

A-Engrossed House Bill 2533

Ordered by the House May 29
Including House Amendments dated May 29

Sponsored by Representatives BENTZ, CAMERON, ESQUIVEL, FREEMAN, GARRARD, GILMAN, KRIEGER, MAURER, OLSON, THATCHER, THOMPSON, WEIDNER, WHISNANT

SUMMARY

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

[Directs Department of Education to award grants to remote and necessary school districts. Establishes Remote and Necessary School District Fund. Continuously appropriates moneys in fund to department for grants.]

[Sunsets June 30, 2011.]

[Appropriates moneys from General Fund to department for grants.]

[Declares emergency, effective July 1, 2009.]

Extends date on which schools must qualify as small high school for purpose of calculating school district's adjusted daily membership weighted. Creates exception.

Allows certain school districts to continue to increase property tax rates. Excludes amounts attributable to increase from local revenues of school district for purposes of calculation of State School Fund grants.

Applies to State School Fund distributions occurring in fiscal years beginning on or after July 1, 2009.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.008, 327.013, 327.019, 327.026,
3 327.061, 327.077, 327.095, 327.099, 327.101, 327.336, 338.157, 338.165 and 340.065; repealing ORS
4 310.239 and section 1, chapter 4, Oregon Laws 2006; and prescribing an effective date.

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

6 **SECTION 1.** ORS 327.077 is amended to read:

7 327.077. (1) A school may qualify as a remote small elementary school if the average daily
8 membership in grades one through eight for an elementary school teaching:

9 (a) Eight grades is below 224.

10 (b) Seven grades is below 196.

11 (c) Six grades is below 168.

12 (d) Five grades is below 140.

13 (e) Four grades is below 112.

14 (f) Three grades is below 84.

15 (g) Two grades is below 56.

16 (h) One grade is below 28.

17 (2) A school may qualify as a small high school if:

18 (a) The school is in a school district that has an ADMw of less than 8,500; and

19 (b) The average daily membership in grades 9 through 12 for a high school teaching:

20 (A) Four grades is below 350.

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 (B) Three grades is below 267.

2 (3) [No] **An** elementary school [shall] **does not** qualify as a remote small elementary school un-
3 der subsection (1) of this section if it is within eight miles by the nearest traveled road from another
4 elementary school unless there are physiographic conditions that make transportation to another
5 school not feasible.

6 (4)(a) If an elementary school in a school district qualifies as a remote small elementary school,
7 the district shall have an additional amount added to the district's ADMw.

8 (b) The additional amount = $\{224 - (\text{ADM}_a \div (\text{number of grades in the school} \div \text{eight}))\} \times$
9 $0.0045 \times \text{ADM}_a \times \text{distance adjustment}$.

10 (5)(a) If a high school in a district qualifies as a small high school, the district shall have an
11 additional amount added to the district's ADMw.

12 (b) The additional amount = $\{350 - (\text{ADM}_a \div (\text{number of grades in the school} \div \text{four}))\} \times$
13 $0.0029 \times \text{ADM}_a$.

14 (6) The distance adjustment for an elementary school = 0.025 for each 10th of a mile more than
15 eight miles that a school is away from the nearest elementary school measured by the nearest
16 traveled road or 1.0, whichever is less.

17 (7)(a) A school may qualify as a remote small elementary school under this section only if the
18 location of the school has not changed since January 1, 1995, and if the school qualified as a remote
19 small school on July 18, 1995.

20 (b) A school may qualify as a small high school under this section only if:

21 (A) The location of the school has not changed since January 1, 1995[*and if*];

22 (B) The school qualified as a small high school on [*October 23, 1999.*] **the effective date of this**
23 **2009 Act; and**

24 (C) **On or after October 23, 1999, and prior to the effective date of this 2009 Act, the**
25 **school was not part of a high school that divided or otherwise reorganized into two or more**
26 **high schools.**

27 (c) A public charter school as defined in ORS 338.005 may qualify as a remote small elementary
28 school under this section only if the location of the school has not changed since January 1, 1995,
29 and if the school qualified as a nonchartered public remote small school on July 18, 1995.

30 (d) A public charter school as defined in ORS 338.005 may qualify as a small high school under
31 this section only if the location of the school has not changed since January 1, 1995, and if the
32 school qualified as a nonchartered public remote small school on July 18, 1995.

33 (e) The Superintendent of Public Instruction may waive the requirements of paragraph (a), (b),
34 (c) or (d) of this subsection if the superintendent determines that exceptional circumstances exist.

35 (f) An alternative education program as defined in ORS 336.615 may not qualify as a small high
36 school under this section.

37 (8) The opening of a public charter school shall not disqualify a school as a remote small ele-
38 mentary school under subsection (3) of this section or change the distance adjustment for a school
39 under subsection (6) of this section.

40 (9)(a) Notwithstanding subsections (2), (5) and (7)(b) and (d) of this section, if two high schools
41 merge and prior to the merger at least one of the high schools qualified as a small high school under
42 this section, the Department of Education shall continue to add an additional amount pursuant to
43 subsection (5) of this section to the ADMw of the school district in which the new merged high
44 school is located that is equal to the higher of:

45 (A) The additional amount the school district of each of the former small high schools would

1 have received under this section for the small high school based on the ADMa of each of the high
2 schools prior to the merger; or

3 (B) In the case of a high school that remains qualified as a small high school under subsection
4 (2) of this section after a merger, the ADMa of the merged small high school.

5 (b) The department shall add the additional amount under this subsection only for the first four
6 fiscal years after the merger of the two high schools is final. If the merger of the two high schools
7 becomes final on or before September 1, for purposes of this paragraph the merger shall be consid-
8 ered final in the prior fiscal year.

9 (10) For purposes of this section:

10 (a) The “adjusted average daily membership” or “ADMa” for an elementary school shall be the
11 average daily membership for the school, but no less than 25.

12 (b) The “adjusted average daily membership” or “ADMa” for a high school shall be the average
13 daily membership for the school, but no less than 60.

14 **SECTION 2. The amendments to ORS 327.077 by section 1 of this 2009 Act apply to State**
15 **School Fund distributions occurring in fiscal years beginning on or after July 1, 2009.**

16 **SECTION 3. Section 4 of this 2009 Act is added to and made a part of ORS 327.006 to**
17 **327.133.**

18 **SECTION 4. For the 2009-2010 distribution of the State School Fund to a school district**
19 **that has a high school that qualifies as a small high school under ORS 327.077, as amended**
20 **by section 1 of this 2009 Act, the Department of Education shall calculate the school dis-**
21 **trict’s ADMw for the prior year as though the amendments to ORS 327.077 by section 1 of**
22 **this 2009 Act were in effect on July 1, 2008, and shall calculate the school district’s extended**
23 **ADMw to reflect the amendments to ORS 327.077 by section 1 of this 2009 Act.**

24 **SECTION 5. Section 6 of this 2009 Act is added to and made a part of ORS 327.006 to**
25 **327.133.**

26 **SECTION 6. For the purpose of State School Fund distributions for school districts:**

27 **(1) Local Revenues are the total of the following:**

28 **(a) The amount of revenue offset against local property taxes as determined by the De-**
29 **partment of Revenue under ORS 311.175 (3)(a)(A).**

30 **(b) The amount of property taxes actually received by the district, including penalties and**
31 **interest on taxes.**

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

34 **(d) The amount of revenue received by the district from the county school fund.**

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

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

39 **(g) Moneys received in lieu of property taxes.**

40 **(h) Federal funds received without specific application by the school district and that are**
41 **not deemed under federal law to be nonsupplantable.**

42 **(i) Any positive amount obtained by subtracting the operating property taxes actually**
43 **imposed by the district, based on the rate certified pursuant to ORS 310.060, from the**
44 **amount that would have been imposed by the district if the district had certified the maxi-**
45 **imum rate of operating property taxes allowed by law.**

1 (j) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

2 (2) Local Revenues do not include:

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

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

7 (B) Twenty percent of the total received by the school district from the general purpose
8 grant, the transportation grant, the facility grant and the high cost disabilities grant of the
9 district, as those grants are calculated under ORS 327.013; or

10 (C) \$1,000 per district extended ADMw, as calculated under ORS 327.013, increased each
11 fiscal year by three percent above the amount allowed per district extended ADMw for the
12 prior fiscal year.

13 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than
14 \$4.50 per \$1,000 of assessed value, the amount of property taxes actually received by the
15 district, including penalties and interest on taxes, that results from an increase in the rate
16 of ad valorem property tax of the district allowed under section 11 (5)(d), Article XI of the
17 Oregon Constitution.

18 **SECTION 7.** ORS 327.013, as amended by section 4, chapter 4, Oregon Laws 2006, section 91,
19 chapter 70, Oregon Laws 2007, and section 6, chapter 778, Oregon Laws 2007, is amended to read:

20 327.013. The State School Fund distributions for school districts *[shall be computed as follows:]*
21 **include the following grants:**

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

23 **For the purpose of the calculation made under this subsection:**

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

26 [(3)] (b) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor. **For**
27 **the purpose of the calculation made under this paragraph:**

28 [(4)] (A) Statewide Target per ADMw Grant = \$4,500.

29 [(5)] (B) Teacher Experience Factor = \$25 × {District average teacher experience – statewide
30 average teacher experience}. **As used in this subparagraph**, “average teacher experience” means
31 the average, in years, of teaching experience of *[certified]* **licensed** teachers as reported to the De-
32 partment of Education.

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

34 **For the purpose of this paragraph:**

35 [(7)(a)] (A) Weighted average daily membership or ADMw = average daily membership + an
36 additional amount computed as follows:

37 [(A)] (i) 1.0 for each student in average daily membership eligible for special education as a
38 child with a disability under ORS 343.035, *[applicable to not to]* **which may not** exceed 11 percent
39 of the district’s ADM without review and approval *[of]* **by** the Department of Education. Children
40 with disabilities eligible for special education in adult local correctional facilities, as defined in ORS
41 169.005, or adult regional correctional facilities, as defined in ORS 169.620, may not be included in
42 the calculation *[of the 11 percent]* **made under this sub-subparagraph.**

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

45 [(C)] (iii) 0.2 for each student in average daily membership enrolled in a union high school dis-

1 trict or in an area of a unified school district where the district is only responsible for educating
2 students in grades 9 through 12 in that area.

3 [(D)] (iv) -0.1 for each student in average daily membership enrolled in an elementary district
4 operating kindergarten through grade [6] **six** or kindergarten through grade [8] **eight** or in an area
5 of a unified school district where the district is only responsible for educating students in
6 kindergarten through grade [8] **eight**.

7 [(E)] (v) 0.25 times the sum of the following:

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

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

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

26 [(F)] (vi) [An additional amount as determined by ORS 327.077 shall be added to the ADMw] **The**
27 **amount determined under ORS 327.077** for each remote small elementary school and for each
28 small high school in the district.

29 [(G)] (B) All numbers of children used for the computation in this [section] **paragraph** must re-
30 flect any district consolidations that have occurred since the numbers were compiled.

31 [(b)] (C) The total additional weight that shall be assigned to any student in average daily
32 membership in a district, exclusive of students described in [paragraph (a)(E) and (F)] **subparagraph**
33 **(A)(v) and (vi)** of this [subsection shall] **paragraph, may** not exceed 2.0.

34 [(8)] (2) High cost disabilities grant = the total amount received by a school district under ORS
35 327.348[,] for providing special education and related services to resident pupils with disabilities.

36 [(9)(a)] (3)(a) Transportation grant equals:

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

39 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
40 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

41 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
42 90th percentile under paragraph (b) of this subsection.

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

1 [(10) Local Revenues are the total of the following:]

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

4 [(b) The amount of property taxes actually received by the district including penalties and interest
5 on taxes;]

6 [(c) The amount of revenue received by the district from the Common School Fund under ORS
7 327.403 to 327.410;]

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

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

11 [(f) The amount of revenue received by the district from state managed forestlands under ORS
12 530.115 (1)(b) and (c);]

13 [(g) Moneys received in lieu of property taxes;]

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

16 [(i) Any positive amount obtained by subtracting the operating property taxes actually imposed by
17 the district, based on the rate certified pursuant to ORS 310.060, from the amount that would have been
18 imposed by the district if the district had certified the maximum rate of operating property taxes al-
19 lowed by law; and]

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

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

25 [(a) The amount of revenue actually received by the district from local option taxes imposed pur-
26 suant to ORS 280.040 to 280.145;]

27 [(b) Twenty percent of the combined total for the school district of the general purpose grant, the
28 transportation grant, the facility grant and the high cost disabilities grant of the district; or]

29 [(c) \$1,000 per district extended ADMw, increased each fiscal year by three percent above the
30 amount allowed per district extended ADMw for the prior fiscal year.]

31 [(12)(a)] (4)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

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

34 (c) As used in this subsection:

35 (A) "New school building" includes new school buildings, [adding] structures **added** onto exist-
36 ing school buildings and [adding] premanufactured structures **added** to a school district if those
37 buildings or structures are to be used for instructing students.

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

39 **SECTION 8.** ORS 327.008, as amended by section 1, chapter 39, Oregon Laws 2008, is amended
40 to read:

41 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
42 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
43 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
44 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
45 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

1 (2) There shall be apportioned from the State School Fund to each school district a State School
2 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant
3 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-
4 vided in ORS 327.013 **and section 6 of this 2009 Act.**

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

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

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

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

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

17 (8) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from
18 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

21 (10) Each fiscal year, the Department of Education may expend up to \$550,000 from the State
22 School Fund for the contract described in ORS 329.488. The amount distributed to education service
23 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the
24 amount expended by the department under this subsection.

25 (11) Each biennium, the Department of Education may expend up to \$800,000 from the State
26 School Fund for the administration of ORS 326.133 and 326.136.

27 (12) Each biennium, the Department of Education may expend up to \$350,000 from the State
28 School Fund to provide administration of and support for the development of talented and gifted
29 education under ORS 343.404.

30 (13) Each biennium, the Department of Education may expend up to \$150,000 from the State
31 School Fund for the administration of a program to increase the number of speech-language
32 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

33 **SECTION 9.** ORS 327.008, as amended by section 12, chapter 846, Oregon Laws 2007, and sec-
34 tion 2, chapter 39, Oregon Laws 2008, is amended to read:

35 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
36 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
37 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
38 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
39 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

40 (2) There shall be apportioned from the State School Fund to each school district a State School
41 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant
42 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-
43 vided in ORS 327.013 **and section 6 of this 2009 Act.**

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

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

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

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

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

11 (8) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from
12 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

13 (9) Each fiscal year, the Department of Education may expend up to \$550,000 from the State
14 School Fund for the contract described in ORS 329.488. The amount distributed to education service
15 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the
16 amount expended by the department under this subsection.

17 (10) Each biennium, the Department of Education may expend up to \$800,000 from the State
18 School Fund for the administration of ORS 326.133 and 326.136.

19 (11) Each biennium, the Department of Education may expend up to \$350,000 from the State
20 School Fund to provide administration of and support for the development of talented and gifted
21 education under ORS 343.404.

22 (12) Each biennium, the Department of Education may expend up to \$150,000 from the State
23 School Fund for the administration of a program to increase the number of speech-language
24 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

25 **SECTION 10.** ORS 327.019 is amended to read:

26 327.019. (1) As used in this section:

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

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

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

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

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

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

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] **section 6 of this 2009 Act**, + total amount of local revenues of all education

1 service districts. The superintendent may not include in the calculation under this paragraph
2 amounts recovered by the Department 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) The 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) \$1 million.

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.

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) Notwithstanding subsections (5) and (6) of this section:

27 (a) The State School Fund grant of an education service district may not be less than zero; and

28 (b) The State School Fund grant of an education service district shall be in an amount that,
29 when combined with the local revenues of the education service district, equals \$1 million or more.

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

34 **SECTION 11.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, is
35 amended to read:

36 327.019. (1) As used in this section:

37 (a) “Education service district extended ADMw” means the sum of the extended ADMw of the
38 component school districts of the education service district as computed under ORS 327.013.

39 (b) “Local revenues of an education service district” means the total of the following:

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

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

44 (C) The amount of revenue received by the district from state-managed forestlands under ORS
45 530.115 (1)(b) and (c); and

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

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

7 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
 8 located to the State School Fund and available for distribution to school districts, education service
 9 districts and programs + total amount of local revenues of all school districts, computed as provided
 10 in [ORS 327.013] **section 6 of this 2009 Act**, + total amount of local revenues of all education
 11 service districts. The superintendent may not include in the calculation under this paragraph
 12 amounts recovered by the Department of Education from the State School Fund under ORS 343.243.

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

15 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 16 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 17 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
 18 district general purpose grants, facility grants, high cost disabilities grants and transportation
 19 grants to school districts.

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

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

24 (a) The total amount calculated under subsection (3)(d) of this section for the component school
 25 districts of the education service district \times (4.75 \div 95.25); or

26 (b) \$1 million.

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

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

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

36 (7) Notwithstanding subsections (5) and (6) of this section:

37 (a) The State School Fund grant of an education service district may not be less than zero; and

38 (b) The State School Fund grant of an education service district shall be in an amount that,
 39 when combined with the local revenues of the education service district, equals \$1 million or more.

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

44 **SECTION 12.** ORS 327.026 is amended to read:

45 327.026. (1) In order to accomplish the purpose described in ORS 326.700, the State Board of

1 Education shall adopt by rule definitions and procedures to be applied to the computation of the
 2 State School Fund allocations where necessary to make students enrolled in the Youth Corrections
 3 Education Program, as defined in ORS 326.695, and the Juvenile Detention Education Program, as
 4 defined in ORS 326.695, equivalent to students enrolled in common and union high school districts
 5 for purposes of distribution of the fund.

6 (2)(a) The Youth Corrections Education Program shall be entitled to receive from the State
 7 School Fund for each school year a special State School Fund grant, consisting of a general purpose
 8 grant that is equal to the Youth Corrections Education Program ADM multiplied by 2.0 multiplied
 9 by the additional per student weight, as [defined] **calculated** in ORS 327.013 [(7)(a)(A)] **(1)(c)(A)(i)**,
 10 multiplied by Funding Percentage and further multiplied by Statewide Target per ADMw Grant.

11 (b) Notwithstanding paragraph (a) of this subsection, the Youth Corrections Education Program
 12 may not receive moneys under this section from the State School Fund for any youth in the program
 13 who:

14 (A) Has received a high school diploma; or

15 (B) Is 21 years of age or older.

16 (3) The Juvenile Detention Education Program shall be entitled to receive from the State School
 17 Fund for each school year a special State School Fund grant, consisting of a general purpose grant
 18 that is equal to the Juvenile Detention Education Program ADM multiplied by 1.5 multiplied by
 19 Funding Percentage and further multiplied by Statewide Target per ADMw Grant.

20 (4) Funds allocated to the Youth Corrections Education Program and the Juvenile Detention
 21 Education Program from the State School Fund shall remain with the Department of Education and
 22 shall be adjusted in the year following the distribution to reflect the actual ADMw of students in
 23 the Youth Corrections Education Program and the Juvenile Detention Education Program in the
 24 same manner as for the school districts under ORS 327.101.

25 **SECTION 13.** ORS 327.061 is amended to read:

26 327.061. (1) Numbers of students in average daily membership used in the distribution formula
 27 as specified in ORS 327.013 [(7)] **(1)(c)**, shall be projections of the average daily membership in the
 28 district for the school year ending on June 30 of the distribution year. The Department of Education
 29 shall verify all projections used for purposes of the distribution formula.

30 (2) The department shall use information from the Department of Revenue under ORS 311.175
 31 as the basis for determining projected district property taxes. The department shall request relevant
 32 information from the school districts to enable the department to estimate the amount each school
 33 district shall receive from the State School Fund. The department shall provide this estimate no
 34 later than the first Monday in March of each year for the distribution for the following fiscal year.

35 (3) A school district may appeal to the department any projection verified by the department
 36 under subsection (1) of this section. The department shall rule on the appeal in a timely manner and
 37 if necessary issue a revised estimate of the amount each school district shall receive from the State
 38 School Fund no later than the last Friday in March.

39 (4) Notwithstanding subsection (3) of this section, no school district may appeal any projection
 40 verified under subsection (1) of this section if the district failed to provide information requested
 41 by the department under subsection (2) of this section.

42 **SECTION 14.** ORS 327.095 is amended to read:

43 327.095. (1) Funds due school districts under ORS 327.008 and 327.013 shall be paid approxi-
 44 mately 16-2/3 percent on July 15, approximately eight and one-third percent on the 15th day of each
 45 of the months of August, September, October, November, December, January, February, March and

1 April and the balance on May 15. An equitable apportionment based on the most recent data avail-
2 able shall be made on the installment dates prior to May 15. If such payments are too high or too
3 low, appropriate adjustments shall be made in the May 15 payments. However, if the reports re-
4 quired by ORS 327.133 have not been received from any district when due, no further apportion-
5 ments shall be made to such district until such reports are filed.

6 (2) If the combined estimated level of ADMw under ORS 327.013 [(7)] (1)(c) of all school districts
7 is less than the statewide projected level of ADMw, the Department of Education may:

8 (a) Adjust the distributions to school districts on the installment dates to reflect the difference;
9 and

10 (b) Set aside an amount of the funds appropriated to the State School Fund for the fiscal year
11 until the May 15 distribution.

12 **SECTION 15.** ORS 327.099 is amended to read:

13 327.099. (1) The Department of Education shall adjust the distribution to a school district to
14 reflect the difference between the estimated level of local revenues to the district under [ORS
15 327.013] **section 6 of this 2009 Act** and the projected level of those same local revenues used to
16 calculate the State School Fund apportionment to the district. The adjustment shall be incorporated
17 in the May 15 apportionment to the district in the distribution year.

18 (2) The department shall adjust the May 15 apportionment to a school district in the distribution
19 year to reflect an ADMw of the district equal to the higher of the ADMw of the prior year or the
20 adjusted ADMw for the December quarter. Adjusted ADMw for the December quarter shall equal:

21 (a) ADMw as determined by the department from information provided in the December quar-
22 terly report for the current distribution year filed with the department under ORS 327.133;

23 (b) Multiplied by the lesser of 1.0 or the average of the ratios for the preceding two years of the
24 ADM for the year ending June 30 to the ADM for the quarter ending December 31 for the same
25 school year as filed under ORS 327.133.

26 (3) The sum equal to the sum of all negative adjustments made to the May 15 apportionment
27 under subsection (1) of this section shall be used by the department for purposes of funding positive
28 adjustments required under subsection (1) of this section and adjustments required under subsection
29 (2) of this section.

30 (4) The department shall also set aside an amount of the funds appropriated to the State School
31 Fund for the fiscal year to fund any positive adjustments required under subsection (1) of this sec-
32 tion and adjustments required under subsection (2) of this section in excess of the amount available
33 under subsection (3) of this section. The amount set aside shall be as determined by law.

34 (5) If the amounts available under subsections (3) and (4) of this section are either not sufficient
35 to fund the positive adjustments or exceed the positive adjustments to districts required under sub-
36 sections (1) and (2) of this section and the adjustments required under subsection (2) of this section,
37 the Superintendent of Public Instruction shall recalculate the funding percentage in ORS 327.013
38 [(2)] (1)(a) to distribute as nearly as practicable the total sum available for distribution.

39 **SECTION 16.** ORS 327.101 is amended to read:

40 327.101. (1) Each fiscal year, the distribution to a school district under ORS 327.008 and 327.013
41 shall be adjusted to fully reflect the difference between the apportionment due to the district for the
42 prior fiscal year under ORS 327.008 and 327.013, and the amounts actually distributed to the district
43 in the prior fiscal year under ORS 327.008, 327.013 and 327.099. The adjustment shall be made to the
44 May 15 apportionment to the district.

45 (2) No consideration shall be made in the adjustment made under subsection (1) of this section

1 for any penalties, forfeitures or additional receipts of State School Fund moneys, except when ex-
2 pressly directed by law.

3 (3) An amount of funds equal to the sum of all negative adjustments made to the May 15 ap-
4 portionment under subsection (1) of this section shall be used by the Department of Education for
5 purposes of funding positive adjustments required under subsection (1) of this section in the same
6 fiscal year.

7 (4) If the amounts available under subsection (3) of this section are either not sufficient or ex-
8 ceed the adjustments to districts required under subsection (1) of this section, the Superintendent
9 of Public Instruction shall recalculate the funding percentage in ORS 327.013 [(2)] (1)(a) to distribute
10 as nearly as practicable the total sum available for distribution.

11 **SECTION 17.** ORS 327.336 is amended to read:

12 327.336. (1) As used in this section:

13 (a) "Extended ADMw" means the district extended weighted average daily membership com-
14 puted under ORS 327.013 [(6)] (1)(c).

15 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-
16 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the
17 amount of school district local option taxes that are distributed to an urban renewal agency pursu-
18 ant to ORS 457.440, divided by the assessed value of the school district.

19 (c) "School district" means a common or union high school district.

20 (d) "Target district" means the school district that, for the fiscal year prior to the year for
21 which grants are being determined, had a total assessed value of taxable property per district ex-
22 tended ADMw that was greater than all but 25 percent of the school districts in this state for that
23 prior fiscal year. The Department of Education shall determine which school district is the target
24 district for a fiscal year, based on the total assessed values of school districts reported to the De-
25 partment of Education by the Department of Revenue for the fiscal year prior to the year for which
26 grants are being determined under this section.

27 (2) A school district shall receive a local option equalization grant for a fiscal year:

28 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;
29 and

30 (b) For which the total assessed value of taxable property per extended ADMw of the school
31 district for the prior fiscal year does not exceed the total assessed value of taxable property per
32 extended ADMw of the target district for the prior fiscal year.

33 (3) The amount of the local option equalization grant shall equal the lesser of:

34 (a) The product of the local option tax rate of the school district for the current fiscal year \times
35 (total assessed value per extended ADMw of the target district for the prior fiscal year - total
36 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
37 ADMw of the school district for the prior fiscal year; or

38 (b) The amount obtained by subtracting the local option tax imposed by the school district for
39 the current fiscal year, after compression under ORS 310.150, from the lesser of:

40 (A) Twenty percent of the combined total for the school district of the general purpose grant,
41 the transportation grant, the facility grant and the high cost disabilities grant of the school district
42 for the current fiscal year; or

43 (B) \$1,000 multiplied by the extended ADMw of the school district for the current fiscal year.
44 The amount multiplied by the extended ADMw of the school district shall be increased each fiscal
45 year by three percent above the amount allowed for the prior fiscal year.

1 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option
2 equalization grant may not be made to the school district for the fiscal year.

3 (5) As soon as is practicable after school districts have certified property taxes to the assessor
4 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list
5 of school districts certifying local option taxes for the current fiscal year and the local option tax
6 rates for those districts. The amount of each local option equalization grant shall be calculated by
7 the Department of Education.

8 (6) If the election authorizing the imposition of a local option tax is held after the start of a
9 biennium in which the local option tax is to be imposed, the local option equalization grant for a
10 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not
11 be paid to the school district until the first fiscal year of the next succeeding biennium.

12 **SECTION 18.** ORS 338.157 is amended to read:

13 338.157. For purposes of calculating the weighted average daily membership (ADMw) of a public
14 charter school, it shall be assumed that the public charter school has the same percentage of chil-
15 dren in poverty families, as calculated under ORS 327.013 [(7)(a)(E)(i)] (1)(c)(A)(v)(I), as the school
16 district in which the public charter school is located. Based on this percentage, an additional
17 amount shall be added to the average daily membership (ADM) of the public charter school.

18 **SECTION 19.** ORS 338.165 is amended to read:

19 338.165. (1) Notwithstanding ORS 338.155 (1), for purposes of this section, the “resident school
20 district” of a student who is eligible for special education and related services shall be the school
21 district in which the student’s parent or guardian or person in parental relationship to the student
22 resides pursuant to ORS 339.133 and 339.134.

23 (2) For students who attend public charter schools and are eligible for special education and
24 related services:

25 (a) The resident school district of the student shall be responsible for providing any required
26 special education and related services to the student; and

27 (b) Amounts from the State School Fund for those students shall be distributed through the
28 resident school district pursuant to this section.

29 (3) Notwithstanding ORS 338.155 (2), a resident school district of a student who is eligible for
30 special education and related services shall contractually establish, with any public charter school
31 in which the student is enrolled, payment for provision of special education and related services to
32 the student. If a student is enrolled in a public charter school and is eligible for special education
33 and related services an additional amount shall be added to the ADM of the public charter school
34 as described in ORS 327.013 [(7)(a)(A)] (1)(c)(A)(i). The payment per ADMw in the public charter
35 school that is attributable to the student who is eligible for special education and related services
36 shall equal an amount that is at least equal to:

37 (a) 40 percent of the amount of the school district’s General Purpose Grant per ADMw as cal-
38 culated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

39 (b) 47.5 percent of the amount of the school district’s General Purpose Grant per ADMw as
40 calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

41 (4) If the resident school district is not the sponsor of a public charter school, the resident
42 school district for each ADMw that is attributable to a student enrolled in a public charter school
43 who is eligible for special education and related services shall transfer five percent of the amount
44 of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 to the
45 sponsor of the public charter school.

1 (5) Notwithstanding subsection (3) of this section, a school district and a public charter school
2 may negotiate on a case-by-case basis for an alternative distribution of funds other than the dis-
3 tribution prescribed by subsection (3) of this section.

4 **SECTION 20.** ORS 340.065 is amended to read:

5 340.065. (1) A resident school district may provide transportation services to eligible students
6 who attend eligible post-secondary institutions within any education service district boundaries of
7 which the school district is a component school district.

8 (2) Any transportation costs incurred by a school district under this section shall be considered
9 approved transportation costs for purposes of ORS 327.013 [(9)] (3).

10 **SECTION 21.** Section 6 of this 2009 Act and the amendments to ORS 327.008, 327.013,
11 327.019, 327.026, 327.061, 327.095, 327.099, 327.101, 327.336, 338.157, 338.165 and 340.065 by
12 sections 7 to 20 of this 2009 Act apply to State School Fund distributions occurring in fiscal
13 years beginning on or after July 1, 2009.

14 **SECTION 22.** Notwithstanding ORS 327.095 (1), the Department of Education shall adjust
15 the distributions to school districts made during the fiscal year beginning July 1, 2009, to
16 distribute any additional funds that may be available as the result of the enactment of sec-
17 tion 6 of this 2009 Act and the amendments to ORS 327.008, 327.013, 327.019, 327.026, 327.061,
18 327.077, 327.095, 327.099, 327.101, 327.336, 338.157, 338.165 and 340.065 by sections 1 and 7 to 20
19 of this 2009 Act.

20 **SECTION 23.** ORS 310.239 and section 1, chapter 4, Oregon Laws 2006, are repealed.

21 **SECTION 24.** This 2009 Act takes effect on the 91st day after the date on which the
22 regular session of the Seventy-fifth Legislative Assembly adjourns sine die.
23