



May 17, 2013

June 2013 Revenue Forecast released; significant increase to state budget

On May 16, the state Economic and Revenue Forecast was released and overall state revenues available for the 2013-15 biennium increased by a net of \$271.5 million. This large uptick in monies available was due to larger than expected tax collections and continuing improvements in Oregon's economy. Total state revenues projected to be available during the upcoming budget cycle are approximately \$16.9 billion, while the possibility of a \$20 million corporate tax kicker is better than a "50-50 shot."

Oregon's state economist, Mark McMullen, noted that the state is experiencing slow and steady economic growth; he attributed the large jump in projected revenue to two primary factors. First, Oregon tax returns that were received through the April deadline included actual tax collections that outstripped even the most optimistic projections. Second, Oregon's economy continues to slowly add jobs and the unemployment rate has continued on a downward trend. Anecdotally, McMullen also noted that the business leaders from whom he hears are talking about a renewed sense of optimism in Oregon's economy.

The June Revenue Forecast is a significant milestone in each legislative session. This is the final set of revenue numbers that legislators will use to produce a balanced budget for the 2013-15 biennium by the anticipated session adjournment date of June 28. Advocates for public education, human services and public safety will quickly put forward their strongest arguments for budget enhancements as a result of these additional revenues.

In anticipation of an improved economic picture, Governor Kitzhaber released a revised budget proposal on May 15. It includes additional reforms to the Public Employees Retirement System (PERS) that would bring total savings in the next biennium to more than \$900 million and a revenue package to raise an additional \$200 million. He then challenged lawmakers to come to the table and negotiate his plan to enhance Oregon's budget by the end of this week. Absent a bi-partisan agreement on the budget, the governor said there would be no choice but to use the current state monies available, possibly leading to cuts and reductions for some sectors of Oregon's budget. At press time for this week's *Legislative Highlights*, legislative leaders continue to have

conversations about a larger budget "deal," but no firm commitments have been made.

With the encouraging financial news out of Salem, OSBA and other K-12 education advocates will urge the Legislature to increase their investment in public education from the current \$6.75 billion (\$6.55 State School Fund and \$200 million in PERS savings). Many school districts will experience some budget reductions under this proposed budget and the Legislature still has time to make sure that no school district in Oregon will have to make cuts to teaching staff or school days.

State economists presented the forecast to a joint meeting of the House Revenue Committee and Senate Finance and Revenue Committee May 16 at the State Capitol. For more details, click on the links below:

June 2013 Economic and Revenue Forecast:
<https://olis.leg.state.or.us/liz/2013R1/Downloads/CommitteeMeetingDocument/24582>

Forecast presentation to House and Senate Revenue Committees:
<https://olis.leg.state.or.us/liz/2013R1/Downloads/CommitteeMeetingDocument/24584>

Contact OSBA Legislative Specialist Morgan Allen at mallen@osba.org for additional information.

Bill proposes changes to interdistrict transfer law; changes to tuition not moving

On May 14, the Senate Education and General Government Committee held a public hearing on **House Bill 2747**. The bill, which previously passed the House on a 51-7 vote, proposes changes to the current interdistrict transfer statute; it does not impact statutes related to enrollment in charter schools, open enrollment or students receiving contract services.

Supporters of the bill, including Rep. Sara Gelsler (D-Corvallis) and Rep. Sherrie Sprenger (R-Scio), told the Senate that the bill is an attempt to bring more equity to the current interdistrict transfer process. They expressed concern that some school districts are requiring significant amounts of information about students who wish to enroll under an interdistrict transfer. HB 2747 proposes that the only information that a school district can require of a prospective interdistrict transfer student includes: the name of the student, contact information, grade level, date

of birth and information about whether the student is serving an expulsion that would prevent enrollment.

School districts are currently prohibited from discriminating against students when considering whether to allow an interdistrict transfer. The bill includes specific language that consideration of such things as a student's age, race, sex, disability, individualized education program (IEP) or English Language Learner (ELL) status or income cannot be considered when allowing or denying a transfer.

Opponents of the bill, including several parents and school board members representing the Riverdale School District, told the committee that the ability to ask questions about prospective students allows them to make an informed decision about whether their school or district has the ability to serve the student's needs or if the student is a good fit for a specific school or program. They also argued that the bill will "kill the current interdistrict transfer process" which has worked well for districts across the state.

The committee is expected to hold further hearings on HB 2747 in the next week.

Another bill that has generated significant interest this session is House Bill 2748. The current version of the bill prohibits districts from charging tuition to low income students who wish to enroll in a tuition-based school program with space available; in lieu of tuition the district would receive the state school fund average daily membership, weighted (ADMw) amount for the student. The bill would also prohibit districts from having tuition-based programs for in-state students if they did not have such a program during the 2013-14 school year.

HB 2748 is in the House Rules Committee; no further action on the bill is expected this session.

Contact Morgan Allen at mallen@osba.org for more information.

View HB 2747:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=13&t=&r=&q=2747&c=50&key=HB%2027470&ptadd=:%20HB%202747%20Details>

View HB 2748:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=13&t=&r=&q=2748&c=50&key=HB%2027480&ptadd=:%20HB%202748%20Details>

Collective bargaining discussion heats up in Senate

The Senate General Government, Consumer and Small Business Protection Committee convened a hearing on a collective bargaining bill, **House Bill 2448-A**, this week.

HB 2448-A would ultimately add binding arbitration to the expedited bargaining process if parties cannot reach agreement in the 90-day bargaining window. However, prior to parties being subjected to binding arbitration if no

agreement is reached after 90 days, the matter will be submitted to the State Conciliation Service for mediation. After mediation, if the parties still cannot reach agreement, the matter is referred to the Employment Relations Board for binding arbitration as provided in ORS 243.742. HB 2448-A passed out of the House on a 33-24 party line vote (Democrats supporting and Republicans opposing).

Randy Bryant from the Gresham-Barlow School District and Brock Logan from Portland Public Schools testified before the committee in opposition to the bill. They argued that the current intermediate bargaining process is used when contracts are not open and the district needs to make adjustments to district operations that are a mandatory subject of bargaining. The 90-day window allows the district to remain flexible when budget resources are reduced and there is a need to make adjustments to district operations.

Mary Rowe, representing the Metro Regional Government, testified in opposition to the bill, stating: "HB 2448 would add an additional step in the process to implement any change, thereby making it more difficult and significantly more expensive for a local government to operate efficiently. To impose an additional step would increase the time and expense of paying an outside arbitrator to make timely adjustments to respond to operational needs. Moreover, HB 2448 places critical business decisions in the hands of a third party that is unfamiliar with the specific business needs and operating environment of the government agency."

Several unions testified in support of the bill, including the Oregon School Employees Association (OSEA), who talked about misuse of this statute. OSEA cited stories of school districts that wait to make changes to district operations until after the collective bargaining contract has been negotiated and approved.

The committee adjourned without taking action.

Contact OSBA Legislative Services Specialist Lori Sattenspiel for more information at lsattenspiel@osba.org.

View HB 2448:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=13&t=&r=&q=2448&c=50&key=HB%2024480&ptadd=:%20HB%202448%20Details>

