HB 2140 STAFF MEASURE SUMMARY

Carrier: Sen. Weber

Joint Committee On Ways and Means

Action Date:	05/30/25
Action:	Do pass.
Senate Vote	
Yeas:	10 - Anderson, Bonham, Broadman, Frederick, Lieber, Manning Jr, McLane, President Wagner, Smith DB, Sollman
Exc:	2 - Campos, Girod
House Vote	
Yeas:	9 - Bowman, Drazan, Gomberg, Levy E, Owens, Ruiz, Sanchez, Smith G, Valderrama
Nays:	1 - Cate
Exc:	2 - Breese-Iverson, Evans
Fiscal:	Has minimal fiscal impact
Revenue:	No revenue impact
Prepared By:	Wendy Gibson, Budget Analyst
Meeting Dates:	5/28, 5/30

WHAT THE MEASURE DOES:

The measure changes the way the Oregon Department of Administrative Services and the Legislative Fiscal Office estimate the projected costs of programs funded by the State School Fund. It also enacts into law the practice of dividing school districts' State School Fund distributions into two portions: 49 percent in the first year of each biennium and 51 percent in the second year of each biennium. The measure declares an emergency and takes effect July 1, 2025.

Detailed Summary

Section 1

Requires the Department of Administrative Services and the Legislative Fiscal Office to consult with the Oregon Department of Education when estimating the projected costs of programs funded by State School Fund distributions. Requires projections to be based on the second year of the current biennium and on the assumption that districts receive 51 percent of their State School Fund distribution in the second year of the biennium. Requires projections to take into account projected local revenue.

Section 2

Requires the Oregon Department of Education to distribute State School Fund general purpose and transportation grants to school districts in two parts: 49 percent in the first year of each biennium, and 51 percent in the second year of each biennium.

Section 3

Applies statutory changes to the State School Fund distribution to the 2025-2026 school year.

Section 4

Declares an emergency, effective July 1, 2025.

ISSUES DISCUSSED:

- Historic processes for calculating current service level
- Importance of starting point for calculation of current service level
- Impact of funding on schools
- Current state of school district budgets and potential layoffs

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Legislative Assembly sets the total amount for the State School Fund (SSF) each biennium, weighing it against other state services that also require funding. Resources for the SSF command a large percentage of the total state budget for General Fund and Lottery Funds—around 26 percent for 2023–2025. Each biennium, the executive branch calculates current service level (CSL), the projected amount required for the continuation of existing programs and services. From 1999 until 2014, Executive Order 99-15 governed a process for determining CSL that included input from local education stakeholders. In 2014, Executive Order 14-14 changed that process. In 2017, passage of Senate Bill 1067 enacted a cap on the rate of increase of health care costs for school district employees that could be incorporated into the CSL calculation. While the Joint Committee on Ways and Means may consider the calculated CSL in determining an amount for the SSF appropriation, that amount does not limit the committee's ability to appropriate any amount it chooses.

The distribution to school districts has historically been divided into two parts, with each school district receiving 49 percent of its distribution the first year of each biennium and 51 percent the second. However, since 2013 the calculation of CSL for the subsequent biennium has been based on an assumption that districts received 50 percent each year.

House Bill 2140 requires consultation with the Department of Education and the use of 51 percent of the previous biennium's State School Fund as the starting point for the CSL calculation and enacts into law the current practice of distributing State School Fund grants to school districts based on a 49/51 split over the two years of each biennium.