

HB 2506
Relating to School Funding

House Bill 2506 establishes a 13 member Task Force on School Funding which is required to report to the Legislature by fall of 2014. Membership on the Task Force includes two Legislators appointed from each body, and nine members appointed by the Governor representing teachers, school administrators, business managers, school board members, and representatives of ESDs. The Governor's appointments are to reflect geographic and school size diversity. The Department of Education is directed to staff the Task Force.

The Education Subcommittee also approved changes to the school finance formula including:

- Repealing the Regional Educational Services Account and the Office of Regional Educational Services and redirecting the funds to be distributed through the formula.
- Reducing the amount distributed in Facilities Grant to school districts from \$25 million to \$20 million each biennium, and redeploying the \$5 million to the Quality Teaching and Learning Network.
- Reducing the amount distributed to school districts and ESDs each by \$14 million for the biennium, and also redirecting these resources to the Quality Teaching and Learning Network. These amounts would be adjusted biennially based on the change in the State School Fund.

The Education Subcommittee recommends HB 2506 be amended and reported out do pass, as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Komp
Carrier – Senate: Sen. Monroe

Revenue:

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Doug Wilson, Legislative Fiscal Office

Meeting Date: May 31, 2013

WHAT THE MEASURE DOES: Establishes the Task Force on School Funding. Requires the Task Force to submit a report with recommendations to the Legislature by October 1, 2014. Takes effect on passage.

ISSUES DISCUSSED:

- Representation of different geographic and school size groups on Task Force

EFFECT OF COMMITTEE AMENDMENT: The amendment added the following components to the bill:

1. Abolish the Office of Regional Educational Services and the Regional Educational Services Account as well as repeal ORS 327.009 which transferred 0.25% of the school funding formula resources for the Regional Educational Services Account. The resulting “savings” of approximately \$24 million would be distributed to School Districts and ESDs through the formula (95.5% to School Districts and 4.5% to ESDs).
2. Reduce the amount dedicated to the Facilities Grant Program in ORS 327.008 from \$25 million per biennium to \$20 million and redeploy the \$5 million to the Quality Teaching and Learning Network established in HB 3233.
3. Allocate equal amounts from the formula amounts that are distributed to School Districts and to ESDs (\$14 million each) for the Quality Teaching and Learning Network.
4. Index the amounts dedicated to the Network by #3 above to the change in the amount in the State School Fund (SSF) meaning if the SSF increased by 5% between biennia, the amounts would increase proportionately.

The bill was also amended to include a representative of teachers on the Task Force as well as to insure geographic and school size diversity among the members of the Task Force.

BACKGROUND: The formula revenue available for school districts and education service districts has two funding sources. They are the State School Fund provided by the legislature and local revenues. The 1991 Legislature adopted the school equalization formula as distribution principle of the formula revenue, and phased in its implementation. Equity as measured by the equalization formula applied to all school districts beginning in the 1992-93 school year. Education service districts (ESD) also receive the State School Fund. Before the Measure 5 (1990), they received no state aid. Subsequently, state support helped replace reduced property taxes. The 2001 Legislature adopted a 5 year phase-in plan to equalize ESD revenue, with the final equalization occurring in the 2005-06 school year.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2506 - B**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Doug Wilson
Date: 5/30/2013

Measure Description:

Establishes Task Force on School Funding.

Government Unit(s) Affected:

Department of Education, Office of the Governor, Education Service Districts (ESD), School Districts

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2506 B-Engrossed establishes the 13-member Task Force on School Funding charged with making recommendations regarding possible modifications to the funding formulas used to distribute State School Fund moneys to school districts and education service districts. The task force is required to submit a report that may include recommendations for legislation to an interim committee of the legislature by October 1, 2014.

In addition to four legislators, the remaining nine members appointed by the Governor include individuals who represent teachers, education service districts, school districts, schools, and school boards. This fiscal assumes that membership and participation on the task force will have minimal impact on these entities, and that any resulting work can be absorbed with existing resources. Each entity will have to reprioritize duties and responsibilities of existing staff to allow participation on the task force. All members of the task force serve as volunteers and are not entitled to per diem or reimbursements. The Oregon Department of Education (ODE) is directed to provide staff support to the task force. This fiscal assumes ODE will use existing staff and resources to carry out this directive.

HB 2506-B also:

1. Abolishes the Office of Regional Educational Services and the Regional Educational Services Account, as well as repeals ORS 327.009 which transferred 0.25% of the school funding formula resources for the Regional Educational Services Account. The resulting "savings" would be distributed to School Districts and ESDs through the formula.
2. Reduces the amount dedicated to the Facilities Grant Program in ORS 327.008 from \$25 million per biennium to \$20 million and redeploys the \$5 million to the Quality Teaching and Learning Network established in HB 3233.
3. Allocates equal amounts from the formula amounts that are distributed to School Districts and to ESDs (\$14 million each) for the Quality Teaching and Learning Network.
4. Indexes the amounts dedicated to the Network by #4 above to the change in the amount in the State School Fund (SSF) meaning if the SSF increased by 5% between biennia, the amounts would increase proportionately.
5. Establishes the Network of Quality Teaching and Learning Fund.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2506**

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon in-
2 sert "creating new provisions; amending ORS 294.383, 327.008, 327.019 and
3 329.488; repealing ORS 327.009, 334.800 and 334.820; appropriating money;".

4 Delete lines 10 through 12 and insert:

5 "(c) The Governor shall appoint nine members who represent:

6 "(A) School teachers, school administrators, school district business
7 managers, district school board members and personnel of education service
8 districts;

9 "(B) Geographically diverse urban and rural schools; and

10 "(C) Schools of various sizes."

11 Delete lines 16 through 19.

12 In line 20, delete "(5)" and insert "(4)".

13 In line 22, delete "(6)" and insert "(5)".

14 In line 24, delete "(7)" and insert "(6)".

15 In line 25, delete "(8)" and insert "(7)".

16 In line 27, delete "(9)" and insert "(8)".

17 On page 2, line 2, delete "(10)" and insert "(9)".

18 In line 3, delete "(11)" and insert "(10)".

19 In line 6, delete "(12)" and insert "(11)" and delete "office of the
20 Governor" and insert "Department of Education".

21 In line 7, delete "(13)" and insert "(12)".

22 In line 11, delete "(14)" and insert "(13)".

1 After line 16, insert:

2 **SECTION 3. The Office of Regional Educational Services is abol-**
3 **ished.**

4 **SECTION 4. (1) The Regional Educational Services Account is**
5 **abolished.**

6 **“(2) Any moneys remaining in the Regional Educational Services**
7 **Account on the effective date of this 2013 Act that are unexpended,**
8 **unobligated and not subject to any conditions shall revert to the**
9 **General Fund.**

10 **SECTION 5. ORS 327.009, 334.800 and 334.820 are repealed.**

11 **SECTION 6. ORS 294.383 is amended to read:**

12 **“294.383. (1) As used in this section, ‘extended ADMw’ means:**

13 **“(a) For a school district, the district extended ADMw as calculated un-**
14 **der ORS 327.013.**

15 **“(b) For an education service district, the sum of the extended ADMw of**
16 **the school districts located within the territory of the education service**
17 **district.**

18 **“(2) Notwithstanding ORS 294.333, a school district or education service**
19 **district that uses the accrual basis method of accounting may include as**
20 **accrued revenues in the budget and financial statement of the school district**
21 **or education service district, for any fiscal year, an amount from the next**
22 **fiscal year that is to be received in the next fiscal year. The amount accrued**
23 **under this section may not be greater than the amount calculated under**
24 **subsection (3)(b) or (c) of this section multiplied by the extended ADMw of**
25 **the school district or education service district.**

26 **“(3)(a) For each fiscal year, the Department of Education shall calculate**
27 **the amount available in the State School Fund for grants and distributions**
28 **to school districts and the amount available for grants and distributions to**
29 **education service districts under ORS 327.008, 327.013 and 327.019 based on**
30 **the appropriations and allocations made to the State School Fund for that**

1 fiscal year by the Legislative Assembly in regular session. The department
2 may not include in the amount calculated to be available for school districts
3 and education service districts under this paragraph the amounts received
4 by the Youth Corrections Education Program and the Juvenile Detention
5 Education Program under ORS 327.026 from the State School Fund [*or*
6 *amounts transferred to the Regional Educational Services Account as provided*
7 *by ORS 327.009*].

8 “(b) The department shall calculate for school districts an amount equal
9 to (the amount calculated under paragraph (a) of this subsection for school
10 districts ÷ 12) ÷ the total statewide extended ADMw of all school districts.

11 “(c) The department shall calculate for education service districts an
12 amount equal to (the amount calculated under paragraph (a) of this sub-
13 section for education service districts ÷ 12) ÷ the total statewide extended
14 ADMw of all education service districts.

15 “(d) The department may adjust the calculations under this subsection
16 based on current data for the factors used to calculate the State School Fund
17 distribution to school districts and education service districts under ORS
18 327.008, 327.013 and 327.019.

19 “(e) Notwithstanding paragraph (d) of this subsection, the department
20 may not adjust the calculation under paragraph (a) of this subsection based
21 on changes made to the appropriations or allocations to the State School
22 Fund by the Legislative Assembly in special session or by rule of the Oregon
23 Department of Administrative Services relating to allotting funds.

24 “(4) Notwithstanding ORS 294.333, a community college district or com-
25 munity college service district that uses the accrual basis method of ac-
26 counting may include as accrued revenues in the budget and financial
27 statement of the community college district or community college service
28 district, for any fiscal year, an amount from the next fiscal year that is to
29 be received in the next fiscal year. The amount accrued under this section
30 may not be greater than 25 percent of the amount the community college

1 district or community college service district received as a Community Col-
2 lege Support Fund grant for the fiscal year for which the revenues are to
3 be accrued.

4 **SECTION 7.** ORS 327.008, as amended by section 3, chapter 91, Oregon
5 Laws 2012, is amended to read:

6 “327.008. (1) There is established a State School Fund in the General
7 Fund. The fund shall consist of moneys appropriated by the Legislative As-
8 sembly and moneys transferred from the Education Stability Fund. The State
9 School Fund is continuously appropriated to the Department of Education
10 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125,
11 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

17 “(3) There shall be apportioned from the State School Fund to each edu-
18 cation service district a State School Fund grant as calculated under ORS
19 327.019.

20 “[4] *There shall be apportioned from the State School Fund the amount*
21 *to be transferred to the Regional Educational Services Account as calculated*
22 *under ORS 327.009.]*

23 “[5] (4) All figures used in the determination of the distribution of the
24 State School Fund shall be estimates for the same year as the distribution
25 occurs, unless otherwise specified.

26 “[6] (5) Numbers of students in average daily membership used in the
27 distribution formula shall be the numbers as of June of the year of distrib-
28 ution.

29 “[7] (6) A school district may not use the portion of the State School
30 Fund grant that is attributable to the facility grant for capital construction

1 costs.

2 “[8] (7) The total amount of the State School Fund that is distributed
3 as facility grants may not exceed \$25 million in any biennium. If the total
4 amount to be distributed as facility grants exceeds this limitation, the De-
5 partment of Education shall prorate the amount of funds available for facil-
6 ity grants among those school districts that qualified for a facility grant.

7 “[9] (8) Each fiscal year, the Department of Education shall transfer the
8 amount of \$18 million from the State School Fund to the High Cost Disa-
9 bilities Account established in ORS 327.348.

10 “[10] (9) Each fiscal year, the Department of Education may expend up
11 to \$550,000 from the State School Fund for the contract described in ORS
12 329.488. The amount distributed to education service districts from the State
13 School Fund under this section and ORS 327.019 shall be reduced by the
14 amount expended by the department under this subsection.

15 “[11] (10) Each biennium, the Department of Education may expend up
16 to \$350,000 from the State School Fund to provide administration of and
17 support for the development of talented and gifted education under ORS
18 343.404.

19 “[12] (11) Each biennium, the Department of Education may expend up
20 to \$150,000 from the State School Fund for the administration of a program
21 to increase the number of speech-language pathologists and speech-language
22 pathology assistants under ORS 348.394 to 348.406.

23 **“SECTION 8.** ORS 327.019 is amended to read:

24 “327.019. (1) As used in this section:

25 “(a) ‘Education service district extended ADMw’ means the sum of the
26 extended ADMw of the school districts located within the territory of the
27 education service district as computed under ORS 327.013.

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

30 “(A) The amount of revenue offset against local property taxes as deter-

1 mined by the Department of Revenue under ORS 311.175 (3)(a)(A);

2 “(B) The amount of property taxes actually received by the district in-
3 cluding penalties and interest on taxes;

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

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

11 “(2) Each fiscal year, the Superintendent of Public Instruction shall cal-
12 culate a State School Fund grant for each education service district as pro-
13 vided in this section.

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

23 “(b) The superintendent shall multiply the amount calculated under par-
24 agraph (a) of this subsection by 95.5 percent.

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

1 “(d) Based on the funding percentage calculated under paragraph (c) of
2 this subsection, the superintendent shall calculate the general purpose grant,
3 facility grant, transportation grant and high cost disabilities grant amounts
4 for each school district.

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

7 “(A) The total amount calculated under subsection (3)(d) of this section
8 for the school districts located within the territory of the education service
9 district $\times (4.5 \div 95.5)$; or

10 “(B) \$1 million if the education service district received a general services
11 grant of \$1 million for the 2010-2011 school year.

12 “(b) Notwithstanding paragraph (a) of this subsection and only for State
13 School Fund distributions made for the first school year after two or more
14 education service districts join together, if an education service district re-
15 ceived a general services grant as provided by paragraph (a)(B) of this sub-
16 section prior to the education service district joining together with one or
17 more other education service districts to form a new education service dis-
18 trict:

19 “(A) The general services grant for the new education service district
20 shall be calculated for each component education service district as though
21 the component education service districts had not joined together to form a
22 new education service district; and

23 “(B) A component education service district that received \$1 million as
24 provided by paragraph (a)(B) of this subsection shall be entitled to receive
25 \$1 million under the calculation provided by this paragraph.

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

29 “(6)(a) After completing the calculations under subsections (2) to (5) of
30 this section, the Superintendent of Public Instruction shall apportion from

1 the State School Fund to each education service district an amount =
2 (funding percentage × general services grant) – local revenues of the edu-
3 cation service district.

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

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

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

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

14 “(8) An education service district shall distribute to school districts lo-
15 cated within the territory of the education service district any amount of
16 local revenues of the education service district that is greater than the
17 general services grant. The amount that each school district receives under
18 this subsection shall be prorated based on the district extended ADMw of the
19 school district as calculated under ORS 327.013.

20 “(9)(a) An education service district shall distribute to a school district
21 that is located within the territory of the education service district but that
22 has withdrawn from the education service district as provided in ORS 334.015
23 the amounts received by the education service district as a general services
24 grant and from the School Improvement Fund.

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

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

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

30 “(C) May be used to pay for any expenses incurred in providing services

1 described in ORS 334.175 (2) to the students of the school district by:

2 “(i) The school district;

3 “(ii) The education service district from which the school district with-
4 drew;

5 “(iii) An education service district that is not the education service dis-
6 trict from which the school district withdrew; or

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

9 **“SECTION 9. The amendments to ORS 294.383, 327.008 and 327.019**
10 **by sections 6 to 8 of this 2013 Act and the repeal of ORS 327.009 by**
11 **section 5 of this 2013 Act apply to State School Fund distributions**
12 **commencing with the 2013-2014 distributions.**

13 **“SECTION 10.** ORS 329.488 is amended to read:

14 “329.488. (1) The Department of Education shall contract with a nonprofit
15 entity to administer a nationally normed assessment, in collaboration with
16 the department, to all students in grade 10 who are enrolled in a public
17 school. The purpose of the assessment is to predict the success of students
18 on, and provide practice for students taking, college entrance exams.

19 “(2) The department shall base the selection of the contractor under sub-
20 section (1) of this section on all of the following criteria:

21 “(a) The contractor must be able to provide to the department statewide
22 data containing the results of the assessment;

23 “(b) The contractor shall provide an assessment that:

24 “(A) Identifies students with high potential to excel in advanced place-
25 ment (AP) or other honors courses based on a research-based correlation of
26 scores on the grade 10 assessment to advanced placement examinations;

27 “(B) Examines students in mathematics, reading and writing; and

28 “(C) Provides results that can be used by Oregon’s higher education in-
29 stitutions to recruit students to attend college;

30 “(c) The contractor must be able to supply schools with an item-by-item

1 analysis of student performance on the assessment; and

2 “(d) The contractor must be able to make available to each student taking
3 the assessment a free career assessment and online exploration of colleges
4 and career opportunities.

5 “(3)(a) In lieu of using the contractor selected by the department under
6 subsection (1) of this section, a school district may apply to the department
7 for a waiver to allow the district to enter into a contract with a different
8 nonprofit entity for the purpose of administering a nationally normed as-
9 sessment to all students in grade 10 who are enrolled in the public schools
10 operated by the district. The department shall grant the waiver if:

11 “(A) The district had entered into a contract with the entity for the
12 2007-2008 school year to administer a grade 10 assessment;

13 “(B) The entity, in coordination with the district, administered a grade
14 10 assessment during the 2007-2008 school year;

15 “(C) For the most recent school year in which the entity administered a
16 grade 10 assessment, the entity met the criteria set forth in subsection (2)
17 of this section as in effect for the school year in which the entity adminis-
18 tered the assessment; and

19 “(D) The entity plans to meet the criteria set forth in subsection (2) of
20 this section as in effect for the school year for which the school district
21 seeks a waiver.

22 “(b) A waiver granted by the department under this subsection:

23 “(A) Is valid for one school year; and

24 “(B) May be renewed each school year.

25 “(c) The department shall reimburse a school district for the cost of as-
26 sessments allowed under this subsection from funds available to the depart-
27 ment under ORS 327.008 [(10)] (9).

28 “(4) Notwithstanding subsections (1) and (3) of this section:

29 “(a) The department may, under rules adopted by the State Board of Ed-
30 ucation, waive the assessment for specific groups of students; and

1 “(b) Upon request from a student who is enrolled in a public school op-
2 erated by a school district or the parent or guardian of the student, the
3 school district shall waive the assessment for the student.

4 **“SECTION 11. (1) The Network of Quality Teaching and Learning**
5 **Fund is established in the State Treasury, separate and distinct from**
6 **the General Fund. Interest earned by the Network of Quality Teaching**
7 **and Learning Fund shall be credited to the General Fund.**

8 **“(2) Moneys in the Network of Quality Teaching and Learning Fund**
9 **are continuously appropriated to the Department of Education for the**
10 **Network of Quality Teaching and Learning established by section 1,**
11 **chapter _____, Oregon Laws 2013 (Enrolled House Bill 3233).**

12 **“(3) The Department of Education, on behalf of the State of Oregon,**
13 **may solicit and accept gifts, grants or donations from public and pri-**
14 **ivate sources for the Network of Quality Teaching and Learning.**
15 **Moneys received under this subsection shall be deposited into the**
16 **Network of Quality Teaching and Learning Fund.**

17 **“SECTION 12. If House Bill 3233 does not become law, section 11 of**
18 **this 2013 Act is repealed.**

19 **“SECTION 13. If House Bill 3233 becomes law, ORS 327.008, as amended**
20 **by section 3, chapter 91, Oregon Laws 2012, and section 7 of this 2013 Act,**
21 **is amended to read:**

22 **“327.008. (1) There is established a State School Fund in the General**
23 **Fund. The fund shall consist of moneys appropriated by the Legislative As-**
24 **sembly and moneys transferred from the Education Stability Fund. The State**
25 **School Fund is continuously appropriated to the Department of Education**
26 **for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125,**
27 **327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.**

28 **“(2) There shall be apportioned from the State School Fund to each school**
29 **district a State School Fund grant, consisting of the positive amount equal**
30 **to a general purpose grant and a facility grant and a transportation grant**

1 and a high cost disabilities grant minus local revenue, computed as provided
2 in ORS 327.011 and 327.013.

3 “(3) There shall be apportioned from the State School Fund to each edu-
4 cation service district a State School Fund grant as calculated under ORS
5 327.019.

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

9 “(5) Numbers of students in average daily membership used in the dis-
10 tribution formula shall be the numbers as of June of the year of distribution.

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

13 “(7) The total amount of the State School Fund that is distributed as fa-
14 cility grants may not exceed [~~\$25~~] **\$20** million in any biennium. If the total
15 amount to be distributed as facility grants exceeds this limitation, the De-
16 partment of Education shall prorate the amount of funds available for facil-
17 ity grants among those school districts that qualified for a facility grant.

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

21 “**(9)(a) Each biennium, the Department of Education shall transfer**
22 **\$33 million from the State School Fund to the Network of Quality**
23 **Teaching and Learning Fund established under section 11 of this 2013**
24 **Act.**

25 “**(b) For the purpose of making the transfer under this subsection:**

26 “**(A) The total amount available for all distributions from the State**
27 **School Fund shall be reduced by \$5 million;**

28 “**(B) The amount distributed to school districts from the State**
29 **School Fund under this section and ORS 327.013 shall be reduced by**
30 **\$14 million; and**

1 “(C) The amount distributed to education service districts from the
2 State School Fund under this section and ORS 327.019 shall be reduced
3 by \$14 million.

4 “(c) For each biennium, the amounts identified in paragraph (b)(B)
5 and (C) of this subsection shall be adjusted by the same percentage
6 by which the amount appropriated to the State School Fund for that
7 biennium is increased or decreased compared to the preceding
8 biennium, as determined by the Department of Education after con-
9 sultation with the Legislative Fiscal Officer.

10 “[(9)] (10) Each fiscal year, the Department of Education may expend up
11 to \$550,000 from the State School Fund for the contract described in ORS
12 329.488. The amount distributed to education service districts from the State
13 School Fund under this section and ORS 327.019 shall be reduced by the
14 amount expended by the department under this subsection.

15 “[(10)] (11) Each biennium, the Department of Education may expend up
16 to \$350,000 from the State School Fund to provide administration of and
17 support for the development of talented and gifted education under ORS
18 343.404.

19 “[(11)] (12) Each biennium, the Department of Education may expend up
20 to \$150,000 from the State School Fund for the administration of a program
21 to increase the number of speech-language pathologists and speech-language
22 pathology assistants under ORS 348.394 to 348.406.

23 **“SECTION 14. If House Bill 3233 becomes law:**

24 “(1) The amendments to ORS 327.008 by section 13 of this 2013 Act
25 apply to State School Fund distributions commencing with the
26 2013-2014 distributions.

27 “(2) Notwithstanding ORS 327.008 (9)(c), the amounts identified in
28 ORS 327.008 (9)(b)(B) and (C) shall first be adjusted beginning in the
29 2015-2017 biennium.

30 **“SECTION 15. If House Bill 3233 becomes law, ORS 329.488, as amended**

1 by section 10 of this 2013 Act, is amended to read:

2 “329.488. (1) The Department of Education shall contract with a nonprofit
3 entity to administer a nationally normed assessment, in collaboration with
4 the department, to all students in grade 10 who are enrolled in a public
5 school. The purpose of the assessment is to predict the success of students
6 on, and provide practice for students taking, college entrance exams.

7 “(2) The department shall base the selection of the contractor under sub-
8 section (1) of this section on all of the following criteria:

9 “(a) The contractor must be able to provide to the department statewide
10 data containing the results of the assessment;

11 “(b) The contractor shall provide an assessment that:

12 “(A) Identifies students with high potential to excel in advanced place-
13 ment (AP) or other honors courses based on a research-based correlation of
14 scores on the grade 10 assessment to advanced placement examinations;

15 “(B) Examines students in mathematics, reading and writing; and

16 “(C) Provides results that can be used by Oregon’s higher education in-
17 stitutions to recruit students to attend college;

18 “(c) The contractor must be able to supply schools with an item-by-item
19 analysis of student performance on the assessment; and

20 “(d) The contractor must be able to make available to each student taking
21 the assessment a free career assessment and online exploration of colleges
22 and career opportunities.

23 “(3)(a) In lieu of using the contractor selected by the department under
24 subsection (1) of this section, a school district may apply to the department
25 for a waiver to allow the district to enter into a contract with a different
26 nonprofit entity for the purpose of administering a nationally normed as-
27 sessment to all students in grade 10 who are enrolled in the public schools
28 operated by the district. The department shall grant the waiver if:

29 “(A) The district had entered into a contract with the entity for the
30 2007-2008 school year to administer a grade 10 assessment;

1 “(B) The entity, in coordination with the district, administered a grade
2 10 assessment during the 2007-2008 school year;

3 “(C) For the most recent school year in which the entity administered a
4 grade 10 assessment, the entity met the criteria set forth in subsection (2)
5 of this section as in effect for the school year in which the entity adminis-
6 tered the assessment; and

7 “(D) The entity plans to meet the criteria set forth in subsection (2) of
8 this section as in effect for the school year for which the school district
9 seeks a waiver.

10 “(b) A waiver granted by the department under this subsection:

11 “(A) Is valid for one school year; and

12 “(B) May be renewed each school year.

13 “(c) The department shall reimburse a school district for the cost of as-
14 sessments allowed under this subsection from funds available to the depart-
15 ment under ORS 327.008 [(9)] (10).

16 “(4) Notwithstanding subsections (1) and (3) of this section:

17 “(a) The department may, under rules adopted by the State Board of Ed-
18 ucation, waive the assessment for specific groups of students; and

19 “(b) Upon request from a student who is enrolled in a public school op-
20 erated by a school district or the parent or guardian of the student, the
21 school district shall waive the assessment for the student.”.

22 In line 17, delete “3” and insert “16”.

23