

# Senate Bill 959

Sponsored by Senator MORSE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Regional Education Services Advisory Board to perform duties related to Office of Regional Education Services.

Establishes Office of Regional Education Services for purposes of coordinating efforts and providing leadership for regional educational service delivery systems.

Declares emergency, effective July 1, 2011.

## A BILL FOR AN ACT

1  
2 Relating to education service districts; creating new provisions; amending ORS 327.019, 334.217 and  
3 334.240; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) The Regional Education Services Advisory Board is established. The du-**  
6 **ties of the board are to:**

7 (a) **Advise the Director of the Office of Regional Education Services for the purpose of**  
8 **assisting the director in fulfilling the statutory requirements imposed by section 3 of this**  
9 **2011 Act;**

10 (b) **Provide to the Director of the Office of Regional Education Services recommendations**  
11 **for changes in statute or rule for the purpose of assisting the director in fulfilling the stat-**  
12 **utory requirements imposed on the Office of Regional Education Services by section 3 of this**  
13 **2011 Act; and**

14 (c) **Assist the Superintendent of Public Instruction in selecting the Director of the Office**  
15 **of Regional Education Services, including developing or modifying a proposed position de-**  
16 **scription, screening candidates and making a recommendation for the position.**

17 (2) **The board shall consist of nine members appointed by the Governor and confirmed**  
18 **by the Senate in the manner provided by ORS 171.562 and 171.565. The term of office of each**  
19 **member is four years, but a member serves at the pleasure of the Governor.**

20 (3) **The Governor shall appoint the members of the board from among the school district**  
21 **superintendents of this state in a manner that ensures the representation of school districts**  
22 **of a variety of sizes and geographic locations.**

23 (4) **Members of the board may not receive compensation for their services, but shall be**  
24 **paid for their necessary and actual expenses in accordance with ORS 292.495.**

25 **SECTION 2. Notwithstanding the term of office specified by section 1 of this 2011 Act,**  
26 **of the members first appointed to the Regional Education Services Advisory Board:**

27 (1) **Two shall serve for a term ending July 1, 2012.**

28 (2) **Two shall serve for a term ending July 1, 2013.**

29 (3) **Two shall serve for a term ending July 1, 2014.**

30 (4) **Three shall serve for a term ending July 1, 2015.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1       **SECTION 3.** (1) The Office of Regional Education Services is established for the purposes  
2 of coordinating the efforts of and providing leadership for regional educational service deliv-  
3 ery systems. The office shall function under the direction and control of the State Board of  
4 Education.

5       (2)(a) The Director of the Office of Regional Education Services shall serve as the ad-  
6 ministrative officer of the Office of Regional Education Services. The Superintendent of  
7 Public Instruction shall select the director after considering the recommendation made by  
8 the Regional Education Services Advisory Board established in section 1 of this 2011 Act.

9       (b) The director shall perform the duties, powers and functions of the office:

10       (A) Under the supervision and subject to the direction of the Superintendent of Public  
11 Instruction; and

12       (B) In cooperation with the Regional Education Services Advisory Board.

13       (3) The Office of Regional Education Services shall:

14       (a) Establish best practice policies and conduct an ongoing analysis of the effectiveness  
15 of education service districts, including determining the direct cost of services to school  
16 districts that are assessed by education service districts.

17       (b) Establish benchmarks for education service districts that allow the education service  
18 districts to make improvements in the operation of the education service districts and to  
19 demonstrate that improvements are being made in the operation of education service dis-  
20 tricts.

21       (c) Conduct ongoing evaluations of the systems and procedures of education service dis-  
22 tricts.

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

26       (e) Request a performance audit of an education service district if the office has reason  
27 to believe that an education service district is nonstandard as provided by ORS 334.217.

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

31       (g) Recommend to the Superintendent of Public Instruction and the State Board of Edu-  
32 cation any statutory or rule changes that may improve the operations or administration of  
33 education service districts.

34       (h) Recommend to the board of directors of an education service district or to the su-  
35 perintendent of an education service district any changes that may improve the operations  
36 or administration of the education service district.

37       (i) Recommend to the Superintendent of Public Instruction and the State Board of Edu-  
38 cation any changes in education service district boundaries that may reduce costs and in-  
39 crease the quality of services provided by education service districts.

40       (j) Recommend to the board of directors of an education service district or to the su-  
41 perintendent of an education district any changes in service delivery regions that may reduce  
42 costs and increase the quality of services provided by the education service district.

43       (k) Provide training and related support for boards of directors of education service dis-  
44 tricts and superintendents of education service districts.

45       (L) Gather information regarding the cost of services within education service districts

1 **and across education service districts, identify unusually high cost services and provide the**  
 2 **gathered information to education service districts, the Superintendent of Public Instruction**  
 3 **and the State Board of Education.**

4 **(4) The State Board of Education, in collaboration with the Superintendent of Public In-**  
 5 **struction and the Director of the Office of Regional Education Services, may adopt any rules**  
 6 **necessary for the purposes of this section.**

7 **SECTION 4.** ORS 334.217 is amended to read:

8 334.217. (1) The State Board of Education by rule shall establish standards to determine the  
 9 adequacy of services and facilities provided by the education service districts. In establishing such  
 10 standards, the state board shall consider the most economic method of providing services and facil-  
 11 ities, the quality of the services and facilities according to the best educational standards, and the  
 12 needs of the students.

13 (2) When the Superintendent of Public Instruction determines pursuant to rule that an education  
 14 service district is nonstandard, the district designated nonstandard shall file a plan to meet stan-  
 15 dards over a specified period of time. The Superintendent **of Public Instruction** may accept, reject  
 16 or modify the plan and order the nonstandard district to comply with the plan as approved by the  
 17 superintendent. Once a plan is approved, the district shall be conditionally standard until all defi-  
 18 ciencies are corrected. If a district corrects all deficiencies, the district shall be designated as  
 19 standard. The district shall have 180 days from the date the plan is accepted to make all corrections.  
 20 After that time, the Superintendent **of Public Instruction** may impose sanctions on the district if  
 21 the district has not made the necessary corrections.

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

24 (a) Mandatory merger of the nonstandard education service district with a contiguous education  
 25 service district that is standard[.];

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

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

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

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

30 (f) **Dissolution of the education service district.**

31 **SECTION 5.** ORS 327.019 is amended to read:

32 327.019. (1) As used in this section:

33 (a) “Education service district extended ADMw” means the sum of the extended ADMw of the  
 34 component school districts of the education service district as computed under ORS 327.013.

35 (b) “Local revenues of an education service district” means the total of the following:

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

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

40 (C) The amount of revenue received by the district from state-managed forestlands under ORS  
 41 530.115 (1)(b) and (c); and

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

1 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
 2 grant for each education service district as provided in this section. **Prior to calculating the State**  
 3 **School Fund grant for each education service district, the superintendent shall calculate the**  
 4 **anticipated amount of administrative costs that will be incurred for that fiscal year by the**  
 5 **Office of Regional Education Services established in section 3 of this 2011 Act and shall retain**  
 6 **that amount for the purpose of paying those costs.**

7 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
 8 located to the State School Fund and available for distribution to school districts, education service  
 9 districts and programs + total amount of local revenues of all school districts, computed as provided  
 10 in ORS 327.011, + total amount of local revenues of all education service districts. The super-  
 11 intendent may not include in the calculation under this paragraph amounts received by the De-  
 12 partment of Education from the State School Fund under ORS 343.243.

13 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
 14 section by 95.25 percent.

15 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
 16 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
 17 327.133, 327.348, 327.355, 327.357 and 327.360 the total amount calculated under paragraph (b) of this  
 18 subsection as school district general purpose grants, facility grants, high cost disabilities grants and  
 19 transportation grants to school districts.

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

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

24 (a) The total amount calculated under subsection (3)(d) of this section for the component school  
 25 districts of the education service district  $\times$  (4.75  $\div$  95.25); or

26 (b) \$1 million.

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

29 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
 30 intendent of Public Instruction shall apportion from the State School Fund to each education service  
 31 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
 32 tion service district.

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

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

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

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

40 (8) An education service district shall distribute to its component school districts any amount  
 41 of local revenues of the education service district that is greater than the general services grant.  
 42 The amount that each component school district receives under this subsection shall be prorated  
 43 based on the district extended ADMw of each school district.

44 **SECTION 6.** ORS 327.019, as amended by section 13, chapter 846, Oregon Laws 2007, section  
 45 4, chapter 439, Oregon Laws 2009, and section 11, chapter 698, Oregon Laws 2009, is amended to

1 read:

2 327.019. (1) As used in this section:

3 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the  
4 component school districts of the education service district as computed under ORS 327.013.

5 (b) "Local revenues of an education service district" means the total of the following:

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

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

10 (C) The amount of revenue received by the district from state-managed forestlands under ORS  
11 530.115 (1)(b) and (c); and

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

16 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
17 grant for each education service district as provided in this section. **Prior to calculating the State  
18 School Fund grant for each education service district, the superintendent shall calculate the  
19 anticipated amount of administrative costs that will be incurred for that fiscal year by the  
20 Office of Regional Education Services established in section 3 of this 2011 Act and shall retain  
21 that amount for the purpose of paying those costs.**

22 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
23 located to the State School Fund and available for distribution to school districts, education service  
24 districts and programs + total amount of local revenues of all school districts, computed as provided  
25 in ORS 327.011, + total amount of local revenues of all education service districts. The super-  
26 intendent may not include in the calculation under this paragraph amounts received by the De-  
27 partment of Education from the State School Fund under ORS 343.243.

28 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
29 section by 95.25 percent.

30 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
31 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
32 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school  
33 district general purpose grants, facility grants, high cost disabilities grants and transportation  
34 grants to school districts.

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

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

39 (a) The total amount calculated under subsection (3)(d) of this section for the component school  
40 districts of the education service district  $\times$  (4.75  $\div$  95.25); or

41 (b) \$1 million.

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

44 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
45 intendent of Public Instruction shall apportion from the State School Fund to each education service

1 district an amount = (funding percentage × general services grant) – local revenues of the educa-  
2 tion service district.

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

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

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

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

10 (8) An education service district shall distribute to its component school districts any amount  
11 of local revenues of the education service district that is greater than the general services grant.  
12 The amount that each component school district receives under this subsection shall be prorated  
13 based on the district extended ADMw of each school district.

14 **SECTION 7. The amendments to ORS 327.019 by sections 5 and 6 of this 2011 Act apply**  
15 **to State School Fund distributions commencing with the 2011-2012 distributions.**

16 **SECTION 8.** ORS 334.240 is amended to read:

17 334.240. (1) The education service district board shall be subject in all respects to the Local  
18 Budget Law (ORS 294.305 to 294.565), except that in addition to other qualifications, members of the  
19 budget committee who are not members of the education service district board shall be members of  
20 component school district boards within the education service district or shall be designees of a  
21 school district board.

22 (2) Notwithstanding ORS 294.336 and 294.341, a majority of the members of the budget commit-  
23 tee of an education service district must consist of members of the component school district boards  
24 or designees of a school district board. The budget committee may meet to conduct business if the  
25 education service district board is unable to fill all of the positions on the budget committee.

26 (3) The board of the education service district shall prepare and adopt a budget for the opera-  
27 tional and administrative expenses of the education service district. The budget shall include  
28 amounts necessary to provide services required by the local service plan of the district developed  
29 under ORS 334.175.

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

33 **SECTION 9. This 2011 Act being necessary for the immediate preservation of the public**  
34 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**  
35 **July 1, 2011.**

36