

OSBA Legislative Highlights



the Promise
OF OREGON

April 28, 2017

“Cost-Containment Work Group”



Rep. Nancy Nathanson



Sen. Richard Devlin



Rep. Greg Smith



Sen. Jackie Winters



Sen. Betsy Johnson

‘Structural imbalances’ have state budget near tipping point

When you don't have enough money to pay the bills, you need to either make more money, cut your costs or find some mixture of the two.

Democrats need Republican votes to raise new revenue, and Republicans want a plan to cut state costs before discussing new taxes. For weeks, a group of powerful legislators has been meeting in Salem to discuss how to cut costs. Their work has also set the table for what the state is facing if the government does not bring in more money.

Informally dubbed the “Cost-Containment Work Group,” Ways and Means Co-Chairs Rep. Nancy Nathanson (D-Eugene) and Sen. Richard Devlin (D-Tualatin), and Ways and Means Vice Co-Chairs Rep. Greg Smith (R-Heppner), Sen. Jackie Winters (R-Salem) and Sen. Betsy Johnson (D-Scappoose) are heavily involved in crafting Oregon's budget in the Joint Ways and Means Committee.

On April 21, the group delivered a letter to House Speaker Tina Kotek (D-Portland) and Senate President Peter Courtney (D-Salem). The letter, “Actions to curb future budget growth,” described a litany of options the Legislature could undertake to cut state spending. It also gave a stern warning about the nature of the budget itself.

“Oregon is facing a \$1.6 billion budget deficit for the 2017-19 biennium,” the letter states. “This shortfall is the result of both short- and long-term factors.”

The [full document](#) proposes 29 alterations and principles. The letter warns that actions targeting the 2017-19 budget alone will not be enough:

“The current deficit is due to a structural imbalance between existing revenue streams and the growing costs of providing programs and services to

Oregonians. The structural imbalance is due to choices legislators and voters have made over many years. Without action to contain the growing costs of state government now, the structural imbalance will cause even greater deficits in future years.”

With that opening salvo, the letter outlines a few short-term actions for the 2017-19 biennium and a number of longer-term actions, including:

- A hiring freeze for non-essential agency positions.
- Not automatically granting inflationary adjustments/COLA.
- Limiting state government full-time equivalent positions to 1 percent of the population instead of the current limit of 1.5 percent of the population.
- Increasing employees' share of PERS costs.
- Combining the Public Employees Benefits Board and the Oregon Educators Benefit Board.
- Capping the two benefits boards' annual growth rate at 3.4 percent.
- Requiring PERS employers to set aside excess operating funds for the prepayment of future employer costs.
- Changing the collective bargaining process to even-numbered years so the governor's budget proposal includes the full cost of increases for the upcoming biennium.
- Prohibiting the creation of programs at the end of the biennium so as to make the cost of the program appear to be less than it will be long term.
- Limiting the creation of new task forces, boards and commissions.

Procedurally, there are plenty of bills still “alive” in various committees for a major cost-containment policy initiative. However, cost containment is tied to new taxes, and everyone in Salem is waiting on legislative leadership and Gov. Kate Brown to strike a deal.

On Thursday, Brown presented her own ideas for closing the budget gap. She wants to create a task force to sell off assets to cover Public Employees Retirement System costs, and she wants the state to better collect owed taxes and negotiate tougher with unions.

Responses to the letter came swiftly.

SEIU 503 President Steve Demarest told [The Oregonian](#) that the letter is “an effort to scapegoat people who have dedicated their lives to public service.” He called for lawmakers to solve the state’s budget shortfall by increasing taxes on corporations.

Patrick Criteser, chair of the Oregon Business Plan coalition, in the same article said that business is in favor of “an approach that slows the runaway growth in state spending.”

An [Albany Democrat-Herald editorial](#) summarized the well-trod budget dance: “The letter could be an important step forward as both Democrats and Republicans come to grip with this basic fact: Creating a balanced budget will require both cost cuts and some sources of additional revenue.”

The letter does seem to have had some motivating effect on legislators. Discussions with legislators and legislative staff reveal a sense that substantive budget discussions are coming.

The letter, combined with the recent preview of what a \$7.8 billion State School Fund would mean for [Oregon schools](#), will hopefully encourage legislators to begin working toward a solution in earnest.

For schools, a deal is essential. Without new revenue, “cost containment” will fall heavily on the backs of students, with larger classes, shorter school years and fewer choices.

- Richard Donovan
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ACTION ALERT!

Oregon schools and students need your help

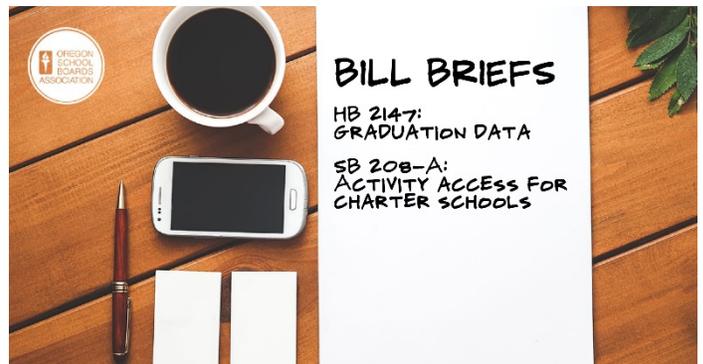
We are losing ground and denying our boys and girls the education they deserve. Now – today and over the next few days – Oregon’s students need you to once again raise your voices on their behalf.

Please [contact your state legislator](#) to urge a school funding number of \$8.4 billion. At \$7.8 billion we are \$600 million short of what is needed for districts to continue to offer the same programs and services.

School business managers, administrators, teachers and board members across the state agree that \$7.8 billion will lead once again to layoffs and lost school days. Make your voice heard with [OSBA advocacy resources](#) and the help of [Oregon Rising](#).

**We cannot stand by
while we rob our children’s future.**

Bill Briefs



Graduation data

[House Bill 2147](#)

What it does: The bill would require every post-secondary institution in Oregon to provide data about students attending that institution, specifically the number of Oregon high school graduates from each Oregon school district enrolled at that institution and the graduation rates of Oregon high school students from that institution, by school district.

What’s new: The Senate Education Committee heard HB 2147 on Tuesday. Rep. Mark Johnson (R-Hood River), chief sponsor of the measure, testified that the measure could provide “great information for local school districts about where their students are going.” OSBA Legislative Specialist Richard Donovan testified in support of the measure, indicating the value of the kind of information in the measure, “especially as we move into the post-Ballot Measure 98 world” when school districts will be responsible for a variety of new programs.

What's next: The measure has had a series of friendly amendments introduced and adopted as it has moved toward ratification, all with the goal of clarifying the text of the measure while avoiding unintended consequences. On May 2, the Senate Education Committee will consider one final set of amendments for the measure. The committee will also likely vote to move the amended measure to the floor of the Senate.

Activity access for charter schools

[Senate Bill 208-A](#)

What it does: The bill would require that school districts give public charter school students residing in the district access to district activities. Prior to being moved to the floor, the bill was amended by the Senate Education Committee to put sideboards on the access, including the ability of the district to charge up to 5 percent ADMw to the charter school per student for participation in those activities.

What's new: The Senate voted 28-1 (1 member excused) in favor of the measure. Sen. Arnie Roblan (D-Coos Bay) presented the bill, saying it “gives charter school kids an opportunity to participate in sports and other activities that enrich their education and life experience.”

What's next: SB 208-A will move to the House of Representatives for consideration.

The Week Ahead



May 1

- Senate has third reading on authorizing child abuse investigations on school premises ([SB 101-B](#)).
- **3 p.m.** House Education Committee hears invited testimony on school safety multidisciplinary team strategies and SafeOregon tip line and holds work session on allowing grace period for teacher licenses ([SB 205-A](#)).

May 2

- **8:30 a.m.** Joint Ways and Means Education Subcommittee hears invited testimony on assessments.

May 2 (continued)

- **3 p.m.** Senate Education Committee holds public hearing on:
 - Removing high school diploma requirements for veterans ([HB 2220](#)).
 - Offering financial literacy classes ([HB 2229-A](#)).
- **3 p.m.** Senate Education Committee holds work session on:
 - Altering process for student complaints ([HB 2457-A](#)).
 - Changing priority enrollment system ([HB 2565](#)).
 - Requiring report on college graduates from districts ([HB 2147-A](#)).

May 3

- Oregon submits its plan for the Every Student Succeeds Act for approval by the U.S. Department of Education.
- **8:30 a.m.** Joint Ways and Means Education Subcommittee hears invited testimony on English language learners programs.
- **3 p.m.** House Education Committee holds public hearing on:
 - Phasing in PE requirements ([SB 4-A](#)).
 - Revising approvals of educator preparation programs ([SB 221-A](#)).
 - Requiring dyslexia screening tests ([SB 1003-A](#)).

May 4

- **8:30 a.m.** Joint Ways and Means Education Subcommittee hears invited testimony on Oregon Promise Program and community colleges.
- **3 p.m.** Senate Education Committee holds public hearing on allowing grants for social workers to decrease absenteeism ([HB 2648](#)).

Items may be added to committee agendas during the week. The Oregon Legislature keeps an updated page of committee agendas at:

olis.leg.state.or.us/LIZ/Committees/Meeting/List

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