

**A-Engrossed**  
**House Bill 4014**

Ordered by the House February 13  
Including House Amendments dated February 13

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Education)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Abolishes District Best Business Practices Advisory Committee and authority to conduct best business practices audits.

*[Removes requirement that school districts collect data related to physical education and that Department of Education report on data to Legislative Assembly.]*

*[Removes requirement that school district boards determine whether school district is in compliance with food standards and report results to Department of Education.]*

Removes requirement that State Board of Education attempt to mediate resolution between school district board and applicant for public charter school.

Allows school districts to adopt or use textbooks or other instructional materials in place of or in addition to those adopted by State Board of Education without giving prior notice to State Board of Education.

**Removes, for district school board, prohibition on requiring student to attend school throughout entire year.**

**Removes requirements related to how elementary and secondary schools offer special recognition to students.**

Removes requirement for observations of Arbor Week, History of Oregon Statehood Week and Women in History Week.

Removes requirement that Department of Education report to Legislative Assembly on implementation of courses on family life, human immunodeficiency virus and human sexuality.

Removes requirement that school districts provide instructional materials on explicit phonics.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to education; amending ORS 297.210, 327.008, 336.012, 336.179, 337.120, 337.141 and 338.075;  
3 repealing ORS 326.131, 326.133, 326.136, 336.015, 336.023, 336.025, 336.475 and 337.275; and de-  
4 claring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 297.210 is amended to read:

7 297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial  
8 affairs of state departments, boards, commissions, institutions and state-aided institutions and agen-  
9 cies of the state reviewed or audited as the Secretary of State considers advisable or necessary.

10 (b) The Secretary of State, as State Auditor, may conduct performance audits of school districts  
11 and education service districts. For audits conducted under this paragraph:

12 (A) The Secretary of State shall identify by rule factors and standards by which the secretary  
13 will determine whether to initiate an audit as authorized under this paragraph or to enter into a  
14 contract with the Department of Education to conduct an audit as provided by ORS 327.141.

15 (B) Prior to initiating an audit, the Secretary of State shall:

16 (i) Give notice to the school district or the education service district of the secretary's intent

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 to initiate the audit; and

2 (ii) Provide the school district or the education service district with the opportunity to provide  
3 to the secretary any information related to the subject of the audit.

4 (C) Following the review of any information provided under subparagraph (B) of this paragraph,  
5 the Secretary of State may:

6 (i) Decline to proceed with the audit; or

7 (ii) Cause the audit to be conducted.

8 (D) The Secretary of State may charge a school district or an education service district for a  
9 portion of the costs incurred for an audit authorized by this paragraph. Amounts charged as pro-  
10 vided by this subparagraph shall be in lieu of any amounts that may be charged as provided by ORS  
11 297.230.

12 *[(c) The Secretary of State, as State Auditor, may conduct audits of the business practices of school*  
13 *districts and education service districts pursuant to a contract with the Department of Education au-*  
14 *thorized by ORS 326.133.]*

15 *[(d)] (c)* The Secretary of State, as State Auditor, may conduct audits of the use of fund transfers  
16 from the state to counties, including but not limited to transfers of video lottery revenues, state  
17 highway funds, cigarette tax revenues and Oregon Liquor Control Commission funds.

18 *[(e)] (d)* The Secretary of State may subpoena witnesses, require the production of books and  
19 papers and rendering of reports in such manner and form as the Secretary of State requires and  
20 may do all things necessary to secure a full and thorough investigation.

21 *[(f)] (e)* The Secretary of State shall report, in writing, to the Governor. The report shall include  
22 a copy of the report on each audit.

23 *[(g)] (f)* In addition to the report described in paragraph *[(f)] (e)* of this subsection, the Secretary  
24 of State shall provide a report to a school district board or the board of directors of an education  
25 service district following an audit conducted as provided by paragraph (b) of this subsection.

26 (2) The Secretary of State may audit or review any institution or department of the state gov-  
27 ernment at any time the executive head of the institution or department, for any reason, retires from  
28 the head's office or position. The secretary need not conduct an audit or review under this sub-  
29 section if:

30 (a) The institution or department has been the subject of an audit or review of financial controls  
31 within the six months immediately preceding the retirement of the executive head of the institution  
32 or department; or

33 (b) The secretary has not received a report within the 12 months immediately preceding the  
34 retirement of the executive head of the institution or department indicating that the executive head  
35 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-  
36 cedures.

37 (3) The Secretary of State shall employ auditors upon such terms and for such compensation as  
38 the Secretary of State determines are advantageous and advisable.

39 (4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a  
40 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-  
41 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena  
42 issued from the circuit court.

43 **SECTION 2.** ORS 327.008, as operative until June 30, 2012, is amended to read:

44 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist  
45 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education

1 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
2 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
3 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

4 (2) There shall be apportioned from the State School Fund to each school district a State School  
5 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant  
6 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
7 vided in ORS 327.011 and 327.013.

8 (3) There shall be apportioned from the State School Fund to each education service district a  
9 State School Fund grant as calculated under ORS 327.019.

10 (4) There shall be apportioned from the State School Fund the amount to be transferred to the  
11 Regional Educational Services Account as calculated under ORS 327.009.

12 (5) All figures used in the determination of the distribution of the State School Fund shall be  
13 estimates for the same year as the distribution occurs, unless otherwise specified.

14 (6) Numbers of students in average daily membership used in the distribution formula shall be  
15 the numbers as of June of the year of distribution.

16 (7) A school district may not use the portion of the State School Fund grant that is attributable  
17 to the facility grant for capital construction costs.

18 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-  
19 ceed \$25 million in any biennium. If the total amount to be distributed as facility grants exceeds this  
20 limitation, the Department of Education shall prorate the amount of funds available for facility  
21 grants among those school districts that qualified for a facility grant.

22 (9) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from  
23 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

24 (10) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from  
25 the State School Fund to the Small School District Supplement Fund established in ORS 327.360.

26 (11) Each fiscal year, the Department of Education may expend up to \$550,000 from the State  
27 School Fund for the contract described in ORS 329.488. The amount distributed to education service  
28 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the  
29 amount expended by the department under this subsection.

30 *[(12) Each biennium, the Department of Education may expend up to \$800,000 from the State School*  
31 *Fund for the administration of ORS 326.133 and 326.136.]*

32 *[(13)]* (12) Each biennium, the Department of Education may expend up to \$350,000 from the  
33 State School Fund to provide administration of and support for the development of talented and  
34 gifted education under ORS 343.404.

35 *[(14)]* (13) Each biennium, the Department of Education may expend up to \$150,000 from the  
36 State School Fund for the administration of a program to increase the number of speech-language  
37 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

38 **SECTION 3.** ORS 327.008 is amended to read:

39 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist  
40 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
41 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
42 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
43 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

44 (2) There shall be apportioned from the State School Fund to each school district a State School  
45 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant

1 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
2 vided in ORS 327.011 and 327.013.

3 (3) There shall be apportioned from the State School Fund to each education service district a  
4 State School Fund grant as calculated under ORS 327.019.

5 (4) There shall be apportioned from the State School Fund the amount to be transferred to the  
6 Regional Educational Services Account as calculated under ORS 327.009.

7 (5) All figures used in the determination of the distribution of the State School Fund shall be  
8 estimates for the same year as the distribution occurs, unless otherwise specified.

9 (6) Numbers of students in average daily membership used in the distribution formula shall be  
10 the numbers as of June of the year of distribution.

11 (7) A school district may not use the portion of the State School Fund grant that is attributable  
12 to the facility grant for capital construction costs.

13 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-  
14 ceed \$25 million in any biennium. If the total amount to be distributed as facility grants exceeds this  
15 limitation, the Department of Education shall prorate the amount of funds available for facility  
16 grants among those school districts that qualified for a facility grant.

17 (9) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from  
18 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

19 (10) Each fiscal year, the Department of Education may expend up to \$550,000 from the State  
20 School Fund for the contract described in ORS 329.488. The amount distributed to education service  
21 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the  
22 amount expended by the department under this subsection.

23 *[(11) Each biennium, the Department of Education may expend up to \$800,000 from the State School*  
24 *Fund for the administration of ORS 326.133 and 326.136.]*

25 *[(12)]* (11) Each biennium, the Department of Education may expend up to \$350,000 from the  
26 State School Fund to provide administration of and support for the development of talented and  
27 gifted education under ORS 343.404.

28 *[(13)]* (12) Each biennium, the Department of Education may expend up to \$150,000 from the  
29 State School Fund for the administration of a program to increase the number of speech-language  
30 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

31 **SECTION 4.** ORS 338.075 is amended to read:

32 338.075. (1) If a school district board does not approve a proposal to start a public charter  
33 school pursuant to ORS 338.055, the applicant may:

34 (a) Request that the State Board of Education review the decision of the school district board;  
35 or

36 (b) Submit a proposal to an institution of higher education.

37 (2) Upon receipt of a request for review, the State Board of Education:

38 *[(a) Shall attempt to mediate a resolution between the applicant and the school district board.]*

39 *[(b)]* (a) May recommend to the applicant and school district board revisions to the proposal.

40 *[(c)]* (b) If the school district board does not accept the revisions to the proposal and the appli-  
41 cant agrees to the sponsorship, may become the sponsor of the public charter school.

42 (3) Upon receipt of a request for review, in addition to actions described in subsection (2) of this  
43 section and at any time during the review process, the State Board of Education may reject a pro-  
44 posal to start a public charter school if the school fails to meet the requirements of this chapter.

45 (4) An applicant may seek judicial review of an order of the State Board of Education pursuant

1 to ORS 183.484. If the court finds that the decision of the State Board of Education is not supported  
2 by substantial evidence in the record, the court shall enter a judgment directing the State Board  
3 of Education to sponsor the public charter school.

4 (5)(a) An applicant seeking sponsorship by an institution of higher education may submit to the  
5 institution of higher education the same proposal that was submitted to the school district board  
6 under ORS 338.045 or a proposal that is modified to take into consideration the characteristics of  
7 the institution of higher education evaluating the proposal under this subsection.

8 (b) Upon receipt of a proposal, an institution of higher education may evaluate the proposal. The  
9 institution of higher education shall:

10 (A) Approve or disapprove the proposal using the criteria described in ORS 338.055 (2)(b) to (h)  
11 and approve the proposal only if the institution of higher education may become a sponsor as pro-  
12 vided by paragraphs (e) and (f) of this subsection; or

13 (B) Disapprove the proposal based on the institution's determination that the proposal does not  
14 align with the mission of the institution of higher education.

15 (c)(A) The following decisions by an institution of higher education are final and not subject to  
16 appeal:

17 (i) Whether to evaluate a proposal for a public charter school; and

18 (ii) The approval or disapproval of a proposal for a public charter school.

19 (B) The process by which an institution of higher education makes a decision described in sub-  
20 paragraph (A) of this paragraph is not subject to appeal.

21 (d) Within 60 days after receiving a proposal, the institution of higher education must approve  
22 the proposal or, if disapproving the proposal, state in writing the reasons for disapproving the pro-  
23 posal.

24 (e) An institution of higher education may approve a proposal evaluated under this subsection  
25 only if the main campus of the institution of higher education is located within 25 miles of the  
26 proposed public charter school, based on the nearest traveled road.

27 (f) An institution of higher education may become a sponsor of only one public charter school  
28 in this state, regardless of the number of campuses or locations of the institution of higher educa-  
29 tion.

30 (g) If a public charter school has a sponsor that is an institution of higher education and the  
31 public charter school enters into a contract with a third-party entity to provide educational services  
32 for the public charter school:

33 (A) A member of the governing body of the public charter school or the governing body of the  
34 sponsor may not be an employee of the third-party entity, be a member of the governing board of  
35 the third-party entity or be any other representative of the third-party entity;

36 (B) An employee or a member of the governing board of the third-party entity may not attend  
37 an executive session of the sponsor;

38 (C) An employee of the public charter school may not promote the sale or benefits of private  
39 supplemental services or classes offered by the third-party entity; and

40 (D) The educational services provided by the third-party entity must comply with state standards  
41 and requirements, and any provision of the contract with the third-party entity that does not allow  
42 for the provision of educational services that comply with state standards and requirements is void.

43 **SECTION 5.** ORS 338.075, as amended by section 29, chapter 718, Oregon Laws 2011, is  
44 amended to read:

45 338.075. (1) If a school district board does not approve a proposal to start a public charter

1 school pursuant to ORS 338.055, the applicant may request that the State Board of Education review  
2 the decision of the school district board.

3 (2) Upon receipt of a request for review, the State Board of Education:

4 [(a) *Shall attempt to mediate a resolution between the applicant and the school district board.*]

5 [(b)] (a) May recommend to the applicant and school district board revisions to the proposal.

6 [(c)] (b) If the school district board does not accept the revisions to the proposal and the appli-  
7 cant agrees to the sponsorship, may become the sponsor of the public charter school.

8 (3) Upon receipt of a request for review, in addition to actions described in subsection (2) of this  
9 section and at any time during the review process, the State Board of Education may reject a pro-  
10 posal to start a public charter school if the school fails to meet the requirements of this chapter.

11 (4) An applicant may seek judicial review of an order of the State Board of Education pursuant  
12 to ORS 183.484. If the court finds that the decision of the State Board of Education is not supported  
13 by substantial evidence in the record, the court shall enter a judgment directing the State Board  
14 of Education to sponsor the public charter school.

15 (5)(a) An institution of higher education may sponsor a public charter school only if:

16 (A) The main campus of the institution of higher education is located within 25 miles of the  
17 proposed public charter school, based on the nearest traveled road; and

18 (B) The institution of higher education first became a sponsor of the public charter school prior  
19 to July 1, 2017.

20 (b) An institution of higher education may sponsor only one public charter school in this state,  
21 regardless of the number of campuses or locations of the institution of higher education.

22 (c) If a public charter school has a sponsor that is an institution of higher education and the  
23 public charter school enters into a contract with a third-party entity to provide educational services  
24 for the public charter school:

25 (A) A member of the governing body of the public charter school or the governing body of the  
26 sponsor may not be an employee of the third-party entity, be a member of the governing board of  
27 the third-party entity or be any other representative of the third-party entity;

28 (B) An employee or a member of the governing board of the third-party entity may not attend  
29 an executive session of the sponsor;

30 (C) An employee of the public charter school may not promote the sale or benefits of private  
31 supplemental services or classes offered by the third-party entity; and

32 (D) The educational services provided by the third-party entity must comply with state standards  
33 and requirements, and any provision of the contract with the third-party entity that does not allow  
34 for the provision of educational services that comply with state standards and requirements is void.

35 **SECTION 6.** ORS 337.141 is amended to read:

36 337.141. [*Upon prior notice to the State Board of Education, the district school board of any school*  
37 *district may adopt and use textbooks or other instructional materials in place of or in addition to those*  
38 *adopted by the State Board of Education provided they meet the guidelines and criteria established by*  
39 *the State Board of Education.*] **The State Board of Education shall adopt:**

40 (1) **A list of textbooks and other instructional materials that may be used by a school**  
41 **district; and**

42 (2) **Guidelines and criteria for a district school board to select textbooks and other in-**  
43 **structional materials that are not on the list adopted under subsection (1) of this section.**

44 **SECTION 7.** ORS 337.120 is amended to read:

45 337.120. (1) [*Except as otherwise provided by ORS 337.141, the*] **A** district school board, with the

1 assistance of teachers and administrators of the district, shall adopt **a list of** textbooks and other  
2 instructional materials for each grade and subject [*field*] for which instruction is provided by the  
3 [*district school board from the approved list*] **school district**. The district school board shall **adopt**  
4 **the list in compliance with ORS 337.141 and shall** involve parents and citizens in the process.

5 (2) The district school board shall cause the books or **other instructional** materials, according  
6 to titles, [*so adopted*] **that are included on the list adopted under subsection (1) of this section**  
7 to be used in its schools at the beginning of the next school year following the state adoption **under**  
8 **ORS 337.141**, except when, pursuant to rules of the State Board of Education, the district school  
9 board is authorized by the Superintendent of Public Instruction to postpone [*such*] use for a rea-  
10 sonable period of time.

11 **SECTION 8.** ORS 336.012 is amended to read:

12 336.012. A district school board may adopt a class schedule that operates throughout the year  
13 for all or any schools in the district [*but may not require a student to attend the entire year*].

14 **SECTION 9.** ORS 336.179 is amended to read:

15 336.179. (1) It is state policy for all school districts to foster an atmosphere of student commit-  
16 ment to excellence in education, recognizing excellence in academics and excellence in citizenship.

17 (2) Each school district shall determine the activities necessary to qualify for special recognition  
18 of student achievement.

19 [(3) *In implementing the state policy, and after consultation with the student body, an elementary*  
20 *or secondary school shall offer special recognition as appropriate. Special recognition may include, but*  
21 *need not be limited to:*]

22 [(a) *Reduced admission to athletic events;*]

23 [(b) *Discount on school yearbook;*]

24 [(c) *Discount on student store merchandise;*]

25 [(d) *Free or discounted school parking permits;*]

26 [(e) *Free or discounted tickets to student events;*]

27 [(f) *Exemption from a limited number of semester finals;*]

28 [(g) *Academic "Pride" insignia;*]

29 [(h) *Early registration privileges;*]

30 [(i) *Local merchant discounts where available to the district; and*]

31 [(j) *Free membership in school organizations.*]

32 **SECTION 10.** ORS 326.131, 326.133, 326.136, 336.015, 336.023, 336.025, 336.475 and 337.275 are  
33 **repealed.**

34 **SECTION 11.** This 2012 Act being necessary for the immediate preservation of the public  
35 **peace, health and safety, an emergency is declared to exist, and this 2012 Act takes effect**  
36 **on its passage.**

37