

Senate Bill 553

Sponsored by Senator HASS

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**.

Requires Department of Education to develop statewide strategic plan for education service districts.

Allows Department of Education to require school districts to use education service districts for certain purchases and operations.

Allows State Board of Education to change boundaries of education service district or merge education service districts.

Requires Department of Education to approve education service district local service plan.

Requires Superintendent of Public Instruction to appoint superintendent of education service district.

Allows Department of Education to reallocate funds of education service district.

A BILL FOR AN ACT

1
2 Relating to education service districts; creating new provisions; and amending ORS 326.712, 327.348,
3 334.020, 334.125, 334.175, 334.177, 334.185, 334.225, 334.240 and 343.221.

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

5 **SECTION 1. Sections 2 and 3 of this 2009 Act are added to and made a part of ORS**
6 **chapter 334.**

7 **SECTION 2. (1) The Department of Education shall develop a statewide strategic plan for**
8 **education service districts. The purposes of the plan are to establish a long-term vision for**
9 **the role of education service districts in this state, and to identify the steps necessary for**
10 **achieving that vision.**

11 **(2) The plan shall provide a framework for determining the best use of education service**
12 **districts. The best use of education service districts shall be determined on the basis of 5,**
13 **10 and 20 years and shall be reviewed every five years. In addition, steps necessary for**
14 **achieving the best use of education service districts shall be established and reviewed on an**
15 **annual basis.**

16 **(3) The statewide strategic plan for education service districts shall, at a minimum,**
17 **identify:**

18 **(a) The specific programs or services that education service districts should provide to**
19 **improve student achievement and efficiency in public education;**

20 **(b) The appropriate pricing of education service district programs and services;**

21 **(c) Methods to minimize duplication of efforts between education service districts and**
22 **school districts; and**

23 **(d) Any statutory or regulatory constraints that inhibit education service districts from**
24 **implementing the statewide strategic plan.**

25 **(4) For the purpose of monitoring the progress of education service districts in imple-**
26 **menting the statewide strategic plan, the department shall create an efficiency measurement**
27 **system. The department shall evaluate education service districts on an annual basis and use**

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 **the efficiency measurement system to determine the progress made by the education service**
 2 **districts toward implementing the statewide strategic plan.**

3 **SECTION 3. (1) As used in this section, “operations” has the meaning given that term**
 4 **in ORS 334.125 (9).**

5 **(2) The Department of Education may require school districts to make a purchase or**
 6 **conduct operations through an education service district for the purpose of achieving econ-**
 7 **omies and efficiencies through consolidation of purchases or operations.**

8 **(3) The department may establish criteria and a procedure by which a school district may**
 9 **decline to make purchases or conduct operations through an education service district.**

10 **SECTION 4.** ORS 334.020 is amended to read:

11 334.020. (1) [*On and after the effective date of the order entered under section 25, chapter 784,*
 12 *Oregon Laws 1993,*] Except as the boundaries of an education service district may be changed by
 13 [*merger under ORS 334.710 to 334.770*] **the State Board of Education** or other provision of law, the
 14 education service districts are as follows:

- 15 (a) Region 1. Clatsop, Columbia, Tillamook and Washington Counties.
- 16 (b) Region 2. Multnomah County.
- 17 (c) Region 3. Marion and Polk Counties.
- 18 (d) Region 4. Lincoln, Linn and Benton Counties.
- 19 (e) Region 5. Lane County.
- 20 (f) Region 6. Douglas County.
- 21 (g) Region 7. Coos and Curry Counties and the area lying within the Reedsport School District.
- 22 (h) Region 8. Jackson, Josephine and Klamath Counties.
- 23 (i) Region 9. Hood River and Wasco Counties.
- 24 (j) Region 10. Crook and Deschutes Counties.
- 25 (k) Region 11. Lake County.
- 26 (L) Region 12. Umatilla and Morrow Counties.
- 27 (m) Region 13. Union and Baker Counties.
- 28 (n) Region 14. Malheur County and the area comprising the Huntington School District.
- 29 (o) Region 15. Clackamas County.
- 30 (p) Region 16. Yamhill County.
- 31 (q) Region 17. Harney County.
- 32 (r) Region 18. Wallowa County.
- 33 (s) Region 19. Sherman, Gilliam and Wheeler Counties.
- 34 (t) Region 20. Grant County.
- 35 (u) Region 21. Jefferson County and the area comprising the Warm Springs Reservation.

36 **(2)(a) The State Board of Education may change the boundaries of an education service**
 37 **district or merge education service districts for the purpose of providing services more effi-**
 38 **ciently and reducing costs.**

39 **(b) Nothing in this subsection prevents two or more education service districts from pe-**
 40 **titioning the board to merge as provided by ORS 334.710.**

41 [(2)] **(3) [Where] When** a boundary change or formation of a component school district results
 42 in a joint school district, the joint school district shall be included in the education service district
 43 in which the joint district’s administrative office is located.

44 **SECTION 5.** ORS 334.125 is amended to read:

45 334.125. (1) The education service district is a body corporate.

1 (2) The education service district board is authorized to transact all business coming within the
2 jurisdiction of the education service district and may sue and be sued.

3 (3) The education service district board shall perform all duties required by law, including but
4 not limited to:

5 (a) Distribution of such school funds as it is empowered to apportion;

6 (b) Conduct of audits;

7 (c) Duties as district boundary board;

8 (d) Budget and tax levying duties, including the levying of taxes under ORS 280.060;

9 (e) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable prop-
10 erty within the education service district in the manner that component school districts are au-
11 thorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to
12 the issuance of bonds and levying of taxes by school districts; and

13 (f) Creating a county education bond district under ORS 328.304 from a county within the dis-
14 trict.

15 (4) In addition to its duties under subsection (3) of this section, an education service district
16 board may provide services required by the local service plan [*developed*] **adopted** pursuant to ORS
17 334.175 and may provide funds to component school districts to provide services required by the
18 local **service** plan in lieu of those school districts receiving services from the education service
19 district.

20 (5) The education service district board may employ and fix the compensation of such personnel
21 as it considers necessary for carrying out duties of the board.

22 (6) In carrying out its duties, the education service district board:

23 (a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be required
24 for district purposes. Leases authorized by this [*section*] **subsection** may be for a term of up to 30
25 years and include lease-purchase agreements whereunder the district may acquire ownership of the
26 leased property.

27 (b) May acquire personal property by a lease-purchase agreement or contract of purchase for a
28 term exceeding one year. A lease-purchase agreement is one in which the rent payable by the dis-
29 trict is expressly agreed to have been established to reflect the savings resulting from the exemption
30 from taxation, and the district is entitled to ownership of the property at a nominal or other price
31 which is stated or determinable by the terms of the agreement and was not intended to reflect the
32 true value of the property.

33 (c) May lease property or sell and convey property of the district as the board considers un-
34 necessary to its purposes.

35 (d) May purchase relocatable structures in installment transactions in which deferred install-
36 ments of the purchase price are payable over not more than 10 years from the date of delivery of
37 the property to the district and are secured by a security interest in the property. The transactions
38 may take the form of, but are not limited to, lease-purchase agreements.

39 (e) May accept money or property donated for the use or benefit of the district and use the
40 money or property for the purpose for which it was donated.

41 (7) The education service district board may adopt rules it considers necessary to carry out the
42 duties of the board.

43 (8) The education service district may contract with public and private entities for service de-
44 livery.

45 **(9)(a) As used in this subsection, "operations" means services involving transportation,**

1 **payroll, student records, auditing, legal services, insurance, printing, investment and other**
 2 **similar services.**

3 [(9)(a)] (b) The education service district shall work cooperatively with component school dis-
 4 tricts and review periodically with component school districts the operations of component school
 5 districts and shall submit to the component school districts plans for operations that achieve econ-
 6 omies and efficiencies through consolidation of various operations of all or some of the districts.

7 (c) The education service district and its component school districts shall submit an annual re-
 8 port on the effectiveness of the consolidation of operations to the State Board of Education **on a**
 9 **form prescribed by the board.**

10 (d) **A report submitted under this subsection must be approved by the State Board of**
 11 **Education and submitted to the Legislative Assembly in the manner provided in ORS 192.245.**

12 [(b) As used in this subsection, “operations” means services involving transportation, payroll, stu-
 13 dent records, auditing, legal services, insurance, printing, investment and other similar services.]

14 **SECTION 6.** ORS 334.175 is amended to read:

15 334.175. (1) An education service district shall provide regionalized core services to component
 16 school districts. The goals of these services are to:

- 17 (a) Assist component school districts in meeting the requirements of state and federal law;
- 18 (b) Improve student learning;
- 19 (c) Enhance the quality of instruction provided to students;
- 20 (d) Provide professional development to component school district employees;
- 21 (e) Enable component school districts and the students who attend schools in those districts to
 22 have equitable access to resources; and
- 23 (f) Maximize operational and fiscal efficiencies for component school districts.

24 (2) The services provided by an education service district shall be provided according to a local
 25 service plan [*developed*] **adopted** by the **board of an** education service district and [*component school*
 26 *districts*] **approved by the Department of Education pursuant to this section.** The **board of an**
 27 education service district [*and component school districts*] shall [*develop the*] **adopt a** local service
 28 plan [*to meet*] **that meets** the goals specified in subsection (1) of this section **and the goals of the**
 29 **statewide strategic plan for education service districts developed under section 2 of this 2009**
 30 **Act.** The local service plan must include services in at least the following areas:

31 (a) Programs for children with special needs, including but not limited to special education ser-
 32 vices, services for at-risk students and professional development for employees who provide those
 33 services.

34 (b) Technology support for component school districts and the individual technology plans of
 35 those districts, including but not limited to technology infrastructure services, data services, in-
 36 structional technology services, distance learning and professional development for employees who
 37 provide those services.

38 (c) School improvement services for component school districts, including but not limited to
 39 services designed to support component school districts in meeting the requirements of state and
 40 federal law, services designed to allow the education service district to participate in and facilitate
 41 a review of the state and federal standards related to the provision of a quality education by com-
 42 ponent school districts, services designed to support and facilitate continuous school improvement
 43 planning, services designed to address schoolwide behavior and climate issues and professional
 44 technical education and professional development for employees who provide those services.

45 (d) Administrative and support services for component school districts, including but not limited

1 to services designed to consolidate component school district business functions, liaison services
 2 between the Department of Education and component school districts and registration of children
 3 being taught by private teachers, parents or legal guardians pursuant to ORS 339.035.

4 (e) Other services that an education service district is required to provide by state or federal
 5 law, including but not limited to services required under ORS 339.005 to 339.090.

6 (3) In addition to the services specified in subsection (2) of this section, a local service plan may
 7 include other services that are designed to meet regional needs.

8 (4) A local service plan shall also contain annual performance measures for the education ser-
 9 vice district.

10 (5) A local service plan must:

11 **(a) Contain the provisions and be in a form prescribed by the State Board of Education**
 12 **by rule.**

13 [(a)] **(b)** Be adopted by the board of the education service district.

14 [(b)] **(c)** After being adopted by the board of the education service district, be approved on or
 15 before March 1 [*by resolution of two-thirds of the component school districts that are a part of the*
 16 *education service district and that have at least a majority of the pupils included in the average daily*
 17 *membership of the education service district, as determined by the reports of such school districts for*
 18 *the preceding year, enrolled in the schools of the school districts] **of each year by the Department**
 19 **of Education.***

20 **(6) Prior to approving a local service plan under subsection (5) of this section, the de-**
 21 **partment may modify the local service plan to best meet the goals of the statewide strategic**
 22 **plan for education service districts developed under section 2 of this 2009 Act.**

23 [(6)] **(7)** [*Notwithstanding the process for approval and adoption required by subsection (5) of this*
 24 *section, if the component school districts approve an amendment to a local service plan pursuant to*
 25 *subsection (5)(b) of this section,]* The board of an education service district may amend [a] **the** local
 26 service plan that has been previously adopted by the board. [*and approved by the component school*
 27 *districts. An amendment to a local service plan may be done at any time.]* **The board may amend the**
 28 **local service plan at any time and the Department of Education must approve the amend-**
 29 **ment.**

30 [(7)] **(8)** An education service district may provide the services required by the local service plan
 31 directly through the staff of the district. In addition, an education service district may provide ser-
 32 vices required by the local service plan through the operation of a public school, a public charter
 33 school pursuant to ORS chapter 338, an alternative school or a preschool.

34 [(8)] **(9)** An education service district may provide the services required by the local service plan
 35 in cooperation with another education service district or with a school district. In addition, an ed-
 36 ucation service district may contract with a public or private entity for the provision of services.

37 **SECTION 7. The amendments to ORS 334.175 by section 6 of this 2009 Act first apply to**
 38 **local service plans adopted by the boards of education service districts on or after the ef-**
 39 **fective date of this 2009 Act.**

40 **SECTION 8.** ORS 334.177 is amended to read:

41 334.177. (1) An education service district board shall expend at least 90 percent of all amounts
 42 received from the State School Fund and at least 90 percent of all amounts considered to be local
 43 revenues of an education service district, as defined in ORS 327.019, on services or programs that
 44 [*have been approved by the component school districts of the education service district through the re-*
 45 *solution process described in]* **are part of the local service plan adopted pursuant to ORS 334.175.**

1 (2) An education service district board shall expend 100 percent of all amounts received from
 2 the School Improvement Fund on services or programs that *[have been approved by the component*
 3 *school districts of the education service district through the resolution process described in]* **are part**
 4 **of the local service plan adopted pursuant to ORS 334.175.**

5 **SECTION 9.** ORS 334.185 is amended to read:

6 334.185. (1) An education service district may provide entrepreneurial services and facilities to
 7 public and private entities and to school districts that are not component school districts of the
 8 education service district if:

9 (a) The services are part of the local service plan *[developed]* **adopted** pursuant to ORS 334.175;

10 (b) The services are provided pursuant to a business plan; and

11 (c) The primary purpose of the services is to address a need of component school districts.

12 (2) An education service district must submit entrepreneurial services and facilities to compo-
 13 nent school districts for approval to ensure that component school districts receive information
 14 about the costs and benefits of providing services and facilities, including identification of the
 15 funding sources for the services and facilities and an explanation of whether any moneys received
 16 from the State School Fund or local revenues of the education service district, as defined in ORS
 17 327.019, may be required to finance the services or facilities.

18 *[(3) Pupils residing in school districts that are not component school districts of an education ser-*
 19 *vice district but that receive entrepreneurial services or use facilities under this section may not be in-*
 20 *cluded in the computation of the percentage required by ORS 334.175 (5)(b).]*

21 *[(4)]* **(3)** Entrepreneurial services and facilities may be provided under contract or on a
 22 reimbursable basis. Expenditures by the education service district board for entrepreneurial services
 23 and facilities provided on a reimbursable basis under this section shall be limited to the moneys
 24 received for the purpose specified and are not subject to the Local Budget Law, **as provided by**
 25 **ORS 294.305 to 294.565**, *[(ORS 294.305 to 294.565)]* but are subject to an annual financial report to
 26 the component school districts.

27 *[(5)]* **(4)** Budget estimates of expenditures for entrepreneurial services and facilities provided
 28 under this section must show the estimates of moneys receivable and must be shown as offsetting
 29 revenue items.

30 **SECTION 10.** ORS 334.225 is amended to read:

31 334.225. (1) The education service district board shall employ a superintendent who **is selected**
 32 **by the Superintendent of Public Instruction and serves at the pleasure of the Superintendent**
 33 **of Public Instruction. The Superintendent of Public Instruction shall set the compensation**
 34 **of the superintendent of the education service district.**

35 **(2) The superintendent of the education service district** must hold an administrative license
 36 as a superintendent.

37 **(3)** The superintendent shall serve as the **education service district** board's executive officer,
 38 give an official bond or an irrevocable letter of credit issued by an insured institution, as defined
 39 in ORS 706.008, and have the duties prescribed by the board and the laws of this state. The board
 40 shall *[fix the term and compensation of the superintendent,]* provide office *[room]* **space** for the su-
 41 perintendent and allow all of the superintendent's necessary traveling expenses.

42 *[(2)]* **(4)** The education service district board shall designate the superintendent as the district
 43 clerk. The board may appoint qualified persons as deputies to the superintendent to perform the
 44 duties required of the district clerk by law or by the board.

45 **SECTION 11.** **The amendments to ORS 334.225 by section 10 of this 2009 Act apply to the**

1 **position of superintendent of an education service district for which a vacancy occurs on or**
 2 **after the effective date of this 2009 Act.**

3 **SECTION 12.** ORS 334.240 is amended to read:

4 334.240. (1) The education service district board shall be subject in all respects to the Local
 5 Budget Law, **as provided by ORS 294.305 to 294.565**, [*ORS 294.305 to 294.565*], except that in
 6 addition to other qualifications, members of the budget committee who are not members of the ed-
 7 ucation service district board shall be members of component school district boards within the ed-
 8 ucation service district or shall be designees of a school district board.

9 (2) Notwithstanding ORS 294.336 and 294.341, a majority of the members of the budget commit-
 10 tee of an education service district must consist of members of the component school district boards
 11 or designees of a school district board. The budget committee may meet to conduct business if the
 12 education service district board is unable to fill all of the positions on the budget committee.

13 (3) The board of the education service district shall prepare and adopt a budget for the opera-
 14 tional and administrative expenses of the education service district. The budget shall include
 15 amounts necessary to provide services required by the local service plan [*of the district developed*
 16 *under*] **adopted pursuant to ORS 334.175.**

17 **(4) The Department of Education may reallocate funds in a budget prepared and adopted**
 18 **by an education service district under subsection (3) of this section if, in the determination**
 19 **of the Department of Education, the statewide strategic plan for education service districts**
 20 **developed under section 2 of this 2009 Act would be better implemented by the reallocation.**

21 **SECTION 13.** ORS 326.712 is amended to read:

22 326.712. The Superintendent of Public Instruction may contract with an education service dis-
 23 trict or a school district to provide teachers, counselors or other personnel for the Youth Cor-
 24 rections Education Program and the Juvenile Detention Education Program. However, the programs
 25 may not be considered a component **school** district [*and the students enrolled in the programs may*
 26 *not be counted in determining the number of pupils in average daily membership for purposes of ORS*
 27 *334.175 (5)*].

28 **SECTION 14.** ORS 327.348 is amended to read:

29 327.348. (1) There is established within the State School Fund a High Cost Disabilities Account.

30 (2) Each fiscal year, the Department of Education shall distribute moneys from the account to
 31 school districts as high cost disabilities grants. A school district may receive moneys from the ac-
 32 count if the school district has a resident pupil with a disability for whom the approved costs to the
 33 school district of providing special education and related services, as determined under subsection
 34 (4) of this section, exceed \$30,000.

35 (3) The amount of moneys received by a school district under this section for each resident pupil
 36 with a disability shall equal the approved costs, as determined under subsection (4) of this section,
 37 incurred by the school district in providing special education and related services to the pupil minus
 38 \$30,000.

39 (4) The department shall determine the approved costs incurred by a school district in providing
 40 special education and related services to a pupil with a disability. The approved costs incurred by
 41 a school district may include costs incurred by an education service district of providing special
 42 education and related services to the school district [*through the resolution process described in ORS*
 43 *334.175*]. In determining the approved costs for which a school district may receive moneys under
 44 this section, the department shall consider:

45 (a) How efficiently the special education and related services are provided by the school district;

1 and

2 (b) The use of available resources by the school district.

3 (5) If the total approved costs for which school districts are seeking moneys from the account
 4 exceed the amount in the account in any fiscal year, the department shall prorate the amount of
 5 moneys available for distribution in the account among those school districts that are eligible for
 6 moneys from the account.

7 (6) The department shall distribute any moneys in the account that are not distributed under
 8 this section in any fiscal year to school districts based on ORS 327.008 and 327.013.

9 (7) The State Board of Education may adopt any rules necessary for the administration of this
 10 section.

11 **SECTION 15.** ORS 343.221 is amended to read:

12 343.221. In order to provide special education for children with disabilities, the district school
 13 board of any school district in which there are school-age children who require special education:

14 (1) Shall submit an annual projected activities and cost statement to the Superintendent of
 15 Public Instruction for a program of special education for the district's children with disabilities. The
 16 proposed district program shall include provisions for providing special education and related ser-
 17 vices and be designed to meet the unique needs of all resident children with disabilities.

18 (2) Shall provide special education for such children consistent with the projected activities and
 19 cost statement.

20 (3) May, when the board considers a contract to be economically feasible and in the interests
 21 of the learning opportunities of eligible children, contract for special education for such children
 22 with another school district if the district school boards jointly agree to provide special education.

23 (4) May, when the board considers a contract to be economically feasible and in the interests
 24 of the learning opportunities of eligible children, contract for special education for such children
 25 with an education service district if:

26 (a) The contract is consistent with the local service plan [*of the education service district devel-*
 27 *oped*] **adopted by the education service district board and approved by the Department of**
 28 **Education** pursuant to ORS 334.175 and the [*school districts within the education service district*
 29 *approve the contract by a resolution adopted in the manner provided in ORS 334.175*] **department**
 30 **approves the contract.**

31 (b) The school district contracts with an education service district pursuant to ORS 334.185.

32 (5) May contract with private agencies or organizations approved by the State Board of Educa-
 33 tion for special education.

34 (6) May use the services of public agencies, including community mental health and develop-
 35 mental disabilities programs, which provide diagnostic, evaluation and other related services for
 36 children.

37 (7) May contract for the provision of related services by a person in private practice if that
 38 person is registered, certified or licensed by the State of Oregon as qualified to provide a particular
 39 related service that requires registration, certification or licensing by the state.

40