

COURTNEY NERON
STATE REPRESENTATIVE
DISTRICT 26



HOUSE OF REPRESENTATIVES

Testimony in Support of HB 2739

January 25th, 2023

As an educator, parent and legislator I care deeply about ensuring stable and adequate funding for our schools. I know the value of a strong public education and core to that strength is stable funding. I am grateful that the legislature passed the Student Success Act after decades of disinvestment in our schools, and I believe we must continue to strive to attain funding of our expectations for Oregon's education system. However, HB2739 is not about achieving full funding, or even additional funding, but simply about **modernizing the budget calculation so that we can accurately and precisely calculate the true current service level from one biennium to the next.**

As you will hear from funding stability advocates today, the way we calculate and allocate dollars has very real consequences in our classroom, and **education budgets work very differently compared to other sectors and other departments.** Schools Districts and ESDs have no choice but to live within the budget appropriation we give them – they cannot raise tuition like colleges and universities can, they do not return to the legislature in the short session with Policy Option Packages, and they value local control. We have 197 school districts across our state that receive state funds and engage in annual local budgeting processes and have locally bargaining of contracts that deserve to be considered within our legislative process.

A significant amount of our state school fund goes straight to payroll. It is incumbent upon the legislature to get this number right, not only so that we can have clarity in our budgeting responsibilities, but also so that we do not perpetuate systems that undervalue the education workforce (which is historically predominantly women). Accurate calculations ensure wages and benefits can keep up with inflation. **These state investments translate not only to resources that support students, but to quality jobs in every Oregon community.**

The goal of HB 2739 is simply to get the right answer to a math problem. Calculating the current service level should not be an opportunity for cost-containment. **When the state underestimates the cost of K-12 Education there is immense confusion over how much funding the Legislature needs to allocate to prevent cuts in our schools.** It is important to note that an accurate calculation will not bind a legislature to fund the current service level estimate, but rather it will provide for a more informed conversation and build trust among decision makers.

HB 2739 is needed because the current state process for estimating the cost of K-12 Education in Oregon leads to projections that would not cover the full cost of fuel, food for school meals, employee salaries and other vital expenses. **The current inadequate process of determining a "no-cuts" State School Fund (SSF) allocation, is avoidable and overly politicized, and leaves legislators unsure of how schools will truly be impacted by the funding level that we ultimately approve.**

In our 2019 hearing on HB 2074, a similar concept led by now-Senator Sollman, we heard from a panel of experts and I encourage all to [watch that HB2017 \(2019\) hearing](#) as well as [read submitted HB 2074 \(2019\) testimony](#) to understand the history and importance of the legislation.

In 2021, I led a work group focused on the State School Fund as a distribution formula. We discussed equity, adequacy, specific student budget weights, and the realities of school funding in depth. I want to thank Senator Weber for joining those meetings and all of the participants who helped me and others further understand the **foundational nature of the current service level calculation**. That group returned time and time again to the need for more accurate calculation methods, and the disadvantage that the current methodology has in informing a true CSL number.

The good news is that we have an opportunity to fix what many see as a flawed process. **We have precedent for another methodology that was widely agreed upon to be inclusive, transparent, and most importantly, more accurate at getting to true roll up cost calculations. HB 2739 sets the table for a transparent and collaborative CSL conversation.** It sets the framework for discussions on data, current contracts, real time purchasing power, and information that will be used to determine the CSL. Again, the new estimation process would include an analysis of projected changes in the cost of personnel based on actual employment contracts negotiated at the district level. The process would also include analysis of projected cost factors that may arise from new laws and administrative rules. These data are crucial to understanding the real cost of K-12 Education in Oregon.

Many legislatures work on school budgets annually; some have suggested our school districts switch to budgeting on a two year cycle, but I believe neither of those options is a fit for Oregon's biennial legislative budgeting process or our annual district budgeting. I believe this bill strikes the right balance for an Oregon solution. **HB 2739 sets the table for the numbers used in the calculation to be agreed upon by stakeholders, legislators, and budget experts, reducing the politicization of the estimate as we saw in 2019, 2021, and now likely again in 2023.**

The Legislature needs to know whether and when we have provided sufficient funding for school budgets to be stable in each budget cycle. The difference between a \$9.5 billion and \$10.3 billion allocation, for example, is dramatic. It is critical that our state generates an estimate that uses as accurate a methodology as possible when calculating the cost of the largest part of our state budget

I ask for your support for HB2739 so that we can improve accuracy, transparency and trust in our education budgeting conversations.

Thank you,

A handwritten signature in black ink that reads "Courtney Neron". The signature is written in a cursive, flowing style.

Rep Courtney Neron