



Date: June 24, 2021
To: Capital Construction Subcommittee, Co-chairs Holvey and Girod and Members
From: Laurie Wimmer, OEA Government Relations
RE: *HB 5006 [Christmas Tree]*

On behalf of OEA's 41,000 members, I am testifying with concerns about the final resolution of Oregon's state budget as it concerns public education in the coming biennium, which is on track to experience a 40-year high in terms of revenue growth.

When the 2019 Legislature passed the Student Success Act in 2019, it was framed by us all as a game-changer in the long fight for PK-12 funding adequacy. Listening again to the hours of floor speeches in both chambers on the matter of the passage of this Act, we are struck by the fact that the point was made over and over that the SSA was to join the core operational funding of the State School Fund to improve the overall funding of our school system. The SSA grants were not intended to supplant the flexible operational funding of the SSF, but to supplement it, with an eye toward finally approaching the adequacy level recommended in the Quality Education Model.

The 2021 Legislative Assembly's budget writers, however, have taken a different approach from that clear legislative intent, and have argued that the SSA could supplant a stable base of operational funding, not supplement it. They substituted their judgment not only of school business officials in determining status quo through the CSL, but also of the Quality Education Commission in its determination of what constitutes a sufficient overall K-12 budget.

Our hope had been that the final budget resolution in HB 5006 would take steps to acknowledge this misalignment and improve the State School Fund so that its shortfall would not result in one of three outcomes: a dangerous drawdown of any reserves some districts may have (to avoid layoffs); a use of one-time ARPA funds or SIA grant dollars in ways not strictly aligned with their intent (to avoid layoffs); or, in some cases, to cancel programs and lay off staff to cope with the underfunding of schools by this legislature. In addition to putting districts in this position, the budget will only create a funding cliff in the next biennium that will create a more drastic problem. In a record revenue year, it certainly did not have to be this way.

We worked to provide an economic analysis of the overall benefit to the state of a fully funded budget in terms of GDP growth, job creation, and new revenue. While the term "unsustainable" has been continually used to defend against full funding, as if our students' needs were "unsustainable", we demonstrated that a \$9.6 billion budget could reduce the projected \$1 billion structural deficit next biennium by \$800 million.

The \$9.3 billion funding level, unimproved by this bill, also fails to allocate the Corporate Kicker revenues that voters clearly intended to go specifically to public education. The increase in assumed resources from the kicker from March to May should have been used to improve the SSF by more than \$200 million, but it has disappeared, unconstitutionally we believe, "across the entire budget", as was stated on May 12, 2021 by the LFO analyst. We believe that this violates voter intent and a clear constitutional mandate to supply "additional funding" to K-12.

Also missing from HB 5006 is the promised wildfire stabilization remedy found in HB 2630, which not only allocated SSA statewide resources to a five-year school stabilization fund for affected districts, but also laid out crucial parameters that eliminated virtual-school enrollees from the count and gave the Department of Education clear guidance for rulemaking in order to determine eligibility. We are disappointed that the funding and these policy details are absent from HB 5006.

Finally, we also attempted in SB 624 to correct a technical problem in the SSF distribution formula as it pertains to charter school rate calculations. That bill corrected a misreading of the intent of the formula to determine a single, equitable per-student charter rate. We worked with the Department of Education to fix the language in the statute to ensure that declining-enrollment (mostly small and rural) districts didn't lose hundreds of thousands of dollars a year to an overpayment of funds to charter schools located in their financially struggling districts. There was no fiscal attached to the remedy and zero opposition, yet the bill languished for months, ignored, in Ways and Means. We had hoped to see it revived in this bill; it was not, and the rate inequity problem will continue.

We understand and acknowledge that this has been an extremely challenging session for all who endeavor to do the People's work in the legislative process. We are grateful for the many efforts you all have made to manage the varying critical interests of this state in the midst of an ongoing pandemic and its many disruptions. We are grateful for your dedication to public service and know that you must balance a broad range of interests and needs in this most difficult of responsibilities. Thank you for all you do to dedicate yourselves to this purpose.

We hope that, by establishing in the record the deficits of this final budget bill, the record will reflect that the investment in our public school system was not complete, and that there is still time to address these deficiencies for the benefit of Oregon's 580,000+ public school students.

Thank you for considering our plea to amend HB 5006 to address these concerns.