

House Bill 2044

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 comparison of current year weighted average daily membership (ADMw) with prior year ADMw to calculate distributions under funding formulas for school districts and education service districts. Specifies that calculation of distributions is based on comparison of current year ADMw with prior year average daily membership (ADM).

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.013 and 327.099; and declar-
3 ing an emergency.

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

5 **SECTION 1.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended
6 to read:

7 327.013. The State School Fund distributions for school districts shall be computed as follows:

8 (1) General Purpose Grant = Funding Percentage \times Target Grant \times District extended ADMw.

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

11 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

12 (4) Statewide Target per ADMw Grant = \$4,500.

13 (5) Teacher Experience Factor = $\$25 \times$ {District average teacher experience - statewide av-
14 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching
15 experience of certified teachers as reported to the Department of Education.

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

17 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
18 tional amount computed as follows:

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

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

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

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

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

6 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
 7 by the Department of Education from a report of the federal Department of Education based on the
 8 most recent federal decennial census, as adjusted by the school district's proportion of students in
 9 the county receiving free or reduced price lunches under the United States Department of Agricul-
 10 ture's current Income Eligibility Guidelines if the number is higher than the number determined
 11 from census data and only if the school district had an average daily membership of 2,500 or less
 12 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
 13 membership in June of the year of distribution divided by number of students in average daily
 14 membership in the district, or its predecessors, in June of the year of the most recent federal
 15 decennial census;

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

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

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

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

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

31 (8) High cost disabilities grant = the total amount received by a school district under ORS
 32 327.348, for providing special education and related services to resident pupils with disabilities.

33 (9)(a) Transportation grant equals:

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

36 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
 37 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

38 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
 39 90th percentile under paragraph (b) of this subsection.

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

43 (10) Local Revenues are the total of the following:

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

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

3 (c) The amount of revenue received by the district from the Common School Fund under ORS
4 327.403 to 327.410;

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

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

8 (f) The amount of revenue received by the district from state managed forestlands under ORS
9 530.115 (1)(b) and (c);

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

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

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

17 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
18 695, Oregon Laws 2001, or ORS 327.019 (8).

19 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include:

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

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

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

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

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

31 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

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

34 (c) As used in this subsection:

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

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

39 (13) Notwithstanding subsection (10)(i) of this section, Local Revenues do not include any
40 amount of operating property tax authority of the district that is:

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

43 (b) Not actually imposed by the district.

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

- 1 327.013. The State School Fund distributions for school districts shall be computed as follows:
- 2 (1) General Purpose Grant = Funding Percentage \times Target Grant \times District extended ADMw.
- 3 (2) The funding percentage shall be calculated by the Superintendent of Public Instruction to
- 4 distribute as nearly as practicable the total sum available for distribution of money.
- 5 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.
- 6 (4) Statewide Target per ADMw Grant = \$4,500.
- 7 (5) Teacher Experience Factor = \$25 \times {District average teacher experience – statewide av-
- 8 erage teacher experience}. “Average teacher experience” means the average, in years, of teaching
- 9 experience of certified teachers as reported to the Department of Education.
- 10 (6) District extended ADMw = ADMw or [ADMw] **ADM** of the prior year, whichever is greater.
- 11 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
- 12 tional amount computed as follows:
- 13 (A) 1.0 for each student in average daily membership eligible for special education as a child
- 14 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM
- 15 without review and approval of the Department of Education. Children with disabilities eligible for
- 16 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional
- 17 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11
- 18 percent.
- 19 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as
- 20 a second language program under ORS 336.079.
- 21 (C) 0.2 for each student in average daily membership enrolled in a union high school district or
- 22 in an area of a unified school district where the district is only responsible for educating students
- 23 in grades 9 through 12 in that area.
- 24 (D) –0.1 for each student in average daily membership enrolled in an elementary district oper-
- 25 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified
- 26 school district where the district is only responsible for educating students in kindergarten through
- 27 grade 8.
- 28 (E) 0.25 times the sum of the following:
- 29 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
- 30 by the Department of Education from a report of the federal Department of Education based on the
- 31 most recent federal decennial census, as adjusted by the school district’s proportion of students in
- 32 the county receiving free or reduced price lunches under the United States Department of Agricul-
- 33 ture’s current Income Eligibility Guidelines if the number is higher than the number determined
- 34 from census data and only if the school district had an average daily membership of 2,500 or less
- 35 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
- 36 membership in June of the year of distribution divided by number of students in average daily
- 37 membership in the district, or its predecessors, in June of the year of the most recent federal
- 38 decennial census;
- 39 (ii) The number of children in foster homes in the district as determined by the report of the
- 40 Department of Human Services to the federal Department of Education, “Annual Statistical Report
- 41 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
- 42 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;
- 43 and
- 44 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
- 45 quent children, based on information from the Department of Human Services for October 31 of the

1 year prior to the year of distribution.

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

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

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

9 (8) High cost disabilities grant = the total amount received by a school district under ORS
10 327.348, for providing special education and related services to resident pupils with disabilities.

11 (9)(a) Transportation grant equals:

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

14 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
15 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

16 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
17 90th percentile under paragraph (b) of this subsection.

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

21 (10) Local Revenues are the total of the following:

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

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

26 (c) The amount of revenue received by the district from the Common School Fund under ORS
27 327.403 to 327.410;

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

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

31 (f) The amount of revenue received by the district from state managed forestlands under ORS
32 530.115 (1)(b) and (c);

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

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

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

40 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
41 695, Oregon Laws 2001, or ORS 327.019 (8).

42 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include, if a school
43 district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount equal to the lesser
44 of:

45 (a) The amount of revenue actually received by the district from local option taxes imposed

1 pursuant to ORS 280.040 to 280.145;

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

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

5 (12)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

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

8 (c) As used in this subsection:

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

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

13 **SECTION 3.** ORS 327.099 is amended to read:

14 327.099. (1) The Department of Education shall adjust the distribution to a school district to
15 reflect the difference between the estimated level of local revenues to the district under ORS 327.013
16 and the projected level of those same local revenues used to calculate the State School Fund ap-
17 portionment to the district. The adjustment shall be incorporated in the May 15 apportionment to
18 the district in the distribution year.

19 (2) The department shall adjust the May 15 apportionment to a school district in the distribution
20 year to reflect [*an*] **a district extended** ADMw [*of the district*] equal to the higher of the [*ADMw*]
21 **ADM** of the prior year or the adjusted ADMw for the December quarter. Adjusted ADMw for the
22 December quarter shall equal:

23 (a) ADMw as determined by the department from information provided in the December quar-
24 terly report for the current distribution year filed with the department under ORS 327.133;

25 (b) Multiplied by the lesser of 1.0 or the average of the ratios for the preceding two years of the
26 ADM for the year ending June 30 to the ADM for the quarter ending December 31 for the same
27 school year as filed under ORS 327.133.

28 (3) The sum equal to the sum of all negative adjustments made to the May 15 apportionment
29 under subsection (1) of this section shall be used by the department for purposes of funding positive
30 adjustments required under subsection (1) of this section and adjustments required under subsection
31 (2) of this section.

32 (4) The department shall also set aside an amount of the funds appropriated to the State School
33 Fund for the fiscal year to fund any positive adjustments required under subsection (1) of this sec-
34 tion and adjustments required under subsection (2) of this section in excess of the amount available
35 under subsection (3) of this section. The amount set aside shall be as determined by law.

36 (5) If the amounts available under subsections (3) and (4) of this section are either not sufficient
37 to fund the positive adjustments or exceed the positive adjustments to districts required under sub-
38 sections (1) and (2) of this section and the adjustments required under subsection (2) of this section,
39 the Superintendent of Public Instruction shall recalculate the funding percentage in ORS 327.013 (2)
40 to distribute as nearly as practicable the total sum available for distribution.

41 **SECTION 4.** The amendments to ORS 327.013 and 327.099 by sections 1 and 3 of this 2007
42 Act apply to State School Fund distributions commencing with the 2007-2008 distribution.

43 **SECTION 5.** The amendments to ORS 327.013 by section 2 of this 2007 Act become oper-
44 ative on July 1, 2009.

45 **SECTION 6.** This 2007 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**
2 **July 1, 2007.**
3 _____