

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2767 - B5**

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:

Establishes requirements for approving recovery schools. Removes an exception to the Individualized Education Plan cap for recovery school students. Appropriates General Fund to the Oregon Department of Education. Increases the department’s Other Funds expenditure limitation.

Government Unit(s) Affected:

Oregon Department of Education, School Districts, Cities, Counties, Department of Human Services, Oregon Health Authority, Teacher Standards and Practices Commission, Oregon Youth Authority

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Oregon Department of Education		
General Fund		
Personal Services	\$1,203,063	\$1,274,427
Services and Supplies	\$1,398,682	\$2,550,844
Total General Fund	\$2,601,745	\$3,825,271
Other Funds		
Special Payments	\$3,150,000	\$12,600,000
Total Other Funds	\$3,150,000	\$12,600,000
Total Fiscal Impact	\$5,751,745	\$16,425,271
<i>Total Positions</i>	8	7
<i>Total FTE</i>	5.40	6.08

Analysis:

HB 2767, with the -B5 amendment, requires the Oregon Department of Education (ODE) to provide or cause to be provided appropriate education for students enrolled in an approved recovery school. For purposes of providing education to students at an approved recovery school, ODE must make payments from amounts available in the State School Fund and the Statewide Education Initiatives Account.

ODE may contract with a school district, education service district, or public charter school to provide or cause to be provided appropriate education to students enrolled in an approved recovery school. However, the measure limits the number of approved recovery schools over the next three biennia to three approved recovery schools in 2023-25; six approved recovery schools in 2025-27; and nine approved recovery schools in 2027-29. The measure provides funding for approved recovery schools from the State School Fund and the Statewide Education Initiatives Account. Allocations made from the Statewide Education Initiatives Account must be in an amount necessary to pay the difference between the actual cost of providing education to students at an approved recovery school and the amounts received from State School Fund allocations to provide education to

students at an approved recovery school. Funds allocated must be adjusted annually following the distribution to reflect the actual weighted average daily membership of students in an approved recovery school.

The measure directs ODE to form an advisory committee with representatives from other state agencies to provide recommendations, input, and guidance related to approved recovery schools. The measure makes various budget adjustments, including an appropriation of \$2,601,745 General Fund to ODE to implement the measure; an increase of \$1,100,232 Other Funds expenditure limitation to ODE for payment of grants-in-aid, program costs, and purchased services to implement the measure; and an increase of \$2,049,768 Other Funds expenditure limitation to ODE for payment of grants-in-aid, program costs, and purchased services from the Statewide Education Initiatives Account to implement the measure. The measure takes effect on July 1, 2023.

Oregon Department of Education

The measure appropriates \$2,601,745 General Fund to ODE and increases ODE's expenditure limitation by \$3,150,000 Other Funds to implement the measure.

The measure authorizes ODE to contract with a school district, education service district, or public charter school to provide appropriate education to students enrolled in an approved recovery school. Funding for the approved recovery schools will come from the State School Fund and the Statewide Initiatives Account. ODE will be responsible for identifying, locating, and evaluating students enrolled in an approved recovery school needing special education. However, the measure does not specify who is responsible for providing special education and related services. ODE must convene an advisory committee related to the approval of recovery schools. ODE also must prepare and submit a report each biennium to interim legislative committees related to education and the advisory committee formed under the measure on the successes and challenges of the approved recovery schools.

To implement and administer the measure's provisions, ODE anticipates needing eight positions (5.40 FTE), including one permanent Program Analyst 4; one permanent Program Analyst 3; one permanent Administrative Support 1; one limited duration Project Manager 2; one permanent Education Specialist 2; one permanent Education Program Manager 3; one permanent Administrative Support 2; and one permanent Procurement Contracts Specialist 2. The estimated cost of these positions, including related services and supplies, is \$2,601,745 General Fund in the 2023-25 biennium and \$3,825,271 General Fund in the 2025-27 biennium.

ODE also anticipates needing additional services and supplies. These costs include providing contract dollars for each approved recovery school to hire one Special Education Teacher, Instructional Assistant, Speech-Language Pathologist, and Health Service Provider; attorney's fees; and special education evaluation services. Assuming three approved recovery schools in 2023-25 and six approved recovery schools in 2025-27, ODE will incur an estimated \$1,170,000 General Fund in 2023-25 and \$2,290,000 General Fund in 2025-27 in additional services and supplies costs.

Since the measure provides funding for the approved recovery schools from the State School Fund and the Statewide Education Initiatives Account, ODE will provide grants-in-aid as Other Funds from the State School Fund and the Statewide Education Initiatives Account of \$3,150,000 Other Funds in 2023-25 and \$12,600,000 Other Funds in 2025-27.

The fiscal impact to ODE is \$5,751,745 total funds in 2023-25 and \$16,425,271 total funds in 2025-27.

School Districts

The fiscal impact to school districts is indeterminate and depends on the number of recovery schools approved.

Other Government Units

The measure is anticipated to have no fiscal impact on cities, counties, the Department of Human Services, Oregon Health Authority, Oregon Youth Authority, and the Teacher Standards and Practices Commission.