

# Enrolled House Bill 3401

Sponsored by Representative NATHANSON; Representative UNGER, Senator EDWARDS (at the request of Sheldon Berman, Colt Gill and Nancy Golden)

CHAPTER .....

AN ACT

Relating to education service districts; creating new provisions; amending ORS 334.177; and declaring an emergency.

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

**SECTION 1.** ORS 334.177 is amended to read:

334.177. (1) As used in this section, "local revenues of an education service district" has the meaning given that term in ORS 327.019 but does not include any local revenues distributed under ORS 327.019 (8).

(2) An education service district board shall expend at least 90 percent of all amounts received from the State School Fund and at least 90 percent of all amounts considered to be local revenues of an education service district on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

**(3)(a) Notwithstanding subsection (2) of this section, the school district board of a school district that is located in a region described in ORS 334.013 (1)(a), (e) or (i) may request in writing that a percentage of the amounts identified in subsection (2) of this section be distributed to the school district for any purpose identified by the school district board. The percentage requested as provided by this paragraph may not exceed:**

**(A) Sixty-five percent of all amounts received from the State School Fund and attributable to the school district and 65 percent of all amounts considered to be local revenues of the education service district and attributable to the school district; or**

**(B) Seventy-five percent of all amounts received from the State School Fund and attributable to the school district and 75 percent of all amounts considered to be local revenues of the education service district and attributable to the school district, if the school district board is able to provide evidence that the school district meets the expenditure requirement described in paragraph (b) of this subsection.**

**(b) A school district board may request the percentage identified in paragraph (a)(B) of this subsection if the school district expends at least the difference between paragraph (a)(B) of this subsection and paragraph (a)(A) of this subsection on services from one or more education service districts other than the education service district in which the school district is located.**

**(c) A school district board that makes a request under paragraph (a) of this subsection:**

**(A) Must make the request to the education service district board by November 1 of the year prior to the school year for which the request is being made; and**

**(B) Must designate the percentage of the amounts identified in subsection (2) of this section that will be distributed to the school district.**

**(d) The education service district board:**

**(A) Shall approve a request submitted as provided by this subsection; and**

**(B) Shall determine the amounts attributable to the school district and eligible for distribution based on the weighted average daily membership (ADMw) of the school district for which the request was made.**

**(e) For each school year for which a school district receives a distribution as provided by this subsection, the school district may act only in an advisory capacity for decisions made in relation to the governance of the education service district if the school district board designates a percentage under paragraph (a) of this subsection that is greater than 50 percent.**

[3] (4) An education service district board shall expend 100 percent of all amounts received from the School Improvement Fund on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

[4] (5) The expenditure requirements of this section apply only to amounts retained by the education service district after making any distributions required under ORS 327.019 (9).

**SECTION 2. The amendments to ORS 334.177 by section 1 of this 2013 Act first apply to expenditures occurring for the 2014-2015 school year.**

**SECTION 3.** ORS 334.177, as amended by section 1 of this 2013 Act, is amended to read:

334.177. (1) As used in this section, "local revenues of an education service district" has the meaning given that term in ORS 327.019 but does not include any local revenues distributed under ORS 327.019 (8).

(2) An education service district board shall expend at least 90 percent of all amounts received from the State School Fund and at least 90 percent of all amounts considered to be local revenues of an education service district on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

(3)(a) Notwithstanding subsection (2) of this section, the school district board of a school district that is located in a region described in ORS 334.013 (1)(a), (e) or (i) may request in writing that a percentage of the amounts identified in subsection (2) of this section be distributed to the school district for any purpose identified by the school district board. The percentage requested as provided by this paragraph may not exceed:

(A) [Sixty-five] **Seventy-five** percent of all amounts received from the State School Fund and attributable to the school district and [65] **75** percent of all amounts considered to be local revenues of the education service district and attributable to the school district; or

(B) [Seventy-five] **Eighty-five** percent of all amounts received from the State School Fund and attributable to the school district and [75] **85** percent of all amounts considered to be local revenues of the education service district and attributable to the school district, if the school district board is able to provide evidence that the school district meets the expenditure requirement described in paragraph (b) of this subsection.

(b) A school district board may request the percentage identified in paragraph (a)(B) of this subsection if the school district expends at least the difference between paragraph (a)(B) of this subsection and paragraph (a)(A) of this subsection on services from one or more education service districts other than the education service district in which the school district is located.

(c) A school district board that makes a request under paragraph (a) of this subsection:

(A) Must make the request to the education service district board by November 1 of the year prior to the school year for which the request is being made; and

(B) Must designate the percentage of the amounts identified in subsection (2) of this section that will be distributed to the school district.

(d) The education service district board:

(A) Shall approve a request submitted as provided by this subsection; and

(B) Shall determine the amounts attributable to the school district and eligible for distribution based on the weighted average daily membership (ADMw) of the school district for which the request was made.

(e) For each school year for which a school district receives a distribution as provided by this subsection, the school district may act only in an advisory capacity for decisions made in relation to the governance of the education service district if the school district board designates a percentage under paragraph (a) of this subsection that is greater than 50 percent.

(4) An education service district board shall expend 100 percent of all amounts received from the School Improvement Fund on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

(5) The expenditure requirements of this section apply only to amounts retained by the education service district after making any distributions required under ORS 327.019 (9).

**SECTION 4. (1) The amendments to ORS 334.177 by section 3 of this 2013 Act become operative July 1, 2015.**

**(2) The amendments to ORS 334.177 by section 3 of this 2013 Act first apply to expenditures occurring for the 2015-2016 school year.**

**SECTION 5.** ORS 334.177, as amended by sections 1 and 3 of this 2013 Act, is amended to read:

334.177. (1) As used in this section, "local revenues of an education service district" has the meaning given that term in ORS 327.019 but does not include any local revenues distributed under ORS 327.019 (8).

(2) An education service district board shall expend at least 90 percent of all amounts received from the State School Fund and at least 90 percent of all amounts considered to be local revenues of an education service district on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

(3)(a) Notwithstanding subsection (2) of this section, the school district board of a school district that is located in a region described in ORS 334.013 (1)(a), (e) or (i) may request in writing that a percentage of the amounts identified in subsection (2) of this section be distributed to the school district for any purpose identified by the school district board. [*The percentage requested as provided by this paragraph may not exceed.*]

[(A) *Seventy-five percent of all amounts received from the State School Fund and attributable to the school district and 75 percent of all amounts considered to be local revenues of the education service district and attributable to the school district; or*]

[(B) *Eighty-five percent of all amounts received from the State School Fund and attributable to the school district and 85 percent of all amounts considered to be local revenues of the education service district and attributable to the school district, if the school district board is able to provide evidence that the school district meets the expenditure requirement described in paragraph (b) of this subsection.*]

[(b) *A school district board may request the percentage identified in paragraph (a)(B) of this subsection if the school district expends at least the difference between paragraph (a)(B) of this subsection and paragraph (a)(A) of this subsection on services from one or more education service districts other than the education service district in which the school district is located.*]

[(c) (b) A school district board that makes a request under paragraph (a) of this subsection:

(A) Must make the request to the education service district board by November 1 of the year prior to the school year for which the request is being made; and

(B) Must designate the percentage of the amounts identified in subsection (2) of this section that will be distributed to the school district.

[(d) (c) The education service district board:

(A) Shall approve a request submitted as provided by this subsection; and

(B) Shall determine the amounts attributable to the school district and eligible for distribution based on the weighted average daily membership (ADMw) of the school district for which the request was made.

~~(e)~~ (d) For each school year for which a school district receives a distribution as provided by this subsection[.];

(A) The school district may act only in an advisory capacity for decisions made in relation to the governance of the education service district if the school district board designates a percentage under paragraph (a) of this subsection that is greater than 50 percent[.] **but less than 100 percent; and**

**(B) Notwithstanding ORS 334.015 and 334.019, the school district shall be considered to have withdrawn from the education service district in the manner provided by ORS 334.015 if the school district board designates a percentage under paragraph (a) of this subsection that is 100 percent.**

(4) An education service district board shall expend 100 percent of all amounts received from the School Improvement Fund on services or programs that have been approved by the component school districts of the education service district through the resolution process described in ORS 334.175.

(5) The expenditure requirements of this section apply only to amounts retained by the education service district after making any distributions required under ORS 327.019 (9).

**SECTION 6. (1) The amendments to ORS 334.177 by section 5 of this 2013 Act become operative July 1, 2016.**

**(2) The amendments to ORS 334.177 by section 5 of this 2013 Act first apply to expenditures occurring for the 2016-2017 school year.**

**SECTION 7. (1) The President of the Senate and the Speaker of the House of Representatives shall jointly convene a work group to:**

**(a) Explore options for optimal regional education delivery systems; and**

**(b) Propose legislation related to the findings of the work group.**

**(2) The work group shall consist of the following 10 members:**

**(a) Two members selected by the President of the Senate from among members of the Senate.**

**(b) Two members selected by the Speaker of the House of Representatives from among members of the House of Representatives.**

**(c) Six members jointly selected by the President of the Senate and the Speaker of the House of Representatives to represent:**

**(A) The Department of Education;**

**(B) The Confederation of Oregon School Administrators;**

**(C) The Oregon School Boards Association;**

**(D) The Oregon Association of Education Service Districts;**

**(E) The Oregon Education Association; and**

**(F) The Oregon School Employees Association.**

**(3) The members of the work group identified in subsection (2)(c)(B) to (F) of this section shall provide staff support to the work group.**

**(4) The work group shall submit a report, and include recommendations for legislation, to the interim legislative committees on education no later than November 20, 2013.**

**SECTION 8. Section 7 of this 2013 Act is repealed on the date of the convening of the 2014 regular session of the Legislative Assembly as specified in ORS 171.010.**

**SECTION 9. Representatives of the education service districts of the regions identified in ORS 334.177 (3)(a) and representatives of any school districts that make a request for a distribution of amounts as provided in ORS 334.177 (3) shall submit a report to the interim legislative committees related to education no later than November 1, 2016.**

**SECTION 10.** This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect July 1, 2013.

Passed by House July 1, 2013

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Ramona J. Line, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate July 6, 2013

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2013

Approved:

.....M,....., 2013

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M,....., 2013

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Kate Brown, Secretary of State