

**REVENUE:** Revenue statement issued

**FISCAL:** Minimal fiscal impact, no statement issued

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**Action:** Do Pass as Amended and Be Printed Engrossed

**Vote:** 5 - 0 - 0

**Yeas:** Bonamici, Kruse, Metsger, Morse, Hass

**Nays:** 0

**Exc.:** 0

**Prepared By:** Dana Richardson, Administrator

**Meeting Dates:** 2/3, 2/10

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**WHAT THE MEASURE DOES:** Specifies that, for funding purposes, foreign exchange students living in school district-operated dormitory are considered residents of the school district where dormitory is located. Applies foreign exchange student provisions to 2009-2010 and 2010-2011 school years. Permits school district or education service district to enter into funds diversion agreement with Department of Education to make debt service payments on qualified revenue bonds. Repeals authorization to enter into diversion agreement as of June 30, 2029. Adds “school district” to those public agencies that may finance treatment works. Adds Oregon prekindergarten program providers to pilot project to implement health literacy program. Declares an emergency; effective upon passage.

**ISSUES DISCUSSED:**

- Benefit of receiving interest-free bonds
- Use of foreign student exchange programs to raise funds
- Impact on small school districts if other districts opt out of education service districts
- Problems at the Willamette Education Service District

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the measure.

**BACKGROUND:** Several small school districts host foreign exchange students. In some cases, the foreign exchange students comprise nearly half of the total student enrollment. Some small districts house the visiting students in dormitories. The Oregon Department of Education (ODE) recently determined that districts could not receive State School Funds for these students living in dormitories because there was no person in the district in a parental relationship to the students. Senate Bill 988A permits districts to receive State School Funds for foreign exchange students living in dormitories for the 2009-2010 and 2010-2011 school years.

Senate Bill 988A also facilitates school districts and education services districts (ESDs) seeking to be eligible for qualified school construction bonds available under the federal American Recovery and Reinvestment Act of 2009. It permits school districts or ESDs to enter into an agreement with the ODE to divert State School Funds in order to make debt service payments on qualified revenue bonds. Authorization to enter these agreements is repealed as of June 30, 2029.