



February 14, 2014

Oregon's revenue forecast holds steady

The March Quarterly Revenue Forecast was released earlier this week and showed virtually no growth in state funds. The official number is a net increase over the December forecast of only \$14.8 million, or about 0.1 percent. This is good news, as it projects biennial revenue growth of approximately 1.2 percent. The state is also about \$100 million away from triggering its kicker law, a tax refund which is activated when revenue comes in 2 percent above the projected budget. The State Economist essentially projects a solid, stable recovery over the next few years, but not the significant rebounds Oregon experienced after the recessions of the 1990s.

Generally, this is good news that means lawmakers will not need to adjust their current biennial budget dramatically to balance the 2013-15 budget. Legislators were generally upbeat regarding the revenue news. "The economy is improving," said Rep. Vicki Berger (R-Salem), "but it is not bouncing back as fast for all Oregon families. Job creation remains a priority and a challenge for many Oregonians, and is something we as policy makers need to address."

More information:

- March 2014 Legislative Revenue Office Forecast Summary:
http://www.osba.org/~media/Files/News/2014-02-12_LRO_Forecast.pdf
- School Revenue 2013-15 – Local Revenues for Formula:
http://www.osba.org/~media/Files/News/2014-02-12_LRO_SSF_Collections.pdf

Board members take OSBA's message to nation's Capitol

Board members and officers of the Oregon School Boards Association recently visited the nation's Capitol to meet with Oregon congressional delegation members as part of the National School Boards Association's 2014 Advocacy Institute. In meetings held February 4, our board members stressed the importance of making Oregon's No Child Left Behind (NCLB) waiver permanent, the need for a long-term solution to ensure county timber payments continue to support public schools, and the importance of funding programs that provide support and

services for our most vulnerable and disadvantaged students.



OSBA Board members Doug Montgomery, Kris Howatt, Tass Morrison, Betty Reynolds, Bobbie Regan and Dave Krumbein, and Legislative Policy Committee member Cheri Helt pause between congressional advocacy visits on Capitol Hill, Washington, D.C.

It is critically important for our elected officials in Congress to hear from school board members about all of the challenges our students and schools are experiencing. Face-to-face meetings with our representatives and senators in Washington, D.C., are essential to their understanding of what's happening back home in the schools in their communities.

Schools across Oregon have lost millions of dollars in federal support due to the budget gridlock in Washington.



OSBA Board members advocate with U.S. Senator Jeff Merkley on behalf of Oregon students and school districts.

OSBA's delegation stressed that it is time for Congress to reinvest in our public schools. In particular, board members spoke to the need for adequate funding for programs that help children living in poverty (Title I) and children with special education needs (IDEA).

An underlying theme of the day on Capitol Hill was the important role that locally elected school board members play in determining how children in their communities are educated. Oregon has a strong tradition of board members leading at the district level that contrasts with the growing role of the federal government in education in the form of increased mandates and additional conditions for federal funding. OSBA's delegation made it clear our districts need federal mandate relief so scarce resources can be focused on increasing student achievement.

Our delegation also was able to arrange an impromptu meeting with representatives of the U.S. Department of Education to get more information about the steps Oregon will take to extend our waiver from NCLB. Board members shared how loss of the waiver would negatively impact schools and students across Oregon.



OSBA President-elect Dave Krumbein shares OSBA federal priorities with Congressman Kurt Schrader (5th Congressional District).



OSBA Executive Director Betsy Miller-Jones and Congressman Greg Walden (2nd Congressional District) listen as OSBA board members advocate for Oregon students and districts.

OSBA Board members in Washington, D.C., for NSBA's Advocacy Institute included: President-elect **Dave Krumbein** (Pendleton School District) Vice President **Bobbie Regan** (Portland Public Schools), **Kris Howatt** (Gresham-Barlow School District), Secretary-Treasurer **Sam Lee** (Winston-Dillard School District), **Tass Morrison** (North Santiam School District), **Betty Reynolds** (West Linn-Wilsonville School District) and **Doug Montgomery** (Multnomah Education Service District). OSBA Legislative Policy Committee member **Cheri Helt** (Bend-La Pine School District) also joined the delegation.

Property taxes increase for schools

This week the Senate Finance and Revenue Committee received a Legislative Revenue Office (LRO) report projecting local property tax collections for school districts to be higher than originally anticipated. LRO told legislators that if projections hold true, school districts should experience an increase of roughly \$98 million in property taxes.

While this is good news for school funding generally, it is only a projected estimate. The actual amount of any increase will be unknown for some time. School districts will see an approximate 3.2 to 3.3 percent growth in

property taxes (based on permanent authority) for the 2013-15 biennium. Previous estimates assumed 1.3 to 1.7 percent growth. The way in which this increase is distributed to school districts through the State School Fund (SSF) Formula will vary for each school district. LRO provided committee members with a preliminary district run that showed each school district receiving about \$87 more per student. Unfortunately, this information lacked the full explanation and calculation of the SSF formula. While there will certainly be additional funds for school districts due to these increased property tax collections, it is likely to be less than the amount being reported.

LRO staff failed to take into consideration several issues related to the overall SSF. It did not show allocations that immediately come off the top of the SSF – known as carve-outs – and it also failed to account for the additional weights that will be added to the fund due to the new calculation for students in poverty. School districts should receive more accurate estimates from the Oregon Department of Education in early March that will reflect an increase due to the property tax growth.

“Overall, this is excellent news for school funding in Oregon,” stated OSBA Deputy Executive Director Jim Green. “With the additional investment the Legislature made during the last session and this increase in property taxes, we are turning the corner. However, I would caution school districts to wait for the information from the Department of Education for a clearer picture of how much of an increase they can actually expect before making budgeting and spending decisions.”

Interdistrict transfer fix passes House; other bills of note

At the request of OSBA, the House Education Committee introduced **House Bill 4007**. The bill makes technical changes to HB 2747, which passed during the 2013 Session and rewrote the state’s interdistrict transfer law.

HB 4007 is a result of feedback to OSBA and the Confederation of Oregon School Administrators (COSA) from school district personnel who are engaged in implementing transfers. The bill is intended to do three things:

- Preserve transfer choices and options for students who are transfer students this school year;
- Allow districts and school boards to ensure continuity in enrollments; and
- Give school boards and districts the tools to implement the original legislation properly.

How are these goals accomplished in the legislation?

The bill would:

- Require districts to address student mobility and mid-year moves if requested by the student;

- Allow receiving districts to give preference to students who currently have transfers this year if they choose; and
- Clarify that the receiving district in an interdistrict transfer will decide the length of the transfer.

The bill passed the House on a 57-0 vote on Feb. 13 and is expected to receive its first hearing in the Senate next week.

Other bills of note making their way through the process include:

- **House Bill 4117:** During the 2013 Session the Legislature made an important investment in our Title I schools identified as “priority” and “focus” under the terms of Oregon’s No Child Left Behind (NCLB) waiver. It provided grants to these schools to pay for programs to help close achievement gaps. HB 4117 includes about \$600,000 for 19 additional schools that have been subsequently identified under the waiver to provide summer learning programs for their students. It passed out of the House Education Committee unanimously on Feb. 10 and is headed to the Ways and Means Committee.
- **House Bill 4150:** The bill attempts to clarify confusion regarding House Bill 2220 and subsequent communications from the Department of Education regarding proficiency education. The bill repeals the requirement that districts must create a separate yearly report on student academic progress towards standards that may not include elements such as homework, attendance, extra credit and participation. The bill also requires school districts considering switching to proficiency-based education systems to convene an advisory committee of teachers, administrators and staff to make recommendations to the superintendent.

View House Bill 4007:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=14&t=&r=&q=hb 4007&c=50&key=HB 40070&ptadd=: HB 4007 Details>

View House Bill 4117:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=14&t=&r=&q=hb 4117&c=50&key=HB 41170&ptadd=: HB 4117 Details>

View House Bill 4150:

<http://www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=14&t=&r=&q=hb 4150&c=50&key=HB 41500&ptadd=: HB 4150 Details>

Questions about legislative issues?

Contact the OSBA Legislative Services Team:
800-578-6722 or 503-588-2800

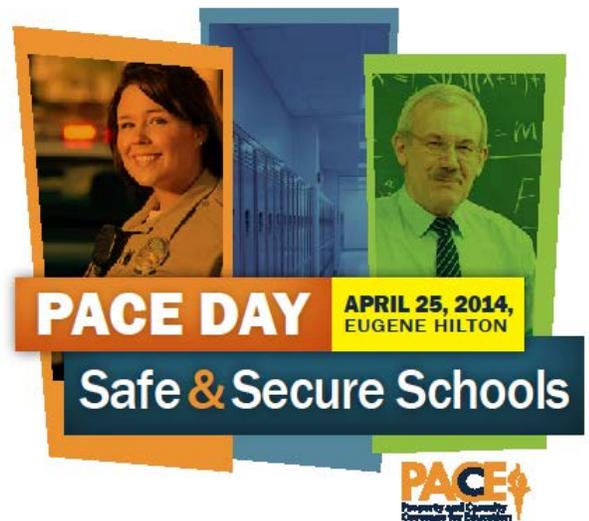
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Contact your legislator

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

- House – <http://www.oregonlegislature.gov/house>
- Senate – <http://www.oregonlegislature.gov/senate>

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



For more information about PACE Day, go to:
http://www.osba.org/Calendar/Events/PACE_Day-2014.aspx