

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

DATE: 03-28-2011 PAGES: 1
 SUBMITTED BY: Dae Baek
Bill Number: SB 250 - A11
Revenue Area: School Finance
Economist: Dae Baek
Date: 3/25/2011

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. Modifies conditions under which a school district in specified education service districts is allowed to withdraw from an education service district. 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. Clarifies the scope of prorated funds to be distributed to a school district upon its withdrawal from an education service district. Directs that a withdrawing school district receive 90 percent of the district's prorated share of specified funds available to an 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. 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
State School Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
School Districts (SD)	\$50.9	\$100.8	\$151.7	\$201.6	\$201.6
Education Service Districts (ESD)	-\$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