

B-Engrossed Senate Bill 64

Ordered by the House June 15
Including Senate Amendments dated March 13 and House Amendments
dated June 15

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Superintendent of Public Instruction Susan Castillo for Department of Education)

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.

Clarifies distribution and expenditure of certain amounts of local revenues received by component school districts of education service districts.

Allows certain elementary schools that merge to qualify as remote small elementary school until July 1, 2012.

Declares emergency, effective July 1, 2009.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.077 and 334.177; and declar-
3 ing an emergency.

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

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

6 334.177. (1) **As used in this section, "local revenues of an education service district" has**
7 **the meaning given that term in ORS 327.019 but does not include any local revenues distrib-**
8 **uted to component school districts under ORS 327.019 (8).**

9 [(1)] (2) An education service district board shall expend at least 90 percent of all amounts re-
10 ceived from the State School Fund and at least 90 percent of all amounts considered to be local
11 revenues of an education service district[, *as defined in ORS 327.019,*] on services or programs that
12 have been approved by the component school districts of the education service district through the
13 resolution process described in ORS 334.175.

14 [(2)] (3) An education service district board shall expend 100 percent of all amounts received
15 from the School Improvement Fund on services or programs that have been approved by the com-
16 ponent school districts of the education service district through the resolution process described in
17 ORS 334.175.

18 **SECTION 2.** Section 3 of this 2009 Act is added to and made a part of ORS 327.006 to
19 **327.133.**

20 **SECTION 3.** Notwithstanding ORS 327.013 (10)(j), for the 2003-2004, 2004-2005, 2005-2006,
21 2006-2007, 2007-2008 and 2008-2009 fiscal years, local revenues of a school district under ORS
22 327.013 (10) do not include amounts distributed to the school district in the prior fiscal year
23 under ORS 327.019 (8) or section 4 (3), chapter 695, Oregon Laws 2001.

24 **SECTION 4.** Any distribution or expenditure of any local revenues described in ORS
25 327.019 (8) by an education service district that was made before the effective date of this

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 **2009 Act and that was considered to be valid under ORS 327.019 (8) or 334.177 (1) before the**
2 **effective date of this 2009 Act is validated and approved.**

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

4 **327.077. (1) For purposes of this section:**

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

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

9 **[(1)] (2)** A school may qualify as a remote small elementary school if the average daily mem-
10 bership in grades one through eight for an elementary school teaching:

11 (a) Eight grades is below 224.

12 (b) Seven grades is below 196.

13 (c) Six grades is below 168.

14 (d) Five grades is below 140.

15 (e) Four grades is below 112.

16 (f) Three grades is below 84.

17 (g) Two grades is below 56.

18 (h) One grade is below 28.

19 **[(2)] (3)** A school may qualify as a small high school if:

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

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

22 (A) Four grades is below 350.

23 (B) Three grades is below 267.

24 **[(3)] (4) [No] An** elementary school **[shall] does not** qualify as a remote small elementary school
25 under subsection **[(1)] (2)** of this section if it is within eight miles by the nearest traveled road from
26 another elementary school unless there are physiographic conditions that make transportation to
27 another school not feasible.

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

30 (b) The additional amount = $\{224 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{eight}))\} \times$
31 $0.0045 \times \text{ADMa} \times \text{distance adjustment}.$

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

34 (b) The additional amount = $\{350 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{four}))\} \times$
35 $0.0029 \times \text{ADMa}.$

36 **[(6)] (7)** The distance adjustment for an elementary school = 0.025 for each 10th of a mile more
37 than eight miles that a school is away from the nearest elementary school measured by the nearest
38 traveled road or 1.0, whichever is less.

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

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

45 (c) A public charter school as defined in ORS 338.005 may qualify as a remote small elementary

1 school under this section only if the location of the school has not changed since January 1, 1995,
2 and if the school qualified as a nonchartered public remote small school on July 18, 1995.

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

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

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

10 [(8)] (9) The opening of a public charter school shall not disqualify a school as a remote small
11 elementary school under subsection [(3)] (4) of this section or change the distance adjustment for a
12 school under subsection [(6)] (7) of this section.

13 **(10)(a) Notwithstanding subsections (2), (4), (5) and (8)(a) and (c) of this section, if two**
14 **elementary schools merge and prior to the merger at least one of the elementary schools**
15 **qualified as a remote small elementary school under this section, the Department of Educa-**
16 **tion shall continue to add an additional amount pursuant to subsection (5) of this section to**
17 **the ADMw of the school district in which the new merged elementary school is located. The**
18 **amount added under this subsection shall equal the additional amount that each of the for-**
19 **mer remote small elementary schools would have received under this section for the remote**
20 **small elementary school based on the ADMa of each of the elementary schools prior to the**
21 **merger.**

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

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

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

32 (B) In the case of a high school that remains qualified as a small high school under subsection
33 [(2)] (3) of this section after a merger, the ADMa of the merged small high school.

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

38 [(10) For purposes of this section:]

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

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

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

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

- 1 327.077. (1) For purposes of this section:
- 2 (a) The “adjusted average daily membership” or “ADMa” for an elementary school is the aver-
- 3 age daily membership for the school, but no less than 25.
- 4 (b) The “adjusted average daily membership” or “ADMa” for a high school is the average daily
- 5 membership for the school, but no less than 60.
- 6 (2) A school may qualify as a remote small elementary school if the average daily membership
- 7 in grades one through eight for an elementary school teaching:
- 8 (a) Eight grades is below 224.
- 9 (b) Seven grades is below 196.
- 10 (c) Six grades is below 168.
- 11 (d) Five grades is below 140.
- 12 (e) Four grades is below 112.
- 13 (f) Three grades is below 84.
- 14 (g) Two grades is below 56.
- 15 (h) One grade is below 28.
- 16 (3) A school may qualify as a small high school if:
- 17 (a) The school is in a school district that has an ADMw of less than 8,500; and
- 18 (b) The average daily membership in grades 9 through 12 for a high school teaching:
- 19 (A) Four grades is below 350.
- 20 (B) Three grades is below 267.
- 21 (4) An elementary school does not qualify as a remote small elementary school under subsection
- 22 (2) of this section if it is within eight miles by the nearest traveled road from another elementary
- 23 school unless there are physiographic conditions that make transportation to another school not
- 24 feasible.
- 25 (5)(a) If an elementary school in a school district qualifies as a remote small elementary school,
- 26 the district shall have an additional amount added to the district’s ADMw.
- 27 (b) The additional amount = $\{224 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{eight}))\} \times$
- 28 $0.0045 \times \text{ADMa} \times \text{distance adjustment}$.
- 29 (6)(a) If a high school in a district qualifies as a small high school, the district shall have an
- 30 additional amount added to the district’s ADMw.
- 31 (b) The additional amount = $\{350 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{four}))\} \times$
- 32 $0.0029 \times \text{ADMa}$.
- 33 (7) The distance adjustment for an elementary school = 0.025 for each 10th of a mile more than
- 34 eight miles that a school is away from the nearest elementary school measured by the nearest
- 35 traveled road or 1.0, whichever is less.
- 36 (8)(a) A school may qualify as a remote small elementary school under this section only if the
- 37 location of the school has not changed since January 1, 1995, and if the school qualified as a remote
- 38 small school on July 18, 1995.
- 39 (b) A school may qualify as a small high school under this section only if the location of the
- 40 school has not changed since January 1, 1995, and if the school qualified as a small high school on
- 41 October 23, 1999.
- 42 (c) A public charter school as defined in ORS 338.005 may qualify as a remote small elementary
- 43 school under this section only if the location of the school has not changed since January 1, 1995,
- 44 and if the school qualified as a nonchartered public remote small school on July 18, 1995.
- 45 (d) A public charter school as defined in ORS 338.005 may qualify as a small high school under

1 this section only if the location of the school has not changed since January 1, 1995, and if the
2 school qualified as a nonchartered public remote small school on July 18, 1995.

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

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

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

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

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

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

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

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

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

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

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

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