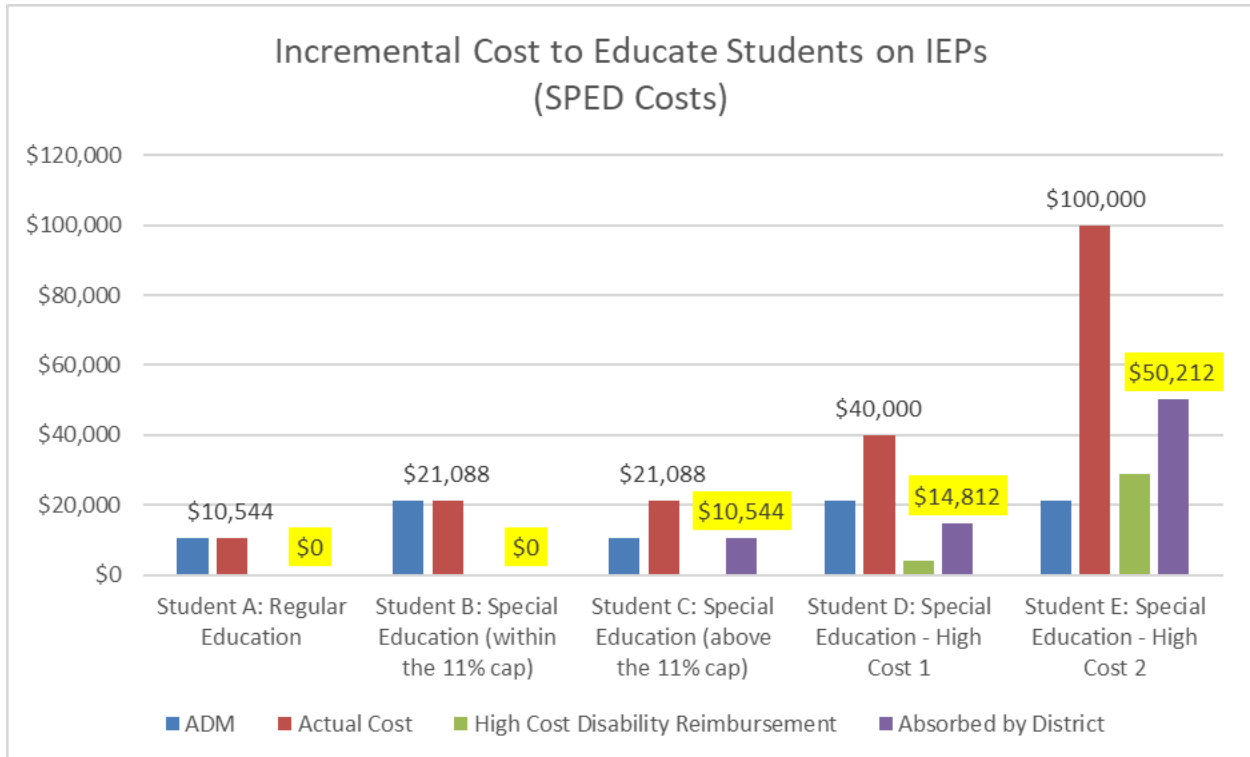


Proposed Elements of Hillsboro School District's 2025 Legislative Agenda

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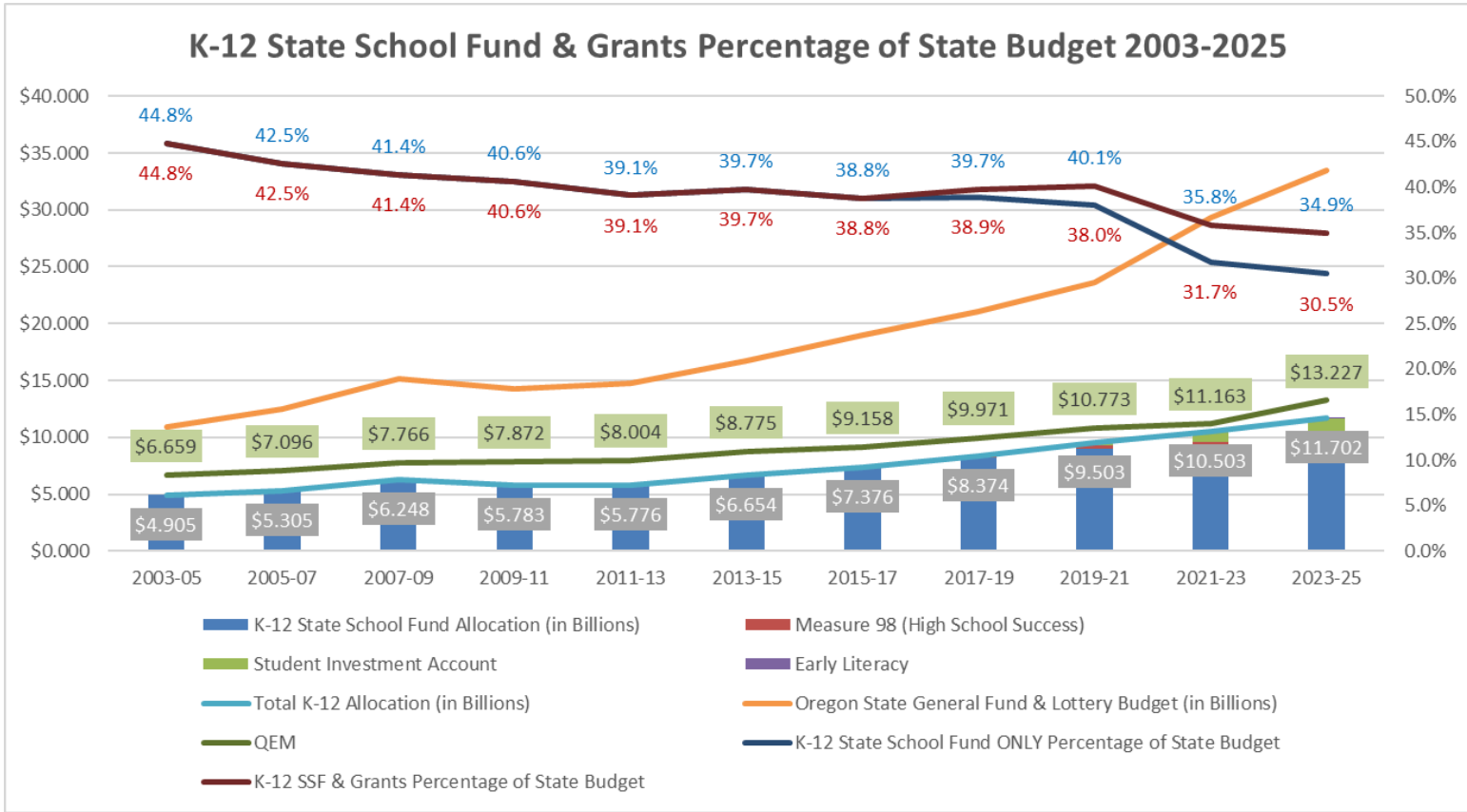
Executive Summary of 2025 Legislative Priorities

- Accurate, stable, and adequate funding for K-12 education
 - **Accuracy**
 - State School Fund (SSF) baseline allocation of \$11.3 billion (based on Governor's proposed current service level calculation updates)
 - **Adequacy**
 - State School Fund (SSF) allocation of \$12.187 billion
 - Accounts for PERS employer rate increases, Paid Leave Oregon costs, and full funding of SPED
 - Full allocation to Student Investment Account (SIA), High School Success (M98), and Early Literacy of at least \$1.502 billion
 - **Investment**
 - Approaches recommended full implementation [Quality Education Model](#) with additional allocation of \$765 million to SSF
 - Provide Summer Programs funding of \$50 million per year
- Avoid creating new, restricted grant programs
- Correct past and avoid creating new unfunded mandates
- Direct administrative collaboration between the Oregon Health Authority and Oregon Department of Education



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K-12 Education's Share of Oregon's State Budget 2003-2025												
	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23	2023-25	
K-12 State School Fund Allocation from State's GF	\$4.905	\$5.305	\$6.245	\$5.552	\$5.715	\$6.650	\$7.373	\$8.119	\$8.249	\$8.541	\$9.457	
K-12 State School Fund Allocation from State's TF	\$0.000	\$0.000	\$0.003	\$0.231	\$0.061	\$0.004	\$0.003	\$0.085	\$0.751	\$0.759	\$0.743	
K-12 State School Fund Allocation (in Billions)	\$4.905	\$5.305	\$6.248	\$5.783	\$5.776	\$6.654	\$7.376	\$8.204	\$9.000	\$9.300	\$10.200	
Measure 98 (High School Success)								\$0.170	\$0.303	\$0.311	\$0.325	
Student Investment Account									\$0.200	\$0.892	\$1.087	
Early Literacy											\$0.090	
Total K-12 Allocation (in Billions)	\$4.905	\$5.305	\$6.248	\$5.783	\$5.776	\$6.654	\$7.376	\$8.374	\$9.503	\$10.503	\$11.702	
Oregon State General Fund & Lottery Budget (in Billions)	\$10.955	\$12.469	\$15.106	\$14.234	\$14.784	\$16.753	\$19.033	\$21.077	\$23.669	\$29.308	\$33.491	
K-12 State School Fund ONLY Percentage of State Budget	44.8%	42.5%	41.4%	40.6%	39.1%	39.7%	38.8%	38.9%	38.0%	31.7%	30.5%	
K-12 SSF & Grants Percentage of State Budget	44.8%	42.5%	41.4%	40.6%	39.1%	39.7%	38.8%	39.7%	40.1%	35.8%	34.9%	
QEM	\$6.659	\$7.096	\$7.766	\$7.872	\$8.004	\$8.775	\$9.158	\$9.971	\$10.773	\$11.163	\$13.227	

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Stable and Adequate Funding of K-12 Education

Actuals from 2023-25 biennium

- 2023-25 State School Fund (SSF) Allocation: \$9.498 billion
- 2023-25 Student Success Act Transfer: \$702 million
 - **2023-25 Total State School Fund (SSF): \$10.2 billion**
- 2023-25 Student Investment Account: \$1.087 billion
- 2023-25 High School Success: \$325 million
- 2023-25 Early Literacy Grant: \$90 million
 - **2023-25 biennium total add'l investments: \$1.502 billion**
 - **2023-25 total allocation (SSF & grants): \$11.702 billion**

Projected by Quality Education Commission for 2025-27 biennium

- 2025-27 Full Implementation Quality Education Model:
 - 2025-27 State School Fund: \$12.705 billion
 - 2025-27 Student Success Act Transfer: \$822 million
 - **2025-27 Total State School Fund: \$13.526 billion**

2025-27 CSL Changes Proposed by Governor (getting to accuracy)

- Budget distribution - 49/51 split: \$217 million increase
- Compensation cost look-back (10yr) \$240 million increase
- Local property tax revenue (2nd yr) \$55 million increase
 - **2025-27 biennium total: \$512 million**
 - **Potential 2025-27 SSF: \$11.3 billion baseline**

2025-27 HSD Needs (getting to adequacy)

- CSL maintenance only: \$384.2 million (= \$11.3B state level*)
- PERS increases of 6%+ (incremental costs): \$10.88 million (= \$320M state level*)
- Est. Paid Leave Oregon costs: \$10.2 million (= \$300M state level*)
- SPED 14% cap (+3pp): \$5.88 million (= \$173M state level*)
- High Cost Disability at 100% Reimbursement: \$3.197 million (= \$94M state level*)
 - **Total 2025-27 State School Fund needed: \$12.187 billion**

*HSD receives approximately 3.4% of every dollar allocated to K-12 education at the state level.

Increase Special Education Funding and Support

- Per-student funding (regular) = \$10,544
- Per-student funding - additional 1.0 weight for SPED = \$10,544
 - **Total SPED funding per student (up to 11% cap) = \$21,088**
- Current SPED population = 14% or approximately 2,590 students
 - Approximately **500** students identified as SPED are above the 11% cap
 - The State provides us **277.1** weights in the State School Fund distribution formula for students above the 11% cap, which equals \$2.922 million
 - **District absorbs \$2.351 million/year in unreimbursed SPED costs** for students over the cap that are not accounted for by this additional weighting (approx. 223 students)

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- Difference between double weighting and High Cost Disability threshold is \$8,911/student/year (in 2022-23 319 students fell into this category)
 - **District absorbs \$2.843 million/year in unreimbursed mid-range SPED costs**
- High Cost Disability (HCD) threshold = \$30,000
 - Current HCD expenditures = \$5,418,644
 - Current reimbursement rate is \$0.41/\$1.00 = \$2,221,644
 - **District absorbs \$3.197 million/year in unreimbursed HCD costs**
 - **Total SPED cost absorption: \$8.391 million/year**

Allocate Funding for Summer Programming

- Highest need is for high school credit attainment.
- Enrichment/jump-start programs are also effective.
- \$30 million allocated in 2024, but not all districts received funding.
- \$50 million requested per year in 2025-27 biennium.

Avoid Creating New, Restricted Grant Programs

- 2023-25 biennium included 38 restricted categorical grants
 - Applying for and reporting on these small grant programs is an administrative burden
 - Carve-outs from the State School Fund result in underfunding of core programming
 - The subdivision of state education aid into small, inflexible streams limits program efficiency and fund braiding

Correct Past and Suspend Future Unfunded/Underfunded Mandates

- Examples:
 - Paid Leave Oregon first year: 2023-24
 - 247 staff members
 - 10,466 days
 - Paid benefits of \$1,922,017
 - This is on top of regular sick leave, personal leave, jury duty, and other leaves paid by the district.
 - Employer program cost:
 - \$1,020,484 (employee and employer paid premium was \$2,051,012)
 - Extended contract cost: \$936,838
 - Increased licensed and classified substitute costs: \$2,764,308
 - **Total estimated impact of PLO in 2023-24 is \$4,722,629**
 - **The 2024-25 estimated cost is \$4,864,308**
 - House Bill 2531 - prohibits manufacture/sale of compact fluorescent and linear fluorescent lamps
 - **HSD cost = \$5.321 million estimated**

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- 75% of district-wide lighting (for buildings not affected by 2017 bond work) is fluorescent tube/fixtures that need to be replaced with tubular LED lights/fixtures.
- Cost estimate based on HSD staff doing the work and does not account for rebate incentives; however, there are fewer of these available than in the past.
- Ultimately will result in lower electricity costs, but will take years.
- Senate Bill 489 - unemployment insurance benefits for 10-month employees
 - **HSD cost = available in late October when OED provides 3rd qtr. info.**
- Senate Bill 819 - abbreviated day instruction restrictions
 - **HSD cost = \$400,000+ estimated**
 - ODE reduced IDEIA grant by \$300,000 because of their need to increase staffing to implement
 - HSD addition of 0.5 FTE data technician
 - Additional extended contract, caseload, reporting requirements
 - Additional out-of-district placement needs at \$80,000+ each
- Senate Bill 3 - personal finance 0.5 credit for graduation
 - **HSD cost = \$850,000 estimated** (\$600,000 staffing/scheduling, \$250,000 curriculum)

Direct Administrative Collaboration between the Oregon Health Authority and Oregon Department of Education

- There are many mental health needs in schools and no additional funding provided outside of the basic formula to address them.
- Funding for K-12 education has steadily decreased over the last 20 years, while funding for health and human services has steadily increased.
- Rather than reallocate money between our two entities, we request that the legislature direct the Oregon Health Authority and the Oregon Department of Education to collaborate on ways to reduce administrative barriers between the two agencies on things like Medicaid billing and allowing OHA-funded mental health professionals to serve students in schools during the school day.
- This should not result in a decrease to the State School Fund or its impact will be negated.
- This aligns with OHA's recently-announced strategic objective to eliminate health inequities in Oregon by 2030.