

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Rescind the Subsequent Referral to the Committee on Revenue and Be Referred to the Committee on Ways and Means
Vote:	5 - 3 - 1
Yeas:	Fagan, Gomberg, Gorsek, Reardon, Gelser
Nays:	Huffman, Parrish, Whisnant
Exc.:	Sprenger
Prepared By:	Rick Berkobien, Administrator
Meeting Dates:	4/1, 4/12

WHAT THE MEASURE DOES: Allows certain school district boards to request in writing that monies otherwise expended on services or programs approved by component school district of education service district (ESD) be distributed to school district for any identified purpose. Requires school district board when making request to designate percentage of monies distributed to school district by November 1 of the year prior to the school year for which the request is being made. Provides that ESD board approve request submitted and make distribution amounts based on weighted average daily membership of district for which request was made. Provides for each year school district receives distribution, may only act in an advisory capacity if the school district board designates a percentage greater than or equal to 50 but less than 100 percent. Establishes that school district is considered withdrawn from ESD if school district board designates percentage that is 100 percent. Allows certain school district boards to make request by June 2013 to receive distributions for the 2013-2014 school year. Requires certain representatives of ESDs and school districts to submit a report to interim legislative committees no later November 1, 2016. Establishes Education Service District Portability Stability Account in the State Treasury, separate from the General Fund.

ISSUES DISCUSSED:

- Lane ESD
- Impact of measure on various ESDs
- Concerns with equity

EFFECT OF COMMITTEE AMENDMENT: Replaces measure.

BACKGROUND: In 1945 the Oregon Legislature created the county “rural school district,” the precursor to the modern Education Service District, or ESD. Today there are 19 ESDs in Oregon’s 36 counties. ESDs in Oregon are funded through multiple funding sources: Property taxes, state and federal contracts and grants, state timber receipts, and the State School Fund (SSF) formula. An ESD’s General Fund funding comes from a set amount per ADMw (Average Daily Membership weighted). This amount is made up of property taxes at a unique permanent tax rate. Other general fund sources are state timber tax receipts and the Oregon State School Funds (SSF). According to the Oregon Department of Education statistics, the total SSF for ESDs in Oregon is approximately \$200 million, which comprises 4.5 percent of the total K-12 apportionment. Under current law, each ESD must spend at least 90 percent of their total SSF funds directly on school district programs or services. The other 10 percent is allocated for the operation of the ESD. Each ESD, in partnership with their component school districts, must annually develop a Local Service Plan, which determines how the SSF will be used. The Local Service Plan determines programs and services that the ESD will offer its component districts for the following fiscal year.