

SENATE AMENDMENTS TO B-ENGROSSED SENATE BILL 250

By JOINT COMMITTEE ON WAYS AND MEANS

June 20

1 On page 1 of the printed B-engrossed bill, line 2, after “ORS” delete the rest of the line and lines
2 3 through 6 and insert “184.483, 294.447, 327.008, 327.019, 327.297, 334.003, 334.095, 334.125, 334.127,
3 334.175, 334.177, 334.217, 334.225, 334.240, 342.121 and 757.612; appropriating money; and declaring
4 an emergency.”.

5 Delete lines 8 through 22 and delete pages 2 through 27 and insert:

6 **“SECTION 1. Sections 2 and 3 of this 2011 Act are added to and made a part of ORS**
7 **chapter 334.**

8 **“SECTION 2. (1) Notwithstanding ORS 334.010 and 334.020, one or more component school**
9 **districts of an education service district may withdraw from the education service district**
10 **if the component school district is located in:**

11 **“(a) A region described in ORS 334.020 (1)(a), (b), (c) or (p); or**

12 **“(b) Baker County.**

13 **“(2) A school district board may choose to withdraw a school district from an education**
14 **service district as provided in subsection (1) of this section by an affirmative vote of two-**
15 **thirds of the members of the school district board.**

16 **“(3)(a) A school district board that chooses to withdraw a school district from the edu-**
17 **cation service district must submit a notice of intent to withdraw to the board of directors**
18 **of the education service district no later than November 1 of the year prior to the year in**
19 **which the school district plans to withdraw from the education service district.**

20 **“(b) A school district board that submitted a notice of intent to withdraw as provided by**
21 **paragraph (a) of this subsection must submit a notice of withdrawal to the board of directors**
22 **of the education service district no later than March 1 of the year in which the school dis-**
23 **trict plans to withdraw from the education service district.**

24 **“(c) Within 60 days of receiving the notice of withdrawal under paragraph (b) of this**
25 **subsection, the board of directors of the education service district shall issue an order that**
26 **recognizes the withdrawal of the school district from the education service district.**

27 **“(4) The withdrawal of a school district from an education service district becomes ef-**
28 **fective on July 1 after the board of directors of the education service district issues the order**
29 **described in subsection (3) of this section.**

30 **“SECTION 3. (1) A school district board that withdrew a school district from an educa-**
31 **tion service district as provided in section 2 of this 2011 Act may choose to rejoin the school**
32 **district to the education service district.**

33 **“(2) A school district board that chooses to rejoin a school district to an education ser-**
34 **vice district as provided in subsection (1) of this section may rejoin by an affirmative vote**
35 **of a two-thirds of the members of the board. A vote described in this subsection must occur**

1 no later than November 1 of the year prior to the year in which the school district board
2 plans to rejoin the school district to the education service district.

3 “(3) The school district board shall notify the board of directors of the education service
4 district no later than November 1 of the year prior to the year in which the school district
5 board plans to rejoin the school district to the education service district. Within 60 days of
6 receiving the notice, the board of directors of the education service district shall issue an
7 order that recognizes the rejoining of a school district to the education service district.

8 “(4) The rejoining of a school district to an education service district becomes effective
9 on July 1 after the board of directors of the education service district issues the order de-
10 scribed in subsection (3) of this section.

11 “**SECTION 4.** ORS 334.003 is amended to read:

12 “334.003. For purposes of this chapter:

13 “(1) ‘Component school district’ means a common school district or a union high school district
14 that:

15 “(a) Is located within the territory of an education service district[.]; and

16 “(b) Is not withdrawn from the education service district as provided in section 2 of this
17 2011 Act.

18 “(2) ‘Education service district’ means a district created under ORS 334.010 that provides re-
19 gional educational services to component school districts.

20 “(3) ‘Joint school district’ means a common school district or a union high school district located
21 within the territory of more than one education service district.

22 “**SECTION 5.** ORS 334.095 is amended to read:

23 “334.095. (1) The education service district board shall declare the office of director vacant upon
24 the happening of any of the following:

25 “(a) When an incumbent dies or resigns;

26 “(b) When an incumbent is removed from office or the election thereto has been declared void
27 by the judgment of any court;

28 “(c) When an incumbent ceases to be a resident of a school district that is a component
29 school district of the education service district;

30 “(d) Subject to the provision of subsection (2) of this section, when an incumbent ceases to be
31 a resident of the zone from which nominated;

32 “(e) When an incumbent ceases to discharge the duties of office for two consecutive months
33 unless prevented therefrom by sickness or other unavoidable cause; or

34 “(f) When an incumbent is recalled.

35 “(2) A director nominated from a zone who changes permanent residence from one zone to an-
36 other zone in which another director resides shall continue to serve as director until the next reg-
37 ular election when a successor shall be elected to serve for the remainder of the unexpired term.

38 “(3) A director guilty of misfeasance or malfeasance in office, by the appropriate proceeding,
39 may be removed from office by a court of competent jurisdiction.

40 “(4) Members may be recalled in the manner provided in ORS 249.865 to 249.877. If the member
41 was elected by a zone, the recall petition shall be signed by electors from that zone and electors
42 from the zone are the only electors eligible to vote in the recall election. If the member was elected
43 at large, the recall petition shall be signed by electors from the district and electors from the dis-
44 trict are eligible to vote in the recall election.

45 “**SECTION 6.** ORS 334.125 is amended to read:

1 “334.125. (1) The education service district is a body corporate.

2 “(2) The education service district board is authorized to transact all business coming within the
3 jurisdiction of the education service district and may sue and be sued.

4 “(3) The education service district board shall perform all duties required by law, including but
5 not limited to:

6 “(a) Distribution of such school funds as it is empowered to apportion;

7 “(b) Conduct of audits;

8 “(c) Duties as district boundary board;

9 “(d) Budget and tax levying duties, including the levying of taxes under ORS 280.060;

10 “(e) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable
11 property within the education service district in the manner that component school districts are
12 authorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to
13 the issuance of bonds and levying of taxes by school districts; and

14 “(f) Creating a county education bond district under ORS 328.304 from a county within the dis-
15 trict.

16 “(4)(a) In addition to its duties under subsection (3) of this section, an education service district
17 board:

18 “(A) May provide services required by the local service plan developed pursuant to ORS 334.175
19 [and];

20 “(B) **Except as provided by subparagraph (C) of this paragraph**, may provide funds to a
21 component school [districts] **district** to provide services required by the local **service** plan in lieu
22 of [those school districts] **the component school district** receiving services from the education
23 service district[.];

24 “(C) **Shall provide funds in the manner described in paragraph (b) of this subsection to**
25 **a component school district to provide services required by the local service plan in lieu of**
26 **the component school district receiving services from the education service district if:**

27 “(i) **The school district received funds under subparagraph (B) of this paragraph for the**
28 **2010-2011 fiscal year; and**

29 “(ii) **The school district requests that the funds be provided as required by this subpara-**
30 **graph;**

31 “(D) **Shall provide funds as specified in ORS 327.019 (9) to a school district located within**
32 **the territory of the education service district that has withdrawn from the education service**
33 **district as provided in section 2 of this 2011 Act; and**

34 “(E) **For the purpose of providing services consistent with the local service plan, may**
35 **enter into contracts with school districts that have withdrawn from the education service**
36 **district as provided in section 2 of this 2011 Act or that are located outside the territory of**
37 **the education service district.**

38 “(b) **If an education service district board is required to provide funds to a school district**
39 **under paragraph (a)(C) of this subsection, the education service district board shall provide**
40 **the funds as a percentage of the funds available to the education service district under ORS**
41 **334.177 that is at least equal to the lesser of:**

42 “(A) **The percentage that the education service district board provided to the school dis-**
43 **trict in the 2010-2011 fiscal year; or**

44 “(B) **The percentage requested by the school district, as provided by paragraph (a)(C) of**
45 **this subsection.**

1 “(5) The education service district board may employ and fix the compensation of such personnel
2 as it considers necessary for carrying out duties of the board.

3 “(6) In carrying out its duties, the education service district board:

4 “(a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be re-
5 quired for district purposes. Leases authorized by this section may be for a term of up to 30 years
6 and include lease-purchase agreements whereunder the district may acquire ownership of the leased
7 property.

8 “(b) May acquire personal property by a lease-purchase agreement or contract of purchase for
9 a term exceeding one year. A lease-purchase agreement is one in which the rent payable by the
10 district is expressly agreed to have been established to reflect the savings resulting from the ex-
11 emption from taxation, and the district is entitled to ownership of the property at a nominal or other
12 price which is stated or determinable by the terms of the agreement and was not intended to reflect
13 the true value of the property.

14 “(c) May lease property or sell and convey property of the district as the board considers un-
15 necessary to its purposes.

16 “(d) May purchase relocatable structures in installment transactions in which deferred install-
17 ments of the purchase price are payable over not more than 10 years from the date of delivery of
18 the property to the district and are secured by a security interest in the property. The transactions
19 may take the form of, but are not limited to, lease-purchase agreements.

20 “(e) May accept money or property donated for the use or benefit of the district and use the
21 money or property for the purpose for which it was donated.

22 “(7) The education service district board may adopt rules it considers necessary to carry out the
23 duties of the board.

24 “(8) The education service district may contract with public and private entities for service de-
25 livery.

26 “(9)(a) The education service district shall work cooperatively with component school districts
27 and review periodically with component school districts the operations of component school districts
28 and shall submit to the component school districts plans for operations that achieve economies and
29 efficiencies through consolidation of various operations of all or some of the districts. The education
30 service district and its component school districts shall submit an annual report on the effectiveness
31 of the consolidation of operations to the State Board of Education.

32 “(b) As used in this subsection, ‘operations’ means services involving transportation, payroll,
33 student records, auditing, legal services, insurance, printing, investment and other similar services.

34 “**SECTION 7.** ORS 334.125, as amended by section 6 of this 2011 Act, is amended to read:

35 “334.125. (1) The education service district is a body corporate.

36 “(2) The education service district board is authorized to transact all business coming within the
37 jurisdiction of the education service district and may sue and be sued.

38 “(3) The education service district board shall perform all duties required by law, including but
39 not limited to:

40 “(a) Distribution of such school funds as it is empowered to apportion;

41 “(b) Conduct of audits;

42 “(c) Duties as district boundary board;

43 “(d) Budget and tax levying duties, including the levying of taxes under ORS 280.060;

44 “(e) Contracting a bonded indebtedness and levying direct ad valorem taxes on all taxable
45 property within the education service district in the manner that component school districts are

1 authorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to
2 the issuance of bonds and levying of taxes by school districts; and

3 “(f) Creating a county education bond district under ORS 328.304 from a county within the dis-
4 trict.

5 “(4)[(a)] In addition to its duties under subsection (3) of this section, an education service dis-
6 trict board:

7 “[*(A)*] (a) May provide services required by the local service plan developed pursuant to ORS
8 334.175;

9 “[*(B)*] (b) [*Except as provided by subparagraph (C) of this paragraph,*] May provide funds to a
10 component school district to provide services required by the local service plan in lieu of the com-
11 ponent school district receiving services from the education service district;

12 “[*(C)*] *Shall provide funds in the manner described in paragraph (b) of this subsection to a compo-*
13 *nent school district to provide services required by the local service plan in lieu of the component school*
14 *district receiving services from the education service district if:*]

15 “[*(i)*] *The school district received funds under subparagraph (B) of this paragraph for the 2010-2011*
16 *fiscal year; and]*

17 “[*(ii)*] *The school district requests that the funds be provided as required by this subparagraph;*]

18 “[*(D)*] (c) Shall provide funds as specified in ORS 327.019 (9) to a school district located within
19 the territory of the education service district that has withdrawn from the education service district
20 as provided in section 2 of this 2011 Act; and

21 “[*(E)*] (d) For the purpose of providing services consistent with the local service plan, may enter
22 into contracts with school districts that have withdrawn from the education service district as pro-
23 vided in section 2 of this 2011 Act or that are located outside the territory of the education service
24 district.

25 “[*(b)*] *If an education service district board is required to provide funds to a school district under*
26 *paragraph (a)(C) of this subsection, the education service district board shall provide the funds as a*
27 *percentage of the funds available to the education service district under ORS 334.177 that is at least*
28 *equal to the lesser of:]*

29 “[*(A)*] *The percentage that the education service district board provided to the school district in the*
30 *2010-2011 fiscal year; or]*

31 “[*(B)*] *The percentage requested by the school district, as provided by paragraph (a)(C) of this*
32 *subsection.]*

33 “(5) The education service district board may employ and fix the compensation of such personnel
34 as it considers necessary for carrying out duties of the board.

35 “(6) In carrying out its duties, the education service district board:

36 “(a) May locate, buy, accept by gift or lease such land, buildings and facilities as may be re-
37 quired for district purposes. Leases authorized by this section may be for a term of up to 30 years
38 and include lease-purchase agreements whereunder the district may acquire ownership of the leased
39 property.

40 “(b) May acquire personal property by a lease-purchase agreement or contract of purchase for
41 a term exceeding one year. A lease-purchase agreement is one in which the rent payable by the
42 district is expressly agreed to have been established to reflect the savings resulting from the ex-
43 emption from taxation, and the district is entitled to ownership of the property at a nominal or other
44 price which is stated or determinable by the terms of the agreement and was not intended to reflect
45 the true value of the property.

1 “(c) May lease property or sell and convey property of the district as the board considers un-
2 necessary to its purposes.

3 “(d) May purchase relocatable structures in installment transactions in which deferred install-
4 ments of the purchase price are payable over not more than 10 years from the date of delivery of
5 the property to the district and are secured by a security interest in the property. The transactions
6 may take the form of, but are not limited to, lease-purchase agreements.

7 “(e) May accept money or property donated for the use or benefit of the district and use the
8 money or property for the purpose for which it was donated.

9 “(7) The education service district board may adopt rules it considers necessary to carry out the
10 duties of the board.

11 “(8) The education service district may contract with public and private entities for service de-
12 livery.

13 “(9)(a) The education service district shall work cooperatively with component school districts
14 and review periodically with component school districts the operations of component school districts
15 and shall submit to the component school districts plans for operations that achieve economies and
16 efficiencies through consolidation of various operations of all or some of the districts. The education
17 service district and its component school districts shall submit an annual report on the effectiveness
18 of the consolidation of operations to the State Board of Education.

19 “(b) As used in this subsection, ‘operations’ means services involving transportation, payroll,
20 student records, auditing, legal services, insurance, printing, investment and other similar services.

21 **“SECTION 8. The amendments to ORS 334.125 by section 7 of this 2011 Act become op-
22 erative on July 1, 2012.**

23 **“SECTION 9.** ORS 334.127 is amended to read:

24 “334.127. (1) Whenever an education service district ceases to exist, its real property shall pass
25 to the successor district, which is authorized to treat [*such*] **the** property in the same manner as
26 [*its*] **did the** predecessor district [*did*].

27 **“(2) Whenever a school district withdraws from an education service district as provided
28 in section 2 of this 2011 Act, the school district and education service district shall determine
29 the disposition of any real property of the education service district that is located within
30 the boundaries of the school district. If the school district and the education service district
31 are unable to agree on how to dispose of the real property, the education service district
32 shall retain the property.**

33 **“SECTION 10.** ORS 334.175 is amended to read:

34 “334.175. (1) An education service district shall provide regionalized core services to component
35 school districts. The goals of these services are to:

36 “(a) Assist component school districts in meeting the requirements of state and federal law;

37 “(b) Improve student learning;

38 “(c) Enhance the quality of instruction provided to students;

39 “[*d*] *Provide professional development to component school district employees;*]

40 “[*e*] **(d)** Enable component school districts and the students who attend schools in those dis-
41 tricts to have equitable access to resources; and

42 “[*f*] **(e)** Maximize operational and fiscal efficiencies for component school districts.

43 **“(2)** The services provided by an education service district shall be provided according to a local
44 service plan developed by the education service district and component school districts. The educa-
45 tion service district and component school districts shall develop the local service plan to meet the

1 goals specified in subsection (1) of this section. The local service plan must include services in at
2 least the following areas:

3 “(a) Programs for children with special needs, including but not limited to special education
4 services[,] **and** services for at-risk students [*and professional development for employees who provide*
5 *those services*].

6 “(b) Technology support for component school districts and the individual technology plans of
7 those districts, including but not limited to technology infrastructure services, data services, in-
8 structional technology services[,] **and** distance learning [*and professional development for employees*
9 *who provide those services*].

10 “(c) School improvement services for component school districts, including but not limited to:

11 “(A) Services designed to support component school districts in meeting the requirements of
12 state and federal law;

13 “(B) Services designed to allow the education service district to participate in and facilitate a
14 review of the state and federal standards related to the provision of a quality education by compo-
15 nent school districts;

16 “(C) Services designed to support and facilitate continuous school improvement planning;

17 “(D) Services designed to address schoolwide behavior and climate issues; **and**

18 “(E) Services designed to support career and technical education. [; *and*]

19 “[*(F) Professional development for employees who provide the services described in this*
20 *paragraph.*]

21 “(d) Administrative and support services for component school districts, including but not lim-
22 ited to services designed to consolidate component school district business functions, liaison services
23 between the Department of Education and component school districts and registration of children
24 being taught by private teachers, parents or legal guardians pursuant to ORS 339.035.

25 “(e) Other services that an education service district is required to provide by state or federal
26 law, including but not limited to services required under ORS 339.005 to 339.090.

27 “(3) In addition to the services specified in subsection (2) of this section, a local service plan
28 may include other services that are designed to meet regional needs.

29 “(4) A local service plan shall also contain annual performance measures for the education ser-
30 vice district.

31 “(5) A local service plan must:

32 “(a) Be adopted by the board of the education service district.

33 “(b) After being adopted by the board of the education service district, be approved on or before
34 March 1 by resolution of two-thirds of the component school districts that are a part of the educa-
35 tion service district and that have at least a majority of the pupils included in the average daily
36 membership of the education service district, as determined by the reports of such school districts
37 for the preceding year, enrolled in the schools of the school districts.

38 “(6) Notwithstanding the process for approval and adoption required by subsection (5) of this
39 section, if the component school districts approve an amendment to a local service plan pursuant
40 to subsection (5)(b) of this section, the board of an education service district may amend a local
41 service plan that has been previously adopted by the board and approved by the component school
42 districts. An amendment to a local service plan may be done at any time.

43 “(7) **If a component school district determines that a local service plan, or the provision**
44 **of services under a local service plan, does not meet the service needs of the component**
45 **school district, the component school district may contract with a public entity for the pro-**

1 **vision of services.**

2 “[(7)] (8) An education service district may provide the services required by the local service
3 plan directly through the staff of the district. In addition, an education service district may provide
4 services required by the local service plan through the operation of a public school, a public charter
5 school pursuant to ORS chapter 338, an alternative school or a preschool.

6 “[(8)] (9) An education service district may provide the services required by the local service
7 plan in cooperation with another education service district or with a school district. In addition, an
8 education service district may contract with a public or private entity for the provision of services.

9 “**SECTION 11.** ORS 334.177 is amended to read:

10 “334.177. (1) As used in this section, ‘local revenues of an education service district’ has the
11 meaning given that term in ORS 327.019 but does not include any local revenues distributed [*to*
12 *component school districts*] under ORS 327.019 (8).

13 “(2) An education service district board shall expend at least 90 percent of all amounts received
14 from the State School Fund and at least 90 percent of all amounts considered to be local revenues
15 of an education service district on services or programs that have been approved by the component
16 school districts of the education service district through the resolution process described in ORS
17 334.175.

18 “(3) An education service district board shall expend 100 percent of all amounts received from
19 the School Improvement Fund on services or programs that have been approved by the component
20 school districts of the education service district through the resolution process described in ORS
21 334.175.

22 “(4) **The expenditure requirements of this section apply only to amounts retained by the**
23 **education service district after making any distributions required under ORS 327.019 (9).**

24 “**SECTION 12.** ORS 334.240 is amended to read:

25 “334.240. (1) **Except as provided in subsection (2) of this section,** the education service dis-
26 trict board shall be subject in all respects to [*the Local Budget Law (ORS 294.305 to 294.565)*] **ORS**
27 **294.305 to 294.565,** except that in addition to other qualifications, members of the budget committee
28 who are not members of the education service district board shall be members of component school
29 district boards within the education service district or shall be designees of a school district board.

30 “(2) Notwithstanding ORS 294.336 and 294.341, a majority of the members of the budget com-
31 mittee of an education service district must consist of members of the component school district
32 boards or designees of a school district board. The budget committee may meet to conduct business
33 if the education service district board is unable to fill all of the positions on the budget committee.

34 “(3) The [*board of the education service district*] **budget committee** shall prepare [*and adopt*] a
35 budget for the operational and administrative expenses of the education service district. The budget
36 shall include amounts necessary to provide services required by the local service plan of the district
37 developed under ORS 334.175. **The budget must be adopted by the board of the education ser-**
38 **vice district.**

39 “(4) **The board of the education service district shall ensure that an annual audit of the**
40 **accounts of the education service district is prepared in accordance with the Municipal Audit**
41 **Law, as provided in ORS 297.405 to 297.555 and 297.990.**

42 “**SECTION 13.** ORS 327.019 is amended to read:

43 “327.019. (1) As used in this section:

44 “(a) ‘Education service district extended ADMw’ means the sum of the extended ADMw of the
45 [*component*] school districts **located within the territory** of the education service district as com-

1 puted under ORS 327.013.

2 “(b) ‘Local revenues of an education service district’ means the total of the following:

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

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

7 “(C) The amount of revenue received by the district from state-managed forestlands under ORS
8 530.115 (1)(b) and (c); and

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

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

15 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
16 located to the State School Fund and available for distribution to school districts, education service
17 districts, [and] programs **and the Office of Regional Educational Services** + total amount of local
18 revenues of all school districts, computed as provided in ORS 327.011, + total amount of local re-
19 venues of all education service districts. The superintendent may not include in the calculation un-
20 der this paragraph amounts received by the Department of Education from the State School Fund
21 under ORS 343.243.

22 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-
23 section by [95.25] **95.5** percent.

24 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
25 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
26 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this
27 subsection as school district general purpose grants, facility grants, high cost disabilities grants and
28 transportation grants to school districts.

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

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

33 “[*a*] (A) The total amount calculated under subsection (3)(d) of this section for the
34 [*component*] school districts **located within the territory** of the education service district ×
35 ([4.75] **4.5** ÷ [95.25] **95.5**); or

36 “[*b*] (B) \$1 million **if the education service district received a general services grant of**
37 **\$1 million for the 2010-2011 school year.**

38 “(b) **Notwithstanding paragraph (a) of this subsection and only for State School Fund**
39 **distributions made for the first school year after two or more education service districts join**
40 **together, if an education service district received a general services grant as provided by**
41 **paragraph (a)(B) of this subsection prior to the education service district joining together**
42 **with one or more other education service districts to form a new education service district:**

43 “(A) **The general services grant for the new education service district shall be calculated**
44 **for each component education service district as though the component education service**
45 **districts had not joined together to form a new education service district; and**

1 **“(B) A component education service district that received \$1 million as provided by par-**
2 **agraph (a)(B) of this subsection shall be entitled to receive \$1 million under the calculation**
3 **provided by this paragraph.**

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

6 “(6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-
7 intendent of Public Instruction shall apportion from the State School Fund to each education service
8 district an amount = (funding percentage × general services grant) – local revenues of the edu-
9 cation service district.

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

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

14 “(a) The State School Fund grant of an education service district may not be less than zero; and

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

17 “(8) An education service district shall distribute to [*its component*] school districts **located**
18 **within the territory of the education service district** any amount of local revenues of the edu-
19 cation service district that is greater than the general services grant. The amount that each [*com-*
20 *ponent*] school district receives under this subsection shall be prorated based on the district
21 extended ADMw of [*each*] **the school district as calculated under ORS 327.013.**

22 **“(9)(a) An education service district shall distribute to a school district that is located**
23 **within the territory of the education service district but that has withdrawn from the edu-**
24 **cation service district as provided in section 2 of this 2011 Act the amounts received by the**
25 **education service district as a general services grant and from the School Improvement**
26 **Fund.**

27 **“(b) The amounts that a school district receives under this subsection:**

28 **“(A) Shall be prorated based on the district extended ADMw of the school district as**
29 **calculated under ORS 327.013;**

30 **“(B) Shall equal 90 percent of the school district’s prorated share, as calculated under**
31 **subparagraph (A) of this paragraph; and**

32 **“(C) May be used to pay for any expenses incurred in providing services described in ORS**
33 **334.175 (2) to the students of the school district by:**

34 **“(i) The school district;**

35 **“(ii) The education service district from which the school district withdrew;**

36 **“(iii) An education service district that is not the education service district from which**
37 **the school district withdrew; or**

38 **“(iv) Any other public entity with which the school district has entered into a contract**
39 **to provide the services.**

40 **“SECTION 14. The amendments to ORS 327.019 by section 13 of this 2011 Act apply to**
41 **State School Fund distributions commencing with the 2011-2012 distribution.**

42 **“SECTION 15. ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, section**
43 **4, chapter 439, Oregon Laws 2009, and section 11, chapter 698, Oregon Laws 2009, is amended to**
44 **read:**

45 **“327.019. (1) As used in this section:**

1 “(a) ‘Education service district extended ADMw’ means the sum of the extended ADMw of the
2 [component] school districts **located within the territory** of the education service district as com-
3 puted under ORS 327.013.

4 “(b) ‘Local revenues of an education service district’ means the total of the following:

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

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

9 “(C) The amount of revenue received by the district from state-managed forestlands under ORS
10 530.115 (1)(b) and (c); and

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

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

17 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
18 located to the State School Fund and available for distribution to school districts, education service
19 districts, [and] programs **and the Office of Regional Educational Services** + total amount of local
20 revenues of all school districts, computed as provided in ORS 327.011, + total amount of local re-
21 venues of all education service districts. The superintendent may not include in the calculation un-
22 der this paragraph amounts received by the Department of Education from the State School Fund
23 under ORS 343.243.

24 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-
25 section by [95.25] **95.5** percent.

26 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
27 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
28 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
29 district general purpose grants, facility grants, high cost disabilities grants and transportation
30 grants to school districts.

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

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

35 “[*(a)*] (A) The total amount calculated under subsection (3)(d) of this section for the
36 [component] school districts **located within the territory** of the education service district ×
37 ([4.75] **4.5** ÷ [95.25] **95.5**); or

38 “[*(b)*] (B) \$1 million **if the education service district received a general services grant of**
39 **\$1 million for the 2010-2011 school year.**

40 “(b) **Notwithstanding paragraph (a) of this subsection and only for State School Fund**
41 **distributions made for the first school year after two or more education service districts join**
42 **together, if an education service district received a general services grant as provided by**
43 **paragraph (a)(B) of this subsection prior to the education service district joining together**
44 **with one or more other education service districts to form a new education service district:**

45 “(A) **The general services grant for the new education service district shall be calculated**

1 for each component education service district as though the component education service
2 districts had not joined together to form a new education service district; and

3 **“(B) A component education service district that received \$1 million as provided by par-**
4 **agraph (a)(B) of this subsection shall be entitled to receive \$1 million under the calculation**
5 **provided by this paragraph.**

6 **“(5) Subject to subsection (6) of this section, the State School Fund grant for an education ser-**
7 **vice district = general services grant – local revenues of the education service district.**

8 **“(6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-**
9 **intendent of Public Instruction shall apportion from the State School Fund to each education service**
10 **district an amount = (funding percentage × general services grant) – local revenues of the edu-**
11 **cation service district.**

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

15 **“(7) Notwithstanding subsections (5) and (6) of this section:**

16 **“(a) The State School Fund grant of an education service district may not be less than zero; 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 more.**

19 **“(8) An education service district shall distribute to [its component] school districts located**
20 **within the territory of the education service district any amount of local revenues of the edu-**
21 **cation service district that is greater than the general services grant. The amount that each [com-**
22 **ponent] school district receives under this subsection shall be prorated based on the district**
23 **extended ADMw of [each] the school district as calculated under ORS 327.013.**

24 **“(9)(a) An education service district shall distribute to a school district that is located**
25 **within the territory of the education service district but that has withdrawn from the edu-**
26 **cation service district as provided in section 2 of this 2011 Act the amounts received by the**
27 **education service district as a general services grant and from the School Improvement**
28 **Fund.**

29 **“(b) The amounts that a school district receives under this subsection:**

30 **“(A) Shall be prorated based on the district extended ADMw of the school district as**
31 **calculated under ORS 327.013;**

32 **“(B) Shall equal 90 percent of the school district’s prorated share, as calculated under**
33 **subparagraph (A) of this paragraph; and**

34 **“(C) May be used to pay for any expenses incurred in providing services described in ORS**
35 **334.175 (2) to the students of the school district by:**

36 **“(i) The school district;**

37 **“(ii) The education service district from which the school district withdrew;**

38 **“(iii) An education service district that is not the education service district from which**
39 **the school district withdrew; or**

40 **“(iv) Any other public entity with which the school district has entered into a contract**
41 **to provide the services.**

42 **“SECTION 16. The amendments to ORS 327.019 by section 15 of this 2011 Act apply to**
43 **State School Fund distributions commencing with the 2012-2013 distribution.**

44 **“SECTION 17. ORS 294.447 is amended to read:**

45 **“294.447. (1) As used in this section, ‘extended ADMw’ means:**

1 “(a) For a school district, the district extended ADMw as calculated under ORS 327.013.

2 “(b) For an education service district, the sum of the extended ADMw of the [*component*] school
3 districts **located within the territory** of the education service district.

4 “(2) Notwithstanding ORS 294.445, a school district or education service district that uses the
5 accrual basis method of accounting may include as accrued revenues in the budget and financial
6 statement of the school district or education service district, for any fiscal year, an amount from the
7 next fiscal year that is to be received in the next fiscal year. The amount accrued under this section
8 may not be greater than the amount calculated under subsection (3)(b) or (c) of this section multi-
9 plied by the extended ADMw of the school district or education service district.

10 “(3)(a) For each fiscal year, the Department of Education shall calculate the amount available
11 in the State School Fund for grants and distributions to school districts and the amount available
12 for grants and distributions to education service districts under ORS 327.008, 327.013 and 327.019
13 based on the appropriations and allocations made to the State School Fund for that fiscal year by
14 the Legislative Assembly in regular session. The department may not include in the amount calcu-
15 lated to be available for school districts **and education service districts** under this paragraph the
16 amounts received by the Youth Corrections Education Program and the Juvenile Detention Educa-
17 tion Program under ORS 327.026 from the State School Fund **or amounts transferred to the Re-**
18 **gional Educational Services Account as provided by section 34 of this 2011 Act.**

19 “(b) The department shall calculate for school districts an amount equal to (the amount calcu-
20 lated under paragraph (a) of this subsection for school districts ÷ 12) ÷ the total statewide ex-
21 tended ADMw of all school districts.

22 “(c) The department shall calculate for education service districts an amount equal to (the
23 amount calculated under paragraph (a) of this subsection for education service districts ÷ 12) ÷
24 the total statewide extended ADMw of all education service districts.

25 “(d) The department may adjust the calculations under this subsection based on current data for
26 the factors used to calculate the State School Fund distribution to school districts and education
27 service districts under ORS 327.008, 327.013 and 327.019.

28 “(e) Notwithstanding paragraph (d) of this subsection, the department may not adjust the cal-
29 culation under paragraph (a) of this subsection based on changes made to the appropriations or al-
30 locations to the State School Fund by the Legislative Assembly in special session or by rule of the
31 Oregon Department of Administrative Services relating to allotting funds.

32 “(4) Notwithstanding ORS 294.445, a community college district or community college service
33 district that uses the accrual basis method of accounting may include as accrued revenues in the
34 budget and financial statement of the community college district or community college service dis-
35 trict, for any fiscal year, an amount from the next fiscal year that is to be received in the next fiscal
36 year. The amount accrued under this section may not be greater than 25 percent of the amount the
37 community college district or community college service district received as a Community College
38 Support Fund grant for the fiscal year for which the revenues are to be accrued.

39 “**SECTION 18.** ORS 327.297 is amended to read:

40 “327.297. (1) In addition to those moneys distributed through the State School Fund, the De-
41 partment of Education shall award grants to school districts, education service districts, the Youth
42 Corrections Education Program and the Juvenile Detention Education Program for activities that
43 relate to increases in student achievement, including:

44 “(a) Early childhood support including establishing, maintaining or expanding quality
45 prekindergarten programs and full-day kindergarten programs;

1 “(b) Class size reduction with an emphasis on the reduction of kindergarten through grade three
2 class sizes;

3 “(c) Increases in instructional time including summer programs and before- and after-school
4 programs;

5 “(d) Mentoring, teacher retention and professional development;

6 “(e) Remediation, alternative learning and student retention;

7 “(f) Services to at-risk youth;

8 “(g) Programs to improve a student achievement gap between student groups identified by cul-
9 ture, poverty, language and race and other student groups;

10 “(h) Vocational education programs;

11 “(i) Literacy programs;

12 “(j) School library programs; and

13 “(k) Other research-based student improvement strategies approved by the State Board of Edu-
14 cation.

15 “(2)(a) Each school district, each education service district, the Youth Corrections Education
16 Program and the Juvenile Detention Education Program may apply to the Department of Education
17 for a grant.

18 “(b) The department shall review and approve applications based on criteria established by the
19 State Board of Education. In establishing the criteria, the State Board of Education shall consider
20 the recommendations of the Quality Education Commission established under ORS 327.500.

21 “(c) The applications shall include the activities to be funded and the goals of the district or
22 program for increases in student performance. The applications shall become part of the local dis-
23 trict continuous improvement plan described in ORS 329.095.

24 “(3) The Department of Education shall evaluate the annual progress of each recipient of grant
25 funds under this section toward the performance targets established by the Quality Education
26 Commission. The evaluation shall become part of the requirements of the department for assessing
27 the effectiveness of the district under ORS 329.085, 329.095 and 329.105. The department shall ensure
28 district and program accountability by providing appropriate assistance, intervening and establish-
29 ing consequences in order to support progress toward the performance targets.

30 “(4) Each biennium the Department of Education shall issue a report to the Legislative Assem-
31 bly on the grant program and the results of the grant program.

32 “(5)(a) Notwithstanding ORS 338.155 (9), the Department of Education may not award a grant
33 under this section directly to a public charter school.

34 “(b) A school district that receives a grant under this section may transfer a portion of the
35 grant to a public charter school based on the charter of the school or any other agreement between
36 the school district and the public charter school.

37 “(c) A public charter school that receives grant funds under this subsection shall use those
38 funds for the activities specified in subsection (1) of this section.

39 “(6)(a) The amount of each grant for a program or school district = the program’s or school
40 district’s ADMw \times (the total amount available for distribution to programs and school districts as
41 grants in each fiscal year \div the total ADMw of all programs and school districts that receive a
42 grant).

43 “(b) The amount of each grant for an education service district = the education service
44 district’s ADMw \times (the total amount available for distribution to education service districts as
45 grants in each fiscal year \div the total ADMw of all education service districts that receive a grant).

1 “(c) As used in this subsection, ‘ADMw’ means:

2 “(A) For a school district, the extended weighted average daily membership as calculated under

3 ORS 327.013, 338.155 (1) and 338.165 (3);

4 “(B) For the Youth Corrections Education Program, the average daily membership as defined in

5 ORS 327.006 multiplied by 2.0;

6 “(C) For the Juvenile Detention Education Program, the average daily membership as defined

7 in ORS 327.006 multiplied by 1.5; and

8 “(D) For an education service district, the sum of the ADMw of the [*component*] school districts

9 **located within the territory** of the education service district.

10 “(7) Each district or program shall deposit the grant amounts it receives under this section in

11 a separate account, and shall apply amounts in that account to pay for activities described in the

12 district’s or program’s application.

13 “(8) The State Board of Education may adopt any rules necessary for the administration of the

14 grant program.

15 “**SECTION 19.** ORS 757.612 is amended to read:

16 “757.612. (1) There is established an annual public purpose expenditure standard for electric

17 companies and Oregon Community Power to fund new cost-effective local energy conservation, new

18 market transformation efforts, the above-market costs of new renewable energy resources and new

19 low-income weatherization. The public purpose expenditure standard shall be funded by the public

20 purpose charge described in subsection (2) of this section.

21 “(2)(a) Beginning on the date an electric company or Oregon Community Power offers direct

22 access to its retail electricity consumers, except residential electricity consumers, the electric

23 company or Oregon Community Power shall collect a public purpose charge from all of the retail

24 electricity consumers located within its service area until January 1, 2026. Except as provided in

25 paragraph (b) of this subsection, the public purpose charge shall be equal to three percent of the

26 total revenues collected by the electric company, Oregon Community Power or the electricity ser-

27 vice supplier from its retail electricity consumers for electricity services, distribution, ancillary

28 services, metering and billing, transition charges and other types of costs included in electric rates

29 on July 23, 1999.

30 “(b) For an aluminum plant that averages more than 100 average megawatts of electricity use

31 per year, beginning on March 1, 2002, the electric company or Oregon Community Power whose

32 territory abuts the greatest percentage of the site of the aluminum plant shall collect from the alu-

33 minum company a public purpose charge equal to one percent of the total revenue from the sale of

34 electricity services to the aluminum plant from any source.

35 “(3)(a) The Public Utility Commission shall establish rules implementing the provisions of this

36 section relating to electric companies and Oregon Community Power.

37 “(b) Subject to paragraph (e) of this subsection, funds collected by an electric company or

38 Oregon Community Power through public purpose charges shall be allocated as follows:

39 “(A) Sixty-three percent for new cost-effective conservation and new market transformation.

40 “(B) Nineteen percent for the above-market costs of constructing and operating new renewable

41 energy resources with a nominal electric generating capacity, as defined in ORS 469.300, of 20

42 megawatts or less.

43 “(C) Thirteen percent for new low-income weatherization.

44 “(D) Five percent shall be transferred to the Housing and Community Services Department

45 Electricity Public Purpose Charge Fund established by ORS 456.587 (1) and used for the purpose of

1 providing grants as described in ORS 458.625 (2).

2 “(c) The costs of administering subsections (1) to (6) of this section for an electric company or
3 Oregon Community Power shall be paid out of the funds collected through public purpose charges.
4 The commission may require that an electric company or Oregon Community Power direct funds
5 collected through public purpose charges to the state agencies responsible for implementing sub-
6 sections (1) to (6) of this section in order to pay the costs of administering such responsibilities.

7 “(d) The commission shall direct the manner in which public purpose charges are collected and
8 spent by an electric company or Oregon Community Power and may require an electric company
9 or Oregon Community Power to expend funds through competitive bids or other means designed to
10 encourage competition, except that funds dedicated for low-income weatherization shall be directed
11 to the Housing and Community Services Department as provided in subsection (7) of this section.
12 The commission may also direct that funds collected by an electric company or Oregon Community
13 Power through public purpose charges be paid to a nongovernmental entity for investment in public
14 purposes described in subsection (1) of this section. Notwithstanding any other provision of this
15 subsection:

16 “(A) At least 80 percent of the funds allocated for conservation shall be spent within the service
17 area of the electric company that collected the funds; or

18 “(B) If Oregon Community Power collected the funds, at least 80 percent of the funds allocated
19 for conservation shall be spent within the service area of Oregon Community Power.

20 “(e)(A) The first 10 percent of the funds collected annually by an electric company or Oregon
21 Community Power under subsection (2) of this section shall be distributed to education service dis-
22 tricts, as described in ORS 334.010, that are located in the service territory of the electric company
23 or Oregon Community Power. The funds shall be distributed to individual education service districts
24 according to the weighted average daily membership (ADMw) of the [component] school districts
25 **located within the territory** of the education service district for the prior fiscal year as calculated
26 under ORS 327.013. The commission shall establish by rule a methodology for distributing a
27 proportionate share of funds under this paragraph to education service districts that are only par-
28 tially located in the service territory of the electric company or Oregon Community Power.

29 “(B) An education service district that receives funds under this paragraph shall use the funds
30 first to pay for energy audits for school districts located within the education service district. An
31 education service district may not expend additional funds received under this paragraph on a
32 school district facility until an energy audit has been completed for that school district. To the
33 extent practicable, an education service district shall coordinate with the State Department of En-
34 ergy and incorporate federal funding in complying with this paragraph. Following completion of an
35 energy audit for an individual school district, the education service district may expend funds re-
36 ceived under this paragraph to implement the energy audit. Once an energy audit has been con-
37 ducted and completely implemented for each school district within the education service district, the
38 education service district may expend funds received under this paragraph for any of the following
39 purposes:

40 “(i) Conducting energy audits. A school district shall conduct an energy audit prior to expending
41 funds on any other purpose authorized under this paragraph unless the school district has performed
42 an energy audit within the three years immediately prior to receiving the funds.

43 “(ii) Weatherization and upgrading the energy efficiency of school district facilities.

44 “(iii) Energy conservation education programs.

45 “(iv) Purchasing electricity from environmentally focused sources and investing in renewable

1 energy resources.

2 “(f) The commission may not establish a different public purpose charge than the public purpose
3 charge described in subsection (2) of this section.

4 “(g) If the commission directs funds collected through public purpose charges to a nongovern-
5 mental entity, the entity shall:

6 “(A) Include on the entity’s board of directors an ex officio member designated by the commis-
7 sion, who shall also serve on the entity’s nominating committee for filling board vacancies.

8 “(B) Require the entity’s officers and directors to provide an annual disclosure of economic in-
9 terest to be filed with the commission on or prior to April 15 of each calendar year for public review
10 in a form similar to the statement of economic interest required for public officials under ORS
11 244.060.

12 “(C) Require the entity’s officers and directors to declare actual and potential conflicts of in-
13 terest at regular meetings of the entity’s governing body when such conflicts arise, and require an
14 officer or director to abstain from participating in any discussion or vote on any item where that
15 officer or director has an actual conflict of interest. For the purposes of this subparagraph, ‘actual
16 conflict of interest’ and ‘potential conflict of interest’ have the meanings given those terms in ORS
17 244.020.

18 “(D) Arrange for an independent auditor to audit the entity’s financial statements annually, and
19 direct the auditor to file an audit opinion with the commission for public review.

20 “(E) File with the commission annually the entity’s budget, action plan and quarterly and annual
21 reports for public review.

22 “(F) At least once every five years, contract for an independent management evaluation to re-
23 view the entity’s operations, efficiency and effectiveness, and direct the independent reviewer to file
24 a report with the commission for public review.

25 “(h) The commission may remove from the board of directors of a nongovernmental entity an
26 officer or director who fails to provide an annual disclosure of economic interest or declare actual
27 or potential conflict of interest, as described in paragraph (g)(B) and (C) of this subsection, in con-
28 nection with the allocation or expenditure of funds collected through public purpose charges and
29 directed to the entity.

30 “(4)(a) An electric company that satisfies its obligations under this section shall have no further
31 obligation to invest in conservation, new market transformation or new low-income weatherization
32 or to provide a commercial energy conservation services program and is not subject to ORS 469.631
33 to 469.645 and 469.860 to 469.900.

34 “(b) Oregon Community Power, for any period during which Oregon Community Power collects
35 a public purpose charge under subsection (2) of this section:

36 “(A) Shall have no other obligation to invest in conservation, new market transformation or new
37 low-income weatherization or to provide a commercial energy conservation services program; and

38 “(B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.

39 “(5)(a) A retail electricity consumer that uses more than one average megawatt of electricity
40 at any site in the prior year shall receive a credit against public purpose charges billed by an
41 electric company or Oregon Community Power for that site. The amount of the credit shall be equal
42 to the total amount of qualifying expenditures for new energy conservation, not to exceed 68 percent
43 of the annual public purpose charges, and the above-market costs of purchases of new renewable
44 energy resources incurred by the retail electricity consumer, not to exceed 19 percent of the annual
45 public purpose charges, less administration costs incurred under this subsection. The credit may not

1 exceed, on an annual basis, the lesser of:

2 “(A) The amount of the retail electricity consumer’s qualifying expenditures; or

3 “(B) The portion of the public purpose charge billed to the retail electricity consumer that is
4 dedicated to new energy conservation, new market transformation or the above-market costs of new
5 renewable energy resources.

6 “(b) To obtain a credit under this subsection, a retail electricity consumer shall file with the
7 State Department of Energy a description of the proposed conservation project or new renewable
8 energy resource and a declaration that the retail electricity consumer plans to incur the qualifying
9 expenditure. The State Department of Energy shall issue a notice of precertification within 30 days
10 of receipt of the filing, if such filing is consistent with this subsection. The credit may be taken after
11 a retail electricity consumer provides a letter from a certified public accountant to the State De-
12 partment of Energy verifying that the precertified qualifying expenditure has been made.

13 “(c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that
14 are not used in one year may be carried forward for use in subsequent years.

15 “(d)(A) A retail electricity consumer that uses more than one average megawatt of electricity
16 at any site in the prior year may request that the State Department of Energy hire an independent
17 auditor to assess the potential for conservation investments at the site. If the independent auditor
18 determines there is no available conservation measure at the site that would have a simple payback
19 of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment
20 obligation for public purpose charges related to the site. If the independent auditor determines that
21 there are potential conservation measures available at the site, the retail electricity consumer shall
22 be entitled to a credit against public purpose charges related to the site equal to 54 percent of the
23 public purpose charges less the estimated cost of available conservation measures.

24 “(B) A retail electricity consumer shall be entitled each year to the credit described in this
25 subsection unless a subsequent independent audit determines that new conservation investment op-
26 portunities are available. The State Department of Energy may require that a new independent audit
27 be performed on the site to determine whether new conservation measures are available, provided
28 that the independent audits shall occur no more than once every two years.

29 “(C) The retail electricity consumer shall pay the cost of the independent audits described in
30 this subsection.

31 “(6) Electric utilities and retail electricity consumers shall receive a fair and reasonable credit
32 for the public purpose expenditures of their energy suppliers. The State Department of Energy shall
33 adopt rules to determine eligible expenditures and the methodology by which such credits are ac-
34 counted for and used. The rules also shall adopt methods to account for eligible public purpose
35 expenditures made through consortia or collaborative projects.

36 “(7)(a) In addition to the public purpose charge provided under subsection (2) of this section, an
37 electric company or Oregon Community Power shall collect funds for low-income electric bill pay-
38 ment assistance in an amount determined under paragraph (b) of this subsection.

39 “(b) The commission shall establish the amount to be collected by each electric company in
40 calendar year 2008 from retail electricity consumers served by the company, and the rates to be
41 charged to retail electricity consumers served by the company, so that the total anticipated col-
42 lection for low-income electric bill payment assistance by all electric companies in calendar year
43 2008 is \$15 million. In calendar year 2009 and subsequent calendar years, the commission may not
44 change the rates established for retail electricity consumers, but the total amount collected in a
45 calendar year for low-income electric bill payment assistance may vary based on electricity usage

1 by retail electricity consumers and changes in the number of retail electricity consumers in this
2 state. In no event shall a retail electricity consumer be required to pay more than \$500 per month
3 per site for low-income electric bill payment assistance.

4 “(c) Funds collected by the low-income electric bill payment assistance charge shall be paid into
5 the Housing and Community Services Department Low-Income Electric Bill Payment Assistance
6 Fund established by ORS 456.587 (2). Moneys deposited in the fund under this paragraph shall be
7 used by the Housing and Community Services Department for the purpose of funding low-income
8 electric bill payment assistance. The department’s cost of administering this subsection shall be paid
9 out of funds collected by the low-income electric bill payment assistance charge. Moneys deposited
10 in the fund under this paragraph shall be expended solely for low-income electric bill payment as-
11 sistance. Funds collected from an electric company or Oregon Community Power shall be expended
12 in the service area of the electric company or Oregon Community Power from which the funds are
13 collected.

14 “(d) The Housing and Community Services Department, in consultation with the federal Advi-
15 sory Committee on Energy, shall determine the manner in which funds collected under this sub-
16 section will be allocated by the department to energy assistance program providers for the purpose
17 of providing low-income bill payment and crisis assistance, including programs that effectively re-
18 duce service disconnections and related costs to retail electricity consumers and electric utilities.
19 Priority assistance shall be directed to low-income electricity consumers who are in danger of hav-
20 ing their electricity service disconnected.

21 “(e) Interest on moneys deposited in the Housing and Community Services Department Low-
22 Income Electric Bill Payment Assistance Fund established by ORS 456.587 (2) may be used to pro-
23 vide heating bill payment and crisis assistance to electricity consumers whose primary source of
24 heat is not electricity.

25 “(f) Notwithstanding ORS 757.310, the commission may allow an electric company or Oregon
26 Community Power to provide reduced rates or other payment or crisis assistance or low-income
27 program assistance to a low-income household eligible for assistance under the federal Low Income
28 Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.

29 “(8) For purposes of this section, ‘retail electricity consumers’ includes any direct service in-
30 dustrial consumer that purchases electricity without purchasing distribution services from the elec-
31 tric utility.

32 “(9) For purposes of this section, amounts collected by Oregon Community Power through public
33 purpose charges are not considered moneys received from electric utility operations.

34 “**SECTION 20.** ORS 184.483 is amended to read:

35 “184.483. (1) The Oregon Department of Administrative Services shall develop and make avail-
36 able an Oregon transparency website. The website shall allow any person to view information that
37 is a public record and not exempt from disclosure under ORS 192.410 to 192.505, including but not
38 limited to information described in subsection (3) of this section.

39 “(2) State agencies **and education service districts**, to the extent practicable and subject to
40 laws relating to confidentiality, when at no additional cost, using existing data and existing [*state*
41 *agency*] resources **of the state agency or education service district** and without reallocation of
42 resources, shall:

43 “(a) Furnish information to the Oregon transparency website by posting reports and providing
44 links to existing information system applications in accordance with standards established by the
45 Oregon Department of Administrative Services; and

1 “(b) Provide the information in the format and manner required by the Oregon Department of
2 Administrative Services.

3 “(3) To the extent practicable and subject to laws relating to confidentiality, when at no addi-
4 tional cost, using existing data and existing [*state agency*] resources **of the state agency or edu-**
5 **cation service district** and without reallocation of resources, the Oregon transparency website
6 shall contain information about each state agency **and education service district**, including but
7 not limited to:

8 “(a) Annual [*state agency*] revenues **of state agencies and education service districts;**

9 “(b) Annual [*state agency*] expenditures **of state agencies and education service districts;**

10 “(c) Annual [*state agency*] human resources expenses, including compensation, **of state agencies**
11 **and education service districts;**

12 “(d) Annual [*state agency*] tax expenditures **of state agencies**, including, [*where*] **when** possible,
13 the identity of the recipients of each tax expenditure;

14 “(e) [*State agency*] Contracting and subcontracting information **of state agencies and education**
15 **service districts**, to the extent allowed by law;

16 “(f) A prominently placed graphic representation of the primary funding categories and approx-
17 imate number of individuals served by the state agency **or the education service district;**

18 “(g) A description of the mission, function and program categories of the state agency **or edu-**
19 **cation service district;**

20 “(h) Information about the state agency from the Oregon Progress Board; [*and*]

21 “(i) A copy of any audit report issued by the Secretary of State for the state agency **or of any**
22 **audit reports issued for the education service district;**

23 “(j) **The local service plans of the education service districts;**

24 “(k) **A copy of each report required by statute for education service districts; and**

25 “(L) **A copy of all notices of public meetings of the education service districts.**

26 “(4) In creating, operating, refining and recommending enhancements to the Oregon transpar-
27 ency website, the Oregon Department of Administrative Services and the Transparency Oregon Ad-
28 visory Commission created in ORS 184.486 shall consider and, to the extent practicable, adhere to
29 the following principles:

30 “(a) The website must be accessible without cost and be easy to use;

31 “(b) Information included on the Oregon transparency website must be presented using plain,
32 easily understandable language; and

33 “(c) The website should teach users about how state government [*works*] **and education service**
34 **districts work** and provide users with the opportunity to learn something about how state govern-
35 ment [*raises and spends*] **and education service districts raise and spend** revenue.

36 “(5) If a state agency **or an education service district** is not able to include information de-
37 scribed in this section on the Oregon transparency website because of the lack of availability of
38 information or cost in acquiring it, the Transparency Oregon Advisory Commission created in ORS
39 184.486 shall list the information that is not included for that state agency **or education service**
40 **district** in the commission’s report to the Legislative Assembly required under ORS 184.486.

41 “**SECTION 21. Sections 22 to 26 of this 2011 Act are added to and made a part of ORS**
42 **chapter 334.**

43 “**SECTION 22. (1) As used in this section:**

44 “(a) **‘Obligations’ means all contractual obligations, employment and service contracts**
45 **and collective bargaining agreements.**

1 “(b) ‘Reorganized’ means a change in:

2 “(A) The boundaries of an education service district, including a merger; or

3 “(B) The governance structure of an education service district.

4 “(2) Employees who are employed by an education service district that is reorganized and
5 who are employed in duties that, after the reorganization, are to be performed by the new
6 education service district shall be considered employees of the new education service district.
7 The new education service district shall succeed the previous education service district as
8 party to any employment contracts.

9 “(3) Employees in the new education service district shall retain any seniority and accu-
10 mulated sick leave and vacation leave from the previous education service district.

11 “(4) All real and personal property belonging to an education service district that is re-
12 organized is considered property of the new education service district.

13 “(5) All obligations of an education service district that is reorganized are considered
14 obligations of the new education service district.

15 “SECTION 23. (1) A school district that withdraws from an education service district as
16 provided by section 2 of this 2011 Act and that seeks to fill a vacant position of employment
17 shall interview persons who:

18 “(a) Were employed by the education service district prior to the withdrawal of the
19 school district; and

20 “(b) Performed duties similar to the duties that will be performed in the position that the
21 school district is seeking to fill.

22 “(2) Nothing in this section requires a school district to interview a person who had been
23 employed by an education service district if the school district does not have a similar and
24 vacant position.

25 “(3) The interview requirement described in this section does not apply to the super-
26 intendent of the education service district or to any other administrators, as defined in ORS
27 342.120, of the education service district.

28 “(4) The interview requirement described in this section applies only during the 12 cal-
29 endar months immediately following the effective date of the withdrawal of the school dis-
30 trict from the education service district.

31 “SECTION 24. If, prior to June 30, 2012, two or more education service districts choose
32 to join together for the purpose of forming one education service district, the education
33 service districts:

34 “(1) Are not required to follow the procedures described in ORS 334.710 and 334.720; and

35 “(2) May join together by having each education service district that proposes to join
36 together issue an order that recognizes the joining together of the education service dis-
37 tricts.

38 “SECTION 25. (1) No later than October 1 of each year, the board of directors of an ed-
39 ucation service district shall produce an annual report related to the performance and the
40 finances of the education service district for the previous school year. The purpose of the
41 report is to provide information to parents, component school districts and the Department
42 of Education and to improve education service districts through greater involvement of
43 persons who are interested in the success of education service districts.

44 “(2) The annual report that is produced as required by this section must include:

45 “(a) The size and demographics of the education service district;

1 “(b) The number of students served by the education service district, identified by school
2 district;

3 “(c) Services provided by the education service district, and how those services align with
4 the goals described in ORS 334.175 and the local service plan developed for the education
5 service district;

6 “(d) The number of hours of services provided by the education service district, identified
7 by category;

8 “(e) The staff of the education service district, identified by category;

9 “(f) The use of distance learning; and

10 “(g) The education service district’s revenue and expenditures, including employee salary
11 information.

12 “(3) The board of directors of the education service district must:

13 “(a) Submit the report produced as required by this section to:

14 “(A) The component school districts of the education service district; and

15 “(B) The Department of Education.

16 “(b) Make the report produced as required by this section available to the public at the
17 administrative offices of the education service district and on the website for the education
18 service district.

19 “SECTION 26. Notwithstanding section 25 of this 2011 Act, the first report required under
20 section 25 of this 2011 Act shall be produced no later than October 1, 2012.

21 “SECTION 27. ORS 342.121 is amended to read:

22 “342.121. (1) The Teacher Standards and Practices Commission shall issue licenses to teachers
23 and administrators who possess the minimum competencies, knowledge and skills to teach and ad-
24 minister in the public schools of the state.

25 “(2)(a) In addition to a teaching or administrative license, a person may obtain certification,
26 indicating a higher degree of competency, knowledge and skill based on work experience and ad-
27 vanced study, from a professional organization of teachers or administrators, either on the state or
28 national level. [However,] A teaching certificate or administrative certificate [shall not be] is not
29 required to teach or administer in a public school of this state.

30 “(b) In addition to holding an administrative license as a superintendent, a person who
31 is a superintendent of an education service district shall obtain certification, indicating a
32 higher degree of competency, knowledge and skill based on work experience and advanced
33 study, from the commission. The certificate shall be designed to ensure that the super-
34 intendent has knowledge of theories related to change, strategic planning and financial
35 planning and is capable of formulating interorganizational cooperation and developing part-
36 nerships. The certificate described in this paragraph is required for a person to be a super-
37 intendent of an education service district of this state.

38 “SECTION 28. ORS 334.225 is amended to read:

39 “334.225. (1) The education service district board shall employ a superintendent who must hold
40 an administrative license as a superintendent and a certificate described in ORS 342.121 (2)(b).
41 The superintendent shall serve as the board’s executive officer, give an official bond or an irrev-
42 ocable letter of credit issued by an insured institution, as defined in ORS 706.008, and have the du-
43 ties prescribed by the board and the laws of this state. The board shall fix the term and
44 compensation of the superintendent, provide office room for the superintendent and allow all of the
45 superintendent’s necessary traveling expenses.

1 “(2) The education service district board shall designate the superintendent as the district clerk.
2 The board may appoint qualified persons as deputies to the superintendent to perform the duties
3 required of the district clerk by law or by the board.

4 “**SECTION 29.** (1) The amendments to ORS 334.225 and 342.121 by sections 27 and 28 of
5 this 2011 Act become operative on July 1, 2013.

6 “(2) The amendments to ORS 334.225 and 342.121 by sections 27 and 28 of this 2011 Act
7 apply to superintendents of education service districts hired before, on or after the effective
8 date of this 2011 Act.

9 “**SECTION 30.** Sections 31 and 32 of this 2011 Act are added to and made a part of ORS
10 chapter 334.

11 “**SECTION 31.** (1) The Office of Regional Educational Services is established for the pur-
12 poses of coordinating the efforts of and providing leadership for regional educational service
13 delivery systems. The office shall function under the direction and control of the State Board
14 of Education.

15 “(2)(a) The Director of the Office of Regional Educational Services shall serve as the
16 administrative officer of the Office of Regional Educational Services. The Superintendent of
17 Public Instruction shall select the director.

18 “(b) The director shall perform the duties, powers and functions of the office under the
19 supervision and subject to the direction of the Superintendent of Public Instruction.

20 “(3) The office shall:

21 “(a) Establish best practice policies for the delivery of regional educational services.

22 “(b) Establish benchmarks for education service districts that encourage improvements
23 and that allow the education service districts to demonstrate that improvements are being
24 made in the operation of the education service districts.

25 “(c) Determine the direct cost of services to school districts that are assessed by edu-
26 cation service districts.

27 “(d) Ensure that each education service district has an annual audit of the accounts of
28 the education service district prepared in accordance with the Municipal Audit Law, as pro-
29 vided in ORS 297.405 to 297.555 and 297.990, and review the audit.

30 “(e) Recommend to the Superintendent of Public Instruction any actions to be taken re-
31 garding an education service district if the office has reason to believe that an education
32 service district is nonstandard as provided by ORS 334.217. A recommended action under this
33 paragraph may include conducting a performance audit of the education service district.

34 “(f) Recommend to the Superintendent of Public Instruction any sanctions to impose on
35 an education service district that are consistent with ORS 334.217 and recommend any stat-
36 utory changes required to impose effective sanctions on education service districts.

37 “(g) Recommend to the Superintendent of Public Instruction and the State Board of Ed-
38 ucation any statutory or rule changes that may improve the operations or administration
39 of education service districts.

40 “(h) Recommend to the board of directors of an education service district or to the su-
41 perintendent of an education service district any changes that may improve the operations
42 or administration of the education service district.

43 “(i) Recommend to the Superintendent of Public Instruction and the State Board of Ed-
44 ucation any changes in education service district boundaries that may reduce costs and in-
45 crease the quality of services provided by education service districts.

1 “(j) Recommend to the board of directors of an education service district or to the su-
2 perintendent of an education service district any changes in service delivery regions that
3 may reduce costs and increase the quality of services provided by the education service dis-
4 trict.

5 “(k) Provide training and related support for boards of directors of education service
6 districts and superintendents of education service districts.

7 “(L) Gather information regarding the cost of services within education service districts
8 and across education service districts, identify unusually high cost services and provide the
9 gathered information to education service districts, the Superintendent of Public Instruction
10 and the State Board of Education.

11 “(4) For the purposes of identifying the best practice policies described in subsection
12 (3)(a) of this section and the benchmarks described in subsection (3)(b) of this section, the
13 office may:

14 “(a) Conduct an analysis of the effectiveness of education service districts that are
15 identified by the director; and

16 “(b) Conduct evaluations of the systems and procedures of education service districts
17 identified by the director.

18 “(5) The director may enter into contracts as necessary to perform the duties of the of-
19 fice specified in subsection (3) of this section.

20 “(6) The State Board of Education, in collaboration with the Superintendent of Public
21 Instruction and the director, may adopt any rules necessary for the purposes of this section.

22 “(7) On behalf of the office, the Department of Education may accept contributions of
23 moneys and assistance from the United States Government or its agencies or from any other
24 source, public or private, and agree to conditions placed on the moneys not inconsistent with
25 the duties of the office. All moneys received by the department under this subsection shall
26 be deposited into the Regional Educational Services Account established by section 32 of this
27 2011 Act to be used for the purposes of carrying out the duties of the office.

28 “SECTION 32. (1) The Regional Educational Services Account is established in the State
29 Treasury, separate and distinct from the General Fund. Interest earned by the Regional
30 Educational Services Account shall be credited to the account. Except as limited by sub-
31 section (2) of this section, moneys in the account are continuously appropriated to the Office
32 of Regional Educational Services.

33 “(2) The Office of Regional Educational Services may expend or otherwise obligate no
34 more than \$500,000 per biennium from the Regional Educational Services Account. The Di-
35 rector of the Office of Regional Educational Services shall establish a schedule that allows
36 for the periodic transfer of moneys in the account that are in excess of the moneys allowed
37 to the Office of Regional Educational Services under this subsection. Transfers shall be made
38 to the State School Fund for distribution to school districts as provided by ORS 327.013 and
39 this section.

40 “(3) On June 30 of each odd-numbered year, all moneys in the account that are unex-
41 pended, unobligated and not subject to any conditions shall transfer to the State School Fund
42 for distribution to school districts as provided by ORS 327.013 and this section.

43 “(4) For the purpose of distributions made as provided by this section, the Superintendent
44 of Public Instruction:

45 “(a) May not include any amounts transferred to the State School Fund under this sec-

1 tion when making calculations described in ORS 327.019 (3)(a).

2 “(b) May not distribute to education service districts or the Office of Regional Educa-
3 tional Services any moneys transferred to the State School Fund as provided by this section.

4 “(c) Shall distribute to school districts any moneys received under this section based on
5 the schedule described in ORS 327.095.

6 “**SECTION 33.** Section 34 of this 2011 Act is added to and made a part of ORS 327.006 to
7 327.133.

8 “**SECTION 34.** (1) Each fiscal year, the Superintendent of Public Instruction shall trans-
9 fer from the State School Fund to the Regional Educational Services Account established by
10 section 32 of this 2011 Act the amount calculated as provided by this section.

11 “(2)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated
12 or allocated to the State School Fund and available for distribution to school districts, edu-
13 cation service districts, programs and the Office of Regional Educational Services + total
14 amount of local revenues of all school districts, computed as provided in ORS 327.011, + total
15 amount of local revenues of all education service districts. The superintendent may not in-
16 clude in the calculation under this paragraph amounts received by the Department of Edu-
17 cation from the State School Fund under ORS 343.243.

18 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this
19 subsection by 0.25 percent.

20 “(c) The superintendent shall transfer the amount calculated under paragraph (b) of this
21 subsection to the Regional Educational Services Account.

22 “**SECTION 35.** Section 34 of this 2011 Act applies to State School Fund distributions
23 commencing with the 2011-2012 distribution.

24 “**SECTION 36.** ORS 327.008 is amended to read:

25 “327.008. (1) There is established a State School Fund in the General Fund. The fund shall con-
26 sist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
27 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
28 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
29 327.355, 327.357, 327.360, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

30 “(2) There shall be apportioned from the State School Fund to each school district a State
31 School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility
32 grant and a transportation grant and a high cost disabilities grant minus local revenue, computed
33 as provided in ORS 327.011 and 327.013.

34 “(3) There shall be apportioned from the State School Fund to each education service district
35 a State School Fund grant as calculated under ORS 327.019.

36 “(4) There shall be apportioned from the State School Fund the amount to be transferred
37 to the Regional Educational Services Account as calculated under section 34 of this 2011 Act.

38 “[4] (5) All figures used in the determination of the distribution of the State School Fund shall
39 be estimates for the same year as the distribution occurs, unless otherwise specified.

40 “[5] (6) Numbers of students in average daily membership used in the distribution formula shall
41 be the numbers as of June of the year of distribution.

42 “[6] (7) A school district may not use the portion of the State School Fund grant that is at-
43 tributable to the facility grant for capital construction costs.

44 “[7] (8) The total amount of the State School Fund that is distributed as facility grants may
45 not exceed \$25 million in any biennium. If the total amount to be distributed as facility grants ex-

ceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant.

“(8) (9) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

“(9) (10) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from the State School Fund to the Small School District Supplement Fund established in ORS 327.360.

“(10) (11) Each fiscal year, the Department of Education may expend up to \$550,000 from the State School Fund for the contract described in ORS 329.488. The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by the amount expended by the department under this subsection.

“(11) (12) Each biennium, the Department of Education may expend up to \$800,000 from the State School Fund for the administration of ORS 326.133 and 326.136.

“(12) (13) Each biennium, the Department of Education may expend up to \$350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education under ORS 343.404.

“(13) (14) Each biennium, the Department of Education may expend up to \$150,000 from the State School Fund for the administration of a program to increase the number of speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

“**SECTION 37.** ORS 327.008, as amended by section 12, chapter 846, Oregon Laws 2007, section 2, chapter 39, Oregon Laws 2008, and section 9, chapter 698, Oregon Laws 2009, is amended to read:

“327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education Stability Fund. The State School Fund is continuously appropriated to the Department of Education for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

“(2) There shall be apportioned from the State School Fund to each school district a State School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 and 327.013.

“(3) There shall be apportioned from the State School Fund to each education service district a State School Fund grant as calculated under ORS 327.019.

“(4) **There shall be apportioned from the State School Fund the amount to be transferred to the Regional Educational Services Account as calculated under section 34 of this 2011 Act.**

“(4) (5) All figures used in the determination of the distribution of the State School Fund shall be estimates for the same year as the distribution occurs, unless otherwise specified.

“(5) (6) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution.

“(6) (7) A school district may not use the portion of the State School Fund grant that is attributable to the facility grant for capital construction costs.

“(7) (8) The total amount of the State School Fund that is distributed as facility grants may not exceed \$25 million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant.

“(8) (9) Each fiscal year, the Department of Education shall transfer the amount of \$18 million

1 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

2 “[9] (10) Each fiscal year, the Department of Education may expend up to \$550,000 from the
3 State School Fund for the contract described in ORS 329.488. The amount distributed to education
4 service districts from the State School Fund under this section and ORS 327.019 shall be reduced
5 by the amount expended by the department under this subsection.

6 “[10] (11) Each biennium, the Department of Education may expend up to \$800,000 from the
7 State School Fund for the administration of ORS 326.133 and 326.136.

8 “[11] (12) Each biennium, the Department of Education may expend up to \$350,000 from the
9 State School Fund to provide administration of and support for the development of talented and
10 gifted education under ORS 343.404.

11 “[12] (13) Each biennium, the Department of Education may expend up to \$150,000 from the
12 State School Fund for the administration of a program to increase the number of speech-language
13 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

14 “**SECTION 38.** ORS 334.217 is amended to read:

15 “334.217. (1) The State Board of Education by rule shall establish standards to determine the
16 adequacy of services and facilities provided by the education service districts. In establishing such
17 standards, the state board shall consider the most economic method of providing services and facil-
18 ities, the quality of the services and facilities according to the best educational standards, and the
19 needs of the students.

20 “(2) When the Superintendent of Public Instruction determines pursuant to rule that an educa-
21 tion service district is nonstandard, the district designated nonstandard shall file a plan to meet
22 standards over a specified period of time. The Superintendent **of Public Instruction** may accept,
23 reject or modify the plan and order the nonstandard district to comply with the plan as approved
24 by the superintendent. Once a plan is approved, the district shall be conditionally standard until all
25 deficiencies are corrected. If a district corrects all deficiencies, the district shall be designated as
26 standard. The district shall have 180 days from the date the plan is accepted to make all corrections.
27 After that time, the Superintendent **of Public Instruction** may impose sanctions on the district if
28 the district has not made the necessary corrections.

29 “(3) The state board shall establish by rule appropriate sanctions for noncompliance. The sanc-
30 tions may include:

31 “(a) Mandatory merger of the nonstandard education service district with a contiguous educa-
32 tion service district that is standard[.];

33 “(b) The sanctions described in ORS 342.173, if applicable[, or];

34 “(c) The withholding of funds from the State School Fund[.];

35 “(d) **The removal of the superintendent of the education service district;**

36 “(e) **The temporary governance of the education service district by the state board; or**

37 “(f) **Dissolution of the education service district.**

38 “**SECTION 39.** **This 2011 Act being necessary for the immediate preservation of the public**
39 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
40 **on its passage.”**