

## SENATE AMENDMENTS TO A-ENGROSSED HOUSE BILL 2040

By COMMITTEE ON RULES

June 25

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon insert “creating new pro-  
2 visions; amending ORS 327.006, 327.008, 327.019, 327.125, 327.137, 339.129 and 340.045; repealing ORS  
3 327.355, 327.357 and 327.360;”.

4 On page 3, after line 28, insert:

5 “**SECTION 8.** ORS 327.019 is amended to read:

6 “327.019. (1) As used in this section:

7 “(a) ‘Education service district extended ADMw’ means the sum of the extended ADMw of the  
8 component school districts of the education service district as computed under ORS 327.013.

9 “(b) ‘Local revenues of an education service district’ means the total of the following:

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

12 “(B) The amount of property taxes actually received by the district including penalties and in-  
13 terest on taxes;

14 “(C) The amount of revenue received by the district from state-managed forestlands under ORS  
15 530.115 (1)(b) and (c); and

16 “(D) Any positive amount obtained by subtracting the operating property taxes actually imposed  
17 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have  
18 been imposed by the district if the district had certified the maximum rate of operating property  
19 taxes allowed by law.

20 “(2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School  
21 Fund grant for each education service district as provided in this section.

22 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
23 located to the State School Fund and available for distribution to school districts, education service  
24 districts and programs + total amount of local revenues of all school districts, computed as provided  
25 in ORS 327.013, + total amount of local revenues of all education service districts. The super-  
26 intendent may not include in the calculation under this paragraph amounts recovered by the De-  
27 partment of Education from the State School Fund under ORS 343.243.

28 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
29 section by 95.25 percent.

30 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
31 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
32 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this  
33 subsection as school district general purpose grants, facility grants, high cost disabilities grants and  
34 transportation grants to school districts.

35 “(d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-

1 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
2 cost disabilities grant amounts for each school district.

3 “(4) The general services grant for an education service district shall equal the higher of:

4 “(a) **The total amount calculated under subsection (3)(d) of this section for the component school**  
5 **districts of the education service district × (4.75 ÷ 95.25); or**

6 “(b) **[\$950,000] \$1 million.**

7 “(5) Subject to subsection (6) of this section, the State School Fund grant for an education ser-  
8 vice district = general services grant – local revenues of the education service district.

9 “(6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
10 intendent of Public Instruction shall apportion from the State School Fund to each education service  
11 district an amount = (funding percentage × general services grant) – local revenues of the educa-  
12 tion service district.

13 “(b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the  
14 superintendent to distribute as nearly as practicable the total amount available for distribution to  
15 education service districts from the State School Fund for each fiscal year.

16 “(7) Notwithstanding subsections (5) and (6) of this section[,]:

17 “(a) The State School Fund grant of an education service district may not be less than zero;  
18 **and**

19 “(b) **The State School Fund grant of an education service district shall be in an amount**  
20 **that, when combined with the local revenues of the education service district, equals \$1**  
21 **million or more.**

22 “(8) An education service district shall distribute to its component school districts any amount  
23 of local revenues of the education service district that is greater than the general services grant.  
24 The amount that each component school district receives under this subsection shall be prorated  
25 based on the district extended ADMw of each school district.

26 “**SECTION 9. The amendments to ORS 327.019 by section 8 of this 2007 Act apply to State**  
27 **School Fund distributions commencing with the 2007-2008 distribution.**

28 “**SECTION 10. (1) During the 2007-2009 biennium, the legislative interim committees on**  
29 **revenue shall conduct a study of the adequacy of funding of small school districts and small**  
30 **education service districts. The committees shall examine:**

31 “(a) **The relationship between small school districts and education service districts;**

32 “(b) **Whether the additional amounts received by small school districts that are attrib-**  
33 **utable to the additional amount added to the ADMw of those districts under ORS 327.013**  
34 **(7)(a)(F) and 327.077 and the amount awarded as grants under ORS 327.357, when combined**  
35 **with other funding, are adequate to provide sufficient funding for those small school dis-**  
36 **tricts;**

37 “(c) **What types of small school districts are not being provided adequate funding; and**

38 “(d) **The long term effects of not providing small school districts and small education**  
39 **service districts with adequate funding.**

40 “(2) **Based on the study, the legislative interim committees on revenue shall make rec-**  
41 **ommendations to the Seventy-fifth Legislative Assembly and may pre-session file proposed**  
42 **legislation that would implement the recommendations.**

43 “**SECTION 11. ORS 327.006 is amended to read:**

44 “327.006. As used in ORS 327.006 to 327.133, 327.348[, 327.355, 327.357, 327.360] and 327.731:

45 “(1) ‘Aggregate days membership’ means the sum of days present and absent, according to the

1 rules of the State Board of Education, of all resident pupils when school is actually in session during  
2 a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the  
3 basis of a half-day program.

4 “(2)(a) ‘Approved transportation costs’ means those costs as defined by rule of the State Board  
5 of Education and is limited to those costs attributable to transporting or room and board provided  
6 in lieu of transporting:

7 “(A) Elementary school students who live at least one mile from school;

8 “(B) Secondary school students who live at least 1.5 miles from school;

9 “(C) Any student required to be transported for health or safety reasons, according to supple-  
10 mental plans from districts that have been approved by the state board identifying students who are  
11 required to be transported for health or safety reasons, including special education;

12 “(D) Preschool children with disabilities requiring transportation for early intervention services  
13 provided pursuant to ORS 343.224 and 343.533;

14 “(E) Students who require payment of room and board in lieu of transportation;

15 “(F) A student transported from one school or facility to another school or facility when the  
16 student attends both schools or facilities during the day or week; and

17 “(G) Students participating in school-sponsored field trips that are extensions of classroom  
18 learning experiences.

19 “(b) ‘Approved transportation costs’ does not include the cost of constructing boarding school  
20 facilities.

21 “(3) ‘Average daily membership’ or ‘ADM’ means the aggregate days membership of a school  
22 during a certain period divided by the number of days the school was actually in session during the  
23 same period. However, if a district school board adopts a class schedule that operates throughout  
24 the year for all or any schools in the district, average daily membership shall be computed by the  
25 Department of Education so that the resulting average daily membership will not be higher or lower  
26 than if the board had not adopted such schedule.

27 “(4) ‘Consumer Price Index’ means the Consumer Price Index for All Urban Consumers of the  
28 Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States De-  
29 partment of Labor, Bureau of Labor Statistics.

30 “(5) ‘Kindergarten’ means a kindergarten program that conforms to the standards and rules  
31 adopted by the State Board of Education.

32 “(6) ‘Net operating expenditures’ means the sum of expenditures of a school district in  
33 kindergarten through grade 12 for administration, instruction, attendance and health services, op-  
34 eration of plant, maintenance of plant, fixed charges and tuition for resident students attending in  
35 another district, as determined in accordance with the rules of the State Board of Education, but  
36 net operating expenditures does not include transportation, food service, student body activities,  
37 community services, capital outlay, debt service or expenses incurred for nonresident students.

38 “(7)(a) ‘Resident pupil’ means any pupil:

39 “(A) Whose legal school residence is within the boundaries of a school district reporting the  
40 pupil, if the district is legally responsible for the education of the pupil, except that ‘resident  
41 pupil’ does not include a pupil who pays tuition or for whom the parent pays tuition or for whom  
42 the district does not pay tuition for placement outside the district; or

43 “(B) Whose legal residence is not within the boundaries of the district reporting the pupil but  
44 attends school in the district with the written consent of the affected school district boards.

45 “(b) A pupil shall not be considered to be a resident pupil under paragraph (a)(A) of this sub-

1 section if the pupil is attending school in another school district pursuant to a contract under ORS  
2 339.125 and in the prior year was considered to be a resident pupil in another school district under  
3 paragraph (a)(B) of this subsection. The pupil shall continue to be considered a resident of another  
4 school district under paragraph (a)(B) of this subsection.

5 “(c) A pupil shall not be considered to be a resident pupil under paragraph (a)(B) of this sub-  
6 section if the pupil is attending school in a school district pursuant to an agreement with another  
7 school district under ORS 339.133 and in the prior year was considered to be a resident pupil under  
8 paragraph (a)(A) of this subsection because the pupil was attending school in another school district  
9 pursuant to a contract under ORS 339.125. The pupil shall continue to be considered a resident  
10 pupil under paragraph (a)(A) of this subsection.

11 “(d) ‘Resident pupil’ includes a pupil admitted to a school district under ORS 339.115 (7).

12 “(8) ‘Standard school’ means a school meeting the standards set by the rules of the State Board  
13 of Education.

14 “(9) ‘Tax’ and ‘taxes’ includes all taxes on property, excluding exempt bonded indebtedness, as  
15 those terms are defined in ORS 310.140.

16 “**SECTION 12.** ORS 327.008, as amended by section 6a, chapter 803, Oregon Laws 2005, is  
17 amended to read:

18 “327.008. (1) There is established a State School Fund in the General Fund. The fund shall con-  
19 sist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
20 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
21 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
22 [327.355, 327.357, 327.360,] 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

23 “(2) There shall be apportioned from the State School Fund to each school district a State  
24 School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility  
25 grant and a transportation grant and a high cost disabilities grant minus local revenue, computed  
26 as provided in ORS 327.013.

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

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

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

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

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

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

41 “[9] *Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from*  
42 *the State School Fund to the Small School District Supplement Fund established in ORS 327.360.]*

43 “**SECTION 13.** ORS 327.019, as amended by section 8 of this 2007 Act, is amended to read:

44 “327.019. (1) As used in this section:

45 “(a) ‘Education service district extended ADMw’ means the sum of the extended ADMw of the

1 component school districts of the education service district as computed under ORS 327.013.

2 “(b) ‘Local revenues of an education service district’ means the total of the following:

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

5 “(B) The amount of property taxes actually received by the district including penalties and in-  
6 terest on taxes;

7 “(C) The amount of revenue received by the district from state-managed forestlands under ORS  
8 530.115 (1)(b) and (c); and

9 “(D) Any positive amount obtained by subtracting the operating property taxes actually imposed  
10 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have  
11 been imposed by the district if the district had certified the maximum rate of operating property  
12 taxes allowed by law.

13 “(2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School  
14 Fund grant for each education service district as provided in this section.

15 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
16 located to the State School Fund and available for distribution to school districts, education service  
17 districts and programs + total amount of local revenues of all school districts, computed as provided  
18 in ORS 327.013, + total amount of local revenues of all education service districts. The super-  
19 intendent may not include in the calculation under this paragraph amounts recovered by the De-  
20 partment of Education from the State School Fund under ORS 343.243.

21 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
22 section by 95.25 percent.

23 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
24 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
25 327.133[,] **and** 327.348[, 327.355, 327.357 and 327.360] the total amount calculated under paragraph  
26 (b) of this subsection as school district general purpose grants, facility grants, high cost disabilities  
27 grants and transportation grants to school districts.

28 “(d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-  
29 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
30 cost disabilities grant amounts for each school district.

31 “(4) The general services grant for an education service district shall equal the higher of:

32 “(a) The total amount calculated under subsection (3)(d) of this section for the component school  
33 districts of the education service district  $\times$  (4.75  $\div$  95.25); or

34 “(b) \$1 million.

35 “(5) Subject to subsection (6) of this section, the State School Fund grant for an education ser-  
36 vice district = general services grant – local revenues of the education service district.

37 “(6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
38 intendent of Public Instruction shall apportion from the State School Fund to each education service  
39 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
40 tion service district.

41 “(b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the  
42 superintendent to distribute as nearly as practicable the total amount available for distribution to  
43 education service districts from the State School Fund for each fiscal year.

44 “(7) Notwithstanding subsections (5) and (6) of this section:

45 “(a) The State School Fund grant of an education service district may not be less than zero; and

1 “(b) The State School Fund grant of an education service district shall be in an amount that,  
2 when combined with the local revenues of the education service district, equals \$1 million or more.

3 “(8) An education service district shall distribute to its component school districts any amount  
4 of local revenues of the education service district that is greater than the general services grant.  
5 The amount that each component school district receives under this subsection shall be prorated  
6 based on the district extended ADMw of each school district.

7 “**SECTION 14.** ORS 327.125 is amended to read:

8 “327.125. The Superintendent of Public Instruction shall administer the provisions of ORS  
9 327.006 to 327.133, 327.348[, 327.355, 327.357, 327.360] and 327.731. The State Board of Education  
10 shall adopt all necessary rules not inconsistent with ORS 327.006 to 327.133, 327.348[, 327.355,  
11 327.357, 327.360] and 327.731 to carry into effect the provisions of those statutes.

12 “**SECTION 15.** ORS 327.137 is amended to read:

13 “327.137. Every common or union high school district shall file a copy of its audit statement  
14 with the Department of Education within six months of the end of the fiscal year for which the audit  
15 is required. If the audit report, as submitted to the district, fails to provide the detail necessary for  
16 the computation required in the administration of ORS 327.006 to 327.133, 327.348, [327.355, 327.357,  
17 327.360,] 327.731, 328.542 and 530.115 and this section, the district shall submit the necessary infor-  
18 mation on forms provided by the department within the time prescribed for filing the audit in this  
19 section. Any district failing to file a copy of its report under this section or ORS 327.133 shall not  
20 receive any payments from the State School Fund until such reports are filed.

21 “**SECTION 16.** ORS 339.129 is amended to read:

22 “339.129. (1) A school district shall provide or cause to be provided appropriate education for  
23 children placed in a local or regional correctional facility located in the school district. The edu-  
24 cation may be provided by the school district or an education service district.

25 “(2) The school district may claim State School Fund reimbursement under ORS 327.006 to  
26 327.133, 327.348[, 327.355, 327.357, 327.360] and 327.731 for each child who is in a local or regional  
27 correctional facility.

28 “(3) A local or regional correctional facility shall notify the school district within which the  
29 facility is located of the name and date of birth of each school-age child placed in the facility, in-  
30 cluding a child with a disability under the age of 22 years who may be eligible for special education.  
31 The notice shall be in writing and shall be given within five business days of the child’s placement  
32 in the facility.

33 “(4) The local or regional correctional facility shall allow the school district and education  
34 service district to have safe and reasonable access to children placed in that facility for whom the  
35 school district is required to provide education.

36 “(5) As used in this section:

37 “(a) ‘Local correctional facility’ means a local correctional facility as defined in ORS 169.005.

38 “(b) ‘Regional correctional facility’ means a regional correctional facility as defined in ORS  
39 169.620.

40 “**SECTION 17.** ORS 340.045 is amended to read:

41 “340.045. (1) An eligible student enrolled in an eligible post-secondary course at an eligible  
42 post-secondary institution pursuant to ORS 340.030 shall continue to be considered a resident pupil  
43 of the student’s school district for purposes of calculation of the State School Fund grant under ORS  
44 327.006 to 327.133, 327.348[, 327.355, 327.357, 327.360] and 327.731.

45 “(2) A school district shall negotiate a financial agreement with any eligible post-secondary in-

1 stitution that accepts a student for enrollment in an eligible post-secondary course pursuant to ORS  
2 340.030 for the payment of actual tuition, fees and other required instructional costs associated with  
3 the enrollment of the student in eligible post-secondary courses.

4 “(3)(a) The amount of each school district’s general purpose grant per extended ADMw as cal-  
5 culated under ORS 327.013 shall be determined each fiscal year by the Department of Education and  
6 made available to all school districts and, upon request, to any eligible post-secondary institution.

7 “(b) Each fiscal year, a school district shall expend per student participating in the Expanded  
8 Options Program a minimum of 50 percent of the school district’s general purpose grant per ex-  
9 tended ADMw. Expenditures that qualify under this paragraph include amounts expended on tuition,  
10 fees, textbooks, equipment and materials required for an eligible post-secondary course.

11 “(c) A school district may request a waiver from the Superintendent of Public Instruction or the  
12 superintendent’s designee of the requirements of paragraph (b) of this subsection. The superinten-  
13 dent or the superintendent’s designee shall grant the waiver if:

14 “(A) Compliance with the requirements of paragraph (b) of this subsection would cause the  
15 school district extreme financial distress; or

16 “(B) The school district offers dual credit technical preparation programs, such as two-plus-two  
17 programs, advanced placement or International Baccalaureate programs and other accelerated col-  
18 lege credit programs, and:

19 “(i) The programs offered by the school district serve all qualified applicants; and

20 “(ii) There are no charges to at-risk students.

21 “(4) In addition to any financial agreement entered into under subsection (2) of this section, the  
22 resident school district of the eligible student shall enter into an agreement with an eligible post-  
23 secondary institution that accepts a student for enrollment in an eligible post-secondary course that  
24 is a nontuition course or noncredit course pursuant to ORS 340.030 for the payment of the actual  
25 instructional costs associated with the student’s attending the eligible post-secondary course at the  
26 institution.

27 “(5) Nothing in this section shall prohibit an eligible post-secondary institution from receiving  
28 additional state funding that may be available under any other law.

29 “**SECTION 18. ORS 327.355, 327.357 and 327.360 are repealed.**

30 “**SECTION 19. The amendments to ORS 327.006, 327.008, 327.019, 327.125, 327.137, 339.129**  
31 **and 340.045 by sections 11 to 17 of this 2007 Act and the repeal of ORS 327.355, 327.357 and**  
32 **327.360 by section 18 of this 2007 Act become operative on June 30, 2012.”**

33 In line 29, delete “8” and insert “20”.