

# 2023-25 STUDENT SUCCESS ACT BUDGET

Presentation to the Joint Committee on Public Education Appropriation

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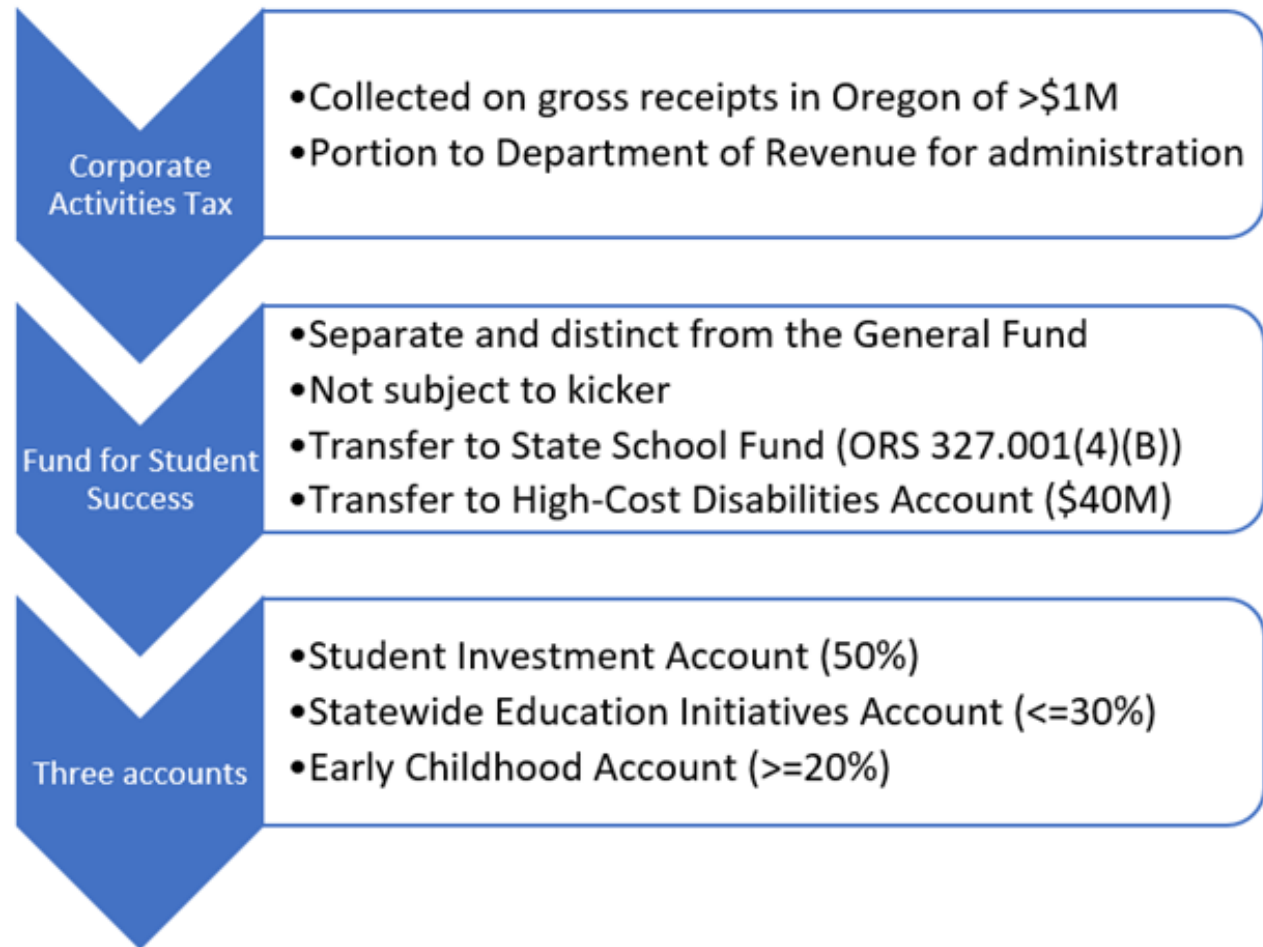


# Student Success Act – Quick Facts

- 2023-25 legislatively adopted budget of \$2.906 billion
  - \$1.087 billion – Student Investment Account
  - \$585.8 million – Statewide Education Initiatives Account
  - \$531.4 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.
- Established by HB 3427 (2019)
- The largest investment in Oregon’s early childhood through grade 12 education system since the state assumed greater responsibility for school funding with the passage of Measures 5 and 50 in the 1990s
- Established a Fund for Student Success, separate from the General Fund
- Established a modified Corporate Activities Tax to finance expenditures from the Fund for Student Success.
- Three accounts within the fund provide structure for investments:
  - Early Learning Account (ORS 327.269 to 327.274)
  - Statewide Education Initiatives Account (ORS 327.250 to 327.254)
  - Student Investment Account (ORS 327.175 to 327.235)
- Transfer to the State School Fund
- Reserves

# Fund for Student Success – Revenues

- Revenue provisions of Student Success codified in ORS Chapter 317A.
  - Tax on businesses with gross receipts in Oregon of \$1 million or more
  - Tax is \$250 plus the product of taxable business receipts multiplied by 0.57%.
  - Businesses can subtract 35% of either the amount of cost inputs paid to other businesses or the taxpayer's labor costs, whichever is greater.
  - 43 exceptions to the definition of business receipts, and any excise and sales taxes are excluded, as are sales to agricultural cooperatives.



# Early Learning Account

- At least 20% of the Fund for Student Success
- Funds may be used for:
  - Early Learning Programs
  - Professional development for early childhood educators
  - Cost to implement and administer programs
- Programs must align with statewide early learning system plan overseen by Early Learning Council
- Grants are distributed by rule

Early Learning Account - 2023-25 Legislatively Adopted Budget	
DELC Agency Operations	6,034,551
Oregon Prekindergarten + Early Head Start	193,523,713
Preschool Promise	147,797,300
Early Learning Program Supports	17,581,856
Healthy Families	6,075,668
Parenting Education	4,257,612
Early Childhood Equity Fund	24,862,120
Early Learning Professional Development for Providers	26,050,000
Relief Nurseries	8,170,114
Early Learning Hubs + Tribal Hub	3,803,822
Child Care Facility Projects	0
Other Early Learning Grants	1
ODE - EI/ECSE	93,270,199
<b>Total Early Learning Account</b>	<b>531,426,956</b>

# Statewide Education Initiatives Account

- No more than 30% of the Fund for Student Success
- Funds may be used for:
  - Statewide initiatives, many of which are prescribed elsewhere in statute
  - Educator professional development programs
  - Cost to implement and administer programs
- Programs must align with statewide early learning system plan overseen by Early Learning Council
- Grants are distributed by rule

Statewide Education Initiative Account - 2023-25 Legislatively Adopted Budget	
ODE/YDD/EAC: Agency Operations	47,919,633
High School Success Grants	177,644,025
Early Warning Systems Grants	3,803,821
Early Warning Systems Technical Assistance	1,903,403
Student Success Teams/SI Intensive Program - High Need	26,083,344
ESD Technical Assistance Support Grants	47,458,694
Statewide School Safety and Prevention	3,096,074
Hunger Free Account Grants	105,898,011
Breakfast After the Bell Expansion	1,225,392
EAC: Professional Development and Training for Educators	11,835,616
African American/Black Student Success Plan	12,968,862
Latino/a/x Student Success Plan	6,341,612
American Indian/Alaska Native Student Success Plan	5,367,696
Native Hawaiian/Pacific Islander Student Success Plan	2,000,000
LGBTQ SIA+ Student Success Plan	4,168,000
Youth Reengagement Program	8,694,448
Public Charter Schools Equity Grants	4,168,000
Summer School Grants	8,604,836
Wildfire Grants (OTO for 2023-25)	11,158,781
Tribal Educator Initiative - Grant-in-Aid	3,416,807
Recovery High Schools (HB 2767)	2,049,768
Early Literacy Grants - School Grants + Community Grants	90,000,001
<b>Total Statewide Education Initiative Account</b>	<b>585,806,824</b>

# Student Investment Account

- At least 50% of the Fund for Student Success
- Funds may be used for:
  - Meeting students' mental or behavioral health needs
  - Increasing academic achievement and/or reducing academic disparities for students
  - Reducing class sizes
  - Expanding the availability of and participation in well-rounded learning experiences
- Programs must have performance targets and are audited annually
- Funds are distributed as grants, estimated by ADMw

Student Investment Account - 2023-25 Legislatively Adopted Budget	
Student Investment Distribution Formula Grants	1,087,178,997
<b>Total Student Investment Account</b>	<b>1,087,178,997</b>

# Transfer to State School Fund

- Statutory requirement (ORS 327.001(4)(a)(B))
- HB 3427 reduced personal income tax rates by 0.25% in the lowest three of four personal income tax brackets
- This provision of the measure reduced resources for all state General Fund programs, including K-12 education
- HB 3427 addressed the revenue shortfall for K-12 education by requiring a transfer from the Fund for Student Success into the State School Fund of the difference between personal income taxes generated at the former rate and personal income taxes generated at the reduced rate, as estimated by the Legislative Revenue Office and the Legislative Fiscal Office
- An additional \$40 million is required to be transferred into the High Cost Disabilities Account.

# QEM and the Student Success Act

- Not all SSA accounts and/or programs support K-12 education as estimated using the Quality Education Model, so not all SSA dollars/programs are included in the QEM calculation.
- Excluded are:
  - Early Learning Account
  - SEIA fund for program administration and educator professional development
  - SEIA funds for culturally-specific education plans
  - New initiatives as of 2023

## History of QEM Funding Estimates 2009 to Present

Biennium	QEM Full Implementation Model	SSF Legislative Appropriation	SSA Funding*	Total State Funding	Funding Gap	Gap as Percentage of Total State Funding
2009-11	\$7.872	\$5.756		\$5.756	\$2.116	36.8%
2011-13	\$8.004	\$5.799		\$5.799	\$2.205	38.0%
2013-15	\$8.775	\$6.650		\$6.650	\$2.125	32.0%
2015-17	\$9.158	\$7.376		\$7.376	\$1.782	24.2%
2017-19	\$9.971	\$8.200		\$8.200	\$1.771	21.6%
2019-21	\$10.773	\$9.000		\$9.000	\$1.773	19.7%
2021-23	\$11.163	\$9.300	\$1.306	\$10.606	\$0.557	5.3%
2023-25	\$13.227	\$10.200	\$1.558	\$11.758	\$1.469	12.5%

\*Total SSA Grants to Districts from State Revenues + Measure 98 General Fund Grants to Districts

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SSA Funds from the 2023-25 Legislatively Adopted Budget (Including Substantive Bills)	
High School Success Grants (Measure 98)	\$ 324,878,656
Student Investment Program - Formula Grants	\$ 1,087,178,997
Student Investment Intensive Program: High Need	\$ 26,083,344
Early Warning System Grants	\$ 3,803,821
Breakfast After the Bell Program	\$ 1,225,392
Hunger Free Schools Program Grants	\$ 105,898,011
Summer School Grants	\$ 8,604,836
<b>Total SSA Grants to Districts from State Revenues</b>	<b>\$ 1,557,673,057</b>



# Questions?

