

# Education

## DEPARTMENT OF EDUCATION

	1999-2001 Actuals	2001-03 Legislatively Adopted at Close of Session	2001-03 Legislatively Approved through Fifth Special Session	2003-05 Governor's Balanced
General Fund	\$4,516,507,216	\$5,037,746,470	\$4,067,023,952	\$5,014,284,953
Lottery Funds	300,993,686	344,417,086	398,081,006	278,564,277
Other Funds	271,234,139	173,700,530	637,197,369	128,560,122
Federal Funds	578,141,568	704,012,722	710,044,334	579,832,073
Other Funds (Nonlimited)	5,133,585	4,707,302	8,707,302	4,868,556
Federal Funds (Nonlimited)	0	0	0	183,266,138
<b>Total Funds</b>	<b>\$5,672,010,194</b>	<b>\$6,264,584,110</b>	<b>\$5,821,053,963</b>	<b>\$6,189,376,119</b>
Positions	631	587	572	573
Full-time Equivalent	466.98	462.90	457.14	459.91

### Overview

The mission of the Oregon Department of Education is the relentless pursuit of each student's success:

- Creating sustained opportunities for the personal and academic success of each student.
- Assuring that the work of Oregon schools is done with best practices and cutting-edge research.
- Fully partnering with others to support high quality education for students.
- Fostering conditions for Oregon schools to be great places to learn and work.

The Department of Education ensures that all children have an equal opportunity to a basic education through grade 12. The Superintendent of Public Instruction is elected to head the agency. The agency:

- Works in partnership with all education stakeholders. This includes local school districts, education service districts, community colleges, parents, teachers, administrators, businesses, and community members.
- Implements governance and provides financing for all public schools.
- Establishes rules for schools and ensures that they are followed.

The Department is the lead agency for the Oregon constitutional mandate to “provide by law for the establishment of a uniform and general system of common schools.” The State Board of Education and the Superintendent implement statewide standards for public schools. The agency also acts as a school district for administering special education programs such as services to infants and young children with disabilities, preschool programs, compensatory education programs, and professional/technical education programs.

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The agency provides direct educational services at the School for the Deaf and the School for the Blind and contracts for most educational services at the Hillcrest and MacLaren schools, work-study camps, and other Oregon Youth Authority facilities. The Department provides certain special education services to children with disabilities such as autism, hearing impairments, and vision impairments.

## Balanced Budget

The Governor's balanced budget for the Department continues the statewide vision of joint partnerships and accountability with stakeholders for children's education. The budget is \$6,189.4 million total funds, or an increase of 6.3 percent over the 2001-03 Legislatively Approved Budget through the Fifth Special Session. However, it is a 1.2 percent decline in funding compared to the 2001-03 budget that was originally adopted. General Fund and Lottery Funds total \$5.3 billion, an 18.5 percent increase over the 2001-03 Legislatively Approved Budget through the Fifth Special Session. Large increases in General Fund were necessary in order to replace one-time revenue sources used in the 2001-03 biennium, including Medicaid Upper Limit, Education Stability Fund, and tobacco settlement resources.

The budget includes \$5.05 billion for the State School Fund. This funding is distributed directly to local education districts. The Governor's budget represents a three percent increase in state funding compared to the resources expected in 2001-03, and will allow schools to restore many of the program cuts resulting from revenue shortfalls during the 2001-03 biennium. The budget also includes funds to support early literacy and to restore state assessments that were suspended during the 2002-03 school year. Reductions in the budget will affect Department operations, Special Schools, and Grant-in-Aid programs including Early Intervention/Early Childhood Special Education, regional programs, Long Term Care and Treatment program, and Oregon Pre-Kindergarten.

- Department Operations. This program provides support to schools statewide in a number of areas. This includes school improvement, assessments, special education, professional/technical education, legal requirements, nutrition, and transportation. The budget funds this section at 20 percent over the 2001-03 Legislatively Approved Budget through the Fifth Special Session, restoring part of the cuts implemented during 2001-03. It provides funding to restore statewide assessments in writing, math problem solving, and science. These were suspended in 2002-03 as a result of budget reductions. Implementation of TESA (Technology Enhanced Student Assessment) will continue, with most schools using the system during 2003-04 to conduct their statewide assessments.

The budget provides continued infrastructure funding to support statewide implementation of the Education Act for the 21st Century. Currently, the state requires assessment in English, Math, Science, Arts, and second language to earn the Certificate of Initial Mastery (CIM). Social Science and physical education assessments for CIM will be implemented under this budget. Developmental work on the Certificate of Advanced Mastery (CAM) will continue this biennium. Statewide CAM implementation is scheduled for 2006.

Even with these restorations in funding, the Operations budget is three percent less than the original 2001-03 funding level. Recent progress in strengthening basic infrastructure such as technology, data integration, budget, and personnel management will be slowed.

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- **Special Schools.** The Department operates the Schools for the Deaf and for the Blind. These schools educate residential, day program, and other students whose needs cannot be met by their local school districts.

The School for the Blind is a residential facility serving students, ages four to 21, who are visually impaired. Most of these students have additional impairments such as emotional disturbance, mental retardation, developmental delay, severe hearing loss, and physical disabilities. Many of these students are medically at risk. As a result, they require a low staff-to-pupil ratio.

The School for the Deaf is designed for hearing impaired children whose needs cannot be met by their local school districts. The School provides comprehensive education and training services to 120 residential and day program students. About 30 percent of these children have learning problems in addition to their hearing impairment.

The General Fund budget for these schools is seven percent higher than the 2001-03 Legislatively Approved Budget through the Fifth Special Session. Budget reductions of nearly \$1.3 million during the 2001-03 biennium are making it increasingly difficult to serve a growing population and maintain adequate facilities.

- **Lottery Bond Debt Service.** The budget includes \$56.2 million of Lottery Funds to pay the 2003-05 debt service costs on \$277 million in Lottery-backed revenue bonds issued in the 1997-99 and 1999-2001 biennia.
- **Youth Corrections Education Program.** Education for young offenders at the Hillcrest and MacLaren schools, juvenile work-study camps, and at other Oregon Youth Authority facilities is funded through the Department. The funding comes from the State School Fund on a per student basis. Most educational services are provided through contracts with local schools and education service districts. The Department is also responsible for the Youth Detention Education program, which provides education services for youth in detention centers around the state. The budget for these programs is 17 percent less than the 2001-03 level. This is a result of a reduction in the Oregon Youth Authority budget, which is expected to eliminate 250 spaces in their facilities.
- **Grant-in-Aid.** This program serves students with specific educational needs. School districts or other entities outside of state government administer the services. Services include pre-kindergarten, teen parent and child nutrition programs, special education, early intervention services, compensatory education, vocational and workforce development, and education reform implementation. The Governor's budget provides a total of \$197 million General Fund for Grant-in-Aid programs. This is about three percent less than the 2001-03 Close of Session level. Regional Programs, Early Intervention/Early Childhood Special Education, Hospital programs, Long Term Care and Treatment, and Oregon Pre-Kindergarten have all had their base funding levels reduced about seven percent since the 2001-03 Close of Session. Part of this reduction results from the elimination of all inflation adjustments on payments to providers of these services.

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The budget provides \$53.6 million General Fund for the Oregon Pre-Kindergarten program. This will allow the program to serve approximately 43 percent of eligible children. The budget also provides the Department with funding to set up a database and data collection process for Oregon Pre-Kindergarten data. This data will improve the capacity to measure the program’s impact on student achievement over time.

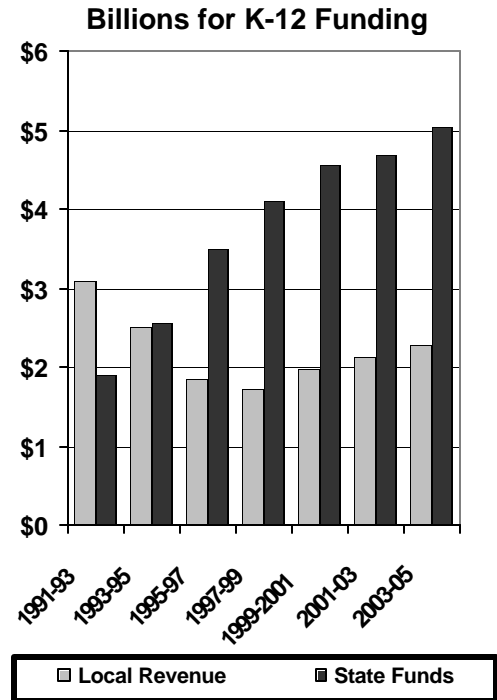
The Early Intervention/Early Childhood Special Education program continues to expand for new eligible children. The Early Intervention program is a state-mandated service to children ages two and under and their families who need help with a variety of learning disabilities. The Early Childhood Special Education program is mandated by federal law. It requires services to children, ages three to five, who have developmental and other disabilities. The budget provides almost \$12 million to serve additional children.

The budget also includes funds to help expand the SMART (Start Making a Reader Today) early literacy program to serve children in all 36 counties.

A number of smaller grant programs have been eliminated, including Talented and Gifted, Workforce Development, Low-Performing Schools, Junior Achievement, and Frontier Learning Network.

- **State School Funding.** The State School Fund is distributed to the 198 elementary and secondary school districts and 21 education service districts around the state. State funds contribute about 66 percent of local district funding. Local property taxes contribute 27 percent and federal funds make up most of the other seven percent. The State School Fund accounts for 94 percent of the General Fund and Lottery Fund resources in the agency.

The Governor’s balanced budget provides \$5.05 billion for school funding. This represents a 7.7 percent increase in state funding compared to the expected 2001-03 level, or a three percent increase after accounting for 2003-05 resources that can be used to pay for 2001-03 services. This level of funding will allow schools to restore many of the program cuts resulting from revenue shortfalls during the 2001-03 biennium, and sets the expectation that class days will not be reduced with this funding level.



Funding is provided to cover increases in the Public Employee Retirement System (PERS) contribution rate and to cover the costs of more students. The budget does not include funding for increases in salaries and health benefits, and inflation on Services and Supplies. Funding is included for the final 2001-03 payment to schools that was shifted to the 2003-05 biennium during the 2002 Third Special Session. The final payment for the 2003-05 biennium is again shifted to the 2005-07 biennium. Under current law, each biennium’s final payment will be shifted to the following biennium. The budget also provides \$550,000 for local option equalization grants.

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## Revenue

General Fund supports the primary K-12 education infrastructure in the state. The State School Fund allocates General Fund to districts. General Fund also finances Department operations, Special Schools, and Grant-in-Aid programs. Lottery Funds finance a portion of the State School Fund and Lottery revenue bond debt service.

Other Fund revenues include revenues passed from other agencies, as well as fees paid by regulated industries, county school fund revenues, and charges for services to local school districts. During 2001-03, a number of Other Funds revenue sources were added to the State School Fund, including funding from Medicaid Upper Limit, the Education Stability Fund, and tobacco settlement resources. A portion of the Medicaid Upper Limit resources continues in this budget, but the other resources were one-time and are replaced with General Fund.

Federal Fund revenues include compensatory education programs, school improvement, child nutrition, and special needs education.