

A-Engrossed
Senate Bill 574

Ordered by the Senate May 5
Including Senate Amendments dated May 5

Sponsored by COMMITTEE ON EDUCATION AND GENERAL GOVERNMENT

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.

[Establishes percentages of funds available to education service district that must be allocated to operational and administrative expenses.]

[Establishes certain terms and conditions of employment of persons employed by education service district.]

Dissolves and merges education service districts to reduce number of districts from 21 to 13. Requires State Board of Education to enter orders necessary to establish new districts on or before January 1, 2011. Makes new districts operative July 1, 2011.

Requires organizing authority of each education service district to divide district into five zones for purpose of electing board of directors. Specifies procedures for electing board. Specifies requirements and terms of office of board members.

Specifies rights of employees who work for and electors who reside in education service districts to be dissolved or merged.

Provides that newly formed education service districts receive specified State School Fund grant based on number of former education service districts that merged to form new district.

A BILL FOR AN ACT

1
2 Relating to education service districts; creating new provisions; amending ORS 260.432, 327.019,
3 334.020, 334.025, 334.175, 334.730, 334.750 and 334.760 and sections 11 and 12, chapter 828,
4 Oregon Laws 2005; and repealing ORS 334.032, 334.035, 334.045, 334.090, 334.095, 334.100 and
5 334.740 and sections 10, 13, 14 and 15, chapter 828, Oregon Laws 2005, and section 2, chapter
6 589, Oregon Laws 2007.

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

8 **SECTION 1.** ORS 334.020 is amended to read:

9 334.020. (1) *[On and after the effective date of the order entered under section 25, chapter 784,*
10 *Oregon Laws 1993,]* Except as the boundaries of an education service district may be changed by
11 merger under ORS 334.710 to 334.770 or other provision of law, the education service districts of
12 **this state** are as follows:

13 *[(a) Region 1. Clatsop, Columbia, Tillamook and Washington Counties.]*

14 *[(b) Region 2. Multnomah County.]*

15 *[(c) Region 3. Marion and Polk Counties.]*

16 *[(d) Region 4. Lincoln, Linn and Benton Counties.]*

17 *[(e) Region 5. Lane County.]*

18 *[(f) Region 6. Douglas County.]*

19 *[(g) Region 7. Coos and Curry Counties and the area lying within the Reedsport School District.]*

20 *[(h) Region 8. Jackson, Josephine and Klamath Counties.]*

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 *[(i) Region 9. Hood River and Wasco Counties.]*
- 2 *[(j) Region 10. Crook and Deschutes Counties.]*
- 3 *[(k) Region 11. Lake County.]*
- 4 *[(L) Region 12. Umatilla and Morrow Counties.]*
- 5 *[(m) Region 13. Union and Baker Counties.]*
- 6 *[(n) Region 14. Malheur County and the area comprising the Huntington School District.]*
- 7 *[(o) Region 15. Clackamas County.]*
- 8 *[(p) Region 16. Yamhill County.]*
- 9 *[(q) Region 17. Harney County.]*
- 10 *[(r) Region 18. Wallowa County.]*
- 11 *[(s) Region 19. Sherman, Gilliam and Wheeler Counties.]*
- 12 *[(t) Region 20. Grant County.]*
- 13 *[(u) Region 21. Jefferson County and the area comprising the Warm Springs Reservation.]*
- 14 **(a) Region 1. Clatsop, Columbia, Tillamook and Washington Counties.**
- 15 **(b) Region 2. Hood River, Multnomah and Wasco Counties.**
- 16 **(c) Region 3. Marion, Polk and Yamhill Counties.**
- 17 **(d) Region 4. Clackamas County.**
- 18 **(e) Region 5. Jackson, Josephine and Klamath Counties.**
- 19 **(f) Region 6. Lane County.**
- 20 **(g) Region 7. Lincoln, Linn and Benton Counties.**
- 21 **(h) Region 8. Crook, Deschutes and Jefferson Counties and the area comprising the**
- 22 **Warm Springs Reservation.**
- 23 **(i) Region 9. Coos, Curry and Douglas Counties.**
- 24 **(j) Region 10. Morrow, Umatilla and Union Counties.**
- 25 **(k) Region 11. Baker and Malheur Counties.**
- 26 **(L) Region 12. Gilliam, Grant, Sherman, Wallowa and Wheeler Counties.**
- 27 **(m) Region 13. Harney and Lake Counties.**
- 28 **(2) [Where] If a boundary change or formation of a component school district results in a joint**
- 29 **school district, the joint school district shall be included in the education service district in which**
- 30 **the joint district’s administrative office is located.**
- 31 **(3) For the purpose of serving the component school districts of an education service**
- 32 **district described in subsection (1) of this section, the Superintendent of Public Instruction**
- 33 **may establish more than one administrative office for an education service district.**
- 34 **SECTION 2. The amendments to ORS 334.020 by section 1 of this 2009 Act become oper-**
- 35 **ative on July 1, 2011.**
- 36 **SECTION 3. Sections 4 to 10 of this 2009 Act are added to and made a part of ORS**
- 37 **chapter 334.**
- 38 **SECTION 4. (1) On or before January 1, 2011, the State Board of Education shall enter**
- 39 **the necessary orders to establish the new education service districts described in ORS**
- 40 **334.020, as amended by section 1 of this 2009 Act. The orders shall cause:**
- 41 **(a) The merger of the education service district for Multnomah County and the education**
- 42 **service district for Hood River and Wasco Counties.**
- 43 **(b) The merger of the education service district for Marion and Polk Counties and the**
- 44 **education service district for Yamhill County.**
- 45 **(c) The merger of the education service district for Crook and Deschutes Counties and**

1 the education service district for Jefferson County and the area comprising the Warm
2 Springs Reservation.

3 (d) The merger of the education service district for Coos and Curry Counties and the
4 education service district for Douglas County.

5 (e) The dissolution of the education service district for Baker and Union Counties.

6 (f) The annexation of the area within Union County by the education service district for
7 Morrow and Umatilla Counties.

8 (g) The annexation of the area within Baker County by the education service district for
9 Malheur County.

10 (h) The merger of the education service district for Grant County, the education service
11 district for Wallowa County and the education service district for Gilliam, Sherman and
12 Wheeler Counties.

13 (i) The merger of the education service district for Harney County and the education
14 service district for Lake County.

15 (2) The board shall give names to the new education service districts for which an order
16 is entered as provided by subsection (1) of this section.

17 (3) An order entered under subsection (1) of this section shall include provisions for the
18 distribution of any assets and liabilities, including any liability for outstanding bonded
19 indebtedness, among the new education service districts.

20 (4) An order entered under subsection (1) of this section does not require an election on
21 district boundaries and is not subject to any provisions for boundary changes provided in
22 ORS 334.690 or procedures for mergers provided by ORS 334.710 to 334.770.

23 (5) An order entered under subsection (1) of this section takes effect on July 1, 2011.

24 **SECTION 5.** As used in sections 6 and 7 of this 2009 Act, “organizing authority” means:

25 (1) For an education service district that did not have the boundaries of the education
26 service district changed as the result of an order entered under section 4 of this 2009 Act,
27 the board of directors of the education service district.

28 (2) For an education service district that had the boundaries of the education service
29 district changed as the result of an order entered under section 4 of this 2009 Act:

30 (a) In the case of a merger, the board of directors of each education service district that
31 is merged.

32 (b) In the case of an annexation, the board of directors of the existing education service
33 district and a representative of the board of each component school district of the county
34 that is annexed.

35 **SECTION 6.** (1) Prior to February 1, 2011, the organizing authority of each education
36 service district described in ORS 334.020, as amended by section 1 of this 2009 Act, shall di-
37 vide the district into five zones for the purpose of electing a board of directors described in
38 section 11, chapter 828, Oregon Laws 2005. The zones shall be as nearly equal in census
39 population as may be practicable. If possible, the organizing authority shall establish the
40 zones so that each county within the education service district has at least one member on
41 the board.

42 (2) If an organizing authority is unable to reach a consensus for the purpose of sub-
43 section (1) of this section based on a majority vote of the organizing authority, the State
44 Board of Education shall divide the education service district into five zones. The division
45 made by the board is final, unless a majority of the organizing authority votes to approve

1 an alternative division.

2 (3)(a) A division made under subsection (1) of this section may be appealed to the State
3 Board of Education by:

4 (A) A majority of the members of the board of directors of an education service district
5 that is merged; or

6 (B) A majority of the members of the boards of the component school districts of the
7 county that is annexed.

8 (b) A decision made by the State Board of Education under this subsection is final.

9 **SECTION 7.** (1) After five zones are established for an education service district de-
10 scribed in ORS 334.020, as amended by section 1 of this 2009 Act, the organizing authority
11 shall call an election by the boards of the component school districts for the purpose of
12 electing the board of directors of the education service district.

13 (2) A director must be elected from each of the five zones established under section 6 of
14 this 2009 Act and must be elected by the boards of the component school districts within the
15 zone.

16 (3) A person may become a candidate for an election to serve as a director of an educa-
17 tion service district by filing a declaration of candidacy with the organizing authority. A
18 candidate must be qualified to hold office and must be a resident of the zone, as determined
19 by the organizing authority.

20 (4) During the period following an election and prior to taking office, the directors of the
21 education service district who are elected as provided by this section shall appoint the di-
22 rectors described in section 11 (2)(b), chapter 828, Oregon Laws 2005.

23 (5) The term of office of a director elected or appointed under this section begins on July
24 1, 2011.

25 (6) Notwithstanding section 11, chapter 828, Oregon Laws 2005, the terms of office of the
26 directors first elected to the board of directors of a new education service district shall be
27 staggered so that at least:

28 (a) Two directors shall serve terms expiring in four years on June 30.

29 (b) One director shall serve a term expiring in three years on June 30.

30 (c) One director shall serve a term expiring in two years on June 30.

31 (d) One director shall serve a term expiring in one year on June 30.

32 (7) The directors first elected under this section shall determine by lot the length of the
33 term each shall serve on the board of directors of the education service district.

34 (8) Notwithstanding ORS 334.090, the terms of office of directors serving on a board of
35 directors of an education service district prior to the effective date of this 2009 Act shall
36 terminate on June 30, 2011.

37 (9) Notwithstanding ORS 255.335 and 334.045, an education service district need not hold
38 an election following the effective date of this 2009 Act for the purpose of electing new di-
39 rectors.

40 **SECTION 8.** During the period following the election and appointment of a board of di-
41 rectors as provided by section 7 of this 2009 Act and prior to July 1, 2011, the board of di-
42 rectors of an education service district described in ORS 334.020, as amended by section 1
43 of this 2009 Act, may take such action as is necessary to enable the education service district
44 to carry out its required functions when an order entered under section 4 of this 2009 Act
45 becomes effective, including the preparation and adoption of a budget for the education ser-

1 vice district.

2 **SECTION 9.** (1) Employees who are employed by an education service district that is
3 merged or dissolved and annexed and who are employed in duties that after the merger or
4 dissolution and annexation are to be performed by the education service district shall be
5 considered employees of the new education service district. The new education service dis-
6 trict shall succeed the previous education service district as party to any employment con-
7 tracts and employees shall retain in the new education service district any seniority from
8 the previous education service district.

9 (2) All real and personal property belonging to an education service district that is
10 merged or dissolved and annexed is considered property of the new education service district.

11 **SECTION 10.** Notwithstanding the effective date of an order entered under section 4 of
12 this 2009 Act, an elector is entitled to vote in any elections affecting the new education ser-
13 vice district for the county in which the elector resides.

14 **SECTION 11.** Sections 11 and 12, chapter 828, Oregon Laws 2005, are added to and made
15 a part of ORS chapter 334.

16 **SECTION 12.** Section 11, chapter 828, Oregon Laws 2005, as amended by section 3, chapter 589,
17 Oregon Laws 2007, is amended to read:

18 **Sec. 11. (1)(a)** An education service district consists of five zones.

19 (b) The board of directors of an education service district may readjust the boundaries
20 of the zones once each year and shall readjust the boundaries of the zones immediately upon
21 any change of the boundaries of the education service district or a component school district
22 so that the zones are as nearly equal in census population as may be practicable, measured
23 along common school district boundary lines.

24 (c) Each county within the education service district shall have at least one member on
25 the board of directors or shall have at least one member on the budget committee of the
26 education service district.

27 [(1)] (2) [Notwithstanding ORS chapter 334,] The board of directors of [a pilot] an education
28 service district [shall consist] consists of nine members as follows:

29 (a) Five directors [shall represent zones established under ORS 334.032 and shall be] who each
30 represent a zone described in subsection (1) of this section and who are elected by the boards
31 of the component school districts[;] of the represented zone. A person may become a candidate
32 for an election to serve as a director of an education service district by filing a declaration
33 of candidacy with the board of directors of an education service district. A candidate must
34 be qualified to hold office and must be a resident of the zone, as determined by the board.

35 (b) Four directors [shall be] appointed by the directors described in paragraph (a) of this sub-
36 section, including:

37 (A) One at-large director [and a director representing each of the following:].

38 [(A)] (B) One director representing public post-secondary institutions located within the
39 [pilot] education service district[;] or, if a public post-secondary institution is not located within
40 the education service district, one director representing public safety.

41 [(B)] (C) One director representing social service providers[; and].

42 [(C)] (D) One director representing the business community.

43 (3) The term of office of a director of an education service district is four years. The
44 term of office of each director begins on July 1 next following the date of election or ap-
45 pointment. A director serves until June 30 next following the election or appointment of a

1 **successor.**

2 [(2) Prior to April 1, 2006, the board of directors of a pilot education service district shall divide
3 the pilot education service district into five zones as nearly equal in census population as may be
4 practicable, measured along common school district boundary lines.]

5 [(3) The board of directors of a pilot education service district may readjust the boundaries of the
6 zones once each year and shall readjust the boundaries of the zones immediately upon any change of
7 the boundaries of the pilot education service district or a component school district.]

8 (4)(a) Prior to the end of the term of office of any elected director of [*the Northwest Regional*
9 *Education Service District,*] **an education service district:**

10 **(A) The board of directors of the education service district shall order an election by the**
11 **boards of the component school districts within the zone represented by the director so that**
12 **the election process is completed prior to July 1.**

13 **(B)** The boards of the component school districts within the zone the [*director*] represented by
14 **the director** shall elect a successor whose term begins on July 1 next following.

15 **(b)** Each component school district board [*shall have*] **has one vote in an election conducted**
16 **under this subsection.**

17 **(c)** A director **who was elected under subsection (2)(a) of this section** is eligible for ree-
18 lection.

19 [(b)] **(5)(a)** Prior to the end of the term of office of any appointed director of [*the Northwest*
20 *Regional Education Service District*] **an education service district**, the directors described in sub-
21 section [(1)(a)] **(2)(a)** of this section shall appoint a successor whose term begins on July 1 next
22 following.

23 **(b)** A director who was appointed under subsection [(1)(b)] **(2)(b)** of this section is eligible for
24 reappointment.

25 **(6)(a)** **The board of a component school district within a zone that elected a director un-**
26 **der subsection (2)(a) of this section may file a petition to recall the director with the board**
27 **of directors of an education service district.**

28 **(b)** **Upon the filing of a petition described in paragraph (a) of this subsection, the board**
29 **of directors of an education service district shall order a recall election by the boards of the**
30 **component school districts within the zone represented by the director.**

31 **(c)** **Only the boards of the component school districts within the zone represented by the**
32 **director are eligible to vote in the recall election.**

33 [(5)] **(7)(a)** Any vacancy on the board of directors of [*a pilot*] **an** education service district that
34 occurs before the end of the term of office of [*a director of a pilot education service district*] **the di-**
35 **rector** shall be filled [*following the process described in this section.*] **after a declaration of the**
36 **vacancy as provided by section 12, chapter 828, Oregon Laws 2005.**

37 **(b)** **Upon the declaration of a vacancy, the board of directors of an education service**
38 **district shall:**

39 **(A)** **For a director appointed under subsection (2)(b) of this section, appoint a successor.**

40 **(B)** **For a director elected under subsection (2)(a) of this section, order an election by the**
41 **boards of the component school districts within the zone represented by the director. Only**
42 **the boards of the component school districts within the zone represented by the director are**
43 **eligible to vote in the election.**

44 **(c)** **A director appointed or elected as provided in this subsection shall serve for the re-**
45 **mainder of the term of the director whose office was declared vacant.**

1 **SECTION 13.** Section 12, chapter 828, Oregon Laws 2005, is amended to read:

2 **Sec. 12.** (1) *[ORS 334.095 does not apply to a pilot education service district. However,]* The board
3 of directors of *[a pilot]* **an** education service district shall declare the office of director vacant upon
4 the occurrence of any of the following:

5 (a) When an incumbent dies or resigns;

6 (b) When an incumbent is removed from office or the election or appointment *[thereto]* **to the**
7 **office** has been declared void by the judgment of any court;

8 (c) When an incumbent ceases to be a resident of the *[pilot]* education service district;

9 (d) When an incumbent ceases to be a resident of the zone from which elected; *[or]*

10 (e) When an incumbent ceases to discharge the duties of office for two consecutive months un-
11 less prevented *[therefrom by]* **from discharging the duties due to** sickness or other unavoidable
12 cause[.]; **or**

13 **(f) When an incumbent is recalled as provided in section 11 (6), chapter 828, Oregon Laws**
14 **2005.**

15 (2) A director guilty of misfeasance or malfeasance in office, by the appropriate proceeding, may
16 be removed from office by a court of competent jurisdiction.

17 **(3) An office that is declared vacant as provided by this section shall be filled as provided**
18 **in section 11 (7), chapter 828, Oregon Laws 2005.**

19 **SECTION 14.** ORS 334.025 is amended to read:

20 334.025. *[(1) The board of directors of an education service district shall consist of seven, nine or*
21 *11 members.]*

22 *[(2) In education service districts, not fewer than five of the directors shall be elected, one from*
23 *each of the zones established under ORS 334.032. At the discretion of the board of directors, one or two*
24 *board members may be elected from the district at large.]*

25 *[(3)]* On the petition of two **or more** component school districts, the board **of directors of an**
26 **education service district** shall establish local advisory committees to represent the interests of
27 areas within the petitioning districts. The local advisory committees shall advise the board on mat-
28 ters of concern within the advisory committee's area. Local advisory committees shall represent two
29 or more component school districts.

30 *[(4) The board of directors may by resolution increase or decrease the number of members of the*
31 *board. The board's resolution shall be entered with sufficient time for the board to give the required*
32 *information to the elections officer under ORS 255.069, and the board's resolution shall have no effect*
33 *on the terms of any current board members.]*

34 **SECTION 15.** ORS 334.175 is amended to read:

35 334.175. (1) An education service district shall provide regionalized core services to component
36 school districts. The goals of these services are to:

37 (a) Assist component school districts in meeting the requirements of state and federal law;

38 (b) Improve student learning;

39 (c) Enhance the quality of instruction provided to students;

40 (d) Provide professional development to component school district employees, **which may be**
41 **provided through online training;**

42 (e) Enable component school districts and the students who attend schools in those districts to
43 have equitable access to resources; *[and]*

44 (f) Maximize operational and fiscal efficiencies for component school districts[.]; **and**

45 **(g) Be a source of regional and statewide services in order to maximize operational and**

1 **fiscal efficiencies.**

2 (2) The services provided by an education service district shall be provided according to a local
3 service plan developed by the education service district and component school districts. The educa-
4 tion service district and component school districts shall develop the local service plan to meet the
5 goals specified in subsection (1) of this section. The local service plan must include services in at
6 least the following areas:

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

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

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

21 (d) Administrative and support services for component school districts, including but not limited
22 to services designed to consolidate component school district business functions, liaison services
23 between the Department of Education and component school districts and registration of children
24 being taught by private teachers, parents or legal guardians pursuant to ORS 339.035.

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

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

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

31 (5) A local service plan must:

32 (a) Be adopted by the board of the education service district.

33 (b) After being adopted by the board of the education service district, be approved on or before
34 March 1 by resolution of two-thirds of the component school districts that are a part of the educa-
35 tion service district and that have at least a majority of the pupils included in the average daily
36 membership of the education service district, as determined by the reports of such school districts
37 for the preceding year, enrolled in the schools of the school districts.

38 (6) Notwithstanding the process for approval and adoption required by subsection (5) of this
39 section, if the component school districts approve an amendment to a local service plan pursuant
40 to subsection (5)(b) of this section, the board of an education service district may amend a local
41 service plan that has been previously adopted by the board and approved by the component school
42 districts. An amendment to a local service plan may be done at any time.

43 (7) An education service district may provide the services required by the local service plan
44 directly through the staff of the district. In addition, an education service district may provide ser-
45 vices required by the local service plan through the operation of a public school, a public charter

1 school pursuant to ORS chapter 338, an alternative school or a preschool.

2 (8) An education service district may provide the services required by the local service plan in
3 cooperation with another education service district or with a school district. In addition, an educa-
4 tion service district may contract with a public or private entity for the provision of services.

5 **SECTION 16.** ORS 334.730 is amended to read:

6 334.730. (1) Immediately after the order to join two or more education service districts together,
7 the boards of directors of all education service districts within the boundaries of the new district
8 shall meet together upon the call of the chairperson of the board of the most populous district.
9 [*Notwithstanding ORS 334.025 or ORS chapter 255,*] The joint board of directors shall divide the new
10 district into [*as many zones as the board considers necessary, but not fewer than seven nor more than*
11 *11*] **five zones**. The zones shall be as nearly equal in population as may be practicable. If possible,
12 the joint board shall establish the zones so that each county within the new education service
13 district[, *the majority of the land area of which lies within the boundaries of the education service*
14 *district,*] has at least one member on the board.

15 (2) Within 90 days after the zones required in subsection (1) of this section are established, the
16 joint board of directors shall call [*a special*] **an** election in the new district for the purpose of
17 electing directors, one of whom shall be elected from each zone established under subsection (1) of
18 this section by the electors of the zone.

19 **(3) A person may become a candidate for an election to serve as a director of an educa-**
20 **tion service district by filing a declaration of candidacy with the joint board of directors. A**
21 **candidate must be qualified to hold office and must be a resident of the zone, as determined**
22 **by the joint board of directors.**

23 **(4) During the period following an election and prior to taking office, the directors of the**
24 **education service district who are elected as provided by this section shall appoint the di-**
25 **rectors described in section 11 (2)(b), chapter 828, Oregon Laws 2005.**

26 **SECTION 17.** ORS 334.750 is amended to read:

27 334.750. (1) The board of directors of the new education service district shall take office on July
28 1 of the year following its election.

29 (2) The minority of directors of the new education service district shall serve terms expiring **in**
30 **two years on** June 30 [*next following the first regular district election*] and the majority of directors
31 shall serve terms expiring **in four years on** June 30 [*next following the second regular district*
32 *election*].

33 (3) The directors first elected shall determine by lot the length of term each shall hold office.

34 (4) Notwithstanding any other provisions of law, the term of office of boards of directors of
35 preexisting education service districts shall terminate on the date in which the new education ser-
36 vice district comes into existence and its new board of directors qualifies to hold office.

37 **SECTION 18.** ORS 334.760 is amended to read:

38 334.760. During the period following their election **or appointment** and prior to the date the
39 new education service district comes into existence, the board of directors of the new education
40 service district may take such action as is [*essential in order that*] **necessary to enable** the new
41 district [*may*] **to** carry out its required functions when it comes into existence, including the prep-
42 aration and adoption of a budget for the new district. Expenditures of the board under this section
43 shall be paid from the budgets of the component education service districts on a prorated basis.

44 **SECTION 19.** ORS 260.432, as amended by section 8, chapter 589, Oregon Laws 2007, is
45 amended to read:

1 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have
2 been imposed by the district if the district had certified the maximum rate of operating property
3 taxes allowed by law.

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

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

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

14 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
15 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
16 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this
17 subsection as school district general purpose grants, facility grants, high cost disabilities grants and
18 transportation grants to school districts.

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

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

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

25 (b) \$1 million.

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

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

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

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

36 (a) The State School Fund grant of an education service district may not be less than zero;
37 [*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
40 more[.]; **and**

41 **(c) The State School Fund grant of an education service district shall be at least \$1**
42 **million under this section for each former education service district that:**

43 **(A) Was operating as an education service district on June 30, 2011;**

44 **(B) Merged to form the education service district, effective July 1, 2011; and**

45 **(C) Prior to the merger described in subparagraph (B) of this paragraph, received a State**

1 **School Fund grant of \$1 million for the 2010-2011 fiscal year.**

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

6 **SECTION 21.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, is
7 amended to read:

8 327.019. (1) As used in this section:

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

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

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

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

16 (C) The amount of revenue received by the district from state-managed forestlands under ORS
17 530.115 (1)(b) and (c); and

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

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

24 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
25 located to the State School Fund and available for distribution to school districts, education service
26 districts and programs + total amount of local revenues of all school districts, computed as provided
27 in ORS 327.013, + total amount of local revenues of all education service districts. The super-
28 intendent may not include in the calculation under this paragraph amounts recovered by the De-
29 partment of Education from the State School Fund under ORS 343.243.

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

32 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
33 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
34 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
35 district general purpose grants, facility grants, high cost disabilities grants and transportation
36 grants to school districts.

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

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

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

43 (b) \$1 million.

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

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

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

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

9 (a) The State School Fund grant of an education service district may not be less than zero;
10 [*and*]

11 (b) The State School Fund grant of an education service district shall be in an amount that,
12 when combined with the local revenues of the education service district, equals \$1 million or
13 more[.]; **and**

14 (c) **The State School Fund grant of an education service district shall be at least \$1**
15 **million under this section for each former education service district that:**

16 (A) **Was operating as an education service district on June 30, 2011;**

17 (B) **Merged to form the education service district, effective July 1, 2011; and**

18 (C) **Prior to the merger described in subparagraph (B) of this paragraph, received a State**
19 **School Fund grant of \$1 million for the 2010-2011 fiscal year.**

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

24 **SECTION 22. (1) ORS 334.032, 334.035, 334.045, 334.090, 334.095, 334.100 and 334.740 are re-**
25 **pealed.**

26 (2) **Section 10, chapter 828, Oregon Laws 2005, is repealed.**

27 (3) **Section 13, chapter 828, Oregon Laws 2005, as amended by section 4, chapter 589,**
28 **Oregon Laws 2007, is repealed.**

29 (4) **Section 14, chapter 828, Oregon Laws 2005, as amended by section 5, chapter 589,**
30 **Oregon Laws 2007, is repealed.**

31 (5) **Section 15, chapter 828, Oregon Laws 2005, as amended by section 6, chapter 589,**
32 **Oregon Laws 2007, is repealed.**

33 (6) **Section 2, chapter 589, Oregon Laws 2007, is repealed.**

34 **SECTION 23. The amendments to ORS 260.432, 327.019, 334.025, 334.175, 334.730, 334.750**
35 **and 334.760 and sections 11 and 12, chapter 828, Oregon Laws 2005, by sections 12 to 21 of this**
36 **2009 Act and the repeal of ORS 334.032, 334.035, 334.045, 334.090, 334.095, 334.100 and 334.740**
37 **and sections 10, 13, 14 and 15, chapter 828, Oregon Laws 2005, and section 2, chapter 589,**
38 **Oregon Laws 2007, by section 22 of this 2009 Act become operative July 1, 2011.**

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