OREGON
DEPARTMENT OF
EDUCATION

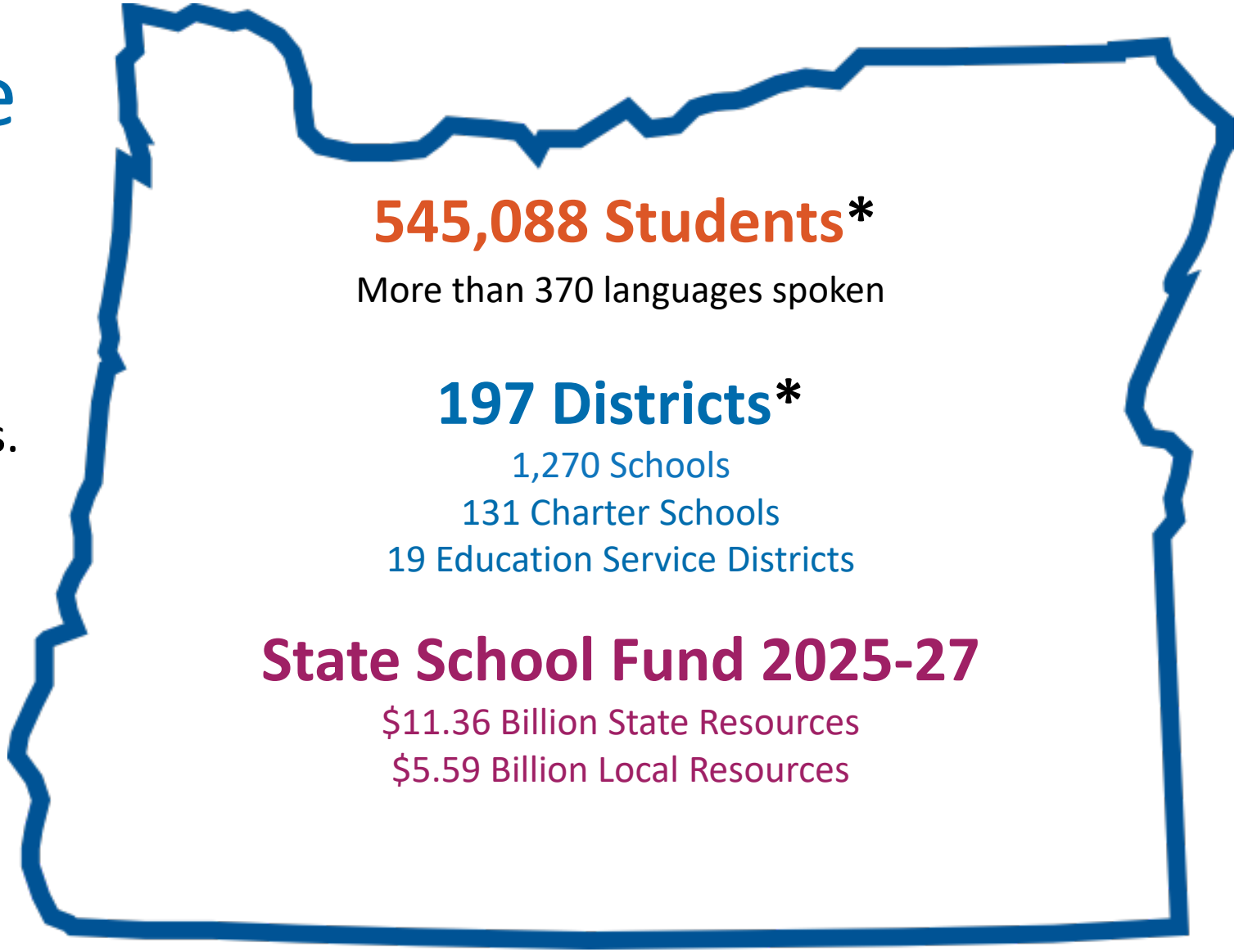
Local Revenue Impact on School Funding

Vanessa Clark | State School Fund Program Manager

Setting the Stage

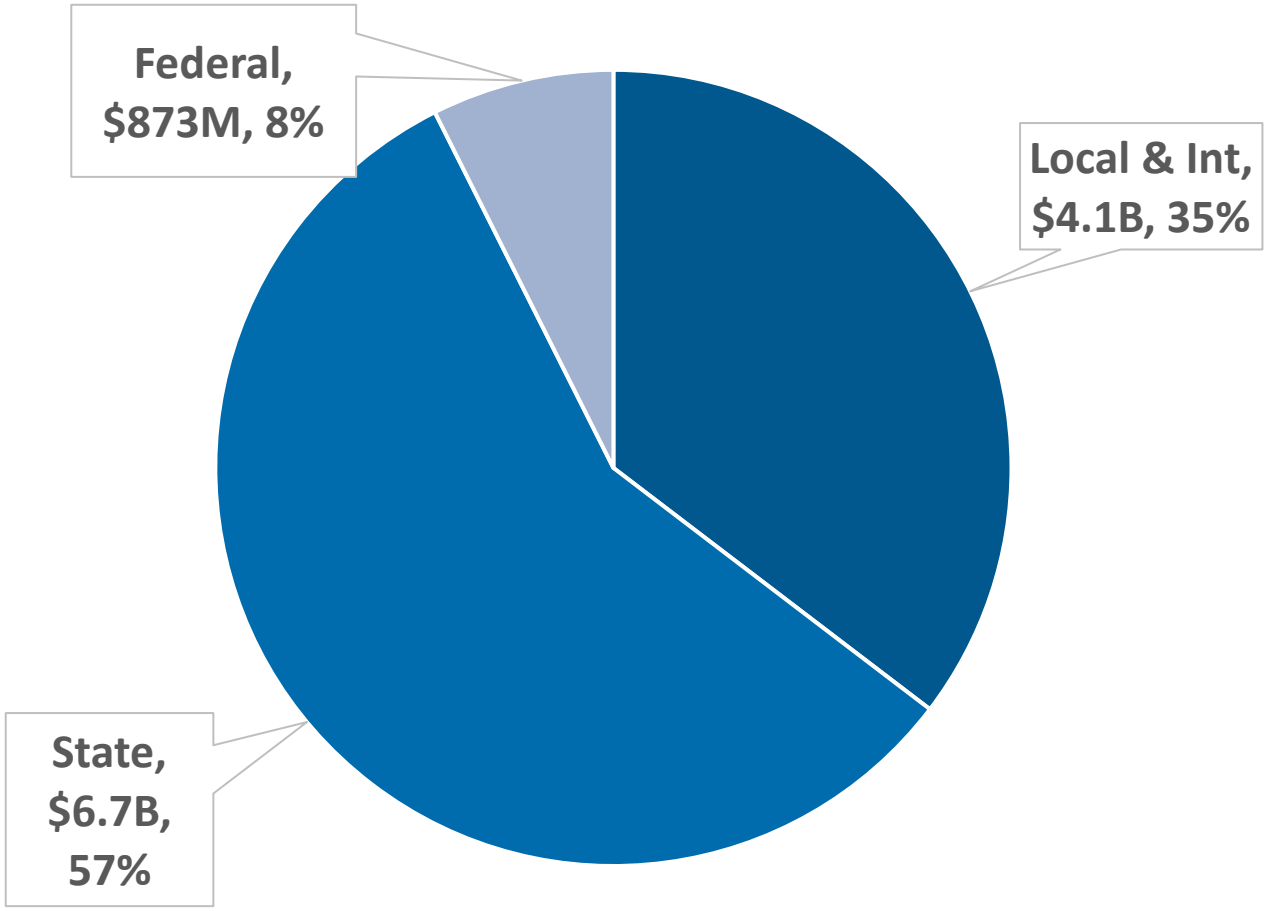
The State School Fund (SSF) is a combination of state and local resources dedicated to the operation of K-12 public schools.

- Who receives SSF?
  - School Districts
  - Education Service Districts
- How is the funding amount determined?
  - Equalization Formula set in Statute
  - Driven by ADMw



*Numbers represent 2024-25

2024-25 Funding Sources for Oregon's Schools

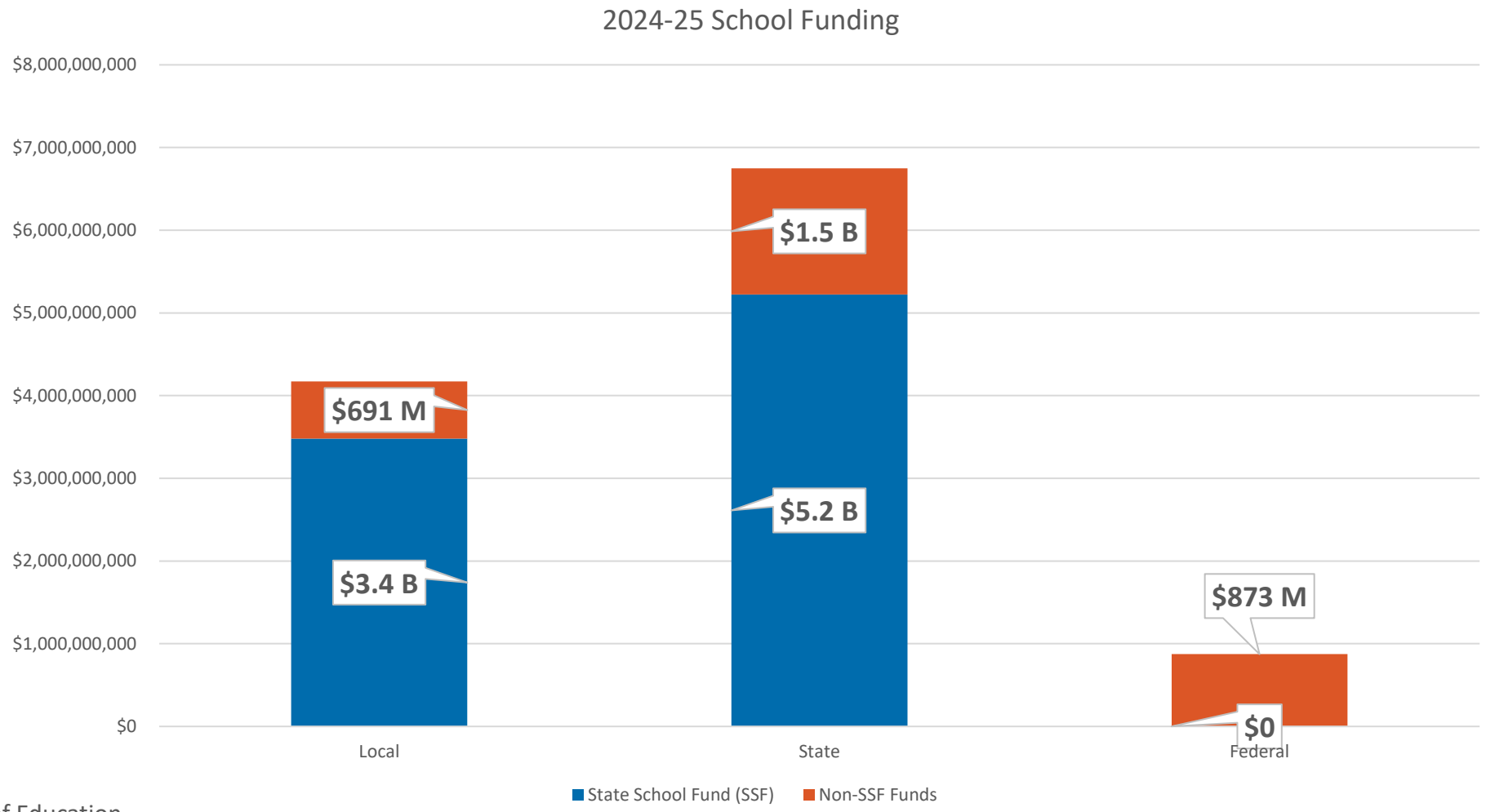




Oregon K-12 Funding Totals **$11.7 Billion**

Oregon Department of Education

State School Fund - Portion of Revenue

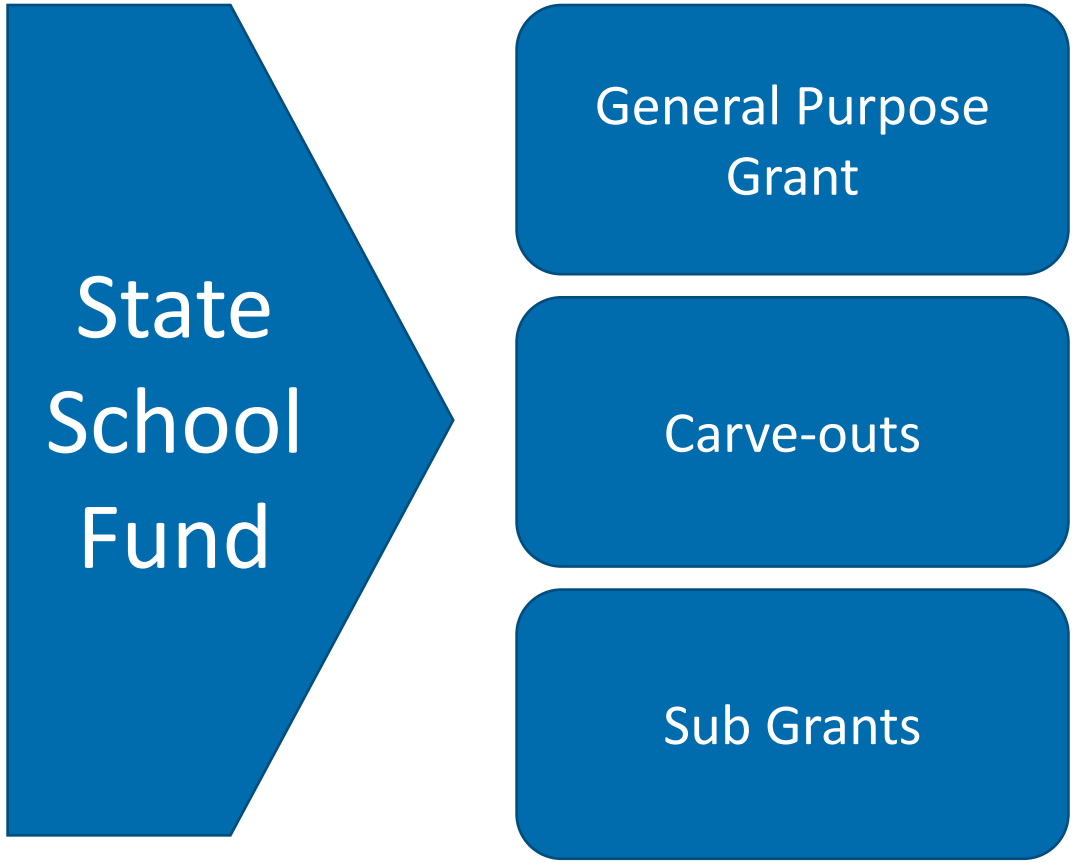


What is the State School Fund?

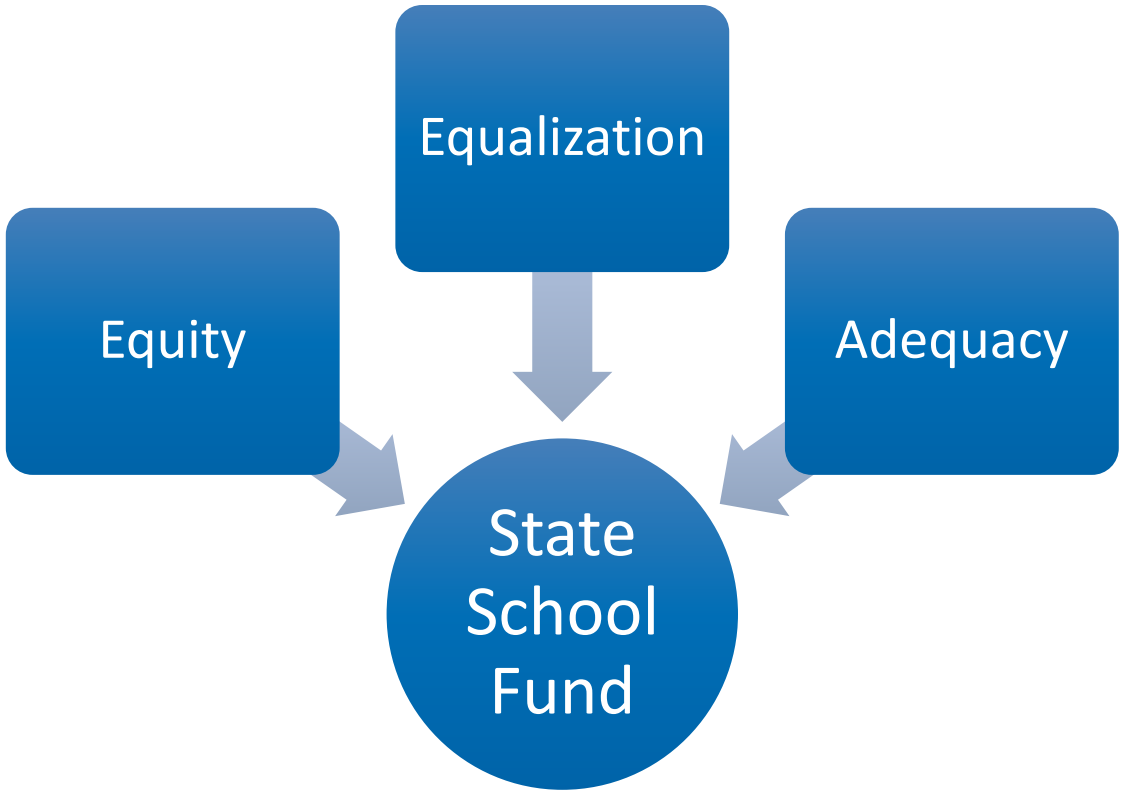
State School Fund (SSF) is a combination of state and local funds dedicated to the operation of K-12 public schools.

- Legislature appropriates funds each biennium
- ODE manages the grants and distributes the funds monthly *(except June)* according to formula





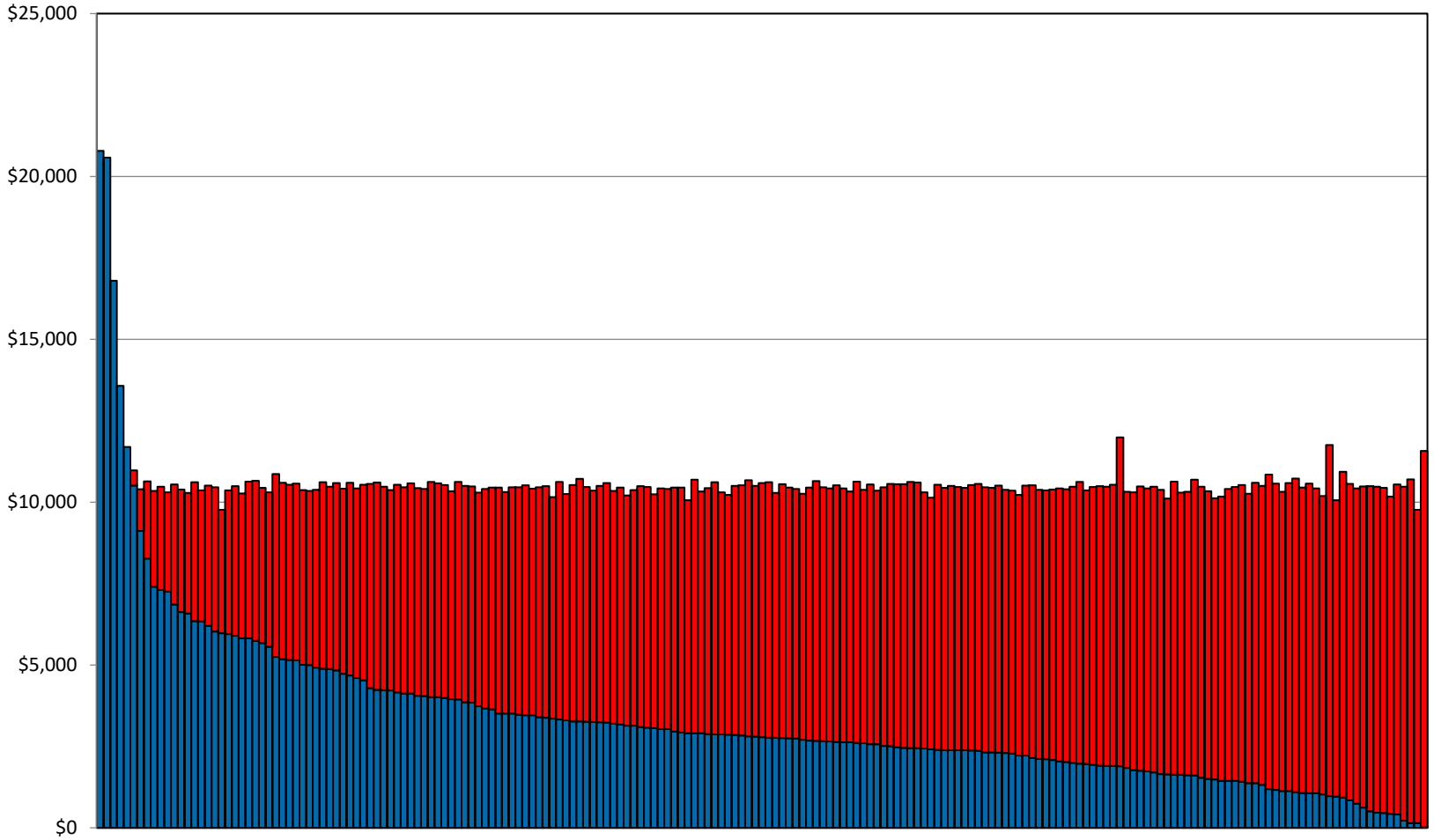
State School Fund Philosophy



- Equity
  - Student enrollment (**ADM**) + weights (**ADMw**) to determine funding for each district
  - Weights designed to address student needs
- Equalization
  - Combining State and Local funding sources to provide an equal amount of funding per student weight
- Adequacy
  - Amount of funding available for distribution to all school districts

State School Fund Equalization Across Districts

General Purpose Grant Per Weighted Student (2024-25)



		2025-26	2026-27	2025-27 Biennium
		$5,566,106,000	$5,793,294,000	$11,359,400,000
	2026-27 Budget Appropriation for school districts & ESDs:			**$5,793,294,000**
Oregon Revised Statute	Less Reserve Account:			($20,000,000)
327.008(14),(15)	Less TAG, Speech Pathology, and Oregon Digital Learning:			($1,050,000)
327.023(1),(3),(4)	Less Long Term Care and State Schools:			($14,500,000)
327.008(12)	English Language Learner Improvement Funds:			($6,250,000)
327.008(11)(b)(A)	Educator Advancement Fund (EAF):			($3,397,356)
327.008(18)	Less Small High School Grant:			($2,500,000)
327.008(3)	Less Charter School Closure Funds:			($300,000)
327.339	Less Local Option Equalization Grant:			($2,000,000)
327.008(7),(8),(16)	Less Office of School Facilities:			($7,500,000)
327.008(9)	Skilled Nursing Facilities (pediatric nursing):			($1,062,224)
327.008(19), 327.029	Oregon Youth Challenge program and Recovery Schools:			($3,037,810)
327.008(17)	Menstrual Hygiene HB 3294			($1,297,500)
	Transfers/Deductions			($62,894,889)
	State Revenue for Formula			**$5,730,399,111**
	District Local Revenue:			$2,662,446,330
	ESD Local Revenue:			$181,595,242
	Local Rev. for Formula (District + ESD)			**$2,844,041,572**
	Total Revenue For Formula			**$8,574,440,682**
	District Share at 95.50%			$8,188,590,852
	ESD Share at 4.50%			$385,849,831
	Other Transfers/Deductions:	327.008(10) Less High Cost Disability Grants:		($55,000,000)
327.008(11)(b)(B)		Less share of EAF:		($6,003,307)
	Districts			($61,003,307)
327.008(13)		Less ESD testing contract:		($484,000)
327.008(11)(b)(C)		Less share of EAF:		($6,003,307)
	ESDs			($6,487,307)
	Formula Revenue for Distribution			
	School Districts			**$8,127,587,545**
	ESDs			**$379,362,524**

Assumptions Page

Carve-outs for statewide grants and programs

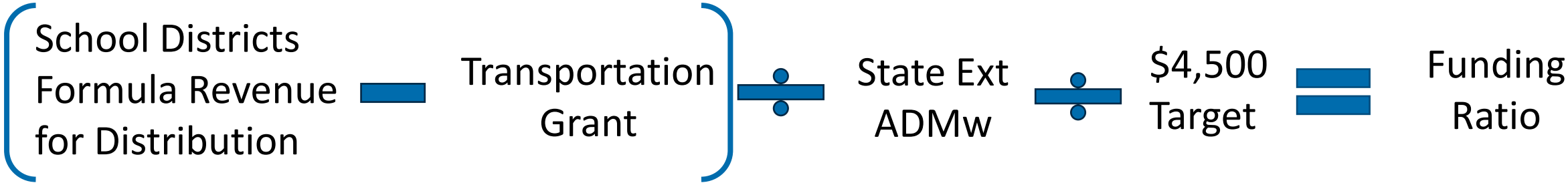
Local revenues added to the State School Fund

Portion into school district and ESD side of the formula

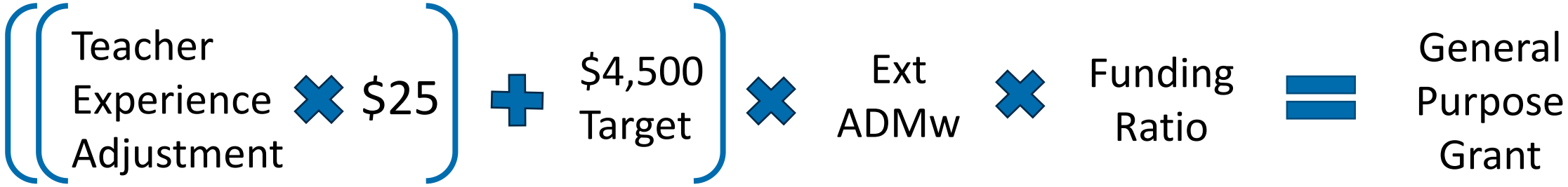
Formula Revenue to distribute to school districts and ESDs

Distribution Formulas

Funding Ratio – State Level Calculation



General Purpose Grant – School District Level Calculation

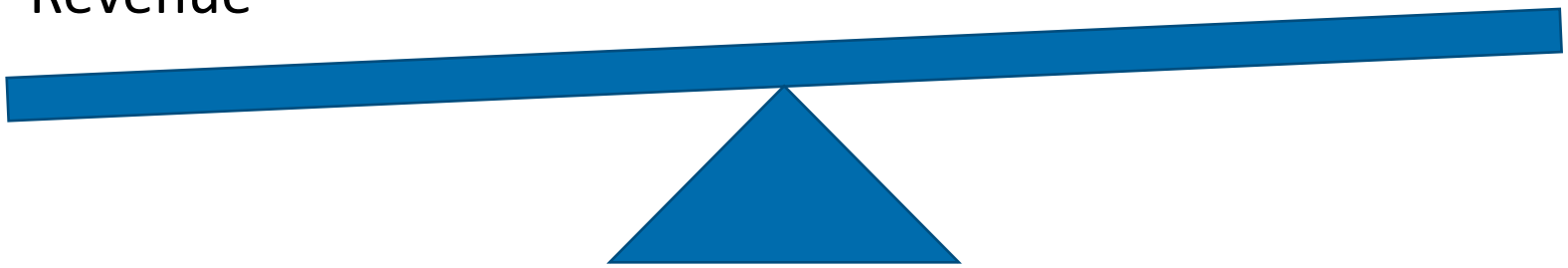


State School Fund Grant Formulas

School District Level Calculation

General Purpose Grant + Transportation Grant = Total Formula Revenue

Total Formula Revenue − Local Revenue = State School Fund Grant



State School Fund Revenue Sources

State Revenues

- State appropriation from the Legislature (set each biennium)



Local Revenues – ORS 327.011

- Property taxes
- Revenue in lieu of property taxes (including Enterprise Zone School Support Fees)
- Common School Fund
- County School Fund
- State Managed Timber

Local Revenues do not include:

- Local Option taxes (within limits)
- Capital Bonds

Impact of Local Revenue Changes

What happens when local revenues increase or decrease?

- At the State level
  - Impacts total revenue available for the formula
    - Increase in local revenue = Increased Rate per ADMw
    - Decrease in local revenue = Decreased Rate per ADMw
- At the School District level:
  - Backfilled with State Revenue (equalization formula)



Examples

- Local revenue decrease for **one** school district
  - Backfilled from state revenue, and
  - Decrease in statewide rate per ADMw
- Local revenue decrease for **many** school districts
  - Backfilled from state revenue, and
  - Decrease in statewide rate per ADMw
    - *More likely to have a significant impact across the state*
- School Districts with local revenue that *exceeds formula revenue*
  - Local revenue decreases are **not** backfilled from state revenue
  - No decrease in statewide rate per ADMw *(until decrease brings SD below formula revenue)*

Smaller impact on the school district + Impact on the state as a whole

Bigger impact on the school district + Increased threshold for potential to impact the state as a whole

Back of the Napkin Estimates

What about changes to the overall funding of the State School Fund?

- For every $1 million per year added to, or subtracted from the SSF equals ~$1.50 per ADMw
  - $1.43 SD (95.5%) and .07 ¢ ESD (4.5%)

- Keep in mind, the rate we are discussing is for the General Purpose Grant and does not include/account for the Transportation Grant – that would be in addition.
- Account for your Local Revenues and the balance would be your SSF Grant.

Example:

- $100 million added for the biennium
  - $49 million year 1
  - $51 million year 2

- 49 x $1.50 = $73.50
  - Increase of about $73 per ADMw
    - $70.19 SD and $3.31 ESD





Closing and Q&A

Thank you!

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Reference Resources



- School Finance Statute: ORS 327
- Oregon Administrative Rules for School Finance: Division 23
- State School Fund Estimates and Pay Statements webpage
  - Check out the “Learning Resources” section of our webpage under the Estimates and Payments docs.