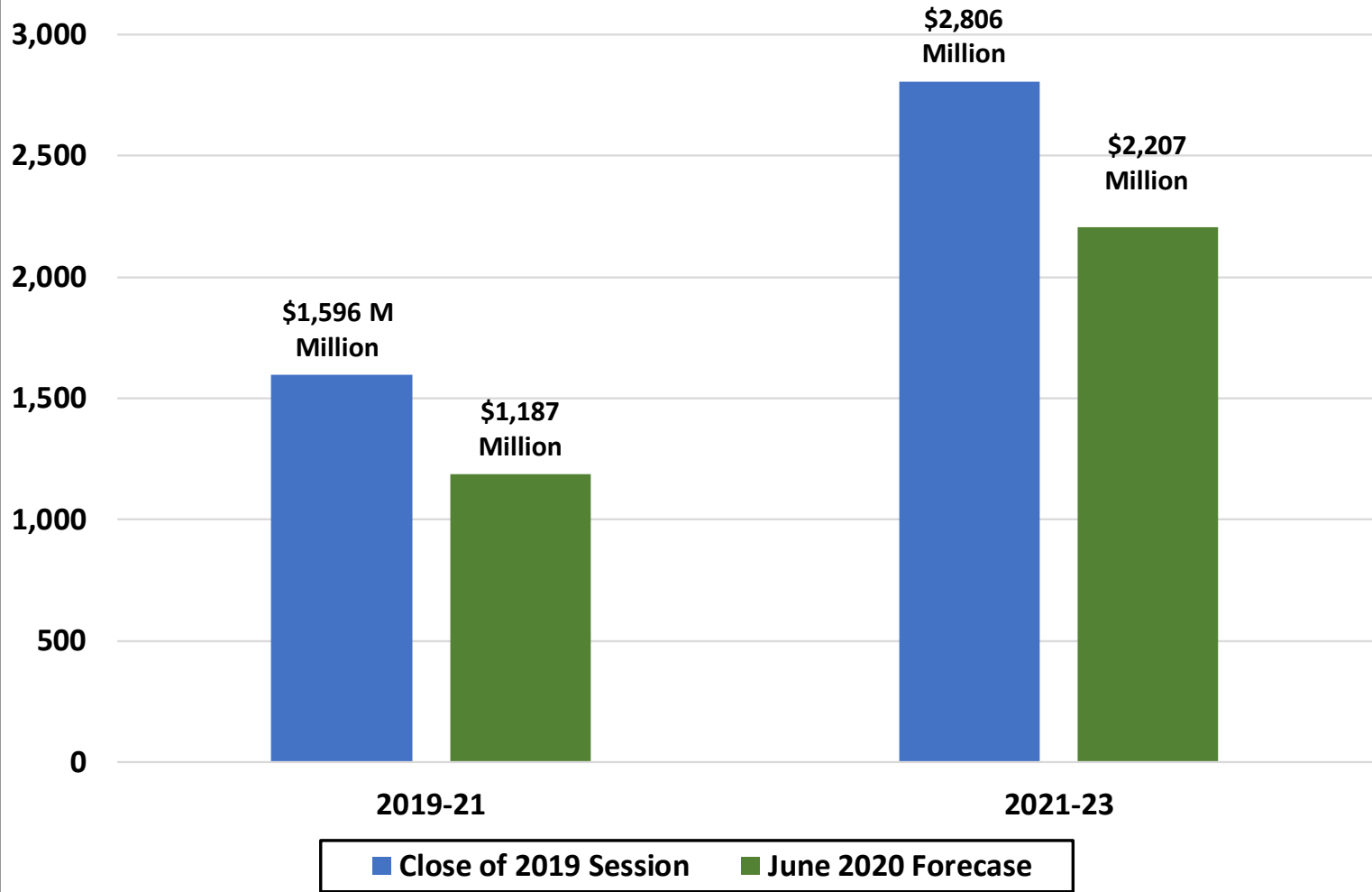
Legislative Fiscal Office Staff

June 2, 2020

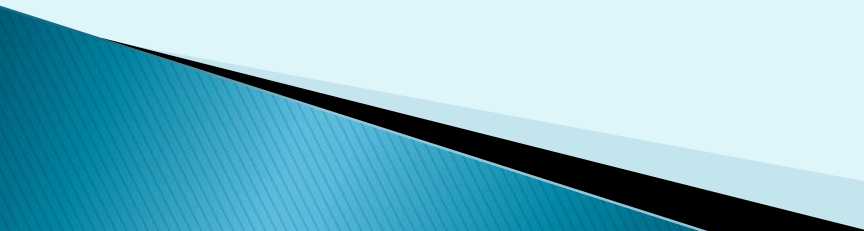
2019-21 and 2021-23 Revenue Shortfalls Millions of Dollars



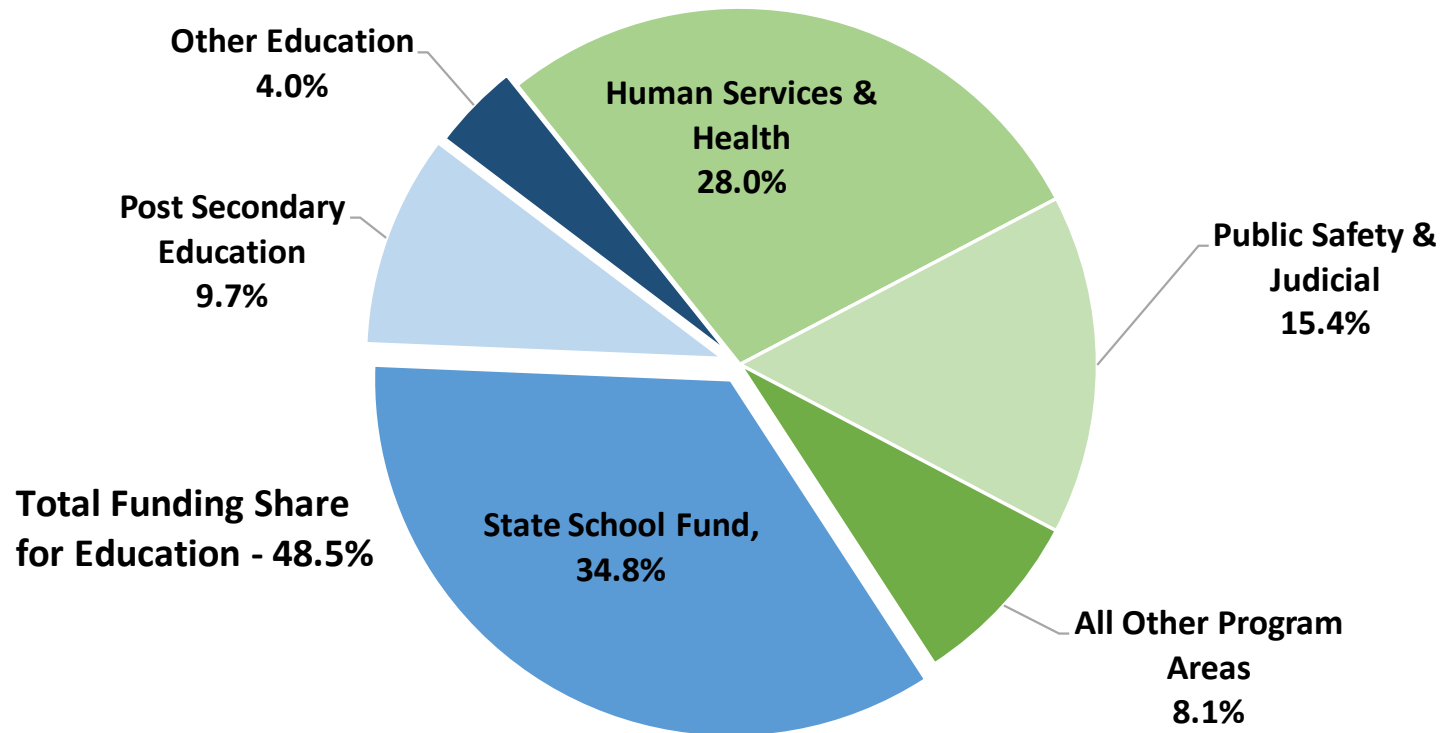
Corporate Activity Tax Revenues Millions of Dollars



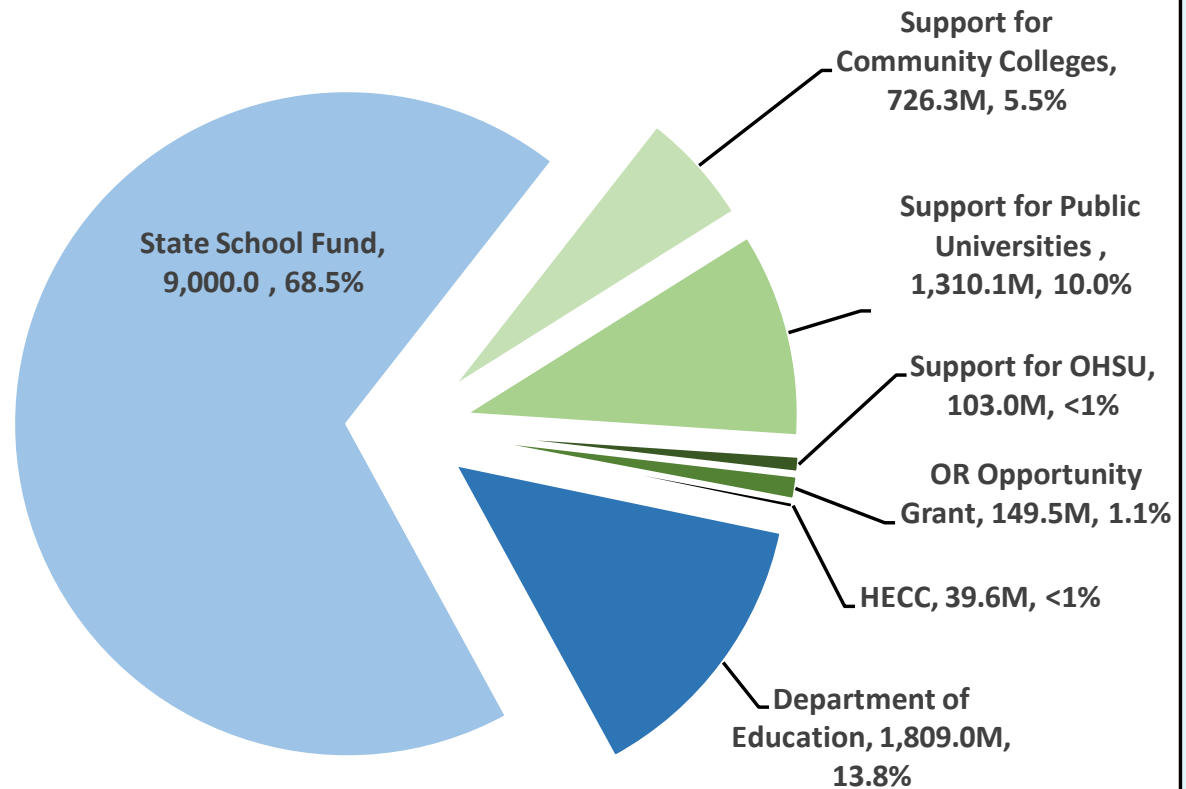
How to Close the Budget Gap

- ▶ Reduce spending
 - ▶ Increase revenues
 - ▶ Redirect resources
 - ▶ Tap reserve funds
 - ▶ Delay spending
- 

**Total State Budget
2019-21 Legislatively Approved Budget
General Fund and Lottery Funds
\$23,686 Million**



**Education Program Area --2019-21 Leg. Approved Budget
General & Lottery Funds, Student Success & Marijuana Revenues
\$13,137 Million**

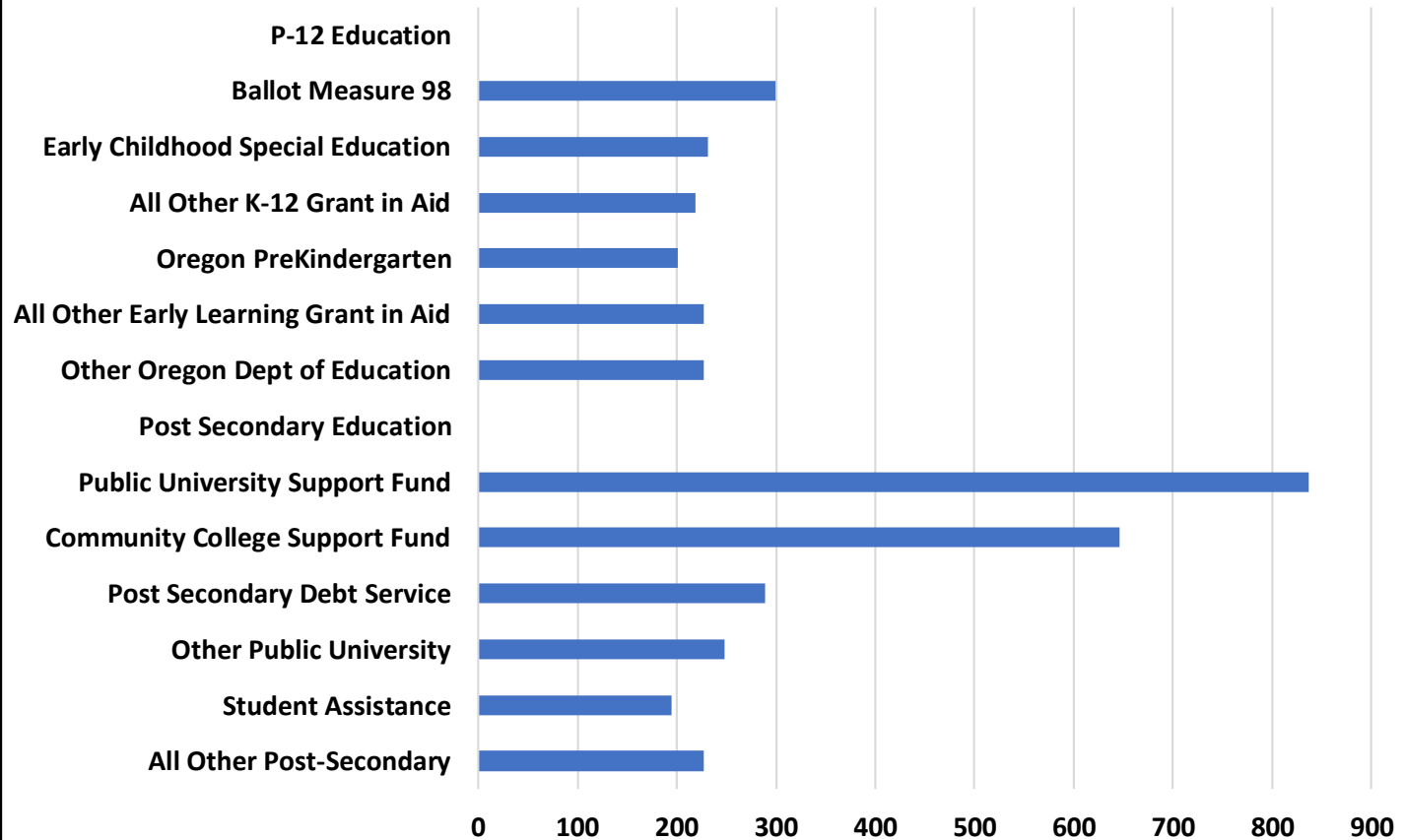


Impact on the State School Fund

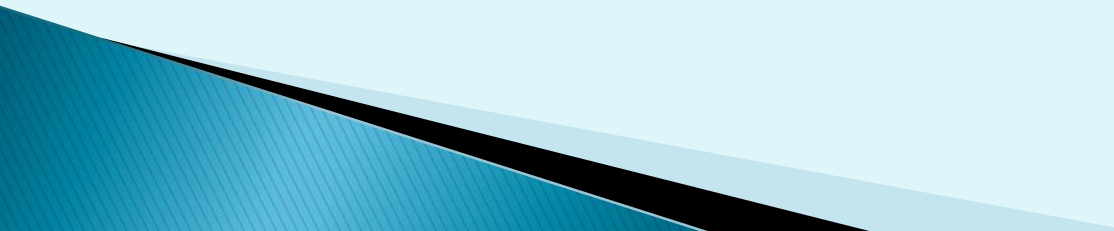
	Legislatively Approved Budget	State School Fund	Percent of Total
General Fund	22,427.4	7,718.7	34.4%
Lottery Funds	1,259.0	530.1	42.1%
Total	23,686.4	8,248.8	34.8%

June 2020 Forecast Gap	Legislatively Approved Budget	SSF Share by Fund Type
General Fund	(664.4)	(228.7)
Lottery Funds	(202.6)	(85.3)
CAT Shortfall		(62.9)
Total	(867.0)	(376.9)

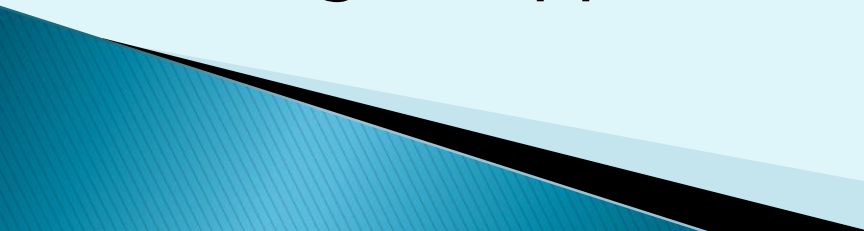
**Major Education Programs -- 2019-21 Leg Approved Budget
General Fund, Lottery Funds & Student Success Funds
Millions of Dollars**



Budget Uncertainties ???

- ▶ Future economic and revenue forecasts
 - ▶ Speed and timing of recovery
 - ▶ Future demand for government assistance
 - ▶ Future COVID costs
 - ▶ Future federal resources
- 

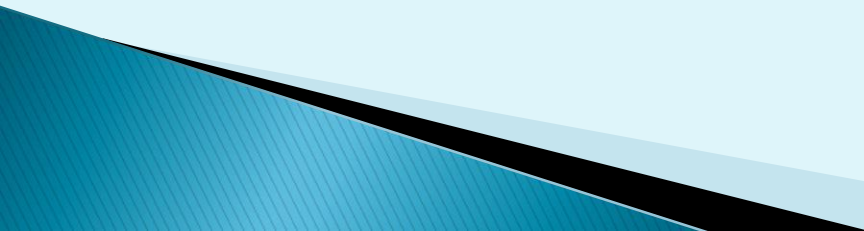
Education Stability Fund

- ▶ Established in 2002 replacing the former Education Endowment Fund (ESF).
 - ▶ Funded by a dedication of 18% of the net Lottery proceeds.
 - ▶ Capped at 5% of amount accrued in General Fund revenues in the previous biennium.
 - ▶ ESF has never reached cap but is projected to reach that cap in February 2022 based on June 2020 Forecast.
 - ▶ ESF investment earnings directed to the Oregon Opportunity Grant program.
- 

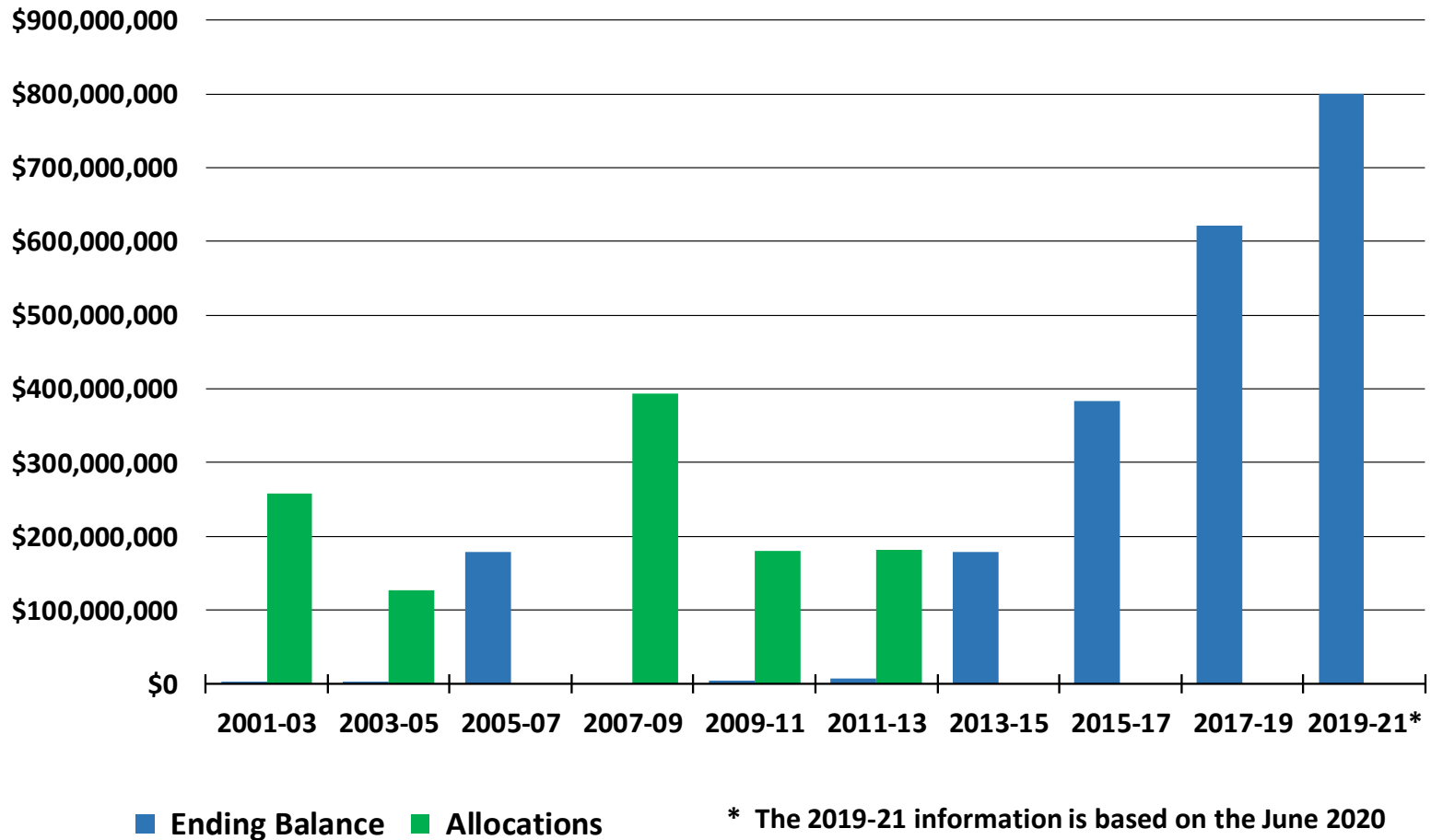
Accessing the Education Stability Fund

- ▶ One of the following conditions must be met
 1. Forecasted GF revenues in the last quarterly forecast estimates that GF revenues will be at least 3% less than the previous biennium's GF appropriations.
 2. Decline in nonfarm payroll employment for at least two consecutive quarters in the past year.
 3. Forecasted GF revenues will be at least 2% below the forecast for which budget is based on
 4. Governor declares an emergency.

Accessing the Education Stability Fund Continued

- ▶ Must be approved by three fifths of the Legislature.
 - ▶ Must be used for public education spending.
 - ▶ Accessed 8 times since 2001–03 – multiple times in some biennia.
 - ▶ Last accessed in 2011–13.
 - ▶ Current balance in ESF is \$732.9 million and is forecasted to grow to \$800.1 million by the end of 2019–21 if no withdrawals are made.
- 

Education Stability Fund Biennial Allocations and Ending Balances



LFO Budget Information Brief Oregon Budget Reserve Funds

<https://www.oregonlegislature.gov/lfo/Documents/2020-3%20Budget%20Reserve%20Funds.pdf>

Closing Reminder

