

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2739 - A**

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 the Oregon Department of Administrative Services to prepare a tentative budget for funding of the State School Fund. Directs the department to form a 12-member committee and to review with committee the components of the methodology and the calculations that will be used to prepare the tentative budget.

**Government Unit(s) Affected:**

Department of Administrative Services, Oregon Department of Education, Legislative Fiscal Office, Legislative Revenue Office, School Districts, Legislative Assembly, Department of Revenue

**Summary of Fiscal Impact:**

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

**Analysis:**

House Bill 2739 A-engrossed directs the Department of Administrative Services (DAS) to prepare a tentative budget for funding the State School Fund for the next biennium. In doing so, DAS must form a 12-member committee, which must include one member from the Oregon Department of Education (ODE), one nonvoting member from the Legislative Fiscal Office (LFO), one nonvoting member from the Legislative Revenue Office (LRO), four representatives of professional educator organizations, three representatives of educator professionals, one nonvoting State Senator, and one nonvoting State Representative. DAS must review with the committee the components of the methodology and the calculations that will be used to prepare the tentative budget. The methodology must calculate the current service level based on consideration of the methodology identified by the committee. The tentative budget must include projected changes in the cost of personal services, services and supplies, and capital outlay; forecasted local revenues, as calculated by DAS, LFO, LRO, and the Department of Revenue (DOR); and projected cost factors that may arise from new laws and administrative rules. DAS must consult with LFO and collaborate with the committee prior to finalizing the tentative budget. DAS must submit the tentative budget to the Governor and the Legislative Assembly in conjunction with ODE's agency request budget. The measure takes effect on January 1, 2024.

The measure is anticipated to have a minimal fiscal impact on DAS, ODE, LFO, LRO, DOR, and the Legislative Assembly. The measure is also anticipated to have a minimal impact on school districts, as the new methodology for preparing the tentative budget for funding the State School Fund may impact the amount of funding that each school district receives.

Although the measure is anticipated to have a minimal fiscal impact, it nevertheless warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of the changes it makes to the budgetary process, as well as its potential impact to distributions from the State School Fund.