



Co-chairs release spending plan for next biennium

The Co-Chairs of the Ways and Means Committee (Sen. Richard Devlin and Rep. Peter Buckley) released today what they are calling a “Turning Point Budget” for the 2013-15 biennium.

“At the cornerstone of this budget is an investment in education,” stated Sen. Devlin in his opening comments on the budget release. “We are creating resources for the State School Fund in the amount of \$6.75 billion. That is roughly a billion more for our K-12 system than last biennium.”

The co-chairs explained those numbers further by stating that the direct appropriation to the State School Fund would be \$6.55 billion, and an additional \$200 million in cost reductions related to the Public Employees Retirement System (PERS) cost for school districts. “Our schools—and most importantly, our students—cannot afford two more years of reduced resources and opportunities. Bringing the K-12 budget to the equivalent of \$6.75 billion is the centerpiece of our budget proposal,” Rep. Buckley said.

In addition to the State School Fund, the co-chairs also commented on the proposed budget for some of the governor’s education initiatives. “Our budget assumes legislative support for the initiatives for Oregon Reads, Connecting to the World of Work, and Post-Secondary Aspirations,” stated Sen. Devlin. The co-chairs did not provide specific funding levels for these initiatives, stating that the funding levels will depend on further elaboration on program objectives and overall revenue available in the 2013-15 biennium. One area where the co-chairs differed with the governor’s recommended budget was related to the governor’s proposal to reduce funding support for ESDs by \$120 million to support regional centers for teacher preparation. The co-chairs stated, “We acknowledge the need for this important work, but believe mandated special education and other needed services in our school districts cannot be provided adequately with a reduction in ESD funding of such size. We encourage the governor and other advocates to restructure their proposal in order to move forward on this issue.”

Two key issues within the co-chairs’ budget are reforms to PERS and reductions in tax expenditures. Both will be challenging issues for this Legislature. “We acknowledge that our targets for both PERS savings and reductions in tax expenditures have uncertain paths in the

Legislature, but we believe it is our obligation to present to the Legislature and the state as a whole a framework for recovery and reinvestment,” commented Buckley.

The co-chairs indicated they would seek some reform to the cost of living adjustment (COLA) for retirees, but suggested it may look different than the governor’s proposal. Sen. Devlin explained, “We are looking at some sort of COLA cap for the first year, and then a tiered COLA proposal going forward. This would create \$400 million in savings system wide this biennium. This proposal is fair and equitable and is likely to withstand legal challenges according to what we are being told by counsel.” In addition to a COLA reform, the co-chairs’ proposal also includes the elimination of the tax benefit paid to out-of-state retirees for an additional savings of \$55 million system wide for the 2103-15 budget cycle. The co-chairs would also ask the PERS Board to “collar” about 1.9 percent of the proposed rate increase on PERS-covered employers, thereby increasing available statewide resources by \$350 million. The co-chairs did not provide specifics but added that PERS and its actuary were looking at this proposal to calculate an accurate impact.

Speaking on the issue of PERS reforms, Rep. Buckley said, “The crisis in education demands PERS changes. It is time to call the question on the COLA for PERS. These will not be easy choices for our colleagues. These are people’s lives, not just numbers on a page. These reforms will impact people’s lives and we need to always be mindful of that point.”

The co-chairs also discussed their desire to see some form of tax expenditure reform, but left the details of any particular elimination or modification of any tax expenditure up to the House and Senate committees on Revenue.

“We are encouraged by the increased investment in education above the governor’s recommended budget that the co-chairs announced today,” commented OSBA Executive Director Betsy Miller-Jones. “Our school districts across Oregon have made numerous cuts to their programs, employees and school days over the last several years in order to balance their budgets. Our children have paid the price for these reductions. This proposed budget is a step in the right direction. However, even under this budget we will still have districts facing financial challenges. We applaud the co-chairs’ efforts and we will work with them over the coming months.”

“OSBA is also encouraged that the co-chairs have attempted to address the growing cost of PERS in their budget plan,” Miller-Jones added. “OSBA has been

working with a coalition of groups on this issue for some time and we are pleased to see some movement to recognize this growing cost. We know that whatever is proposed must be balanced, equitable and withstand legal challenges. The co-chairs' proposal is a good start to this difficult conversation and we believe that further reforms and savings are available and legal beyond what the co-chairs proposed. These are difficult issues and we appreciate the co-chairs bringing them to the forefront in the budget discussion."

The co-chairs stated their desire to begin discussions on the State School Fund as soon as possible and to complete the work on that portion of the budget by late March or early April. To that end, the Education Subcommittee of Ways and Means has scheduled the State School Fund appropriation bill (Senate Bill 5519) for public hearings this week, March 5-7, in Hearing Room F at 8:30 a.m.

You can read more about the co-chairs' proposed budget at: http://www.leg.state.or.us/comm/lfo/2013-2015/2013-15JWMCo-ChairsBudget_030413.pdf

Contact Jim Green, OSBA Deputy Executive Director, at jgreen@osba.org if you have questions about the co-chairs' budget.

Congress fails to act on sequestration – education cuts looming

With passage of the March 1st deadline for Congress to deal with automatic spending cuts to education and other federal programs, Oregon schools and students stand to lose significant resources. Most troubling, the education funds that will be cut as a result of "sequestration" support low-income students and special education, English Language Learners and Head Start programs.

Specifically, the Oregon Department of Education (ODE) projects that Oregon will lose about \$23 million annually in support for education programs. These cuts include:

- \$10.2 million reduction in Title I funding equal to a 6.6 percent cut;
- \$6.4 million reduction in IDEA funding equal to a 4.7 percent cut;
- \$3.5 million for Head Start and Early Head Start; and
- \$3 million in federal funds for other programs, including English Language Learner programs.

While full details about implementation of the cuts are still being finalized, most of the cuts won't begin until July 2013. ODE officials expect the education spending cuts to impact the 2013-14 school year. As more information becomes available, we will share those resources.

For questions, contact Morgan Allen, OSBA legislative specialist, at mallen@osba.org.

Contact your legislator

Find your legislators' contact information on the Oregon Legislature's website:

House - <http://www.leg.state.or.us/house/>

Senate - <http://www.leg.state.or.us/senate/>

To contact your legislator by phone, call the Capitol Switchboard at 1-800-332-2313.

YOUR VOICE HEARD SALEM
OSBA/COSA Legislative Day
April 19, 2013
Salem - Capitol - Hearing Room 50
www.osba.org

The graphic features the text 'YOUR VOICE HEARD SALEM' in large, stylized, multi-colored letters (blue, green, yellow, orange) on a dark background. Below this, it reads 'OSBA/COSA Legislative Day' in white, followed by 'April 19, 2013' and 'Salem - Capitol - Hearing Room 50' in white, and the website 'www.osba.org' in yellow at the bottom.