

HB 5016 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Department of Education

2019-21

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 7,582,892,067	\$ 8,150,549,940	\$ 7,713,586,339	\$ 130,694,272	1.7%
Lottery Funds Limited	\$ 535,719,907	\$ 535,719,907	\$ 535,719,907	\$ -	0.0%
Other Funds	\$ 85,248,393	\$ 85,248,393	\$ 750,693,754	\$ 665,445,361	780.6%
Total	\$ 8,203,860,367	\$ 8,771,518,240	\$ 9,000,000,000	\$ 796,139,633	9.7%

Position Summary

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The School Formula revenue consists of state support and certain local revenues. Formula revenue is available for general school operations and does not include bond revenue or categorical aid. State support through the State School Fund (SSF) includes General Fund from income and capital gains taxes and Lottery Funds from net lottery proceeds. Other Funds revenues for the SSF include resources found in recent biennial budgets, such as the Local Option Equalization Grants Account, marijuana taxes, and state timber taxes; this includes \$4,000,000 from Local Option Equalization Grants, \$103,292,928 from marijuana taxes, and \$400,826 from state timber revenues. Funding in House Bill 5016 for the SSF also includes a new source of revenue established in House Bill 3427 in the new Fund for Student Success. New revenues for the SSF transferred from the Fund for Student Success include:

2019-21 Fund for Student Success	
	\$M
General Purpose	\$ 200.0
High Cost Disabilities	\$ 20.0
Backfill for Lost General Fund Due to HB 3427	\$ 423.0
Total	\$ 643.0

House Bill 5016 reflects only the SSF – the state’s share of School Formula funding. Local revenues (primarily property taxes) are not reflected in the state budget but are expected to provide \$4.27 billion in the 2019-21 biennium as estimated by the Legislative Revenue Office. This local revenue portion remains with the districts where collected but is considered as a part of the formula revenue for allocation purposes. Local revenue also includes distributions from the Common School Fund, which is managed by the State Land Board.

Summary of Education Subcommittee Action

The Subcommittee approved a total state funding level of \$9,000,000,000 for the SSF. Of this \$9.0 billion, \$7,713,586,339 is General Fund, \$535,719,907 is Lottery Funds, and \$750,693,754 is Other Funds expenditure limitation. These SSF resources are in addition to local revenues and state, federal, and other categorical aid. Together, SSF resources and local funding provides a School Formula budget of \$12.9 billion before specific distributions and “carve-outs.” At \$9.0 billion, the state contribution is \$796.1 million (9.7 percent) more than the 2017-19 Legislatively Approved Budget. It assumes adjustments for educator compensation, increased Public Employee Retirement System contributions, number of students, and characteristics of students (e.g. special education, remote schools).

These School Formula revenues are, for the most part, allocated to school districts and education service districts according to the formula prescribed in statute. The amount transferred for the Local Option Equalization Account established in ORS 327.339 is set at \$4,000,000, the amount estimated by the Oregon Department of Education to be sufficient to make payments based on the levies currently in place. A corresponding amount of Other Funds expenditure limitation is included so these payments can be made to the appropriate school districts.

Specific distributions or “carve-outs” are covered only by state contributions to the SSF and do not affect the basic distribution formula to school districts and Education Service Districts. Many of these specific distributions are still distributed to school districts, but outside the general formula. These distributions are generally authorized in chapter 327 of the Oregon Revised Statutes (ORS), but this bill does change the amount or authorize a new distribution as follows:

- Up to \$968,000 from the SSF may be expended for 10th grade assessments as described in ORS 329.488.
- Up to \$1,600,000 from the SSF may be expended for the purposes of the Oregon Virtual School District.
- Up to \$2,850,375 from the SSF may be expended to provide lunches at no cost to the student, for students eligible for reduced price lunches under the current United States Department of Agriculture’s Income Eligibility Guidelines.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Education
 Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 7,582,892,067	\$ 535,719,907	\$ 85,248,393	\$ -	\$ -	\$ -	\$ 8,203,860,367		
2019-21 Current Service Level (CSL)*	\$ 8,150,549,940	\$ 535,719,907	\$ 85,248,393	\$ -	\$ -	\$ -	\$ 8,771,518,240		
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 400- State School Fund									
Special Payments									
Account 6040	\$ (436,963,601)	\$ -	\$ 665,445,361	\$ -	\$ -	\$ -	\$ 228,481,760		
TOTAL ADJUSTMENTS	\$ (436,963,601)	\$ -	\$ 665,445,361	\$ -	\$ -	\$ -	\$ 228,481,760	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 7,713,586,339	\$ 535,719,907	\$ 750,693,754	\$ -	\$ -	\$ -	\$ 9,000,000,000	0	0.00
% Change from 2017-19 Leg Approved Budget	1.7%	0.0%	780.6%	0.0%	0.0%	0.0%	9.7%		
% Change from 2019-21 Current Service Level	(5.4%)	0.0%	780.6%	0.0%	0.0%	0.0%	2.6%		

*Excludes Capital Construction Expenditures

PRELIMINARY