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Government Affairs Update

January 14, 2026 | Centennial School District Board of Education

Key Legislative Dates



- **January 13-15, 2026:** January Legislative Days / Organizational Days
- **January 16, 2026:** Bill Drop Deadline
- **February 2, 2026:** Legislative Session Begins
- **February 4, 2026:** Revenue Forecast
- **February 16, 2026:** First Chamber Deadline
- **February 26, 2026:** Second Chamber Deadline
- **March 9, 2026:** 2026 Legislative Session Ends
- **January 2027:** Long Session Convenes

State Budget Rebalancing



In response to passage of HR 1 and a decrease in the September Revenue Forecast, the Governor and Legislature initiated several budget actions, including:

- **September 16th** - Governor Kotek directs state agencies to reduce costs by suspending non-essential travel and delaying implementation of non-critical programs.
- **October 1st** - Legislative Fiscal Office (LFO) directs state agencies to prepare budget reduction options in 2.5% and 5% increments; the State School Fund reductions are presented in 0.5% increments.
- **November 10th thru 19th** - State agency budget reduction lists are posted and key state agencies present their budget options to the Ways and Means Committees.
 - Oregon Department of Education (ODE) Budget Reduction Options Memo
 - ODE Budget Reductions Message from ODE Director, Dr. Charlene Williams
 - Critical to Note - this is a budget exercise & there are no immediate cuts to funding.
- **November 19th** - December State Revenue Forecast presented to Legislative Revenue committees; up \$320 million from the September Forecast.
- **2026 Legislative Session** - The Legislature will consider reductions are part of any budget rebalancing during the 2026 Session. Final Revenue Forecast for informing budget decisions this session is **February 4th**.

December Revenue Forecast Highlights



1. Net General Fund and Lottery resources up \$318.8 million from September.
 - a. Note: Still down \$635.9 million from Close of 2025 Session Forecast.
2. We estimate General Fund and Lottery deficit for approved program budgets went from \$400 million in the red to \$80 million in the red.
3. Based on legislative briefings, we estimate the state budget hole is closer to \$600 million.
 - a. Note: This includes an ending fund balance of \$350 million, HR 1 implementation costs, projected wildfire costs, etc.
4. Currently no corporate or personal kicker forecasted.
5. Corporate Activity Tax (CAT), which funds Student Success Act, down \$31.1 million but still positive due to Legislature reserving \$100 million.

Key Takeaways from the December Forecast



- 1. Good News, but Vigilant Advocacy Still Needed.** We must make a clear and convincing case to center the growing needs of our students and protect all K-12 programs from cuts or reductions in the 2025-27 budget. Lots of competing priorities and federal uncertainty.
- 2. There is Still a State Budget Shortfall.** The Legislature is forecasting other potential costs that have not been budgeted for (like wildfire mitigation costs, HR 1 state implementation costs, keeping an ending balance for the state general fund, etc.) totalling \$600+ million.
- 3. Critical Revenue Forecast in February.** There will be one more Revenue Forecast released on February 4th – this will be the final forecast legislators use to balance the budget.

Oregon's Reserves - Education Stability Fund (ESF) and Oregon Rainy Day Fund (ORDF) Fast Facts



- **Education Stability Fund (ESF)**
 - Projected Balance on June 30th, 2027 = \$1.261 Billion
 - Can only be used for public education - no cap on withdrawals
 - Created by state constitutional amendment in 2002
- **Oregon Rainy Day Fund (ORDF)**
 - Projected balance on June 30th, 2027 = \$2.158 Billion
 - No limit on programmatic use of funds, but withdrawals cannot exceed two-thirds of the balance at the beginning of the biennium
 - Created by statute in 2007
- **Economic and Political Triggers to Access ORDF and ESF**
 - **Three fifths vote in each chamber (36 House and 18 Senate) and** Final forecast shows a 3% decline in revenue for next biennium, or Payroll employment is down 2 consecutive quarters, or A Revenue Forecast is down 2% from the Close-of-Session estimate
 - **the Education Stability Fund economic triggers can be bypassed and the fund accessed by a three fifths vote in each chamber and the Governor declaring an emergency.**

Anticipated Bills in 2026



- Repealing the Transportation Package
- Passing School Meals for All
- Adding protection of immigrant and refugee students to Every Student Belongs statute
- Responding to immigration enforcement on/around schools
- Codifying federal McKinney Vento Act in state statute
- Increasing state reporting around chronic absenteeism and attendance
- Banning school vouchers
- Introducing education committee bills

Navigating 2026 and Beyond



Challenges

- HR 1 cuts to Human Services will dominate the budget conversations for years to come.
- Some reluctance to access reserves.
- Potential tax code disconnection
- Election Year

Opportunities

- Informing legislators about the history, purpose, and sustainability of the Education Stability Fund.
- Engaging legislators on unfunded mandates.
- Alerting legislators to increased cost drivers (PERS, etc.).
- Potential for bold actions.
- Election Year

Advocacy Day - February 13



- A Lobby Day for MESD component districts is planned on **Friday, February 13**.
- Join us in the morning for breakfast, a presentation on the Legislative Session, a chance to learn about the bills being introduced, and meetings with lawmakers at the Capitol.

Contact

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