

OSBA Legislative Highlights



the Promise
OF OREGON

June 30, 2017

Legislature approves funding at \$8.2 billion for K-12 schools

Districts finally have the official budget number they had been awaiting: \$8.2 billion. [Senate Bill 5517](#) passed the House 31-28 on Tuesday, setting the State School Fund for the 2017-19 biennium.

Schools begin the budgeting process in February and March and must adopt their budget by today, June 30. When they started, the state was facing a budget shortfall of \$1.4 billion. Gov. Kate Brown had proposed \$8 billion for K-12 public education, and the Legislature had offered \$7.8 billion.

Oregon school business officials calculated \$8.4 billion was needed for schools to continue with the same programs and services as last year. Districts began planning for major cuts, including reducing staff, programs and school days.

Funding at \$8.2 billion will allow districts to add back some of the cuts planned in their budgets but is still short of what many need to keep current services and staff.

Democrats described the bill as the best they could do with present tax revenue.

"What we are looking at today is a status quo budget," said Rep. Barbara Smith Warner (D-Portland) on the House floor. "We're not making deep cuts, but we're also



When introducing Senate Bill 5517 to the House floor on Tuesday, Rep. Barbara Smith Warner (D-Portland) expressed hope that the Legislature would work to correct funding problems for schools. "The reality is that for more than 20 years we've been patching together one inadequate K-12 budget after another," she said. (Photo by Jake Arnold, OSBA)

not making new strategic investments in our K-12 schools because of our broken and inadequate budget system."

Republicans who opposed the bill said it wasn't enough for schools, and they blamed out-of-control spending, particularly on public employee health care and the Public Employees Retirement System.

"The broken and inadequate revenue system ... is something we cannot fix without securing the trust of the voters and taxpayers," said Rep. Rich Vial (R-Scholls). "They do not trust us that if we simply raise more revenue it is only going to go to education."

Most efforts at cost containment have stalled this session, and [last week Democratic leaders said there would be no revenue reform this session](#). Four Democrats opposed the bill as being too little, including Rep. Diego Hernandez (D-Portland).

"I will not vote for a budget that maintains our mediocrity, or as we call it 'current service level,'" said Hernandez in testimony. He is a Reynolds School Board member and said the budget would lead to more cuts at his district.

Education advocates expressed disappointment.

"This budget, like this entire session, should be filed under missing – for missing leadership that led to missed opportunity," said Jim Green, OSBA executive director. "Our elected leaders did not address runaway costs. They did not act to reform our revenue system.

"As a result of this leadership failure, our students will pay the price. And what those young people are missing is instructional time, school days and ultimately the opportunity for a better future. It's very disheartening."

Like a lot of districts, Gresham-Barlow made its budget plan based on an expectation of \$8.1 billion in the State School Fund. It was faced with a \$3.5 million shortfall and is using \$2 million in reserves. The slightly higher budget will help reduce the cuts.

"We're pretty lucky," said Gresham-Barlow School Board Chair Carla Piluso. "It does look like cuts for us but not as drastic as other districts."

Piluso, who is also a House member representing Gresham, would like to see a revenue package that allows the district to invest in improving education outcomes, not just find ways to stave off cuts.

Beaverton says that, with an \$8.2 billion State School Fund, it will have to cut by \$11.5 million, including staff, professional development, supplies and support for students in poverty, according to data gathered by the Confederation of Oregon School Administrators. North

Clackamas' plan for dealing with a \$2.1 million cut in current operating costs at \$8.2 billion includes staff cuts and a furlough day. Bethel plans to cut five school days, and Salem-Keizer will lose 63 licensed educators.

In addition to losing teachers and raising class sizes, some districts will cut other services, according to the COSA report. Newberg will eliminate a pregnant and parenting teens child care center. Junction City will cut

technology and textbooks. Klamath County's budget plan includes deferring \$110,000 in maintenance.

OSBA will continue to work on cost containment and structural tax reform options that would create additional revenue to improve education funding.

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MEASURE 98 RULES

MEASURE 98, passed overwhelmingly by voters, requires the Legislature to grant at least \$800 per student to schools that create programs to increase career and technical education, add college-level educational opportunities and prevent dropouts.

HOUSE BILL 2246-A
WOULD MAKE SOME
CHANGES TO THE LAW.

Gina Hutchinson, OSBA

- **WOULD ALLOW DISTRICTS** that receive less than \$100,000 to use it all in one of the three designated areas.
- **WOULD ALLOW DISTRICTS** that receive between \$200,000 and \$350,000 to use it on career and technical education and one of the other two designated areas.
- **WOULD ALLOW DISTRICTS** to use up to 15 percent of grants for aligned eighth-grade programs.
- **WOULD REQUIRE FOUR-YEAR PLANS**, rather than two-year plans.
- **WOULD EXPAND AVAILABILITY** of funds to the Oregon School for the Deaf, Youth Corrections Education Program and Juvenile Detention Education Program.

Credit: Legislative Fiscal Office

Subcommittee considers bill adding flexibility to Measure 98 law

The Joint Ways and Means Education Subcommittee laid down the rules Friday for Measure 98, the graduation rate-focused ballot measure supported by 66 percent of voters in November.

Measure 98 required the state to give districts with acceptable plans \$800 per student to "expand and establish" career and technical education, college-level education opportunities and dropout prevention programs. The grants would be appropriated outside the State School Fund. Districts had to use the money for all three areas, and they could not use the money to "maintain" existing programs.

Districts, particularly smaller ones, asked for more flexibility. Small grants would not be enough to either address all three areas or to start a new program from scratch. Schools argued that "expanding" a program might not be possible if all the students who want it are already

taking it but that such programs would still benefit from increased investment.

The subcommittee sent [House Bill 2246-A](#) to the full Ways and Means Committee with a "Do pass" recommendation. It would create the statutory language for Measure 98 and establish the High School Graduation and College and Career Readiness Fund for the grants. Education advocates and legislators wrangled over the language, trying to balance flexibility for how schools can use the money with the intent of voters to focus on specific strategies to improve graduation rates.

"We support the 'what'; everyone supports the 'what' of Measure 98," testified Laurie Wimmer, Oregon Education Association government relations consultant, at a hearing Thursday. "Our concern is the mechanics, the 'how.'"

According to Wimmer, 91 percent of Oregon students are in schools that will get no flexibility under the revised Measure 98 rules.

The money for the Measure 98 fund is in the budget for the Oregon Department of Education. [Senate Bill 5516](#) would allocate \$170 million for the Measure 98 fund, about 58 percent of the estimated \$294 million needed to pay \$800 per qualifying student. SB 5516 is in the Ways and Means Committee.

Education subcommittee member Sen. Arnie Roblan (D-Coos Bay) pointed out during the Thursday hearing that the funding for Measure 98 nearly matched the difference between the \$8.2 billion funding for K-12 education and the \$8.4 billion that schools said they needed.

Measure 98 was intended as additional funding on top of the State School Fund, but districts have to devote additional staff time for grant applications and then use the money under restrictive guidelines. Many education advocates would have preferred to see that money given to schools to make local decisions about how it can best be applied.

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Education-related bills await action as Legislature races to finish

The speed has picked up at the Capitol, with a flurry of bills, amendments and compromises combined with last-minute policy choices. The end is in sight, but legislative maneuvers mean once-dead bills can come back and new amendments can completely change the original meaning of other bills.

The remaining open committees can hold hearings with one hour of notice so things will continue to change rapidly. Nothing is over until the constitutionally required adjournment by July 10.

OSBA is keeping a sharp eye on a number of bills that could affect schools. Following is a list of some of the key bills; others could still find their way through the process.

Developing Friday, June 30, in the Joint Ways and Means Education Subcommittee:

- [Senate Bill 5516](#) is the budget bill for the Oregon Department of Education. The \$2.6 billion budget includes \$1.4 billion of federal funds and \$170 million for the High School Graduation and College and Career Readiness Fund created by Measure 98. The bill was sent to the full Ways and Means Committee.
- [Senate Bill 182](#) would create the Educator Advancement Council with an emphasis on supporting teacher professional development and new teacher training and mentoring. It was also sent to Ways and Means.

- [Senate Bill 1062](#) would add the healthy and safe schools plan to statute and include lead in water testing requirements. It was assigned to the Joint Ways and Means Education subcommittee on Wednesday, which passed it to the full Ways and Means on Friday.
- [House Bill 2246](#) is the Measure 98 policy bill. (See previous story this issue.)

Passed the Senate and awaiting a House vote:

- [Senate Bill 1002](#) is the “Clean Diesel” bill that would include money for retrofit and replacement of school buses.
- [Senate Bill 845](#) would designate that marijuana tax revenue go to the State School Fund instead of the Common School Fund.

Passed the House and awaiting a Senate vote:

- [House Bill 2060](#) would limit the number of people who could use a specific lower business tax rate, increasing Oregon revenue an estimated \$197 million in the next biennium.

Still in committees:

- [Senate Bill 183](#) would create a statewide early indicator and intervention system, intended to help with graduation rates. It is in the Ways and Means Committee with no hearings scheduled, but this is one of Gov. Kate Brown’s priority education bills. Parts of it have been added to SB 5516.
- [Senate Bill 1067](#) is the legislative leadership cost containment bill, with strategies to reduce the growth of the Public Employees Retirement System and other state expenses. It is in the Joint Ways and Means Capital Construction Subcommittee with no hearings scheduled.
- [Senate Bill 847](#) is the trust lands transfer bill, intended for use by the Legislature and Department of State Lands when property assets in the Common School Fund are not performing and slated to be removed. It would apply to situations similar to that of the Elliott State Forest. It was amended Wednesday in the Joint Ways and Means Natural Resources Subcommittee and moved to the full Ways and Means Committee, where it passed Friday.

With the end of the session remaining so fluid, the Oregon Legislature website (www.oregonlegislature.gov) is a handy place to look for updates. You can look up committee agendas, bills and chamber votes.

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Special issue of *Legislative Highlights*

Legislative Highlights will put out a special end-of-session wrap-up issue on Wednesday, July 12. By law, this legislative session cannot extend past Monday, July 10. That means next week will be a whirlwind of hearings, amendments and bills because legislative rules allow bills to come up for votes in the final days with little warning.

The Legislative Services team will be intensely focused on monitoring all the bills that could impact schools, and so **we will not be sending out a *Legislative Highlights* on Friday, July 7.**

We will make up for that with a special issue on July 12 that will catch you up on the final days and give a look toward the future. Later in July, OSBA and COSA together will provide the *Legislative Summary* of all the education-related bills passed this session.