

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3144 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Directs Department of Education to develop and implement statewide education plan for students who are Native Hawaiian or Pacific Islander.

Government Unit(s) Affected:

Oregon Department of Education, School Districts, Department of Early Learning and Care, Higher Education Coordinating Commission, Community Colleges, Public Universities, Burns Paiute Tribe, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Confederated Tribes of Umatilla Indian Reservation, Confederated Tribes of Warm Springs, Coquille Indian Tribe, Cow Creek Band of Umpqua Indians, Klamath Tribes

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

House Bill 3144, as amended by the -1 amendments, directs the Oregon Department of Education (ODE) to develop and implement a statewide education plan for students who are Native Hawaiian or Pacific Islander and who have experienced disproportionate results in education due to historical practices. The measure directs ODE to align this new statewide education plan with other, similar statewide education plans that ODE has developed and implemented. When implementing the new statewide education plan, ODE must consult with various advisory groups formed by ODE to develop and implement the statewide education plan for plan students.

ODE must form an advisory group consisting of individuals who are Native Hawaiian or Pacific Islander, individuals who represent organizations that serve Native Hawaiian or Pacific Islander youth and families, and individuals who represent education stakeholders, including representatives from the Department of Early Learning and Care and the Higher Education Coordinating Commission. The advisory group must advise ODE regarding the development and implementation of the new statewide education plan, eligibility criteria, applicant selection processes, and expectations for recipients of grant awards. ODE must submit a biennial report concerning the progress of the plan to a legislative committee related to education at each even-numbered year regular session of the Legislative Assembly.

ODE, in consultation with the advisory group, must award grants to Early Learning Hubs, providers of early learning services, school districts, education service districts, post-secondary institutions of education, tribal governments, community-based organizations, or a consortium of these entities to implement the new statewide education plan. To qualify for and receive a grant, an applicant must identify and demonstrate that the applicant meets the eligibility criteria established by ODE through rulemaking. The measure takes effect on passage.

Oregon Department of Education

The fiscal impact to ODE is indeterminate because the level of investment in this new grant program will ultimately inform the level of services that ODE would be required to provide. However, based on a hypothetical funding level of \$1 million per year, ODE would award \$2 million in grants in the 2023-25 biennium from monies received from the Corporate Activity Tax, which was established in 2019 as part of the Student Success Act (HB

3427). It should also be noted that this grant program is included in the ODE 2023-25 agency request budget (Policy Option Package 101, Strategy 5).

To administer this new grant program, ODE would need to establish a new advisory group. ODE assumes that the advisory group would consist of 19 members and that the advisory group would meet 22 times over the course of the biennium, which includes two in-person meetings and 20 virtual meetings. Based on assumed reimbursements for member travel expenses and substitute teacher pay incurred for educator members of the advisory group, the estimated cost of this advisory group is \$82,586 General Fund in the 2023-25 biennium.

Prior to awarding the new grants, ODE would need to conduct rulemaking for how to administer the program, including the application, award, and audit or review processes; create forms and templates for applications, awards, and reimbursements; create a grant agreement template approved by the Oregon Department of Justice for use in the program; and provide ongoing monitoring and administration of the program. ODE anticipates that the application process would be a discrete process, i.e., grant applications and awards would be processed at designated times in each year of the biennium. If the program were to require awarding grant funds on a competitive basis, ODE would anticipate the need to contract out the application review process to a third-party contractor. Overall, this increase in workload is anticipated to be minimal and absorbable within ODE's 2023-25 current service level.

In total, the estimated fiscal impact to ODE is \$2,082,586 total funds in the 2023-25 biennium. Because ODE would expend the grants as Other Funds, ODE would need an increase in Other Funds expenditure limitation to award the grants.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the State's General Fund and ODE's biennial budget.

Other Government Entities

The measure is anticipated to have at least a minimal fiscal impact on the school districts, community colleges, public universities, and federally recognized Indian Tribes that apply for these grants, as they would have to dedicate time and resources to apply, monitor, and report their expenditures for these grants.

The measure is anticipated to have a minimal fiscal impact on the Higher Education Coordinating Commission and the Department of Early Learning and Care.