

# House Bill 2040

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). 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 **as introduced**.

Eliminates teacher experience as factor in school district funding formula.

Establishes Successful Schools Fund.

Continuously appropriates moneys in fund to Department of Education for incentive rewards to schools. Transfers to Successful Schools Fund amount determined by department that was distributed to school districts based on teacher experience factor.

Modifies successful schools program.

Declares emergency, effective July 1, 2007.

## A BILL FOR AN ACT

1  
2 Relating to education; creating new provisions; amending ORS 327.008, 327.013, 327.026, 327.061,  
3 327.095, 327.336, 329.830, 338.157, 338.165 and 340.065; appropriating money; and declaring an  
4 emergency.

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

6 **SECTION 1.** ORS 327.008, as amended by section 6a, chapter 803, Oregon Laws 2005, is  
7 amended to read:

8 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist  
9 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
10 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
11 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
12 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

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

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

21 (5) Numbers of students in average daily membership used in the distribution formula shall be  
22 the numbers as of June of the year of distribution.

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

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

**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 (8) Each fiscal year, the Department of Education shall transfer the amount of \$12 million from  
 2 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

5 **(10) Each fiscal year, the Department of Education shall transfer the amount determined**  
 6 **under section 2 of this 2007 Act from the State School Fund to the Successful Schools Fund**  
 7 **established in section 15 of this 2007 Act.**

8 **SECTION 2. The Department of Education shall determine the amount of moneys that**  
 9 **was distributed to school districts from the State School Fund in the 2006-2007 school year**  
 10 **based on the teacher experience factor.**

11 **SECTION 3.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended  
 12 to read:

13 327.013. The State School Fund distributions for school districts shall be computed as follows:

14 (1) General Purpose Grant = Funding Percentage × **Statewide Target per ADMw Grant** ×  
 15 District extended ADMw.

16 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
 17 distribute as nearly as practicable the total sum available for distribution of money.

18 [(3) *Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.*]

19 [(4) (3) Statewide Target per ADMw Grant = \$4,500.

20 [(5) *Teacher Experience Factor = \$25 × {District average teacher experience – statewide average*  
 21 *teacher experience}. “Average teacher experience” means the average, in years, of teaching experience*  
 22 *of certified teachers as reported to the Department of Education.*]

23 [(6) (4) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

24 [(7)(a) (5)(a) Weighted average daily membership or ADMw = average daily membership + an  
 25 additional amount computed as follows:

26 (A) 1.0 for each student in average daily membership eligible for special education as a child  
 27 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM  
 28 without review and approval of the Department of Education. Children with disabilities eligible for  
 29 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 30 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 31 percent.

32 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 33 a second language program under ORS 336.079.

34 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 35 in an area of a unified school district where the district is only responsible for educating students  
 36 in grades 9 through 12 in that area.

37 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 38 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 39 school district where the district is only responsible for educating students in kindergarten through  
 40 grade 8.

41 (E) 0.25 times the sum of the following:

42 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 43 by the Department of Education from a report of the federal Department of Education based on the  
 44 most recent federal decennial census, as adjusted by the school district’s proportion of students in  
 45 the county receiving free or reduced price lunches under the United States Department of Agricul-

1 ture's current Income Eligibility Guidelines if the number is higher than the number determined  
 2 from census data and only if the school district had an average daily membership of 2,500 or less  
 3 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 4 membership in June of the year of distribution divided by number of students in average daily  
 5 membership in the district, or its predecessors, in June of the year of the most recent federal  
 6 decennial census;

7 (ii) The number of children in foster homes in the district as determined by the report of the  
 8 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
 9 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 10 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
 11 and

12 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 13 quent children, based on information from the Department of Human Services for October 31 of the  
 14 year prior to the year of distribution.

15 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
 16 remote small elementary school and for each small high school in the district.

17 (G) All numbers of children used for the computation in this section must reflect any district  
 18 consolidations that have occurred since the numbers were compiled.

19 (b) The total additional weight that shall be assigned to any student in average daily member-  
 20 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
 21 not exceed 2.0.

22 [(8)] (6) High cost disabilities grant = the total amount received by a school district under ORS  
 23 327.348, for providing special education and related services to resident pupils with disabilities.

24 [(9)(a)] (7)(a) Transportation grant equals:

25 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
 26 percentile under paragraph (b) of this subsection.

27 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 28 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

29 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
 30 90th percentile under paragraph (b) of this subsection.

31 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
 32 proved transportation costs per ADM of each school district, ranking the school district with the  
 33 highest approved transportation costs per ADM at the top of the order.

34 [(10)] (8) Local Revenues are the total of the following:

35 (a) The amount of revenue offset against local property taxes as determined by the Department  
 36 of Revenue under ORS 311.175 (3)(a)(A);

37 (b) The amount of property taxes actually received by the district including penalties and in-  
 38 terest on taxes;

39 (c) The amount of revenue received by the district from the Common School Fund under ORS  
 40 327.403 to 327.410;

41 (d) The amount of revenue received by the district from the county school fund;

42 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
 43 revenues required to be distributed to schools by ORS 294.060 (1);

44 (f) The amount of revenue received by the district from state managed forestlands under ORS  
 45 530.115 (1)(b) and (c);

1 (g) Moneys received in lieu of property taxes;

2 (h) Federal funds received without specific application by the school district and which are not  
3 deemed under federal law to be nonsupplantable;

4 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
5 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
6 have been imposed by the district if the district had certified the maximum rate of operating prop-  
7 erty taxes allowed by law; and

8 (j) Any amount distributed to the district in the prior fiscal year under [section 4 (3), chapter 695,  
9 Oregon Laws 2001, or] ORS 327.019 (8).

10 [(11)] (9) Notwithstanding subsection [(10)] (8) of this section, Local Revenues do not include:

11 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount  
12 equal to the lesser of:

13 (A) The amount of revenue actually received by the district from local option taxes imposed  
14 pursuant to ORS 280.040 to 280.145;

15 (B) Fifteen percent of the combined total for the school district of the general purpose grant,  
16 the transportation grant, the facility grant and the high cost disabilities grant of the district; or

17 (C) \$750 per district extended ADMw; and

18 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50  
19 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-  
20 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property  
21 tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.

22 [(12)(a)] (10)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

23 (b) A school district shall receive a Facility Grant in the distribution year that a new school  
24 building is first used.

25 (c) As used in this subsection:

26 (A) "New school building" includes new school buildings, adding structures onto existing school  
27 buildings and adding premanufactured structures to a school district if those buildings or structures  
28 are to be used for instructing students.

29 (B) "Construction costs" does not include costs for land acquisition.

30 [(13)] (11) Notwithstanding subsection [(10)(i)] (8)(i) of this section, Local Revenues do not in-  
31 clude any amount of operating property tax authority of the district that is:

32 (a) Attributable to the suspension of ORS 310.239 by section 1, chapter 4, Oregon Laws 2006;  
33 and

34 (b) Not actually imposed by the district.

35 **SECTION 4. The amendments to ORS 327.013 by section 3 of this 2007 Act affect State**  
36 **School Fund distributions commencing with the 2007-2008 distribution.**

37 **SECTION 5.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is  
38 amended to read:

39 327.013. The State School Fund distributions for school districts shall be computed as follows:

40 (1) General Purpose Grant = Funding Percentage × **Statewide Target per ADMw Grant** ×  
41 District extended ADMw.

42 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to  
43 distribute as nearly as practicable the total sum available for distribution of money.

44 [(3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.]

45 [(4)] (3) Statewide Target per ADMw Grant = \$4,500.

1        [(5) *Teacher Experience Factor* = \$25 × {District average teacher experience – statewide average  
 2 *teacher experience*}. “Average teacher experience” means the average, in years, of teaching experience  
 3 of certified teachers as reported to the Department of Education.]

4        [(6)] (4) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

5        [(7)(a)] (5)(a) Weighted average daily membership or ADMw = average daily membership + an  
 6 additional amount computed as follows:

7        (A) 1.0 for each student in average daily membership eligible for special education as a child  
 8 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM  
 9 without review and approval of the Department of Education. Children with disabilities eligible for  
 10 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 11 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 12 percent.

13        (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as  
 14 a second language program under ORS 336.079.

15        (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
 16 in an area of a unified school district where the district is only responsible for educating students  
 17 in grades 9 through 12 in that area.

18        (D) –0.1 for each student in average daily membership enrolled in an elementary district oper-  
 19 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 20 school district where the district is only responsible for educating students in kindergarten through  
 21 grade 8.

22        (E) 0.25 times the sum of the following:

23        (i) The number of children 5 to 17 years of age in poverty families in the district, as determined  
 24 by the Department of Education from a report of the federal Department of Education based on the  
 25 most recent federal decennial census, as adjusted by the school district’s proportion of students in  
 26 the county receiving free or reduced price lunches under the United States Department of Agricul-  
 27 ture’s current Income Eligibility Guidelines if the number is higher than the number determined  
 28 from census data and only if the school district had an average daily membership of 2,500 or less  
 29 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 30 membership in June of the year of distribution divided by number of students in average daily  
 31 membership in the district, or its predecessors, in June of the year of the most recent federal  
 32 decennial census;

33        (ii) The number of children in foster homes in the district as determined by the report of the  
 34 Department of Human Services to the federal Department of Education, “Annual Statistical Report  
 35 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 36 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;  
 37 and

38        (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 39 quent children, based on information from the Department of Human Services for October 31 of the  
 40 year prior to the year of distribution.

41        (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each  
 42 remote small elementary school and for each small high school in the district.

43        (G) All numbers of children used for the computation in this section must reflect any district  
 44 consolidations that have occurred since the numbers were compiled.

45        (b) The total additional weight that shall be assigned to any student in average daily member-

1 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
2 not exceed 2.0.

3 [(8)] **(6)** High cost disabilities grant = the total amount received by a school district under ORS  
4 327.348, for providing special education and related services to resident pupils with disabilities.

5 [(9)(a)] **(7)(a)** Transportation grant equals:

6 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
7 percentile under paragraph (b) of this subsection.

8 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
9 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

10 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
11 90th percentile under paragraph (b) of this subsection.

12 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
13 proved transportation costs per ADM of each school district, ranking the school district with the  
14 highest approved transportation costs per ADM at the top of the order.

15 [(10)] **(8)** Local Revenues are the total of the following:

16 (a) The amount of revenue offset against local property taxes as determined by the Department  
17 of Revenue under ORS 311.175 (3)(a)(A);

18 (b) The amount of property taxes actually received by the district including penalties and in-  
19 terest on taxes;

20 (c) The amount of revenue received by the district from the Common School Fund under ORS  
21 327.403 to 327.410;

22 (d) The amount of revenue received by the district from the county school fund;

23 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve  
24 revenues required to be distributed to schools by ORS 294.060 (1);

25 (f) The amount of revenue received by the district from state managed forestlands under ORS  
26 530.115 (1)(b) and (c);

27 (g) Moneys received in lieu of property taxes;

28 (h) Federal funds received without specific application by the school district and which are not  
29 deemed under federal law to be nonsupplantable;

30 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed  
31 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would  
32 have been imposed by the district if the district had certified the maximum rate of operating prop-  
33 erty taxes allowed by law; and

34 (j) Any amount distributed to the district in the prior fiscal year under [section 4 (3), chapter 695,  
35 Oregon Laws 2001, or] ORS 327.019 (8).

36 [(11)] **(9)** Notwithstanding subsection [(10)] **(8)** of this section, Local Revenues do not include,  
37 if a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount equal  
38 to the lesser of:

39 (a) The amount of revenue actually received by the district from local option taxes imposed  
40 pursuant to ORS 280.040 to 280.145;

41 (b) Fifteen percent of the combined total for the school district of the general purpose grant, the  
42 transportation grant, the facility grant and the high cost disabilities grant of the district; or

43 (c) \$750 per district extended ADMw.

44 [(12)(a)] **(10)(a)** Facility Grant = 8 percent of total construction costs of new school buildings.

45 (b) A school district shall receive a Facility Grant in the distribution year that a new school

1 building is first used.

2 (c) As used in this subsection:

3 (A) "New school building" includes new school buildings, adding structures onto existing school  
4 buildings and adding premanufactured structures to a school district if those buildings or structures  
5 are to be used for instructing students.

6 (B) "Construction costs" does not include costs for land acquisition.

7 **SECTION 6. The amendments to ORS 327.013 by section 5 of this 2007 Act become oper-**  
8 **ative on July 1, 2009.**

9 **SECTION 7.** ORS 329.830 is amended to read:

10 329.830. (1) The State Board of Education shall establish a system of determining successful  
11 schools and dispensing appropriate incentive rewards to those schools. The system shall be based  
12 on a school being the measurement unit to determine success. School success shall be determined  
13 by measuring a school's improvement over a specific assessment period. The successful schools  
14 program shall be voluntary.

15 (2) A school may submit an application to the Department of Education for the successful  
16 schools program. The application shall include a short statement from the school requesting con-  
17 sideration for the successful schools program. The application shall also include a copy of the school  
18 improvement plan implemented pursuant to ORS 329.095.

19 (3) A school may not amend its application after the application is submitted without approval  
20 by the state board. A school that has submitted an application may not submit a new application  
21 until the assessment period has ended, unless the school withdraws the previous application.

22 (4) The department shall distribute incentive rewards to schools that are determined to be suc-  
23 cessful schools. The board shall establish criteria for determining successful schools. The criteria  
24 shall include, but not be limited to:

25 (a) The results from the statewide assessment system developed pursuant to ORS 329.485;

26 (b) The achievement of measurable academic goals from school improvement plans; and

27 (c) Other criteria relating to improvement in student learning.

28 **(5) To receive an incentive reward under this section a school must:**

29 **(a) Have received in the prior school year a grade classification of exceptional perform-**  
30 **ance, strong performance or satisfactory performance under ORS 329.105; and**

31 **(b) Have been found in the prior school year to have made adequate yearly progress as**  
32 **required by the federal No Child Left Behind Act of 2001 (P.L. 107-110, 115 Stat. 1425).**

33 [(5)] **(6)** The department shall base the amount of the **incentive** reward to each successful school  
34 on the number of teachers employed by the school. The [*minimum*] **amount of the** reward for each  
35 full-time teacher [*shall*] **may be up to** \$1,000. Part-time teachers shall receive a percentage of the  
36 reward based on the amount of time the part-time teacher worked. Teachers hired during the as-  
37 sessment period shall receive a percentage of the reward based on the length of time the teacher  
38 worked at the school during the assessment period.

39 [(6)] **(7)** Each teacher shall individually decide how to use the **incentive** reward. A reward shall  
40 be used by a teacher for classroom enhancements or professional development. As used in this sub-  
41 section, "classroom enhancements" means items and activities that will improve student learning,  
42 including, but not limited to, books, instructional materials, multimedia equipment and software,  
43 supplies and field trips.

44 [(7)] **(8)** The state board [*of Education*] shall adopt any rules necessary to implement the suc-  
45 cessful schools program.

1       **SECTION 8.** There is established within the State Treasury, separate and distinct from  
 2 the General Fund, the Successful Schools Fund. Moneys in the Successful Schools Fund are  
 3 continuously appropriated to the Department of Education for the purpose of making incen-  
 4 tive rewards to schools under ORS 329.830.

5       **SECTION 9.** ORS 327.026 is amended to read:

6       327.026. (1) In order to accomplish the purpose described in ORS 326.700, the State Board of  
 7 Education shall adopt by rule definitions and procedures to be applied to the computation of the  
 8 State School Fund allocations where necessary to make students enrolled in the Youth Corrections  
 9 Education Program, as defined in ORS 326.695, and the Juvenile Detention Education Program, as  
 10 defined in ORS 326.695, equivalent to students enrolled in common and union high school districts  
 11 for purposes of distribution of the fund.

12       (2) The Youth Corrections Education Program shall be entitled to receive from the State School  
 13 Fund for each school year a special State School Fund grant, consisting of a general purpose grant  
 14 that is equal to the Youth Corrections Education Program ADM multiplied by 2.0 multiplied by the  
 15 additional per student weight, as defined in ORS 327.013 [(7)(a)(A)] **(5)(a)(A)**, multiplied by Funding  
 16 Percentage and further multiplied by Statewide Target per ADMw Grant.

17       (3) The Juvenile Detention Education Program shall be entitled to receive from the State School  
 18 Fund for each school year a special State School Fund grant, consisting of a general purpose grant  
 19 that is equal to the Juvenile Detention Education Program ADM multiplied by 1.5 multiplied by  
 20 Funding Percentage and further multiplied by Statewide Target per ADMw Grant.

21       (4) Funds allocated to the Youth Corrections Education Program and the Juvenile Detention  
 22 Education Program from the State School Fund shall remain with the Department of Education and  
 23 shall be adjusted in the year following the distribution to reflect the actual ADMw of students in  
 24 the Youth Corrections Education Program and the Juvenile Detention Education Program in the  
 25 same manner as for the school districts under ORS 327.101.

26       **SECTION 10.** ORS 327.061 is amended to read:

27       327.061. (1) Numbers of students in average daily membership used in the distribution formula  
 28 as specified in ORS 327.013 [(7)] **(5)**, shall be projections of the average daily membership in the  
 29 district for the school year ending on June 30 of the distribution year. The Department of Education  
 30 shall verify all projections used for purposes of the distribution formula.

31       (2) The department shall use information from the Department of Revenue under ORS 311.175  
 32 as the basis for determining projected district property taxes. The department shall request relevant  
 33 information from the school districts to enable the department to estimate the amount each school  
 34 district shall receive from the State School Fund. The department shall provide this estimate no  
 35 later than the first Monday in March of each year for the distribution for the following fiscal year.

36       (3) A school district may appeal to the department any projection verified by the department  
 37 under subsection (1) of this section. The department shall rule on the appeal in a timely manner and  
 38 if necessary issue a revised estimate of the amount each school district shall receive from the State  
 39 School Fund no later than the last Friday in March.

40       (4) Notwithstanding subsection (3) of this section, no school district may appeal any projection  
 41 verified under subsection (1) of this section if the district failed to provide information requested  
 42 by the department under subsection (2) of this section.

43       **SECTION 11.** ORS 327.095 is amended to read:

44       327.095. (1) Funds due school districts under ORS 327.008 and 327.013 shall be paid approxi-  
 45 mately 16-2/3 percent on July 15, approximately eight and one-third percent on the 15th day of each



1 of the months of August, September, October, November, December, January, February, March and  
 2 April and the balance on May 15. An equitable apportionment based on the most recent data avail-  
 3 able shall be made on the installment dates prior to May 15. If such payments are too high or too  
 4 low, appropriate adjustments shall be made in the May 15 payments. However, if the reports re-  
 5 quired by ORS 327.133 have not been received from any district when due, no further apporportion-  
 6 ments shall be made to such district until such reports are filed.

7 (2) If the combined estimated level of ADMw under ORS 327.013 [(7)] (5) of all school districts  
 8 is less than the statewide projected level of ADMw, the Department of Education may:

9 (a) Adjust the distributions to school districts on the installment dates to reflect the difference;  
 10 and

11 (b) Set aside an amount of the funds appropriated to the State School Fund for the fiscal year  
 12 until the May 15 distribution.

13 **SECTION 12.** ORS 327.336 is amended to read:

14 327.336. (1) As used in this section:

15 (a) "Extended ADMw" means the district extended weighted average daily membership com-  
 16 puted under ORS 327.013 [(6)] (4).

17 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-  
 18 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the  
 19 amount of school district local option taxes that are distributed to an urban renewal agency pursu-  
 20 ant to ORS 457.440, divided by the assessed value of the school district.

21 (c) "School district" means a common or union high school district.

22 (d) "Target district" means the school district that, for the fiscal year prior to the year for  
 23 which grants are being determined, had a total assessed value of taxable property per district ex-  
 24 tended ADMw that was greater than all but 25 percent of the school districts in this state for that  
 25 prior fiscal year. The Department of Education shall determine which school district is the target  
 26 district for a fiscal year, based on the total assessed values of school districts reported to the De-  
 27 partment of Education by the Department of Revenue for the fiscal year prior to the year for which  
 28 grants are being determined under this section.

29 (2) A school district shall receive a local option equalization grant for a fiscal year:

30 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;  
 31 and

32 (b) For which the total assessed value of taxable property per extended ADMw of the school  
 33 district for the prior fiscal year does not exceed the total assessed value of taxable property per  
 34 extended ADMw of the target district for the prior fiscal year.

35 (3) The amount of the local option equalization grant shall equal the lesser of:

36 (a) The product of the local option tax rate of the school district for the current fiscal year  $\times$   
 37 (total assessed value per extended ADMw of the target district for the prior fiscal year - total  
 38 assessed value per extended ADMw of the school district for the prior fiscal year)  $\times$  the extended  
 39 ADMw of the school district for the prior fiscal year; or

40 (b) The amount obtained by subtracting the local option tax imposed by the school district for  
 41 the current fiscal year, after compression under ORS 310.150, from the lesser of:

42 (A) Fifteen percent of the combined total for the school district of the general purpose grant,  
 43 the transportation grant, the facility grant and the high cost disabilities grant of the school district  
 44 for the current fiscal year; or

45 (B) \$750 multiplied by the extended ADMw of the school district for the current fiscal year.

1 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option  
2 equalization grant may not be made to the school district for the fiscal year.

3 (5) As soon as is practicable after school districts have certified property taxes to the assessor  
4 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list  
5 of school districts certifying local option taxes for the current fiscal year and the local option tax  
6 rates for those districts. The amount of each local option equalization grant shall be calculated by  
7 the Department of Education.

8 (6) If the election authorizing the imposition of a local option tax is held after the start of a  
9 biennium in which the local option tax is to be imposed, the local option equalization grant for a  
10 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not  
11 be paid to the school district until the first fiscal year of the next succeeding biennium.

12 **SECTION 13.** ORS 338.157 is amended to read:

13 338.157. For purposes of calculating the weighted average daily membership (ADMw) of a public  
14 charter school, it shall be assumed that the public charter school has the same percentage of chil-  
15 dren in poverty families, as calculated under ORS 327.013 [(7)(a)(E)(i)] **(5)(a)(E)(i)**, as the school  
16 district in which the public charter school is located. Based on this percentage, an additional  
17 amount shall be added to the average daily membership (ADM) of the public charter school.

18 **SECTION 14.** ORS 338.165 is amended to read:

19 338.165. (1) Notwithstanding ORS 338.155 (1), for purposes of this section, the “resident school  
20 district” of a student who is eligible for special education and related services shall be the school  
21 district in which the student’s parent or guardian or person in parental relationship to the student  
22 reside pursuant to ORS 339.133 and 339.134.

23 (2) For students who attend public charter schools and are eligible for special education and  
24 related services:

25 (a) The resident school district of the student shall be responsible for providing any required  
26 special education and related services to the student; and

27 (b) Amounts from the State School Fund for those students shall be distributed through the  
28 resident school district pursuant to this section.

29 (3) Notwithstanding ORS 338.155 (2), a resident school district of a student who is eligible for  
30 special education and related services shall contractually establish, with any public charter school  
31 in which the student is enrolled, payment for provision of special education and related services to  
32 the student. If a student is enrolled in a public charter school and is eligible for special education  
33 and related services an additional amount shall be added to the ADM of the public charter school  
34 as described in ORS 327.013 [(7)(a)(A)] **(5)(a)(A)**. The payment per ADMw in the public charter  
35 school that is attributable to the student who is eligible for special education and related services  
36 shall equal an amount that is at least equal to:

37 (a) 40 percent of the amount of the school district’s General Purpose Grant per ADMw as cal-  
38 culated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

39 (b) 47.5 percent of the amount of the school district’s General Purpose Grant per ADMw as  
40 calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

41 (4) If the resident school district is not the sponsor of a public charter school, the resident  
42 school district for each ADMw that is attributable to a student enrolled in a public charter school  
43 who is eligible for special education and related services shall transfer five percent of the amount  
44 of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 to the  
45 sponsor of the public charter school.

1 (5) Notwithstanding subsection (3) of this section, a school district and a public charter school  
2 may negotiate on a case-by-case basis for an alternative distribution of funds other than the dis-  
3 tribution prescribed by subsection (3) of this section.

4 **SECTION 15.** ORS 340.065 is amended to read:

5 340.065. (1) A resident school district may provide transportation services to eligible students  
6 who attend eligible post-secondary institutions within the boundaries of the school district pursuant  
7 to ORS 327.043.

8 (2) Any transportation costs incurred by a school district under this section shall be considered  
9 approved transportation costs for purposes of ORS 327.013 [(9)] (7).

10 **SECTION 16. This 2007 Act being necessary for the immediate preservation of the public**  
11 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
12 **July 1, 2007.**

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