

LEGISLATIVE FISCAL OFFICE
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WAYS AND MEANS

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To: Capital Construction Subcommittee
From: John Terpening, Legislative Fiscal Office
Date: March 3, 2026
Subject: SB 5703 – Allocations
Work Session Recommendations

SB 5703 modifies the 2025-27 revenue allocations from the Administrative Services Economic Development Fund, Veterans' Services Fund, Criminal Fine Account (CFA), Oregon Marijuana Account (OMA), and Fund for Student Success. The allocations are within the resources forecasted in the March 2026 state revenue forecast. The -1 amendment replaces the bill with the allocation changes.

The forecast for the current biennium lottery resources is \$57.5 million lower than the forecast used in the 2025 session for the 2025-27 legislatively adopted budget, including one-time resources (2023-25 reversions and administrative actions). The measure includes a net lottery allocation decrease of \$42.5 million, which accounts for adjustments to constitutional allocations, the State School Fund, state employee compensation and debt service adjustments across multiple agencies.

The measure modifies CFA allocations to balance to a 10% decline in resources, by eliminating previous allocations to the Judicial Department and Department of Human Services and backfilling with General Fund. The measure also decreases the OMA allocation by \$15.6 million to the Drug Treatment and Recovery Services Fund consistent with the forecasted revenue dedicated for this purpose.

Allocations from the Economic Development Fund, Veterans' Services Fund, Criminal Fine Account, Oregon Marijuana Account, and Fund for Student Success are provided in the attached tables.

Amendment

LFO recommends adoption of the –1 amendment.

MOTION: I move adoption of the –1 amendment to SB 5703. *(vote)*

Final Subcommittee Action

LFO recommends that SB 5703, as amended by the –1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5703, as amended, to the Full Committee with a do pass recommendation. *(vote)*

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

LOTTERY FUNDS CASH FLOW SUMMARY

	2023-25 Legislatively Approved Budget	2025-27 Legislatively Adopted Budget	2025-27 Legislatively Approved Budget March 2026	SB 5703 Allocations and Revenue Updates
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	84,396,435	\$ 45,085,738	\$ 45,085,738	-
Lottery Funds Reversions under ORS 461.559	5,685,238	-	8,757,325	8,757,325
REVENUES				
Transfers from Lottery				
Net Proceeds	1,808,589,754	1,885,292,599	1,817,135,214	(68,157,385)
Administrative Actions	42,882,044	-	1,914,629	1,914,629
Other Revenues				
Interest Earnings	2,000,000	2,000,000	2,000,000	-
Other	-	-	-	-
Total Revenue	1,853,471,798	1,887,292,599	1,821,049,843	(66,242,756)
TOTAL RESOURCES	\$ 1,943,553,471	\$ 1,932,378,337	\$ 1,874,892,906	\$ (57,485,431)
DISTRIBUTIONS / ALLOCATIONS				
Distribution to Education Stability Fund	(333,264,924)	(254,358,031)	(245,686,979)	8,671,052
Distribution to Oregon School Capital Improvement Matching Fund	-	(70,828,864)	(68,118,327)	2,710,537
Distribution to Parks and Natural Resources Fund	(277,720,770)	(282,793,890)	(272,857,476)	9,936,414
Distribution for Veterans' Services Fund	(27,772,077)	(28,279,389)	(27,285,748)	993,641
Distribution for Outdoor School Fund	(36,406,064)	(48,060,583)	(48,060,583)	-
Distribution of Video Revenues to Counties	(59,982,296)	(59,783,760)	(59,783,760)	-
Distribution for Sports Programs	(18,329,943)	(18,852,926)	(18,852,926)	-
Distribution for Gambling Addiction	(18,472,837)	(18,853,152)	(18,721,089)	132,063
Distribution for County Fairs	(3,828,000)	(5,744,348)	(5,744,348)	-
Distribution to PERS Employer Incentive Fund	(28,186,388)	-	-	-
Allocation to State School Fund	(638,737,863)	(606,501,675)	(584,162,579)	22,339,096
Debt Service Allocations	(336,702,668)	(389,965,797)	(388,147,396)	1,818,401
Other Agency Allocations	(119,063,903)	(108,355,922)	(112,471,695)	(4,115,773)
TOTAL DISTRIBUTIONS / ALLOCATIONS	\$ (1,898,467,733)	\$ (1,892,378,337)	\$ (1,849,892,906)	\$ 42,485,431
ENDING BALANCE	\$ 45,085,738	\$ 40,000,000	\$ 25,000,000	\$ (15,000,000)

	2023-25 Legislatively Approved Budget	2025-27 Legislatively Adopted Budget	2025-27 Legislatively Approved Budget March 2026	SB 5703 Allocations and Revenue Updates
EDUCATION STABILITY FUND (not including the Oregon Growth Account balances)				
RESOURCES				
Beginning Balance	708,394,230	\$ 1,008,332,375	\$ 1,008,332,375	
Revenues				
Transfer from the Economic Development Fund	299,938,431	228,922,228	221,118,281	(7,803,947)
Interest Earnings	85,143,452	85,629,606	88,845,530	3,215,924
Oregon Growth Account Earnings Distributions	12,054,200	-	9,635,817	9,635,817
Total Revenue	\$ 397,136,083	\$ 314,551,834	\$ 319,599,628	\$ 5,047,794
TOTAL RESOURCES	\$ 1,105,530,313	\$ 1,322,884,209	\$ 1,327,932,003	\$ 5,047,794
DISTRIBUTIONS				
Oregon Opportunity Grant Program	(97,197,652)	(85,629,606)	(98,481,347)	(12,851,741)
Debt Service Allocations to Department of Education	-	-	-	-
Education Stability Fund Withdrawal	-	-	-	-
Treasury Account Fees	(286)	-	(264)	-
TOTAL DISTRIBUTIONS	\$ (97,197,938)	\$ (85,629,606)	\$ (98,481,611)	\$ (12,851,741)
ENDING BALANCE	\$ 1,008,332,375	\$ 1,237,254,603	\$ 1,229,450,392	\$ (7,803,947)

Notes:

- Oregon Growth Account distributions and transfers to the Oregon Education Fund and Oregon Opportunity Grant Program are included in the Education Stability Fund.
- Transfers from the Economic Development Fund to the Education Stability Fund (ESF) represent those made only to the main ESF account and do not include the 10% transferred to the Oregon Growth Account.

2025-27 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES

ECONOMIC DEVELOPMENT FUND	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	2025-27 LAB Expenditure Limitation	Ending Lottery Balance
DEBT SERVICE COMMITMENTS					
Higher Education Coordinating Commission Outstanding bonds	44,350,611	-	-	44,350,611	-
Business Development Department Outstanding and Proposed bonds	73,739,562	-	-	73,739,562	-
Housing and Community Services Department Outstanding and Proposed bonds	43,110,880	-	-	43,110,880	-
Department of Transportation Outstanding bonds	126,921,540	-	-	126,921,540	-
Department of Administrative Services Outstanding and Proposed bonds	51,577,723	-	-	51,577,723	-
State Forestry Department Outstanding Bonds	1,986,913	-	-	1,986,913	-
Department of Fish and Wildlife Outstanding Bonds	2,306,533	-	-	2,306,533	-
Watershed Enhancement Board Outstanding Bonds	669,619	-	-	669,619	-
State Parks and Recreation Department Outstanding bonds	2,861,307	-	-	2,861,307	-
Water Resources Department Outstanding and Proposed bonds	20,040,871	-	-	20,040,871	-
Department of Veterans' Affairs Outstanding Bonds	551,000	-	-	551,000	-
Oregon Health Authority Outstanding Bonds and Proposed bonds	12,902,605	-	-	12,902,605	-
Department of Education Outstanding Bonds	7,128,232	-	-	7,128,232	-
OTHER ALLOCATIONS					
Higher Education Coordinating Commission Collegiate Athletics	18,852,926	-	-	18,852,926	-
Outdoor Schools	48,060,583	-	-	48,060,583	-
Oregon Health Authority Gambling Addiction Treatment	18,721,089	-	-	18,721,089	-
Department of Administrative Services Distribution to County Fairs	5,744,348	-	-	5,744,348	-
Public Employees Retirement System Employer Incentive Fund	-	38,985,050	2,302,052	41,287,102	-
Department of Education State School Fund	584,162,579	-	-	584,162,579	-
Office of the Governor Regional Solutions	5,402,757	-	-	5,402,757	-
Business Development Department Operations	21,676,394	-	-	21,676,394	-
Business, Innovation, and Trade Infrastructure	77,821,724	8,171,784	-	85,993,508	-
Infrastructure	6,029,220	13,704,056	-	19,733,276	-
Film and Video	1,541,600	-	-	1,541,600	-
TOTAL ECONOMIC DEVELOPMENT FUND	1,176,160,616	60,860,890	2,302,052	1,239,323,558	-
EDUCATION STABILITY FUND / OREGON EDUCATION FUND					
Higher Education Coordinating Commission Opportunity Grants	98,481,347	13,698,721	-	94,000,000	18,180,068
TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND	98,481,347	13,698,721	-	94,000,000	18,180,068

VETERANS' SERVICES FUND

	2023-25 Legislatively Approved	2025-27 Legislatively Adopted	2025-27 Legislatively Approved	SB 5703 Revenue Adjustments
RESOURCES / REVENUES				
Beginning Balance	\$ 5,528,837	\$ 5,738,063	\$ 5,738,063	\$ -
Lottery Funds Reversions under ORS 406.141	1,323,552	-	3,397,955	3,397,955
Lottery Revenue	27,772,077	28,279,389	27,285,748	(993,641)
Interest Earnings	-	-	-	-
TOTAL RESOURCES	\$ 34,624,466	\$ 34,017,452	\$ 36,421,766	\$ 2,404,314
ALLOCATIONS				
Department of Veterans' Affairs				
Veterans' Services Program	\$ (14,672,060)	\$ (15,108,297)	\$ (15,724,003)	\$ (615,706)
County Veteran Service Officers	(7,788,605)	(8,115,726)	(8,115,726)	-
National Service Organizations	(541,693)	(564,444)	(564,444)	-
Total ODVA Allocations	\$ (23,002,358)	\$ (23,788,467)	\$ (24,404,173)	\$ (615,706)
Bureau of Labor and Industries				
Veterans' Outreach	(316,222)	(307,006)	(313,904)	(6,898)
Criminal Justice Commission				
Veterans' Specialty Courts	(603,177)	(628,510)	(628,510)	-
Oregon Health Authority				
Veterans Behavioral Health	(2,233,850)	(2,879,455)	(2,879,455)	-
Veterans Dental Program	(2,730,796)	(3,519,334)	(3,518,331)	1,003
TOTAL ALLOCATIONS	\$ (28,886,403)	\$ (31,122,772)	\$ (31,744,373)	\$ (621,601)
ENDING BALANCE	\$ 5,738,063	\$ 2,894,680	\$ 4,677,393	\$ 1,782,713

Note: 2023-25 legislatively approved and 2025-27 legislatively adopted amounts are based on the May 2025 state revenue forecast and the 2025-27 legislatively approved amounts are based on the March 2026 forecast.

CRIMINAL FINE ACCOUNT ALLOCATIONS

	2023-25 Legislatively Approved Budget	2025-27 Legislatively Adopted Budget	2025-27 Legislatively Approved Budget SB 5703	Percent Change
Beginning Balance	-	-	\$ 726,814	
Criminal Fine Account Revenues:	\$ 97,109,927	\$ 103,195,820	\$ 92,914,494	-10.0%
Criminal Fine Account Allocations:				
Department of Public Safety Standards and Training				
Operations	\$ 55,016,548	\$ 65,846,019	\$ 67,991,384	3.3%
Public Safety Memorial Fund	279,677	-	-	0.0%
Subtotal:	\$ 55,296,225	\$ 65,846,019	\$ 67,991,384	3.3%
Department of Justice				
Child Abuse Multidisciplinary Intervention Account	\$ 12,210,883	\$ 14,289,302	\$ 14,289,302	0.0%
Regional Assessment Centers	920,490	959,151	959,151	0.0%
Criminal Injuries Compensation Account	10,272,994	10,704,460	9,429,903	-11.9%
Child Abuse Medical Assessments	779,144	811,868	811,868	0.0%
Subtotal:	\$ 24,183,511	\$ 26,764,781	\$ 25,490,224	-4.8%
Department of Human Services				
Domestic Violence Fund	\$ 2,668,697	\$ 2,850,674	\$ -	-100.0%
Sexual Assault Victims Fund	605,216	630,635	-	-100.0%
Subtotal:	\$ 3,273,913	\$ 3,481,309	\$ -	-100.0%
Oregon Health Authority				
Emergency Medical Services & Trauma Services	\$ 331,824	\$ -	\$ -	0.0%
Alcohol & Drug Abuse Prevention	42,884	-	-	0.0%
Law Enforcement Medical Liability Account (LEMLA)	1,300,000	-	-	0.0%
Intoxicated Driver Program	4,323,000	-	-	0.0%
Drug Treatment and Recovery Services Fund Transfer	31,200	-	-	0.0%
Subtotal:	\$ 6,028,908	\$ -	\$ -	0.0%
Oregon Judicial Department				
State court security and emergency preparedness	\$ 3,822,333	\$ 5,087,487	\$ -	-100.0%
County court facilities security	3,326,651	1,852,863	-	-100.0%
State Court Technology Fund	-	-	-	0.0%
Subtotal:	\$ 7,148,984	\$ 6,940,350	\$ -	-100.0%
Oregon State Police				
Driving Under the Influence Enforcement	\$ 351,572	\$ -	\$ -	0.0%
Department of Corrections				
County correction programs and facilities, and alcohol and drug programs	\$ -	\$ -	\$ -	0.0%
Department of Revenue				
Administrative Expenses	\$ 100,000	\$ 159,700	\$ 159,700	0.0%
Total Allocations:	\$ 96,383,113	\$ 103,192,159	\$ 93,641,308	-9.3%
Remaining Balance:	\$ 726,814	\$ 3,661	\$ -	-100.0%

2025-27 Oregon Marijuana Account

	2023-25 Legislatively Approved Budget	2025-27 Legislatively Adopted Budget	2025-27 Legislatively Approved Budget	SB 5703 Adjustments
Cities	10,187,665	10,892,069	10,892,144	75
Counties	10,187,665	10,892,069	10,892,144	75
Subtotal Local	20,375,330	21,784,138	21,784,288	150
Drug Treatment and Recovery Services Fund	185,125,730	192,330,671	176,778,589	(15,552,082)
State School Fund	40,750,659	43,568,275	43,568,577	302
Mental Health Alcoholism & Drug Services Account	20,375,329	21,784,137	21,784,288	151
State Police Account	15,281,497	16,338,103	16,338,216	113
Drug and alcohol abuse prevention and treatment	5,093,832	5,446,034	5,446,072	38
Subtotal State	266,627,047	279,467,220	263,915,742	(15,551,478)
Total	287,002,377	301,251,358	285,700,030	(15,551,328)

Note: 2023-25 and 2025-27 amounts are based on the May 2025 state revenue forecast and 2025-27 legislatively approved budget amounts are based on the March 2026 forecast.

FUND FOR STUDENT SUCCESS CASH FLOW SUMMARY

	2025-27 Legislatively Adopted Budget (May 2025) ¹	2025-27 Legislatively Approved Budget (March 2026) ²	SB 5703 Adjustments and other Revenue Adjustments
FUND FOR STUDENT SUCCESS			
RESOURCES			
Beginning Balance	\$ 111,227,970	\$ 136,249,078	25,021,107
REVENUES			
Transfers from Department of Revenue			
Net Proceeds	3,071,710,705	3,054,167,740	(17,542,965)
Administrative Actions	(23,656,320)	(23,656,320)	-
Retain as a reserve/cash flow - ORS 327.001(4)(b)	(100,000,000)	(114,661,273)	(14,661,273)
Total Revenue	2,948,054,385	2,915,850,147	(32,204,238)
TOTAL RESOURCES	\$ 3,059,282,356	\$ 3,052,099,225	\$ (7,183,131)
TRANSFERS / ALLOCATIONS			
Transfer to the High Cost Disabilities Account - ORS 327.001(4)(a)(A)	(40,000,000)	(40,000,000)	-
Transfer to the State School Fund - ORS 327.001(4)(a)(B)	(799,625,392)	(792,442,261)	7,183,131
Allocation to the Student Investment Account	(1,109,828,482)	(1,109,828,482)	-
Allocation to the Statewide Education Initiatives Account	(559,443,881)	(541,287,875)	18,156,006
Allocation to the Early Learning Account	(550,384,601)	(550,384,601)	-
TOTAL DISTRIBUTIONS / ALLOCATIONS	\$ (3,059,282,356)	\$ (3,033,943,219)	\$ 25,339,137
ENDING BALANCE	\$ -	\$ 18,156,006	\$ 18,156,006
STUDENT INVESTMENT ACCOUNT - ORS 327.175			
RESOURCES			
Beginning Balance	\$ -	\$ 2,120,888	2,120,888
Revenues			
Allocation from the Fund for Student Success	1,109,828,482	1,109,828,482	-
Total Revenue	\$ 1,109,828,482	\$ 1,111,949,370	2,120,888
TOTAL RESOURCES	\$ 1,109,828,482	\$ 1,111,949,370	2,120,888
EXPENDITURES			
Grants to education programs	(1,109,828,482)	(1,111,949,370)	(2,120,888)
TOTAL STUDENT INVESTMENT ACCOUNT	\$ -	\$ -	\$ -
ENDING BALANCE	\$ -	\$ -	\$ -
STATEWIDE EDUCATION INITIATIVES ACCOUNT - ORS 327.250			
RESOURCES			
Beginning Balance	\$ 58,901,314	\$ 100,334,815	41,433,501
Revenues			
Allocation from the Fund for Student Success	559,443,881	541,287,875	(18,156,006)
Total Revenue	\$ 618,345,195	\$ 641,622,690	23,277,495
TOTAL RESOURCES	\$ 618,345,195	\$ 641,622,690	23,277,495
EXPENDITURES			
Grants to education programs	(618,345,195)	(641,622,690)	(23,277,495)
TOTAL STATEWIDE EDUCATION INITIATIVES ACCOUNT	\$ -	\$ -	\$ -
ENDING BALANCE	\$ -	\$ -	\$ -
EARLY LEARNING ACCOUNT - ORS 327.269			
RESOURCES			
Beginning Balance	\$ 24,900,000	\$ 59,302,894	34,402,894
Revenues			
Allocation from the Fund for Student Success	550,384,601	550,384,601	-
Total Revenue	\$ 575,284,601	\$ 609,687,495	34,402,894
TOTAL RESOURCES	\$ 575,284,601	\$ 609,687,495	34,402,894
EXPENDITURES			
Grants to education programs	(575,284,601)	(609,687,495)	(34,402,894)
TOTAL EARLY LEARNING ACCOUNT	\$ -	\$ -	\$ -
ENDING BALANCE	\$ -	\$ -	\$ -

1. The 2025-27 Legislatively Adopted Budget is based on the May 2025 forecast of 2025-27 resources.

2. The 2025-27 Legislatively Approved Budget is based on the March 2026 forecast of 2025-27 resources.