

# Enrolled Senate Bill 64

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CHAPTER .....

AN ACT

Relating to school finance; creating new provisions; amending ORS 327.077 and 334.177; and declaring an emergency.

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

**SECTION 1.** ORS 334.177 is amended to read:

**334.177. (1) As used in this section, “local revenues of an education service district” has the meaning given that term in ORS 327.019 but does not include any local revenues distributed to component school districts under ORS 327.019 (8).**

**[(1)] (2)** An education service district board shall expend at least 90 percent of all amounts received from the State School Fund and at least 90 percent of all amounts considered to be local revenues of an education service district[, *as defined in ORS 327.019,*] on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

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

**SECTION 2.** Section 3 of this 2009 Act is added to and made a part of ORS 327.006 to 327.133.

**SECTION 3.** Notwithstanding ORS 327.013 (10)(j), for the 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 fiscal years, local revenues of a school district under ORS 327.013 (10) do not include amounts distributed to the school district in the prior fiscal year under ORS 327.019 (8) or section 4 (3), chapter 695, Oregon Laws 2001.

**SECTION 4.** Any distribution or expenditure of any local revenues described in ORS 327.019 (8) by an education service district that was made before the effective date of this 2009 Act and that was considered to be valid under ORS 327.019 (8) or 334.177 (1) before the effective date of this 2009 Act is validated and approved.

**SECTION 5.** ORS 327.077 is amended to read:

**327.077. (1) For purposes of this section:**

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

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

[(1)] **(2)** A school may qualify as a remote small elementary school if the average daily membership in grades one through eight for an elementary school teaching:

- (a) Eight grades is below 224.
- (b) Seven grades is below 196.
- (c) Six grades is below 168.
- (d) Five grades is below 140.
- (e) Four grades is below 112.
- (f) Three grades is below 84.
- (g) Two grades is below 56.
- (h) One grade is below 28.

[(2)] **(3)** A school may qualify as a small high school if:

- (a) The school is in a school district that has an ADMw of less than 8,500; and
- (b) The average daily membership in grades 9 through 12 for a high school teaching:
  - (A) Four grades is below 350.
  - (B) Three grades is below 267.

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

[(4)(a)] **(5)(a)** If an elementary school in a school district qualifies as a remote small elementary school, the district shall have an additional amount added to the district’s ADMw.

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

[(5)(a)] **(6)(a)** If a high school in a district qualifies as a small high school, the district shall have an additional amount added to the district’s ADMw.

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

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

[(7)(a)] **(8)(a)** A school may qualify as a remote small elementary school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a remote small school on July 18, 1995.

(b) A school may qualify as a small high school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a small high school on October 23, 1999.

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

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

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

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

[(8)] **(9)** The opening of a public charter school shall not disqualify a school as a remote small elementary school under subsection [(3)] **(4)** of this section or change the distance adjustment for a school under subsection [(6)] **(7)** of this section.

(10)(a) Notwithstanding subsections (2), (4), (5) and (8)(a) and (c) of this section, if two elementary schools merge and prior to the merger at least one of the elementary schools qualified as a remote small elementary school under this section, the Department of Education shall continue to add an additional amount pursuant to subsection (5) of this section to the ADMw of the school district in which the new merged elementary school is located. The amount added under this subsection shall equal the additional amount that each of the former remote small elementary schools would have received under this section for the remote small elementary school based on the ADMA of each of the elementary schools prior to the merger.

(b) This subsection applies only to elementary schools located in counties with a population of less than 2,000 and a total area of not more than 1,000 square miles.

[(9)(a)] (11)(a) Notwithstanding subsections [(2), (5) and (7)(b) and (d)] (3), (6) and (8)(b) and (d) of this section, if two high schools merge and prior to the merger at least one of the high schools qualified as a small high school under this section, the Department of Education shall continue to add an additional amount pursuant to subsection [(5)] (6) of this section to the ADMw of the school district in which the new merged high school is located that is equal to the higher of:

(A) The additional amount the school district of each of the former small high schools would have received under this section for the small high school based on the ADMA of each of the high schools prior to the merger; or

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

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

[(10) For purposes of this section:]

[(a) The "adjusted average daily membership" or "ADMA" for an elementary school shall be the average daily membership for the school, but no less than 25.]

[(b) The "adjusted average daily membership" or "ADMA" for a high school shall be the average daily membership for the school, but no less than 60.]

**SECTION 6. The amendments to ORS 327.077 by section 5 of this 2009 Act apply to State School Fund distributions occurring in fiscal years beginning on or after July 1, 2009.**

**SECTION 7.** ORS 327.077, as amended by section 5 of this 2009 Act, is amended to read:

327.077. (1) For purposes of this section:

(a) The "adjusted average daily membership" or "ADMA" for an elementary school is the average daily membership for the school, but no less than 25.

(b) The "adjusted average daily membership" or "ADMA" for a high school is the average daily membership for the school, but no less than 60.

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

(a) Eight grades is below 224.

(b) Seven grades is below 196.

(c) Six grades is below 168.

(d) Five grades is below 140.

(e) Four grades is below 112.

(f) Three grades is below 84.

(g) Two grades is below 56.

(h) One grade is below 28.

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

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

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

(A) Four grades is below 350.

(B) Three grades is below 267.

(4) An elementary school does not qualify as a remote small elementary school under subsection (2) of this section if it is within eight miles by the nearest traveled road from another elementary school unless there are physiographic conditions that make transportation to another school not feasible.

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

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

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

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

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

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

(b) A school may qualify as a small high school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a small high school on October 23, 1999.

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

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

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

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

(9) The opening of a public charter school shall not disqualify a school as a remote small elementary school under subsection (4) of this section or change the distance adjustment for a school under subsection (7) of this section.

*[(10)(a) Notwithstanding subsections (2), (4), (5) and (8)(a) and (c) of this section, if two elementary schools merge and prior to the merger at least one of the elementary schools qualified as a remote small elementary school under this section, the Department of Education shall continue to add an additional amount pursuant to subsection (5) of this section to the ADMw of the school district in which the new merged elementary school is located. The amount added under this subsection shall equal the additional amount that each of the former remote small elementary schools would have received under this section for the remote small elementary school based on the ADMa of each of the elementary schools prior to the merger.]*

*[(b) This subsection applies only to elementary schools located in counties with a population of less than 2,000 and a total area of not more than 1,000 square miles.]*

*[(11)(a)]* **(10)(a)** Notwithstanding subsections (3), (6) and (8)(b) and (d) of this section, if two high schools merge and prior to the merger at least one of the high schools qualified as a small high school under this section, the Department of Education shall continue to add an additional amount pursuant to subsection (6) of this section to the ADMw of the school district in which the new merged high school is located that is equal to the higher of:

(A) The additional amount the school district of each of the former small high schools would have received under this section for the small high school based on the ADMA of each of the high schools prior to the merger; or

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

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

**SECTION 8. (1) The amendments to ORS 327.077 by section 7 of this 2009 Act become operative on July 1, 2012.**

**(2) The amendments to ORS 327.077 by section 7 of this 2009 Act apply to State School Fund distributions occurring in fiscal years beginning on or after July 1, 2012.**

**SECTION 9. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect July 1, 2009.**

Passed by Senate March 18, 2009

Received by Governor:

Repassed by Senate June 23, 2009

.....M.,....., 2009

Approved:

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Secretary of Senate

.....M.,....., 2009

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President of Senate

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Governor

Passed by House June 18, 2009

Filed in Office of Secretary of State:

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Speaker of House

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Secretary of State