

DRAFT

SUMMARY

Directs Oregon Department of Administrative Services to prepare tentative budget for funding of State School Fund. Requires department to form committee for purpose of preparing tentative budget. Prescribes factors to be considered by committee.

A BILL FOR AN ACT

Relating to the method for funding public education.

Whereas funding for kindergarten through grade 12 public education accounts for the largest segment of the state's General Fund budget; and

Whereas the primary source of funding for kindergarten through grade 12 public education comes from appropriations made by the Legislative Assembly from the General Fund to the State School Fund; and

Whereas the Legislative Assembly must develop biennial state budgets based on available resources; and

Whereas the state budgeting process depends on an accurate analysis of current resources and uncontrollable cost drivers; and

Whereas the public relies on fiscal analyses to describe public education fiscal facts with the greatest accuracy possible; and

Whereas the calculation process for determining the current service level for public education that is prescribed by the Governor's Executive Order 14-14 has introduced instability to public education funding and relies, in part, on policies and organizational entities that are no longer in force or no longer exist; and

Whereas confusion about the meaning of the current service level and confusion about the level itself have impacted the stability of school budgets;

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 and

2 Whereas the state's calculation of a budget for kindergarten through
3 grade 12 public education based on current service levels has not and cannot
4 be developed at the level of detail as for other state programs; and

5 Whereas the Quality Education Commission calculates the gap between
6 baseline funding for public education and its recommended full-funding level
7 for public education based on the current service level calculation; and

8 Whereas policymakers rely on the accuracy of the current service level
9 calculation to gauge whether proposed appropriation levels will result in
10 stable school budgets; and

11 Whereas the State of Oregon has an interest in directing the process for
12 determining the current service level for kindergarten through grade 12
13 public schools based on accurate information and collaboration among all
14 key entities involved in the school finance process; now, therefore,

15 **Be It Enacted by the People of the State of Oregon:**

16 **SECTION 1. Section 2 of this 2023 Act is added to and made a part**
17 **of ORS 327.006 to 327.133.**

18 **SECTION 2. (1) Each even-numbered year, the Oregon Department**
19 **of Administrative Services shall prepare a tentative budget for funding**
20 **the State School Fund for the next biennium.**

21 **(2)(a) For the purpose of preparing the tentative budget, the de-**
22 **partment shall form a committee. The committee must include:**

23 **(A) Four representatives of state government, which must include**
24 **one representative from each of the following:**

25 **(i) The Department of Education;**

26 **(ii) The Legislative Fiscal Officer, or the designee of the officer;**

27 **(iii) The Legislative Revenue Officer, or the designee of the officer;**

28 **and**

29 **(iv) The Governor's office;**

30 **(B) Four representatives of professional educator organizations,**
31 **which must include one representative from each of the following:**

1 (i) School district administrators;

2 (ii) School district boards;

3 (iii) A licensed school employees labor union; and

4 (iv) A classified school employees labor union;

5 (C) Three representatives of educator professionals, which must
6 include one designee of each of the following:

7 (i) School business officials;

8 (ii) School district human resources personnel; and

9 (iii) Education service districts; and

10 (D) The cochairs of the Joint Committee on Ways and Means.

11 (b) The Legislative Fiscal Officer and the Legislative Revenue Offi-
12 cer, or their designees, and the cochairs of the Joint Committee on
13 Ways and Means shall serve as nonvoting members on the committee
14 formed under this subsection.

15 (3)(a) The Oregon Department of Administrative Services shall re-
16 view with the committee formed under subsection (2) of this section
17 the components of the methodology that will be used to prepare the
18 tentative budget and the calculations for the tentative budget.

19 (b) The methodology used for the tentative budget must calculate
20 the current service level based on:

21 (A) The methodology identified by the committee; and

22 (B) The presumption that the current service level for the first year
23 of the next biennium will be at least 51 percent of the amount appro-
24 priated to the State School Fund for the current biennium.

25 (c) For any components of the methodology not described in para-
26 graph (b) of this subsection, the Oregon Department of Administrative
27 Services shall collaborate with the committee to refine the methodol-
28 ogy by considering alternative approaches to the calculations and
29 other factors the committee believes may be pertinent to the prepa-
30 ration of the tentative budget.

31 (d) The tentative budget shall include:

1 **(A) Projected changes in the cost of personnel services, other ser-**
2 **vices, supplies and capital expenditures, based on:**

3 **(i) Anticipated expenses; and**

4 **(ii) Projections of roll-up costs provided by school districts that**
5 **represent at least two-thirds of the number of weighted students**
6 **(ADMw) in the most recent State School Fund calculations;**

7 **(B) Forecasted local revenues, as described in ORS 327.011 and as**
8 **calculated by the Oregon Department of Administrative Services, the**
9 **Legislative Fiscal Officer, the Legislative Revenue Officer and the**
10 **Department of Revenue; and**

11 **(C) Projected cost factors that may arise from new laws and ad-**
12 **ministrative rules.**

13 **(4) The Oregon Department of Administrative Services shall col-**
14 **laborate with the committee formed under subsection (2) of this sec-**
15 **tion prior to finalizing the tentative budget required under this**
16 **section.**

17 **(5) The Oregon Department of Administrative Services shall present**
18 **the tentative budget prepared under this section to the Governor and**
19 **to the Legislative Assembly in conjunction with the submittal of the**
20 **agency request budget of the Department of Education.**