OSBA LEGISLATIVE SERVICES TEAM

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2019 BILLS OF INTEREST

HB 3427
Student Success Act
2019

BILLS OF INTEREST

HB 5016

State School Fund (SSF)
2019 BILLS OF INTEREST

HB 5015
Department of Education (ODE) budget
LEGISLATIVE SESSION BUDGET STARTING POINT

2017-19 allocation: $8.2 billion
DAS/LFO CSL: $8.77 billion
OASBO roll-up: $9.2 billion
STATE SCHOOL FUND ALLOCATION

$9.0 billion
STUDENT SUCCESS ACT

OSBA Legislative Priority
Provides Stable and Adequate Funding
STUDENT SUCCESS ACT

REVENUE

$2 billion
STUDENT SUCCESS ACT
REVENUE

$1.6 billion anticipated revenue in the first biennium.
STUDENT SUCCESS ACT
COMMERCIAL ACTIVITY TAX

On taxable Oregon commercial activity above $1 million.
STUDENT SUCCESS ACT COMMERCIAL ACTIVITY TAX

Tax amount is $250 plus .57%
STUDENT SUCCESS ACT
COMMERCIAL ACTIVITY TAX

Allows 35% deduction of input costs or labor costs.
STUDENT SUCCESS ACT COMMERCIAL ACTIVITY TAX

Reduces the Personal Income Tax rates for Oregonians in three income brackets by 0.25%.
STUDENT SUCCESS ACT
COMMERCIAL ACTIVITY TAX

Effective for the tax year beginning January 1, 2020.
A referral to the voters on the Student Success Act is likely.
Student Investment Account
(at least 50%)

Early Learning Account
(at least 20%)

Statewide Education Initiative Account
(no more than 30%)
$475 million
(at least 50%)
Student Investment Account

Formula-based distribution
double poverty weight

Equity-focused
$170 million (at least 20%)
Early Learning Account

*Preschool and early-childhood expansion*
$265 million
(no more than 30%)
Statewide Education Initiative Account

Targeted policy investments including expanded nutrition and student safety
“The Governor ceremonially signed HB 3427, the Student Success Act, this Monday at a local Elementary School in Salem. It was a joyous celebration of a long overdue investment in Oregon’s pre K-12 schools and I was so happy to participate and share a few words. This is why I came to Salem, and I cannot express how meaningful the process of passing the Student Success Act has been to me.”

- Representative Barbara Smith Warner

“HB 3427 [the Student Success Act]... is a $2.8B corporate gross receipts tax... This bill ultimately hurts working Oregonians because the businesses having to foot the bill for this tax will have no option but to pass the costs to consumers, hurting the bottom line for Oregon families.”

- Representative Lynn Findley

“Joint Student Success Act – after many years of talking about the need to increase funding for K-12 education, the legislature made a major step with the proposed Business Gross Receipts tax and the $1 billion per year raised to improve our schools. I am concerned about the possible referral and subsequent vote by citizens, but it is the right of citizens to refer the measure.”

- Representative John Lively
“I am most proud of the Student Success Act (HB 3427), which will bolster education in a big way. It passed with the support of businesses in Oregon who understand the strong link between good schools and a strong economy. This will be a game changer, allowing schools to reduce class sizes and extend the school year. It will also help deal with an inexplicably fast-growing mental health crisis in schools... To see it finally brought to fruition is the highlight of my legislative career.”

- Senator Mark Hass

“I voted no on the bill, not because the policy is inherently bad, but because of the mechanism by which it is funded. HB 3427 calls for new taxes totaling $2.8 billion. Those taxes will fall directly on 40,000 Oregon businesses... At the end of the day, all those businesses, whether taxed directly or indirectly, will pass their costs onto consumers—hitting low-income families the hardest.

- Representative Rick Lewis

“The Majority Party passed a Gross Receipts tax, called the Student Success Act, to provide funding for education. Unfortunately, they only put $800M more into the school fund with none of that money coming from the Gross Receipts tax. Schools will have to come hat in hand requesting additional funding in the form of grants without any expectation of receiving those funds.”

- Senator Alan Olsen
COST CONTAINMENT
OSBA Legislative Priority
Contains Educational System Cost Drivers
OEBB/PEBB (HB 2266)

Opt out

Double coverage surcharge
PERS MODIFICATIONS

Cost Containment

Tier 1 & 2: 2.5% IAP redirect

OPSRP: 0.75% IAP redirect

Employees below $30,000 per year/$2,500 per month exempted

Redirect occurs when system funding drops below 90%

$100 million allocation to Employer Incentive Fund
PERS MODIFICATIONS

Retiree Workback

Elimination of annual work hours restrictions

Employer’s must continue to make employer contributions

Effective January 1, 2020

Sunsets January 2, 2025
TOTAL COST SAVINGS

Changes PERS amortization period from 20 to 22 years

IAP re-direct to PERS system, effective July 1, 2020

Retiree work after retirement, effective January 1, 2020
TOTAL COST SAVINGS

Final average salary cap of $195,000

Rate collaring 2019
Actuarial Valuation

PERS rates beginning 2021-23 anticipate a 1.1-1.2% rate increase
Senate bill 1049 is likely to be challenged in court. Expedited review to the Supreme Court was included in the bill.
Facilities Improvement
Post-Secondary Investments
HB 2005 – Paid Family Leave
HB 2016 – Post-Janus labor-association bargaining bill
HB 2514 – Executive session for FERPA
HB 3077 – Sexual Harassment Policy
HB 3310 – Election of board members (zone vs. at-large)
HB 3409 – OSAA Conduct Policy
SB 52 – Suicide prevention plan

SB 155 – Boundary invasion and inappropriate conduct

SB 415 – School & charter school board member mandatory reporting

SB 665 – Narcan/naloxone

SB 963 – Restraint and seclusion
OREGONIANS FOR STUDENT SUCCESS

OSBA Board investment

Contracted professional services

Polling

Next Steps
UPCOMING EVENTS

• Legislative Report – August
• Fall Regionals – October 2019
• Annual Convention – Nov. 14-17

WEBSITE

OSBA Legislative Services invites you to check out our Legislative & advocacy webpage.

http://www.osba.org/Legislative
THANK YOU

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