

**HB 5015 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Frederick

**Joint Committee On Ways and Means**

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**Action Date:** 06/18/19

**Action:** Do pass the A-Eng bill.

**Senate Vote**

**Yeas:** 11 - Baertschiger Jr, Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

**Nays:** 1 - Thomsen

**House Vote**

**Yeas:** 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

**Prepared By:** Lisa Pearson, Department of Administrative Services

**Reviewed By:** Doug Wilson, Legislative Fiscal Office

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**Department of Education**

**2019-21**

## **Budget Summary\***

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 807,121,651	\$ 980,751,266	\$ 848,524,857	\$ 41,403,206	5.1%
General Fund Debt Service	\$ 18,239,116	\$ 32,479,290	\$ 32,479,290	\$ 14,240,174	78.1%
Lottery Funds Debt Service	\$ 651,225	\$ 692,870	\$ 692,870	\$ 41,645	6.4%
Other Funds Limited	\$ 477,800,746	\$ 611,937,136	\$ 482,740,706	\$ 4,939,960	1.0%
Other Funds Debt Service	\$ 24,302	\$ -	\$ -	\$ (24,302)	(100.0%)
Other Funds Nonlimited	\$ 120,364,721	\$ 120,364,721	\$ 120,364,721	\$ -	0.0%
Federal Funds Limited	\$ 1,068,783,290	\$ 1,090,210,472	\$ 1,109,771,172	\$ 40,987,882	3.8%
Federal Funds Nonlimited	\$ 388,007,727	\$ 407,115,946	\$ 407,115,946	\$ 19,108,219	4.9%
<b>Total</b>	<b>\$ 2,880,992,778</b>	<b>\$ 3,243,551,701</b>	<b>\$ 3,001,689,562</b>	<b>\$ 120,696,784</b>	<b>4.2%</b>

## **Position Summary**

Authorized Positions	584	548	614	30
Full-time Equivalent (FTE) positions	550.43	535.78	596.38	45.95

<sup>(1)</sup> Includes adjustments through December 2018

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The budget for the Oregon Department of Education (not including the State School Fund) relies primarily on Federal Funds, which provides approximately half of the revenue. General Fund supports about 29 percent and Other Funds revenue supports 20 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, 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**

House Bill 5015 provides the budget expenditure authority for programs administered by the Oregon Department of Education (ODE). This bill excludes direct funding for the State School Fund (SSF), which was addressed in House Bill 5016 (2019).

Through House Bill 5015, the Subcommittee recommended a total funding level of \$3,001,689,562 for the Department, which is a 4.2 percent increase from the 2017-19 Legislatively Approved Budget as of December 2018. The budget includes funding to continue grants for the Native American curriculum required by Senate Bill 13 (2017) and additional staff for business and information technology capacity and early learning programs. A new program is added, the Educator Advancement Council (EAC), which was established by Senate Bill 182 (2017). Funding for the EAC comes from a carve-out in the SSF, which has been used to fund the Network for Quality Teaching and Learning (NQTL). The NQTL is renamed to the Educator Advancement Fund starting July 1, 2019, and funds are made continuously available to the EAC program.

### **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 purchases, and maintenance and repair of facilities. It also allows for assessments and long-range planning of district facilities and for hardship grants. Grants are capped at \$8 million and districts must match the state grants with funds from local voter approved bonds. The grants are funded with Article XI-P general obligation bonds. The Subcommittee recommended a budget of \$130,000,000 total funds, which is the carry-over from bond sales in the 2015-17 and 2017-19 biennia.

### **Department Operations**

The Department Operations Unit includes most of the staff in the agency responsible for the administration of educational programs. The Subcommittee recommended a budget of \$233,249,369 total funds, including \$90,510,656 General Fund, \$46,360,200 Other Funds expenditure limitation, \$92,274,061 Federal Funds expenditure limitation, \$4,104,452 Other Funds Nonlimited and 532 positions (520.36 FTE). General Fund increases from the 2017-19 Legislatively Approved Budget by 13.8 percent. Total funds increases 12.8 percent, primarily due to addition of staff for the Early Learning Division, business services and information technology capacity issues, and the Educator Advancement Council. The Subcommittee recommended the following adjustments to this unit's current service level:

Package 104, Protect the Civil Rights of Students. This package adds \$1,538,802 General Fund and five permanent positions (4.18 FTE) to address three civil rights issues including an increase in civil rights complaints received by ODE, as well as federal and state law changes regarding Career and Technical Education (CTE) programs.

- One Civil Rights Appeals Coordinator position (0.92 FTE) is approved in the Director's Office to address both formal and informal complaints received by the agency. A temporary staff position was hired for 2017-19 to respond to an increasing number of complaints and this package continues this capacity permanently. The position will also coordinate the complaint process to increase the ability of the agency to respond to technical assistance requests by school districts.

- One Program Analyst 4 position (0.92 FTE) will provide technical assistance to meet the requirements of federal Title IX. Title IX and Oregon state law prohibits discrimination in education programs on the basis of sex. This position will provide training to districts and schools on how to meet both the state and federal requirements. The position will also serve as a resource for students and parents.
- Three Program Analyst 3 (2.34 FTE) positions are recommended to address changes in federal and state law on monitoring and professional development in Career and Technical Education (CTE) programs. Federal regulations require 2.5 percent of schools offering CTE programs have an onsite review. The number of schools and scope of programs under this requirement has increased especially with the emphasis on funding for CTE programs over the past few biennia.

Package 106, Well-Rounded Student-Centered Teaching and Learning. This package shifts \$495,371 of expenditures from Other Funds to General Fund, resulting in no net increase to the agency's total funds budget. This shift involves three positions, which support current state and federal school improvement programs independent of the new student success teams. The shift is necessary because Network of Quality Teaching and Learning (NQTL) funds will all be transferred to the new Educator Advancement Council program for educator professional development under current law.

Package 107, Nutritional Needs of All Students. This package adds \$357,640 Federal Funds expenditure limitation and two limited duration positions (1.46 FTE) to continue work on a grant from the Center for Disease Control (CDC) for improving student health and academic success through nutrition, physical activity and management of chronic conditions. In 2017-19, ODE received a five-year grant, which provides annual funding of \$365,000 Federal Funds. This package continues an existing School Wellness Policy Coordinator limited duration position and adds a part-time limited duration Student Wellness Assistant position for administering and carrying out the purposes of the grant. Grant funds are generally used for infrastructure development, professional development and training to school district nutritional staff, and technical assistance to districts.

Package 110, Education and Job Re-Engagement Opportunities. This package adds \$555,000 one-time Other Funds expenditure limitation to enhance the program's content acquisition or development. In addition, the funding will be used for the development of new courses aligned with Oregon educational standards and professional development of online teachers and site coordinators. The additional resources come from the beginning balance of the Oregon Virtual School District account.

Package 113, Adequate Levels of Business Services. This package adds \$1,765,031 Other Funds expenditure limitation and 10 permanent positions (9.92 FTE) to meet the demand for financial, personnel, and other business services from other units in the agency. The addition of the Early Learning and Youth Development Divisions to ODE in 2013, along with a significant increase in specific K-12 grants, accounts for the majority of the increase in demand on procurement, human resources, budgeting, accounting, and information technology services. Five of the 10 positions were authorized as limited duration during the 2017 Session or by the September 2018 Emergency Board. The remaining five positions represent activities and responsibilities currently being performed by a combination of temporary employees, retirees and job

rotations. The positions will be paid for with federal indirect revenues authorized in an agreement between the agency and the federal government.

Package 115, Program Cleanup. This package adjusts the funding for positions related to the Network for Quality Teaching and Learning (NQTL) and the High School Success Fund, resulting in a net decrease of \$1,718,076 total funds and a reduction of three positions (3.60 FTE). This includes a reduction of \$185,799 General Fund. This package is necessary because under current law, NQTL funding will transfer to the Educator Advancement Council and will not be available for these positions. Other positions in the package continue to work on equity, school improvement, and accounting, so the package shifts them to other revenue streams, including federal Title I A/D resources. This package also adjusts funding on positions approved for the High School Success program (Measure 98) from General Fund to Other Funds using the High School Success and College and Career Readiness Fund. The package also contains an FTE adjustment in the child nutrition program.

Package 151, ELD Capacity. This package increases the staffing for the Early Learning Division (ELD) for a total funds increase of \$968,146, including \$310,844 General Fund and four new positions (3.34 FTE). Specifically, the package makes the following changes:

1. Continues a part-time limited duration Program Analyst 4 position established in the 2018 Legislative Session for the Ounce of Prevention grant;
2. Combines two existing part-time Compliance Specialist 2 positions to one full-time position with the same classification, eliminating one position;
3. Establishes four positions, including one part-time limited duration Operation and Policy Analyst 4 position to coordinate the activities funded with grant funds from the Pritzker Foundation; one permanent Operation and Policy 4 position for legislative coordination, rules coordination, and to act as the Early Learning Council administrator; one permanent Research Analyst 4 in the second year of the biennium to manage evaluations of the division's programs, assist in writing grant proposals, and in staffing the Measuring Success committee of the Early Learning Council; and one permanent Program Analyst 2 position to act as a family engagement coordinator for the second year of the biennium.

The Early Learning Division (ELD) depends on two sets of regional entities in carrying out its mission. Early Learning Hubs responsibilities include administering Focused Child Care Networks, subcontracting with providers, and monitoring for the Preschool Promise program, determining the needs of families relating to early learning, and coordinating early learning services across their service areas. Child Care Resources and Referral (CCR&R) entities deliver training and technical assistance to child care providers, assist providers in opening child care facilities, determine availability of child care providers, provide leadership for early learning administrators, provide input on provider selection, and assist providers through the Spark Quality Improvement Specialists. Their services areas don't always

overlap making coordination more difficult. While they often work together in assisting providers and families in need of child care, their missions and activities sometimes overlap. The Subcommittee approved the following Budget Note:

**Budget Note**

The Early Learning Division of the Oregon Department of Education will study the feasibility of consolidating Early Learning Hubs and Child Care Resources and Referral entities to better align its regional entities into one regional body while maintaining the scope, purpose, and legislatively intended function of both. The ELD shall report its findings to the Legislature before February 1, 2020. The report will include, at minimum, findings around fiscal and programmatic efficiencies, effect on organizational capacity, and anticipated effect on abilities to meet Early Learning Council designated outcomes. If the study determines that consolidation is deemed fiscally or programmatically efficient, it will present a plan to implement this consolidation as part of its report.

Package 153, ELD Baby Promise. This package provides \$718,813 Federal Funds and three positions (3.00 FTE) to continue the Baby Promise pilot program approved by the Emergency Board in the 2017-19 biennium. This program will continue as a pilot for 2019-21 providing funding for approximately 235 child care slots for infants and toddlers. The funding continues three limited duration positions originally approved at the September 2018 meeting of the Emergency Board. There is a companion package in the Early Learning Grant-in-Aid section of the budget providing \$6.1 million for the cost of the child care slots and another \$2.3 million to support the providers. All funding in this package is from the federal Child Care Development Grant.

Package 157, ELD Child Care Resources. This package provides \$7,261,195 Federal Funds expenditure limitation and 35 permanent positions (32.71 FTE) for the Office of Child Care for licensing, compliance, investigations, and working with providers and families. Most of these positions are workers dealing directly with providers or in response to issues relating to providers. These positions will reduce the caseloads for the field staff. Twenty-three positions were approved as limited duration positions during the 2018 Legislative Session or at a meeting of the Emergency Board in September or December of 2018. They include five Compliance Specialist positions who work jointly with Department of Human Services staff in investigating abuse in child care settings, five Licensing Specialists in the field or central office, two Regional Manager positions (Portland and Medford), two Senior Compliance Specialists to deal with more difficult cases, a Legal and Enforcement Director, and a Quality Assurance position to increase consistency and work on progressive enforcement. There is also a Family Outreach position, which will communicate sensitive information for families regarding ELD's enforcement actions and its impact on daycare arrangements, two positions for conducting criminal protective history checks, and three support staff.

The remaining 12 positions include 11 Licensing Specialists in the field and central office, and a communications position to respond to inquiries in a timely manner. Funding for all 35 positions comes from recent increases in the federal Child Care Development Grant (CCDG). In the Early Learning Grant-in-Aid section of the budget, there is a companion package that transfers \$20.0 million of CCDG funds to the Department of Human Services for the Employment Related Day Care (ERDC) program.

Package 801, LFO Analyst Adjustments. This package adds \$888,016 total funds, which includes a \$773,875 General Fund decrease and an increase of five positions (5.00 FTE). The specific adjustments include:

- Continuation of two limited duration positions (2.00 FTE). The first limited duration position is federally funded and works with private schools to meet the requirements of the federal Every Student Succeeds Act. The second limited duration position is supported by Other Funds and works on vision screening in compliance with Senate Bill 187 (2017).
- Transfers \$1.4 million General Fund for Transition Network Facilitators from Operations to K-12 Grant-in-Aid, which better reflects the nature of the spending as grants. There is no impact on the total agency budget.
- Carry over federal grant limitations from the 2017-19 biennium to finish the allowed grant award period. Two federal grant awards extend beyond the 2017-19 biennium. The Preschool Development Grant Birth to Five grant period ends in December 2019; \$1.0 million Federal Funds is carried-over in Operations, and \$3.1 million is carried-over in the Early Learning Grant-in-Aid section of the budget. The School Emergency Management grant was awarded to Oregon after the Emergency Board authorized the submission of the grant application in September 2018. This grant requires continuation of two limited duration positions (2.00 FTE) and \$250,693 Federal Funds to complete the work.
- Funding for House Bill 2955 (2015) for the annual Oregon Civics Day for Teachers held at the Capitol with \$200,000 General Fund. The program provides ongoing professional development for civics teachers across the state. This activity was funded with Network for Quality Teaching and Learning (NQTL) resources in the past, which is no longer available since it has been redirected by Senate Bill 182 (2017) for the Educator Advancement Council.
- Provides \$252,938 General Fund to (a) pay the increased membership fees to the ELPA21 Consortium to meet the ongoing federal requirement of student assessments for English Language Proficiency (\$132,000); and (b) to continue an existing contract to provide a secure online system for the work sample online bank for assessments (\$120,938).
- Continues a position (1.00 FTE) permanently with \$173,187 General Fund; this position coordinates school related transportation for children in foster care. This position was limited duration in 2017-19 but the work continues.

Package 803, Educator Advancement Council. This package provides \$2,131,864 Other Funds and five permanent positions (4.34 FTE) for staffing and services and supplies for the Educator Advancement Council (EAC). This entity was established in 2017 through Senate Bill 182. The Other Funds comes from a carve-out from the State School Fund (SSF). Until July 1, 2019, this earmark has funded programs through the Network for Quality Teaching and Learning. Services and supplies include \$800,000 Other Funds for the Teaching Learning Conditions Survey (\$250,000), professional development contracts (\$500,000) and EAC meeting costs (\$50,000). The positions include:

- An Executive Director (Principle Executive Manager G) to provide administrative and oversight leadership for the Council and staff;

- An Executive Support Specialist 2 to provide administrative support to both the Council as well as the EAC staff;
- A Program Analyst 3 to provide the development, implementation, and coordination of all program funding delivery for the grants and other programs under the EAC;
- A Human Resource Analyst 3 position which will not be part of the EAC staff but will be part of the overall administrative infrastructure staff for all of ODE. Since staff is being hired for this EAC function, as well as for Early Learning staff and other initiatives, this position is added as an incremental step to support the entire agency. Package 113 provides similar increases to the infrastructure staff;
- An Operations Policy Analyst 4 (0.50 FTE) to assist with staffing the Council and providing assistance to the local Regional Educator Networks. This position could begin in the second year of the biennium or be used throughout the biennium on a part-time basis.

### **Educator Advancement Council**

This is a new budget unit, which passes-through grants to implement Senate Bill 182 (2017). The Subcommittee recommended a budget of \$35,790,625 total funds. Funding comes from a carve-out in the SSF.

Package 803, Educator Advancement Council. This package provides \$35,790,625 Other Funds expenditure limitation to distribute to 10 Regional Educator Networks (RENs) located across the state based on a formula which includes variables such as the number of licensed educators and administrators, teacher attrition rates, the gap between racial diversity of students and educators, and the number of new teachers. These networks will then coordinate the professional development in their region and distribute this state funding among programs and initiatives serving educators and districts in their region. Funding for the Council's programs is from a carve-out from the State School Fund until July 1, 2019, funding from discontinued NQTL programs, including Mentoring and School District Collaboration. Staffing and operational costs for the EAC are found in the Operations section of the budget. It is anticipated this funding will be used in the following manner for 2019-21 once the RENs are operating:

2019-21 Educator Advancement Grant Budget		
\$ Millions		
	Year 1	Year 2
REN Capacity Grants	\$ 1.1	\$ 1.5
REN Start Up Costs	\$ 1.0	\$ 0.5
Formula Funding	\$ 12.6	\$ 16.8
Technical Assistance	\$ 0.6	\$ 0.6
Oregon Teachers Scholars	\$ 0.5	\$ 0.5
<i>Subtotal</i>	\$ 15.9	\$ 19.9
<b>Total</b>	\$	35.8

\*totals may not foot due to rounding.

The Subcommittee approved the following Budget Note:

**Budget Note:**

Prior to the distribution of any of the Formula Fund to a Regional Educator Network (REN), the Educator Advancement Council and its staff must determine that the REN has demonstrated its capacity to provide the administrative, fiscal and policy related responsibilities to carry out a set of professional development program in its region. The plan and other required documents must meet all the requirements established by the Council.

The Educator Advancement Council shall report to the Legislature no later than February 1, 2020 on the progress of the development of the programs of the Council and the Regional Educator Networks. The report shall include: (1) the results of the Request for Proposal and selection of the Regional Educator Networks; (2) their organization and activities to date; (3) the organization and activities of the Educator Advancement Council staff; and (4) the amount of funds distributed to each Regional Educator Network by the spending category above in the table.

**Oregon School for the Deaf**

ODE operates the Oregon School for the Deaf (OSD) located in Salem. The OSD serves approximately 100 hearing impaired students during the school year, many of whom reside at the school. The Subcommittee recommended a budget of \$19,173,746 total funds, which includes \$12,644,874 General Fund and 82 positions (76.02 FTE). General Fund is increased from the 2017-19 Legislatively Approved Budget by 1.8 percent. The Subcommittee recommended the following adjustments to Oregon School for the Deaf's current service level:

Package 801, LFO Analyst Adjustments. This package adjusts positions for a net total funds decrease of \$37,772 and a 0.25 FTE increase. The adjustments include establishing one position, abolishing another, reclassifying two positions, and increasing the FTE or months of another

position. These reclassifications are partially the result of the changing nature of the responsibilities of facilities positions with the installation of the Heating and Ventilation and Cooling system (HVAC). These reclassifications reflect the current responsibilities of the positions and have been approved by Human Resources staff.

### **Grant-in-Aid and District Support**

The Grant-in-Aid budget unit includes most of the K-12 funding, not including the SSF, distributed to school districts, ESDs and other entities. The Subcommittee recommended a budget of \$1,975,698,888 total funds, which includes \$475,332,415 General Fund. General Fund increases 4.7 percent and total funds by 0.4 percent from the 2017-19 Legislatively Approved Budget.

This budget unit includes spending authority for many grants received and administered by the department. Many 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 and Other Funds resources. The Subcommittee recommended the following adjustments to this Division's current service level:

Package 070, Revenue Shortfalls. This package reduces Other Funds expenditure limitation to stay within estimated revenue. An earlier estimate of Tobacco Master Settlement Agreement revenue suggested a \$423,387 decrease. These revenues are used for physical education grants.

Package 102, Historically Marginalized and Underserved Populations. This package provides \$1,800,000 General Fund to continue the Native American curriculum project started in 2017-19. Senate Bill 13 (2017) called for an accurate and complete curriculum that recognizes the cultural heritage, history and language of Oregon's nine federally recognized tribes. The curriculum is to address tribal history, sovereignty, culture, treaty rights and current events. The 2017-19 budget included \$1.8 million General Fund for the development of the curriculum for specific grades and to build the capacity in districts with students of the recognized tribes. The resources in this package for 2019-21 will be for developing curriculum for additional grade levels, implementation of the curriculum, and for professional development. Most of the funding will be for grants to districts to deliver the curriculum.

Package 801, LFO Analyst Adjustments. This package makes several changes to programs under the K-12 grant-in-aid programs for a total funds reduction of \$262,663,447 (including a \$132,490,082 reduction in General Fund). The largest reduction is to High School Success grants (Ballot Measure 98); it removes \$133.2 million General Fund and a corresponding Other Funds reduction. With this adjustment, the High School Success budget is equal to the 2017-19 Legislatively Approved Budget. House Bill 5047 includes an allocation of \$133.2 million from the Fund for Student Success, which will bring the total funding to the 2019-21 current service level. In addition to this adjustment, the package makes the following adjustments:

- Shifts \$3,026,635 General Fund to Other Funds by using excess balances in program accounts. The Long-Term Care and Treatment program contributes \$2.9 million, Hospital Programs contributes \$51,976, and the Blind and Visually Impaired program contributes \$37,913 from their excess balances. This fund shift is considered one-time.
- Adds \$423,387 General Fund for Physical Education grants to offset the reduction to Tobacco Master Settlement Agreement revenues found in package 070.
- Adds \$3,313,166 one-time General Fund to backfill lost federal special education funding resulting from federal and state audit findings dating back to 2014. ODE has taken action to correct the issues found in the audits.

With the passage of the Student Success Act and the High School Success grants passed under Ballot Measure 98 (2016), many existing programs with more focused purposes have similar goals of these larger broader programs. Many of them are also competitive grants so many districts are unable to take advantage of them. For example, High School Success grants can be used for drop-out prevention, Career and Technical Education (CTE) and college-level opportunities (e.g. accelerated learning). At the same time, there are specific grant programs addressing chronic absenteeism, a major drop-out prevention indicator. For CTE, there is the CTE Revitalization grant and the Career Pathways programs. Finally, for college-level opportunities, there is the Accelerated Learning grants and the Regional Promise grants. The same type of crossover in program goals and purposes exist with the Student Investment grants under the Student Success Act. The Subcommittee approved the following Budget Note:

**Budget Note**

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.

Package 804, Further LFO Adjustments. This package makes an overall reduction of \$73,219,802 total funds in the following changes.

- The Breakfast and Summer Lunch program is reduced by \$661,142 General Fund. For the past few biennia, the agency has reverted comparable amounts of General Fund at the end of each biennia. This is the amount the agency estimates it would revert for 2019-21 if the funding was maintained in the budget.
- Career and Technical Education (CTE) Revitalization grants are reduced by \$3,706,140. This program provides funding to school districts to enhance collaboration between educators/districts and employers in the delivery of CTE programs. Funding is often used to purchase equipment and supplies for the start-up or expansion of CTE programs. This program is funded in the current service level at \$10.7

million General Fund, so the resulting 2019-21 budget will be approximately \$7.0 million. The passage of the High School Success Act (Ballot Measure 98), as well as the resources from the Fund for Student Success, can be used for CTE programing and for similar purposes under this grant program. The remaining funding should be directed to smaller schools and districts whose grant resources from these other sources are too small to address its needs, especially for one-time purchases to start up or expand a program. Funds should also be directed to programs serving populations that generally have not had access to CTE programs.

- There are three adjustments which align expected revenue and expenditures with the correct program structure. First, \$35.0 million of excess Federal Funds expenditure limitation is removed to bring federal grant expenditures into alignment with remaining grant revenue. Second, \$1.4 million General Fund for Transition Network Facilitators is moved from the Operations program to Grant in Aid because the funding is just passed through to districts. Third, Network Quality Teaching and Learning (NQTL) funding is removed which will be used in the EAC program.
- The Reach Out to Read Program is increased by \$21,180 General Fund, bringing total funding in this budget to \$75,000. This is a national program where books are made available in pediatrician offices and other health care settings as a means of fostering the reading aloud to young children to stimulate early brain development. Vision screening is increased by \$952,500 General Fund bringing the total funding in this budget to \$2,000,000 General Fund, including staffing. This program reimburses school districts and other eligible entities for a portion of the costs of vision screening under ORS 336.211.

The table on the following page 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
<b>Student Success Grants</b>			<b>Nutritional Programs</b>		
Start Making A Reader Today (SMART)	0.3	0.3	Federal Reimbursement Programs		407.1
Reach Out to Read Program	0.1	0.1	After School Meal/Snack Program	0.5	0.5
Supporting Accelerated Learning Opportunities	2.7	2.7	Breakfast & Summer Lunch Programs	1.0	1.0
Accelerated Learning	0.3	0.3	Free Lunch Program	-	2.6
Regional Promise Grants	3.2	3.2	Farm to School Program	4.7	4.7
Physical Education Grants	1.4	4.5	<b>SUBTOTAL</b>	<b>6.2</b>	<b>415.9</b>
Measure 98 Grants	170.0	340.0	<b>Closing the Achievement Gap</b>		
Chronic Absenteeism (Senate Bill 183)	6.5	6.5	African American Education Plan	6.2	6.2
Charter Schools	-	7.3	Tribal Attendance	1.6	1.6
YCEP/JDEP	-	20.2	Native American Curriculum	1.8	1.8
Other Federal/Other Funds Grants	6.7	26.1	English Language Learners	-	10.8
<b>SUBTOTAL</b>	<b>191.2</b>	<b>411.2</b>	Low Income: Title 1, Part A	-	301.1
<b>STEM and CTE Related Programs</b>			Title I - School Improvement Grants	-	20.4
STEM/CTE Regional Network Grants	4.8	4.8	Migrant Education: Tile I, Part C	-	38.0
CTE Revitalization Grants	7.0	7.0	English Language Acquisition: Title III	-	13.4
STEM/CTE Career Pathway Fund	8.5	8.5	Title IV-B 21st Century Community Learning	-	18.8
STEM/CTE Innovation Grants	4.6	4.6	Title IV-A Student Enrichment Grants		20.0
Student Leadership Centers	0.7	0.7	<b>SUBTOTAL</b>	<b>9.6</b>	<b>432.1</b>
For Inspiration & Recognition of Science & Tech (FIRST)	0.5	0.5	<b>Special Education Programs</b>		
CTE Vocational Education Grant: Perkins Grant	-	33.3	Early Intervention/Early Childhood Ed Regional	194.4	227.5
<b>SUBTOTAL</b>	<b>26.1</b>	<b>59.4</b>	Regional Programs	28.7	62.7
Title IIA Teacher and Principal Grant		37.7	Blind & Visually Impaired	1.0	3.7
			Individuals with Disabilities Act (IDEA)	-	271.5
			Hospital Programs	1.4	6.9
			Long Term Care and Treatment	16.7	47.1
			<b>SUBTOTAL</b>	<b>242.2</b>	<b>619.4</b>

### **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 recommended an Other Funds Nonlimited budget of \$116,260,269. There is no change from the 2017-19 Legislatively Approved Budget.

### **Early Learning Grant-in-Aid**

The Subcommittee recommended a budget of \$437,720,068 total funds, including \$255,936,079 General Fund. This is an 11.3 percent total funds increase and a 3.2 percent General Fund increase from the 2017-19 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 services and Head Start collaboration. The funding mechanism is generally grants to other entities. The largest program funded with these Other Funds and Federal Funds resources is the Employment Related Day Care (ERDC) program administered by the Department of Human Services (DHS). The Subcommittee recommended the following adjustments to this budget unit:

Package 153, ELD Baby Promise. This package provides \$8,315,882 Federal Funds for continuing the Baby Promise pilot project approved by the Emergency Board in 2018. This pilot program provides subsidies to Employment Related Day Care (ERDC) eligible families for infant and toddler child care. The intent of the pilot project is to increase the number of high-quality child slots for low income families. The pilot project underway in Multnomah County, South Coast and Central Oregon provides subsidies for approximately 235 child care slots. Of the \$8.3 million Federal Funds in the package, \$6.1 million is for the subsidies and \$2.3 million is to support providers.

Package 154, ELD Quality Improvement Professional Development (QIPD). This package provides \$12,862,309 Federal Funds for investments to support early learning programs and improve their quality. The investments include professional development for the early learning workforce, engaging providers and families in collaborative improvement efforts, developing and implementing substitute early learning worker pools, and for incentives to improve quality. Funding is distributed to Portland State University, Western Oregon University, Mount Hood Community College, Child Care Resource and Referral entities, and the Department of Human Services. All but \$4.4 million represents the roll-up costs for the supports authorized by the Emergency Board in 2018. All of the funding for this package is from the federal Child Care Development Grant.

Package 157, ELD Child Care Resources. This package provides \$20,000,000 Federal Funds expenditure limitation to transmit Child Care Development Grant funds to the Department of Human Services for subsidies for child care for families who qualify for the Employment Related Day Care (ERDC) program. Most of this increase represents the roll-up of the funds authorized by the Emergency Board in 2018 for this purpose. With this additional investment in ERDC, the Department of Human Services should be able to cover the ongoing cost of

provider rate increases that were effective January 1, 2019 and operate a pilot project giving child care providers an incentive for offering care during evening, night, and weekend hours.

Package 801, LFO Analyst Adjustments. This package includes three changes with a net total funds impact of \$1,572,021:

- \$150,000 General Fund is added to backfill the loss of federal Social Services Block Grant (Title XX) funds for Relief Nurseries. This is a result from the overall allocation of Title XX funding in 2014 involving the former Oregon Commission on Children and Families (OCCF). The agreement between the Department of Human Services and OCCF relating to Title XX funding was reduced by the correct amount for Federal Fiscal Year (FFY) 2013 but it was inadvertently increased to its original amount for FFY 2014.
- \$3,100,000 Federal Funds carries over to complete the grant award period allowed by the Preschool Development Grant Birth to Five grant ODE received in 2017-19.
- Program reductions totaling \$1,527,979 General Fund include Focused Child Care (\$327,979), Kindergarten Readiness Grants (\$700,000), and funding for Early Learning Hubs (\$500,000).

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

Early Learning Division, \$ in millions	General Fund	Total Funds
Oregon Prekindergarten/Early Head Start	158.1	158.1
Healthy Families	25.7	30.6
Office of Child Care	1.8	44.6
Transfers to DHS Including ERDC	0	117.4
Relief Nurseries	9.4	11.4
Baby Promise Pilot	0	8.7
Kindergarten Partnership Initiative	8.7	8.7
Early Learning HUBs	15.0	17.9
Preschool Promise	37.1	37.1
Other Grants	0	3.1
<b>TOTAL</b>	<b>\$ 255.9</b>	<b>\$ 437.7</b>

\*totals may not foot due to rounding.

### Youth Development Grant-in-Aid

The Subcommittee recommended a budget of \$20,624,436 total funds, including \$14,100,833 General Fund for the Youth Development programs, which was established in ODE by House Bill 3231 (2013). This is a 2.2 percent total funds increase and a 7.2 percent General Fund increase from the 2017-19 Legislatively Approved Budget. These programs provide services to school-age children through the age of 20

and support academic success and reduce involvement in the criminal justice system. The funding mechanism is generally grants to other entities. The Subcommittee recommended the following adjustments to this budget unit:

Package 801, LFO Analyst Adjustments. This package decreases net total funds by \$325,000. This includes a fund shift of \$450,000 from Other Funds to General Fund to backfill the loss of federal Social Services Block Grant (Title XX) funds. This is a result of an inadvertent restoration of a Title XX reduction from 2014. This issue also affects the funding of the Early Learning Division’s Relief Nurseries grants. A budget alignment adjustment reduces Federal Funds expenditure limitation by \$325,000 based on expenditure patterns for the past two biennia. This amount is what the agency estimates is the difference between the amount of limitation in current service level and the outstanding commitments for the federal programs that is required.

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

<b>Youth Development Division - \$ in millions</b>	<b>General Fund</b>	<b>Total Funds</b>
Juvenile Crime Prevention	6.1	6.5
Gang Prevention & Intervention Grants	0.8	0.8
Youth & Community	3.4	9.8
Youth & Innovation	3.7	3.3
Community Schools	0.1	0.2
<b>TOTAL</b>	<b>\$ 14.1</b>	<b>\$ 20.6</b>

**Debt Related Costs**

The Subcommittee recommended a budget of \$33,172,161 total funds for existing debt service. This includes \$32,479,290 General Fund and \$692,870 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 Oregon School Capital Improvement Matching program and is the amount required by the debt service schedule.

Package 801, LFO Analyst Adjustments. This package establishes an Other Funds expenditure limitation of \$1 for debt service on outstanding Article XI-P and Article XI-Q bonds. Other Funds expenditure limitation may be increased during the 2019-21 biennium for excess proceeds and interest earnings that may be applied to debt service payments, reducing General Fund debt service requirements

**Summary of Maximum Supervisory Ratio**

The Subcommittee reviewed the agency’s proposed Maximum Supervisory Ratio of 1:9.39.

**Summary of Performance Measure Action**

See attached “Legislatively Approved 2019-2021 Key Performance Measures.”

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

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			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 825,360,767	\$ 651,225	\$ 477,825,048	\$ 120,364,721	\$ 1,068,783,290	\$ 388,007,727	\$ 2,880,992,778	584	550.43
2019-21 Current Service Level (CSL)*	\$ 1,013,230,556	\$ 692,870	\$ 611,937,136	\$ 120,364,721	\$ 1,090,210,472	\$ 407,115,946	\$ 3,243,551,701	548	535.78
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 100- Operations</b>									
Package 104: Protect the Civil Rights of Students									
Personal Services	\$ 909,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 909,426	5	4.18
Services and Supplies	\$ 629,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 629,376		
Package 106: Well-Rounded Student-Centered Teaching & Learning									
Personal Services	\$ 495,371	\$ -	\$ (495,371)	\$ -	\$ -	\$ -	\$ -	0	0.00
Package 107: Nutritional Needs of All Students									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 266,481	\$ -	\$ 266,481	2	1.46
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 91,159	\$ -	\$ 91,159		
Package 110: Education & Job Reengagement Opportunities									
Services and Supplies	\$ -	\$ -	\$ 555,000	\$ -	\$ -	\$ -	\$ 555,000		
Package 113: Adequate Levels of Business Services									
Personal Services	\$ -	\$ -	\$ 1,679,550	\$ -	\$ -	\$ -	\$ 1,679,550	10	9.92
Services and Supplies	\$ -	\$ -	\$ 85,481	\$ -	\$ -	\$ -	\$ 85,481		
Package 115: Program Cleanup									
Personal Services	\$ 297,647	\$ -	\$ (1,289,158)	\$ -	\$ 113,095	\$ -	\$ (878,416)	(3)	(3.60)
Services and Supplies	\$ (483,446)	\$ -	\$ (757,764)	\$ -	\$ 401,550	\$ -	\$ (839,660)		
Package 151: ELD Capacity									
Personal Services	\$ 202,415	\$ -	\$ 297,395	\$ -	\$ 173,901	\$ -	\$ 673,711	4	3.34
Services and Supplies	\$ 108,429	\$ -	\$ 125,179	\$ -	\$ 60,827	\$ -	\$ 294,435		
Package 153: Baby Promise									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 517,693	\$ -	\$ 517,693	3	3.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 201,120	\$ -	\$ 201,120		
Package 157: ELD Child Care Resources									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 5,738,496	\$ -	\$ 5,738,496	35	32.71
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,522,699	\$ -	\$ 1,522,699		
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ 126,273	\$ -	\$ 113,395	\$ -	\$ 630,970	\$ -	\$ 870,638	5	5.00
Services and Supplies	\$ (900,148)	\$ -	\$ 28,008	\$ -	\$ 889,518	\$ -	\$ 17,378		
Package 803: Educator Advancement Council Changes									
Personal Services	\$ -	\$ -	\$ 1,014,984	\$ -	\$ -	\$ -	\$ 1,014,984	5	4.34
Services and Supplies	\$ -	\$ -	\$ 1,116,880	\$ -	\$ -	\$ -	\$ 1,116,880		
<b>SCR 125- Educator Advancement Council</b>									
Special Payments (Dist. to Local School Districts)	\$ -	\$ -	\$ 35,790,625	\$ -	\$ -	\$ -	\$ 35,790,625		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
<b>SCR 200- School for the Deaf</b>										
Personal Services	\$ (89)	\$ -	\$ (37,683)	\$ -	\$ -	\$ -	\$ (37,772)	0	0.25	
<b>SCR 300- Grant in Aid</b>										
Package 070: Revenue Shortfalls										
Special Payments (Dist. to Local School Districts)	\$ -	\$ -	\$ (423,387)	\$ -	\$ -	\$ -	\$ (423,387)			
Package 102: Historically Marginalized & Underserved Populations										
Special Payments (Dist. to Local School Districts)	\$ 1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000			
Package 801: LFO Analyst Adjustments										
Special Payments (Dist. to Local School Districts)	\$ (132,490,082)	\$ -	\$ (130,173,365)	\$ -	\$ -	\$ -	\$ (262,663,447)			
Package 804: Further LFO Analyst Adjustments										
Special Payments (Dist. to Local School Districts)	\$ (1,993,602)	\$ -	\$ (36,226,200)	\$ -	\$ (35,000,000)	\$ -	\$ (73,219,802)			
<b>SCR 500- Early Learning Division</b>										
Package 153: Baby Promise										
Special Payments (Other Special Payments)	\$ -	\$ -	\$ -	\$ -	\$ 8,315,882	\$ -	\$ 8,315,882			
Package 154: ELD Quality Improvement Professional Development (QIPD)										
Special Payments (Other Special Payments)	\$ -	\$ -	\$ -	\$ -	\$ 12,862,309	\$ -	\$ 12,862,309			
Package 157: ELD Child Care Resources										
Special Payments (Other Special Payments to DHS)	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000	\$ -	\$ 20,000,000			
Package 801: LFO Analyst Adjustments										
Special Payments (Other Special Payments)	\$ (1,377,979)	\$ -	\$ (150,000)	\$ -	\$ 3,100,000	\$ -	\$ 1,572,021			
<b>SCR 550- Youth Development Division</b>										
Package 801: LFO Analyst Adjustments										
Special Payments (Other Special Payments)	\$ 450,000	\$ -	\$ (450,000)	\$ -	\$ (325,000)	\$ -	\$ (325,000)			
<b>SCR 550- Debt Service</b>										
Package 801: LFO Analyst Adjustments										
Debt Service	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1			
TOTAL ADJUSTMENTS	\$ (132,226,409)	\$ -	\$ (129,196,430)	\$ -	\$ 19,560,700	\$ -	\$ (241,862,139)	66	60.60	
SUBCOMMITTEE RECOMMENDATION *	\$ 881,004,147	\$ 692,870	\$ 482,740,706	\$ 120,364,721	\$ 1,109,771,172	\$ 407,115,946	\$ 3,001,689,562	614	596.38	
% Change from 2017-19 Leg Approved Budget	6.7%	6.4%	1.0%	0.0%	3.8%	4.9%	4.2%	5.1%	8.3%	
% Change from 2019-21 Current Service Level	(13.0%)	0.0%	(21.1%)	0.0%	1.8%	0.0%	(7.5%)	12.0%	11.3%	

# Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/18/2019 8:33:31 AM

Agency: Education, Department of

**Mission Statement:**

Increase Achievement for All Students

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. QUALITY LEARNING ENVIRONMENTS - Increase the percentage of early learning and development programs participating in the statewide Quality Rating and Improvement System		Approved	No Data	50%	55%
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	50%	55%	55%
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	47.30%	70%	75%
	Percent of students entering kindergarten who can identify 15 lowercase English letters		43.50%	70%	75%
	Percent of students entering kindergarten who can identify at least 3 letter sounds		53.40%	70%	75%
	percent of students entering kindergarten who can respond correctly to 8 math questions		84.80%	85%	90%
	percent of students entering kindergarten who fall into either the Approaching or Demonstrating & Above benchmark levels in Self-Regulation		77.80%	95%	95%
	percent of students entering kindergarten who fall into either the Approaching or Demonstrating & Above benchmark levels in Interpersonal Skills		86.50%	95%	95%
4. EARLY LITERACY - Percentage of students meeting or exceeding statewide academic achievement standards in 3rd grade reading	a) All Students	Approved	47.70%	66%	68%
	b) Students of Color		28.50%	56%	60%
	c) Special Ed Students		24.10%	48%	54%
5. STUDENTS ON TRACK TO GRADUATE - Percentage of 9th grade students on track to graduate.	a) All Students	Approved	84.50%	89%	90%
	b) Students of Color		78.80%	86%	88%
	c) Special Ed Students		71.40%	81%	83%
6. HIGH SCHOOL COMPLETION - Percentage of students who complete high school within four years	All students	Approved	76.70%	80%	82%
	Students of color		71.10%	77%	80%
	Special Education students		58.80%	65%	69%
7. COLLEGE GOING - College-going rate of Oregon residents into post-secondary institutions		Approved	57.80%	68%	71%
8. CHRONIC ABSENTEEISM - Percentage of students who are absent more than 10% of days of the school year	All students	Approved	No Data	16%	15%
	Students of color		No Data	19%	18%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
	Students with disabilities		No Data	22%	21%
10. CUSTOMER SERVICE - Percentage of customers rating the agency's customer service as "good" or "excellent"	Overall	Approved	77%	85%	85%
	Expertise		76%	85%	85%
	Helpfulness		81%	85%	85%
	Timeliness		68%	85%	85%
	Accuracy		76%	85%	85%
	Availability of Information		70%	85%	85%
1. QUALITY LEARNING ENVIRONMENTS - Increase the number of early learning and development programs participating in the statewide Quality Rating and Improvement System		Legislatively Deleted	1,437	1,675	TBD
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		Legislatively Deleted	73%	50%	TBD
9. HIGH QUALITY STAFF - Percentage of ODE staff performing at or above standard on evaluation		Legislatively Deleted	91.10%	80%	TBD

**LFO Recommendation:**

LFO recommends the targets outlined above. They are based on recent trends of the information that have been collected.

Three measures are proposed to be deleted dealing with:

- Quality learning environments
- Priority and focus schools
- High quality staff

One measure (KPM #1) which measures early learning quality learning environments changes how it is measured from the total number of early learning and development programs participating in the statewide Quality Rating and Improvement System to the percentage of programs participating.

A new measure (KPM #8) is related to chronic absenteeism which is a priority area for the agency. It measures the percentage of students who are absent for more than 10% of the days of the school year for all students, students of color and student with disabilities.

Finally, 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 recommended in 2017 that the agency return to the 2019 Legislative Session with a recommended KPM for this key area of the agency's duties and responsibilities. LFO believes that this area merits further consideration, especially because of the increasing programming included in the Student Success bill.

**SubCommittee Action:**

Subcommittee members were concerned about the type of KPMs the agency has at this time. Members wanted the agency to look at KPMs that measure actions that the agency has direct control over. These might include the timeliness of reporting/investigations of the Office of Child Care or the how efficient that the agency's grant administration is performing. There was also mention of having greater and broader staff input on KPMs around the work they perform. Finally there was the suggestion that a performance measure(s) be established for the new Educator Advancement Council.

The Subcommittee did recommend approval of the LFO recommendation for 2019-21.