

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Edwards

Revenue: Revenue statement issued

Fiscal: Minimal fiscal impact, no statement issued

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

Vote: 23 – 2 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jensen, Komp, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays: McLane

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Whitsett, Winters

Nays: Girod

Exc: Thomsen

Prepared By: Doug Wilson, Legislative Fiscal Office

Meeting Date: June 28, 2013

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. Applies to ESD Regions 1 (Clatsop, Columbia Tillamook and Washington counties), 5 (Lane), and 9 (Hood River and Wasco). For the 2014-15 school year, school districts may request up to 65% of the formula distribution for ESDs attributable to the requesting district or up to 75% if the school district is able to provide evidence that the additional amount will be spent on services purchased from other ESDs. For the 2015-16 school year the amounts are increased to 75% and 85%. Starting in the 2016-17 school year, there are no limits. 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 Establishes that school district is considered withdrawn from ESD if school district board designates percentage that is 100 percent. Requires certain representatives of ESDs and school districts to submit a report to interim legislative committees no later November 1, 2016. Requires a 10 member workgroup be established with two members from each legislative chamber appointed by the presiding officers and remaining members from various education groups. Purpose of the workgroup is to explore options for optimal regional education delivery systems. Requires workgroup to report to interim committees on education by November 20, 2013.

ISSUES DISCUSSED:

- Future of the ESD delivery system

EFFECT OF COMMITTEE AMENDMENT: Replaces the language of the bill and generally phases in the amounts that school districts may request. Based on the amendment: for the 2014-15 school year, school districts may request up to 65% of the formula distribution for ESDs attributable to the requesting district or up to 75% if the school district is able to provide evidence that the additional amount will be spent on services purchased from other ESDs; for the 2015-16 school year the amounts are increased to 75% and 85%; and starting in the 2016-17 school year, there are no limits. The amendment also establishes a workgroup to explore options for the optimal regional education delivery system and report back to interim education committees by November 20, 2013.

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.