

# Senate Bill 964

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**.

Reduces number of education service districts in state from 21 to 11. Directs State Board of Education to enter order to change boundaries of existing education service districts.

Provides that new education service districts become operative on July 1, 2011.

Requires increased State School Fund grant if one of education service districts that merges into new education service district received minimum State School Fund grant in 2010-2011 fiscal year.

## A BILL FOR AN ACT

1  
2 Relating to education service districts; creating new provisions; and amending ORS 327.019 and  
3 334.020.

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

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

6 334.020. (1) [*On and after the effective date of the order entered under section 25, chapter 784,*  
7 *Oregon Laws 1993,*] Except as the boundaries of an education service district may be changed by  
8 merger under ORS 334.710 to 334.770 or other provision of law, the education service districts **of**  
9 **this state** are as follows:

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

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

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

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

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

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

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

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

18 [(i) *Region 9. Hood River and Wasco Counties.*]

19 [(j) *Region 10. Crook and Deschutes Counties.*]

20 [(k) *Region 11. Lake County.*]

21 [(L) *Region 12. Umatilla and Morrow Counties.*]

22 [(m) *Region 13. Union and Baker Counties.*]

23 [(n) *Region 14. Malheur County and the area comprising the Huntington School District.*]

24 [(o) *Region 15. Clackamas County.*]

25 [(p) *Region 16. Yamhill County.*]

26 [(q) *Region 17. Harney County.*]

27 [(r) *Region 18. Wallowa County.*]

28 [(s) *Region 19. Sherman, Gilliam and Wheeler Counties.*]

29 [(t) *Region 20. Grant County.*]

30 [(u) *Region 21. Jefferson County and the area comprising the Warm Springs Reservation.*]

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

2 (b) **Region 2. Multnomah County.**

3 (c) **Region 3. Marion, Polk and Yamhill Counties.**

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

5 (e) **Region 5. Lane County.**

6 (f) **Region 6. Coos, Curry and Douglas Counties.**

7 (g) **Region 7. Jackson, Josephine and Klamath Counties.**

8 (h) **Region 8. Gilliam, Grant, Morrow, Sherman, Umatilla, Union and Wasco Counties.**

9 (i) **Region 9. Crook, Deschutes, Jefferson, Lake and Wheeler Counties and the area**  
 10 **comprising the Warm Springs Reservation.**

11 (j) **Region 10. Baker, Harney, Malheur and Wallowa Counties.**

12 (k) **Region 11. Clackamas and Hood River Counties.**

13 (2) [Where] **If a boundary change or formation of a component school district results in a joint**  
 14 **school district, the joint school district shall be included in the education service district in which**  
 15 **the joint district's administrative office is located.**

16 **SECTION 2. The amendments to ORS 334.020 by section 1 of this 2009 Act become oper-**  
 17 **ative on July 1, 2011.**

18 **SECTION 3. Sections 4 to 7 of this 2009 Act are added to and made a part of ORS chapter**  
 19 **334.**

20 **SECTION 4. (1) On or before January 1, 2011, the State Board of Education shall enter**  
 21 **an order to make any necessary changes to boundaries of existing education service districts**  
 22 **and to cause any necessary mergers of existing education service districts to comply with**  
 23 **the provisions of ORS 334.020. The Superintendent of Public Instruction shall establish, and**  
 24 **the board shall approve, the boundaries of education service districts affected by an order**  
 25 **entered under this subsection.**

26 (2) **For the purpose of serving the school districts of an education service district that**  
 27 **has a boundary change or that is merged as the result of an order entered under subsection**  
 28 **(1) of this section, the Superintendent of Public Instruction may provide for the establish-**  
 29 **ment of more than one administrative office for the new education service district.**

30 (3) **The board shall give new names to education service districts that merge as provided**  
 31 **by subsection (1) of this section and may give new names to education service districts that**  
 32 **have boundary changes as provided by subsection (1) of this section.**

33 (4) **An order entered under subsection (1) of this section shall include provisions for the**  
 34 **distribution of any assets and liabilities, including any liability for outstanding bonded**  
 35 **indebtedness, among education service districts that have boundary changes or that merge**  
 36 **as the result of an order entered under subsection (1) of this section.**

37 (5) **An order entered under subsection (1) of this section does not require an election on**  
 38 **district boundaries and is not subject to any provisions for boundary changes provided in**  
 39 **ORS 334.032 or 334.690 or procedures for mergers as provided by ORS 334.710 to 334.770.**

40 (6) **An order entered under subsection (1) of this section takes effect on July 1, 2011.**

41 **SECTION 5. (1) Before the effective date of an order entered under section 4 of this 2009**  
 42 **Act, the State Board of Education shall divide each new education service district that is the**  
 43 **result of a boundary change or merger into not more than seven zones for the purpose of**  
 44 **electing the board of directors of the new education service district.**

45 (2) **The zones established as provided by subsection (1) of this section shall be as nearly**

1 equal in census population as may be practicable and may be measured along common school  
 2 district boundary lines, except that the zones may be established using voting precinct  
 3 boundaries in order to achieve greater equality of population. If possible, the zones shall be  
 4 established to ensure that each county within the new education service district has at least  
 5 one member on the board of directors of the new education service district.

6 (3) Each county within a new education service district shall have at least one member  
 7 on the board of directors of the new education service district or shall have at least one  
 8 member on the budget committee of the new education service district.

9 (4) Notwithstanding ORS 334.090, the terms of office of the directors first elected to the  
 10 board of directors of a new education service district shall be staggered so that at least:

11 (a) Two directors shall serve terms expiring June 30 next following the fourth regular  
 12 district election.

13 (b) Two directors shall serve terms expiring June 30 next following the third regular  
 14 district election.

15 (c) Two directors shall serve terms expiring June 30 next following the second regular  
 16 district election.

17 (d) One director shall serve a term expiring June 30 next following the first regular dis-  
 18 trict election.

19 (5) The directors first elected under this section shall determine by lot the length of the  
 20 term each shall serve on the board of directors of the new education service district.

21 (6) Notwithstanding ORS 334.090, the terms of office of directors serving on a board of  
 22 directors of an education service district that has a boundary change or that merges as the  
 23 result of an order entered under section 4 of this 2009 Act shall terminate on June 30, 2011.

24 **SECTION 6.** During the period following an order entered under section 4 of this 2009  
 25 Act and prior to the effective date of the order, the board of directors of a new education  
 26 service district may take any action necessary for the new education service district to carry  
 27 out its functions, including the preparation and adoption of a budget for the new education  
 28 service district. Expenditures of the board of directors of the new education service district  
 29 shall be paid from the budgets of the education service districts that constitute the new ed-  
 30 ucation service district and may be prorated among those education service districts.

31 **SECTION 7.** (1) Notwithstanding the effective date of an order entered under section 4  
 32 of this 2009 Act, electors are entitled to vote in any elections affecting the new education  
 33 service district in which the electors will reside when the order entered under section 4 of  
 34 this 2009 Act takes effect.

35 (2) Notwithstanding ORS 334.090, electors described in subsection (1) of this section are  
 36 eligible to be candidates for the new education service district board and to serve on the  
 37 budget committee of the new education service district if the electors were eligible to be  
 38 board candidates or budget committee members in the district in which the electors resided  
 39 prior to the effective date of the order entered under section 4 of this 2009 Act.

40 **SECTION 8.** ORS 327.019 is amended to read:

41 327.019. (1) As used in this section:

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

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

45 (A) The amount of revenue offset against local property taxes as determined by the Department

1 of Revenue under ORS 311.175 (3)(a)(A);

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

4 (C) The amount of revenue received by the district from state-managed forestlands under ORS  
5 530.115 (1)(b) and (c); and

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

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

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

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

20 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
21 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
22 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this  
23 subsection as school district general purpose grants, facility grants, high cost disabilities grants and  
24 transportation grants to school districts.

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

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

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

31 (b) \$1 million.

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

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

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

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

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

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

1 more[.]; and

2 (c) **If an education service district received a State School Fund grant of \$1 million for**  
 3 **the 2010-2011 fiscal year and the education service district merges with another education**  
 4 **service district as the result of an order entered under section 4 of this 2009 Act, the State**  
 5 **School Fund grant of the new education service district shall be based on separate calcu-**  
 6 **lations for each education service district that merges to become the new education service**  
 7 **district.**

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

12 **SECTION 9.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, is  
 13 amended to read:

14 327.019. (1) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

- 1 (4) The general services grant for an education service district shall equal the higher of:  
 2 (a) The total amount calculated under subsection (3)(d) of this section for the component school  
 3 districts of the education service district  $\times (4.75 \div 95.25)$ ; or  
 4 (b) \$1 million.  
 5 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service  
 6 district = general services grant – local revenues of the education service district.  
 7 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
 8 intendent of Public Instruction shall apportion from the State School Fund to each education service  
 9 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
 10 tion service district.  
 11 (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the  
 12 superintendent to distribute as nearly as practicable the total amount available for distribution to  
 13 education service districts from the State School Fund for each fiscal year.  
 14 (7) Notwithstanding subsections (5) and (6) of this section:  
 15 (a) The State School Fund grant of an education service district may not be less than zero;  
 16 [and]  
 17 (b) The State School Fund grant of an education service district shall be in an amount that,  
 18 when combined with the local revenues of the education service district, equals \$1 million or  
 19 more[.]; **and**  
 20 (c) **If an education service district received a State School Fund grant of \$1 million for**  
 21 **the 2010-2011 fiscal year and the education service district merges with another education**  
 22 **service district as the result of an order entered under section 4 of this 2009 Act, the State**  
 23 **School Fund grant of the new education service district shall be based on separate calcu-**  
 24 **lations for each education service district that merges to become the new education service**  
 25 **district.**  
 26 (8) An education service district shall distribute to its component school districts any amount  
 27 of local revenues of the education service district that is greater than the general services grant.  
 28 The amount that each component school district receives under this subsection shall be prorated  
 29 based on the district extended ADMw of each school district.

30 **SECTION 10. Sections 4 to 7 of this 2009 Act are repealed on January 2, 2018.**

31