

Senate Bill 211

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Superintendent of Public Instruction Susan Castillo for Department of Education)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases amount transferred each fiscal year from State School Fund to High Cost Disabilities Account.

Increases percentage of children with disabilities for which school district may receive additional weighting for purposes of calculation of State School Fund grant.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.008 and 327.013; and declar-
3 ing an emergency.

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

5 **SECTION 1.** ORS 327.008, as amended by section 6a, chapter 803, Oregon Laws 2005, is
6 amended to read:

7 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
8 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
9 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
10 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
11 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

12 (2) There shall be apportioned from the State School Fund to each school district a State School
13 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant
14 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-
15 vided in ORS 327.013.

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

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

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

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

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

28 (8) Each fiscal year, the Department of Education shall transfer the amount of [~~\$12~~] **\$18** million

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 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

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

6 327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

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

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

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

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

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

18 (A) 1.0 for each student in average daily membership eligible for special education as a child
19 with disabilities under ORS 343.035, applicable to not to exceed [11] **12.5** percent of the district’s
20 ADM without review and approval of the Department of Education. Children with disabilities eligi-
21 ble for special education in adult local correctional facilities as defined in ORS 169.005 or adult
22 regional correctional facilities as defined in ORS 169.620 may not be included in the calculation of
23 the [11] **12.5** percent.

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

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

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

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

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

44 (ii) The number of children in foster homes in the district as determined by the report of the
45 Department of Human Services to the federal Department of Education, “Annual Statistical Report

1 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
2 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;
3 and

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

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

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

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

14 (8) High cost disabilities grant = the total amount received by a school district under ORS
15 327.348, for providing special education and related services to resident pupils with disabilities.

16 (9)(a) Transportation grant equals:

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

19 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
20 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

21 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
22 90th percentile under paragraph (b) of this subsection.

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

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

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

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

31 (c) The amount of revenue received by the district from the Common School Fund under ORS
32 327.403 to 327.410;

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

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

36 (f) The amount of revenue received by the district from state managed forestlands under ORS
37 530.115 (1)(b) and (c);

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

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

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

45 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter

1 695, Oregon Laws 2001, or ORS 327.019 (8).

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

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

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

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

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

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

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

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

17 (c) As used in this subsection:

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

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

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

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

26 (b) Not actually imposed by the district.

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

29 327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

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

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

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

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

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

41 (A) 1.0 for each student in average daily membership eligible for special education as a child
42 with disabilities under ORS 343.035, applicable to not to exceed [11] **12.5** percent of the district's
43 ADM without review and approval of the Department of Education. Children with disabilities eligi-
44 ble for special education in adult local correctional facilities as defined in ORS 169.005 or adult
45 regional correctional facilities as defined in ORS 169.620 may not be included in the calculation of

1 the [11] **12.5** percent.

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

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

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

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

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

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

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

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

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

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

37 (8) High cost disabilities grant = the total amount received by a school district under ORS
38 327.348, for providing special education and related services to resident pupils with disabilities.

39 (9)(a) Transportation grant equals:

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

42 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
43 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

44 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
45 90th percentile under paragraph (b) of this subsection.

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

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

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

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

9 (c) The amount of revenue received by the district from the Common School Fund under ORS
 10 327.403 to 327.410;

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

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

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

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

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

23 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
 24 695, Oregon Laws 2001, or ORS 327.019 (8).

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

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

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

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

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 **SECTION 4. The amendments to ORS 327.008 and 327.013 by sections 1 and 2 of this 2007**
 42 **Act apply to State School Fund distributions commencing with the 2007-2008 distribution.**

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

