

House Bill 2516

Sponsored by Representatives BURLEY, WHISNANT

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**.

Provides that revenue from sale of property due to delinquent taxes is not local revenue for purposes of calculation of State School Fund grant for school districts and education service districts. Prohibits use of revenue from sale of property due to delinquent taxes in calculation of Community College Support Fund grant for community college districts and community college service districts.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to education finance; creating new provisions; amending ORS 327.013, 327.019 and 341.626;
3 and declaring 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 × Target Grant × 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 × {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 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 **(c) The amount of revenue received by the district from the sale of foreclosed property**
32 **due to delinquent taxes.**

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

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

36 (c) As used in this subsection:

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

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

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

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

45 (b) Not actually imposed by the district.

SECTION 2. The amendments to ORS 327.013 by section 1 of this 2007 Act apply to State School Fund distributions commencing with the 2007-2008 distribution.

SECTION 3. ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is amended to read:

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

(1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

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

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

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

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

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

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

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

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

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

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

(E) 0.25 times the sum of the following:

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

(ii) The number of children in foster homes in the district as determined by the report of the Department of Human Services to the federal Department of Education, “Annual Statistical Report on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the

1 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;
 2 and

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

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

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

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

13 (8) High cost disabilities grant = the total amount received by a school district under ORS
 14 327.348, for providing special education and related services to resident pupils with disabilities.

15 (9)(a) Transportation grant equals:

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

18 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
 19 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

20 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
 21 90th percentile under paragraph (b) of this subsection.

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

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

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

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

30 (c) The amount of revenue received by the district from the Common School Fund under ORS
 31 327.403 to 327.410;

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

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

35 (f) The amount of revenue received by the district from state managed forestlands under ORS
 36 530.115 (1)(b) and (c);

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

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

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

44 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
 45 695, Oregon Laws 2001, or ORS 327.019 (8).

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

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

4 [(a)] (A) The amount of revenue actually received by the district from local option taxes imposed
5 pursuant to ORS 280.040 to 280.145;

6 [(b)] (B) Fifteen percent of the combined total for the school district of the general purpose
7 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district;
8 or

9 [(c)] (C) \$750 per district extended ADMw.

10 (b) **The amount of revenue received by the district from the sale of foreclosed property**
11 **due to delinquent taxes.**

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

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

15 (c) As used in this subsection:

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

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

20 **SECTION 4.** ORS 327.019 is amended to read:

21 327.019. (1) As used in this section:

22 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
23 component school districts of the education service district as computed under ORS 327.013.

24 (b) "Local revenues of an education service district" means the total of the following:

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

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

29 (C) The amount of revenue received by the district from state-managed forestlands under ORS
30 530.115 (1)(b) and (c); and

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

35 (c) **Notwithstanding paragraph (b) of this subsection, "local revenues of an education**
36 **service district" does not mean the amount of revenue received by the district from the sale**
37 **of foreclosed property due to delinquent taxes.**

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

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

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

3 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 4 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 5 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this
 6 subsection as school district general purpose grants, facility grants, high cost disabilities grants and
 7 transportation grants to school districts.

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

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

12 (a) Total amount calculated under subsection (3)(d) of this section for the component school
 13 districts of the education service district $\times (4.75 \div 95.25)$; or

14 (b) \$950,000.

15 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service
 16 district = general services grant – local revenues of the education service district.

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

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

24 (7) Notwithstanding subsections (5) and (6) of this section, the State School Fund grant of an
 25 education service district may not be less than zero.

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

30 **SECTION 5. The amendments to ORS 327.019 by section 4 of this 2007 Act apply to State**
 31 **School Fund distributions commencing with the 2007-2008 distribution.**

32 **SECTION 6.** ORS 341.626 is amended to read:

33 341.626. (1) Subject to rules adopted by the State Board of Education and to ORS 291.230 to
 34 291.260, the Commissioner for Community College Services shall distribute state aid to each com-
 35 munity college district and community college service district.

36 (2) The rules adopted by the State Board of Education shall provide:

37 (a) No state aid for hobby and recreation classes;

38 (b) Procedures for proper and accurate record keeping;

39 (c) Procedures that will *insure* **ensure** reasonable year to year stability in the delivery of ap-
 40 propriated moneys to the colleges; and

41 (d) Procedures to *insure* **ensure** that the full state appropriation is delivered to the colleges.

42 (3) **The State Board of Education and commissioner may not use the amount of revenue**
 43 **received by the district from the sale of foreclosed property due to delinquent taxes in the**
 44 **calculation of the amount of state aid received by a community college district or community**
 45 **college service district.**

1 [(3)] (4) Upon compliance with the rules adopted by the State Board of Education, the commis-
2 sioner shall, as soon as practicable following the receipt of required reports from the districts, pre-
3 pare, certify and transmit to the Oregon Department of Administrative Services the names and the
4 amounts due each district. The Oregon Department of Administrative Services shall audit the
5 amounts certified by the commissioner and draw its warrants on the State Treasury payable out of
6 the General Fund to the districts.

7 **SECTION 7. The amendments to ORS 341.626 by section 6 of this 2007 Act apply to**
8 **Community College Support Fund distributions commencing with the 2007-2008 distribution.**

9 **SECTION 8. This 2007 Act being necessary for the immediate preservation of the public**
10 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**
11 **July 1, 2007.**