



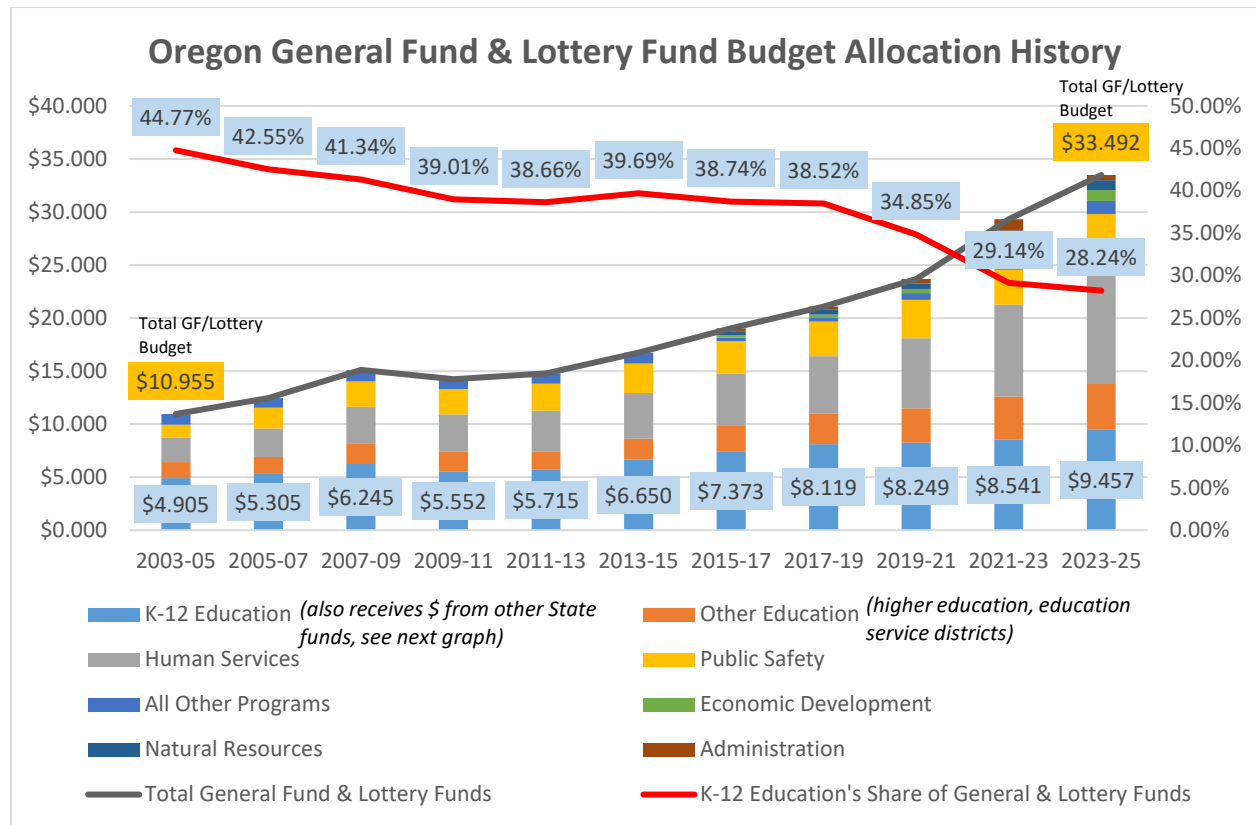
# 2025 Legislative Advocacy Packet

# HSD 2025 Legislative Advocacy Packet

## Background

In the 1990s, Oregon voters passed Measures 5 and 50, which limited the rates used to calculate property taxes and created a differentiation between a property's assessed and real market value. These measures, along with the 1991 adoption of the K-12 equalization formula, both shifted a majority of school funding from the local level to the state level, and shaped the way the state distributes this money to districts.

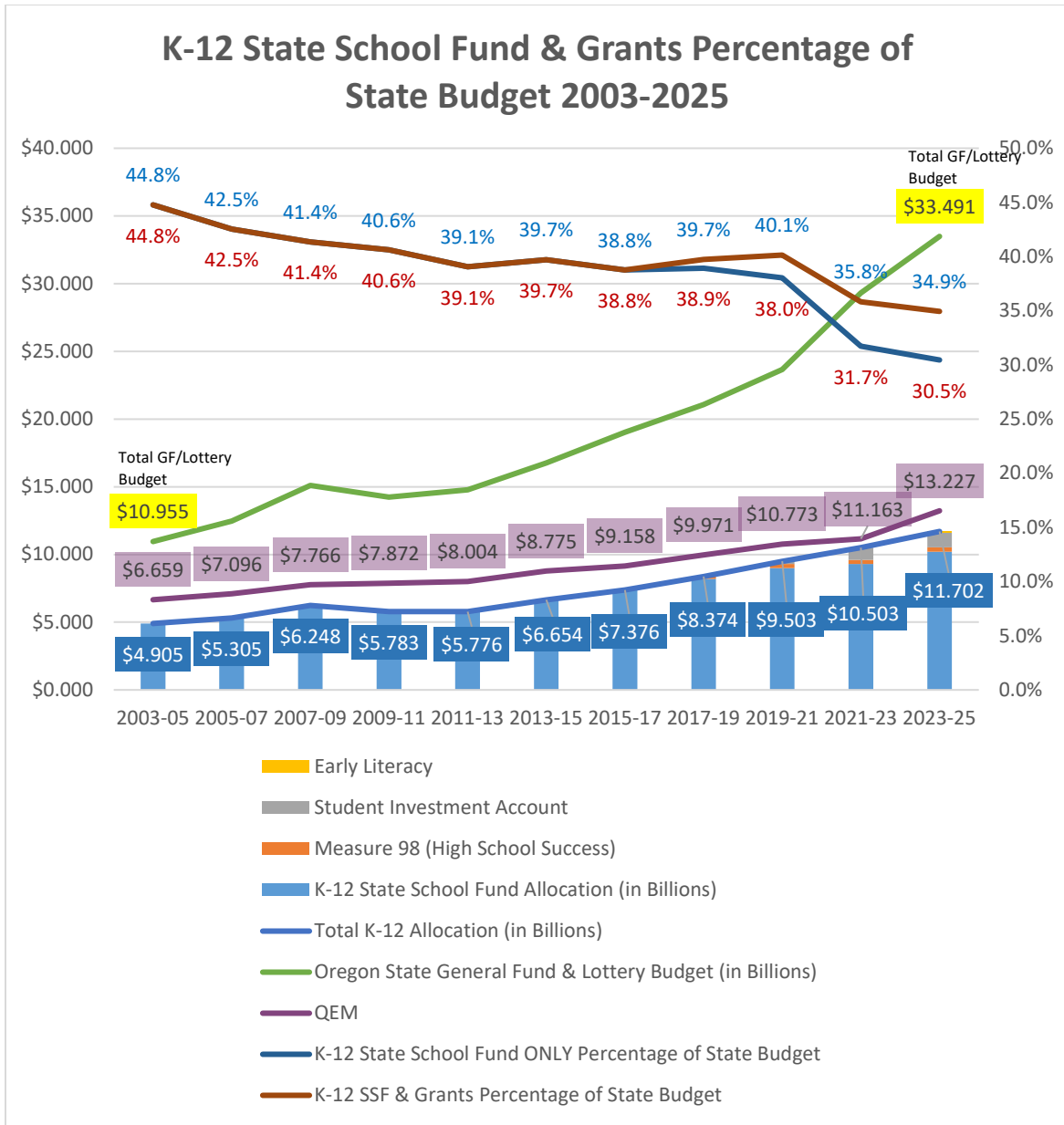
In the early years of this new funding model, the K-12 State School Fund (SSF) represented nearly half of all expenditures in the state of Oregon. However, over the years, an increasing percentage of the State's general and lottery fund budget (GF&LF) has been allocated away from K-12 education toward other areas, such as human services.



Total state GF&LF budget for 2023-25 is \$33.491 billion. K-12 education received \$9.457 billion from this budget, and another \$743 million from other state budget sources, for a total of \$10.2 billion. When measured against the GF&LF budget alone (helpful because this is historically where all State School Fund money came from), it represents 30.5%.

When funds from Measure 98 (High School Success), the Student Investment Account (SIA), and Early Literacy Grant are included, the total for non-capital K-12 education expenditures is \$11.702 billion, or 34.9%. The Quality Education Commission estimates that K-12 education would have needed \$13.227 billion to fully implement its [recommended model for educational excellence](#) in the 2023-25 biennium.

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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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## **The Problem**

Some might look at the graphs above, acknowledge that K-12 funding has represented a steadily decreasing percentage of the state's GF&LF budget, and still wonder: "what is the problem?" They might point to the total allocation and say: "in actual dollars, this is more money than K-12 has ever received before – it should be sufficient."

They might go on to say that additional funding provided to K-12 schools through ballot measures and legislative action – High School Success (M98), the Student Success Act (which funds the Student Investment Account), and Early Literacy Grant – have more than made up for any losses experienced in the SSF allocation: "K-12 education got theirs. They're fine."

There are actually a multitude of reasons why this is not the case.

## ***Case Study: Hillsboro School District***

Back in the late 1990s/early 2000s when the State took over K-12 education funding in Oregon and determined how much schools needed to operate, calculations and formulas were developed based on what districts across the state were already spending on education. Included in those formulas were additional allocations for students whose educational needs require more money to support, such as students experiencing disability, English language learners, and so on (though some of these were capped at a certain dollar amount or percentage). While there have been tweaks to the formula over the years, many of the basic premises have remained intact.

For the most part, districts received that first allocation and ever since then, the State has merely endeavored to determine what a Current Service Level (CSL) allocation would look like from one biennium to the next. "CSL" means the amount of money it would take in a given year to deliver the exact same level of service as was provided in the previous year.

The thing is, K-12 school districts are *not* doing the same things today as they were in the year 2000, nor are the students they are serving showing up to school with the same demographic; socio-economic; mental, behavioral, and emotional health needs; and other characteristics that they did back then.

That simple CSL roll-up does not take into account:

- Increasing PERS employer rates (that differ from district-to-district)
- Unfunded mandates and the impact of other legislation with a financial component for which schools are not compensate (e.g. Paid Leave Oregon, LED lighting requirements)
- Increased graduation requirements
- Increased/new programming to meet students' needs in a competitive economy (i.e. Career and College Pathways opportunities)
- Increased mental health support needs caused by the pandemic
- Increasing costs of serving students with diverse learning needs
- Increasing language diversity
- Increasing poverty
- Increasing mobility
- Inflationary pressures (cost of services, supplies, utilities)

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- Increasing personnel costs (need to remain competitive)
- Capital/infrastructure needs (can only be addressed through a bond initiative)
- Fluctuating enrollment
- And so on

Each year, HSD develops its own “CSL” budget, taking into account all of the above factors and more. The table below shows where state funding either fell short or came in above the amount we needed.

### HSD State School Fund Budget Impacts 2002-2025

2002-03 2003-04	2004-05 2005-06 2006-07 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
-\$41 million	+33 million	-\$3.47 million	-\$12.3 million	-\$8.3 million	-\$18.9 million	-\$7.3 million

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-\$8.78 million	+\$6.2 million	+\$2.44 million	-\$2.33 million	-\$7.71 million	-\$5.68 million	-\$10.63 million

2020-21	2021-22	2022-23	2023-24	2024-25
+\$0.35 million	Even, thanks to one-time COVID Relief Funds	Even, thanks to one-time COVID Relief Funds	Even, thanks to one-time COVID Relief Funds	-\$9.5 million

### Cumulative Reductions since the 2002-03 school year = \$93.91 million

*While we are extremely grateful for the work done by the Legislature and others to ensure that new funding sources have been made available to K-12 education, it is simply not enough to overcome the cumulative and compounding effect of years of disinvestment in the State School Fund. A majority of these funds that have been provided and intended as an investment in K-12 schools, are being used to shore up losses in districts’ general fund.*

Oregon needs to deeply consider its commitment to K-12 education and make a significant investment to reach its goals of core skills proficiency and graduation. Following are HSD’s Legislative Priorities.

# HSD 2025 Legislative Advocacy Packet

## Appendix A: HSD 2025 Legislative Agenda

### 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

### 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\*)

## HSD 2025 Legislative Advocacy Packet

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- 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)
  - 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.

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- 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**
    - 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.



Appendix B: Legislative Advocacy “recipe cards” leave-behind



# Recipe for an Effective 2025 Legislative Session

*Rev. 10/9/24*

## ~Menu~

~Accurate, Stable, and Adequate  
Funding for K-12 Education

~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

## Stable and Adequate Funding for K-12 Education

- **Accuracy**
  - **State School Fund of \$11.3 Billion**
    - Accepts Governor's proposed CSL calculation changes
- **Adequacy**
  - **State School Fund of \$12.187 Billion**
    - Accounts for PERS employer rate increase of 6% (+\$320M)
    - Accounts for Paid Leave Oregon costs of \$10.2 million (+\$300M)
    - Accounts for raising SPED cap to 14% (+\$173M)
    - Accounts for full High Cost Disability reimbursement (+\$94M)
- **Investment**
  - **State School Fund of \$13.052 Billion**
    - Approaches recommended full implementation Quality Education Model (+\$765M)
    - Summer programs funding of \$50 million/year (+\$100M)

## Increase Special Education Funding & Support

- Per-student funding (regular) = \$10,544
- Additional 1.0 weight for SPED = \$10,544
  - Total SPED funding up to 11% cap = \$21,088/student
- Current SPED population = 14% or approximately 2,590 students
  - Approximately 500 students are above the 11% cap
  - State most recently provided 277.1 weights in SSF for students above the cap, which equaled \$2.922 million
    - **District absorbs \$2.351 million/year for remaining students**
- Difference between double weighting and High Cost Disability threshold of \$30,000 is \$8,911/student (in 2022-23, 319 students fell into this category)
  - **District absorbs \$2.843 million/year in unreimbursed costs**
- High Cost Disability (\$30K+) expenditures = \$5,418,644
  - Reimbursement rate is \$0.41/\$1.00 = \$2,221,644
    - **District absorbs \$3.197 million/year in unreimbursed costs**
      - **Total SPED cost absorption = \$8.391 million/year**

## 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.

### *Request:*

- *Look for opportunities to consolidate grants either back into the State School Fund or into larger buckets.*

## Correct Past and Avoid Creating New Unfunded Mandates

- **Paid Leave Oregon (PLO)**
  - HSD Year 1 (2023-24):
    - 247 Staff Members
    - 10,466 Days
    - Paid benefits of \$1,922,017 on top of regular sick/personal/jury or other leaves paid by the district
  - Employer program cost:
    - \$1,020,484 in employer-paid premium
    - \$936,838 in extended contract
    - \$2,764,308 in increased substitute costs
      - Total estimated impact in 2023-24: \$4,722,629
      - Total estimated impact in 2024-25: \$4,864,308

### *Request:*

- *Provide district with extra funding for expanded PLO requirements.*

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## Correct Past and Avoid Creating New Unfunded Mandates

- **House Bill 2531** – Prohibits manufacture/sale of compact fluorescent and linear fluorescent lamps
  - HSD cost = \$5.321 million, estimated
    - 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 will be fewer of these available as of 1/1/25 than in the past.
    - Ultimately will result in lower electricity costs, but will take years.

### *Request:*

- *Consider unintended consequences of bills to school districts that do not receive formula funding for structural enhancements and/or provide funding to help cover the costs.*

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## Correct Past and Avoid Creating New Unfunded Mandates

- **Senate Bill 819** – Restricts ability of districts to place students on abbreviated day
  - HSD cost = \$400,000+, estimated
    - ODE reduced IDEA grant by \$300,000 because of their need to increase staffing to implement this new law.
    - HSD had to add a half-time data technician.
    - Additional extended contract, caseload, and reporting requirements.
    - Additional out-of-district placement needs at \$80,000+ each not captured in the estimated figure above.

### *Request:*

- *Provide districts with extra funding to support Senate Bill 819's ongoing implementation.*

## Correct Past and Avoid Creating New Unfunded Mandates

- **Senate Bill 3** – Requires personal finance 0.5 credit for graduation
  - HSD cost = \$850,000+, estimated
    - \$600,000 for staffing and scheduling
    - \$250,000 for curriculum
- **Senate Bill 489** – Unemployment insurance benefits for 10-month employees
  - HSD cost = available in late October when the Oregon Employment Division provides 3<sup>rd</sup> quarter information

### *Request:*

- *For new curriculum requirements – provide funding/materials. For Senate Bill 489 – exclude qualification for staff who knowingly accepted a 10-month job.*



## Direct Collaboration Between OHA and ODE

- There are many mental health needs in schools and no additional funding outside of the basic formula to address them.
- K-12 education has received a steadily decreasing proportion of the state's budget over the last 20 years, while health and human services' budget has vastly increased.
- This aligns with OHA's recently announced strategic objective to eliminate health inequities in Oregon by 2030.

### *Request:*

- *Rather than reallocate money between the two entities, 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.*



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# HSD 2025 Legislative Advocacy Packet

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## Appendix C: Legislative Advocacy Personal Story Leave-Behind



## 2025 Legislative Advocacy

*As a member of the Hillsboro School District community, I strongly urge you to support the following:*

- **Stable and Adequate Funding for K-12 Education**
  - **Accuracy**
    - State School Fund of \$11.3 Billion
      - Accepts Governor's proposed CSL calculation changes
  - **Adequacy**
    - State School Fund of \$12.187 Billion
      - Accounts for PERS employer rate increase of 6% (+\$320M)
      - Accounts for Paid Leave Oregon costs of \$10.2 million (+\$300M)
      - Accounts for raising SPED cap to 14% (+\$173M)
      - Accounts for full High Cost Disability reimbursement (+\$94M)
  - **Investment**
    - State School Fund of \$13.052 Billion
      - Approaches recommended full implementation Quality Education Model (+\$765M)
      - Summer programs funding of \$50 million/year (+\$100M)
- **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**

**My name, address, and contact information**

**My personal story/why this is important to me**

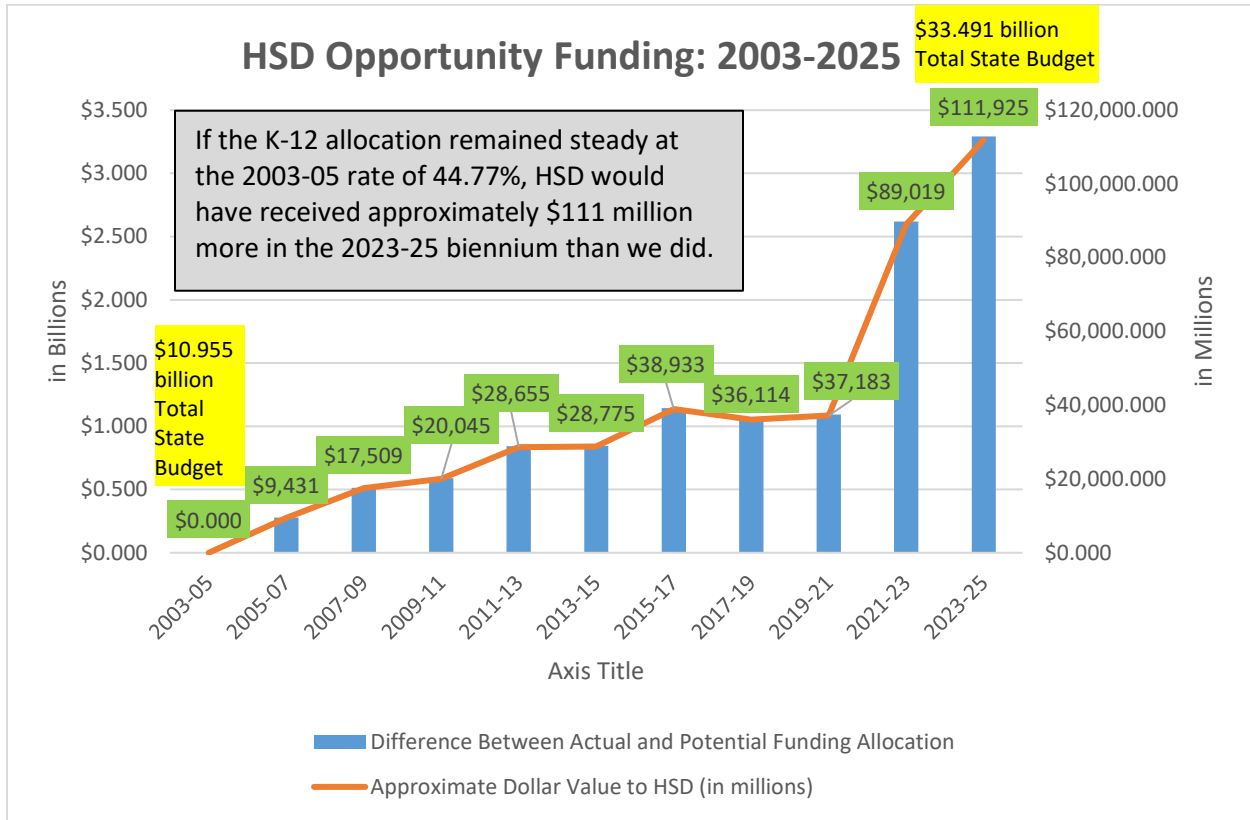
THANK YOU very much for taking the time to listen to my concerns and honor my requests!

Date of visit:

Legislator:

# HSD 2025 Legislative Advocacy Packet

## Appendix D: HSD Cumulative State School Fund Losses 2003-2025



### HSD State School Fund Budget Impacts 2002-2025 (reductions or increases are as compared to what would have represented a Current Service Level Budget)

2002-03 2003-04	2004-05 2005-06 2006-07 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
-\$41 million	+33 million	-\$3.47 million	-\$12.3 million	-\$8.3 million	-\$18.9 million	-\$7.3 million

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-\$8.78 million	+\$6.2 million	+\$2.44 million	-\$2.33 million	-\$7.71 million	-\$5.68 million	-\$10.63 million

2020-21	2021-22	2022-23	2023-24	2024-25
+\$0.35 million	Even, thanks to one-time COVID Relief Funds	Even, thanks to one-time COVID Relief Funds	Even, thanks to one-time COVID Relief Funds	-\$9.5 million

**Cumulative Reductions since the 2002-03 school year = \$93.91 million**