The 2014 short legislative session began with a bang on February 3 and crossed the finish line March 7. A number of significant policy changes were considered during the time, including bills that had failed during the 2013 session, but many fell by the way near the finish line. This report summarizes the significant K-12 education and state agency bills of the 2014 session.

Budget Outlook
The March quarterly revenue forecast showed virtually no growth in state funds—a net increase over the December forecast of $14.8 million or about 0.1 percent.

Local property tax collections for school districts are predicted to be higher than originally anticipated. The Legislative Revenue Office reported that, if projections hold as expected, school districts should see an increase of about $98 million.¹ This is only a projected estimate; the actual amount of any increase will be unknown for some time. School districts will see an approximate 3.2 to 3.3 percent growth in property taxes (based on permanent authority) for the 2013-15 biennium. Previous estimates assumed 1.3 to 1.7 percent growth.

¹ ODE is projecting a more conservative $64 million
**2014 Enacted Legislation**

**HB 4007**

*Relating to continuity in the enrollment of nonresident students*

House Vote: 57-0  
Senate Vote: 29-0

Under current inter-district transfer law, if a student wants to transfer to another school district, both the sending and receiving districts must agree to the transfer. The sending district may give its consent on a year-to-year basis, which can be disruptive for a student if they receive permission one year and not the next.

HB 4007 prohibits a sending district from putting a time restriction on its initial consent so students can continue to attend the out-of-district school without needing to get permission each year; how long the student remains in the new district is a decision of the receiving district. If a student moves to another district mid-year, the student may continue to attend the school in the student’s former school district to complete the school year. If space is limited in a school district and the district uses a lottery system to admit students, HB 4007 allows those students who received consent to transfer into the district for the 2013-14 school year priority in the lottery for the 2014-15 school year. If a sending district granted a transfer to a student during the 2013-14 school year, it cannot deny a request from the student to transfer to that same district in 2014-15.

Effective Date: March 3, 2014

**HB 4008**

*Relating to distributions of state funds for the education of youths in confinement*

House Vote: 59-0  
Senate Vote: 28-0

The Oregon Department of Education (ODE) is responsible for educating the youth housed in youth corrections (operated by the state) and juvenile detention (operated by counties) programs. At ODE, these programs are known as the Youth Corrections Education Program (or “YCEP”) and the Juvenile Detention Education Program (or “JDEP”).

Youth housed in youth corrections facilities are adjudicated and have been sentenced. There are ten youth corrections facilities. Youth housed in juvenile detention facilities have been detained and most have not yet been through the court system. There are eleven juvenile detention facilities. The ODE contracts with local education providers to deliver the education services while the youth are in these facilities.
2014 Enacted Legislation

Under current law, school districts are allowed to count the current year’s student enrollment or the prior year’s enrollment for purposes of school funding. This is called “extended ADMw.” The purpose is to smooth out big drops in funding so districts can plan for revenue reductions. The loss of even a few students can have a substantial effect on a school’s revenue from the State School Fund (SSF), especially small schools and small districts.

Due to the small size of the youth and juvenile corrections programs and the fluid nature of the student population in these programs, it can cause extreme financial hardship when contracts must be reduced due to a reduction in ADMw from the prior year.

HB 4008 requires ODE to use extended ADMw when calculating the State School Fund support for YCEP and JDEP programs. This change is effective with the 2014-15 State School Fund distributions.

Effective Date: July 1, 2014

HB 4009

Relating to students admitted to pediatric nursing facilities

House Vote: 58-0
Senate Vote: 30-0

Providence Child Center is a residential pediatric nursing facility that offers educational services within the boundaries of Portland Public Schools. The program has a capacity of 58 students. The average cost of educating these students is $35,838 per student. In 2013, ODE discovered that PPS was claiming students residing at the Providence Child Center as resident students, in conflict with state funding law. To resolve this conflict, an informal work group was formed and an agreement made, reflected by HB 4009.

HB 4009 makes the Oregon Department of Education responsible for educating students living in a full-time pediatric facility (Providence). The students will not be considered residents of any school district. The bill establishes the Pediatric Nursing Facility Account within the State School Fund and annual transfers will be made to this account from the SSF.

Directs ODE, in cooperation with the Dept. of Human Services, to review the methods and responsibilities for the payment of the costs of educational services provided to students who are admitted to pediatric nursing facilities and are not residents of this state. ODE shall report on the review to interim legislative committees no later than Dec. 1, 2014.

For the 2014-15 school year, the expected transfer to the Pediatric Nursing Facility Account is $2,076,612 and $5,154,958 for the 2015-17 biennium.

Effective Date: July 1, 2014
HB 4058
Relating to apprenticeship programs in Oregon’s education mission
House Vote: 59-0
Senate Vote: 29-0
House Concurrence Vote: 56-0

Oregon has a goal that, by the year 2015, 100% of adults will have graduated from high school; 40% of those will go on to obtain an associate’s degree or a post-secondary credential; and another 40% will earn a bachelor’s degree or higher. The remaining 20% will have a high school diploma. This is known as the “40-40-20 Goal.”

HB 4058 amends the goal to state that the completion of an apprenticeship program registered with the State Apprenticeship and Training Council qualifies as the earning of a post-secondary credential (sometimes referred to as the “middle 40”).

Effective Date: January 1, 2015

HB 4063
Relating to loans made from the Common School Fund
House Vote: 37-21
Senate Vote: 16-14

The admission of Oregon as a state in 1859 included a provision designating roughly six percent of the state’s acreage for support of schools. Approximately 700,000 acres remain in state ownership for that purpose. The Common School Fund monies are invested by the State Treasurer and the Oregon Investment Council. Revenue generated is distributed to K-12 schools throughout Oregon. In 2013, the fund held a principal of $1.2 billion and $53.1 million was distributed to schools.

HB 4063 creates the eight-member Task Force on Statutory Common School Fund Loans to identify opportunities for making loans from the Common School Fund for financing projects that provide significant in-state economic benefits. Serving on the task force will be one state senator, one state representative, the director of the Department of State Lands (or designee), and director of the Oregon Business Development Department (or designee), the assistant attorney general that gives legal advice to the State Land Board; and two appointed by the Governor.

Effective Date: April 1, 2014

HB 4087
Relating to school safety
House Vote: 56-2
Senate Vote: 26-4
The issue of school shootings and other health and safety emergencies remain a concern, as does how best to deploy a rapid response in such circumstances.

HB 4087 creates a 14-member Task Force on School Safety, appointed by the Governor, the Senate President, and the Speaker of the House. The task force is to develop a request for proposals for the State Police to hire a vendor to create a database of floor plans for all the schools in the state, accessible only to authorized users. The task force will make recommendations to the State Police as to who may have access to the database, who should maintain the database, and how records are added or modified. The task force is also directed to examine models for law enforcement, first responders, and school employees for school safety and incident response; develop coordinated statewide training in the area of school safety and incident response; and examine models for existing protocols for school safety and incident response.

Effective Date: April 1, 2014

HB 4090
Relating to school food programs
House Vote: 60-0
Senate Vote: 30-0

Under current law, ODE distributes federal National School Lunch Program, Summer Food Service Program and Afterschool At-Risk Meals & Snacks Program funds. Start-up/expansion grant funds for the Afterschool At-Risk Meals & Snacks Program are limited to a maximum of $10,000 per organization, which is not enough money to expand program participation or to start a program.

HB 4090 increases the grant from $10,000 to $20,000 and expands how the money may be spent. Additional uses include purchasing or upgrading necessary equipment and services to provide the food as well as enrichment activities and materials to attract students to the food site.

Effective Date: March 3, 2014

HB 4117
Relating to additional support to low-performing Title I schools
House Vote: 57-0
Senate Vote: 30-0

Under the terms of Oregon’s No Child Left Behind (NCLB) waiver, Title I (high-poverty) schools are identified as “priority” and “focus” schools. Priority and focus schools are the lowest performing schools Title 1 schools. There are 33 priority schools (lowest performing 5%) and 58 focus schools (bottom 15%). Focus and priority schools receive funds from the federal School Improvement Grant. In addition, these schools are eligible for the Expanded Reading Opportunities Grant in HB 3232 (2013). All eligible schools applied and were awarded $40,000 for two years (2013-14 and 2014-15).
In addition, ODE is required to identify schools that are low-performing—in the bottom 15%—that are not already designated as focus and priority schools. These are known as “Other Title 1 and Targeted Other Title 1 Schools.”

HB 4117 appropriates $500,000 from the state General Fund for the 19 schools that have been subsequently identified (since 2013) as Targeted Other Title 1 Schools under the federal waiver for the purpose of providing summer learning programs for their students.

Effective Date: Governor’s signature

HB 4122
Relating to standards of performance in public contracting
House Vote: 40-18
Senate Vote: 25-5

Requires state agencies and public corporations to obtain quality management services (QMS) from a qualified contractor on information technology initiative when the project exceeds $5 million or if the IT initiative meets criteria or standards set by the state Chief Information Officer or director of the Department of Administrative Services. Prohibits disaggregating a large initiative to avoid the QMS requirements. Requires QMS contractor to provide a copy of the preliminary and final reports to the state CIO, DAS director, and the appropriate agency director, board, commission, or governing body. Requires state agencies and public corporations to consult with CIO and DAS director and follow CIO and DAS policies and procedures to determine the extent of quality management services or preliminary quality assurance services required for the IT initiative. Provides exemption from the requirement that the state agency not accept a bid or proposal from a contractor that assisted in developing specifications or solicitation documents for bid or proposal for certain quality management services. Becomes operative July 1, 2014.

Effective Date: March 19, 2014

HB 4150
Relating to student assessments
House Vote: 40-18
Senate Vote: 27-3

In 2011, the Legislature enacted HB 2220. That measure was intended to facilitate proficiency teaching and learning methods. It required that schools inform students and parents at least once a year how the student was progressing in mastering academic standards. There was some concern that students and parents did not really know how well a student had mastered a subject given other inputs into a grade, and the student could be unpleasantly surprised when placed in remedial college classes. Districts interpreted this once a year report in a number of ways, including that homework, attendance,
extra credit could no longer be included in grades. This was not the intent of legislative sponsors of the measure.

HB 4150 attempts to clarify the requirements of House Bill 2220 and repeals the requirement that districts must create a separate yearly report based solely on student academic progress towards standards. In addition, the bill requires school districts that are considering switching to proficiency-based education systems to convene an advisory committee of teachers, administrators and staff to make recommendations to the district superintendent.

Directs ODE to evaluate the effect of the requirement to demonstrate proficiency in Essential Learning Skills on high school graduation rates.

Directs ODE to negotiate with the USDOE to determine the appropriate use of new statewide summative assessment and to submit a report related to the new statewide summative assessment.

Effective Date: March 6, 2014

HB 4157
Relating to state financial administration
House Vote: 47-11
Senate Vote: 28-1

HB 4157 implements statutory changes necessary to support the legislatively adopted budget and to clarify the application of statutes. It is commonly referred to as the “program change bill.”

The measure authorizes the Superintendent of Public Instruction to provide interest-free loans of up to $400,000 to financially troubled school districts (in effect, Days Creek) from the State School Fund. The loan must be repaid within four years. A school district that receives financial assistance must submit quarterly financial reports to the department until the loan is paid in full. The Superintendent of Public Instruction may order changes in the financial policies of the school district until the loan is paid in full.

Other provisions:

- Eliminates the Industries for the Blind Program;
- Re-establishes the Task Force on State Budget Process;
- Modifies statutory compensation plan reporting by the Department of Administrative Services to include step increases;
- Addresses the Governor’s line-item veto of HB 2322 (2013) by repealing section 31, chapter 722, Oregon Law 2013; and
- Transfers $2.2 million in Business Registration fee revenue to the General Fund.

Effective Date: April 1, 2014
HB 5201

*Relating to state financial administration*

House Vote: 46-12
Senate Vote: 29-0

HB 5201 adjusts certain biennial appropriations made from the General Fund to specified state agencies and the Emergency Board. In regards to the Department of Education, the bill makes several adjustments.

- Authorizes an increase of 10 positions or 5.36 full-time equivalent positions for various ODE programs.
- Appropriates $1,789,557 of General Fund to fund the second year of the biennium for youth development grants, performance-based contracts, and services at the local level.
- Appropriates $2 million to the Career and Technical Education Revitalization Grant Program and transfers $230,537 General Fund from the Grant-in-Aid budget to the Operations budget and establishes three positions (1.25 FTE) for these functions (included in the position count in the first bullet).
- Appropriates $4.4 million General Fund for student assessments to augment the $16 million Total Funds currently in the agency’s budget for student assessments. This additional funding is to be used to purchase a summative assessment system tied to the Common Core standards as well as providing resources to school districts for formative and interim assessment tools. ODE is instructed to provide at least $2 million of the total amount in the budget for student assessments as payments to school districts for formative and interim assessment tools.
- Increases the Federal Funds expenditure limitation for the Early Learning Division to spend an additional $10.1 million from the Race to the Top grant program. The agency plans to spend $5.5 million of these funds during the 2013-15 biennium. The Federal Funds will be split between the Early Learning Grant-in-Aid budget for grants to organizations ($3,955,190) and the agency’s Operations budget ($1,547,971). Seven limited duration (4.11 FTE) new positions were approved. Five current positions will also be funded with these new resources.
- Increases the expenditure limitation for early learning programs by $2.2 million to reflect a larger carry-forward of child care related funds from 2011-13 and larger current biennium revenues from the federal Child Care Development Fund. These revenues will be used to increase funding for the Employment-Related Day Care program administered by the Department of Human Services.
- Appropriates $1 million General Fund for the Long Term Care and Treatment programs that provide educational services to students in residential and day treatment centers, with the expectation that the entire $1 million will be passed through to entities that directly provide educational services to students.
- Increases the Other Funds expenditure limitation by $3,535,581 to distribute Local Option Equalization Grants to school districts.
- Restores 25% of the 2% holdback to state agencies, generally. Restores $5,948,790 General Fund to the ODE budget, representing 70% of the 2% holdback.
  - Other early learning programs: $673,910 or 100% of 2% holdback
  - Oregon Pre-Kindergarten program: $2,548,483 or 100% of 2% holdback
  - Youth Development Grant programs: $114,982 or 100% of 2% holdback
  - Oregon School for the Deaf staffing costs: $222,340 or 100% of 2% holdback
  - Strategic Education Initiatives: $436,976 or 100% of 2% holdback
2014 Enacted Legislation

- Early Childhood Special Education programs: $1,080,405 or 50% of the 2% holdback
- Early Intervention: $562,775 or 100% of the 2% holdback
- ODE Operations: $308,919 to restore a nursing position (but without re-establishing the position), youth development program administration, and licensing of Head Start programs (34% of the 2% holdback).
- OIEB: $30,794 or 25% of the 2% holdback to fund data analysis and policy research
- OEIB/ODE/HECC: Reserved $3.5 million for the Statewide Longitudinal Data System in the Emergency Fund. Prior to release of the funds, the agencies must meet the requirements of a related budget note.

See Budget Notes on page 12.

Effective Date: April 1, 2014

SB 1506
Relating to education of children of military families
Senate Vote: 30-0
House Vote: 58-0

Children of active duty military personnel are subject to frequent moves. Because each school district sets its own policies and rules, these children sometimes do not have all their previously accrued credit counted; student records transfer can be delayed; and placement in courses may not recognize previous work. Students who transfer in their senior year of high school may be denied a diploma if they are unable to meet the graduation requirements of the new school district. Oregon does not have large military bases like some states, but does have about 1800 students of active military personnel, mostly among the Coast Guard. Forty-six states are members of the Interstate Compact on Educational Opportunity for Military Children.

SB 1506 joins Oregon to the Interstate Compact on Educational Opportunity for Military Children and makes a number of changes to ease school transitions for children of military parents. Schools are directed to enroll and appropriately place students based on unofficial records, if official records are not immediately available. Districts shall give 30 days from the date of enrollment for students to obtain needed immunizations. Students shall be allowed to continue their enrollment at the grade level they were previously enrolled. Receiving schools shall honor the placement of the student in educational courses (such as Advanced Placement) based on their enrollment in the previous state. Districts are directed to facilitate on-time graduation by waiving course requirements for graduation if similar course work has been satisfactorily completed in another school. Oregon shall accept exit or end-of-course exams from the sending state. Should a student transfer during the senior year, and is otherwise ineligible to graduate on time, the Oregon school shall contact the sending school and the student shall receive a diploma from the sending school.

The measure creates a state council to coordinate among the state and local education agencies and military installations. The Governor shall appoint a military family education liaison to assist military families and the state in implementing the compact. A compact commissioner is responsible for the administration and management of the state’s participation in the compact. Volunteers are expected to
fill these two positions. The Oregon Military Department shall provide administrative support to the state council.

Effective Date: January 1, 2015

**SB 1509**

*Relating to school mascots*

Senate Vote: 29-0  
House Vote: 40-18

In 2012, the State Board of Education banned the use of Native American school mascots and gave the affected schools five years to comply. The board found 15 high schools with such mascots. The number of elementary and middle schools is unknown. This followed a complaint made to the board by a Native American student who said he felt threatened as a result of crowd behavior at athletic events at schools with Indian mascots. Research has shown that, even when portrayed in a positive light, the use of stereotypical Indian mascots reduces and limits the expectations Native students have of themselves and boosts the self-esteem of European Americans.

SB 1509 permits the use of Indian mascots if the school district enters into an agreement with any of the nine federally recognized tribes in Oregon that describes the acceptable use of the mascot and complies with administrative rules. The State Board of Education is directed to promulgate administrative rules, in consultation with the federally recognized tribes, that prescribe the requirements for approval. The State Board of Education must adopt the rules no later than January 1, 2017.

Effective Date: March 6, 2014

**SB 1567**

*Relating to management service employees*

Senate Vote: 30-0  
House Vote: 55-0

Currently, management service employees who are removed or reassigned for lack of work or reorganization may return to their previously held classified position. SB 1567 limits the restoration right of management service employees to their prior classified position. If the employee entered management service prior to January 1, 2015, then restoration rights expire three years from the date of appointment. If the employee enters management service after January 1, 2015, there is no restoration right. Restoration rights do not apply to persons dismissed from management services for misconduct, inefficiency, incompetence, insubordination, indolence, malfeasance, or other unfitness.

Effective Date: January 1, 2015
SB 1524  
Relating to community college costs  
Senate Vote: 29-0  
House Vote: 57-2  
Concurrence Vote: 30-0  
Rising tuition costs continue to be a barrier to post-secondary education. SB 1524 directs the Higher Education Coordinating Commission to examine the viability of a program that would allow Oregon high school graduates to attend community college for a period of time without paying tuition and fees. The examination shall consider the number of students who would participate in the program; the cost and sources of money to pay the cost; the capacity of community colleges; and eligibility criteria for students.  
Effective Date: March 11, 2014

SB 1525  
Relating to education  
Senate Vote: 29-1  
House Vote: 43-15  
Concurrence Vote: 16-14  
SB 1525 makes a number of changes to education statutes, most of which are higher education-related.  
The bill grants the Higher Education Coordinating Commission (HECC) authority to enter into and administer interstate agreements regarding post-secondary distance education. It clarifies the relationship between the HECC and the Oregon Education Investment Board. It revises the composition of the State Board of Higher Education. It prevents faculty and non-faculty staff members of university governing board from taking part in board discussions relating to collective bargaining. It clarifies the legislative intent on how constitutional references to the State Board of Higher Education are interpreted. It clarifies the applicability of PERS to universities with governing boards. It revises the date by which Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon University must notify the State Board of Higher Education of their intent to become universities with governing boards. It clarifies that the act of registering to vote by a student who is attending a post-secondary institution of education has no effect in determining that student’s eligibility to participate in the Western Undergraduate Exchange coordinated by the Western Interstate Commission for Higher Education. The measure extends the life of the work group formed to explore options for regional education delivery. Finally, SB 1525 changes date by which a university president must notify the Governor and the State Board of Higher Education of the university’s intention to form a local governing board.  
Effective Date: April 1, 2014
SB 1574
Relating to accelerated learning
Senate Vote: 30-0
House Vote: 56-0

Earning college credit while still in high school provides many advantages to students. Students are introduced to college-level work and possible college attendance upon graduation; students are kept engaged with education at a time when boredom can set in; and students and parents save thousands of dollars in tuition. SB 1574 clarifies that standards for dual credit programs must establish the manner by which students in grades 9 through 12 may earn course credit for both high school and a community college or a public university.

Effective Date: January 1, 2015

Other Bills of Note That Were NOT Enacted
HB 4062 – Not Enacted
Relating to student education records

HB 4062 directed the State Board of Education to adopt standards concerning student education records and specified what those standards must contain. The standards must permit a student or parent to view the records, challenge and request changes in the record, that districts must disclose how the information in the record may be used and who may access the information; require that personal identifying information be used only for the educational benefit of the student; prohibit disclosure of personal identifying information to individuals who are not directly responsible for the student’s education program; prohibit the collection of student personal identifying information for general educational research; that personal identifying information be removed when no longer needed for the student’s education program, employment applications, or application to a college; and permit an educator whose performance is evaluated using student information to view the information. The bill directed the Dept. of Education to provide technical expertise to schools regarding student records and directed the department to issue a privacy risk assessment of any data system, program, or contract involving student education records.

HB 4134 – Not Enacted
Relating to high-risk youth
House Vote:
Senate Vote:

HB 4134 directs the Youth Development Council to allocate funds to community-based prevention and intervention programs and services based on indicators of need for youth ages 6 through 20. Indicators of need shall be determined by the YDC. The priorities of the community programs must meet the needs of youths who are demonstrating at-risk behaviors and have come to the attention of government or community agencies, schools, or law enforcement and who have more than one of the following risk
factors: antisocial behavior; poor family functioning or poor family support; failure in school; substance abuse problems; or negative peer associations.

The measure also creates the nine-member Juvenile Crime Prevention Funding Committee who is tasked with making findings regarding funding issues and recommending changes to policies and practices adopted and used by the Youth Development Council. Membership of the task force is specified and staffed by the Legislative Administrator and Department of Administrative Services. The committee shall report to the legislative committees that have jurisdiction over juvenile crime prevention and high-risk youth.

SB 1511 – Not Enacted
Relating to radon

SB 1511 directed K-12 schools to test for the presence of radon when the school undertakes a project that involves the addition, replacement, or substantial alteration of heating, air conditioning, or ventilation systems or a remodeling, renovation or alteration that affects the building envelope or structural components and has a cost that exceeds $50,000. Schools were directed to report their findings to the Oregon Health Authority. The Oregon Health Authority was to provide guidance and radon testing equipment to schools.

SB 1538A – Not Enacted
Relating to public charter schools

SB 1538 allowed a school district board to limit charter school proposals if the district has more than three percent of its students enrolled in a charter school within the district boundaries and three or more charter schools are located in the district. Under those circumstances, the district may review charter school applications to see if the proposals support the district’s identified educational goals. Advancement of the educational goals shall be an element of the charter. Districts were directed to send the State Board of Education their education goals. As amended, charter schools could have given priority admission for students who have historically been underserved due to race, ethnicity, poverty, or non-English-speaking status.
HB 5201
BUDGET NOTES

The Department of Education is instructed to provide at least $2 million of the total amount in the budget for student assessments as payments to school districts for formative and interim assessment tools.

Prior to May 1, 2014, the Department of Education is instructed to provide the School Funding Task Force established by House Bill 2506 (2013) with information to assist the Task Force in formulating recommendations relating to the level and allocation of funding for the Long Term Care and Treatment program. This information must include: (1) the actual costs of providing adequate and comparable educational services to students who receive services under the program; (2) various alternatives for allocating and distributing funding to these programs in an equitable manner to maximize the amount that is used for direct educational services to these students; (3) alternatives of metrics for measuring the effectiveness of the programs and providers of these educational services; and (4) other information the Task Force requests. The Task Force, with the assistance of the Department, shall work with various stakeholders including providers, school districts and others in formulating recommendations to the 2015 Legislature regarding the level and distribution of funding for the program.

The Oregon Education Investment Board (OEIB) is directed to work with the Oregon Department of Education (ODE), the Higher Education Coordinating Council (HECC), other education related agencies, and the Office of the State Chief Information Officer to refine the business case and develop a comprehensive set of foundational project management documents including a detailed project budget and schedule for the design, development and implementation of the State Longitudinal Data System for P-20W Education. The OEIB, ODE, HECC and other agencies must follow State Chief Information Officer standards in the development of these materials; and submit them to the State Chief Information Officer for review in compliance with Department of Administrative Services and State Chief Information Officer rules, policies and standards for project review, approval and oversight. An independent Quality Assurance contractor must be selected to complete quality control reviews of the refined business case and foundational project management documents. In addition, the independent Quality Assurance contractor must complete a project risk assessment. Prior to requesting additional funding for the Statewide Longitudinal Data System, OEIB and other agencies must submit the quality control reviewed business case and foundational project management documents and the project risk assessment, along with a recommendation on the project from the State Chief Information Officer to the Legislative Fiscal Office. The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board’s meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

The Oregon Department of Education-Early Learning Division’s Office of Child Care and the Department of Human Services will convene a workgroup of stakeholders to develop a set of policy recommendations on how best to modify the Employment-Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education. The agencies will report these recommendations back to the Emergency Board in May 2014; the expectation is that rulemaking to implement legislatively approved changes would follow soon after. Program elements to address
within the recommendations should include eligibility criteria, work hour requirements, school attendance verification, academic standing expectations, limitations on assistance, TANF leavers, families having children with special needs, program exit income limits, child care quality, data reporting, caseload priorities, and program evaluation.

REPORTS

HB 4009: Directs ODE, in cooperation with the Dept. of Human Services, to review the methods and responsibilities for the payment of the costs of educational services provided to students who are admitted to pediatric nursing facilities and are not residents of this state. ODE shall report on the review to interim legislative committees no later than Dec. 1, 2014.

HB 4150: Directs ODE to evaluate the effect of the requirement to demonstrate proficiency in Essential Learning Skills on high school graduation rates. The evaluation must include information about the attainment of high school diplomas by low-income students, students with disabilities, minority students, homeless students, and students learning English as a second language; the number of high school students who satisfy the requirements for a high school diploma, except for the ability to demonstrate proficiency in Essential Learning Skills; the impact of a lack of a high school diploma on enrollment in a post-secondary institution and on access to financial aid for a post-secondary institution; and the lifetime impact on wages and employment for students without a high school diploma. The department shall report on the evaluation to the interim legislative committees on education no later than 1/1/2015. The department shall evaluate the assessment of student readiness for a diploma and shall present findings and recommendations for improvement of the assessment to the State Board of Education and the appropriate legislative committees by 1/1/2015.

HB 4150: Directs ODE to negotiate with the USDOE to determine the appropriate use of new statewide summative assessment and to submit a report related to the new statewide summative assessment.

HB 5201 Budget Note: The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board’s meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

HB 5201 Budget Note: The Oregon Department of Education-Early Learning Division's Office of Child Care and the Department of Human Services will convene a workgroup of stakeholders to develop a set of policy recommendations on how best to modify the Employment-Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education. The agencies will report these recommendations back to the Emergency Board in May 2014; the expectation is that rulemaking to implement legislatively approved changes would follow soon after

OTHER ACTIONS

Statewide Longitudinal Data System (2/19/14, 2/28/14)
The Joint Committee on Ways and Means acknowledged receipt of a report on the Statewide Education Longitudinal Data System. Current law requires the Oregon Education Investment Board to deliver a data system to measure outcomes from educational investments across the prekindergarten to post-college spectrum. To develop the system, the OEIB explored options ranging in cost from $6 million to over $90 million. OEIB recommends using a federated approach estimated to cost about $8.6 million.

The committee recommended the project staff continue to refine the business case for the project; provide more detailed planning and project management information; and contract with an independent quality assurance contractor within the current resources available in the Department of Education’s budget. Once this work is completed, the agencies may return to the Legislature to request additional funding.

**Strategic Initiatives (2/5/14, 2/24/14)**

SB 5518 (2013) established the budget for the Oregon Department of Education. Included in the budget report was direction to report to the 2014 Legislative Assembly on the implementation of the strategic initiatives found in HB 3232 and HB 3233 (2013).

HB 3232 directed the Oregon Education Investment Board to design, implement and report on programs that made strategic investments in three areas: Oregon Early Reading; Guidance and Support for Post-Secondary Aspirations; and Connecting to the World of Work. The total appropriation was $29.3 million. The Legislature held back two percent of this amount.

HB 3233 created the Network of Quality Teaching and Learning to support educators. The OEIB and ODE were directed to disseminate best practices and distribute grant and contract funds to school districts, community colleges, universities, and early learning services and nonprofits. The total funding was $45 million; $33 million from the State School Fund and $12 million transferred from the Common School Fund.

OEIB and ODE reported on grants awarded to date and requested that the two percent held back from HB 3232 activities be restored.

**Early Learning Hubs (2/5/14, 2/24/14)**

HB 2013 (2013) established the Early Learning Hub Demonstration projects and capped the number of hubs at seven for 2013-14 and sixteen for 2014-15. The hubs are a critical part of the service delivery system for various early learning programs. Hubs are responsible for coordinating services in the community; aligning services provided by a number of entities; demonstrating the ability to improve results for children at risk; leveraging additional private and public funds; insuring a transparent budgeting process; and including stakeholders in hub governance.

The Early Learning Council and Early Learning Division (ELD) updated the Joint Committee on Ways and Means on its progress with setting up the seven demonstration hubs. Applicant hubs were to set improvement targets on kindergarten readiness; family stability; and system coordination. In round one,
five potential hubs were tentatively approved in the following counties: Grant and Harney; Douglas and Lake; Lane; Multnomah; and Yamhill.

If an area of the state will not be served by a hub in the near future, ELD will continue the Healthy Families Oregon through existing local program administrators until a local hub is established.

**Student Assessment Special Purpose Appropriation (2/17/14, 2/21/14)**

HB 5008 (2013) included a $4.6 million General Fund special purpose appropriation to the Emergency Board related to assessments required under the federal Elementary and Secondary Education Act. The $4.6 million was the difference between the total funds resources included in the Oregon Department of Education’s 2013-15 adopted budget for assessments and the estimate of assessment costs for the biennium. ODE was also instructed to report on what assessments it planned to implement and the current cost estimate for each component of the assessment.

Another budget note related to HB 5008 prohibited ODE from purchasing the interim item bank and related assessments from Smarter Balanced and directed ODE to “provide each district with available funds to administer a locally-selected and established interim growth assessment system for students in grades K- through 9 that is capable of informing instruction and measuring student academic performance against a stable scale irrespective of grade level.”

The Joint Committee on Ways and Means acknowledged receipt of a report on the student assessment system and allocated $4.4 million of the special purpose appropriation with instructions to the Department of Administrative Services to unschedule the funds when final negotiations with the provider are complete.

ODE had planned to distribute $1.3 million of the total funds available to districts to purchase or create interim growth assessments. The Legislature, through a budget note related to HB 5201, amended this to $2 million.

Costs for Smarter Balanced assessments for 2015-17 are estimated to be over $26 million; federal funding will likely cover $11 million; an additional $6 million will be needed from the General Fund.

**Youth Development Programs Special Purpose Appropriation (2/26/14)**

HB 5008 (2013) included a $1,789,557 General Fund special purpose appropriation to fund the second year of the biennium for youth development services provided at the local level. Prior to the release of these funds, the Youth Development Council was directed to report a funding allocation plan for all services provided by the council; juvenile crime prevention programs; and new investments in youth development programs and services that align with and support goals established by the Oregon Education Investment Board.

The January 2014 report outlined the plan and its four components: Youth and Community Grant Fund; Youth and Gangs Grant Fund; Youth and Innovation Grant Fund; and Youth and Crime Prevention Grant Fund. The plan assumes $1.6 million of the General Fund special purpose appropriation would be used
for the Youth and Innovation Grant Fund with the remainder for administrative costs of the grant programs. Grants from the Youth and Innovation Grant Fund would be one-time in nature.

The Legislative Fiscal Office (LFO) recommended that the $1,789,557 General Fund special purpose appropriation to the Emergency Board be redirected for youth development programs as outlined in the YDC’s funding allocation plan. Of the total amount, $1.6 million would be designated for the Youth and innovation Grant Fund, and the remaining $189,557 would be designated for grant administration and other activities related to the overall funding allocation plan. LFO recommended these appropriations be included in the 2014 session budget reconciliation bill, which they were.