

House Bill 3410

Sponsored by COMMITTEE ON REVENUE

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 percentage of sum of school district's general fund and special revenue fund in calculation of local revenues for purpose of State School Fund distributions.

Sunsets July 1, 2011.

Declares emergency, effective July 1, 2009.

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, 327.095, 327.099, 327.101, 327.336, 338.157, 338.165 and 340.065; and declaring an emer-
4 gency.

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

6 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS 327.006 to**
7 **327.133.**

8 **SECTION 2. For the purpose of State School Fund distributions for school districts:**

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

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

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

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

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

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

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

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

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

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

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

29 (k) **Any amount by which, as of July 1, 2009, the sum of the district's general fund and**
30 **special revenue fund is in excess of ___ percent of the sum of the district's general purpose**

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 **grant, transportation grant, facility grant and high cost disabilities grant for the fiscal year**
 2 **beginning July 1, 2009, as calculated under ORS 327.013. For the purpose of this paragraph,**
 3 **“special revenue funds” does not include any federal funds.**

4 (2) **Local Revenues do not include, if a school district imposes local option taxes pursuant**
 5 **to ORS 280.040 to 280.145, an amount equal to the lesser of:**

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

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

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

14 **SECTION 3. Section 1 of this 2009 Act applies to State School Fund distributions occur-**
 15 **ring in fiscal years beginning on or after July 1, 2009.**

16 **SECTION 4.** Section 2 of this 2009 Act is amended to read:

17 **Sec. 2.** For the purpose of State School Fund distributions for school districts:

18 (1) Local Revenues are the total of the following:

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

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

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

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

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

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

30 (g) Moneys received in lieu of property taxes.

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

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

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

38 (k) Any amount by which, as of July 1, [2009] **2010**, the sum of the district’s general fund and
 39 special revenue fund is in excess of [___] ___ percent of the sum of the district’s general purpose
 40 grant, transportation grant, facility grant and high cost disabilities grant for the fiscal year begin-
 41 ning July 1, [2009] **2010**, as calculated under ORS 327.013. For the purpose of this paragraph, “spe-
 42 cial revenue funds” does not include any federal funds.

43 (2) **Local Revenues do not include, if a school district imposes local option taxes pursuant to**
 44 **ORS 280.040 to 280.145, an amount equal to the lesser of:**

45 (a) The amount of revenue actually received by the district from local option taxes imposed

1 pursuant to ORS 280.040 to 280.145;

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

5 (c) \$1,000 per district extended ADMw, as calculated under ORS 327.013, increased each fiscal
6 year by three percent above the amount allowed per district extended ADMw for the prior fiscal
7 year.

8 **SECTION 5. The amendments to section 2 of this 2009 Act by section 4 of this 2009 Act**
9 **apply to State School Fund distributions occurring in fiscal years beginning on or after July**
10 **1, 2010.**

11 **SECTION 6.** Section 2 of this 2009 Act, as amended by section 4 of this 2009 Act, is amended
12 to read:

13 **Sec. 2.** For the purpose of State School Fund distributions for school districts:

14 (1) Local Revenues are the total of the following:

15 (a) The amount of revenue offset against local property taxes as determined by the Department
16 of Revenue under ORS 311.175 (3)(a)(A).

17 (b) The amount of property taxes actually received by the district, including penalties and in-
18 terest on taxes.

19 (c) The amount of revenue received by the district from the Common School Fund under ORS
20 327.403 to 327.410.

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

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

24 (f) The amount of revenue received by the district from state managed forestlands under ORS
25 530.115 (1)(b) and (c).

26 (g) Moneys received in lieu of property taxes.

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

29 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
30 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
31 have been imposed by the district if the district had certified the maximum rate of operating prop-
32 erty taxes allowed by law.

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

34 *[(k) Any amount by which, as of July 1, 2010, the sum of the district's general fund and special*
35 *revenue fund is in excess of ___ percent of the sum of the district's general purpose grant, transporta-*
36 *tion grant, facility grant and high cost disabilities grant for the fiscal year beginning July 1, 2010, as*
37 *calculated under ORS 327.013. For the purpose of this paragraph, "special revenue funds" does not*
38 *include any federal funds.]*

39 (2) Local Revenues do not include, if a school district imposes local option taxes pursuant to
40 ORS 280.040 to 280.145, an amount equal to the lesser of:

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

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

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

SECTION 7. The amendments to section 2 of this 2009 Act by section 6 of this 2009 Act apply to State School Fund distributions occurring in fiscal years beginning on or after July 1, 2011.

SECTION 8. ORS 327.013, as amended by section 4, chapter 4, Oregon Laws 2006, section 91, chapter 70, Oregon Laws 2007, and section 6, chapter 778, Oregon Laws 2007, is amended to read:

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

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

For the purpose of the calculation made under this subsection:

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

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

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

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

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

For the purpose of this paragraph:

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

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

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

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

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

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

[(i)] (I) The number of children 5 to 17 years of age in poverty families in the district, as determined by the Department of Education from a report of the *[federal]* **United States** Department of Education based on the most recent federal decennial census, as adjusted by the school district’s proportion of students in the county receiving free or reduced price lunches under the United States

1 Department of Agriculture’s current Income Eligibility Guidelines if the number is higher than the
 2 number determined from census data and only if the school district had an average daily membership
 3 of 2,500 or less for the 1995-1996 school year, and as further adjusted by the number of students in
 4 average daily membership in June of the year of distribution divided by number of students in av-
 5 erage daily membership in the district, or its predecessors, in June of the year of the most recent
 6 federal decennial census;

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

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

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

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

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

23 [(8)] (2) High cost disabilities grant = the total amount received by a school district under ORS
 24 327.348[,] for providing special education and related services to resident pupils with disabilities.

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

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

28 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
 29 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

30 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
 31 90th percentile under paragraph (b) of this subsection.

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

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

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

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

40 [(c) The amount of revenue received by the district from the Common School Fund under ORS
 41 327.403 to 327.410;]

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

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

45 [(f) The amount of revenue received by the district from state managed forestlands under ORS

1 530.115 (1)(b) and (c);]

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

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

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

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

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

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

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

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

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

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

23 (c) As used in this subsection:

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

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

28 **SECTION 9.** ORS 327.008, as amended by section 1, chapter 39, Oregon Laws 2008, is amended
29 to read:

30 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
31 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
32 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
33 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
34 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

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

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

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

45 (6) A school district may not use the portion of the State School Fund grant that is attributable

1 to the facility grant for capital construction costs.

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

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

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

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

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

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

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

22 **SECTION 10.** ORS 327.008, as amended by section 12, chapter 846, Oregon Laws 2007, and
 23 section 2, chapter 39, Oregon Laws 2008, is amended to read:

24 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
 25 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
 26 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
 27 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
 28 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

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

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

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

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

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

45 (8) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from

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

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

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

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

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

14 **SECTION 11.** ORS 327.019 is amended to read:

15 327.019. (1) As used in this section:

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

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

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

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

23 (C) The amount of revenue received by the district from state-managed forestlands under ORS
 24 530.115 (1)(b) and (c); and

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

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

31 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
 32 located to the State School Fund and available for distribution to school districts, education service
 33 districts and programs + total amount of local revenues of all school districts, computed as provided
 34 in [ORS 327.013] **section 2 of this 2009 Act**, + total amount of local revenues of all education
 35 service districts. The superintendent may not include in the calculation under this paragraph
 36 amounts recovered by the Department of Education from the State School Fund under ORS 343.243.

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

39 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 40 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 41 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this
 42 subsection as school district general purpose grants, facility grants, high cost disabilities grants and
 43 transportation grants to school districts.

44 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-
 45 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high

1 cost disabilities grant amounts for each school district.

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

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

5 (b) \$1 million.

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

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

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

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

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

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

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

23 **SECTION 12.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, is
24 amended to read:

25 327.019. (1) As used in this section:

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

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

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

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

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

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

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

41 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
42 located to the State School Fund and available for distribution to school districts, education service
43 districts and programs + total amount of local revenues of all school districts, computed as provided
44 in [ORS 327.013] **section 2 of this 2009 Act**, + total amount of local revenues of all education
45 service districts. The superintendent may not include in the calculation under this paragraph

1 amounts recovered by the Department of Education from the State School Fund under ORS 343.243.

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

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

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

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

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

15 (b) \$1 million.

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

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

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

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

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

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

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

33 **SECTION 13.** ORS 327.026 is amended to read:

34 327.026. (1) In order to accomplish the purpose described in ORS 326.700, the State Board of
35 Education shall adopt by rule definitions and procedures to be applied to the computation of the
36 State School Fund allocations where necessary to make students enrolled in the Youth Corrections
37 Education Program, as defined in ORS 326.695, and the Juvenile Detention Education Program, as
38 defined in ORS 326.695, equivalent to students enrolled in common and union high school districts
39 for purposes of distribution of the fund.

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

45 (b) Notwithstanding paragraph (a) of this subsection, the Youth Corrections Education Program

1 may not receive moneys under this section from the State School Fund for any youth in the program
 2 who:

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

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

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

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

14 **SECTION 14.** ORS 327.061 is amended to read:

15 327.061. (1) Numbers of students in average daily membership used in the distribution formula
 16 as specified in ORS 327.013 [(7)] (1)(c), shall be projections of the average daily membership in the
 17 district for the school year ending on June 30 of the distribution year. The Department of Education
 18 shall verify all projections used for purposes of the distribution formula.

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

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

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

31 **SECTION 15.** ORS 327.095 is amended to read:

32 327.095. (1) Funds due school districts under ORS 327.008 and 327.013 shall be paid approxi-
 33 mately 16-2/3 percent on July 15, approximately eight and one-third percent on the 15th day of each
 34 of the months of August, September, October, November, December, January, February, March and
 35 April and the balance on May 15. An equitable apportionment based on the most recent data avail-
 36 able shall be made on the installment dates prior to May 15. If such payments are too high or too
 37 low, appropriate adjustments shall be made in the May 15 payments. However, if the reports re-
 38 quired by ORS 327.133 have not been received from any district when due, no further apportion-
 39 ments shall be made to such district until such reports are filed.

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

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

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

SECTION 16. ORS 327.099 is amended to read:

327.099. (1) The Department of Education shall adjust the distribution to a school district to reflect the difference between the estimated level of local revenues to the district under [ORS 327.013] **section 2 of this 2009 Act** and the projected level of those same local revenues used to calculate the State School Fund apportionment to the district. The adjustment shall be incorporated in the May 15 apportionment to the district in the distribution year.

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

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

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

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

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

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

SECTION 17. ORS 327.101 is amended to read:

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

(2) No consideration shall be made in the adjustment made under subsection (1) of this section for any penalties, forfeitures or additional receipts of State School Fund moneys, except when expressly directed by law.

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

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

SECTION 18. ORS 327.336 is amended to read:

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

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

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

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

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

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

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

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

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

23 (a) The product of the local option tax rate of the school district for the current fiscal year \times
 24 (total assessed value per extended ADMw of the target district for the prior fiscal year – total
 25 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
 26 ADMw of the school district for the prior fiscal year; or

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

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

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

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

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

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

SECTION 19. ORS 338.157 is amended to read:

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

SECTION 20. ORS 338.165 is amended to read:

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

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

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

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

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

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

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

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

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

SECTION 21. ORS 340.065 is amended to read:

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

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

SECTION 22. The amendments to ORS 327.008, 327.013, 327.019, 327.026, 327.061, 327.095, 327.099, 327.101, 327.336, 338.157, 338.165 and 340.065 by sections 8 to 21 of this 2009 Act apply

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

2 SECTION 23. This 2009 Act being necessary for the immediate preservation of the public
3 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
4 July 1, 2009.

5
