Gates Budget Project:
A New Budget Framework for Oregon’s PK-20 Education Enterprise

Progress Report to the State Board of Higher Education

April 6, 2007
Presentation Outline

- Project Scope

- The case for a new budget framework
  *Why change, why now?*

- Building budget tools that inform the policy debate

- Putting new tools and processes to work

*Agenda*
PK-20 Budget Project

- Develop comparable budget data and tools to support policy decision-making across the Education Enterprise

- Recommend changes in budget methods, development, presentation, and review process
The Case for the New Budget Framework

A clear, unified budget framework is a critical tool for:

- Supporting Oregon’s goals for dramatic increases in educational attainment
- Understanding key issues
- Supporting effective policy decision-making

Why change, why now?
Current state budgeting has wide variations across the continuum in:

- Budgeting methods

- Basic assumptions in budget development
  - Inflation, enrollment, compensation, revenues

- Level of budget aggregation

*Why change, why now?*
Important information is omitted

- Incomplete presentation of all revenues and expenses
- Piecemeal information on performance, demographics, trends, cost drivers
- Lack of consistent per-student information

Why change, why now?
Education budget presentations should be:

- **Unified:** From pre-Kindergarten to graduate school and include all revenue sources
- **Transparent:** Presented in clear, comparable, and consistent formats across the continuum
- **Student-centered:** Focus on students, rather than agencies, and identify leverage points along the continuum to accelerate student progress
- **Performance-based:** Link investment decisions to performance expectations

New Budget Tools
A new budget will change policy discussions:

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
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<tbody>
<tr>
<td>Based on education sectors</td>
<td>Based on groups of Students</td>
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<tr>
<td>Argument about a Single Number</td>
<td>Discussion about investments and outcomes</td>
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<td>Budgeting on the margins</td>
<td>Budget the use of all education resources</td>
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<td>Debate: Level of funding</td>
<td>Debate: How to get better results</td>
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<td>Funding Agencies</td>
<td>Investing in Educational Services for Students</td>
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New Budget Tools
The New Budget Tools

A database with comparable data across the continuum

- Student enrollment and demographics
- Performance indicators
- Spending per student
- Revenue by source
- All expenses and revenues
- History and forecasts

5 years data 1999-00 – 2004-05
Proposed Process Changes

- Introduce unified budgeting at the beginning of the process
- Standardize the disparate budgeting methods across the Education Enterprise
- Link student progress and system performance to budget development
- Increase budget transparency and communication among the stakeholders
Proposed Process Changes

- Give unified presentations to Joint Legislative Education Committees
- Organize the Ways and Means review process based on groups of students and state education goals
- Use unified budget tools to identify leverage points across the continuum

New Budget Tools
Questions Raised by a Transparent, Performance-Based Budget

- What have we invested?
- How is the money spent?
- What are the results?
- Where are leverage points for investment to accelerate student progress?

*Putting the New Tools to Work*
Questions Raised by a Transparent, Performance-Based Budget

- How much do we spend *per student* at various levels of PreK-20 education?

- How has it changed over time and where is it headed in the future?

- What are the major cost drivers?

- What can we predict about future costs?

*Putting the New Tools to Work*
New Tools, New Processes

Putting the New Tools to Work