

## State School Fund is education policy made real

Monday, January 23, 2023

Policy bills get most of the limelight in a legislative session, but budget bills are where public policy is made concrete.

The allocation to the State School Fund is the way the state pays for public K-12 education. Every biennium it is the biggest item in the Oregon general fund budget, and in a tight budget year such as this, that huge allocation is the elephant in every legislative hearing room. Savvy education advocates recognize the signs of where the school funding process has gone and know where to look for it to appear next.

This year, Legislative Highlights plans a weekly look at the State School Fund journey, "Funding Oregon's Future," so school board members can be informed about how the state considers and processes their districts' funding needs.

The allocation process starts as a calculation by agency budget writers to determine the "current service level." CSL is supposed to represent the amount of funding necessary to maintain schools' staffing and programs as they move from the close of a biennial budget cycle to the opening of the next one.

The state works up an estimate based on legislatively required formulas and historical contract amounts. In contrast, advocates at OSBA and other education stakeholders work with the Oregon Association of School Business Officials to calculate an estimate based on dozens of actual school district budgets for the coming years. The two numbers are typically far apart, mostly because the state formula says staff salary and benefits, the majority of districts' expenses, will cost less than the contracts schools are drawing up.

After a CSL is generated, the next step is the release of the Governor's Recommended Budget. Typically, the governor makes the first official projection of what funding she'd like to see with the release of a budget in early December.

Because 2022 was an election year, though, Gov. Tina Kotek was not in charge in December. So instead a tentative budget put together by the Department of Administrative Services and Legislative Fiscal Office was released in December, [reflecting expected expenditures and CSL for all state agencies](#). It said the State School Fund needs to increase 2.3%, from \$9.3 billion this biennium to \$9.5 billion.

OSBA Executive Director Jim Green said \$9.5 billion would be "woefully inadequate," obviously too little in the wake of recent soaring inflation.

Kotek holds the next move. She must deliver a recommended budget by Feb. 1. The Legislature is not required to follow any of the governor's recommendations, but her numbers give good starting points for the official discussions. That's when the real haggling begins.

The Joint Ways and Means Committee, headed by Sen. Elizabeth Steiner and Rep. Tawna Sanchez, holds the final power. Ways and Means writes the budget bills, and the state's budget must balance. This is where legislators put their money where their priorities are.

Most budget decisions will wait until the Legislature has a clear idea of just how much it has to spend. The Legislature receives quarterly reports on Oregon's economy and revenue prospects. The December report said Oregon will have about \$3 billion less state income than last year and is likely facing a mild recession. The next forecast is scheduled for Feb. 22.

Policy bills have to start clearing committees by April 4, but budget bills can linger to the end of the session in June and usually do. Depending on the February news, legislators may want to wait for the final economic report of the session on May 17.

The State School Fund provides two-thirds of most Oregon school districts' budgets, making it the top focus of education advocates, including OSBA. During the coming months, OSBA will be calling on school board members to share with legislators their real funding needs and to show what can be done when school programs are adequately funded and staffed.

Democratic and Republican House leadership last week jointly announced legislative priorities broadly aimed at answering Oregon's many needs. At the end, though, House Democratic Leader Julie Fahey brought it back to the center.

"A lot of attention gets paid to the policy bills in the Legislature, but let's not forget that our primary responsibility is a budget," Fahey said. "Stable funding for our schools is one of our most important responsibilities."