

SB 5516 -2 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 3/10, 3/11, 3/12, 3/13, 3/17, 3/18, 3/19, 3/20, 3/24, 3/25, 3/27, 5/28

WHAT THE MEASURE DOES:

The measure appropriates funding to the State School Fund, 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.

ISSUES DISCUSSED:

- Total operating funding for schools.
- Fiscal transparency in K-12 education funding.
- Accountability for education outcomes.
- Adjustments to the current service level calculation.

EFFECT OF AMENDMENT:

-2 The amendment 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.

BACKGROUND:

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.

PRELIMINARY