



Office of the Governor

February 24, 2006

Governor Kulongoski's 'Education Enterprise'

The Problem:

The recent recession, coupled with a volatile revenue system that relies heavily on a single source, inflicted heavy damage on public schools and universities, forcing budget cuts that have shortened Oregon's school year, increased class sizes, ended valuable academic programs and activities and put our colleges and universities further behind other states making significant gains. Oregon needs a plan that puts the state back on the path to sustained and committed investments in education. Education and economic prosperity are inseparable. To compete in today's hyper-competitive global economy, and to ensure relevant and rewarding jobs for Oregonians in that economy, Oregon must establish a system of public education that trains workers who can fill those jobs.

The Solution:

Establish a new way of formulating policy on public education, one that views all sectors of the education system as a single unit and halts cutting school budgets—the Education Enterprise. Ensure that the system responds to the needs of all Oregonians, regardless of whether they are college seniors bound for post-graduate studies, laid-off workers who need retraining for new jobs, high school students who want to learn a trade, or single parents who simply want to improve their families' lives.

- Don't cut education—invest in it. Governor Ted Kulongoski's Education Enterprise will set up a new way to prioritize funding for education in Oregon, and a stability fund to protect education from future losses in tax revenue. If adopted, it will allocate a minimum of 61 percent of the state's general fund to education, beginning with the next two-year budget cycle. In every following budget cycle, each sector of the public education system will receive an increase of at least 10 percent over the previous legislatively approved budget (Oregon pre-kindergarten/Head Start, K-12, Oregon Department of Education, community colleges and workforce development, universities, OHSU, and the Oregon Student Assistance Commission).
 - If the general fund grows more than 10 percent in any budget cycle, two-thirds of excess revenue will go into an education stability fund. One third will go into an investment account. The Joint Boards of Education will direct the investment of these funds to serve the needs of the Education Enterprise.

- The Education Enterprise means real gains for K-12. In the 2009 biennium, for example, the new funding system will generate an estimated \$500 million for more public school districts in Oregon. According to the Quality Education Model, which the Legislature enacted as a standard for K-12 schools in Oregon, an estimated investment of \$400 million would bring class sizes back to standard throughout the state. Under the Education Enterprise, local school districts could, if they choose, bring classes down to the optimal level and still have \$100 million to invest in restoring a full school year or lost academic programs.
- Coordinate the education sectors. Governor Kulongoski has directed the State Board of Education and the State Board of Higher Education to ensure that every Oregonian receives the opportunity to obtain the training needed to pursue his or her chosen work. The Governor's goal is to provide access to education and training both for children and adult learners. The following elements are either in place or soon will be:
 - *Statewide data system to track students.* The system will track students from pre-kindergarten through adulthood, enabling counselors to provide better counseling, improve the transfer of academic credits, and restore the value of the high school diploma.
 - *Expanding student aid.* The Governor has set a policy of funding Oregon Opportunity Grants to cover 100 percent of eligible students, including part-timers.
 - *Workforce Investment Act.* Bolster the program with state money to provide appropriate training for "incumbent" workers, which will help keep Oregon's existing workforce competitive.
- Make the system accountable. The Governor has directed that the unified education budget be "user-friendly," so that Oregonians know how the system spends their tax dollars to help students succeed. Accountability also means coordination of efforts at community outreach, ensuring that Oregonians understand the education system and the opportunities it offers at every level.
- Strengthen community colleges. To meet the ever-changing demands of today's business community, the Governor's Education Enterprise calls for strengthening community colleges in important ways. This means greater transferability of credits between community colleges and universities. It means tying workforce training to the actual needs of local businesses and industries. It also means coordinating degrees and certification programs to eliminate costly duplication.