

HB 4026 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Marsh

Joint Committee On Ways and Means

Action Date: 02/23/22

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 11 - Breese-Iverson, Bynum, Evans, Gomberg, McLain, Nosse, Reschke, Sanchez, Smith G, Stark, Valderrama

Senate Vote

Yeas: 11 - Anderson, Frederick, Girod, Golden, Gorsek, Hansell, Knopp, Lieber, Steiner Hayward, Taylor, Thomsen

Prepared By: Mike Streepey, Department of Administrative Services

Reviewed By: Julie Neburka, Legislative Fiscal Office

**Department of Education
2021-23**

Budget Summary

	2021-23 Legislatively Approved Budget	2022 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
			<u>\$ Change</u>	<u>% Change</u>
Other Funds Limited	\$ -	\$ 12,500,000	\$ 12,500,000	100.0%
Total	\$ -	\$ 12,500,000	\$ 12,500,000	100.0%

Summary of Revenue Changes

House Bill 4026 directs the Oregon Department of Education (ODE) to award grants to qualified, wildfire-impacted school districts to cover funding reductions resulting from declines in the weighted average daily membership (ADMw) due to 2020 wildfires. School district funding for several state grant programs including the State School Fund, Student Investment Account, and the High School Success Fund, is calculated by the number of students served within a district and the needs of the district. Wildfire-impacted school districts could see a significant drop in revenue, due to ADMw declines. The bill aims to cover revenue declines by providing grant funds through a \$25 million transfer from the Statewide Education Initiatives Account (SEIA) to the newly established School Stabilization Subaccount for Wildfire-impacted School Districts. The revenue transfer from the SEIA to the Wildfire Subaccount does not result in a change in the formula revenue available for distribution to school districts and education service districts under other existing ODE grant programs. The additional revenue is available from a combination of Corporate Activity Tax collections that exceeded expenditures in the prior biennium and an improved Corporate Activity Tax forecast for the current biennium. These additional resources allow for the funding of the Wildfire Subaccount without requiring reductions to the current SEIA budget in other programs.

Summary of Education Subcommittee Action

HB 4026 establishes criteria to identify qualified, wildfire-impacted school districts and directs ODE to award grants over the next four school years to cover state formula funding reductions resulting from ADMw declines within those wildfire-impacted districts. The baseline year for determining ADMw declines is the 2019-2020 school year. Awards may be made starting from the 2021-22 school year. In order to qualify, the school district must also demonstrate that one or more school buildings of the district were damaged because of the 2020 wildfires, resulting in students being displaced. Alternatively, or in conjunction with the district property damage criteria, a district may demonstrate housing within the boundaries of the school district was damaged because of wildfires causing students to be displaced from the district.

The bill establishes a method of calculating the funding declines by analyzing current ADMw in relation to funding which would have been received if the 2019-20 ADMw were used to determine the revenue sharing amount. The grants will be provided to these school districts to

make up for decreases in the State School Fund distributions, the Student Investment Account and the High School Graduation and College and Career Readiness Fund. The amount of money needed for these grants is estimated to be \$4-6 million per school year, for the next four years. The grant opportunity is set to sunset on July 1, 2025. The funding for the program will be made available through a \$25 million transfer from the SEIA to the newly established Wildfire Subaccount. The bill increases Other Funds expenditure limitation by \$12.5 million for the 2021-23 biennium to expend funds from the new Wildfire Subaccount and allow for the balance of funds to carry forward to the 2023-25 biennium.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Education
 Mike Streepey -- 971-283-1198

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 300 - Grant-in-Aid and District Supports									
Special Payments	\$ -	\$ -	\$ 12,500,000	\$ -	\$ -	\$ -	\$ 12,500,000		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 12,500,000	\$ -	\$ -	\$ -	\$ 12,500,000		
SUBCOMMITTEE RECOMMENDATION	\$ -	\$ -	\$ 12,500,000	\$ -	\$ -	\$ -	\$ 12,500,000		
% Change from 2021-23 Leg Approved Budget	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	

*Excludes Capital Construction Expenditures