

## Department of Education

*excludes State School Fund and Common School Fund*

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	1,006,203,868	986,839,340	1,264,559,621	695,497,917	854,402,796
Lottery Funds	692,867	--	--	3,481,660	3,481,660
Other Funds	938,426,207	2,537,080,869	2,591,395,343	1,808,457,772	2,378,785,920
Other Funds (NL)	2,398,978	4,074,452	4,074,452	4,074,452	4,074,452
Federal Funds	1,191,279,537	2,943,515,768	2,945,935,878	1,531,047,858	1,537,496,577
Federal Funds (NL)	387,658,453	435,672,830	662,827,488	540,463,419	540,463,419
<b>Total Funds</b>	<b>3,526,659,910</b>	<b>6,907,183,259</b>	<b>7,468,792,782</b>	<b>4,583,023,078</b>	<b>5,318,704,824</b>
Positions	697	772	896	555	632
FTE	650.35	753.23	811.54	538.68	607.46

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

The Oregon Department of Education (ODE) implements and carries out the state standards, rules, and requirements for elementary and secondary public schools as established by the State Board of Education and Oregon laws. The State Board of Education is a seven-member body appointed by the Governor and confirmed by the Senate. The Governor is the Superintendent of Public Instruction, and appoints a deputy superintendent to serve as the agency head for ODE. In addition to administering the State School Fund, the single largest revenue source to local school districts in the state, the Department is responsible for implementing state standards and requirements, guiding school improvement efforts, developing and implementing Oregon's statewide student assessment system, and reporting student performance. Responsibilities also extend to some public preschool programs, the Oregon School for the Deaf, regional programs for children with disabilities, education programs for youth in Oregon correctional facilities, and a variety of other federal and state education programs. ODE's activities are funded with a combination of General Fund, Lottery funds, federal grants, corporate activity taxes and miscellaneous other funds, primarily from grants and fees.

For CSL summaries, budgets by program, and other budget and policy issues, are detailed in the following sections. Agencywide, the Governor's budget made reductions to services and supplies, Attorney General charges, Department of Administrative Services (DAS) assessments and increased the vacancy factor for an overall reduction of \$9.3 million total funds.

### Department-wide Policy Issues

Accountability for student learning is a common characteristic in policy issues facing the Department:

- Oregon students' scores on the most recent National Assessment of Educational Progress showed sharp declines in student achievement post-pandemic.
- A class action lawsuit was brought against the Department in 2021 which alleged that a lack of state-level monitoring, enforcement, and assistance for school districts has led to a statewide pattern among school districts of misusing shortened school day schedules for students with disability-related behaviors. Additional reports of schools not providing in-person instruction to students with disabilities as required by law surfaced during and after the COVID-19 pandemic.
- SB 744 (2021) required ODE to assess the state's current diploma policy and make recommendations to "...reduce disparities and to ensure that every student will be on track to earn one of the high school diplomas." The resulting report and recommendations were met with some resistance, with some viewing the recommendations as reducing the state's graduation requirements rather than addressing the reasons students may not be meeting graduation requirements.
- A 2022 Secretary of State audit titled *K-12 Education - Systemic Risk Report* identified five systemic risks facing the state's K-12 education system which, collectively, could undermine implementation of the Student Success Act (HB 3427, 2019) and, by extension, other school improvement efforts. To address these risks, the report calls on the Department to monitor school district performance, report on school improvement results and challenges, provide more analysis of school district spending and help districts focus spending on student support, and implement clear and enforceable standards.

Policy packages to address some of these issues are included as budget requests and are discussed below, as are other policy issues pertaining to particular ODE programs and responsibilities.

#### Key Performance Measures

A copy of the Department of Education's Annual Performance Progress Report can be found on the LFO website at the following link:

[KPM - View Report \(oregonlegislature.gov\)](https://www.oregonlegislature.gov/KPM-View-Report)

## Department of Education - Operations

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	90,190,680	110,048,130	125,698,351	102,093,542	109,209,867
Other Funds	46,059,070	102,267,595	108,237,809	96,596,515	98,216,499
Other Funds (NL)	2,398,978	4,074,452	4,074,452	4,074,452	4,074,452
Federal Funds	85,063,981	156,241,145	158,658,002	75,212,450	81,661,169
<b>Total Funds</b>	<b>223,712,709</b>	<b>372,631,322</b>	<b>396,668,614</b>	<b>277,976,959</b>	<b>293,161,987</b>
Positions	615	690	814	473	550
FTE	574.33	677.21	735.52	462.66	531.03

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

The ODE Operations budget structure includes all agency staff except for those who work for the School for the Deaf, and totals 473 positions and 462.66 FTE at the 2023-25 current service level. In addition to administrative staff, this budget unit includes funding for IT functions, assessment activities, state government service charges paid by the agency; and staffing for the various grant-in-aid programs paid to school districts and other service providers of K-12 and youth development programs. Major offices within Operations include the Office of the Director, Office of Education Innovation & Improvement, Office of Enhancing Student Opportunities, Office of Teaching, Learning, and Assessment, Youth Development Division, the Office of Equity, Diversity, and Inclusion, and Office of Finance and Information Technology. Primary funding sources include General Fund, indirect revenue generated from federal sources, Federal Funds, and Other Funds for operation of programs funded through the Student Success Act.

### CSL Summary

The 2023-25 current service level is 29.9% less than the 2021-23 legislatively approved budget, with 341 fewer positions and 272.86 FTE. This reduction is primarily due to the transfer from the Early Learning Division to the new Department of Early Learning and Care of \$119.2 million total funds for operations staff, 300 positions (292.25 FTE), and associated expenditures. An additional 41 limited duration positions were eliminated; other phase-outs include \$51.1 million total funds related to federal COVID relief programs, one-time programs authorized in 2021 and 2022 legislation, and services and supplies for limited-duration positions.

### Policy Issues

The Department's administrative services have struggled to keep pace with the many new programs added to ODE in the past few biennia. Key administrative leadership positions - including the Assistant Superintendent for the Office of Finance and Information Technology and subordinate positions including Budget Director, Chief Information Officer, Human Resources Director, and Procurement Officer - have gone

unfilled for varying and often lengthy periods of time. Other key functions and programs are staffed with too few people to keep up with routine business, which means that planning tasks go uninitiated, or are not completed. Key business systems used by the Department, including the information system used to calculate State School Fund payments, are far beyond their useful lives. Financial audit findings routinely point to the absence of documented internal controls over financial reporting, single employees responsible for reporting, noncompliance with federal grant requirements, and other material financial weaknesses. Recent performance audits find that the Department could do more to support and monitor school district spending and evaluate whether or not grants or other policy initiatives improve student performance. Notably, most audit findings point to ODE program teams that contain too few employees to carry out program and financial responsibilities. During the 2022 legislative session, ODE made the case for and received Legislative approval for eleven new positions in its procurement and contracting unit. Policy Option Packages in the agency's 2023-25 requested budget seek improved staffing levels for many of the Department's administrative and operating programs (*see below*).

### Governor's Budget Summary

The Governor's budget for Operations is \$293.2 million total funds - a 5.5% increase over CSL - with 550 positions and 531.03 FTE, a 16.3% increase in the number of positions. Positions were added in various programs to bolster the effectiveness of current programs and support emerging needs, such as student mental health needs during the recovery period after the COVID-19 pandemic. Other new positions support a new early literacy and summer learning program, the Tribal Nations Educator Collaborative, three new student success plans, development of Ethnic Studies standards and implementation of social emotional learning standards, support for small rural schools, and support for business functions. Fourteen federally funded limited duration positions were extended to close out programs funded through the Elementary and Secondary School Emergency Relief (ESSER) Fund. The largest investment of General Fund in this budget structure is \$6.5 million to replace federal indirect revenues lost from federal grants that moved to the Department of Early Learning and Care.

### Other Significant Issues and Background

A budget note in SB 5513 (2021) directed the Department to convene a group to study the media program standards developed by the State Board of Education. A group was convened, a study undertaken, and nine findings were made, including that current media program standards do not adequately address school library best practices in library, media literacy, and information literacy; and that system-level barriers lead to inequitable and inconsistent opportunities for student access to school library facilities, collections, and instruction. Recommendations include statutory and rule revisions and increased funding for school library and media staffing and programming. The required report was published in December 2021 and can be found here: [Budget Note for Media Programs Standards Final Report \(oregonlegislature.gov\)](https://www.oregonlegislature.gov/budget-note-for-media-programs-standards-final-report)

## Department of Education - Educator Advancement Council and Oregon School for the Deaf

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	11,772,424	14,315,702	14,764,806	15,384,563	15,384,563
Other Funds	16,123,038	56,973,468	60,549,323	47,466,890	51,966,890
Federal Funds	225,708	329,420	332,673	392,642	392,642
<b>Total Funds</b>	<b>28,121,170</b>	<b>71,618,590</b>	<b>75,646,802</b>	<b>63,244,095</b>	<b>67,744,095</b>
Positions	82	82	82	82	82
FTE	76.02	76.02	76.02	76.02	76.43

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

The Educator Advancement Council was authorized in 2017 to support, develop, and diversify Oregon's educator workforce through local educator-led networks. This budget structure accounts for funds that support the regional educator networks (RENs), for capacity and technical assistance grants provided to the RENs, and for scholarships through the Oregon Teacher Scholars Program. The program is funded with resources from the State School Fund that are transferred into the Educator Advancement Fund, and with resources from the Fund for Student Success. Staffing for this program is budgeted in the Operations program.

The Oregon School for the Deaf (OSD) is located in Salem and provides educational services to roughly 110 residential and day program students aged 5 through 21 with 82 staff positions (76.02 FTE). The capital expenditures and debt service for the School for the Deaf are included in another section of the budget. This program is funded primarily with General Fund, and receives a transfer from the State School Fund. Federal dollars are received from the Individuals with Disabilities Education Act (IDEA) program and from U.S. Department of Agriculture's nutrition programs.

### CSL Summary

The current service level for the Educator Advancement Council is \$40,507,750, 24.8% less than the 2021-23 legislatively approved budget of \$53,864,205 due to one-time funding being phased out for increased capacity grants to the Regional Educator Networks, for implementing an Indigenous Educators Network, and for an Anti-Racism Institute.

### Policy Issues

Educators experienced a significant level of stress and burnout during the COVID-19 pandemic, and it was reported in the press that large numbers of educators were contemplating leaving the profession. The Legislature took several actions during the 2022 session to address recruitment and retention issues in the education workforce, including the one-time investment of \$100 million General Fund in HB 4030,

various investments in wage supports included in HB 5202, and \$10.5 million total funds for youth workforce programs in SB 1545. During the 2021-23 interim, legislative work groups considered various issues surrounding the educator workforce, with the goal being to increase and strengthen it. Work group proposals included establishing a state registered apprenticeship program for teachers, conducting a public campaign to highlight career opportunities in K-12 public education, making investments in “grow your own” programs for teacher preparation and development, creating alternative pathways to licensure (as a teacher or school administrator), increasing diversity in the K-12 workforce, and improving workforce conditions. Meanwhile, despite staff shortages in particular areas - notably special education - ODE’s most recent Statewide Report Card, published in November 2022, states that the total number of FTE school employees increased by 5.1% year over year from FY 2021 to FY 2022, and that local school districts employ a greater number of teachers than at any time in the past five years.

### Governor’s Budget Summary

The Governor’s Budget includes one policy package for the School for the Deaf. The Governor’s budget for the Educator Advancement Council funds one policy package that is effectively two requests totaling \$9.9 million Other Funds. The twelve positions (12.00 FTE) and funds for an online professional learning platform that make up the first part of this package are found in the Operations program area. The grant-in-aid portion of the package is \$4.5 million Other Funds to continue the Tribal Nations Educator Collaborative (formerly called the Indigenous Educator Institute). This funding would pay for professional learning grants to entities such as school districts, ESDs, Tribes, and universities to implement professional learning communities for practicing teachers rooted in Indigenous pedagogy; and for Tribal-led “Grow Your Own” programs or partnerships that would provide grants to Tribes for purposes of recruiting, training, and advancing American Indian/Alaska Native educators employed in schools across the state . The source of Other Funds for this effort is unspent monies in the Educator Advancement Fund.

## Department of Education - K-12 Grant in Aid

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	600,212,304	520,499,993	772,918,368	498,488,282	650,176,836
Other Funds	568,418,458	1,704,667,048	1,742,201,768	1,649,102,894	1,782,750,864
Federal Funds (NL)	387,658,453	435,672,830	662,827,488	540,463,419	540,463,419
Federal Funds	918,020,768	2,101,729,668	2,101,729,668	1,454,134,869	1,454,134,869
<b>Total Funds</b>	<b>2,474,309,983</b>	<b>4,762,569,539</b>	<b>5,279,677,292</b>	<b>4,142,189,464</b>	<b>4,427,525,988</b>

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

Grant-in-Aid programs provide grants to school districts, Educational Service Districts (ESDs) and other entities for educational and support services for students, often students with special educational needs. ODE administers over 70 K-12 grant-in-aid programs in seven categories below; all dollar figures are for 2023-25 current service level amounts:

- Student Success and Student Investment Account grants - \$2 billion
- District Capacity and Technical Assistance Grants - \$55.9 million
- Science, Technology, Engineering, and Math (STEM) and Continuing Technical Education (CTE) programs - \$69.7 million
- Nutritional Programs - \$646 million
- Educator Effectiveness and Professional Development programs - \$72.9 million
- “Closing the Opportunity Gap” grants - \$501.7 million
- Specialized Student Services grants - \$757.6 million

In the current biennium, Federal Funds account for the largest share of resources in this budget due to the infusion of federal pandemic relief funding; the Fund for Student Success is the primary source of Other Funds. General Fund represents the largest fund source for the EI/ECSE program (\$195.3 million), and also is the primary source of funding for STEM and CTE grants. Federal Funds from the U.S. Department of Agriculture for nutrition services are not limited.

A number of programs provide resources to address students with specialized educational needs. The Early Childhood Special Education (ECSE) and Early Intervention (EI) programs (\$317.5 million total funds at the 2023-25 current service level) assist children with disabilities and their families to improve developmental status and increase school readiness. The Regional Programs (\$67.9 million total funds) provide specialized services to children with hearing and/or vision impairments, autism spectrum disorders, and severe orthopedic impairments. Grants for educational services that are provided in long term mental health programs or in hospitals total \$53.5 million. Federal Funds totaling \$290.4 million through the Individuals with Disabilities Education Act (IDEA) are the primary source of funding for special education.

Federal Funds also provide the majority of funding for school lunch and other nutritional programs (\$540.5 million), but resources from the Fund for Student Success support the Hunger Free Schools Program, and General Fund resources of \$10.4 million support the Farm-to-School program.

CSL Summary

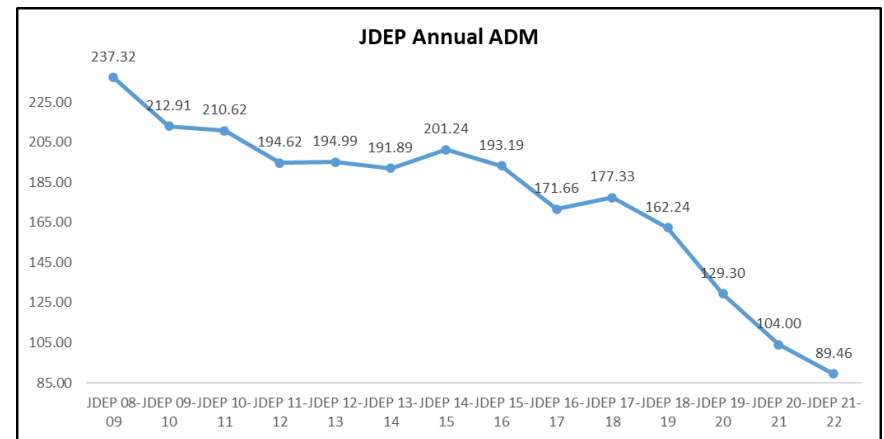
The current service level for Grant-in-Aid programs is \$4.1 billion, \$1.1 billion (21.5%) less than the 2021-23 legislatively approved amount. Remaining federal COVID-19 relief funds totaling \$0.5 billion were phased in; \$1.6 billion of one-time programs were phased out, including:

- \$97.7 million General Fund for an educator workforce package (HB 4030, 2022)
- \$1.2 billion Federal Funds from various federal coronavirus relief programs
- \$5 million in one-time General Funds for African American/Black Student Success Plan grants (HB 5202, 2022)
- \$149.7 million General Fund for 2022 summer learning programs (HB 5202, 2022)
- \$42.6 million Other Funds used one time only in the High School Success program
- \$8 million General Fund on a one-time basis for the Youth Corrections Education program (YCEP) and the Juvenile Detention Education program (JDEP)
- \$12.5 million OF (SEIA) for wildfire recovery

Of the phase-outs shown above, it should be noted that the current service level includes \$12.5 million Other Funds (SEIA) for the second half of a two-biennium commitment to support those school districts recovering from the effects of the catastrophic wildfires of 2020. The agency did not include any funding requests for additional funding for YCEP/JDEP programs, however, or for summer learning programs for the summers of 2023 and 2024.

Policy Issues

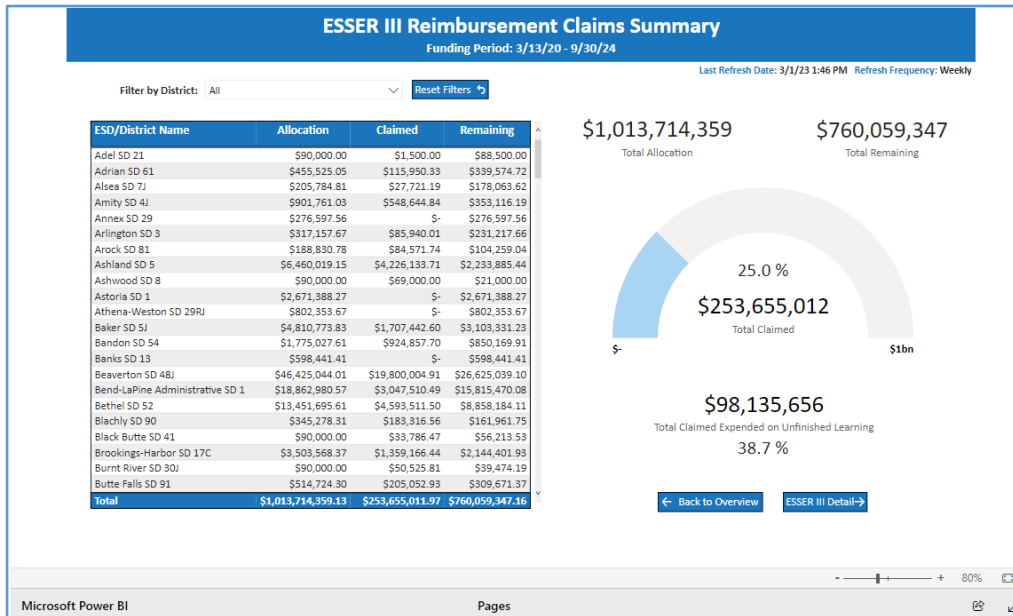
Funding for education provided in county juvenile detention centers and Oregon Youth Authority close custody facilities is provided by the State School Fund on a weighted student basis, and therefore has declined as populations of youth in custody have fallen. Two budget notes in the Department’s 2021-23 budget bill (SB 5513, 2021) address \$8 million General Fund provided one time for YCEP/JDEP programs. The first budget note directs the Department to consider specific factors in allocating resources to the JDEP program. The second specifies that the funding in SB 5513 is one-time in nature, and directs the Department to work with counties, school districts, education-related organizations, and the Oregon Youth Authority to develop a long-term plan for funding JDEP. The Department, legislators, ESDs, and others have met during the





interim to discuss the topic. A proposed funding model developed for the 2022 legislative session would have used classrooms as the basis for allocating funding to YCEP/JDEP programs, and proposed using funds from both the State School Fund and the Statewide Education Initiatives Account in the Fund for Student Success, but that proposal did not move forward at the time.

Funding from the Elementary and Secondary School Emergency Relief Fund (ESSER) III must be spent by September 30, 2024. ESSER III is the last “tranche” of federal coronavirus relief funding for schools, and totaled \$1.1 billion in Oregon. Of the \$1 billion allocated to local school districts, \$253.7 million (or 25%) has been claimed as of March 1, 2023. Of the 20% of funds specified for unfinished learning, \$98.1 million (or 38.7%) has been claimed.



ESSER III funds require state maintenance of effort, the definition of which changed for the 2022 and 2023 grant years, from spending more on education on a year-over-year basis to spending more on education each year based on a percentage of the overall state budget. The latter definition has proven to be difficult for states to meet, as most states, like Oregon, spent more during the pandemic on housing, health care, and other emergent needs. States must submit final expenditure data for FY 2022 during the spring of 2023, and all ESSER III funds must be spent by September 30, 2024. ODE’s ESSER Expenditure Transparency Dashboard, shown above, is updated weekly and can be found at this link: [Oregon Department of Education : ESSER Expenditure Transparency Dashboard : Grants and Funding Resources : State of Oregon](#)

The Individuals with Disabilities Education Act (IDEA, PL 94-142) establishes the right under federal law to a free appropriate public education for students with disabilities, in the least restrictive setting. School disruptions during the COVID-19 pandemic exacerbated the problem of students with disabilities being denied access to attending school for a full day due to their disability-related classroom behaviors. Under IDEA, state education agencies are responsible both for ensuring that all students with disabilities receive a free appropriate public education and for taking action when school districts fail to provide such an education to all students. A class action lawsuit was brought against the Department in 2021 which alleged that a lack of state-level monitoring, enforcement, and assistance for school districts has led to a statewide pattern among school districts of misusing shortened school day schedules for students with disability-related behaviors. This case

is still being litigated. A neutral fact-finder’s report identified several recommendations to remedy the situations that led to the lawsuit which, if implemented, would have a cost to the state, including:

- Mandatory training on a variety of topics for district personnel, conducted by ODE;
- New positions within ODE to monitor special education;
- Stipends for special education teachers and school psychologists;
- Stipends and paid education for Certified Behavior Analysts and the creation of a new category (Registered Behavior Technician), with additional stipends and paid education for those seeking the new certification;
- Creation of an Intensive Interagency Support Team to provide training and guidance to districts, including mandatory training and oversight in any district where a student has been placed on a shortened school day for more than 30 days;
- Purchase and implementation of a mandatory statewide Individualized Education Plan system (which might require purchase of a statewide student information system).

### Governor’s Budget Summary

The Governor’s budget for Grant-in-Aid programs is \$4.4 billion total funds, 6.9% more than CSL. Major investments include:

- \$148.7 million General Fund for an early literacy program. \$88.7 million is for early literacy efforts in public schools and public charter schools with students in preschool through fifth grade, and \$10 million is for early literacy efforts provided through community organizations and Tribal Nations. \$1.3 million General Fund and four positions (3.84 FTE) to support the new program are proposed in the Operations budget structure. \$20 million is included for summer early literacy programs through school districts and public charter schools; and \$30 million is included for summer learning programs provided by community-based organizations.
- \$18 million Other Funds from the Statewide Education Initiatives Account for increases to the Latino/a/x, African American/Black, and LGBTQ2SIA+ student success plans and for new investment in the Native Hawaiian/Pacific Islander student success plan.
- \$5.6 million General Fund and \$14.7 million Other Funds to increase the High School Success and College and Career program.
- \$4.7 million Other Funds to help Education Service Districts (ESDs) to provide more support to schools - including small and rural school districts - as they develop high quality career and technical education (CTE) programs.
- \$6 million Other Funds (Early Learning Account) to increase funding for Regional Inclusive Services and for the Early Intervention/Early Childhood Special Education programs
- \$40 million Other Funds to budget 2021-23 carryforward funding for the High School Success program in the 2023-25 biennium.

### Other Significant Issues and Background

Following a 2019 budget note that directed ODE to “...study the various K-12 Grant-in-Aid programs to determine if further programs can be combined with other program or eliminated,” the Department has returned to the Joint Committee on Ways and Means several times to report on its study and recommendations. An interim report was provided in January 2020, with a final report and recommendations provided to the Education Subcommittee on February 7, 2022. Since that time, the agency has implemented a number of its recommendations, including most notably consolidating and integrating certain school district grant applications. Replacing the

Department’s Electronic Grant Management System, as proposed in POP #109, above, should additionally improve the grant management experience for both ODE and for Oregon school districts.

Despite the creation of the Department of Early Learning and Care as a means of consolidating Oregon’s early childhood/early learning support programs under one umbrella, the Early Intervention/Early Childhood Special Education (EI/ECSE) programs remain with the Department of Education. These programs provide services to infant/toddler children who have disabilities, and their families, either in the child’s home or in a pre-school child’s least restrictive environment, with the goal of improving a child’s developmental status and increasing school readiness. EI/ECSE is the only “mandated caseload” program in the Department. The program has identified an “Adequate Service Level” of funding per child that would provide services at varying levels of need; this amount is generally more than what would otherwise be provided for in the current service level calculation. For 2023-25, the program was approved for above-standard inflation, increasing the base funding by 8.8%; the caseload, however, has dropped significantly during the COVID-19 pandemic, and after applying the mandated caseload adjustment package, funding for EI/ECSE programs declined from \$328.9 million total funds in 2021-23 to \$317.4 million total funds at the current service level for 2023-25. The Governor’s budget provides \$6 million Other Funds from the Early Learning Account to begin to address the concern that as the COVID 19 pandemic wanes, caseloads will increase to their prior levels.

**Department of Education - Early Learning Grant-in-Aid**

	<b>2019-21 Actual</b>	<b>2021-23 Legislatively Adopted</b>	<b>2021-23 Legislatively Approved *</b>	<b>2023-25 Current Service Level</b>	<b>2023-25 Governor's Budget</b>
General Fund	259,626,939	280,319,397	284,442,227	--	--
Other Funds	174,320,770	360,497,311	360,497,311	--	--
Federal Funds	187,721,394	683,960,356	683,960,356	--	--
<b>Total Funds</b>	<b>621,669,103</b>	<b>1,324,777,064</b>	<b>1,328,899,894</b>	--	--

\* Includes Emergency Board and administrative actions through December 2022.

Program Description

As of July 1, 2023, all Early Learning Division programs (including staff and other supports budgeted in the Department Operations program) are transferred to the new Department of Early Learning and Care (DELIC), established by HB 3073 (2021).

## Department of Education - Youth Development Grant in Aid

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	13,287,269	14,707,168	20,020,597	15,324,869	15,324,869
Other Funds	9,021,684	14,675,117	21,675,117	15,291,473	22,291,473
Federal Funds	247,686	1,255,179	1,255,179	1,307,897	1,307,897
<b>Total Funds</b>	<b>22,556,639</b>	<b>30,637,464</b>	<b>42,950,893</b>	<b>31,924,239</b>	<b>38,924,239</b>

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

The Youth Development Division's (YDD) grant programs are designed to provide supportive services to youth from ages 6 to 24 who face risk factors that could lead to negative educational and/or workforce outcomes. Grant programs include Youth Workforce Readiness, Youth Violence and Gang Prevention, Youth Re-engagement, and grants through the Federal Office of Juvenile Justice and Delinquency Prevention. Programs are supported with General Fund, Other Funds - including support from the Fund for Student Success - and from Federal programs including the Social Services Block Grant (Title XX). Staff support for YDD grant programs is budgeted in the Operations program budget.

### CSL Summary

The current service level for the Youth Development Division is \$31,924,239, which is 25.7% less than the 2021-23 legislatively approved budget. Phased out were a total of \$12.3 million General and Federal Funds in one-time investments for the Future Ready Oregon program (SB 1545, 2022) and for the East Metro Outreach, Prevention, and Intervention Program operated by the City of Gresham.

### Governor's Budget Summary

The Governor's budget for YDD includes \$7 million Other Funds to continue the Future Ready Oregon program. The source of the Other Funds is American Rescue Plan Act funds passed through from the Department of Administrative Services; these funds would support training, paid work experience, job placement and coaching, and credentialing in workforce development programs for youth ages 14-24 who are out of school, unemployed, or reengaging in education.

<b>Department of Education - Bonding Program and Debt Service</b>					
	<b>2019-21 Actual</b>	<b>2021-23 Legislatively Adopted</b>	<b>2021-23 Legislatively Approved *</b>	<b>2023-25 Current Service Level</b>	<b>2023-25 Governor's Budget</b>
General Fund	31,114,252	46,948,950	46,715,272	64,206,661	64,306,661
Lottery Funds	692,867	--	--	3,481,660	3,481,660
Other Funds	124,483,187	298,000,330	298,234,015	--	423,560,194
<b>Total Funds</b>	<b>156,290,306</b>	<b>344,949,280</b>	<b>344,949,287</b>	<b>67,688,321</b>	<b>491,348,515</b>
* Includes Emergency Board and administrative actions through December 2022.					

### Program Description

This budget unit includes all debt service and expenditure limitation related to bonds issued by the state on behalf of the Oregon Department of Education (ODE) and school districts. Most of the General Fund represents the debt service required to pay off the Article XI-P general obligation bonds issued through the Oregon School Capital Improvement Matching Program (OSCIM). This program provides matching grants to school districts for capital costs including construction, improvement, remodeling, equipment purchase, maintenance, and repair of facilities. Districts must match the state grants with funds from local voter approved bonds; grants are capped at \$8 million for large school districts and \$4 million for smaller districts. Almost all the Other Funds expenditure limitation represents the Article XI-P bond proceeds, which are paid out to districts as grants or special payments. Staffing for this program is provided by the Office of School Facilities and is part of the Operations budget unit. Article XI-Q bonds, which require no match, have been issued for capital and deferred maintenance projects at the Oregon School for the Deaf (OSD); a portion of the General Fund debt service budget is for the repayment of these bonds.

Lottery Funds paid the debt service on bonds approved by voters in November 1997 and issued in Spring 1999; as well as \$127 million of bonds approved by the 1999 Legislative Assembly and issued in 1999-2001 for state education projects as defined in HB 2567 (1999). Funds provided to districts from the bond proceeds were intended for the acquisition, construction, remodeling, maintenance, or repair of school facilities. Schools were able to use the proceeds for certain operational expenses, such as textbooks, computers, and instructional training. These Lottery bonds were paid off completely in 2019-21. Lottery Funds debt service shown for 2023-25 above is for the \$17.5 million of Lottery bonds approved in the 2021-23 biennium to re-capitalize the Connecting Oregon Schools Fund. The Lottery Funds used for debt service are generated from investment earnings on the Education Stability Fund. Any of these investment earnings not required for debt service are dedicated to the Oregon Opportunity Grant program.

### CSL Summary

The current service level budget contains only expenditure limitation for debt service, and does not include any new Other Funds expenditure limitation for bonds that might be approved for the 2023-25 biennium. The Other Funds expenditure limitation for bonds authorized for the

2021-23 budget is removed during the development of the 2021-23 CSL; any required Other Funds expenditure limitation for 2023-25 will be determined by what is included in the Legislature's bond bill at the end of the 2023 Session.

While Article XI-P bonds are authorized for issuance for a specific biennium, not all the bond proceeds are paid out to school districts during the same biennium they are issued. Bond sales are usually scheduled to be issued later in the biennium for which they are authorized to save on debt service costs in the "current" biennium. For that reason, in each budget period there are adjustments made to make sure there is the proper amount of expenditure limitation for grants that are paid to school districts as their construction projects proceed.

#### Governor's Budget Summary

The Governor's budget includes \$160 million in new Article XI-P bonds for the 2023-25 biennium, to provide \$40 million in grants for each of the four elections (for the local voter-approved bonds that are matched through the OSCIM program) in the biennium. The agency asserts that this amount of bond authorization would likely result in every district that requests an OSCIM program grant receiving a commitment from the program prior to its local election, thereby providing an incentive for voters to approve a local investment. An additional \$4.5 million of authorization to issue Article XI-Q bonds and \$100,000 General Fund is included in the Governor's budget for capital improvements to the Oregon School for the Deaf. Also included is Other Funds expenditure limitation for \$225 million of proceeds from bonds issued for the OSCIM program in prior biennia and \$17.5 million Other Funds expenditure limitation for Lottery Bond proceeds that capitalized the Connecting Oregon Schools Fund, used for broadband connectivity projects for schools. This funding can be used as the state match for the Federal Communications Commission's E-Rate program, which provides significant funding for broadband for schools, libraries, and other public facilities. The Governor's budget also includes \$15 million in new Lottery bonding authority to provide additional matching funds for the Connecting Oregon Schools broadband program.