

# House Bill 2739

Sponsored by Representatives NERON, RUIZ; Senators DEMBROW, WOODS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Directs Oregon Department of Administrative Services to prepare tentative budget for funding of State School Fund. Requires department to form committee for purpose of preparing tentative budget. Prescribes factors to be considered by committee.

## A BILL FOR AN ACT

1  
2 Relating to the method for funding public education.

3 Whereas funding for kindergarten through grade 12 public education accounts for the largest  
4 segment of the state's General Fund budget; and

5 Whereas the primary source of funding for kindergarten through grade 12 public education  
6 comes from appropriations made by the Legislative Assembly from the General Fund to the State  
7 School Fund; and

8 Whereas the Legislative Assembly must develop biennial state budgets based on available re-  
9 sources; and

10 Whereas the state budgeting process depends on an accurate analysis of current resources and  
11 uncontrollable cost drivers; and

12 Whereas the public relies on fiscal analyses to describe public education fiscal facts with the  
13 greatest accuracy possible; and

14 Whereas the calculation process for determining the current service level for public education  
15 that is prescribed by the Governor's Executive Order 14-14 has introduced instability to public ed-  
16 ucation funding and relies, in part, on policies and organizational entities that are no longer in force  
17 or no longer exist; and

18 Whereas confusion about the meaning of the current service level and confusion about the level  
19 itself have impacted the stability of school budgets; and

20 Whereas the state's calculation of a budget for kindergarten through grade 12 public education  
21 based on current service levels has not and cannot be developed at the level of detail as for other  
22 state programs; and

23 Whereas the Quality Education Commission calculates the gap between baseline funding for  
24 public education and its recommended full-funding level for public education based on the current  
25 service level calculation; and

26 Whereas policymakers rely on the accuracy of the current service level calculation to gauge  
27 whether proposed appropriation levels will result in stable school budgets; and

28 Whereas the State of Oregon has an interest in directing the process for determining the current  
29 service level for kindergarten through grade 12 public schools based on accurate information and  
30 collaboration among all key entities involved in the school finance process; now, therefore,

31 **Be It Enacted by the People of the State of Oregon:**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1       **SECTION 1.** Section 2 of this 2023 Act is added to and made a part of ORS 327.006 to  
2       327.133.

3       **SECTION 2.** (1) Each even-numbered year, the Oregon Department of Administrative  
4       Services shall prepare a tentative budget for funding the State School Fund for the next  
5       biennium.

6       (2)(a) For the purpose of preparing the tentative budget, the department shall form a  
7       committee. The committee must include:

8       (A) Four representatives of state government, which must include one representative  
9       from each of the following:

10       (i) The Department of Education;

11       (ii) The Legislative Fiscal Officer, or the designee of the officer;

12       (iii) The Legislative Revenue Officer, or the designee of the officer; and

13       (iv) The Governor's office;

14       (B) Four representatives of professional educator organizations, which must include one  
15       representative from each of the following:

16       (i) School district administrators;

17       (ii) School district boards;

18       (iii) A licensed school employees labor union; and

19       (iv) A classified school employees labor union;

20       (C) Three representatives of educator professionals, which must include one designee of  
21       each of the following:

22       (i) School business officials;

23       (ii) School district human resources personnel; and

24       (iii) Education service districts; and

25       (D) The cochairs of the Joint Committee on Ways and Means.

26       (b) The Legislative Fiscal Officer and the Legislative Revenue Officer, or their designees,  
27       and the cochairs of the Joint Committee on Ways and Means shall serve as nonvoting  
28       members on the committee formed under this subsection.

29       (3)(a) The Oregon Department of Administrative Services shall review with the commit-  
30       tee formed under subsection (2) of this section the components of the methodology that will  
31       be used to prepare the tentative budget and the calculations for the tentative budget.

32       (b) The methodology used for the tentative budget must calculate the current service  
33       level based on:

34       (A) The methodology identified by the committee;

35       (B) An assumption that 49 percent of the amounts available for distribution through the  
36       State School Fund were distributed in the first year of the current biennium, and 51 percent  
37       of the amounts available for distribution through the State School Fund were distributed in  
38       the second year of the current biennium;

39       (C) The use of the amounts distributed through the State School Fund during the second  
40       year of the current biennium as the base amount for making calculations for the next  
41       biennium; and

42       (D) An assumption that 49 percent of the amounts available for distribution through the  
43       State School Fund will be distributed in the first year of the next biennium, and 51 percent  
44       of the amounts available for distribution through the State School Fund will be distributed  
45       in the second year of the next biennium.

1       (c) For any components of the methodology not described in paragraph (b) of this sub-  
2 section, the Oregon Department of Administrative Services shall collaborate with the com-  
3 mittee to refine the methodology by considering alternative approaches to the calculations  
4 and other factors the committee believes may be pertinent to the preparation of the tenta-  
5 tive budget.

6       (d) The tentative budget shall include:

7       (A) Projected changes in the cost of personnel services, other services, supplies and  
8 capital expenditures, based on:

9       (i) Anticipated expenses; and

10       (ii) Projections of roll-up costs provided by school districts that represent at least two-  
11 thirds of the number of weighted students (ADMw) in the most recent State School Fund  
12 calculations;

13       (B) Forecasted local revenues, as described in ORS 327.011 and as calculated by the  
14 Oregon Department of Administrative Services, the Legislative Fiscal Officer, the Legislative  
15 Revenue Officer and the Department of Revenue; and

16       (C) Projected cost factors that may arise from new laws and administrative rules.

17       (4) The Oregon Department of Administrative Services shall collaborate with the com-  
18 mittee formed under subsection (2) of this section prior to finalizing the tentative budget  
19 required under this section.

20       (5) The Oregon Department of Administrative Services shall present the tentative budget  
21 prepared under this section to the Governor and to the Legislative Assembly in conjunction  
22 with the submittal of the agency request budget of the Department of Education.

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