

# House Bill 3449

Sponsored by Representative SCOTT (at the request of Oregon Restaurant Association)

## 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**.

Includes revenues received by school districts from local governments and special government bodies as local revenues for purposes of calculation of State School Fund grant. Provides exceptions. Declares emergency, effective July 1, 2007.

## A BILL FOR AN ACT

1  
2 Relating to school finance; creating new provisions; amending ORS 327.013; and declaring an emer-  
3 gency.

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.

30 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
31 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified

**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 school district where the district is only responsible for educating students in kindergarten through  
 2 grade 8.

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

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

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

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

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

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

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

29 (8) High cost disabilities grant = the total amount received by a school district under ORS  
 30 327.348, for providing special education and related services to resident pupils with disabilities.

31 (9)(a) Transportation grant equals:

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

34 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 35 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

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

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

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

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

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

1 (c) The amount of revenue received by the district from the Common School Fund under ORS  
2 327.403 to 327.410;

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

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

6 (f) The amount of revenue received by the district from state managed forestlands under ORS  
7 530.115 (1)(b) and (c);

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

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

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

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

17 **(k) The amount of revenue received by the district from any local government, as defined**  
18 **in ORS 174.116, or any special government body, as defined in ORS 174.117, that is not a**  
19 **school district, public charter school, education service district, community college district**  
20 **or community college service district.**

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

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

24 (A) The amount of revenue actually received by the **school** district from local option taxes im-  
25 posed pursuant to ORS 280.040 to 280.145;

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

28 (C) \$750 per district extended ADMw; *[and]*

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

33 **(c) The amount of revenue received by a school district from any local government or**  
34 **special government body that is given in exchange for services provided to the local govern-**  
35 **ment or special government body by the district;**

36 **(d) The amount of revenue received by a school district from any local government or**  
37 **special government body that is given in exchange for the use by or the sale to the local**  
38 **government or special government body of property owned by the district; and**

39 **(e) The amount of revenue received by a school district from any local government or**  
40 **special government body that is from a community services fee described in ORS 285C.609.**

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

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

44 (c) As used in this subsection:

45 (A) "New school building" includes new school buildings, adding structures onto existing school

1 buildings and adding premanufactured structures to a school district if those buildings or structures  
 2 are to be used for instructing students.

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

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

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

8 (b) Not actually imposed by the district.

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

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

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

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

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

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

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

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

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

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 28 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional  
 29 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11  
 30 percent.

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

33 (C) 0.2 for each student in average daily membership enrolled in a union high school district or  
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36 (D) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 37 ating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified  
 38 school district where the district is only responsible for educating students in kindergarten through  
 39 grade 8.

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

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

1 from census data and only if the school district had an average daily membership of 2,500 or less  
 2 for the 1995-1996 school year, and as further adjusted by the number of students in average daily  
 3 membership in June of the year of distribution divided by number of students in average daily  
 4 membership in the district, or its predecessors, in June of the year of the most recent federal  
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6 (ii) The number of children in foster homes in the district as determined by the report of the  
 7 Department of Human Services to the federal Department of Education, "Annual Statistical Report  
 8 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the  
 9 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;  
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11 (iii) The number of children in the district in state-recognized facilities for neglected and delin-  
 12 quent children, based on information from the Department of Human Services for October 31 of the  
 13 year prior to the year of distribution.

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

18 (b) The total additional weight that shall be assigned to any student in average daily member-  
 19 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall  
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 27 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

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 29 90th percentile under paragraph (b) of this subsection.

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

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 5 have been imposed by the district if the district had certified the maximum rate of operating prop-  
 6 erty taxes allowed by law; *[and]*

7 (j) Any amount distributed to the district in the prior fiscal year under *[section 4 (3), chapter 695,*  
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 11 **school district, public charter school, education service district, community college district**  
 12 **or community college service district.**

13 (11) Notwithstanding subsection (10) of this section, Local Revenues do not include[.];

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

16 [(a)] (A) The amount of revenue actually received by the **school** district from local option taxes  
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18 [(b)] (B) Fifteen percent of the combined total for the school district of the general purpose  
 19 grant, the transportation grant, the facility grant and the high cost disabilities grant of the district;  
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21 [(c)] (C) \$750 per district extended ADMw[.];

22 **(b) The amount of revenue received by a school district from any local government or**  
 23 **special government body that is given in exchange for services provided to the local govern-**  
 24 **ment or special government body by the district;**

25 **(c) The amount of revenue received by a school district from any local government or**  
 26 **special government body that is given in exchange for the use by or the sale to the local**  
 27 **government or special government body of property owned by the district; and**

28 **(d) The amount of revenue received by a school district from any local government or**  
 29 **special government body that is from a community services fee described in ORS 285C.609.**

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

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

33 (c) As used in this subsection:

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

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

38 **SECTION 4. The amendments to ORS 327.013 by section 3 of this 2007 Act affect State**  
 39 **School Fund distributions commencing with the 2009-2010 distribution.**

40 **SECTION 5. This 2007 Act being necessary for the immediate preservation of the public**  
 41 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
 42 **July 1, 2007.**