

REVENUE: Revenue statement issued

FISCAL: May have fiscal impact, statement not yet issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	5 - 0 - 0
Yeas:	Kruse, Metsger, Morse, Westlund, Walker
Nays:	0
Exc.:	0
Prepared By:	Dana Richardson, Administrator
Meeting Dates:	4/3

WHAT THE MEASURE DOES: Establishes Frontier Education Outpost made up of three existing education service districts. Specifies duties of outpost and method of determining administrative office location. Requires education service districts to contribute funds for operation of outpost. Specifies minimum amount of general purpose grant from State School Fund for outpost member districts. Declares an emergency; effective upon passage.

ISSUES DISCUSSED:

- Financial modeling of virtual merger
- Impact on State School Fund formula distributions to education service districts

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The three districts designated to comprise what would be the Frontier Education Outpost are the North Central Education Service District, the Wallowa County Education Service District, and the Grant County Education Service District. These are three of the smallest education service districts in the state and their local revenues typically exceed their State School Fund distribution.

In December 2006, the Wallowa Education Service District passed a resolution to merge their district with the Grant and North Central education service districts. Those districts had previously approved similar resolutions. The resolution indicated the merger would aggregate resources and increase capacity in the interests of delivering better, more efficient, effective, and locally responsive high quality educational services to Frontier rural students. The combined districts would have a student enrollment of approximately 2,500 students.

The Senate Education and General Government encouraged the Senate Finance and Revenue Committee to consider the -2 and the -3 amendments in their deliberation on the bill. The -2 amendment replaces the measure and requires State School Fund distributions to education service districts to be, in combination with local revenue, no less than \$1 million. It carries an emergency clause and would take effect July 1, 2007. The -3 amendment removes outpost member districts from the definition of education service districts generally if their local revenues meet or exceed \$1 million each fiscal year. It also removes from the original bill the minimum amount of grants from the State School Fund for outpost member districts. Lastly, it requires that outpost member districts receive State School Fund distributions that, in combination with local revenues, equal \$1 million. It exempts these amounts from overall State School Fund calculations.

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This summary has not been adopted or officially endorsed by action of the committee.