

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
76th Oregon Legislative Assembly  
2011 Regular Session  
Legislative Revenue Office

**Bill Number:** SB 250 - A14  
**Revenue Area:** School Finance  
**Economist:** Dae Baek  
**Date:** 3/29/2011

**Measure Description:** Allows a school district of an education service district to withdraw from the education service district on or after July 1, 2014. Allows the withdrawal for a school district in specified education service districts on or after July 1, 2012. Requires the education service district to distribute to school districts that withdraw, the school district's prorated amount of specified funds available to the education service district. Directs that, for purposes of the State School Fund distribution, the education service district's share be 3.56 percent for the 2011-12 distribution, and 2.37 percent beginning with the 2012-13 distribution. Specifies the scope of prorated funds to be distributed to a school district upon its withdrawal from an education service district. Establishes the Office of Regional Educational Services for the purposes of coordinating the efforts of and providing leadership for regional education service delivery system. Directs the Superintendent of Public Instruction to estimate, retain, and pay for the cost of the administration of the Office of Regional Educational Services. Declares an emergency and takes effect on passage.

**Revenue Impact\* (in \$Millions):**

	Fiscal Year		Biennium		
	2011-12	2012-13	2011-13	2013-2015	2015-2017
<b>State School Fund</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>School Districts (SD)</b>	\$50.9	\$100.8	\$151.7	\$201.6	\$201.6
<b>Education Service Districts (ESD)</b>	-\$50.9	-\$100.8	-\$151.7	-\$201.6	-\$201.6

\*The revenue impact here only shows the redistribution of the State School Fund when ESD's share changes. It does not show the potential transfer of funds if a SD withdraws from an ESD.

**Impact Explanation:** The preliminary 2011-12 State School Fund distribution put out by the Oregon Department of Education (dated 3/2/2011) shows that the education service districts (ESD's) are to receive \$101.7 million from the State School Fund. While the overall funding for schools will change over time, this analysis assumes that this preliminary funding level stays the same throughout the fiscal years in consideration when the share of ESD's remains at 4.75 percent of total school resources available for distribution. The revenue impact here only shows the redistribution of the State School Fund when ESD's share changes.

When a school district (SD) opts to withdraw from an ESD, the ESD is directed to distribute to the SD, the SD's prorated amount of specified funds. This withdrawal will shift funds away from the ESD to the SD, but the permissive nature does not allow revenue impact analysis at this point.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No