

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	5 - 0 - 0
Yeas:	Bonamici, George, Morse, Shields, Hass
Nays:	0
Exc.:	0
Prepared By:	Linda Lindholm, Administrator
Meeting Dates:	2/8, 2/10, 2/24, 3/3

WHAT THE MEASURE DOES: Allows school districts the option to withdraw from and rejoin education service districts (ESDs). Specifies timelines and processes. Requires ESDs to distribute prorated amount of state funding available to school districts that withdraw. Establishes pilot program to allow two school districts to opt out of ESDs. Determines composition of ESD boards and budget committees. Allows school districts to contract with public or private entities for education services. Extends labor protections for school districts that opt out of ESDs.

ISSUES DISCUSSED:

- Equity and efficiency of education service districts service delivery
- Current structure and governance of ESDs and component school districts
- Successful results of trial opt out/co-op schools
- Concerns and findings about ESDs
- Allocations, viability and possible consequences to remaining component school districts
- State School Fund grants, funding formulas and distributions to component school districts
- ESD board of directors and budget board membership and oversight
- Contracting with public or private entities for services through competitive bidding
- Choice of services and shared service plans
- Labor concerns
- Creation of an Office of Regional Educational Services Director

EFFECT OF COMMITTEE AMENDMENT: Describes school district process and timelines for withdrawing from or rejoining an ESD. Establishes pilot program to allow two school districts to opt out of ESDs on or after July 1, 2012 and prohibits further withdrawals before July 1, 2014. Determines composition of ESD boards and ESD budget committees. Requires ESDs to provide prorated funds to school districts that have withdrawn. Allows ESDs to contract service provision with withdrawn school districts or school districts located outside ESD boundaries. Allows school districts to contract with public or private entities. Determines disposition of real property. Revises school fund formula reducing percentage of the State School Fund granted to each ESD. Extends labor rights when school district opts out.

BACKGROUND: Education service districts created under ORS 334.010 provide regional educational services to component school districts. Currently, Oregon has 20 ESDs that provide services such as special education, transportation and technology to school districts. Public school districts obtain all of their provided services through ESDs. A few negotiated trial opt-out school districts are providing services themselves or contracting with other providers for cost effectiveness. Reform of ESD governance, funding and efficiency have been studied and debated for decades. Recent audits and investigations revealed mismanagement of one of the state's largest ESDs. Senate Bill 250A establishes provisions and procedures under which component districts may opt out and rejoin education service districts. Each fiscal year the Superintendent of Public Instruction calculates a State School Fund grant for ESDs. Statutory formulas determine the amount received by ESDs and the prorated amounts (90 percent of the ESD's state allocation) received by component school districts to pay for expenses incurred providing services to students.

3/10/2011 8:41:00 AM

This summary has not been adopted or officially endorsed by action of the committee.