

## SENATE AMENDMENTS TO A-ENGROSSED HOUSE BILL 2501

By COMMITTEE ON FINANCE AND REVENUE

July 6

1 In line 2 of the printed A-engrossed bill, after the semicolon delete the rest of the line and insert  
2 “creating new provisions; amending ORS 327.006, 327.008, 327.019, 327.125, 327.137, 339.129, 340.045  
3 and 343.961; appropriating money; and declaring an emergency.”.

4 Delete line 3.

5 Delete lines 5 through 16 and insert:

6 **“SECTION 1. As used in this section and section 2 of this 2013 Act:**

7 **“(1)(a) ‘Small high school’ means a public school that is operated by a small school dis-**  
8 **trict and that has students in:**

9 **“(A) Grades 9 through 12, with an ADM of less than 350 in grades 9 through 12; or**

10 **“(B) Grades 10 through 12 only, with an ADM of less than 267.**

11 **“(b) ‘Small high school’ does not include an alternative education program or a public**  
12 **charter school.**

13 **“(2) ‘Small school district’ means a school district with a weighted average daily mem-**  
14 **bership (ADMw) of less than 8,500.**

15 **“SECTION 2. (1) In addition to those moneys distributed through the State School Fund,**  
16 **the Department of Education shall award grants to small school districts with one or more**  
17 **small high schools from moneys appropriated to the department from the Small School Dis-**  
18 **trict Supplement Fund.**

19 **“(2) The amount of each grant = the small high school’s ADM × (the total amount**  
20 **available for the grants in each fiscal year ÷ the total ADM of all small high schools).**

21 **“(3) A small school district shall receive a grant under this section for each small high**  
22 **school operated by the school district.**

23 **“(4) The State Board of Education shall adopt any rules necessary for the administration**  
24 **of this section.**

25 **“SECTION 3. (1) There is established the Small School District Supplement Fund, sepa-**  
26 **rate and distinct from the General Fund.**

27 **“(2) The moneys in the Small School District Supplement Fund are appropriated contin-**  
28 **uously to the Department of Education for purposes of the grant program created by section**  
29 **2 of this 2013 Act.**

30 **“SECTION 4. ORS 327.006 is amended to read:**

31 **“327.006. As used in sections 1 to 3 of this 2013 Act and ORS 327.006 to 327.133, 327.348 and**  
32 **327.731:**

33 **“(1) ‘Aggregate days membership’ means the sum of days present and absent, according to the**  
34 **rules of the State Board of Education, of all resident pupils when school is actually in session during**  
35 **a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the**

1 basis of a half-day program.

2 “(2)(a) ‘Approved transportation costs’ means those costs as defined by rule of the State Board  
3 of Education and is limited to those costs attributable to transporting or room and board provided  
4 in lieu of transporting:

5 “(A) Elementary school students who live at least one mile from school;

6 “(B) Secondary school students who live at least 1.5 miles from school;

7 “(C) Any student required to be transported for health or safety reasons, according to supple-  
8 mental plans from districts that have been approved by the state board identifying students who are  
9 required to be transported for health or safety reasons, including special education;

10 “(D) Preschool children with disabilities requiring transportation for early intervention services  
11 provided pursuant to ORS 343.224 and 343.533;

12 “(E) Students who require payment of room and board in lieu of transportation;

13 “(F) A student transported from one school or facility to another school or facility when the  
14 student attends both schools or facilities during the day or week; and

15 “(G) Students participating in school-sponsored field trips that are extensions of classroom  
16 learning experiences.

17 “(b) ‘Approved transportation costs’ does not include the cost of constructing boarding school  
18 facilities.

19 “(3) ‘Average daily membership’ or ‘ADM’ means the aggregate days membership of a school  
20 during a certain period divided by the number of days the school was actually in session during the  
21 same period. However, if a district school board adopts a class schedule that operates throughout  
22 the year for all or any schools in the district, average daily membership shall be computed by the  
23 Department of Education so that the resulting average daily membership will not be higher or lower  
24 than if the board had not adopted such schedule.

25 “(4) ‘Consumer Price Index’ means the Consumer Price Index for All Urban Consumers of the  
26 Portland, Oregon, Metropolitan Statistical Area, as compiled by the United States Department of  
27 Labor, Bureau of Labor Statistics.

28 “(5) ‘Kindergarten’ means a kindergarten program that conforms to the standards and rules  
29 adopted by the State Board of Education.

30 “(6) ‘Net operating expenditures’ means the sum of expenditures of a school district in  
31 kindergarten through grade 12 for administration, instruction, attendance and health services, op-  
32 eration of plant, maintenance of plant, fixed charges and tuition for resident students attending in  
33 another district, as determined in accordance with the rules of the State Board of Education, but  
34 net operating expenditures does not include transportation, food service, student body activities,  
35 community services, capital outlay, debt service or expenses incurred for nonresident students.

36 “(7)(a) ‘Resident pupil’ means any pupil:

37 “(A) Whose legal school residence is within the boundaries of a school district reporting the  
38 pupil, if the district is legally responsible for the education of the pupil, except that ‘resident  
39 pupil’ does not include a pupil who pays tuition or for whom the parent pays tuition or for whom  
40 the district does not pay tuition for placement outside the district; or

41 “(B) Whose legal residence is not within the boundaries of the district reporting the pupil but  
42 who attends school in the district with the written consent of the district school board where the  
43 school is located as provided by ORS 339.133 (5).

44 “(b) A pupil is not considered to be a resident pupil under paragraph (a)(A) of this subsection  
45 if the pupil is attending school in another school district pursuant to a contract under ORS 339.125

1 and in the prior year was considered to be a resident pupil in another school district under para-  
2 graph (a)(B) of this subsection. The pupil shall continue to be considered a resident of another  
3 school district under paragraph (a)(B) of this subsection.

4 “(c) A pupil is not considered to be a resident pupil under paragraph (a)(B) of this subsection  
5 if the pupil is attending school in a school district pursuant to ORS 339.133 (5) and in the prior year  
6 was considered to be a resident pupil under paragraph (a)(A) of this subsection because the pupil  
7 was attending school in another school district pursuant to a contract under ORS 339.125. The pupil  
8 shall continue to be considered a resident pupil under paragraph (a)(A) of this subsection.

9 “(d) ‘Resident pupil’ includes a pupil admitted to a school district under ORS 339.115 (7).

10 “(8) ‘Standard school’ means a school meeting the standards set by the rules of the State Board  
11 of Education.

12 “(9) ‘Tax’ and ‘taxes’ includes all taxes on property, excluding exempt bonded indebtedness, as  
13 those terms are defined in ORS 310.140.

14 “**SECTION 5.** ORS 327.006, as amended by section 4 of this 2013 Act, is amended to read:

15 “327.006. As used in [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348 and  
16 327.731:

17 “(1) ‘Aggregate days membership’ means the sum of days present and absent, according to the  
18 rules of the State Board of Education, of all resident pupils when school is actually in session during  
19 a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the  
20 basis of a half-day program.

21 “(2)(a) ‘Approved transportation costs’ means those costs as defined by rule of the State Board  
22 of Education and is limited to those costs attributable to transporting or room and board provided  
23 in lieu of transporting:

24 “(A) Elementary school students who live at least one mile from school;

25 “(B) Secondary school students who live at least 1.5 miles from school;

26 “(C) Any student required to be transported for health or safety reasons, according to supple-  
27 mental plans from districts that have been approved by the state board identifying students who are  
28 required to be transported for health or safety reasons, including special education;

29 “(D) Preschool children with disabilities requiring transportation for early intervention services  
30 provided pursuant to ORS 343.224 and 343.533;

31 “(E) Students who require payment of room and board in lieu of transportation;

32 “(F) A student transported from one school or facility to another school or facility when the  
33 student attends both schools or facilities during the day or week; and

34 “(G) Students participating in school-sponsored field trips that are extensions of classroom  
35 learning experiences.

36 “(b) ‘Approved transportation costs’ does not include the cost of constructing boarding school  
37 facilities.

38 “(3) ‘Average daily membership’ or ‘ADM’ means the aggregate days membership of a school  
39 during a certain period divided by the number of days the school was actually in session during the  
40 same period. However, if a district school board adopts a class schedule that operates throughout  
41 the year for all or any schools in the district, average daily membership shall be computed by the  
42 Department of Education so that the resulting average daily membership will not be higher or lower  
43 than if the board had not adopted such schedule.

44 “(4) ‘Consumer Price Index’ means the Consumer Price Index for All Urban Consumers of the  
45 Portland, Oregon, Metropolitan Statistical Area, as compiled by the United States Department of

1 Labor, Bureau of Labor Statistics.

2 “(5) ‘Kindergarten’ means a kindergarten program that conforms to the standards and rules  
3 adopted by the State Board of Education.

4 “(6) ‘Net operating expenditures’ means the sum of expenditures of a school district in  
5 kindergarten through grade 12 for administration, instruction, attendance and health services, op-  
6 eration of plant, maintenance of plant, fixed charges and tuition for resident students attending in  
7 another district, as determined in accordance with the rules of the State Board of Education, but  
8 net operating expenditures does not include transportation, food service, student body activities,  
9 community services, capital outlay, debt service or expenses incurred for nonresident students.

10 “(7)(a) ‘Resident pupil’ means any pupil:

11 “(A) Whose legal school residence is within the boundaries of a school district reporting the  
12 pupil, if the district is legally responsible for the education of the pupil, except that ‘resident  
13 pupil’ does not include a pupil who pays tuition or for whom the parent pays tuition or for whom  
14 the district does not pay tuition for placement outside the district; or

15 “(B) Whose legal residence is not within the boundaries of the district reporting the pupil but  
16 who attends school in the district with the written consent of the district school board where the  
17 school is located as provided by ORS 339.133 (5).

18 “(b) A pupil is not considered to be a resident pupil under paragraph (a)(A) of this subsection  
19 if the pupil is attending school in another school district pursuant to a contract under ORS 339.125  
20 and in the prior year was considered to be a resident pupil in another school district under para-  
21 graph (a)(B) of this subsection. The pupil shall continue to be considered a resident of another  
22 school district under paragraph (a)(B) of this subsection.

23 “(c) A pupil is not considered to be a resident pupil under paragraph (a)(B) of this subsection  
24 if the pupil is attending school in a school district pursuant to ORS 339.133 (5) and in the prior year  
25 was considered to be a resident pupil under paragraph (a)(A) of this subsection because the pupil  
26 was attending school in another school district pursuant to a contract under ORS 339.125. The pupil  
27 shall continue to be considered a resident pupil under paragraph (a)(A) of this subsection.

28 “(d) ‘Resident pupil’ includes a pupil admitted to a school district under ORS 339.115 (7).

29 “(8) ‘Standard school’ means a school meeting the standards set by the rules of the State Board  
30 of Education.

31 “(9) ‘Tax’ and ‘taxes’ includes all taxes on property, excluding exempt bonded indebtedness, as  
32 those terms are defined in ORS 310.140.

33 “**SECTION 6.** ORS 327.008, as amended by section 3, chapter 91, Oregon Laws 2012, is amended  
34 to read:

35 “327.008. (1) There is established a State School Fund in the General Fund. The fund shall con-  
36 sist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
37 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
38 for the purposes of **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.077, 327.095, 327.099,  
39 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

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

1 “(4) There shall be apportioned from the State School Fund the amount to be transferred to the  
2 Regional Educational Services Account as calculated under ORS 327.009.

3 “(5) All figures used in the determination of the distribution of the State School Fund shall be  
4 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  
6 the numbers as of June of the year of distribution.

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

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

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

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

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

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

25 “(13) **Each fiscal year, the Department of Education shall transfer the amount of \$2.5**  
26 **million from the State School Fund to the Small School District Supplement Fund established**  
27 **in section 3 of this 2013 Act.**

28 “**SECTION 7.** ORS 327.008, as amended by section 3, chapter 91, Oregon Laws 2012, and section  
29 6 of this 2013 Act, is amended to read:

30 “327.008. (1) There is established a State School Fund in the General Fund. The fund shall con-  
31 sist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
32 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
33 for the purposes of [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to 327.077, 327.095, 327.099,  
34 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

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

41 “(4) There shall be apportioned from the State School Fund the amount to be transferred to the  
42 Regional Educational Services Account as calculated under ORS 327.009.

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

45 “(6) Numbers of students in average daily membership used in the distribution formula shall be

1 the numbers as of June of the year of distribution.

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

4 “(8) The total amount of the State School Fund that is distributed as facility grants may not  
5 exceed \$25 million in any biennium. If the total amount to be distributed as facility grants exceeds  
6 this limitation, the Department of Education shall prorate the amount of funds available for facility  
7 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  
9 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

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

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

20 “[*13*] Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from  
21 the State School Fund to the Small School District Supplement Fund established in section 3 of this  
22 2013 Act.]

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 extended ADMw of the  
26 school districts located within the territory of the education service district as computed under ORS  
27 327.013.

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

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

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

33 “(C) The amount of revenue received by the district from state-managed forestlands under ORS  
34 530.115 (1)(b) and (c); and

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

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

41 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
42 located to the State School Fund and available for distribution to school districts, education service  
43 districts, programs and the Office of Regional Educational Services + total amount of local reven-  
44 ues of all school districts, computed as provided in ORS 327.011, + total amount of local revenues  
45 of all education service districts. The superintendent may not include in the calculation under this

1 paragraph amounts received by the Department of Education from the State School Fund under ORS  
2 343.243.

3 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
4 section by 95.5 percent.

5 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
6 shall calculate a funding percentage to distribute as nearly as practicable under **sections 1 to 3**  
7 **of this 2013 Act and** ORS 327.006 to 327.133 and 327.348 the total amount calculated under para-  
8 graph (b) of this subsection as school district general purpose grants, facility grants, high cost dis-  
9 abilities grants and transportation grants to school districts.

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

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

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

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

18 “(b) Notwithstanding paragraph (a) of this subsection and only for State School Fund distrib-  
19 utions made for the first school year after two or more education service districts join together, if  
20 an education service district received a general services grant as provided by paragraph (a)(B) of  
21 this subsection prior to the education service district joining together with one or more other edu-  
22 cation service districts to form a new education service district:

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

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

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

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

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

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

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

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

42 “(8) An education service district shall distribute to school districts located within the territory  
43 of the education service district any amount of local revenues of the education service district that  
44 is greater than the general services grant. The amount that each school district receives under this  
45 subsection shall be prorated based on the district extended ADMw of the school district as calcu-

1 lated under ORS 327.013.

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

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

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

9 “(B) Shall equal 90 percent of the school district’s prorated share, as calculated under subpara-  
10 graph (A) of this paragraph; and

11 “(C) May be used to pay for any expenses incurred in providing services described in ORS  
12 334.175 (2) to the students of the school district by:

13 “(i) The school district;

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

15 “(iii) An education service district that is not the education service district from which the  
16 school district withdrew; or

17 “(iv) Any other public entity with which the school district has entered into a contract to pro-  
18 vide the services.

19 “**SECTION 9.** ORS 327.019, as amended by section 8 of this 2013 Act, is amended to read:

20 “327.019. (1) As used in this section:

21 “(a) ‘Education service district extended ADMw’ means the sum of the extended ADMw of the  
22 school districts located within the territory of the education service district as computed under ORS  
23 327.013.

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

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

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

29 “(C) The amount of revenue received by the district from state-managed forestlands under ORS  
30 530.115 (1)(b) and (c); and

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

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

37 “(3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
38 located to the State School Fund and available for distribution to school districts, education service  
39 districts, programs and the Office of Regional Educational Services + total amount of local reven-  
40 ues of all school districts, computed as provided in ORS 327.011, + total amount of local revenues  
41 of all education service districts. The superintendent may not include in the calculation under this  
42 paragraph amounts received by the Department of Education from the State School Fund under ORS  
43 343.243.

44 “(b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
45 section by 95.5 percent.



1 “(c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
2 shall calculate a funding percentage to distribute as nearly as practicable under [sections 1 to 3 of  
3 this 2013 Act and] ORS 327.006 to 327.133 and 327.348 the total amount calculated under paragraph  
4 (b) of this subsection as school district general purpose grants, facility grants, high cost disabilities  
5 grants and transportation grants to school districts.

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

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

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

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

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

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

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

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

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

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

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

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

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

38 “(8) An education service district shall distribute to school districts located within the territory  
39 of the education service district any amount of local revenues of the education service district that  
40 is greater than the general services grant. The amount that each school district receives under this  
41 subsection shall be prorated based on the district extended ADMw of the school district as calcu-  
42 lated under ORS 327.013.

43 “(9)(a) An education service district shall distribute to a school district that is located within  
44 the territory of the education service district but that has withdrawn from the education service  
45 district as provided in ORS 334.015 the amounts received by the education service district as a

1 general services grant and from the School Improvement Fund.

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

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

5 “(B) Shall equal 90 percent of the school district’s prorated share, as calculated under subpara-  
6 graph (A) of this paragraph; and

7 “(C) May be used to pay for any expenses incurred in providing services described in ORS  
8 334.175 (2) to the students of the school district by:

9 “(i) The school district;

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

11 “(iii) An education service district that is not the education service district from which the  
12 school district withdrew; or

13 “(iv) Any other public entity with which the school district has entered into a contract to pro-  
14 vide the services.

15 “**SECTION 10.** ORS 327.125 is amended to read:

16 “327.125. The Superintendent of Public Instruction shall administer the provisions of **sections**  
17 **1 to 3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348 and 327.731. The State Board of Edu-  
18 cation shall adopt all necessary rules not inconsistent with **sections 1 to 3 of this 2013 Act and**  
19 ORS 327.006 to 327.133, 327.348 and 327.731 to carry into effect the provisions of those statutes.

20 “**SECTION 11.** ORS 327.125, as amended by section 10 of this 2013 Act, is amended to read:

21 “327.125. The Superintendent of Public Instruction shall administer the provisions of [*sections 1*  
22 *to 3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348 and 327.731. The State Board of Education  
23 shall adopt all necessary rules not inconsistent with [*sections 1 to 3 of this 2013 Act and*] ORS  
24 327.006 to 327.133, 327.348 and 327.731 to carry into effect the provisions of those statutes.

25 “**SECTION 12.** ORS 327.137 is amended to read:

26 “327.137. (1) Every common or union high school district or education service district shall file  
27 a copy of its audit report with the Department of Education within six months of the end of the  
28 fiscal year for which the audit is required. If the audit report, as submitted to the district, fails to  
29 provide the detail necessary for the computation required in the administration of **sections 1 to 3**  
30 **of this 2013 Act and** ORS 327.006 to 327.133, 327.348, 327.731, 328.542 and 530.115 and this section,  
31 the district shall submit the necessary information on forms provided by the department within the  
32 time prescribed for filing the audit in this section. Any district failing to file a copy of its audit re-  
33 port under this section or ORS 327.133 shall not receive any payments from the State School Fund  
34 until such reports are filed.

35 “(2) Notwithstanding the timeline provided by this section and pursuant to rules adopted by the  
36 State Board of Education, the Superintendent of Public Instruction may waive a reporting date or  
37 specify an alternative date to provide the audit report or information if a human-created disaster  
38 or a natural disaster affects the ability of a school district or an education service district to pro-  
39 vide the audit report or information by a specified date.

40 “**SECTION 13.** ORS 327.137, as amended by section 1, chapter 327, Oregon Laws 2013 (Enrolled  
41 House Bill 3093), and section 12 of this 2013 Act, is amended to read:

42 “327.137. (1)(a) Every common or union high school district or education service district shall  
43 file a copy of its audit report with the Department of Education within six months of the end of the  
44 fiscal year for which the audit is required. The audit report shall include:

45 “(A) Information necessary for the computation required in the administration of **sections 1 to**

1 **3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348, 327.731, 328.542 and 530.115 and this section;  
2 and

3 “(B) If the district is a sponsor of any public charter schools, a copy of each annual audit for-  
4 warded to the district as required by ORS 338.095 (4).

5 “(b) If the audit report, as submitted to the district, fails to provide the detail necessary for the  
6 computation required in the administration of sections 1 to 3 of this 2013 Act and ORS 327.006 to  
7 327.133, 327.348, 327.731, 328.542 and 530.115 and this section, the district shall submit the necessary  
8 information on forms provided by the department within the time prescribed for filing the audit in  
9 this section.

10 “(c) The Superintendent of Public Instruction may withhold any payments from the State School  
11 Fund for a public charter school that, pursuant to ORS 338.155, are due to a district under ORS  
12 327.095 if:

13 “(A) The audit report filed by the district fails to include the public charter school annual audit  
14 as required by paragraph (a)(B) of this subsection; and

15 “(B) The district has not filed the public charter school annual audit with the department by  
16 April 1.

17 “(d) If payments are withheld as provided by paragraph (c) of this subsection, the superintendent  
18 may allow payments to be made from the State School Fund to the district upon receipt of the an-  
19 nual audit or upon the meeting of any other conditions identified by rule of the State Board of Ed-  
20 ucation.

21 “(e) Any district failing to file a copy of an audit report under this section or a report under  
22 ORS 327.133 may not receive any payments from the State School Fund until the report is filed.

23 “(2) Notwithstanding the timeline provided by this section and pursuant to rules adopted by the  
24 State Board of Education, the superintendent may waive a reporting date or specify an alternative  
25 date to provide the audit report or information if a human-created disaster or a natural disaster  
26 affects the ability of a school district or an education service district to provide the audit report  
27 or information by a specified date.

28 “**SECTION 14.** ORS 327.137, as amended by section 1, chapter 327, Oregon Laws 2013 (Enrolled  
29 House Bill 3093), and sections 12 and 13 of this 2013 Act, is amended to read:

30 “327.137. (1)(a) Every common or union high school district or education service district shall  
31 file a copy of its audit report with the Department of Education within six months of the end of the  
32 fiscal year for which the audit is required. The audit report shall include:

33 “(A) Information necessary for the computation required in the administration of [*sections 1 to*  
34 *3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348, 327.731, 328.542 and 530.115 and this section;  
35 and

36 “(B) If the district is a sponsor of any public charter schools, a copy of each annual audit for-  
37 warded to the district as required by ORS 338.095 (4).

38 “(b) If the audit report, as submitted to the district, fails to provide the detail necessary for the  
39 computation required in the administration of [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to  
40 327.133, 327.348, 327.731, 328.542 and 530.115 and this section, the district shall submit the necessary  
41 information on forms provided by the department within the time prescribed for filing the audit in  
42 this section.

43 “(c) The Superintendent of Public Instruction may withhold any payments from the State School  
44 Fund for a public charter school that, pursuant to ORS 338.155, are due to a district under ORS  
45 327.095 if:

1 “(A) The audit report filed by the district fails to include the public charter school annual audit  
2 as required by paragraph (a)(B) of this subsection; and

3 “(B) The district has not filed the public charter school annual audit with the department by  
4 April 1.

5 “(d) If payments are withheld as provided by paragraph (c) of this subsection, the superintendent  
6 may allow payments to be made from the State School Fund to the district upon receipt of the an-  
7 nual audit or upon the meeting of any other conditions identified by rule of the State Board of Ed-  
8 ucation.

9 “(e) Any district failing to file a copy of an audit report under this section or a report under  
10 ORS 327.133 may not receive any payments from the State School Fund until the report is filed.

11 “(2) Notwithstanding the timeline provided by this section and pursuant to rules adopted by the  
12 State Board of Education, the superintendent may waive a reporting date or specify an alternative  
13 date to provide the audit report or information if a human-created disaster or a natural disaster  
14 affects the ability of a school district or an education service district to provide the audit report  
15 or information by a specified date.

16 “**SECTION 15.** ORS 339.129 is amended to read:

17 “339.129. (1) A school district shall provide or cause to be provided appropriate education for  
18 children placed in a local or regional correctional facility located in the school district. The edu-  
19 cation may be provided by the school district or an education service district.

20 “(2) The school district may claim State School Fund reimbursement under **sections 1 to 3 of**  
21 **this 2013 Act and** ORS 327.006 to 327.133, 327.348 and 327.731 for each child who is in a local or  
22 regional correctional facility.

23 “(3) A local or regional correctional facility shall notify the school district within which the  
24 facility is located of the name and date of birth of each school-age child placed in the facility, in-  
25 cluding a child with a disability under the age of 22 years who may be eligible for special education.  
26 The notice shall be in writing and shall be given within five business days of the child’s placement  
27 in the facility.

28 “(4) The local or regional correctional facility shall allow the school district and education  
29 service district to have safe and reasonable access to children placed in that facility for whom the  
30 school district is required to provide education.

31 “(5) As used in this section:

32 “(a) ‘Local correctional facility’ means a local correctional facility as defined in ORS 169.005.

33 “(b) ‘Regional correctional facility’ means a regional correctional facility as defined in ORS  
34 169.620.

35 “**SECTION 16.** ORS 339.129, as amended by section 15 of this 2013 Act, is amended to read:

36 “339.129. (1) A school district shall provide or cause to be provided appropriate education for  
37 children placed in a local or regional correctional facility located in the school district. The edu-  
38 cation may be provided by the school district or an education service district.

39 “(2) The school district may claim State School Fund reimbursement under [*sections 1 to 3 of this*  
40 *2013 Act and*] ORS 327.006 to 327.133, 327.348 and 327.731 for each child who is in a local or re-  
41 gional correctional facility.

42 “(3) A local or regional correctional facility shall notify the school district within which the  
43 facility is located of the name and date of birth of each school-age child placed in the facility, in-  
44 cluding a child with a disability under the age of 22 years who may be eligible for special education.  
45 The notice shall be in writing and shall be given within five business days of the child’s placement

1 in the facility.

2 “(4) The local or regional correctional facility shall allow the school district and education  
3 service district to have safe and reasonable access to children placed in that facility for whom the  
4 school district is required to provide education.

5 “(5) As used in this section:

6 “(a) ‘Local correctional facility’ means a local correctional facility as defined in ORS 169.005.

7 “(b) ‘Regional correctional facility’ means a regional correctional facility as defined in ORS  
8 169.620.

9 “**SECTION 17.** ORS 340.045 is amended to read:

10 “340.045. (1) An eligible student enrolled in an eligible post-secondary course at an eligible  
11 post-secondary institution pursuant to ORS 340.030 shall continue to be considered a resident pupil  
12 of the student’s school district for purposes of calculation of the State School Fund grant under  
13 **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348 and 327.731.

14 “(2) The amount of each school district’s general purpose grant per extended ADMw as calcu-  
15 lated under ORS 327.013 shall be determined each fiscal year by the Department of Education and  
16 made available to all school districts and, upon request, to any eligible post-secondary institution.

17 “(3) A school district and any eligible post-secondary institution that accepts a student for en-  
18 rollment in an eligible post-secondary course pursuant to ORS 340.030 shall negotiate in good faith  
19 a financial agreement for the payment of actual instructional costs associated with the enrollment  
20 of the eligible student in eligible post-secondary courses, including tuition and fees and the costs  
21 of textbooks, equipment and materials.

22 “(4) As part of the negotiated financial agreement, an eligible post-secondary institution shall  
23 provide the school district with the published refund policy for eligible students who do not complete  
24 eligible post-secondary courses in which the students enroll and do not earn credit.

25 “(5) If, after participating in good faith negotiations, a school district and an eligible post-  
26 secondary institution are unable to agree on the payment of actual instructional costs as described  
27 in subsection (3) of this section, either entity may appeal to the department for a determination of  
28 whether the negotiations were conducted in good faith.

29 “(6) The department shall develop a process and criteria to use for appeals.

30 “(7)(a) If the department determines that the negotiations were not conducted in good faith by  
31 either the school district or the eligible post-secondary institution, the department shall order the  
32 school district and the eligible post-secondary institution to conduct the negotiations again.

33 “(b) If the department determines that the negotiations were conducted in good faith by the  
34 school district and the eligible post-secondary institution, the department shall grant the school  
35 district a waiver under ORS 340.083 from participating in the Expanded Options Program with the  
36 eligible post-secondary institution with which the school district was negotiating.

37 “(8) The decision of the department shall be binding on the school district and the eligible  
38 post-secondary institution.

39 “(9) In addition to any financial agreement entered into under subsection (3) of this section, the  
40 resident school district of the eligible student shall enter into an agreement with an eligible post-  
41 secondary institution that accepts a student for enrollment in an eligible post-secondary course that  
42 is a nontuition course or noncredit course pursuant to ORS 340.030 for the payment of the actual  
43 instructional costs associated with the student’s attending the eligible post-secondary course at the  
44 institution.

45 “(10) Nothing in this section shall prohibit an eligible post-secondary institution from receiving

1 additional state funding that may be available under any other law.

2 **“SECTION 18.** ORS 340.045, as amended by section 17 of this 2013 Act, is amended to read:

3 “340.045. (1) An eligible student enrolled in an eligible post-secondary course at an eligible  
4 post-secondary institution pursuant to ORS 340.030 shall continue to be considered a resident pupil  
5 of the student’s school district for purposes of calculation of the State School Fund grant under  
6 [sections 1 to 3 of this 2013 Act and] ORS 327.006 to 327.133, 327.348 and 327.731.

7 “(2) The amount of each school district’s general purpose grant per extended ADMw as calcu-  
8 lated under ORS 327.013 shall be determined each fiscal year by the Department of Education and  
9 made available to all school districts and, upon request, to any eligible post-secondary institution.

10 “(3) A school district and any eligible post-secondary institution that accepts a student for en-  
11 rollment in an eligible post-secondary course pursuant to ORS 340.030 shall negotiate in good faith  
12 a financial agreement for the payment of actual instructional costs associated with the enrollment  
13 of the eligible student in eligible post-secondary courses, including tuition and fees and the costs  
14 of textbooks, equipment and materials.

15 “(4) As part of the negotiated financial agreement, an eligible post-secondary institution shall  
16 provide the school district with the published refund policy for eligible students who do not complete  
17 eligible post-secondary courses in which the students enroll and do not earn credit.

18 “(5) If, after participating in good faith negotiations, a school district and an eligible post-  
19 secondary institution are unable to agree on the payment of actual instructional costs as described  
20 in subsection (3) of this section, either entity may appeal to the department for a determination of  
21 whether the negotiations were conducted in good faith.

22 “(6) The department shall develop a process and criteria to use for appeals.

23 “(7)(a) If the department determines that the negotiations were not conducted in good faith by  
24 either the school district or the eligible post-secondary institution, the department shall order the  
25 school district and the eligible post-secondary institution to conduct the negotiations again.

26 “(b) If the department determines that the negotiations were conducted in good faith by the  
27 school district and the eligible post-secondary institution, the department shall grant the school  
28 district a waiver under ORS 340.083 from participating in the Expanded Options Program with the  
29 eligible post-secondary institution with which the school district was negotiating.

30 “(8) The decision of the department shall be binding on the school district and the eligible  
31 post-secondary institution.

32 “(9) In addition to any financial agreement entered into under subsection (3) of this section, the  
33 resident school district of the eligible student shall enter into an agreement with an eligible post-  
34 secondary institution that accepts a student for enrollment in an eligible post-secondary course that  
35 is a nontuition course or noncredit course pursuant to ORS 340.030 for the payment of the actual  
36 instructional costs associated with the student’s attending the eligible post-secondary course at the  
37 institution.

38 “(10) Nothing in this section shall prohibit an eligible post-secondary institution from receiving  
39 additional state funding that may be available under any other law.

40 **“SECTION 19.** Sections 1, 2 and 3 of this 2013 Act are repealed.

41 **“SECTION 20.** The amendments to ORS 327.006, 327.008, 327.019, 327.125, 327.137, 339.129  
42 and 340.045 by sections 5, 7, 9, 11, 14, 16 and 18 of this 2013 Act, and the repeal of sections  
43 1, 2 and 3 of this 2013 of this 2013 Act by section 19 of this 2013 Act, become operative on  
44 **June 30, 2015.**

45 **“SECTION 21.** ORS 343.961 is amended to read:

1 “343.961. (1) As used in this section:

2 “(a) ‘Day treatment program’ means a public or private program that provides treatment of  
3 children with a mental illness, an emotional disturbance or another mental health issue.

4 “(b) ‘Eligible day treatment program’ means a day treatment program with which the Oregon  
5 Health Authority contracts for long term care or treatment. ‘Eligible day treatment program’ does  
6 not include residential treatment programs or programs that provide care or treatment to juveniles  
7 who are in detention facilities.

8 “(c) ‘Eligible residential treatment program’ means a residential treatment program with which  
9 the Oregon Health Authority, the Department of Human Services or the Oregon Youth Authority  
10 contracts for long term care or treatment. ‘Eligible residential treatment program’ does not include  
11 psychiatric day treatment programs or programs that provide care or treatment to juveniles who  
12 are in detention facilities.

13 “(d) ‘Residential treatment program’ means a public or private residential program that provides  
14 treatment of children with a mental illness, an emotional disturbance or another mental health issue.

15 “(e) ‘Student’ means a child who is placed in an eligible day treatment program or eligible res-  
16 idential treatment program by a public or private entity or by the child’s parent.

17 “(2) The Department of Education shall be responsible for payment of the costs of education of  
18 students in eligible day treatment programs and eligible residential treatment programs by con-  
19 tracting with the school district in which the eligible day treatment program or eligible residential  
20 treatment program is located. The costs of education do not include transportation, care, treatment  
21 or medical expenses.

22 “(3)(a) The school district in which an eligible day treatment program or eligible residential  
23 treatment program is located is responsible for providing the education of a student, including the  
24 identification, location and evaluation of the student for the purpose of determining the student’s  
25 eligibility to receive special education and related services.

26 “(b) A school district that is responsible for providing an education under this subsection may  
27 provide the education:

28 “(A) Directly or through another school district or an education service district; and

29 “(B) In the facilities of an eligible day treatment program or eligible residential treatment pro-  
30 gram, the facilities of a school district or the facilities of an education service district.

31 “(c) When a student is no longer in an eligible day treatment program or eligible residential  
32 treatment program, the responsibilities imposed by this subsection terminate and become the re-  
33 sponsibilities of the school district where the student is a resident, as determined under ORS 339.133  
34 and 339.134.

35 “(4) **The school district where the student is a resident is responsible for providing**  
36 **transportation to a student enrolled in an eligible day treatment program. Transportation**  
37 **must be provided by the school district where the student is a resident each day the student**  
38 **is scheduled to receive services from the eligible day treatment program.**

39 “[4] (5) A school district may request the Department of Education to combine several eligible  
40 day treatment programs or eligible residential treatment programs into one contract with another  
41 school district or an education service district.

42 “[5] (6) The Oregon Health Authority, the Department of Human Services or the Oregon Youth  
43 Authority shall give the school district providing the education at an eligible day treatment program  
44 or an eligible residential treatment program 14 days’ notice, to the extent practicable, before a  
45 student is dismissed from the program.

1       “[(6)] (7) The Department of Education may make advances to school districts responsible for  
2 providing an education to students under this section from funds appropriated for that purpose based  
3 on the estimated agreed cost of educating the students per school year. Advances equal to 25 per-  
4 cent of the estimated cost may be made on September 1, December 1 and March 1 of the current  
5 year. The balance may be paid whenever the full determination of cost is made.

6       “[(7)] (8) School districts that provide the education described in this section on a year-round  
7 plan may apply for 25 percent of the funds appropriated for that purpose on July 1, October 1,  
8 January 1, and 15 percent on April 1. The balance may be paid whenever the full determination of  
9 cost is made.

10       “[(8)] (9) In addition to the payment methods described in this section, the Department of Edu-  
11 cation may:

12       “(a) Negotiate interagency agreements to pay for the cost of education in day treatment pro-  
13 grams and residential treatment programs operated under the auspices of the State Board of Higher  
14 Education; and

15       “(b) Negotiate intergovernmental agreements to pay for the cost of education in day treatment  
16 programs and residential treatment programs operated under the auspices of the Oregon Health and  
17 Science University Board of Directors.

18       “**SECTION 22. This 2013 Act being necessary for the immediate preservation of the public**  
19 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
20 **on its passage.”**

21 \_\_\_\_\_