

House Bill 2613

Sponsored by Representatives ROBLAN, FLORES, Senators JOHNSON, STARR; Representatives BUCKLEY, CLEM, DALLUM, GREENLICK, KOMP, MINNIS, MORGAN, WHISNANT, Senators BURDICK, GORDLY, KRUSE, MORSE (at the request of Chalkboard Project)

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**.

Directs State Board of Education to establish system to assess financial management practices of school districts and education service districts. Directs board to establish financial management advisory committee to advise board on administration of system.

Requires review of financial management practices of school districts once every six years. Provides exception for school districts certified to be best business practices districts. Directs school districts to implement action plan if found not to be in compliance with financial management practices standards.

Directs that amount received by school districts and education service districts from State School Fund may be reduced by amount expended by districts on supplemental retirement program.

Directs that calculation of transportation grant for purposes of State School Fund distribution be based on forecasted approved transportation costs. Specifies that school district may use funds received as transportation grant only for approved transportation activities and instructional services.

Creates School Transportation Efficiency Committee. Directs committee to make recommendations on state-required school transportation services and transportation finance methods.

Appropriates moneys from General Fund to Department of Education for review of financial management practices of school districts and education service districts and for administration of committee.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to education; creating new provisions; amending ORS 327.006, 327.008, 327.013, 327.019,
3 327.033, 338.145 and 340.065; appropriating money; and declaring an emergency.

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

5 **SECTION 1. As used in sections 1 to 10 of this 2007 Act:**

6 (1) **"Financial management advisory committee" means the committee established in**
7 **section 3 of this 2007 Act.**

8 (2) **"Financial management practices standards" means the standards for best financial**
9 **management practices adopted by the State Board of Education under section 4 of this 2007**
10 **Act.**

11 **SECTION 2. (1) The State Board of Education, in consultation with the financial man-**
12 **agement advisory committee established in section 3 of this 2007 Act, shall establish an as-**
13 **essment system for periodically reviewing the financial management practices of school**
14 **districts and education service districts.**

15 (2) **The purposes of the assessment system are to:**

16 (a) **Improve the financial management practices of districts;**

17 (b) **Improve the use of resources by districts;**

18 (c) **Identify potential cost savings for districts;**

19 (d) **Increase public confidence in and support of districts that demonstrate efficient use**
20 **of tax revenues; and**

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 (e) Link financial planning and budgeting to student performance and other district pri-
2 orities.

3 **SECTION 3.** (1) The State Board of Education shall establish a financial management
4 advisory committee. The committee shall consist of:

5 (a) The following members appointed by the board:

6 (A) One member who represents an association representing school administrators;

7 (B) One member who represents an association representing school business officials;

8 (C) One member from each of the organizations representing public school employees;

9 (D) One member who represents an association representing school district boards;

10 (E) One member who represents the business community;

11 (F) One member who represents a taxpayer organization; and

12 (G) One member who represents the general public; and

13 (b) One member who represents and is appointed by the Secretary of State.

14 (2) The committee shall:

15 (a) Advise the board regarding any matter arising under sections 1 to 10 of this 2007 Act;

16 (b) Provide to the board a list of technical advisers on best financial management prac-
17 tices; and

18 (c) Provide to the board a list of indicators of best financial management practices.

19 (3) A majority of the members of the committee constitutes a quorum for the transaction
20 of business.

21 (4) Official action by the committee requires the approval of a majority of the members
22 of the committee.

23 (5) The committee shall elect one of its members to serve as chairperson.

24 (6) The board shall determine the term of office of each committee member, but a com-
25 mittee member serves at the pleasure of the board. If there is a vacancy for any cause, the
26 board shall make an appointment to become immediately effective.

27 (7) The committee shall meet at times and places specified by the call of the chairperson
28 or of a majority of the members of the committee.

29 (8) The Department of Education shall provide staff support to the committee.

30 (9) Members of the committee who are not members of the Legislative Assembly are not
31 entitled to compensation, but may be reimbursed for actual and necessary travel and other
32 expenses incurred by them in the performance of their official duties in the manner and
33 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions
34 of the committee shall be paid out of funds appropriated to the Department of Education for
35 that purpose.

36 (10) All agencies of state government, as defined in ORS 174.111, school districts and ed-
37 ucation service districts are directed to assist the committee in the performance of its duties
38 and, to the extent permitted by laws relating to confidentiality, to furnish such information
39 and advice as the members of the committee consider necessary to perform their duties.

40 **SECTION 4.** (1) The State Board of Education shall base the assessment system estab-
41 lished under section 2 of this 2007 Act on a series of financial management practices stan-
42 dards adopted by the board under this section for specific areas of school district and
43 education service district programs and operations.

44 (2) The board shall consult with educational stakeholders to determine the financial
45 management practices standards. The stakeholders shall include school administrators,

1 school business officials, district board members, professional education organizations, tax-
 2 payer organizations, members of the Legislative Assembly, legislative staff and the Oregon
 3 Department of Administrative Services. In addition, the board shall consult with corporate
 4 and governmental experts on best financial management practices and shall consult with
 5 other states that have similar assessment systems.

6 (3) The financial management practices standards must:

7 (a) Address the use of resources by districts;

8 (b) Identify ways that districts may save funds;

9 (c) Improve the financial management of districts; and

10 (d) Identify ways that districts may improve public accountability.

11 (4) The board shall adopt financial management practices standards for the following
 12 areas:

13 (a) Management structures;

14 (b) Budgeting as it relates to student performance;

15 (c) Administrative and instructional technology;

16 (d) Personnel systems and benefits;

17 (e) Facilities construction;

18 (f) Facilities maintenance;

19 (g) Transportation;

20 (h) Food service operations; and

21 (i) Cost control systems.

22 (5) The board shall adopt specific indicators for each area specified in subsection (4) of
 23 this section to assess whether districts are meeting the standards for best financial man-
 24 agement practices in that area. The indicators shall set forth the kinds of activities under-
 25 taken by districts using the best financial management practices addressed by the standards.

26 **SECTION 5.** The State Board of Education shall adopt the financial management prac-
 27 tices standards no later than one year after the effective date of this 2007 Act.

28 **SECTION 6.** (1)(a) Except as provided in paragraph (b) of this subsection, the State Board
 29 of Education shall ensure that each school district and education service district is reviewed
 30 once every six years to determine whether the district is meeting the financial management
 31 practices standards.

32 (b) If a school district has an average daily membership of 500 or less as determined by
 33 the State Board of Education, the board may choose to not review the district individually
 34 but instead review the district as part of the review of any education service district in which
 35 the school district is located.

36 (2) The State Board of Education shall establish a team to conduct each review and may
 37 contract with a private entity that has expertise in district finance to perform the review.

38 (3) A district that is scheduled for review shall complete a self-assessment developed by
 39 the State Board of Education through which the district evaluates its performance in each
 40 area specified in section 4 (4) of this 2007 Act. The self-assessment shall begin no later than
 41 60 days prior to the commencement of the review and shall be submitted to the board no
 42 later than the date scheduled for the review of the district.

43 (4) During a review, the State Board of Education and the team conducting the review
 44 shall hold at least one public meeting to explain the review process and to obtain input from
 45 students, parents, the local business community and other district residents regarding the

1 operation and financial management of the district.

2 (5) To the extent practicable, the team conducting the review shall use information
3 available through the existing district evaluation reports.

4 (6) The team conducting the review shall complete the review within six months. Within
5 60 days after completion of the review, the team conducting the review shall submit a final
6 report to the Superintendent of Public Instruction, the Governor, the district, the district
7 board, the Joint Legislative Committee on Ways and Means or the Emergency Board and the
8 legislative committees on education.

9 (7) Within 15 days after the team conducting the review submits its final report, the
10 State Board of Education shall publish the final report on the Internet. Prior to publication,
11 the board shall issue a press release informing the public of the availability of the informa-
12 tion.

13 (8) Within 30 days after receipt of the final report by a district board, the district board
14 shall hold a public meeting to address the final report.

15 (9) The team conducting the review shall include in the final report its findings related
16 to:

17 (a) District compliance with the financial management practices standards, based on the
18 indicators adopted by the State Board of Education;

19 (b) Potential cost savings available to the district with improved financial management;
20 and

21 (c) Recommendations for improved financial management.

22 (10) In addition to the requirements of subsection (9) of this section, for a district found
23 not to be in compliance with the financial management practices standards, the team con-
24 ducting the review shall include in its final report a three-year action plan through which
25 the district can achieve compliance with the financial management practices standards. The
26 team conducting the review shall develop the action plan in conjunction with the district.

27 **SECTION 7.** (1) The State Board of Education shall certify a school district or education
28 service district as a best business practices district if the district has been determined by
29 the team conducting a review pursuant to section 6 of this 2007 Act to be in compliance with
30 the financial management practices standards. The certification shall be effective for six
31 years from the date of certification or until the next review is completed, whichever is later.

32 (2) A district certified under this section may publicize its status.

33 (3) A district certified under this section shall annually verify to the board that the dis-
34 trict has not made any changes in its financial management practices and continues to
35 conform to the financial management practices standards adopted by the board.

36 (4) The board shall grant a waiver of the review required by section 6 of this 2007 Act to
37 any district certified under this section if the district has made the annual verification re-
38 quired by subsection (3) of this section. The board may not grant consecutive waivers to a
39 district.

40 **SECTION 8.** (1) If, after the review required by section 6 of this 2007 Act or the deter-
41 mination under section 10 of this 2007 Act, a district is found not to be in compliance with
42 the financial management practices standards, the district board shall establish a financial
43 management advisory team. The advisory team shall consist of 11 members as follows:

44 (a) Nine members appointed by the district board as follows:

45 (A) One member of the district board;

1 (B) The superintendent of the district;

2 (C) The district business manager or the person responsible for the financial manage-
3 ment of the district;

4 (D) Two members of the general public;

5 (E) One parent of a student who attends school in the district;

6 (F) Two representatives of local businesses, at least one of whom has experience in
7 banking or finance; and

8 (G) A local community leader;

9 (b) A principal selected by the principals of the district; and

10 (c) A teacher selected by the teachers of the district.

11 (2) The advisory team shall select a chairperson from among the members of the team.

12 (3) The advisory team shall implement the action plan required by section 6 (10) of this
13 2007 Act.

14 (4) Upon request of the advisory team, the State Board of Education shall provide, from
15 the list of technical advisers established in section 9 of this 2007 Act, technical advisers as
16 may be necessary to assist the advisory team in implementing the action plan.

17 (5) The board shall ensure that a second review is conducted of the financial management
18 practices of any district that was found not to be in compliance. The second review shall be
19 conducted within three years after receipt of the final report indicating that the district is
20 not in compliance, or earlier upon request of the district board. If the second review shows
21 that the district is in compliance, the board shall certify the district as a best business
22 practices district.

23 **SECTION 9.** The State Board of Education shall establish a list of technical advisers to
24 assist school districts and education service districts that are found not to be in compliance
25 with the financial management practices standards. The technical advisers may be selected
26 from the list provided under section 3 (2)(b) of this 2007 Act and shall possess knowledge and
27 experience in school or business administration, student transportation, food services man-
28 agement, budget development, financial management, human resources management, edu-
29 cational technology or labor relations.

30 **SECTION 10.** The State Board of Education may revoke a certification as a best business
31 practices district if the board determines that the school district or education service district
32 is no longer in compliance with the financial management practices standards.

33 **SECTION 11.** ORS 327.006 is amended to read:

34 327.006. As used in ORS 327.006 to 327.133, 327.348, 327.355, 327.357, 327.360 and 327.731:

35 (1) "Aggregate days membership" means the sum of days present and absent, according to the
36 rules of the State Board of Education, of all resident pupils when school is actually in session during
37 a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the
38 basis of a half-day program.

39 [(2)(a) "Approved transportation costs" means those costs as defined by rule of the State Board of
40 Education and is limited to those costs attributable to transporting or room and board provided in lieu
41 of transporting:]

42 [(A) Elementary school students who live at least one mile from school;]

43 [(B) Secondary school students who live at least 1.5 miles from school;]

44 [(C) Any student required to be transported for health or safety reasons, according to supplemental
45 plans from districts that have been approved by the state board identifying students who are required

1 *to be transported for health or safety reasons, including special education;]*

2 *[(D) Preschool children with disabilities requiring transportation for early intervention services*
3 *provided pursuant to ORS 343.224 and 343.533;]*

4 *[(E) Students who require payment of room and board in lieu of transportation;]*

5 *[(F) A student transported from one school or facility to another school or facility when the student*
6 *attends both schools or facilities during the day or week; and]*

7 *[(G) Students participating in school-sponsored field trips that are extensions of classroom learning*
8 *experiences.]*

9 *[(b) "Approved transportation costs" does not include the cost of constructing boarding school fa-*
10 *cilities.]*

11 [(3)] (2) "Average daily membership" or "ADM" means the aggregate days membership of a
12 school during a certain period divided by the number of days the school was actually in session
13 during the same period. However, if a district school board adopts a class schedule that operates
14 throughout the year for all or any schools in the district, average daily membership shall be com-
15 puted by the Department of Education so that the resulting average daily membership will not be
16 higher or lower than if the board had not adopted such schedule.

17 [(4)] (3) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers of
18 the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States
19 Department of Labor, Bureau of Labor Statistics.

20 (4) **"Forecasted approved transportation costs" means the forecasted approved transpor-**
21 **tation costs calculated by the Department of Education under ORS 327.033.**

22 (5) "Kindergarten" means a kindergarten program that conforms to the standards and rules
23 adopted by the State Board of Education.

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

30 (7)(a) "Resident pupil" means any pupil:

31 (A) Whose legal school residence is within the boundaries of a school district reporting the pu-
32 pil, if the district is legally responsible for the education of the pupil, except that "resident pupil"
33 does not include a pupil who pays tuition or for whom the parent pays tuition or for whom the
34 district does not pay tuition for placement outside the district; or

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

37 (b) A pupil shall not be considered to be a resident pupil under paragraph (a)(A) of this sub-
38 section if the pupil is attending school in another school district pursuant to a contract under ORS
39 339.125 and in the prior year was considered to be a resident pupil in another school district under
40 paragraph (a)(B) of this subsection. The pupil shall continue to be considered a resident of another
41 school district under paragraph (a)(B) of this subsection.

42 (c) A pupil shall not be considered to be a resident pupil under paragraph (a)(B) of this sub-
43 section if the pupil is attending school in a school district pursuant to an agreement with another
44 school district under ORS 339.133 and in the prior year was considered to be a resident pupil under
45 paragraph (a)(A) of this subsection because the pupil was attending school in another school district

1 pursuant to a contract under ORS 339.125. The pupil shall continue to be considered a resident
 2 pupil under paragraph (a)(A) of this subsection.

3 (d) "Resident pupil" includes a pupil admitted to a school district under ORS 339.115 (7).

4 (8) "Standard school" means a school meeting the standards set by the rules of the State Board
 5 of Education.

6 (9) "Tax" and "taxes" includes all taxes on property, excluding exempt bonded indebtedness, as
 7 those terms are defined in ORS 310.140.

8 **SECTION 12. The amendments to ORS 327.006 by section 11 of this 2007 Act become op-**
 9 **erative on July 1, 2008.**

10 **SECTION 13.** ORS 327.008, as amended by section 6a, chapter 803, Oregon Laws 2005, is
 11 amended to read:

12 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
 13 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
 14 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
 15 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
 16 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

17 (2) There shall be apportioned from the State School Fund to each school district a State School
 18 Fund grant, consisting of, **computed as provided in ORS 327.013**, the positive amount equal to **the**
 19 **sum of** a general purpose grant, *[and]* a facility grant, *[and]* a transportation grant and a high cost
 20 disabilities grant, minus **the sum of** local *[revenue]* **revenues** and **supplemental retirement pro-**
 21 **gram expenditures.**

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

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

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

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

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

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

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

38 **SECTION 14. The amendments to ORS 327.008 by section 13 of this 2007 Act become op-**
 39 **erative on July 1, 2012.**

40 **SECTION 15. The amendments to ORS 327.008 by section 13 of this 2007 Act apply to**
 41 **State School Fund distributions commencing with the 2012-2013 distribution.**

42 **SECTION 16.** ORS 327.013, as amended by section 2, chapter 4, Oregon Laws 2006, is amended
 43 to read:

44 327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

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

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

5 (5) Teacher Experience Factor = $\$25 \times \{\text{District average teacher experience} - \text{statewide av-}$
 6 $\text{erage teacher experience}\}$. “Average teacher experience” means the average, in years, of teaching
 7 experience of certified teachers as reported to the Department of Education.

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

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

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

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

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

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

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

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

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

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

45 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each

1 remote small elementary school and for each small high school in the district.

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

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

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

9 (9)(a) Transportation grant equals:

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

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

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

16 (b) Each fiscal year, the Department of Education shall rank school districts based on the
17 **forecasted** approved transportation costs per ADM of each school district, ranking the school dis-
18 trict with the highest **forecasted** approved transportation costs per ADM at the top of the order.

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

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

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

24 (c) The amount of revenue received by the district from the Common School Fund under ORS
25 327.403 to 327.410;

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

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

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

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

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

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

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

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

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

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

45 (B) Fifteen percent of the combined total for the school district of the general purpose grant,

1 the transportation grant, the facility grant and the high cost disabilities grant of the district; or

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

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

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

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

10 (c) As used in this subsection:

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

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

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

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

19 (b) Not actually imposed by the district.

20 **SECTION 17. The amendments to ORS 327.013 by section 16 of this 2007 Act become op-**
21 **erative on July 1, 2008.**

22 **SECTION 18.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, is
23 amended to read:

24 327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

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

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

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

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

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

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

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

44 (C) 0.2 for each student in average daily membership enrolled in a union high school district or
45 in an area of a unified school district where the district is only responsible for educating students

1 in grades 9 through 12 in that area.

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

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

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

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

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

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

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

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

32 (8) High cost disabilities grant = the total amount received by a school district under ORS
 33 327.348, for providing special education and related services to resident pupils with disabilities.

34 (9)(a) Transportation grant equals:

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

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

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

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

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

45 (a) The amount of revenue offset against local property taxes as determined by the Department

1 of Revenue under ORS 311.175 (3)(a)(A);

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

4 (c) The amount of revenue received by the district from the Common School Fund under ORS
5 327.403 to 327.410;

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

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

9 (f) The amount of revenue received by the district from state managed forestlands under ORS
10 530.115 (1)(b) and (c);

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

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

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

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

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

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

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

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

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

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

31 (c) As used in this subsection:

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

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

36 **SECTION 19. The amendments to ORS 327.013 by section 18 of this 2007 Act become op-**
37 **erative on July 1, 2009.**

38 **SECTION 20.** ORS 327.013, as amended by sections 2 and 4, chapter 4, Oregon Laws 2006, and
39 section 18 of this 2007 Act, is amended to read:

40 327.013. The State School Fund distributions for school districts shall be computed as follows:

41 (1) General Purpose Grant = Funding Percentage × Target Grant × 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) Statewide Target per ADMw Grant = \$4,500.

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

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

5 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
 6 tional 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) 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) Transportation grant equals:

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

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

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

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

15 (10) 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 ORS 327.019 [(8)] (9).

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

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

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

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

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

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

1 (c) As used in this subsection:

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

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

6 **(13)(a) Supplemental Retirement Program Expenditures = the amount calculated for the**
7 **fiscal year by the Department of Education under this subsection.**

8 **(b) Prior to December 31 of each year, the Department of Education shall calculate the**
9 **amount that each school district will expend in the next fiscal year on a supplemental re-**
10 **irement program for employees who retire on or after July 1, 2010. The department shall**
11 **report the amount calculated under this subsection to the district.**

12 (c) The department may reduce the amount calculated as Supplemental Retirement Pro-
13 gram Expenditures if the expenditures by a district are attributable to a supplemental re-
14 tirement program that is a temporary early retirement program.

15 (d) As used in this subsection, "temporary early retirement program" means a program
16 that is offered to employees no more frequently than once every five years and that, when
17 offered, requires an employee to retire within six months as a condition of participation in
18 the program.

19 **SECTION 21.** The amendments to ORS 327.013 by section 20 of this 2007 Act become op-
20 erative on July 1, 2011.

21 **SECTION 22.** The amendments to ORS 327.013 by section 20 of this 2007 Act apply to
22 State School Fund distributions commencing with the 2012-2013 distribution.

23 **SECTION 23.** ORS 327.019 is amended to read:

24 327.019. (1) As used in this section:

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

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

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

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

32 (C) The amount of revenue received by the district from state-managed forestlands under ORS
33 530.115 (1)(b) and (c); and

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

38 **(c) "Supplemental retirement program expenditures" means the amount calculated for**
39 **the fiscal year by the Department of Education under subsection (7) of this section.**

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

42 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
43 located to the State School Fund and available for distribution to school districts, education service
44 districts and programs + total amount of local revenues of all school districts, computed as provided
45 in ORS 327.013, + total amount of local revenues of all education service districts. The super-

1 intendent may not include in the calculation under this paragraph amounts recovered by the De-
 2 partment of Education from the State School Fund under ORS 343.243.

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

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

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

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

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

16 (b) \$950,000.

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

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

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

26 **(7)(a) Prior to December 31 of each year, the Department of Education shall calculate the**
 27 **amount that each education service district will expend in the next fiscal year on a supple-**
 28 **mental retirement program for employees who retire on or after July 1, 2010. The depart-**
 29 **ment shall report the amount calculated under this subsection to the district.**

30 **(b) The department may reduce the amount calculated as supplemental retirement pro-**
 31 **gram expenditures if the expenditures by a district are attributable to a supplemental re-**
 32 **irement program that is a temporary early retirement program.**

33 **(c) As used in this subsection, “temporary early retirement program” means a program**
 34 **that is offered to employees no more frequently than once every five years and that, when**
 35 **offered, requires an employee to retire within six months as a condition of participation in**
 36 **the program.**

37 [(7)] (8) Notwithstanding subsections (5) and (6) of this section, the State School Fund grant of
 38 an education service district may not be less than zero.

39 [(8)] (9) An education service district shall distribute to its component school districts any
 40 amount of local revenues of the education service district that is greater than the general services
 41 grant. The amount that each component school district receives under this subsection shall be pro-
 42 rated based on the district extended ADMw of each school district.

43 **SECTION 24. The amendments to ORS 327.019 by section 23 of this 2007 Act become op-**
 44 **erative on July 1, 2011.**

45 **SECTION 25. The amendments to ORS 327.019 by section 23 of this 2007 Act apply to**

State School Fund distributions commencing with the 2012-2013 distribution.

SECTION 26. ORS 327.033 is amended to read:

327.033. *[(1) Approved transportation costs shall be estimated for the year of distribution.]*

[(2) Approved transportation costs shall include depreciation of original cost to the district of district-owned buses, not in excess of 10 percent per year.]

[(3) Districts are required to account separately for those funds received from the State School Fund attributable to the costs included under subsection (2) of this section, and expenditure of those funds shall be limited to the acquisition of new buses or transportation equipment.]

(1) In December of each year, the Department of Education shall forecast the approved transportation costs for each school district for the next school year. The forecast shall estimate the level of expenditures by the school district that would be sufficient to provide the same level of transportation services that the school district provided during the 2006-2007 school year.

(2) To calculate the forecasted approved transportation costs, the department shall calculate for each school district for the next school year:

(a) The expected average daily membership (ADM).

(b) The expected approved transportation-related salary expenditures per ADM.

(c) The expected approved transportation-related benefit expenditures per ADM. Benefit expenditures include costs associated with providing group health insurance, retirement contributions and other benefit-related expenditures.

(d) The expected approved transportation-related fuel expenditures per ADM.

(e) The expected approved transportation-related expenditures for services and supplies per ADM.

(f) The expected approved transportation-related expenditures for depreciation per ADM. The department shall estimate the expenditures for depreciation based on the original cost to the district of district-owned buses, but the depreciation cost may not exceed 10 percent of the original cost per year.

(3) For a school year, the forecasted approved transportation costs for a school district shall equal the forecasted ADM of the district calculated under subsection (2)(a) of this section multiplied by the total of approved transportation-related expenditures per ADM calculated under subsection (2)(b) to (f) of this section.

(4) A school district shall use the amount received from the State School Fund that is attributable to the transportation grant for:

(a) Approved transportation costs as described in subsection (2) of this section; and

(b) Instructional activities, which may include:

(A) The salaries of teachers and aides who provide instruction to students; and

(B) Instructional supplies and other supplies that are used in the classroom.

SECTION 27. ORS 338.145 is amended to read:

338.145. (1) The public charter school shall be responsible for providing transportation to students who reside within the school district and who attend the public charter school. The public charter school may negotiate with a school district for the provision of transportation to students attending the public charter school.

(2) Notwithstanding subsection (1) of this section, the school district within which the public charter school is located shall be responsible for the transportation of students attending the public charter school pursuant to ORS 327.043 in the same manner as students attending nonchartered

1 public schools if the student is a resident of the school district. However, a school district may not
 2 be required to add or extend existing bus routes or other transportation services pursuant to this
 3 subsection.

4 (3) Students who attend public charter schools and who reside outside of the school district may
 5 use existing bus routes and transportation services of the school district in which a public charter
 6 school is located.

7 (4) Any transportation costs incurred by a school district under this section shall be considered
 8 **forecasted** approved transportation costs for purposes of ORS 327.013 in the same manner as
 9 transportation costs incurred by the school district for transporting students who attend nonchar-
 10 tered public schools are considered **forecasted** approved transportation costs for purposes of ORS
 11 327.013.

12 **SECTION 28. The amendments to ORS 338.145 by section 27 of this 2007 Act become op-**
 13 **erative on July 1, 2008.**

14 **SECTION 29.** ORS 340.065 is amended to read:

15 340.065. (1) A resident school district may provide transportation services to eligible students
 16 who attend eligible post-secondary institutions within the boundaries of the school district pursuant
 17 to ORS 327.043.

18 (2) Any transportation costs incurred by a school district under this section shall be considered
 19 **forecasted** approved transportation costs for purposes of ORS 327.013 (9).

20 **SECTION 30. The amendments to ORS 340.065 by section 29 of this 2007 Act become op-**
 21 **erative on July 1, 2008.**

22 **SECTION 31. (1) There is created the School Transportation Efficiency Committee con-**
 23 **sisting of nine members appointed by the Governor as follows:**

24 (a) **One member who is the superintendent of a school district with an average daily**
 25 **membership (ADM) of 15,000 or greater;**

26 (b) **One member who is the superintendent of a school district with an ADM of greater**
 27 **than 2,500 but less than 15,000;**

28 (c) **One member who is the superintendent of a school district with an ADM of 2,500 or**
 29 **less;**

30 (d) **One member who represents the Confederation of Oregon School Administrators,**
 31 **appointed from a list submitted by the Confederation of Oregon School Administrators;**

32 (e) **One member who represents the Oregon Association of School Business Officials,**
 33 **appointed from a list submitted by the Oregon Association of School Business Officials;**

34 (f) **One member who represents the Oregon School Boards Association, appointed from**
 35 **a list submitted by the Oregon School Boards Association;**

36 (g) **One member who represents the Oregon Pupil Transportation Association, appointed**
 37 **from a list submitted by the Oregon Pupil Transportation Association; and**

38 (h) **Two members who represent the business community.**

39 (2) **A superintendent who is appointed under subsection (1)(a) to (c) of this section may**
 40 **designate a person to be a member of the committee instead of the superintendent.**

41 (3) **The committee shall:**

42 (a) **Develop performance goals for the kindergarten through grade 12 transportation**
 43 **program;**

44 (b) **Identify best practices in other states for financing school transportation;**

45 (c) **Evaluate the costs and benefits associated with a requirement to provide transporta-**

1 tion to students attending kindergarten through grade 12;

2 (d) Investigate the imposition of transportation fees for students whose families are in-
3 eligible for free and reduced price lunch;

4 (e) Propose a model transportation fee schedule that could be adopted by school districts;

5 (f) Develop alternative methods for financing school transportation that encourage and
6 reward school districts providing cost-effective transportation services; and

7 (g) Investigate the feasibility of a formula-based system for financing school transporta-
8 tion that estimates the school district's expected cost of providing transportation services
9 based on key cost drivers that include:

10 (A) The average distance within the school district that students must travel to school;

11 (B) The number of students transported per mile of road in the school district;

12 (C) The elevation and complexity of the street networks in the school district; and

13 (D) The percentage of students with special needs in the school district who require
14 transportation.

15 (4) A majority of the members of the committee constitutes a quorum for the transaction
16 of business.

17 (5) Official action by the committee requires the approval of a majority of the members
18 of the committee.

19 (6) The committee shall elect one of its members to serve as chairperson.

20 (7) If there is a vacancy for any cause, the Governor shall make an appointment to be-
21 come immediately effective.

22 (8) The committee shall meet at times and places specified by the call of the chairperson
23 or of a majority of the members of the committee. The first meeting of the committee shall
24 be held prior to October 31, 2007.

25 (9) The committee may adopt rules necessary for the operation of the committee.

26 (10)(a) The committee shall submit a report to the Governor and the interim legislative
27 committees related to education or school finance as appropriate no later than December 18,
28 2008.

29 (b) The report shall contain:

30 (A) The committee's findings on the costs and benefits associated with the state's re-
31 quirement to provide school transportation services and any recommendations for changes
32 to that requirement;

33 (B) Three alternative methods for financing school transportation, which may not include
34 an open-ended matching grant method. The committee shall compare each method to the
35 transportation grant system used for the 2006-2007 school year with regard to whether the
36 method meets the goals of the school transportation program;

37 (C) Policy options for reducing transportation spending per average daily membership
38 (ADM) from the level in the 2006-2007 fiscal year by 5, 10 and 15 percent and identify the
39 advantages and disadvantages of each policy option; and

40 (D) A recommendation on the preferred method for financing school transportation.

41 (11) The Department of Education shall provide staff support to the committee.

42 (12) Members of the committee are not entitled to compensation, but may be reimbursed
43 for actual and necessary travel and other expenses incurred by them in the performance of
44 their official duties in the manner and amounts provided for in ORS 292.495. Claims for ex-
45 penses shall be paid out of funds appropriated to the department for that purpose.

