

OSBA Legislative Highlights



the Promise
OF OREGON

February 20, 2015

OSBA legislative priority: Senate Bill 447 provides capital matching funds

Many of Oregon's K-12 school buildings reflect a national pattern of under-investment: crumbling structures, obsolete systems and deteriorating site conditions. School bonds passed by local voters are not keeping pace, and some districts have been unable to pass any bonds at all. In recent years, more than one-third of the capital dollars requested by school districts have been rejected. During tight budget times, too many districts have added to their deferred maintenance lists.

During the last legislative interim, the Task Force on School Capital Improvement Planning issued a report concluding that state matching dollars can provide a key incentive for local communities to make capital investments in their schools. OSBA President **Dave Krumbein** (Pendleton School Board) served on the task force. Their key recommendations to the 2015 Legislature included:

1. Authorizing \$125 million in new XI-P state general obligation bonds for K-12 matching grants in 2015-17;
2. Establishing and funding an Office of School Facilities in the Oregon Department of Education as a resource for local school districts;
3. Providing technical assistance and small grants to assess district needs, support long-term capital programs and inform statewide capital planning; and
4. Launching the Oregon School Facilities Database to start building a repository of data for local district and statewide capital planning information.

OSBA's membership has directed the legislative team to make state matching dollars for capital construction a top priority for legislative advocacy during the 2015 session. Thanks to the leadership of Sen. Richard Devlin (D-Tualatin) and Rep. Shemia Fagan (D-Clackamas), the recommendations of the task force were drafted as [Senate Bill 447](#).

On Feb. 19, the Senate Education and General Government Committee heard testimony in support of SB 447 from an OSBA-organized panel that included Sen. Devlin; Rep. Fagan; task force members Matt Donohue and Ted Wolf; OSBA President **Dave Krumbein**; Condon School Board Member **Nichole Schott**; Charan Cline, superintendent of the Yamhill-Carlton School District; and

Joel Smallwood, director of maintenance and facilities for the Silver Falls School District.

Sen. Devlin reminded the committee that when Oregon voters approved Measure 68 in 2010, they made an important change to our state constitution. They gave the state the same bonding authority to raise matching funds for capital construction in K-12 districts that it has for community colleges and universities. To illustrate the urgency of his support for state matching grants, he also shared stories about school districts he had visited that had serious facility needs.

Rep. Fagan told the committee that being a new parent had brought into sharp focus the need to have healthy, safe school environments. She noted that she didn't think there was anything more important to parents than knowing their children are in a safe place.

Condon School Board Member **Nichole Schott** talked about her district's desire to locate all buildings in one K-12 location, rather than on two outmoded campuses. She stated that while the voters in her community were generous in their support for schools, the ability to get matching funds from the state will help their board persuade voters to make another significant investment in students.

OSBA President **Dave Krumbein** told the committee that the legislation has broad support, including endorsements from the Oregon Education Association, Confederation of Oregon School Administrators, Oregon School Employees Association, Stand for Children and the Oregon PTA. He added that incentives for local districts to pass bonds for their schools will help communities that may have a low tax base make major investments in school buildings.

Supt. Cline and Facilities Director Smallwood described the urgent maintenance and capital needs in districts across Oregon that have been exacerbated by budget cuts of recent years. They told the committee the bill's passage would mean local school districts could use the state matching bonds to motivate their communities to invest in schools.

As the next step in the legislative process, the bill will be brought back for a Senate Education Committee vote on Feb. 26. The committee is expected to approve sending the bill to its next destination: the Ways and Means Committee. For more information on the bill, contact Morgan Allen, OSBA legislative specialist, at mallen@osba.org.

View SB 447:

www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=15&t=&r=&q=sb_0447&c=50&key=SB_04470&ptadd=: SB 447 Details

Kate Brown sworn in as Oregon's governor

On Wednesday, Secretary of State Kate Brown became Gov. Kate Brown after swearing an oath as Oregon's 38th governor. She was elected secretary of state in 2008 and again in 2012. Under the Oregon Constitution, she became governor after then-Gov. John Kitzhaber resigned from office. Kitzhaber faced mounting pressure from a scandal involving himself and fiancée Cylvia Hayes.

Brown has served in both the Oregon House and Senate. During her tenure in the Legislature she was a very strong supporter of public education in Oregon. With her new role as governor she also assumes two prominent posts within Oregon's public education system: She is automatically the state superintendent of public instruction and chair of the Oregon Education Investment Board.

Brown's inaugural address was brief, but she promised to look forward and do the work facing her and the state.

"It's been a tough few months," she said. "The people of Oregon have had reason to question their trust in state government. Oregon has been in the national news for all the wrong reasons. That changes starting today. It's time for us to get back to work. It's time to move Oregon forward."

Revenue forecast up, kicker appears likely to kick

The Senate Finance and Revenue Committee and the House Revenue Committee heard this week from the state economist that the state's revenue forecast is roughly \$87 million higher than the previous forecast in December. This is good news in a broad sense, as Oregon's economy continues to climb out of the recession of 2008.

But this uptick in revenue also carries a down side for government budgeting: It now appears that the personal income kicker could be activated, resulting in roughly \$349 million being returned to taxpayers. The kicker is triggered when state revenues exceed, by more than 2 percent, projections made when a biennial budget is established. When the kicker "kicks," all of the surplus, including the first 2 percent, is returned to voters as a tax rebate. In this case it would come as a credit on taxes filed in 2016, during the next biennium. This means that lawmakers will have less revenue than anticipated for the 2015-17 biennium. Despite the \$349 million kicker, Oregon's continuing economic strength and revenue growth result in

2015-17 net revenue projections declining by only about \$124 million.

All these figures could change depending on how the economy performs between now and the next revenue forecast in May. Until then, lawmakers will continue to build their biennial budgets for 2015-17, including the appropriation for the State School Fund.

One small silver lining for schools from this week's economic forecast: A \$55 million corporate kicker is also expected to be triggered. By law, those dollars go to the State School Fund.

Committee hears testimony opposing public contracting bill

Late this week the Senate Workforce Committee, chaired by Rep. Michael Dembrow (D-Portland), held a public hearing on [Senate Bill 414](#).

The bill would make significant changes to the public contracting code in Oregon Revised Statutes 279B.

Jake Gibbs, an Oakland School Board member, testified in opposition to SB 414, saying, "This bill will add additional steps to the already complex process for a small district like Oakland."

Gibbs said his district took several months of careful deliberation before deciding to contract out busing services.

SB 414, if enacted, would add layers to the current procurement process set out in 2009 under House Bill 2867. All government entities must follow the complex procurement process defined in ORS 279B if they decide to outsource services with a private company.

OSBA Legislative Specialist Lori Sattenspiel also testified in opposition, saying: "Previous years of underfunding in education have left school districts continuing to look for areas they can change, in order to get resources to the classroom. Outsourcing the management of transportation, custodial or food service does not affect essential classroom functions, leading school districts to look at changing how they deliver these services."

Sen. Arnie Roblan (D-Coos Bay) said, "This bill is not intended to stop local governments from contracting out for services, but to ensure transparency in the procurement process."

Dembrow announced at the end of the hearing that the committee would have another hearing to take further testimony.

For more information on the bill, contact Lori Sattenspiel, OSBA legislative specialist, at lsattenspiel@osba.org.

View SB 414:
www.osba.org/Resources/Article/Legislative/BillTracking.aspx?s=15&t=&r=&q=sb_0414&c=50&key=SB_04140&ptadd=: SB 414 Details