

REVENUE: Revenue Impact Issued
FISCAL: Minimal Fiscal Impact

Action: Do Pass as Amended and be Printed B Engrossed

Vote: 9-0-1

Yeas: Bailey, Bentz, Berger, Bruun, Gelser, Read, Riley, Sprenger, Barnhart

Nays: 0

Exc.: Kahl

Prepared By: Steve Meyer, Economist

Meeting Dates: 6/8, 6/9

WHAT THE BILL DOES: Excludes education service district (ESD) excess local revenue (above ESD formula grant) distributed to component school districts from the requirement that 90% of ESD formula revenue be spent on services or programs approved by component districts. Excludes ESD excess local revenue from component school district formula local revenue for the six years from 2003-04 to 2008-09. Validates ESD distribution or expenditure of its excess local revenue prior to July 1, 2009. Allows Sherman County School District to include the sum of two elementary small school student weights calculated prior to merger in the school funding formula if the schools are merged. Limits additional small school weight to next three school years (2009-10 to 2011-12).

ISSUES DISCUSSED:

Statutory conflict in use of ESD revenue

Sherman County SD potential elementary school merger

EFFECT OF COMMITTEE AMENDMENTS:

Allows Sherman County School District to include the sum of two elementary small school student weights calculated prior to merger in the school funding formula if the schools are merged. Limits additional small school weight to next three school years (2009-10 to 2011-12).

BACKGROUND:

A conflict in statutes has resulted in three ESDs not distributing excess local revenue to their component school districts. Because of their relatively high ESD tax rates and low school district rates, Grant, North Central and Wallowa ESDs have property tax revenue above the calculated ESD grant amount. The difference is called excess local revenue. As part of the ESD equalization process, the ESDs with excess local revenue were to distribute it to their component school districts rather than having it recaptured. The excess revenue then becomes formula local revenue of the component school districts.

Sherman County School District is considering building a new elementary school in Moro. If built, the north and south elementary schools in Wasco and Grass Valley would be consolidated there. The district may want to merge the elementary schools in Grass Valley prior to building. Both elementary schools qualify for additional small school weight in the school equalization formula. If merged, the additional small school weight for the larger elementary school would be less than the sum of the two elementary additional small school weights. A reduced small school weight for the district would result in lower school formula revenue.