

HB 4068 -1 STAFF MEASURE SUMMARY

House Committee On Education

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Meeting Dates: 2/5, 2/7

WHAT THE MEASURE DOES:

The measure directs the Department of Administrative Services (DAS) to form a committee to prepare a tentative budget for funding the State School Fund (SSF). The measure also requires school districts to provide financial summaries to the Department of Education (ODE) and requires budgets of school districts be made public. Effective January 1, 2025.

Detailed Summary:

Directs Department of Administrative Services (DAS) to prepare a tentative budget in even-numbered years for funding the State School Fund (SSF) for the following biennium. Requires DAS to form a committee for the purpose of preparing the tentative budget and outlines the membership of the committee. Requires that the tentative budget includes, at minimum, projected changes in school district costs, forecasted local revenue, and projected cost factors arising from new laws and administrative rules. Requires DAS to consult with the Legislative Fiscal Officer and collaborate with the committee to finalize the tentative budget. Requires DAS to present the budget to the Governor and Legislative Assembly.

Requires every school to provide a copy of the financial summary under ORS 294.438 and 294.441 to ODE by a date specified by the State Board of Education. Prohibits districts that withhold the financial summary from receiving any payments from the SSF until a summary is provided. Directs ODE to review summaries and withhold funds from districts that report an unappropriated ending fund balance plus reserves for the general fund exceeding the beginning general fund balance by ten percent or more. Directs ODE to calculate the amount districts spent in certain categories based on the financial summaries provided by the districts and to make public the financial summaries and calculations. Effective January 1, 2025.

ISSUES DISCUSSED:

- Differences in special education costs across districts
- Challenges in rural districts due to lack of economies of scale
- Inadequacy of federal funding through IDEA
- Percentage of eligible expenses that received reimbursement from the state

EFFECT OF AMENDMENT:

-1 The amendment replaces the measure. The amendment expands the use of the High Cost Disabilities Account to districts that have high special education costs due to community need. The amendment also appropriates \$150 million to the account to carry out the provisions of the amendment. Effective July 1, 2024.

Detailed Summary:

Replaces the measure. Allows school districts that have disproportionately high costs related to special education based on a community impact to access the High Cost Disabilities Account, even if no individual student

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meets the current \$30,000 threshold. Directs distributions made to these districts be equal to the approved costs incurred by the districts minus amounts directed to the districts for special education under the State School Fund. Effective July 1, 2024.

BACKGROUND:

The State School Fund (SSF), codified in ORS 327.006, is the means by which the state distributes the largest source of state funds to school districts and education service districts. The appropriation for the SSF is determined by the Legislature. Every biennium, the executive branch calculates the current service level (CSL), or the projected amount needed to maintain current services and programs. [Executive Order No. 14-14](#), issued in 2014, governs this process. Under Executive Order No. 14-14, the Oregon Department of Education calculates the cost to maintain the current level of performance for the SSF for the upcoming biennium no later than November 1 of each even-numbered year. The CSL may be considered by the Legislature when appropriating funds to the SSF.

Under OR 294.438 and OR 294.441, school districts and education service districts must publish a financial summary. The summary must include information on the total amount of resources and total expenditures included in the budget in a variety of categories.