



Date: January 27, 2025

To: House Education Committee

From: Morgan Allen, Coalition of Oregon School Administrators

Subject: Testimony in Support of House Bill 2140 - K thru 12 Current Service Level (CSL)

Good Afternoon, Chair Neron, Vice Chairs Dobson and McIntire, and Members of the House Education Committee:

For the record, my name is Morgan Allen with the Coalition of Oregon School Administrators. Our membership organization represents about 3,000 school principals, central office administrators, and superintendents. I am pleased to be here today in support of House Bill 2140 and to share our appreciation for the work that Governor Kotek and her team have undertaken related to the Current Service Level (CSL) calculation for the State School Fund.

Recent History of the “CSL”

For the past several years, COSA has worked diligently with other education partners to bring attention to the process used to calculate the Current Service Level (CSL) for the State School Fund (SSF). We believe that the CSL calculation should provide a cost estimate for the continuation of K-12 programs and staff in the upcoming biennium that are currently being paid for by the SSF in the current biennium. Time and again, we raised concerns about the inputs used to calculate the CSL as not accurately reflecting our true budget roll-up costs. An accurate CSL calculation is critical to stabilizing core services for students across Oregon.

Last November, Governor Kotek committed to superintendents and other education partners that she would put together a process to review and update the CSL calculation. Over the course of several meetings in April and May, COSA and other K-12 partners were able to meet with representatives from the Governor’s Office, the State Chief Financial Officer (CFO), the Oregon Department of Education, and others to engage in a review of the CSL.

June 13th Memo from the Governor’s Office

On June 13th, Governor Kotek’s office shared information related to the review of the CSL process and a description of the key issues discussed at the meetings. In summary, the Governor directed some key changes to the CSL process for the 2025-27 biennium that were



used to inform the Governor's Recommended Budget released in December. These included:

- Structuring the CSL calculation based on a 49/51 split, rather than a 50/50 jump off point to more accurately reflect school district and ODE budget processes;
- Updating the state's compensation model to better account for personnel costs; and
- Using the most current local revenue forecast to calculate the CSL.

In total, these three changes increased the CSL by an estimated \$515 million for the 2025-27 biennium when compared to the previous formula used to calculate CSL. Additionally, the CSL estimate was updated after PERS rate increases were released in October and adjusted upward an additional \$85 million. **These changes resulted in a new CSL included in the Governor's Recommended Budget of \$11.36 billion..**

Appreciation for Governor Kotek's Analytical Approach to CSL

We want to share our most sincere appreciation to Governor Kotek and her team for convening these meetings, updating the CSL calculation for 2025-27, and proposing HB 2140 to split the SSF 49/51% and ensure that the most up-to-date local revenue estimates are used in the CSL calculation.

This is a significant step forward in the state budgeting process and we should all take a moment to reflect on the full meaning of these changes and having a Governor who is willing to truly listen to the CSL concerns of our local school district leaders.

Perhaps as important, a more accurate CSL calculation allows K-12 advocates and legislators to focus on investments in the State School Fund to raise the 11% SPED cap and fully fund the High Cost Disability Account. It also elevates other critical areas in 2025, like Early Literacy and Summer Learning, rather than spending months arguing over State School Fund estimates that are hundreds of millions of dollars apart.

COSA and our members enthusiastically encourage your support for HB 2140. I would be happy to answer any questions you may have.