

2023-25 EDUCATION BUDGET

Presentation to the Joint Committee on Public Education Appropriation

SEPTEMBER 8, 2023

LEGISLATIVE FISCAL OFFICE

JULIE NEBURKA & KIM TO, PRINCIPAL LEGISLATIVE ANALYSTS



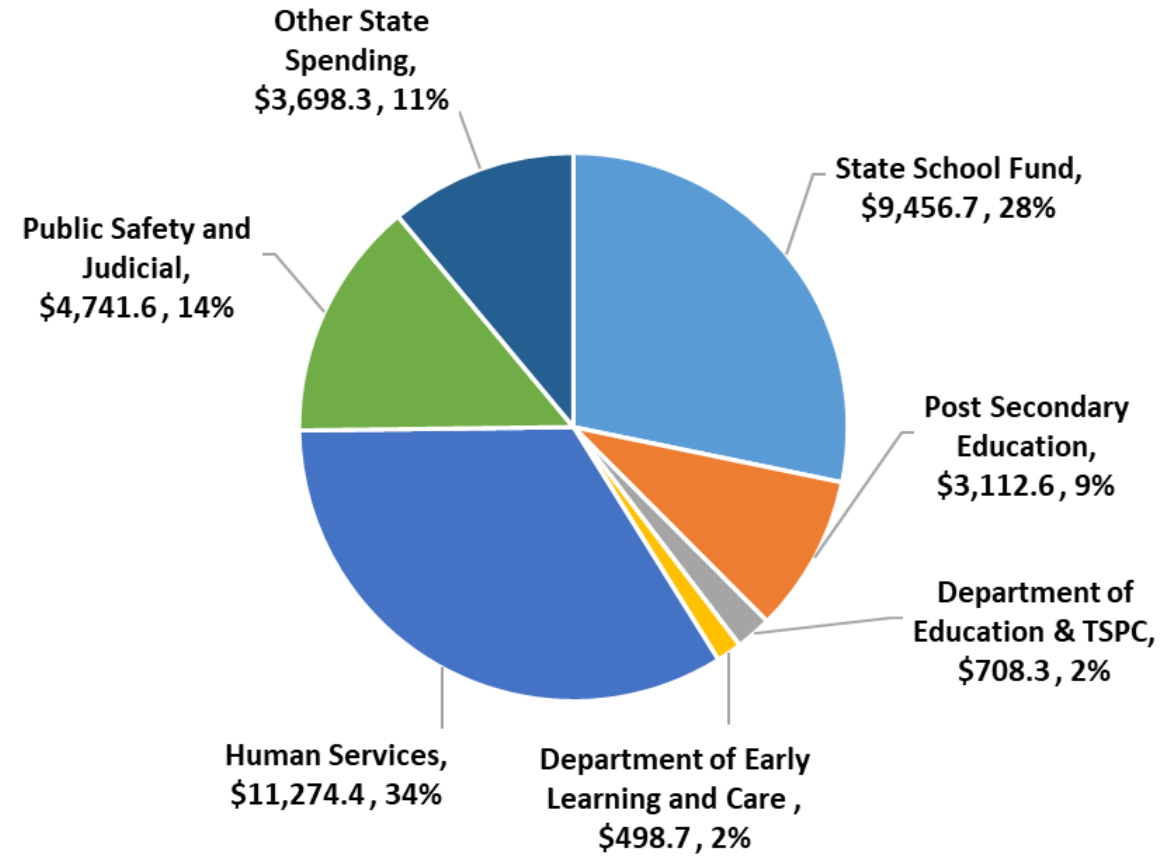
2023-25 Legislatively Adopted State Budget

- \$121.3 billion total funds
- \$33.5 billion General Fund and Lottery Funds
- General/Lottery Fund spending increased 17.2% over the 2021-23 legislatively approved budget
- General/Lottery Fund spending in the education program area increased 9.1% over the 2021-23 legislatively approved budget.

2023-25 Legislatively Adopted State Budget

General Fund and Lottery Funds only

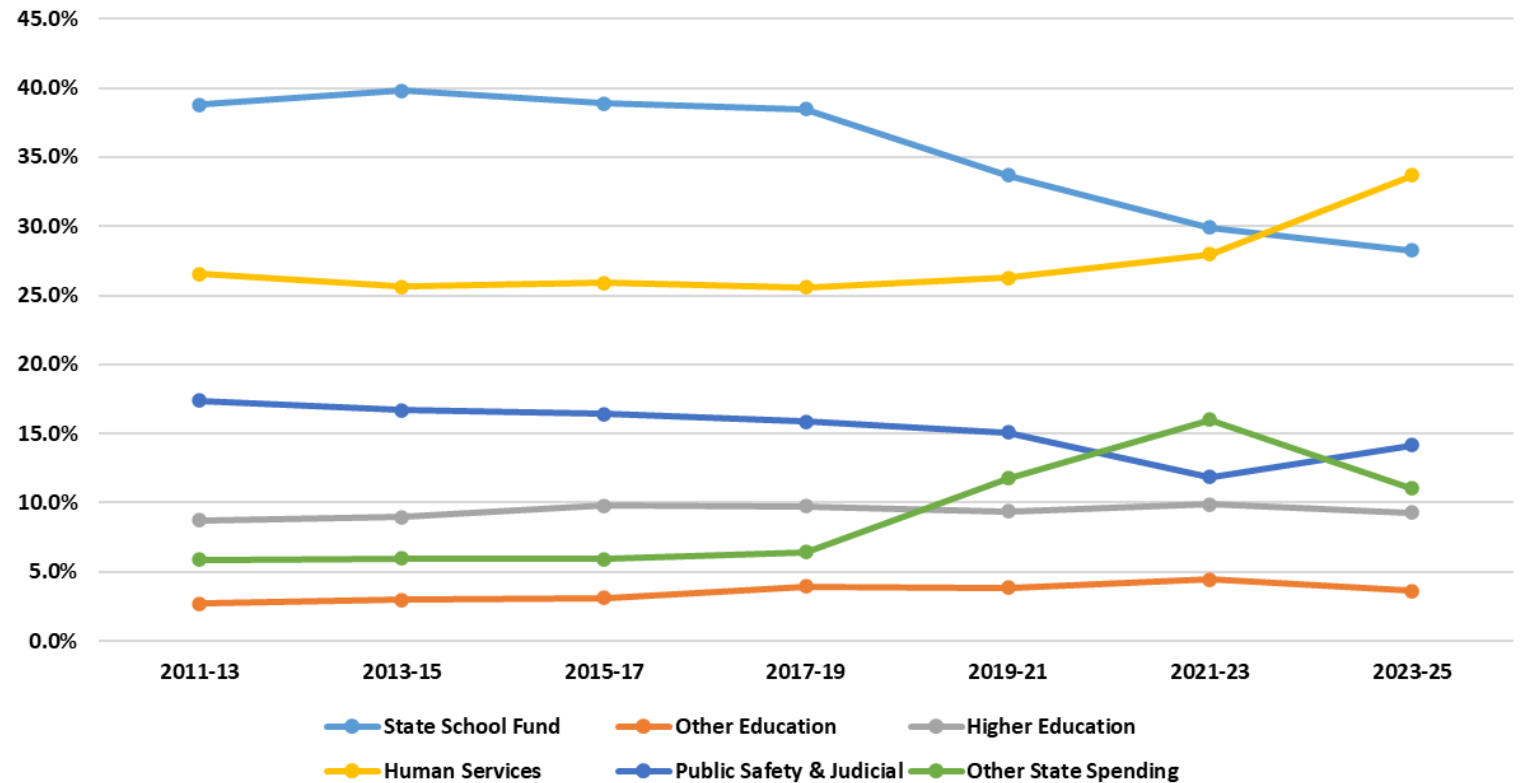
\$ in millions



General & Lottery Fund spending by program area

- In the recent past, the State School Fund has been the largest single expenditure in the state's General/Lottery Fund budget. In 2023-25, the Human Services program area becomes the largest state General/Lottery Fund expenditure at 33.7%.
- The total Education program area budget for 2023-25 is still the largest state General/Lottery expense, however, at 41.1% of the state General/Lottery Fund budget.

Percentage of General and Lottery Fund Spending by Program Area

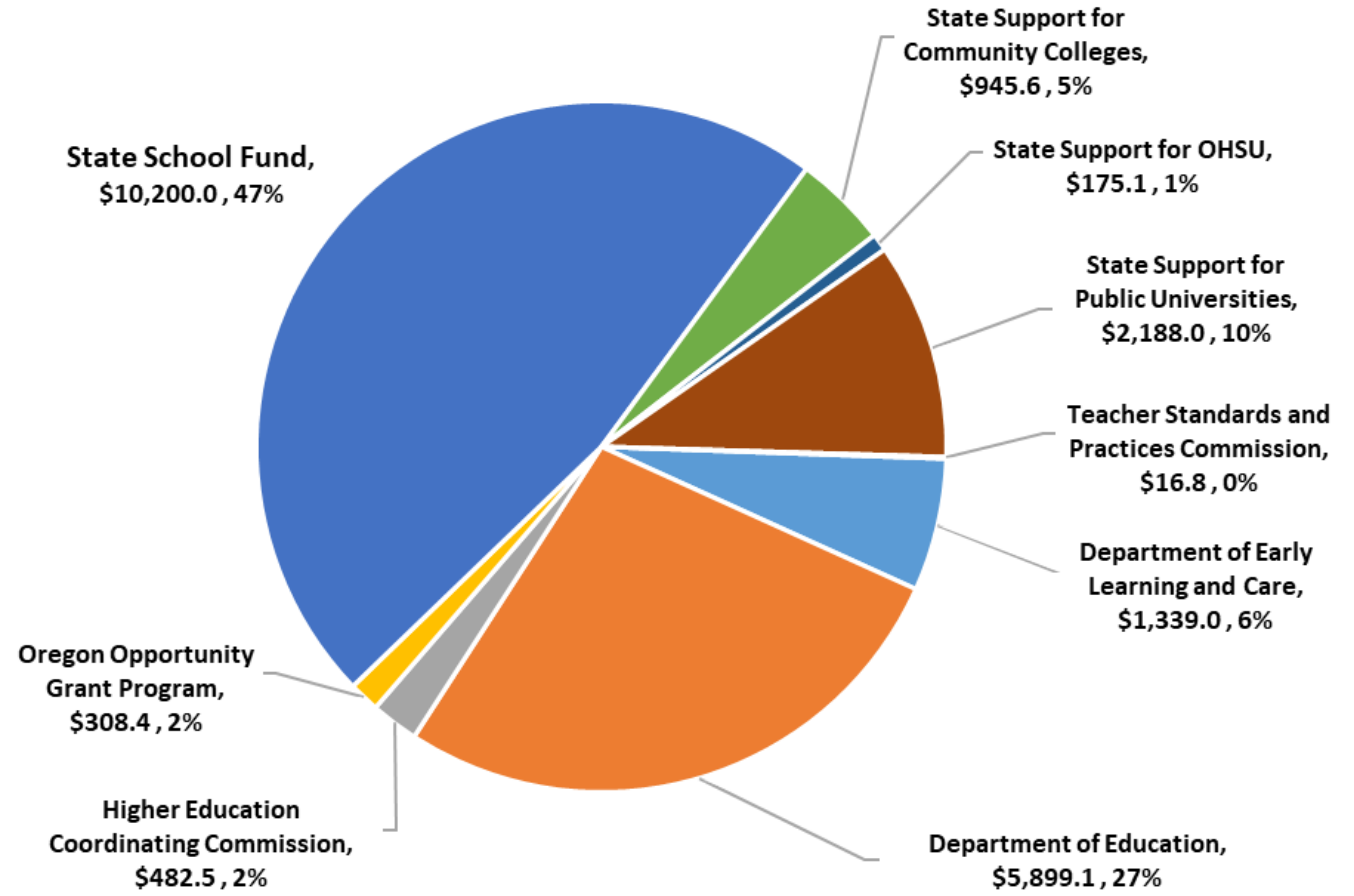


2023-25 Education Program Area Budget

- The State School Fund represents nearly half of all state spending on education.
- The Department of Early Learning and Care is a new state agency as of July 1, 2023.
- The Department of Education's budget includes \$2.9 billion of spending from the Fund for Student Success. *(see following slides)*
- Total higher education budget of \$4.1 billion. *(see following slides)*

Education Program Area 2023-25 Legislatively Adopted Budget

\$21,554 million Total Funds
\$ in millions

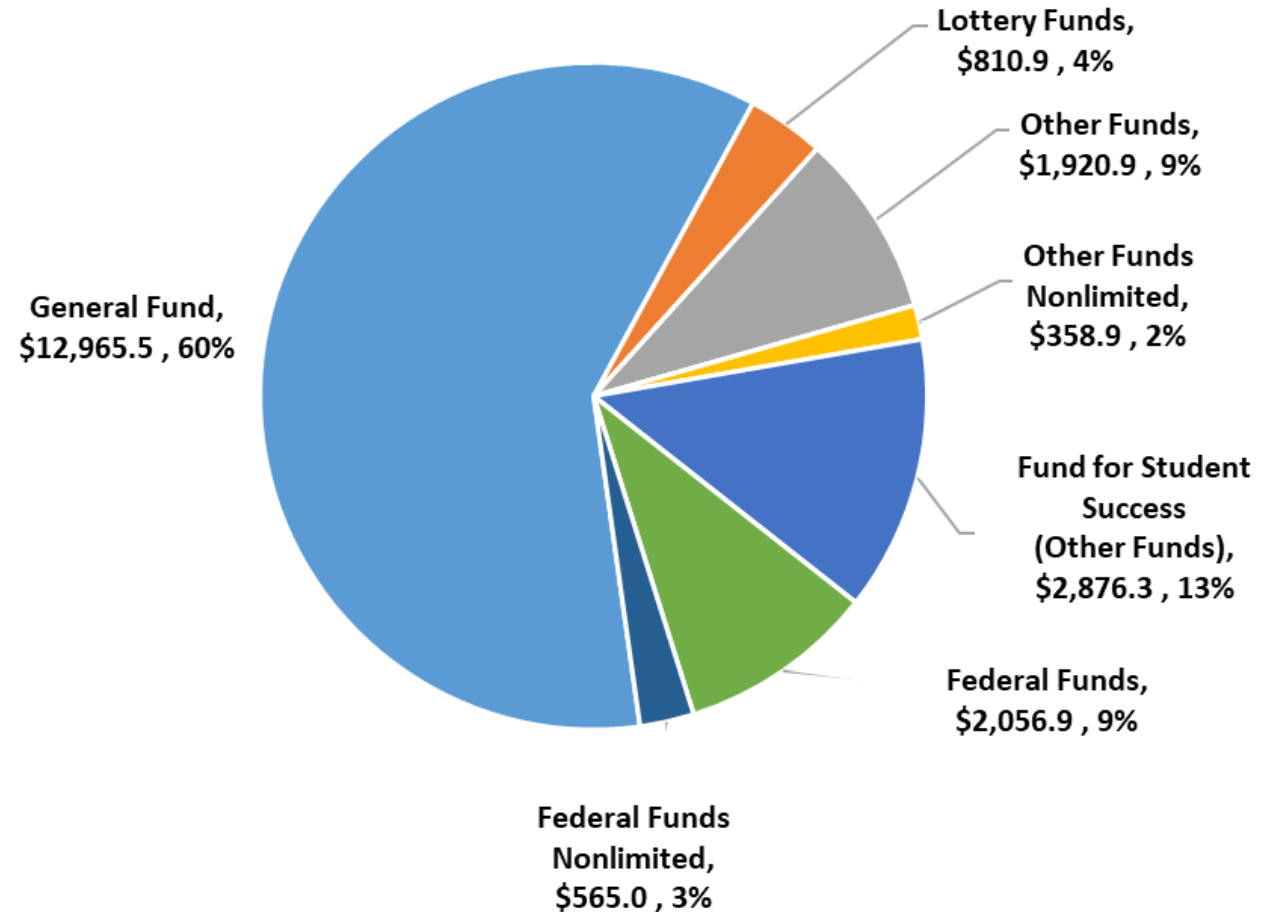


Education Program Area Budget by Fund Type

- The Fund for Student Success contributes significantly to K-12 education spending. It is 13% of total education program area spending, but 17.9% of K-12 spending.
- Nonlimited Federal Funds support school nutrition programs.
- Higher education programs make up 23% of the General & Lottery Funds total for the education program area budget in 2023-25.

Education Program Area 2023-25 Legislatively Adopted Budget by Fund Type

\$21,554 million Total Funds
\$ in millions



K-12 Education

K-12 School Formula Resources

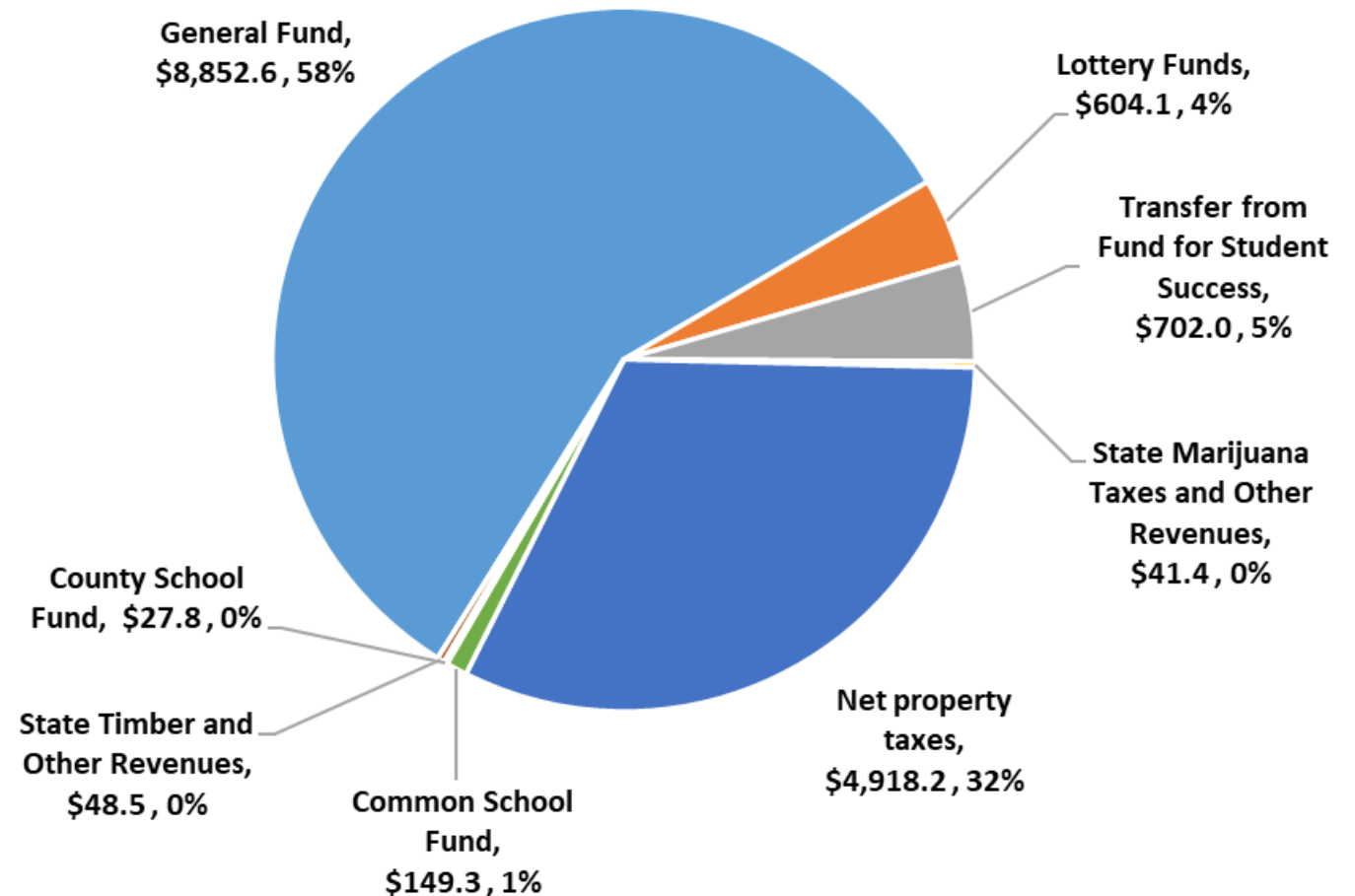
- State School Fund “formula resources” include both state revenues that make up the State School Fund and local taxes and revenues.
- Local taxes and revenues are not included in the state budget.
- Formula resources total \$15.3 billion for the 2023-25 biennium, a \$1.4 billion increase over the 2021-23 legislatively approved budget.
- Total formula resources are 66.5% state and 33.5% local.

School Formula Resources

2023-25 Legislatively Adopted Budget

\$15.3 billion total funds

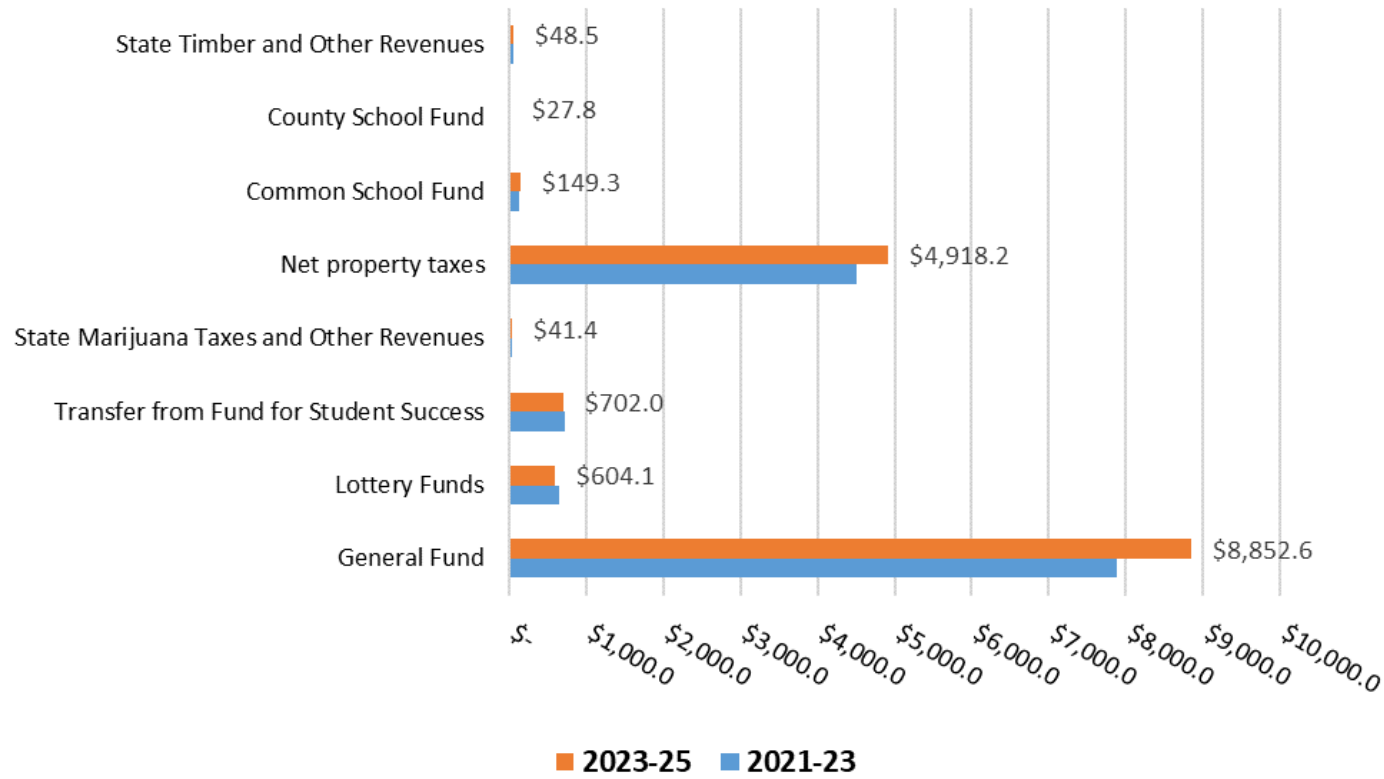
\$ in millions



Change in formula resources

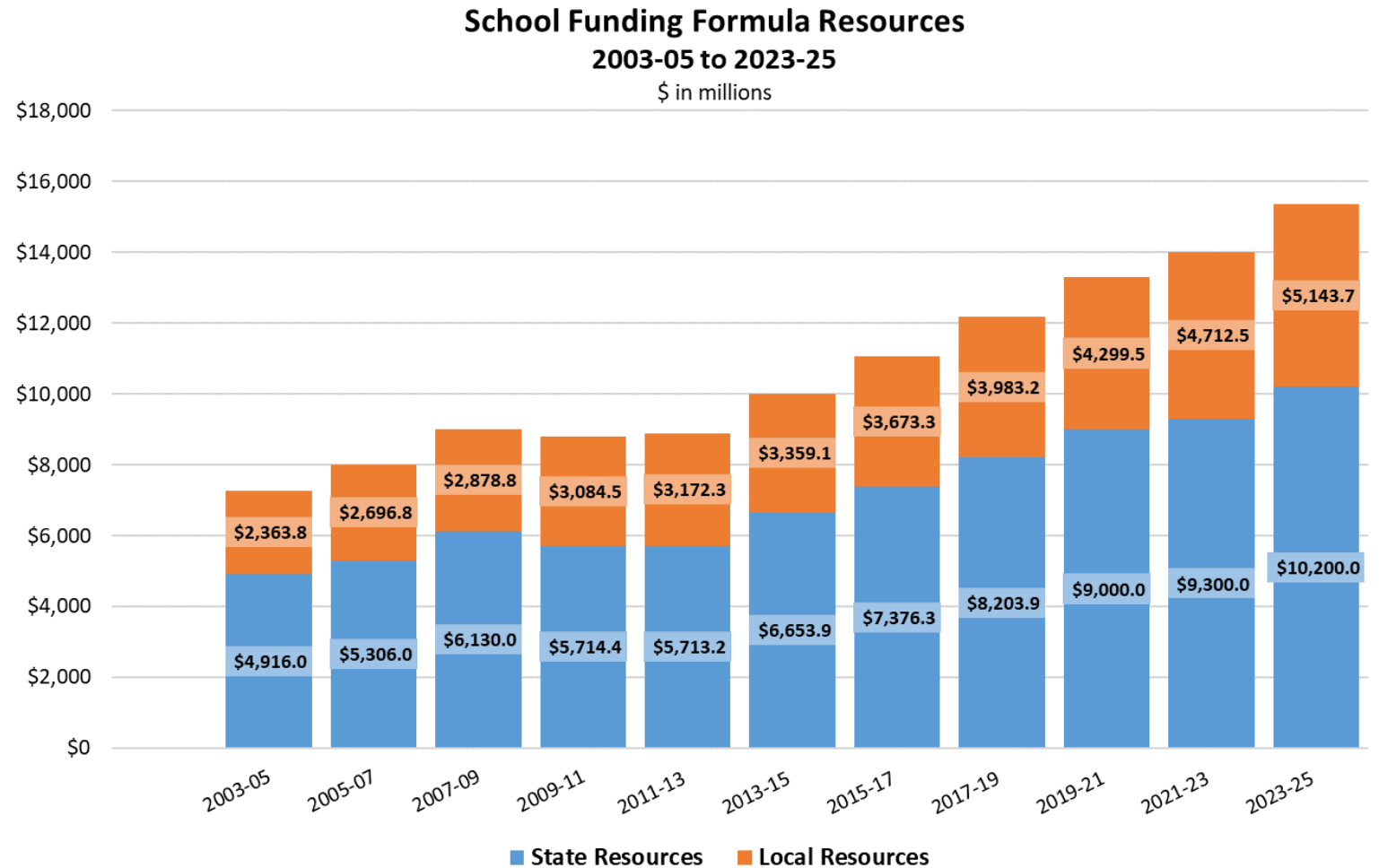
- Total formula resources in the 2021-23 biennium were \$14.012 billion.
- 2023-25 legislatively adopted formula resources of \$15.344 billion represent a 9.5% increase over last biennium.

Change in Formula Resources
2021-23 legislatively approved to 2023-25 legislatively adopted
\$ in millions



School Formula Resources Over Time

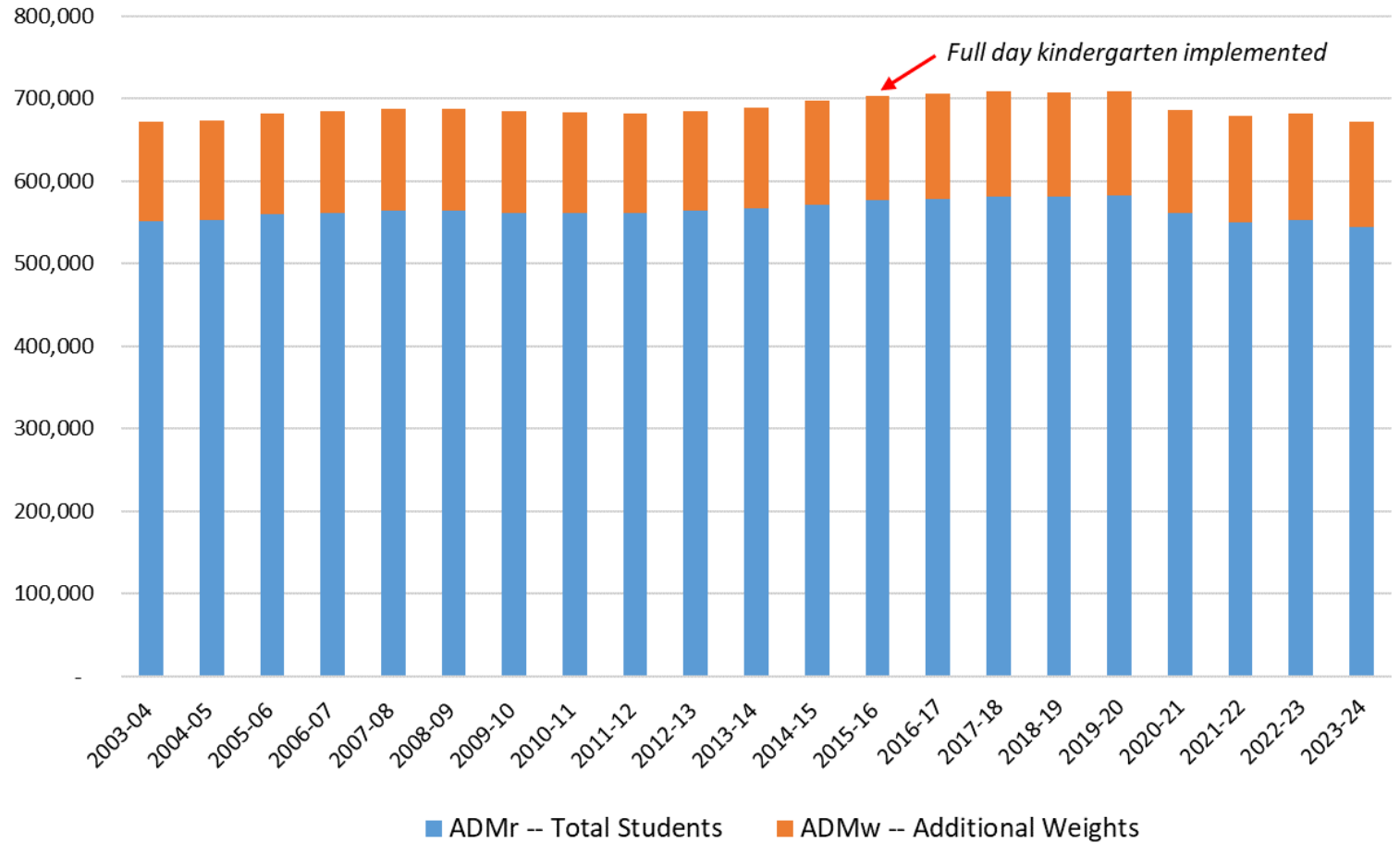
- From 2003-05 through 2013-15, total formula resources grew, on average, 6.8% on a biennium-over-biennium basis.
 - Recession during the 2009-11 biennium resulted in a 2.3% reduction from the 2007-09 biennium
- From 2013-15 through 2023-25, total formula resources grew, on average, 8.9% on a biennium-over-biennium basis.
 - Total formula resources for the 2023-25 biennium increased by 9.5% from 2021-23.



Average Daily Membership and Additional Weights

- The State School Fund is distributed to school districts on a per-pupil basis.
- For purposes of distributing State School Fund formula resources, additional weights are applied for students in certain categories.
- Student categories and weights are:
 - Individual Education Program – 1.00
 - English as a second language – 0.50
 - Pregnant and Parenting teen – 1.00
 - Students in poverty households – 0.25
 - Students in foster homes – 0.25
 - Students in Youth Corrections – 2.00
 - Students in Juvenile Detention – 1.50

Average Daily Membership (ADM) History
 Number of Students (ADM_r) with Additional Weights (ADM_w)
 2003-04 through 2023-24*

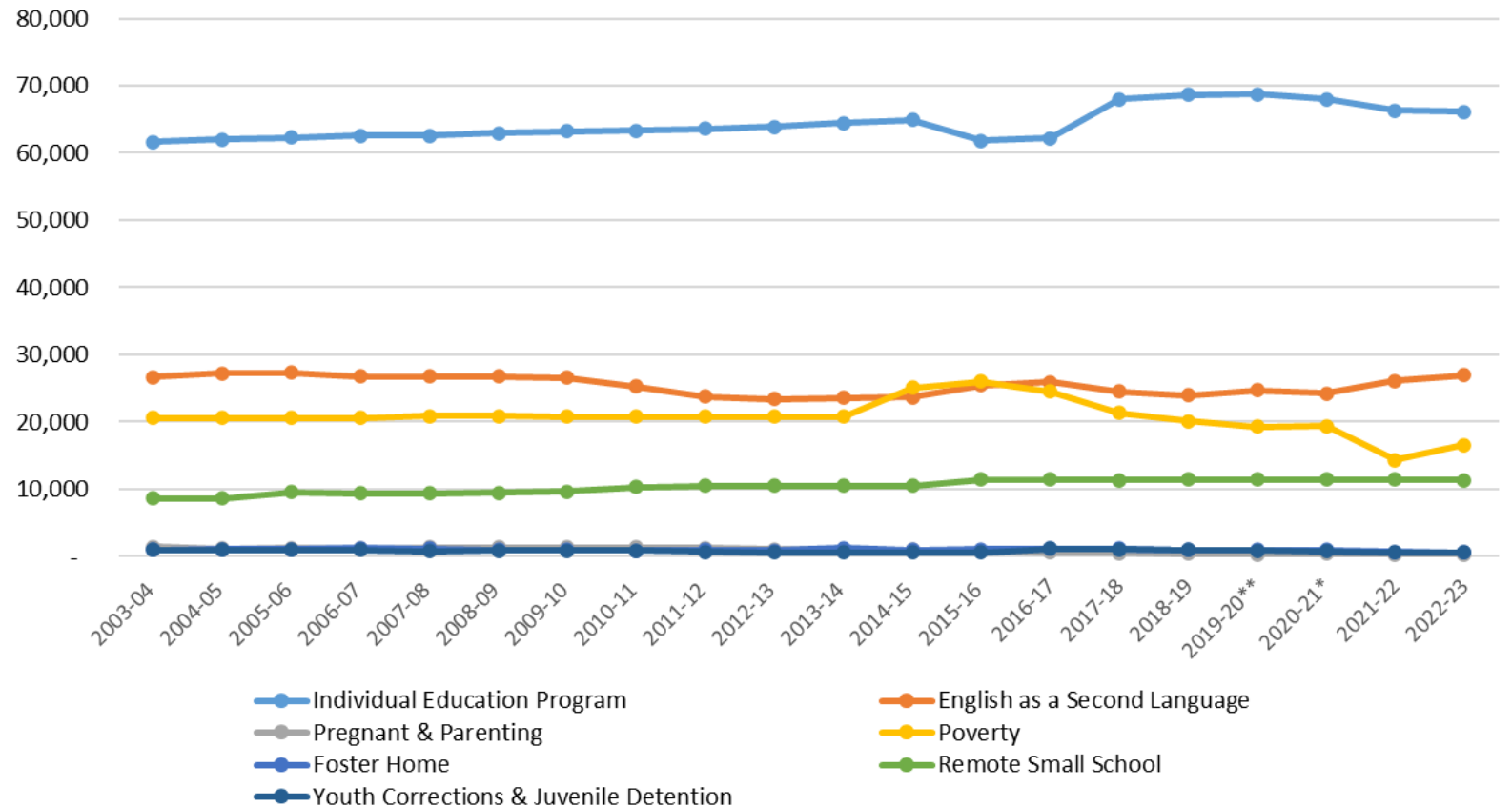


*2022-23 and 2023-24 are estimated

Change in weights over time

- The weight for students on Individual Education Programs is capped at 11% of a district's ADMr, unless reviewed and approved by ODE.
- The number of pregnant and parenting teen weights has dropped from 1,398 in 2003-04 to 278 in 2023-24.
- Weights do not increase the total amount of funds available to school districts, but rather re-distribute formula resources between districts.

Additional Weights for School Funding Formula
2003-04 to 2023-24*



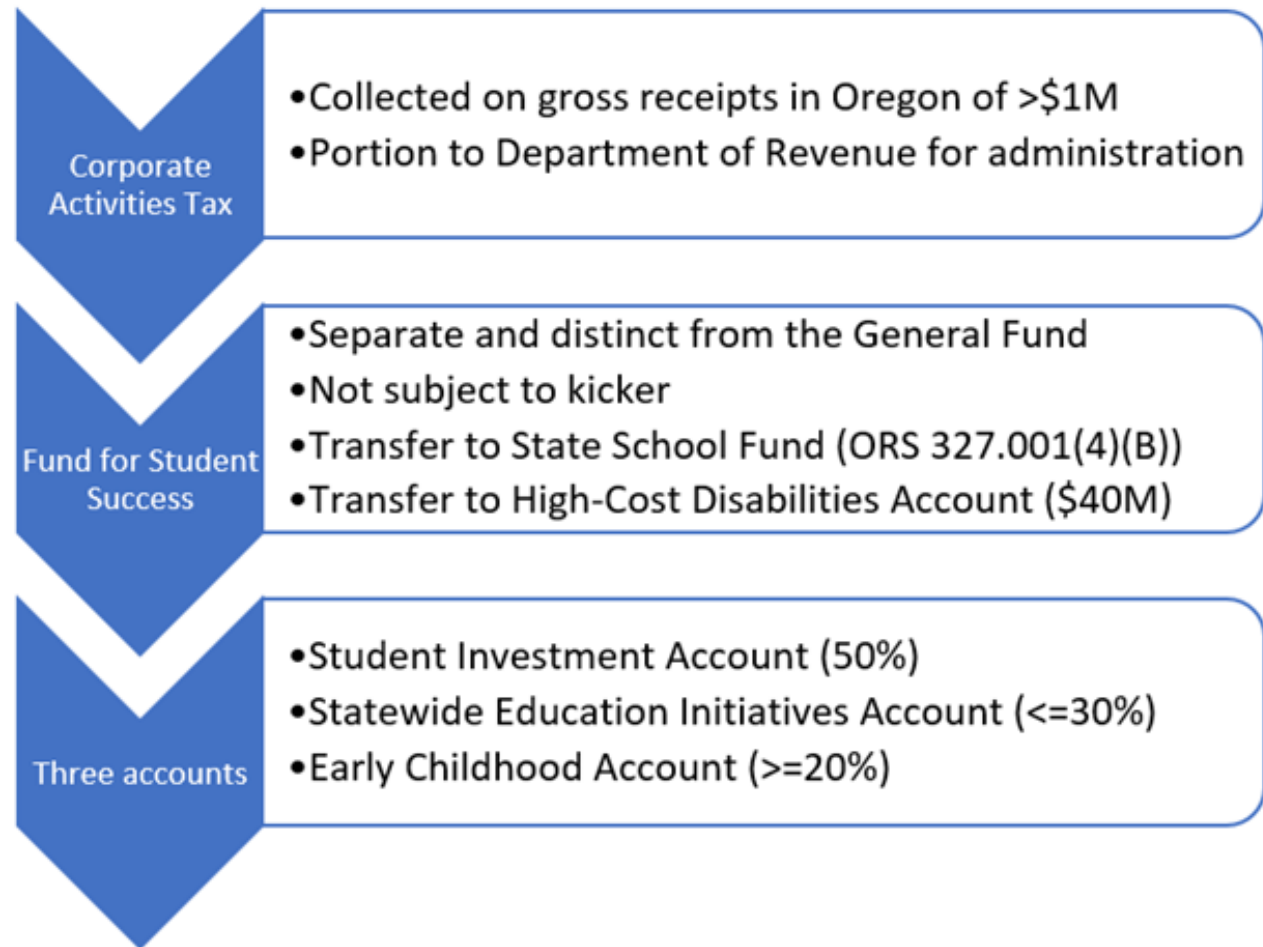
Statewide Uses of State School Fund resources (“carve-outs”)

- Certain programs are funded at the state level through set-asides in the State School Fund.
- Carve-outs can change from one biennia to the next.
 - There are two new carve-outs totaling \$7.3 million in 2023-25: one for a School Safety and Emergency Management program, and one for the Oregon Youth Challenge Program.
 - Three carve-outs totaling \$7.5 million were eliminated in 2023: a free lunch subsidy program, a facilities grant program, and a virtual school districts program.

2023-25 Set Asides or Carve Outs	Legal Citation	2023-25
Charter School Closure	ORS 327.008(3)	600,000
School Facilities Grant	ORS 327.008(8)	0
School Facilities Office	ORS 327.008(9)	8,000,000
Pediatric Nursing Facilities	ORS 327.008(10)	5,154,958
High Cost Disability	ORS 327.008(11)	110,000,000
Educator Advancement Fund - SSF Share	ORS 327.008(12)(a)	6,520,836
Educator Advancement Fund - SD/ESD shares	ORS 327.008(12)(b-c)	36,408,001
English Language Learners	ORS 327.008(13)	12,500,000
10th Grade Assessment	ORS 327.008(14)	968,000
Oregon Digital Learning	HB 5015 (2023)	1,600,000
Talented & Gifted	ORS 327.008(15)	350,000
Speech Pathologist	ORS 327.008(16)	150,000
Healthy Schools Facilities Fund	ORS 327.008(17)	2,000,000
Menstrual Products	ORS 327.008(18)	2,595,000
Small School Supplement	ORS 327.008(19)	5,000,000
Hospital/Residential Care	ORS 343.243	26,000,000
Local Option Equalization	ORS 327.339	4,000,000
Statutory Set Asides or Carve Outs		221,846,795
2023-25 New Carve-outs	Legal Citation	2023-25
School Safety & Emergency Management	SB 1002	3,000,000
Oregon Youth Challenge Program	SB 1034	4,268,766
New Set Asides or Carve Outs		7,268,766
Total Set Asides and Carve Outs 2023-25		229,115,561

Fund for Student Success

- 2023-25 legislatively adopted budget of \$2.927 billion
 - \$1.087 billion – Student Investment Account
 - \$595.8 million – Statewide Education Initiatives Account
 - \$542.6 million – Early Learning Account
 - \$702 million – transfer into State School Fund
- Includes new investments in early literacy (\$114.3 million), hunger free schools (\$17 million), and a \$194.9 million (21.8%) increase in the Student Investment Account.



Other K-12 education spending

- K-12 grant-in-aid programs total \$4.9 billion and support a broad array of targeted education programs
- New investments in 2023-25 include:
 - \$114.3 million for early literacy programs
 - \$18.5 million for early intervention/early childhood special education programs
 - \$17 million for the Hunger-Free Schools program
 - \$10 million General Fund for educator apprenticeship and mentorship grants

Other K-12 Spending 2023-25 Legislatively Adopted Budget *\$\$ in millions*

	General & Lottery Funds	Fund for Student Success	Other & Federal Funds	Total Funds
Department Operations	98.4	52.7	144.1	295.2
Educator Advancement programs	-	-	71.3	71.3
Oregon School for the Deaf	15.4	-	7.4	22.7
Bond-Funded Programs	-	-	361.0	361.0
Debt Service	56.6			56.6
K-12 Grant-in-Aid programs	-	-	-	-
Student Investment Account	-	1,087.2	-	1,087.2
Student Success Grant Programs	165.4	304.9	189.3	659.6
District Capacity & Technical Assistance	2.5	51.6	4.3	58.4
STEM & CTE grant programs	33.7	4.7	36.1	74.4
School Nutrition	12.1	107.1	543.4	662.6
Educator Effectiveness & Professional Development	10.0	7.0	40.9	57.9
Closing the Achievement Gap	8.5	43.6	456.6	508.7
Specialized Student Services	269.2	95.3	428.1	792.6
Pandemic Relief Funds	-	-	529.7	529.7
Transfer to DELC (Early Learning Account)	-	438.2	-	438.2
Youth Development Programs	17.3	-	23.3	40.7
TOTAL	689.0	2,192.3	2,835.6	5,716.9

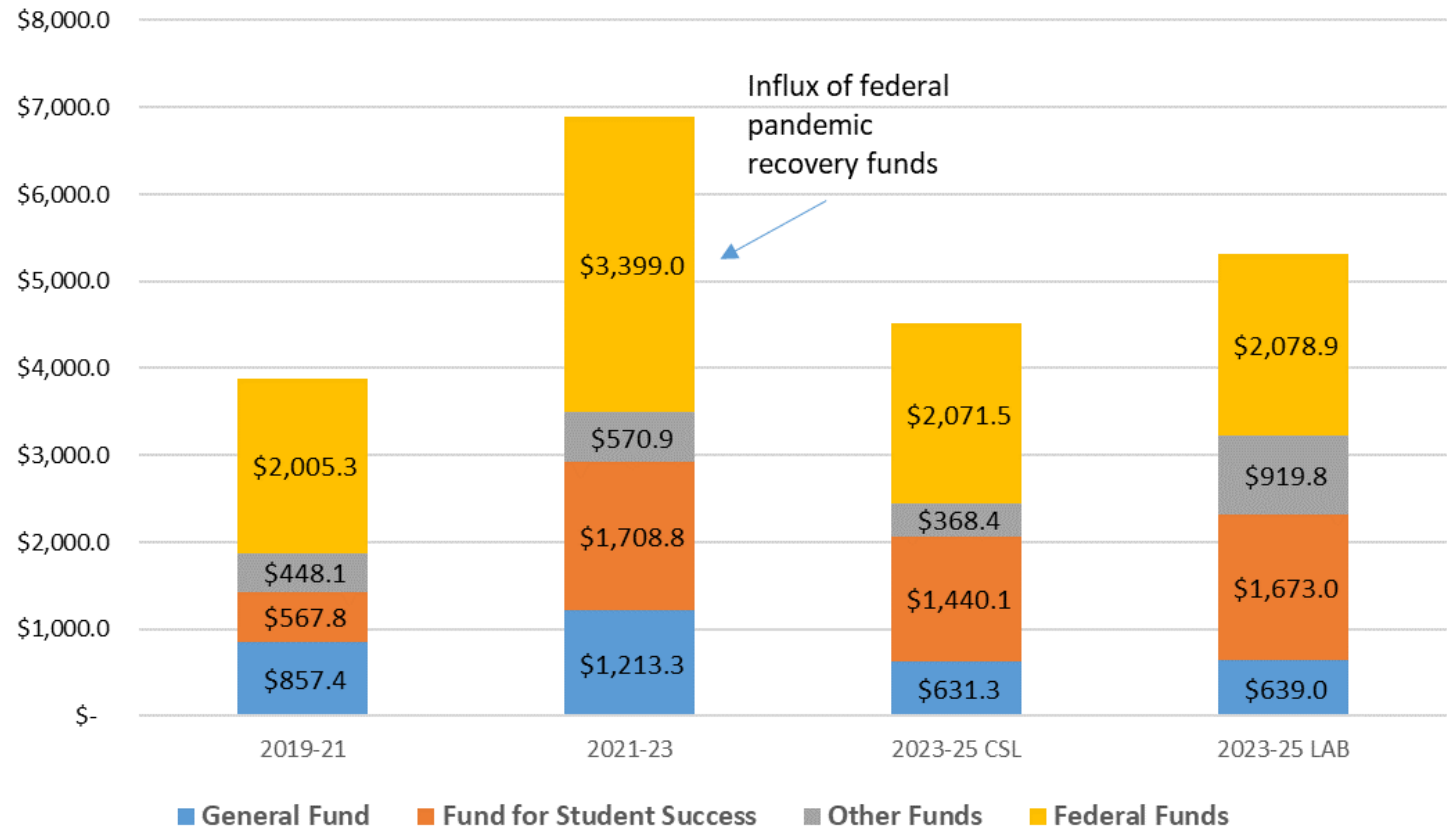
Other K-12 programs by fund type

- “Other K-12 programs” include agency operations, grant-in-aid programs (including those in the Fund for Student Success), the Educator Advancement Council, and youth development programs.
- The 2021-23 budget included:
 - Federal pandemic relief funding of \$1,231.3 million
 - The Early Learning Division, now its own state agency
 - State-funded pandemic relief programs, including summer learning (\$150 million GF) and teacher recruitment/retention programs (\$100 million GF)

K-12 Programs by Fund Type, 2019-21 to 2023-25

Excludes State School Fund and bond-funded programs

\$ in millions



Early Childhood Education

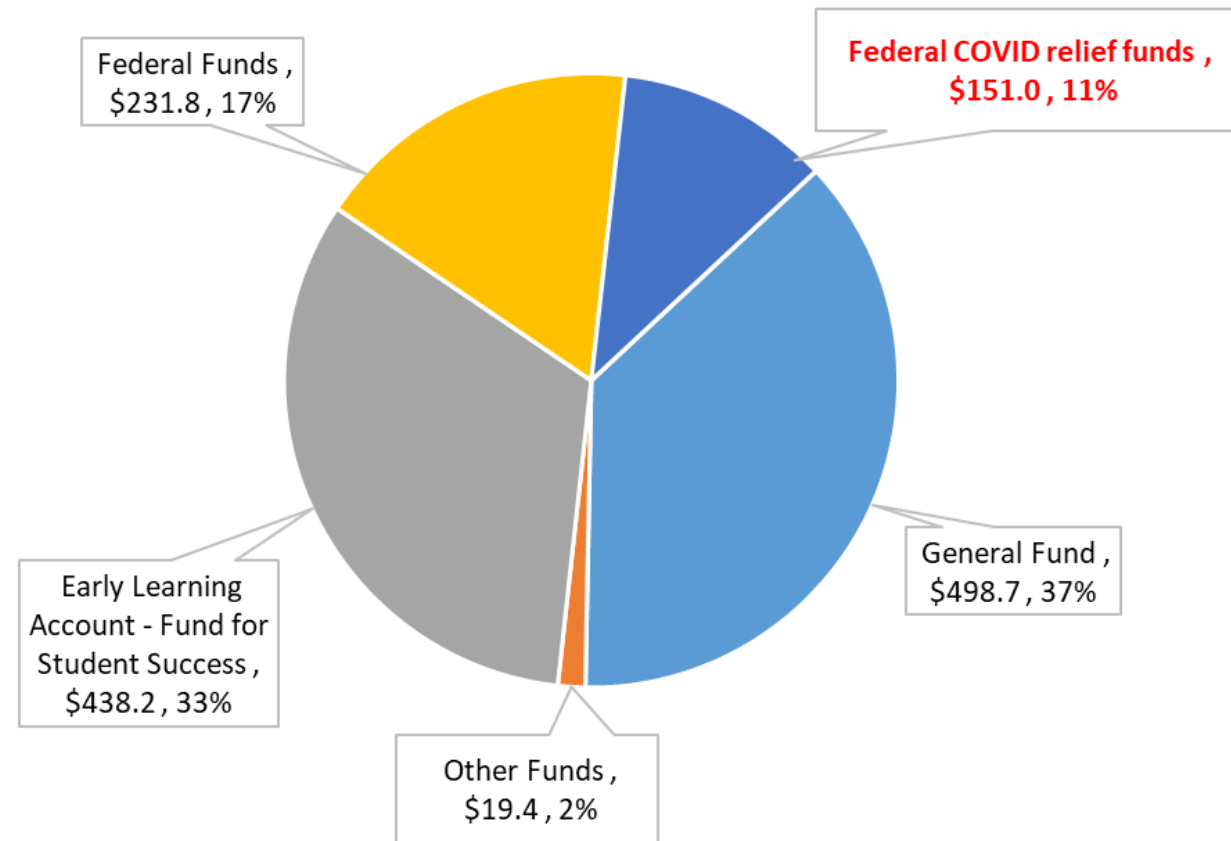
Department of Early Learning and Care

- A new agency as of July 1, 2023, with a 2023-25 legislatively adopted budget of \$1.339 billion.
- Federal pandemic relief funding is one-time in the 2023-25 biennium, and will leave a budget gap in 2025-27 for the following programs:
 - Office of Child Care, \$15.5 million
 - Child Care Supports, \$26.2 million
 - PDG grant, \$12.7 million
 - ERDC subsidies, \$96.6 million, or 27.4% of the 2023-25 ERDC subsidies budget

Department of Early Learning and Care

2023-25 Legislatively Adopted Budget by Fund Type

\$ in millions

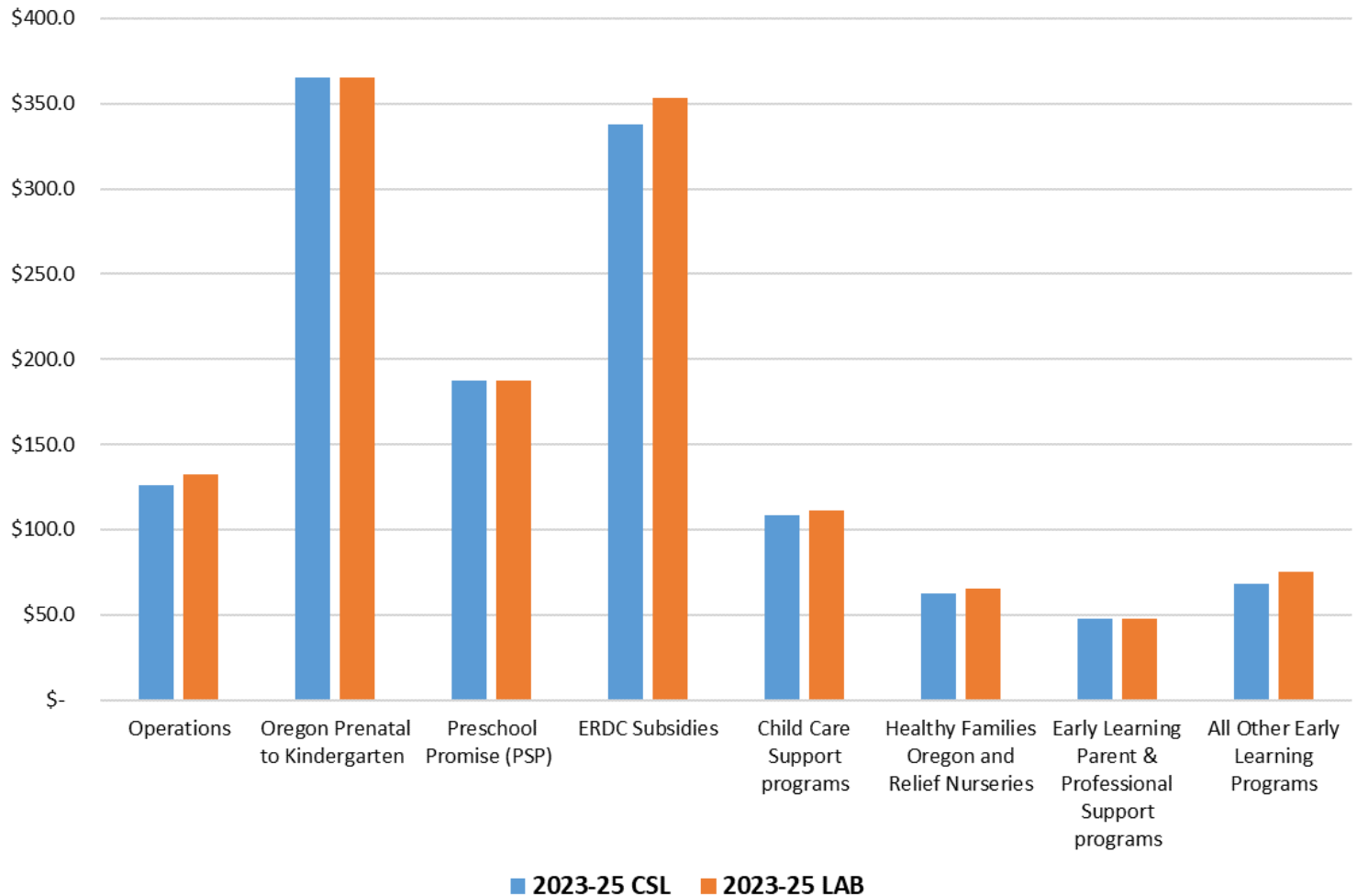


Early Learning Program budgets 2023-25

- The Department of Early Learning and Care (DELIC) includes most early childhood programs from the Department of Education and the Employment Related Day Care program from the Department of Human Services.
 - The Early Intervention/Early Childhood Special Education program is still operated by the Department of Education.
- Child care subsidy programs and provider payments make up more than 75% of the agency's budget.

Department of Early Learning and Care 2023-25 Budget

Current Service Level and Legislatively Adopted budgets
\$1.339 million total funds



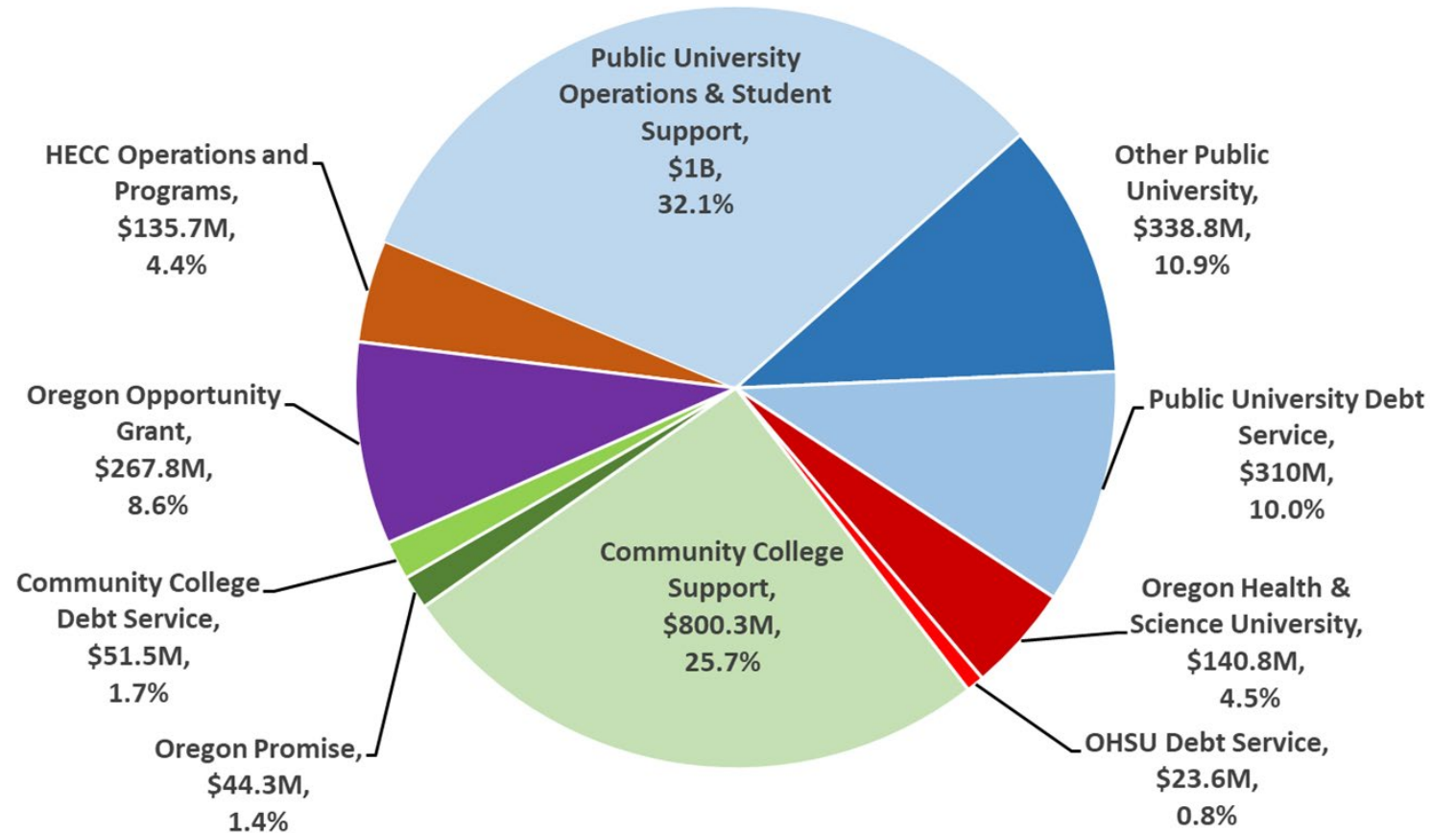
Post-Secondary Education

Higher Education Coordinating Commission (HECC)

HECC budget funds:

- Oregon's 17 community colleges
- Oregon's 7 public universities
- Oregon Health & Science University
- Capital Bonding for institutions
- State financial aid & student access programs
- Oregon's 9 workforce development boards
- HECC agency operations

2023-25 Legislatively Adopted Budget
General Fund and Lottery Funds only (\$ in millions)
\$3,112.6 Million

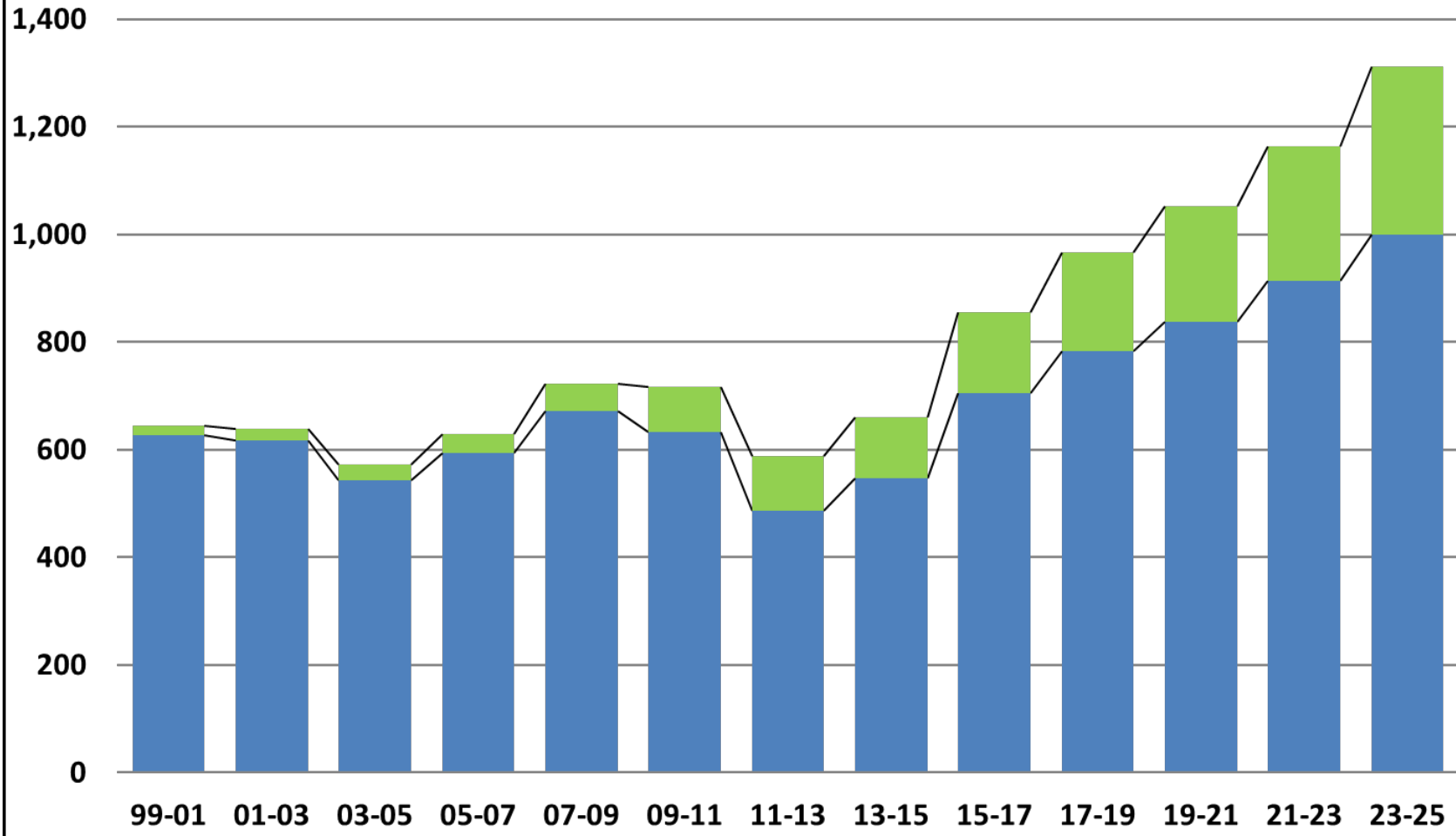


State Support for Public Universities
2023-25 Legislatively Adopted Budget

	<u>General Funds</u>	<u>Lottery Funds</u>	<u>Other Funds</u>	<u>Other Funds Non-Limited</u>	<u>Federal Funds Non-Limited</u>	<u>Total Funds</u>
Public University Support Fund	1,000,000,000	-	-	-	-	1,000,000,000
Technical and Regional Universities*	6,164,482					6,164,482
Agricultural Experiment Station	97,016,982	-	-	-	-	97,016,982
Extension Service	76,020,517	56,406,064	-	-	-	132,426,581
Forest Research Laboratory	13,824,523	-	-	-	-	13,824,523
Public University Statewide Programs	71,069,331	-	-	-	-	71,069,331
Sports Lottery	-	18,329,943	-	-	-	18,329,943
Debt Service	277,028,252	32,960,086	11,329,668	191,199,890	4,008,153	516,526,049
Capital Construction	-	-	327,713,551	-	-	327,713,551
TOTAL STATE SUPPORT FOR PUBLIC UNIVERSITIES	<u>1,541,124,087</u>	<u>107,696,093</u>	<u>339,043,219</u>	<u>191,199,890</u>	<u>4,008,153</u>	<u>2,183,071,442</u>

**The 2023-25 budget also includes a special purpose appropriation to the Emergency Board in the amount of \$18,735,518 General Fund for potential HECC grants to Portland State University and Oregon's Technical Regional Universities (TRUs) to assist these institutions with long-term financial sustainability, based on the proof-of-concept efforts funded with this \$6,164,482 in the HECC budget.*

State Support to Public Universities 1999-01 to 2023-25 Legislatively Adopted
General Fund and Lottery Funds -- Millions of Dollars



Does not include TRUs, Ag Experiment Station, Ag Extension, Forest Research Lab, Statewide Programs, and Sports Lottery.

- **State Support to Public Universities GF**
- **State Paid Debt Service for Public Universities GF & LF**

Public University State Programs

- Provides General Fund support for a variety of institutions, centers, and programs operated by public universities that address economic development, natural resource, and other public policy issues.
- Many programs have an industry-specific focus, and match state support with funds from the private sector and/or other sources.

Public University Statewide Programs 2023-25 Legislatively Adopted

	<u>General Fund</u>
Various Universities: Engineering Technology Sustaining Funds	30,849,152
OSU with UO: TallWood Design Institute	4,288,845
UO & PSU: Dispute Resolution	3,152,391
PSU: Oregon Solutions	2,848,133
OSU: Fermentation Science	1,563,951
UO, OSU, & PSU: Signature Research Centers	1,312,851
UO: Labor Education Research Center	1,254,779
OSU: Marine Research Vessel Program	781,976
OIT: Renewable Energy Center	602,602
PSU: Population Research Center	549,218
OSU: Institute of Natural Resources	503,531
UO: Clinical Legal Education Program	439,153
OSU: Climate Change Research Institute	394,693
PSU: Willamette Falls Locks Commission/Authority	228,988
OSU: Agricultural Channel Habitat Complexity Study	253,073
OSU: Veterinary Diagnostic Laboratory	3,227,009
OSU & PSU: Environmental Justice Mapping Tool	206,464
Various Universities: Strong Start <i>(one-time)</i>	6,792,143
OSU: Institute of Natural Resources - Water Conference <i>(one-time)</i>	100,000
UO: Just Futures Institute <i>(one-time)</i>	500,000
PSU: Project Rebound Resource Center <i>(one-time)</i>	195,000
OSU: Oregon Climate Service	250,000
PSU & EOJ: Students Working at Non-Profits Pilot Program	294,206
PSU, OSU, UO: Oregon Cybersecurity Center of Excellence	4,900,000
OSU Cascade to equip maker space <i>(one-time)</i>	500,000
OSU: College of Forestry - Fuels Derived from Woody Biomass Residues Research <i>(one-time)</i>	3,000,000
OSU: Oregon Wildfire Risk Explorer <i>(one-time)</i>	846,173
PSU: Oregon Consensus - Water Management in the Chewaucan River Watershed <i>(one-time)</i>	420,000
OSU: Water Management in the Chewaucan River Watershed <i>(one-time)</i>	150,000
OSU: Western Juniper Removal Consulting <i>(one-time)</i>	365,000
OSU: AgriStress Helpline <i>(one-time)</i>	300,000
TOTAL	<u>71,069,331</u>

Oregon Health and Science University

- Oregon's only public academic medical center
- Operates as a public corporation and is governed by a Board of Directors
- Budget is not subject to legislative approval
- State funding continues through grants for academic programs, several offices and centers, and for debt service on outstanding general obligation bonds.

Oregon Health and Science University (OHSU)

2023-25 Legislatively Adopted

	<u>General Funds</u>
Education and General	
School of Medicine	30,238,828
School of Nursing	26,151,339
School of Dentistry	12,255,625
Office of Rural Health/Area Health Education Centers	6,857,836
Healthcare Workforce 30-30-30 Initiative	43,155,019
Other Programs	
Child Development and Rehabilitation Center	9,722,521
Oregon Poison Center	4,011,209
Oregon Children's Integrated Health Database	2,000,000
Statewide Behavioral Health Capacity Dashboard	5,400,000
Oregon Perinatal Collaborative (OPC)	1,000,000
TOTAL	<u>140,792,377</u>
Debt Service	
OHSU Knight Cancer Institute - XI-G Debt Service	23,575,130
TOTAL STATE SUPPORT FOR OHSU	164,367,507

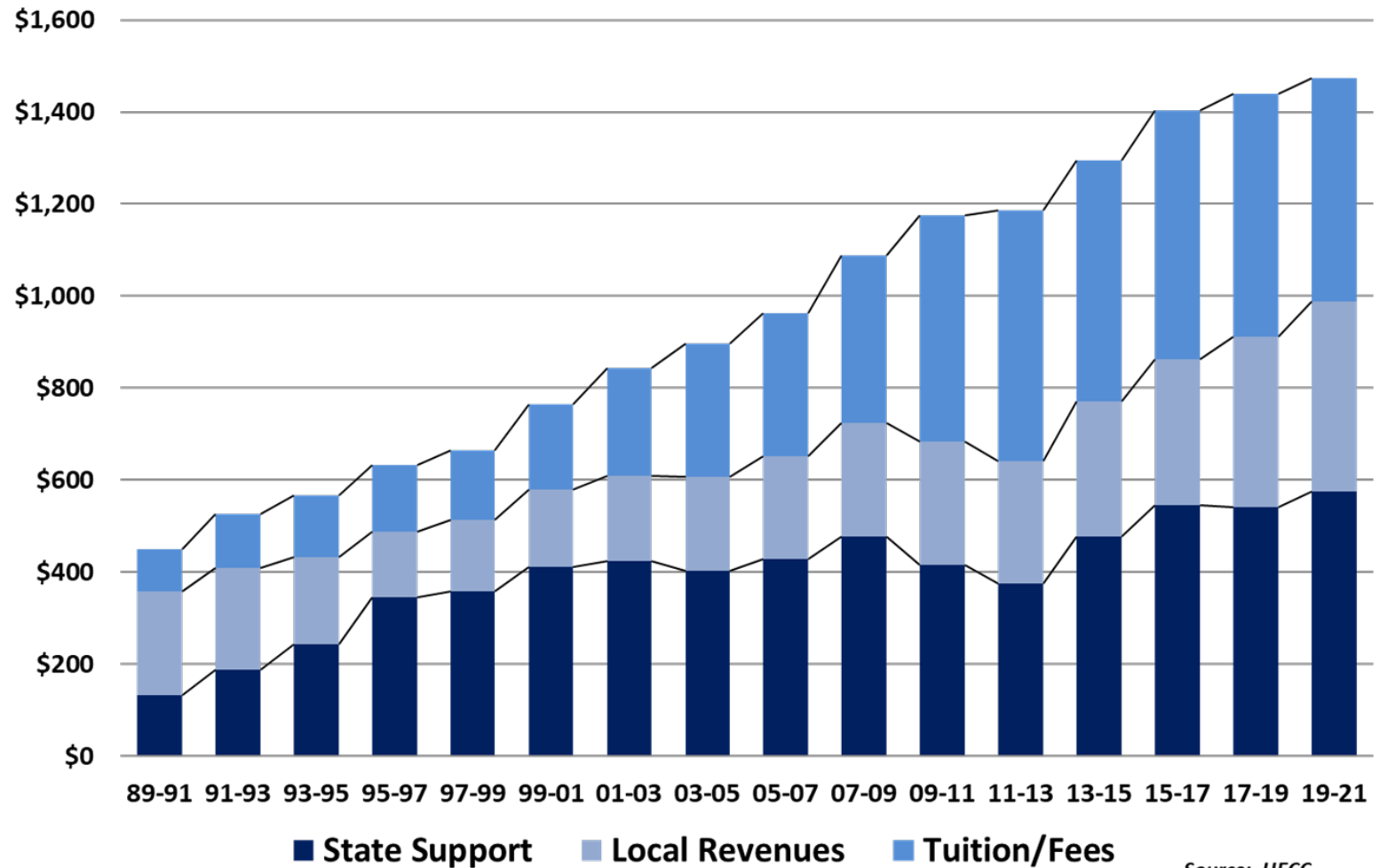
State Support for Community Colleges
2023-25 Legislatively Adopted Budget

	<u>General Fund</u>	<u>Lottery Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
Community College Support Fund (CCSF)	771,752,952	-	98,626	771,851,578
Community College Services for Adults in Custody	3,109,615	-	10,864,866	13,974,481
Contracted Out-of-District (COD) Programs	300,000	-	-	300,000
Carter Skills Center	351,557	-	-	351,557
Schellenberg Skills Centers	351,557	-	-	351,557
Distance Learning	2,281,934	-	-	2,281,934
Student Support and Success	12,500,000	-	-	12,500,000
First Generation Students Grant Program	3,691,343	-	-	3,691,343
Strategic Fund	5,967,042	-	-	5,967,042
CCSF Total	<u>800,306,000</u>	<u>-</u>	<u>10,963,492</u>	<u>811,269,492</u>
Debt Service	39,658,732	11,821,800	1,055,000	52,535,532
Capital Construction	-	-	37,500,000	37,500,000
Oregon Promise Program	44,252,681	-	-	44,252,681
TOTAL STATE SUPPORT FOR COMMUNITY COLLEGES	<u>884,217,413</u>	<u>11,821,800</u>	<u>49,518,492</u>	<u>945,557,705</u>

Community College Sources of Revenue

- State Support includes all state funding for the Community Colleges Support Fund, debt service, and other state grants.
- Local revenues are property taxes, and are not included in the state budget.
- The Tuition/Fees amount is net of remissions and waivers.
- Complete revenue data for the 2021-23 biennium will be available after February 2024.

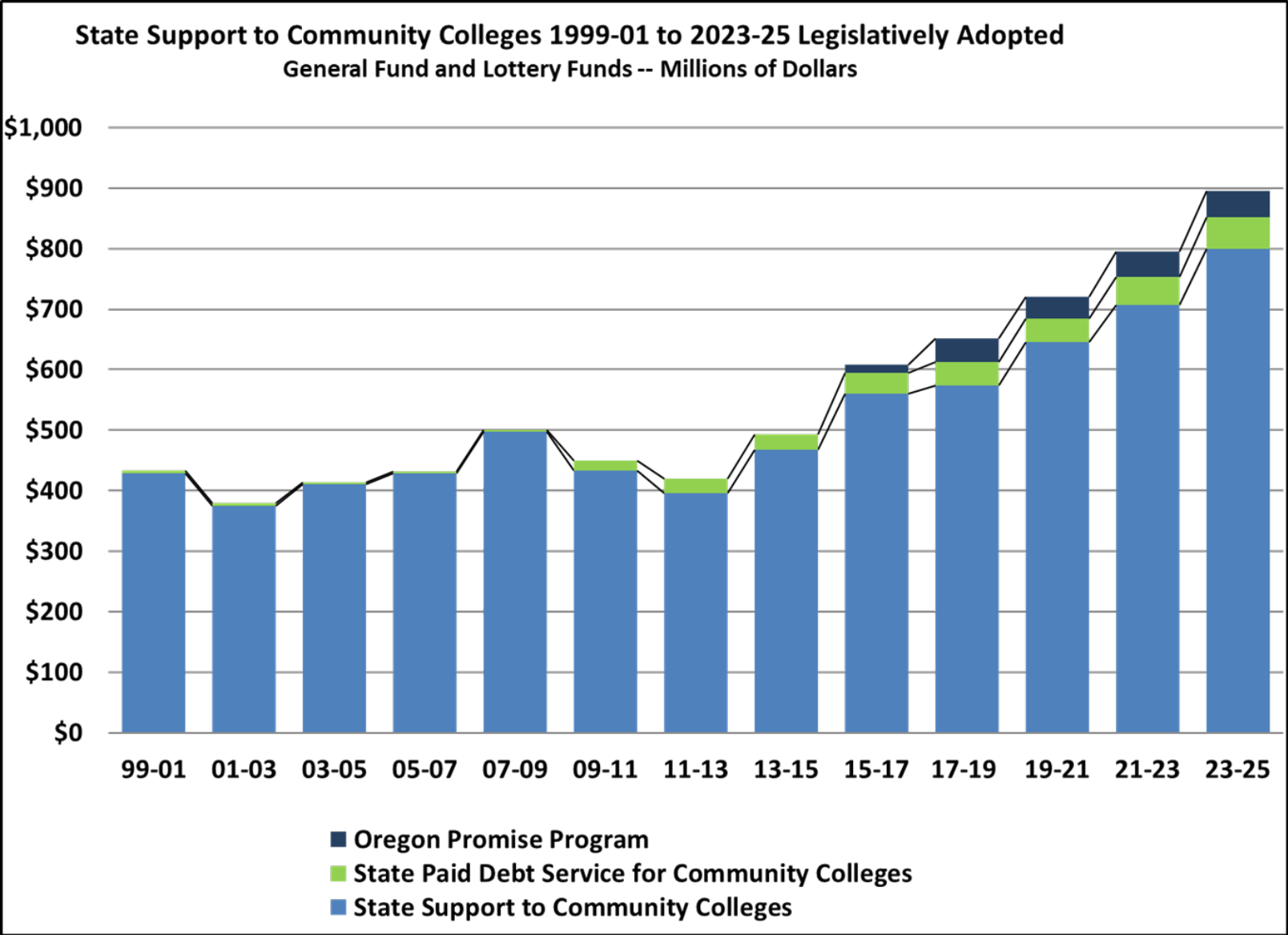
Community Colleges Sources of Revenue
Millions of Dollars



Source: HECC

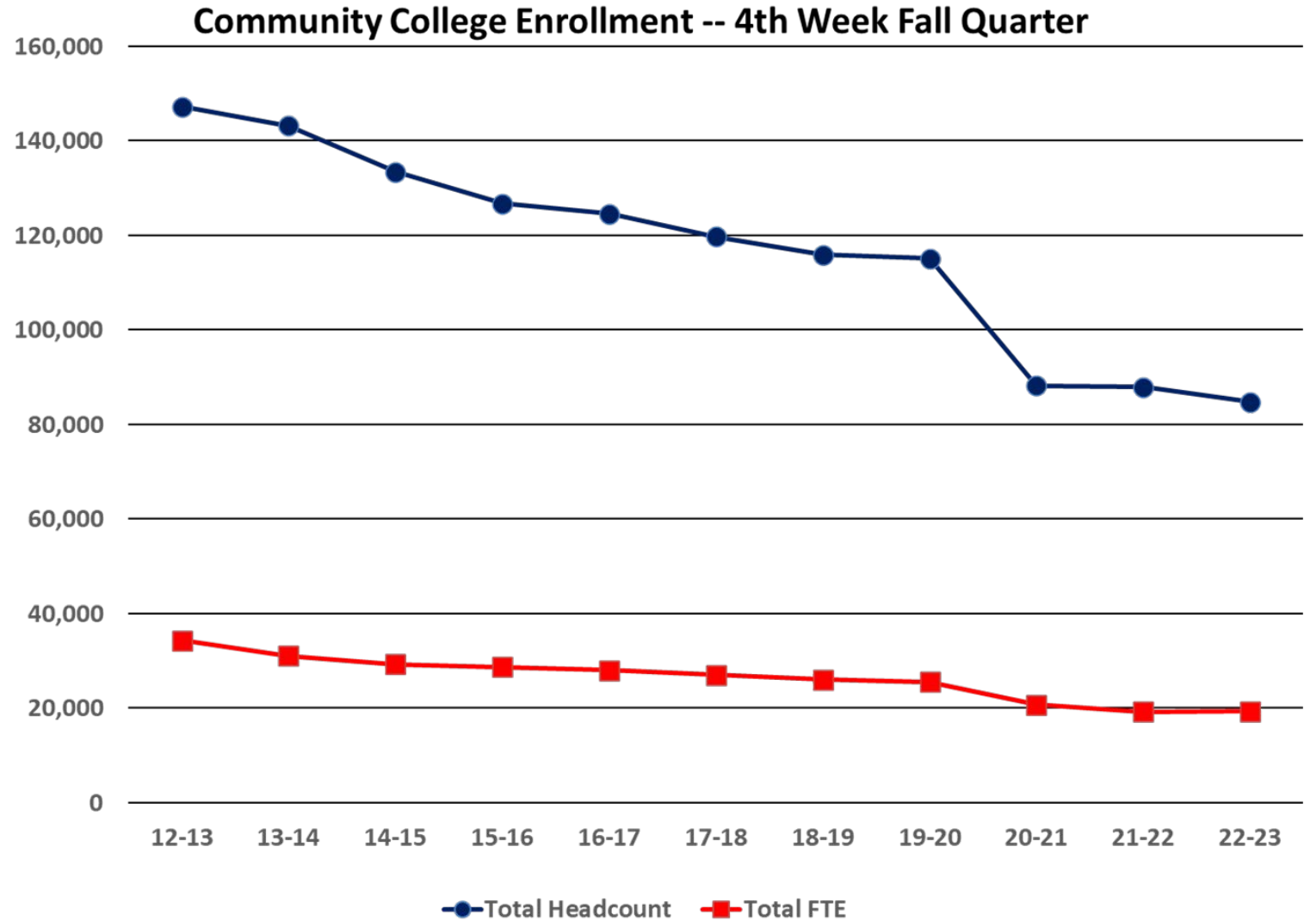
State Support for Community Colleges

- State support for community colleges has grown by 71% from the 2013-15 biennium
 - \$466.9 million in 2021-23
 - \$800.3 million in 2023-25

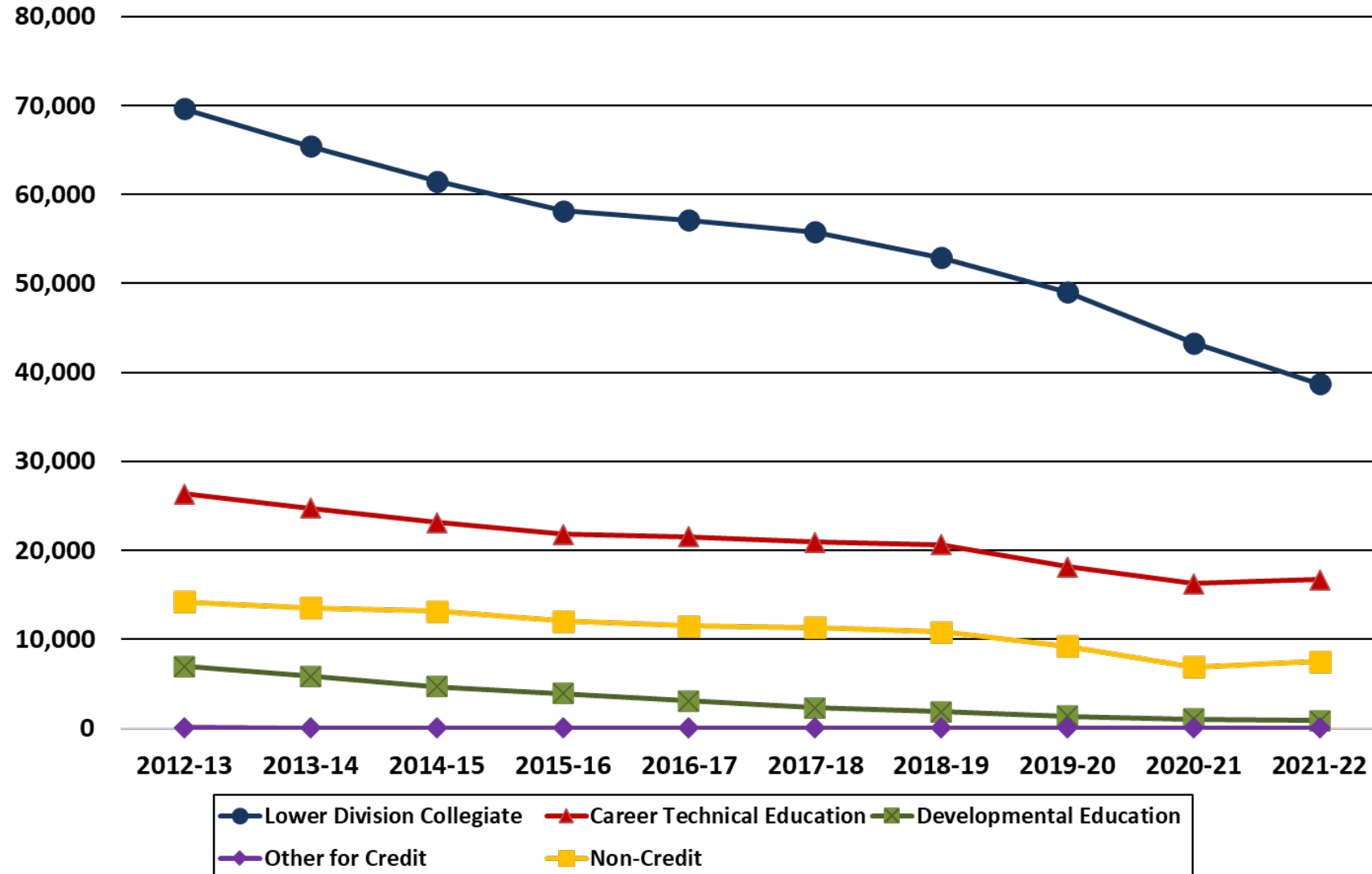


Community College Enrollment

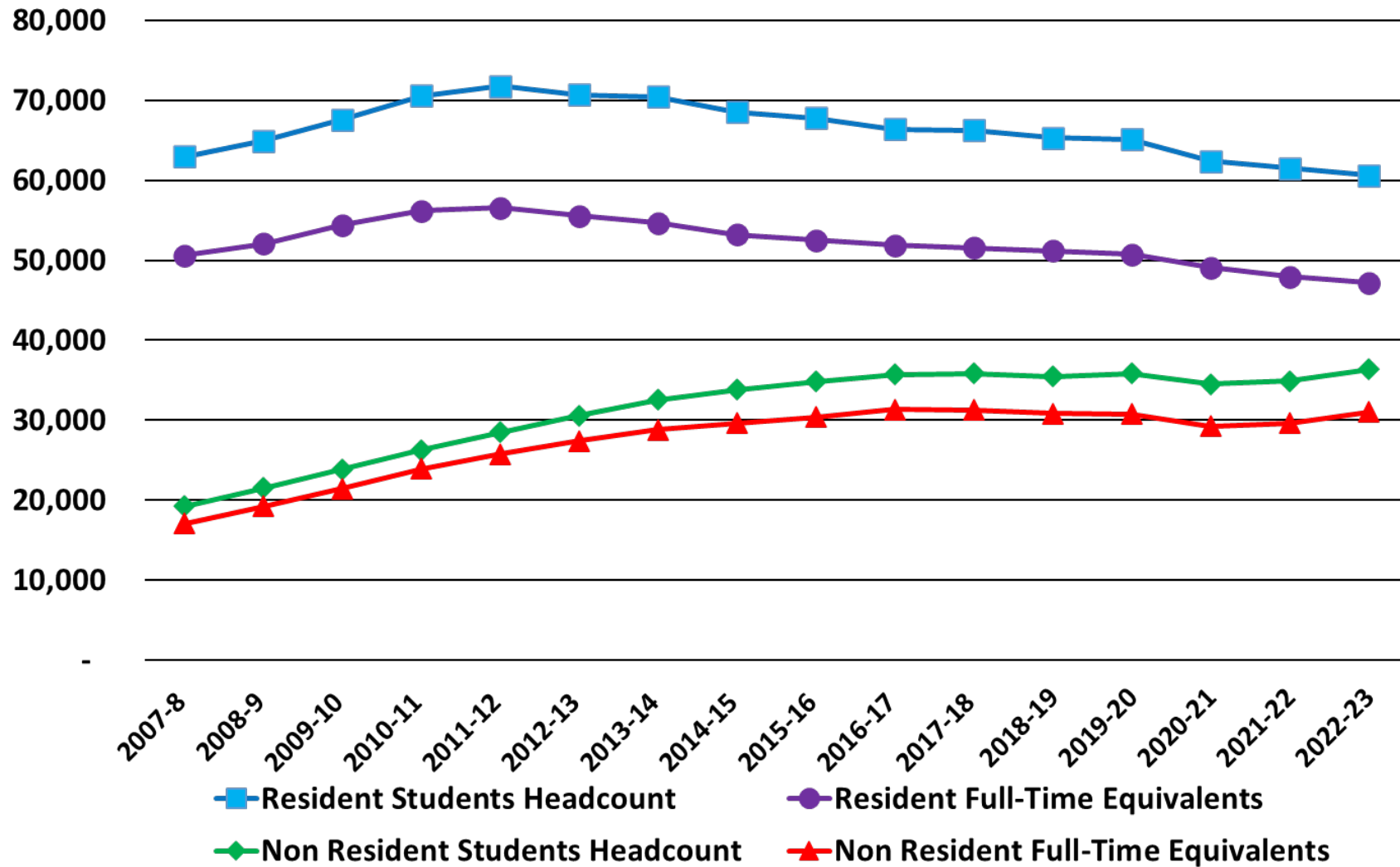
- Enrollment in community colleges, measured in both headcount and student FTE, has fallen by about 40% since 2012
- Declining enrollment is a continuing trend
 - Declining birth rates
 - Declining numbers of high school graduates, both in Oregon and in states from which Oregon universities recruit
 - Skepticism of the price and value of a college degree
 - High costs of tuition and fees



Community College Total Annual Student FTE by Instructional Program



Resident & Non Resident Public University Students*

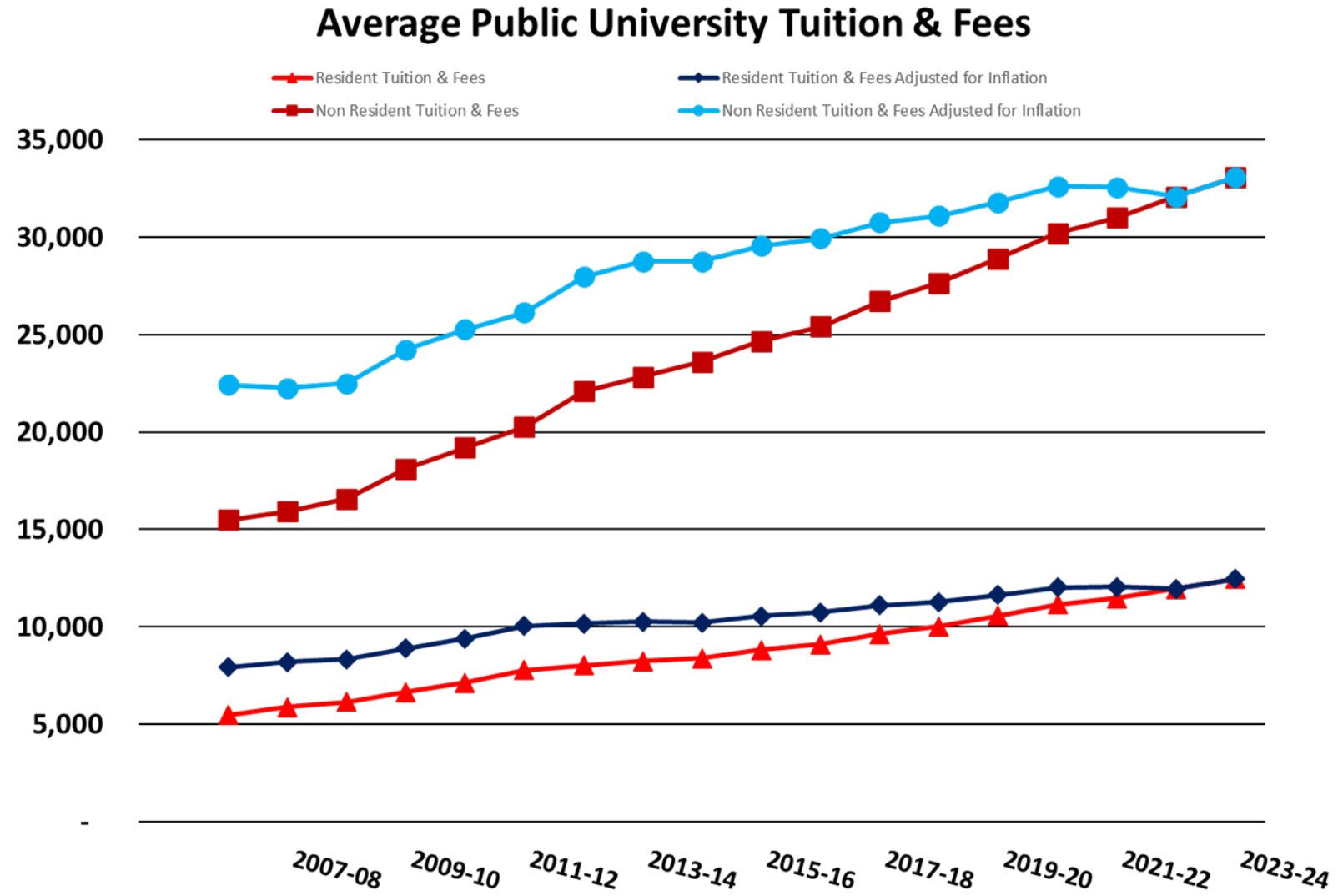


*Based on enrollment of 4th week of Fall Quarter

Source: HECC

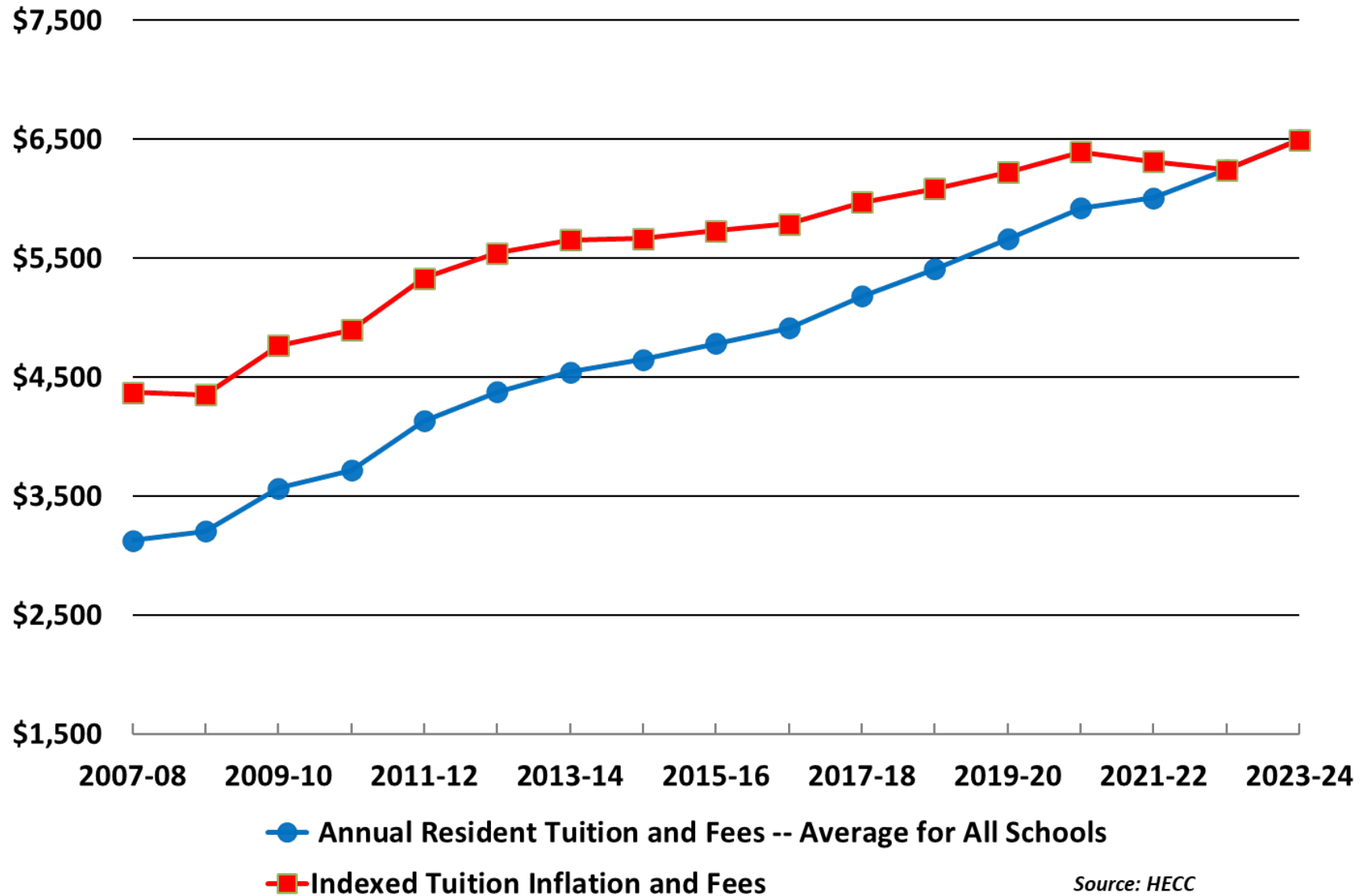
Average Public University Tuition & Fees

- Graph to the right and on the next slide shows change in inflation factors applied
 - Prior to 2021-22, inflation was applied using the Consumer Price Index (CPI)
 - Starting in 2021-22, HECC uses the Higher Education Cost Adjustment (HECA) to model inflation
- HECA was developed by the State Higher Education Executive Officers (SHEEO) Association as an alternative to the CPI
 - Accounts for different cost drivers specific to the higher education cost environment



Source: HECC

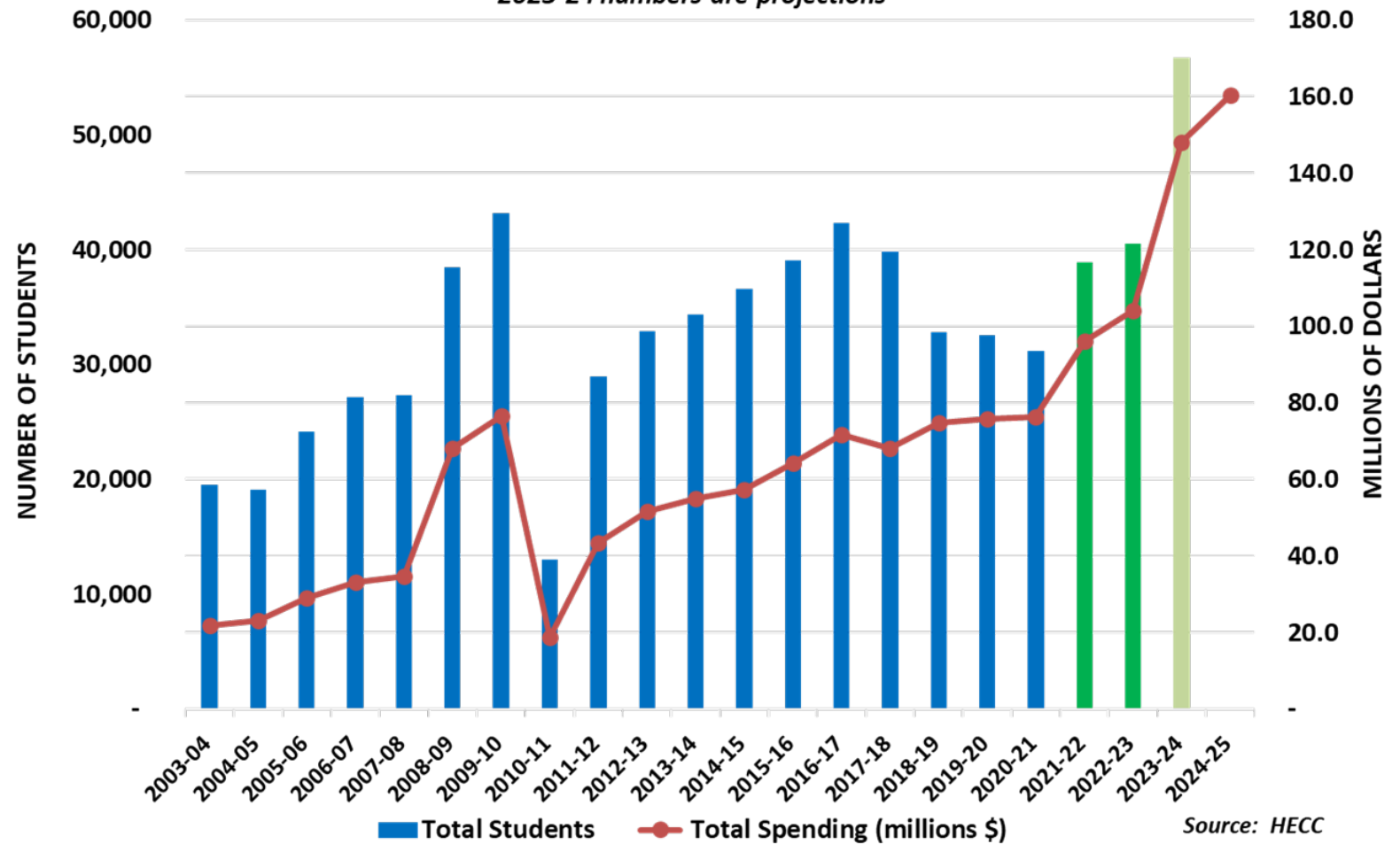
Community College Tuition and Fees Increases



Oregon Opportunity Grant

- Grant awards are available to eligible students attending Oregon colleges and universities for up to four years of full-time enrollment
- Students must reapply each year by submitting a Free Application for Federal Student Aid (FAFSA) or an Oregon Student Aid application (ORSAA)
- Many variables affect funding level and availability, leading to uncertainty for students

Oregon Opportunity Grant (OOG)
Annual Number of Students and Annual State Funding
2021-22 and 2022-23 are estimates
2023-24 numbers are projections



Questions?

