

**A-Engrossed**  
**House Bill 3401**

Ordered by the House April 16  
Including House Amendments dated April 16

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

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Increases percentages of moneys from State School Fund and local revenues that education service districts are required to distribute to school districts.]*

*[Allows school district to contract for services from any education service district or other service provider.]*

**Allows school district boards of school districts located in specified regions to request distribution of percentage of moneys available to education service district from State School Fund and local revenues.**

**Establishes Education Service District Portability Stability Account. Continuously appropriates moneys in account to Office of Regional Educational Services for purpose of making distributions to education service district for distributions made to school districts for 2013-2014 school year.**

**Declares emergency, effective on passage.**

**A BILL FOR AN ACT**

1  
2 Relating to education service districts; creating new provisions; amending ORS 334.177; appropriat-  
3 ing money; and declaring an emergency.

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

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

6 334.177. (1) As used in this section, "local revenues of an education service district" has the  
7 meaning given that term in ORS 327.019 but does not include any local revenues distributed under  
8 ORS 327.019 (8).

9 (2) An education service district board shall expend at least 90 percent of all amounts received  
10 from the State School Fund and at least 90 percent of all amounts considered to be local revenues  
11 of an education service district on services or programs that have been approved by the component  
12 school districts of the education service district through the resolution process described in ORS  
13 334.175.

14 **(3)(a) Notwithstanding subsection (2) of this section, the school district board of a school**  
15 **district that is located in a region described in ORS 334.013 (1)(a), (e) or (i) may request in**  
16 **writing that amounts identified in subsection (2) of this section be distributed to the school**  
17 **district for any purpose identified by the school district board.**

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

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

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

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 (c) The education service district board:

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

3 (B) Shall make the distribution of amounts based on the weighted average daily mem-  
4 bership (ADMw) of the school district for which the request was made.

5 (d) For each school year for which a school district receives a distribution as provided  
6 by this subsection:

7 (A) The school district may act only in an advisory capacity for decisions made in re-  
8 lation to the governance of the education service district if the school district board desig-  
9 nates a percentage under paragraph (b)(B) of this subsection that is greater than or equal  
10 to 50 percent but less than 100 percent; and

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

15 [(3)] (4) An education service district board shall expend 100 percent of all amounts received  
16 from the School Improvement Fund on services or programs that have been approved by the com-  
17 ponent school districts of the education service district through the resolution process described in  
18 ORS 334.175.

19 [(4)] (5) The expenditure requirements of this section apply only to amounts retained by the  
20 education service district after making any distributions required under ORS 327.019 (9).

21 **SECTION 2.** (1) Except as provided in subsection (2) of this section, the amendments to  
22 ORS 334.177 by section 1 of this 2013 Act first apply to the 2014-2015 school year.

23 (2) Notwithstanding the deadline specified in ORS 334.177 (3)(b)(A), a school district board  
24 for a school district located in the region described in ORS 334.013 (1)(e) may make a request  
25 to the education service district board for that region by no later than June 2013, to receive  
26 distributions under ORS 334.177 (3) for the 2013-2014 school year.

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

31 **SECTION 4.** (1) The Education Service District Portability Stability Account is estab-  
32 lished in the State Treasury, separate and distinct from the General Fund. Interest earned  
33 by the account shall be credited to the account.

34 (2) Moneys in the account are continuously appropriated to the Office of Regional Edu-  
35 cational Services for the purpose of making distributions to an education service district that  
36 was required to distribute to school districts for the 2013-2014 school year at least 50 percent  
37 of the total amounts identified under ORS 334.177 (2) as the result of a request made under  
38 ORS 334.177 (3). Distributions made to an education service district under this subsection  
39 may not exceed 50 percent of the total amounts that the education service district was re-  
40 quired to distribute as provided by ORS 334.177 (3).

41 **SECTION 5.** (1) Section 4 of this 2013 Act is repealed on June 30, 2015.

42 (2) Any moneys remaining in the Education Service District Portability Stability Account  
43 on June 30, 2015, that are unexpended, unobligated and not subject to any conditions shall  
44 revert to the General Fund.

45 **SECTION 6.** This 2013 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
2 **on its passage.**

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