

LEGISLATIVE FISCAL OFFICE
900 Court Street NE, Room H-178
Salem, Oregon 97301
(503) 986-1828

Amanda Beitel, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer
John Terpening, Deputy Legislative Fiscal Officer



JOINT COMMITTEE ON WAYS AND MEANS

Senator Lieber, Senate Co-Chair
Representative Sanchez, House Co-Chair

Senator Girod, Senate Co-Vice Chair
Representative Gomberg, House Co-Vice Chair
Representative Smith, House Co-Vice Chair

To: Education Subcommittee

From: Wendy Gibson, Legislative Fiscal Office

Date: May 28, 2025

Subject: SB 5516 – State School Fund
Work Session Recommendations

Department of Education - State School Fund				
Agency Totals				
FUND TYPE	2021-23 ACTUAL	2023-25 LEGISLATIVELY APPROVED	2025-27 CURRENT SERVICE LEVEL	2025-27 LFO RECOMMENDED
General Fund	7,861,224,323	8,736,640,339	9,860,133,424	9,850,229,757
Lottery Funds	650,508,965	638,737,863	625,259,443	625,259,443
Other Funds	756,401,823	824,621,798	874,049,823	883,953,490
TOTAL FUNDS	9,268,135,111	10,200,000,000	11,359,442,690	11,359,442,690

The State School Fund (SSF) is the primary funding source for the general operations of school districts and education service districts (ESDs) that serve more than 545,000 Oregon students from kindergarten through grade twelve. SSF resources include state General Fund, Lottery Funds, Marijuana Tax, and Corporate Activity Tax revenues from the Fund for Student Success. These state resources are combined with local school revenues (primarily property taxes, which are not included in the state budget) and result in total school funding “formula” resources. The “formula” refers to the equalization formula (ORS 327.008 et seq) that equitably allocates school funding to districts and ESDs on a per-pupil basis, weighted for certain student and district characteristics, and accounting for local revenues. Local revenues - including property taxes, Common School Fund revenues, and certain timber revenues - are estimated to total \$5.6 billion in the 2025-27 biennium. Combined with state resources of \$11.4 billion, total formula resources are expected to be more than \$16.7 billion for the 2025-27 biennium, a \$1.59 billion, or 10.5% increase over the 2023-25 biennium.

School formula resources are allocated to school districts and ESDs on a per-weighted-student basis (ADMw), which is estimated to be 670,256 in the 2025-26 school year. School districts receive a general purpose grant and a transportation grant from the SSF; ESDs receive a general services grant based partially on the weighted average daily membership of the school districts in each ESD's territory. Certain programs are funded from the SSF ("carved out") in addition to the distribution to school districts and ESDs; these programs are identified in statute and include transfers into the High Cost Disabilities account, the Statewide English Language Learner Account, and the Educator Advancement Fund. All other school spending decisions are made at the local level by elected school boards.

2025-27 SSF Carveouts		
CARVE OUTS	ORS	AMOUNT
Charter School Closure	327.008(3)	412,406
School Safety and Emergency Mgmt	327.008(7)	3,000,000
School Facilities Office	327.008(8)	10,000,000
Pediatric Nursing Facilities	327.008(9)	2,124,448
High Cost Disability	327.008(10)	110,000,000
EAC (SSF share)	327.008(11)(a)	6,794,711
EAC (from SD/ESD shares)	327.008(11)(b)	24,013,226
English Language Learners	327.008(12)	12,500,000
10th Grade Assessment	327.008(13)	968,000
Talented & Gifted	327.008(14)	350,000
Speech Pathologist	327.008(15)	150,000
Healthy Schools Facilities Fund	327.008(16)	2,000,000
Menstrual Products	327.008(17)	2,595,000
Small School Supplement	327.008(18)	5,000,000
Youth Challenge Program	327.008(19)	4,906,249
Hospital/Residential Care	327.008(1)(d), 343.243	44,827,044
Local Option Equalization	327.008(1)(d), 327.339	4,000,000
Oregon Digital Learning	SB 5516	1,600,000
Total Set Asides or Carve Outs		\$235,241,084

The 2025-27 current service level for the State School Fund is \$11.4 billion, an 11.4% change from the 2023-25 legislatively approved budget. Current service level includes standard adjustments from the 2023-25 budget for increases in employee compensation, changes in PERS rates and health insurance costs, changes in student enrollment, and estimated changes in local revenues. Additionally, proposed changes were included in the 2025-27 current service level calculation, including assuming a 49/51% funding split between the first and second years of a biennium and basing future cost changes on the higher year of the split and annualizing

local revenue estimates to recognize revenue fluctuations between the first and second years of a biennium.

The LFO recommended budget for the State School Fund for 2025-27 is the adjusted current service level budget of \$11.4 billion. This increased amount assumes funding is included for any expense a school district might incur related to the implementation of the accountability measure (SB 141, 2025). Based on the May 2025 economic and revenue forecast produced by the Office of Economic Analysis, resources and amounts for the SSF are as follows:

General Fund	9,850,229,757
Lottery Funds	625,259,443
Marijuana Tax	43,568,275
Corporate Activity Tax	839,625,392
State Timber Tax	759,823
Total SSF	\$11,359,442,690

Typically, General Fund and Lottery Funds amounts are re-balanced at the end of the legislative budget process to reflect both the May 2025 economic and revenue forecast and other uses of Lottery Funds statewide. Any needed adjustments will be made in end of session bills.

Adjustments to Current Service Level

Accept LFO Recommendation

MOTION: I move the LFO recommendation to SB 5516. *(vote)*

OR

Modify LFO Recommendation

MOTION: I move the LFO recommendation to SB 5516, with modifications. *(vote)*

Amendment

LFO recommends a budget of \$9,850,229,757 General Fund, \$625,259,443 Lottery Funds, and \$883,953,490, which is reflected in the –2 amendment.

MOTION: I move adoption of the –2 amendment to SB 5516. *(vote)*

Final Subcommittee Action

LFO recommends that SB 5516, as amended by the –2 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5516, as amended, to the Full Committee with a do pass recommendation. *(VOTE)*

Carriers

Full Committee:

House Floor:

Senate Floor:

LFO102 - Work Session Presentation Report
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 58100-070-00-00-00000

School Funding

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2023-25 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2023-25 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2023-25 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2023-25 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2025-27 Base Budget	-	-	-	-	-	-	-	-	-
060: Technical Adjustments	9,860,133,424	625,259,443	874,049,823	-	-	-	11,359,442,690	-	-
2025-27 Current Service Level	9,860,133,424	625,259,443	874,049,823	-	-	-	11,359,442,690	-	-
Adjusted 2025-27 Current Service Level	9,860,133,424	625,259,443	874,049,823	-	-	-	11,359,442,690	-	-
Total LFO Recommended Packages	(9,903,667)	-	9,903,667	-	-	-	-	-	-
2025-27 Legislative Actions	9,850,229,757	625,259,443	883,953,490	-	-	-	11,359,442,690	-	-
Net change from 2023-25 Leg Approved Budget	9,850,229,757	625,259,443	883,953,490	-	-	-	11,359,442,690	-	-
Percent change from 2023-25 Leg Approved Budget	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Net change from 2025-27 Adj Current Service Level	(9,903,667)	-	9,903,667	-	-	-	-	-	-
Percent change from 2025-27 Adj Current Service Level	(0.1%)	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 060 Technical Adjustments

Package Description This package transfers in funding from the previous budget structure.

LFO Recommendation Approve.

LFO Recommended	9,860,133,424	625,259,443	874,049,823	-	-	-	11,359,442,690	-	-
-----------------	---------------	-------------	-------------	---	---	---	----------------	---	---

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 801 LFO Analyst Adjustments

Package Description This package makes a series of adjusts to the SSF revenue and carveouts as follows:

1. Increases Other Funds revenue by \$9.9 million and reduces General Fund by \$9.9 million based on the May 2025 economic and revenue forecast produced by the Office of Economic Analysis.
2. Reduces the carveout by \$0.5 million for Oregon Youth Challenge Program to align with the current service level budget.
3. Increases the carveout for the costs of education of children in day and residential treatment programs by \$15.8 million as a mandated caseload action to reflect the most recent caseload forecast.
4. Reduces the menstrual products carveout by \$3 million to better align with current expenditures for the program.
5. Reduces the transfer to the Educator Advancement Fund (EAF) by \$13.9 million to offset the total carveout cost increases. EAF expenditures will not be impacted as the fund has a sufficient beginning balance.

LFO Recommendation Approve.

LFO Recommended	(9,903,667)	-	9,903,667	-	-	-	-	-	-
-----------------	-------------	---	-----------	---	---	---	---	---	---