

A-Engrossed
House Bill 2739

Ordered by the House April 10
Including House Amendments dated April 10

Sponsored by Representatives NERON, RUIZ, BOWMAN; Representatives HUDSON, NGUYEN H, Senators DEMBROW, WOODS (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Oregon Department of Administrative Services to prepare tentative budget for funding of State School Fund. Requires department to form committee for purpose of preparing tentative budget. Prescribes factors to be considered by committee.

A BILL FOR AN ACT

1 Relating to the method for funding public education.

2 Whereas funding for kindergarten through grade 12 public education accounts for the largest
3 segment of the state's General Fund budget; and

4 Whereas the primary source of funding for kindergarten through grade 12 public education
5 comes from appropriations made by the Legislative Assembly from the General Fund to the State
6 School Fund; and

7 Whereas the Legislative Assembly must develop biennial state budgets based on available re-
8 sources; and

9 Whereas the state budgeting process depends on an accurate analysis of current resources and
10 uncontrollable cost drivers; and

11 Whereas the public relies on fiscal analyses to describe public education fiscal facts with the
12 greatest accuracy possible; and

13 Whereas the calculation process for determining the current service level for public education
14 that is prescribed by the Governor's Executive Order 14-14 has introduced instability to public ed-
15 ucation funding and relies, in part, on policies and organizational entities that are no longer in force
16 or no longer exist; and

17 Whereas confusion about the meaning of the current service level and confusion about the level
18 itself have impacted the stability of school budgets; and

19 Whereas the state's calculation of a budget for kindergarten through grade 12 public education
20 based on current service levels has not and cannot be developed at the level of detail as for other
21 state programs; and

22 Whereas the Quality Education Commission calculates the gap between baseline funding for
23 public education and its recommended full-funding level for public education based on the current
24 service level calculation; and

25 Whereas policymakers rely on the accuracy of the current service level calculation to gauge
26 whether proposed appropriation levels will result in stable school budgets; and
27

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 Whereas the State of Oregon has an interest in directing the process for determining the current
2 service level for kindergarten through grade 12 public schools based on accurate information and
3 collaboration among all key entities involved in the school finance process; now, therefore,

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 2 of this 2023 Act is added to and made a part of ORS 327.006 to
6 **327.133.**

7 **SECTION 2.** (1) Each even-numbered year, the Oregon Department of Administrative
8 Services shall prepare a tentative budget for funding the State School Fund for the next
9 biennium.

10 (2)(a) For the purpose of preparing the tentative budget, the department shall form a
11 committee. The committee must include:

12 (A) Three representatives of state government, which must include one representative
13 from each of the following:

14 (i) The Department of Education;

15 (ii) The Legislative Fiscal Officer, or the designee of the officer; and

16 (iii) The Legislative Revenue Officer, or the designee of the officer;

17 (B) Four representatives of professional educator organizations, which must include one
18 representative from each of the following:

19 (i) School district administrators;

20 (ii) School district boards;

21 (iii) A licensed school employees labor union; and

22 (iv) A classified school employees labor union;

23 (C) Three representatives of educator professionals, which must include one designee of
24 each of the following:

25 (i) School business officials;

26 (ii) School district human resources personnel; and

27 (iii) Education service districts; and

28 (D) One Senator appointed by the President of the Senate and one Representative ap-
29 pointed by the Speaker of the House of Representatives.

30 (b) The Legislative Fiscal Officer and the Legislative Revenue Officer, or their designees,
31 and the members of the committee who are members of the Legislative Assembly shall serve
32 as nonvoting members on the committee formed under this subsection.

33 (3)(a) The Oregon Department of Administrative Services shall review with the commit-
34 tee formed under subsection (2) of this section the components of the methodology that will
35 be used to prepare the tentative budget and the calculations for the tentative budget.

36 (b) The methodology used for the tentative budget must calculate the current service
37 level based on consideration of the methodology identified by the committee.

38 (c) The tentative budget shall include:

39 (A) Projected changes in the cost of personnel services, other services, supplies and
40 capital expenditures, based on:

41 (i) Anticipated expenses; and

42 (ii) Projections of roll-up costs provided by school districts that represent at least two-
43 thirds of the number of weighted students (ADMw) in the most recent State School Fund
44 calculations;

45 (B) Forecasted local revenues, as described in ORS 327.011 and as calculated by the

1 **Oregon Department of Administrative Services, the Legislative Fiscal Officer, the Legislative**
2 **Revenue Officer and the Department of Revenue; and**

3 **(C) Projected cost factors that may arise from new laws and administrative rules.**

4 **(4) The Oregon Department of Administrative Services shall consult with the Legislative**
5 **Fiscal Officer and shall collaborate with the committee formed under subsection (2) of this**
6 **section prior to finalizing the tentative budget required under this section.**

7 **(5) The Oregon Department of Administrative Services shall present the tentative budget**
8 **prepared under this section to the Governor and to the Legislative Assembly in conjunction**
9 **with the submittal of the agency request budget of the Department of Education.**

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