

**SB 5514 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Dustin Ball, Department of Administrative Services

**Reviewed By:** Doug Wilson, Legislative Fiscal Office

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**Department of Education  
2021-23**

PRELIMINARY

## **Budget Summary\***

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget <sup>(1)</sup>	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 7,568,496,644	\$ 7,880,635,408	\$ 8,016,044,524	\$ 447,547,880	5.9%
Lottery Funds	\$ 730,467,530	\$ 370,466,870	\$ 570,466,870	\$ (160,000,660)	-21.9%
Other Funds Limited	\$ 701,035,826	\$ 746,359,000	\$ 713,488,606	\$ 12,452,780	1.8%
Total	\$ 9,000,000,000	\$ 8,997,461,278	\$ 9,300,000,000	\$ 300,000,000	3.3%

## **Position Summary**

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

<sup>(1)</sup> Includes adjustments through January 2021

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The School Formula revenue consists of state support and certain local revenues. The 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. There are also \$200,000,000 in Lottery Funds from a transfer from the Education Stability Fund. Other Funds revenues for the SSF include resources found in recent biennial budgets, such as the marijuana taxes (\$36.0 million), state timber revenues (\$599,736), and from a transfer from the Fund for Student Success (\$676.9 million).

Senate Bill 5514 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 \$4.6 billion in the 2021-23 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 distribution 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 recommended a total state funding level of \$9,300,000,000 for the SSF. Of this \$9.3 billion, \$8,016,044,524 is General Fund, \$570,466,870 is Lottery Funds including the \$200.0 million transfer from the Education Stability Fund, and \$713,488,606 is Other Funds expenditure limitation. These Other Funds include \$676,888,870 in resources transferred from the Fund for Student Success, \$36,000,000 in Marijuana tax revenues, and \$599,736 in timber related revenues.

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 \$13.9 billion before specific distributions and “carve-outs.” At \$9.3 billion, the state contribution is \$300.0 million (3.3 percent) more than the 2019-21 Legislatively Approved Budget. It assumes adjustments for educator compensation, changes in Public Employee Retirement System contributions, growth in health care costs, number of students, characteristics of students (e.g. special education, remote schools), and changes in local revenues.

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, which is the amount estimated by the Oregon Department of Education to be sufficient to make payments based on the levies currently in place.

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 (ESDs). Many of these specific carve-outs 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 set the amount for some of them 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.

### **Summary of Performance Measure Action**

There are no Key Performance Measures for the State School Fund.

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**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

Department of Education  
Dustin Ball - 971-720-0987

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ 7,568,496,644	\$ 730,467,530	\$ 701,035,826	\$ -	\$ -	\$ -	\$ 9,000,000,000		
2021-23 Current Service Level (CSL)*	\$ 7,880,635,408	\$ 370,466,870	\$ 746,359,000	\$ -	\$ -	\$ -	\$ 8,997,461,278		
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 400 - State School Fund</b>									
Special Payments - Account 6040	\$ 135,409,116	\$ 200,000,000	\$ (32,870,394)	\$ -	\$ -	\$ -	\$ 302,538,722		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 135,409,116</b>	<b>\$ 200,000,000</b>	<b>\$ (32,870,394)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 302,538,722</b>		
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 8,016,044,524</b>	<b>\$ 570,466,870</b>	<b>\$ 713,488,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,300,000,000</b>		
% Change from 2019-21 Leg Approved Budget	5.9%	-21.9%	1.8%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%
% Change from 2021-23 Current Service Level	1.7%	54.0%	-4.4%	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%

\*Excludes Capital Construction Expenditures

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