

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 2501**

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

5 Delete line 3.

6 Delete lines 5 through 16 and insert:

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

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

10 **“(A) Grades 9 through 12, with an ADM of less than 350 in grades  
11 9 through 12; or**

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

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

15 **“(2) ‘Small school district’ means a school district with a weighted  
16 average daily membership (ADMw) of less than 8,500.**

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

22 **“(2) The amount of each grant = the small high school’s ADM ×**

1 (the total amount available for the grants in each fiscal year ÷ the  
2 total ADM of all small high schools).

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

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

7 **“SECTION 3. (1) There is established the Small School District  
8 Supplement Fund, separate and distinct from the General Fund.**

9 **“(2) The moneys in the Small School District Supplement Fund are  
10 appropriated continuously to the Department of Education for pur-  
11 poses of the grant program created by section 2 of this 2013 Act.**

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

13 **“327.006. As used in sections 1 to 3 of this 2013 Act and ORS 327.006  
14 to 327.133, 327.348 and 327.731:**

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

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

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

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

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

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

1 “(E) Students who require payment of room and board in lieu of trans-  
2 portation;

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

6 “(G) Students participating in school-sponsored field trips that are exten-  
7 sions of classroom learning experiences.

8 “(b) ‘Approved transportation costs’ does not include the cost of con-  
9 structing boarding school facilities.

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

18 “(4) ‘Consumer Price Index’ means the Consumer Price Index for All Ur-  
19 ban Consumers of the Portland, Oregon, Metropolitan Statistical Area, as  
20 compiled by the United States Department of Labor, Bureau of Labor Sta-  
21 tistics.

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

24 “(6) ‘Net operating expenditures’ means the sum of expenditures of a  
25 school district in kindergarten through grade 12 for administration, instruc-  
26 tion, attendance and health services, operation of plant, maintenance of  
27 plant, fixed charges and tuition for resident students attending in another  
28 district, as determined in accordance with the rules of the State Board of  
29 Education, but net operating expenditures does not include transportation,  
30 food service, student body activities, community services, capital outlay, debt

1 service or expenses incurred for nonresident students.

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

3 “(A) Whose legal school residence is within the boundaries of a school  
4 district reporting the pupil, if the district is legally responsible for the edu-  
5 cation of the pupil, except that ‘resident pupil’ does not include a pupil who  
6 pays tuition or for whom the parent pays tuition or for whom the district  
7 does not pay tuition for placement outside the district; or

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

12 “(b) A pupil is not considered to be a resident pupil under paragraph  
13 (a)(A) of this subsection if the pupil is attending school in another school  
14 district pursuant to a contract under ORS 339.125 and in the prior year was  
15 considered to be a resident pupil in another school district under paragraph  
16 (a)(B) of this subsection. The pupil shall continue to be considered a resident  
17 of another school district under paragraph (a)(B) of this subsection.

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

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

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

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

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

3       “327.006. As used in [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to  
4 327.133, 327.348 and 327.731:

5       “(1) ‘Aggregate days membership’ means the sum of days present and ab-  
6 sent, according to the rules of the State Board of Education, of all resident  
7 pupils when school is actually in session during a certain period. The ag-  
8 gregate days membership of kindergarten pupils shall be calculated on the  
9 basis of a half-day program.

10       “(2)(a) ‘Approved transportation costs’ means those costs as defined by  
11 rule of the State Board of Education and is limited to those costs attribut-  
12 able to transporting or room and board provided in lieu of transporting:

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

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

15       “(C) Any student required to be transported for health or safety reasons,  
16 according to supplemental plans from districts that have been approved by  
17 the state board identifying students who are required to be transported for  
18 health or safety reasons, including special education;

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

21       “(E) Students who require payment of room and board in lieu of trans-  
22 portation;

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

26       “(G) Students participating in school-sponsored field trips that are exten-  
27 sions of classroom learning experiences.

28       “(b) ‘Approved transportation costs’ does not include the cost of con-  
29 structing boarding school facilities.

30       “(3) ‘Average daily membership’ or ‘ADM’ means the aggregate days

1 membership of a school during a certain period divided by the number of  
2 days the school was actually in session during the same period. However, if  
3 a district school board adopts a class schedule that operates throughout the  
4 year for all or any schools in the district, average daily membership shall  
5 be computed by the Department of Education so that the resulting average  
6 daily membership will not be higher or lower than if the board had not  
7 adopted such schedule.

8 “(4) ‘Consumer Price Index’ means the Consumer Price Index for All Ur-  
9 ban Consumers of the Portland, Oregon, Metropolitan Statistical Area, as  
10 compiled by the United States Department of Labor, Bureau of Labor Sta-  
11 tistics.

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

14 “(6) ‘Net operating expenditures’ means the sum of expenditures of a  
15 school district in kindergarten through grade 12 for administration, instruc-  
16 tion, attendance and health services, operation of plant, maintenance of  
17 plant, fixed charges and tuition for resident students attending in another  
18 district, as determined in accordance with the rules of the State Board of  
19 Education, but net operating expenditures does not include transportation,  
20 food service, student body activities, community services, capital outlay, debt  
21 service or expenses incurred for nonresident students.

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

23 “(A) Whose legal school residence is within the boundaries of a school  
24 district reporting the pupil, if the district is legally responsible for the edu-  
25 cation of the pupil, except that ‘resident pupil’ does not include a pupil who  
26 pays tuition or for whom the parent pays tuition or for whom the district  
27 does not pay tuition for placement outside the district; or

28 “(B) Whose legal residence is not within the boundaries of the district  
29 reporting the pupil but who attends school in the district with the written  
30 consent of the district school board where the school is located as provided

1 by ORS 339.133 (5).

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

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

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

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

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

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

23 “327.008. (1) There is established a State School Fund in the General  
24 Fund. The fund shall consist of moneys appropriated by the Legislative As-  
25 sembly and moneys transferred from the Education Stability Fund. The State  
26 School Fund is continuously appropriated to the Department of Education  
27 for the purposes of **sections 1 to 3 of this 2013 Act and** ORS 327.006 to  
28 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580,  
29 336.635, 342.173, 343.243, 343.533 and 343.961.

30 “(2) There shall be apportioned from the State School Fund to each school

1 district a State School Fund grant, consisting of the positive amount equal  
2 to a general purpose grant and a facility grant and a transportation grant  
3 and a high cost disabilities grant minus local revenue, computed as provided  
4 in ORS 327.011 and 327.013.

5 “(3) There shall be apportioned from the State School Fund to each edu-  
6 cation service district a State School Fund grant as calculated under ORS  
7 327.019.

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

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

14 “(6) Numbers of students in average daily membership used in the dis-  
15 tribution formula shall be the numbers as of June of the year of distribution.

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

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

23 “(9) Each fiscal year, the Department of Education shall transfer the  
24 amount of \$18 million from the State School Fund to the High Cost Disa-  
25 bilities Account established in ORS 327.348.

26 “(10) Each fiscal year, the Department of Education may expend up to  
27 \$550,000 from the State School Fund for the contract described in ORS  
28 329.488. The amount distributed to education service districts from the State  
29 School Fund under this section and ORS 327.019 shall be reduced by the  
30 amount expended by the department under this subsection.



1 “(11) Each biennium, the Department of Education may expend up to  
2 \$350,000 from the State School Fund to provide administration of and support  
3 for the development of talented and gifted education under ORS 343.404.

4 “(12) Each biennium, the Department of Education may expend up to  
5 \$150,000 from the State School Fund for the administration of a program to  
6 increase the number of speech-language pathologists and speech-language  
7 pathology assistants under ORS 348.394 to 348.406.

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

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

14 “327.008. (1) There is established a State School Fund in the General  
15 Fund. The fund shall consist of moneys appropriated by the Legislative As-  
16 sembly and moneys transferred from the Education Stability Fund. The State  
17 School Fund is continuously appropriated to the Department of Education  
18 for the purposes of [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to  
19 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580,  
20 336.635, 342.173, 343.243, 343.533 and 343.961.

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

26 “(3) There shall be apportioned from the State School Fund to each edu-  
27 cation service district a State School Fund grant as calculated under ORS  
28 327.019.

29 “(4) There shall be apportioned from the State School Fund the amount  
30 to be transferred to the Regional Educational Services Account as calculated

1 under ORS 327.009.

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

5 “(6) Numbers of students in average daily membership used in the dis-  
6 tribution formula shall be 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  
8 grant that is attributable to the facility grant for capital construction costs.

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

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

17 “(10) Each fiscal year, the Department of Education may expend up to  
18 \$550,000 from the State School Fund for the contract described in ORS  
19 329.488. The amount distributed to education service districts from the State  
20 School Fund under this section and ORS 327.019 shall be reduced by the  
21 amount expended by the department under this subsection.

22 “(11) Each biennium, the Department of Education may expend up to  
23 \$350,000 from the State School Fund to provide administration of and support  
24 for the development of talented and gifted education under ORS 343.404.

25 “(12) Each biennium, the Department of Education may expend up to  
26 \$150,000 from the State School Fund for the administration of a program to  
27 increase the number of speech-language pathologists and speech-language  
28 pathology assistants under ORS 348.394 to 348.406.

29 “[13] *Each fiscal year, the Department of Education shall transfer the*  
30 *amount of \$2.5 million from the State School Fund to the Small School Dis-*

1 *trict Supplement Fund established in section 3 of this 2013 Act.]*

2 **“SECTION 8.** ORS 327.019 is amended to read:

3 “327.019. (1) As used in this section:

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

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

9 “(A) The amount of revenue offset against local property taxes as deter-  
10 mined by the Department of Revenue under ORS 311.175 (3)(a)(A);

11 “(B) The amount of property taxes actually received by the district in-  
12 cluding penalties and interest on taxes;

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

15 “(D) Any positive amount obtained by subtracting the operating property  
16 taxes actually imposed by the district based on the rate certified pursuant  
17 to ORS 310.060 from the amount that would have been imposed by the dis-  
18 trict if the district had certified the maximum rate of operating property  
19 taxes allowed by law.

20 “(2) Each fiscal year, the Superintendent of Public Instruction shall cal-  
21 culate a State School Fund grant for each education service district as pro-  
22 vided in this section.

23 “(3)(a) Each fiscal year, the superintendent shall calculate the total  
24 amount appropriated or allocated to the State School Fund and available for  
25 distribution to school districts, education service districts, programs and the  
26 Office of Regional Educational Services + total amount of local revenues  
27 of all school districts, computed as provided in ORS 327.011, + total amount  
28 of local revenues of all education service districts. The superintendent may  
29 not include in the calculation under this paragraph amounts received by the  
30 Department of Education from the State School Fund under ORS 343.243.

1 “(b) The superintendent shall multiply the amount calculated under par-  
2 agraph (a) of this subsection by 95.5 percent.

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

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

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

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

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

21 “(b) Notwithstanding paragraph (a) of this subsection and only for State  
22 School Fund distributions made for the first school year after two or more  
23 education service districts join together, if an education service district re-  
24 ceived a general services grant as provided by paragraph (a)(B) of this sub-  
25 section prior to the education service district joining together with one or  
26 more other education service districts to form a new education service dis-  
27 trict:

28 “(A) The general services grant for the new education service district  
29 shall be calculated for each component education service district as though  
30 the component education service districts had not joined together to form a

1 new education service district; and

2 “(B) A component education service district that received \$1 million as  
3 provided by paragraph (a)(B) of this subsection shall be entitled to receive  
4 \$1 million under the calculation provided by this paragraph.

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

8 “(6)(a) After completing the calculations under subsections (2) to (5) of  
9 this section, the Superintendent of Public Instruction shall apportion from  
10 the State School Fund to each education service district an amount =  
11 (funding percentage × general services grant) – local revenues of the edu-  
12 cation service district.

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

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

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

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

23 “(8) An education service district shall distribute to school districts lo-  
24 cated within the territory of the education service district any amount of  
25 local revenues of the education service district that is greater than the  
26 general services grant. The amount that each school district receives under  
27 this subsection shall be prorated based on the district extended ADMw of the  
28 school district as calculated under ORS 327.013.

29 “(9)(a) An education service district shall distribute to a school district  
30 that is located within the territory of the education service district but that

1 has withdrawn from the education service district as provided in ORS 334.015  
2 the amounts received by the education service district as a general services  
3 grant and from the School Improvement Fund.

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

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

7 “(B) Shall equal 90 percent of the school district’s prorated share, as  
8 calculated under subparagraph (A) of this paragraph; and

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

11 “(i) The school district;

12 “(ii) The education service district from which the school district with-  
13 drew;

14 “(iii) An education service district that is not the education service dis-  
15 trict from which the school district withdrew; or

16 “(iv) Any other public entity with which the school district has entered  
17 into a contract to provide the services.

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

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

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

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

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

28 “(B) The amount of property taxes actually received by the district in-  
29 cluding penalties and interest on taxes;

30 “(C) The amount of revenue received by the district from state-managed

1 forestlands under ORS 530.115 (1)(b) and (c); and

2 “(D) Any positive amount obtained by subtracting the operating property  
3 taxes actually imposed by the district based on the rate certified pursuant  
4 to ORS 310.060 from the amount that would have been imposed by the dis-  
5 trict if the district had certified the maximum rate of operating property  
6 taxes allowed by law.

7 “(2) Each fiscal year, the Superintendent of Public Instruction shall cal-  
8 culate a State School Fund grant for each education service district as pro-  
9 vided in this section.

10 “(3)(a) Each fiscal year, the superintendent shall calculate the total  
11 amount appropriated or allocated to the State School Fund and available for  
12 distribution to school districts, education service districts, programs and the  
13 Office of Regional Educational Services + total amount of local revenues  
14 of all school districts, computed as provided in ORS 327.011, + total amount  
15 of local revenues of all education service districts. The superintendent may  
16 not include in the calculation under this paragraph amounts received by the  
17 Department of Education from the State School Fund under ORS 343.243.

18 “(b) The superintendent shall multiply the amount calculated under par-  
19 agraph (a) of this subsection by 95.5 percent.

20 “(c) Based on the amount calculated under paragraph (b) of this sub-  
21 section, the superintendent shall calculate a funding percentage to distribute  
22 as nearly as practicable under [*sections 1 to 3 of this 2013 Act and*] ORS  
23 327.006 to 327.133 and 327.348 the total amount calculated under paragraph  
24 (b) of this subsection as school district general purpose grants, facility  
25 grants, high cost disabilities grants and transportation grants to school dis-  
26 tricts.

27 “(d) Based on the funding percentage calculated under paragraph (c) of  
28 this subsection, the superintendent shall calculate the general purpose grant,  
29 facility grant, transportation grant and high cost disabilities grant amounts  
30 for each school district.

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

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

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

8 “(b) Notwithstanding paragraph (a) of this subsection and only for State  
9 School Fund distributions made for the first school year after two or more  
10 education service districts join together, if an education service district re-  
11 ceived a general services grant as provided by paragraph (a)(B) of this sub-  
12 section prior to the education service district joining together with one or  
13 more other education service districts to form a new education service dis-  
14 trict:

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

19 “(B) A component education service district that received \$1 million as  
20 provided by paragraph (a)(B) of this subsection shall be entitled to receive  
21 \$1 million under the calculation provided by this paragraph.

22 “(5) Subject to subsection (6) of this section, the State School Fund grant  
23 for an education service district = general services grant – local revenues  
24 of the education service district.

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

30 “(b) The funding percentage used in paragraph (a) of this subsection shall



1 be calculated by the superintendent to distribute as nearly as practicable the  
2 total amount available for distribution to education service districts from the  
3 State School Fund for each fiscal year.

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

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

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

10 “(8) An education service district shall distribute to school districts lo-  
11 cated within the territory of the education service district any amount of  
12 local revenues of the education service district that is greater than the  
13 general services grant. The amount that each school district receives under  
14 this subsection shall be prorated based on the district extended ADMw of the  
15 school district as calculated under ORS 327.013.

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

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

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

24 “(B) Shall equal 90 percent of the school district’s prorated share, as  
25 calculated under subparagraph (A) of this paragraph; and

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

28 “(i) The school district;

29 “(ii) The education service district from which the school district with-  
30 drew;

1       “(iii) An education service district that is not the education service dis-  
2 trict from which the school district withdrew; or

3       “(iv) Any other public entity with which the school district has entered  
4 into a contract to provide the services.

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

6       “327.125. The Superintendent of Public Instruction shall administer the  
7 provisions of **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.133,  
8 327.348 and 327.731. The State Board of Education shall adopt all necessary  
9 rules not inconsistent with **sections 1 to 3 of this 2013 Act and** ORS 327.006  
10 to 327.133, 327.348 and 327.731 to carry into effect the provisions of those  
11 statutes.

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

14       “327.125. The Superintendent of Public Instruction shall administer the  
15 provisions of [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to 327.133,  
16 327.348 and 327.731. The State Board of Education shall adopt all necessary  
17 rules not inconsistent with [*sections 1 to 3 of this 2013 Act and*] ORS 327.006  
18 to 327.133, 327.348 and 327.731 to carry into effect the provisions of those  
19 statutes.

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

21       “327.137. (1) Every common or union high school district or education  
22 service district shall file a copy of its audit report with the Department of  
23 Education within six months of the end of the fiscal year for which the audit  
24 is required. If the audit report, as submitted to the district, fails to provide  
25 the detail necessary for the computation required in the administration of  
26 **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348, 327.731,  
27 328.542 and 530.115 and this section, the district shall submit the necessary  
28 information on forms provided by the department within the time prescribed  
29 for filing the audit in this section. Any district failing to file a copy of its  
30 audit report under this section or ORS 327.133 shall not receive any pay-

1 ments from the State School Fund until such reports are filed.

2 “(2) Notwithstanding the timeline provided by this section and pursuant  
3 to rules adopted by the State Board of Education, the Superintendent of  
4 Public Instruction may waive a reporting date or specify an alternative date  
5 to provide the audit report or information if a human-created disaster or a  
6 natural disaster affects the ability of a school district or an education ser-  
7 vice district to provide the audit report or information by a specified date.

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

11 “327.137. (1)(a) Every common or union high school district or education  
12 service district shall file a copy of its audit report with the Department of  
13 Education within six months of the end of the fiscal year for which the audit  
14 is required. The audit report shall include:

15 “(A) Information necessary for the computation required in the adminis-  
16 tration of **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.133,  
17 327.348, 327.731, 328.542 and 530.115 and this section; and

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

20 “(b) If the audit report, as submitted to the district, fails to provide the  
21 detail necessary for the computation required in the administration of  
22 sections 1 to 3 of this 2013 Act and ORS 327.006 to 327.133, 327.348, 327.731,  
23 328.542 and 530.115 and this section, the district shall submit the necessary  
24 information on forms provided by the department within the time prescribed  
25 for filing the audit in this section.

26 “(c) The Superintendent of Public Instruction may withhold any payments  
27 from the State School Fund for a public charter school that, pursuant to ORS  
28 338.155, are due to a district under ORS 327.095 if:

29 “(A) The audit report filed by the district fails to include the public  
30 charter school annual audit as required by paragraph (a)(B) of this sub-

1 section; and

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

4 “(d) If payments are withheld as provided by paragraph (c) of this sub-  
5 section, the superintendent may allow payments to be made from the State  
6 School Fund to the district upon receipt of the annual audit or upon the  
7 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 sec-  
10 tion or a report under ORS 327.133 may not receive any payments from the  
11 State School Fund until the report is filed.

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

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

21 “327.137. (1)(a) Every common or union high school district or education  
22 service district shall file a copy of its audit report with the Department of  
23 Education within six months of the end of the fiscal year for which the audit  
24 is required. The audit report shall include:

25 “(A) Information necessary for the computation required in the adminis-  
26 tration of [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348,  
27 327.731, 328.542 and 530.115 and this section; and

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

30 “(b) If the audit report, as submitted to the district, fails to provide the

1 detail necessary for the computation required in the administration of  
2 [sections 1 to 3 of this 2013 Act and] ORS 327.006 to 327.133, 327.348, 327.731,  
3 328.542 and 530.115 and this section, the district shall submit the necessary  
4 information on forms provided by the department within the time prescribed  
5 for filing the audit in this section.

6 “(c) The Superintendent of Public Instruction may withhold any payments  
7 from the State School Fund for a public charter school that, pursuant to ORS  
8 338.155, are due to a district under ORS 327.095 if:

9 “(A) The audit report filed by the district fails to include the public  
10 charter school annual audit as required by paragraph (a)(B) of this sub-  
11 section; and

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

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

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

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

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

29 “339.129. (1) A school district shall provide or cause to be provided ap-  
30 propriate education for children placed in a local or regional correctional

1 facility located in the school district. The education may be provided by the  
2 school district or an education service district.

3 “(2) The school district may claim State School Fund reimbursement un-  
4 der **sections 1 to 3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348 and  
5 327.731 for each child who is in a local or regional correctional facility.

6 “(3) A local or regional correctional facility shall notify the school dis-  
7 trict within which the facility is located of the name and date of birth of  
8 each school-age child placed in the facility, including a child with a disa-  
9 bility under the age of 22 years who may be eligible for special education.  
10 The notice shall be in writing and shall be given within five business days  
11 of the child’s placement in the facility.

12 “(4) The local or regional correctional facility shall allow the school dis-  
13 trict and education service district to have safe and reasonable access to  
14 children placed in that facility for whom the school district is required to  
15 provide education.

16 “(5) As used in this section:

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

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

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

23 “339.129. (1) A school district shall provide or cause to be provided ap-  
24 propriate education for children placed in a local or regional correctional  
25 facility located in the school district. The education may be provided by the  
26 school district or an education service district.

27 “(2) The school district may claim State School Fund reimbursement un-  
28 der [*sections 1 to 3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348 and  
29 327.731 for each child who is in a local or regional correctional facility.

30 “(3) A local or regional correctional facility shall notify the school dis-

1 trict within which the facility is located of the name and date of birth of  
2 each school-age child placed in the facility, including a child with a disa-  
3 bility under the age of 22 years who may be eligible for special education.  
4 The notice shall be in writing and shall be given within five business days  
5 of the child's placement in the facility.

6 “(4) The local or regional correctional facility shall allow the school dis-  
7 trict and education service district to have safe and reasonable access to  
8 children placed in that facility for whom the school district is required to  
9 provide education.

10 “(5) As used in this section:

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

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

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

16 “340.045. (1) An eligible student enrolled in an eligible post-secondary  
17 course at an eligible post-secondary institution pursuant to ORS 340.030 shall  
18 continue to be considered a resident pupil of the student's school district for  
19 purposes of calculation of the State School Fund grant under **sections 1 to**  
20 **3 of this 2013 Act and** ORS 327.006 to 327.133, 327.348 and 327.731.

21 “(2) The amount of each school district's general purpose grant per ex-  
22 tended ADMw as calculated under ORS 327.013 shall be determined each  
23 fiscal year by the Department of Education and made available to all school  
24 districts and, upon request, to any eligible post-secondary institution.

25 “(3) A school district and any eligible post-secondary institution that ac-  
26 cepts a student for enrollment in an eligible post-secondary course pursuant  
27 to ORS 340.030 shall negotiate in good faith a financial agreement for the  
28 payment of actual instructional costs associated with the enrollment of the  
29 eligible student in eligible post-secondary courses, including tuition and fees  
30 and the costs of textbooks, equipment and materials.

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

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

10 “(6) The department shall develop a process and criteria to use for ap-  
11 peals.

12 “(7)(a) If the department determines that the negotiations were not con-  
13 ducted in good faith by either the school district or the eligible post-  
14 secondary institution, the department shall order the school district and the  
15 eligible post-secondary institution to conduct the negotiations again.

16 “(b) If the department determines that the negotiations were conducted  
17 in good faith by the school district and the eligible post-secondary institu-  
18 tion, the department shall grant the school district a waiver under ORS  
19 340.083 from participating in the Expanded Options Program with the eligible  
20 post-secondary institution with which the school district was negotiating.

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

23 “(9) In addition to any financial agreement entered into under subsection  
24 (3) of this section, the resident school district of the eligible student shall  
25 enter into an agreement with an eligible post-secondary institution that ac-  
26 cepts a student for enrollment in an eligible post-secondary course that is a  
27 nontuition course or noncredit course pursuant to ORS 340.030 for the pay-  
28 ment of the actual instructional costs associated with the student’s attending  
29 the eligible post-secondary course at the institution.

30 “(10) Nothing in this section shall prohibit an eligible post-secondary in-



1 stitution from receiving additional state funding that may be available under  
2 any other law.

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

5 “340.045. (1) An eligible student enrolled in an eligible post-secondary  
6 course at an eligible post-secondary institution pursuant to ORS 340.030 shall  
7 continue to be considered a resident pupil of the student’s school district for  
8 purposes of calculation of the State School Fund grant under [*sections 1 to*  
9 *3 of this 2013 Act and*] ORS 327.006 to 327.133, 327.348 and 327.731.

10 “(2) The amount of each school district’s general purpose grant per ex-  
11 tended ADMw as calculated under ORS 327.013 shall be determined each  
12 fiscal year by the Department of Education and made available to all school  
13 districts and, upon request, to any eligible post-secondary institution.

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

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

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

29 “(6) The department shall develop a process and criteria to use for ap-  
30 peals.

1 “(7)(a) If the department determines that the negotiations were not con-  
2 ducted in good faith by either the school district or the eligible post-  
3 secondary institution, the department shall order the school district and the  
4 eligible post-secondary institution to conduct the negotiations again.

5 “(b) If the department determines that the negotiations were conducted  
6 in good faith by the school district and the eligible post-secondary institu-  
7 tion, the department shall grant the school district a waiver under ORS  
8 340.083 from participating in the Expanded Options Program with the eligible  
9 post-secondary institution with which the school district was negotiating.

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

12 “(9) In addition to any financial agreement entered into under subsection  
13 (3) of this section, the resident school district of the eligible student shall  
14 enter into an agreement with an eligible post-secondary institution that ac-  
15 cepts a student for enrollment in an eligible post-secondary course that is a  
16 nontuition course or noncredit course pursuant to ORS 340.030 for the pay-  
17 ment of the actual instructional costs associated with the student’s attending  
18 the eligible post-secondary course at the institution.

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

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

23 **“SECTION 20. The amendments to ORS 327.006, 327.008, 327.019,**  
24 **327.125, 327.137, 339.129 and 340.045 by sections 5, 7, 9, 11, 14, 16 and 18**  
25 **of this 2013 Act, and the repeal of sections 1, 2 and 3 of this 2013 of this**  
26 **2013 Act by section 19 of this 2013 Act, become operative on June 30,**  
27 **2015.**

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

29 **“343.961. (1) As used in this section:**

30 **“(a) ‘Day treatment program’ means a public or private program that**

1 provides treatment of children with a mental illness, an emotional disturb-  
2 ance or another mental health issue.

3 “(b) ‘Eligible day treatment program’ means a day treatment program  
4 with which the Oregon Health Authority contracts for long term care or  
5 treatment. ‘Eligible day treatment program’ does not include residential  
6 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 treat-  
9 ment program with which the Oregon Health Authority, the Department of  
10 Human Services or the Oregon Youth Authority contracts for long term care  
11 or treatment. ‘Eligible residential treatment program’ does not include psy-  
12 chiatric day treatment programs or programs that provide care or treatment  
13 to juveniles who are in detention facilities.

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

17 “(e) ‘Student’ means a child who is placed in an eligible day treatment  
18 program or eligible residential treatment program by a public or private en-  
19 tity or by the child’s parent.

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

26 “(3)(a) The school district in which an eligible day treatment program or  
27 eligible residential treatment program is located is responsible for providing  
28 the education of a student, including the identification, location and evalu-  
29 ation of the student for the purpose of determining the student’s eligibility  
30 to receive special education and related services.

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

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

5 “(B) In the facilities of an eligible day treatment program or eligible  
6 residential treatment program, the facilities of a school district or the facil-  
7 ities of an education service district.

8 “(c) When a student is no longer in an eligible day treatment program  
9 or eligible residential treatment program, the responsibilities imposed by this  
10 subsection terminate and become the responsibilities of the school district  
11 where the student is a resident, as determined under ORS 339.133 and 339.134.

12 “(4) **The school district where the student is a resident is responsi-  
13 ble for providing transportation to a student enrolled in an eligible day  
14 treatment program. Transportation must be provided by the school  
15 district where the student is a resident each day the student is  
16 scheduled to receive services from the eligible day treatment program.**

17 “[4] (5) A school district may request the Department of Education to  
18 combine several eligible day treatment programs or eligible residential  
19 treatment programs into one contract with another school district or an ed-  
20 ucation service district.

21 “[5] (6) The Oregon Health Authority, the Department of Human Ser-  
22 vices or the Oregon Youth Authority shall give the school district providing  
23 the education at an eligible day treatment program or an eligible residential  
24 treatment program 14 days’ notice, to the extent practicable, before a student  
25 is dismissed from the program.

26 “[6] (7) The Department of Education may make advances to school  
27 districts responsible for providing an education to students under this sec-  
28 tion from funds appropriated for that purpose based on the estimated agreed  
29 cost of educating the students per school year. Advances equal to 25 percent  
30 of the estimated cost may be made on September 1, December 1 and March

1 1 of the current year. The balance may be paid whenever the full determi-  
2 nation of cost is made.

3 “[7] (8) School districts that provide the education described in this  
4 section on a year-round plan may apply for 25 percent of the funds appro-  
5 priated for that purpose on July 1, October 1, January 1, and 15 percent on  
6 April 1. The balance may be paid whenever the full determination of cost is  
7 made.

8 “[8] (9) In addition to the payment methods described in this section, the  
9 Department of Education may:

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

13 “(b) Negotiate intergovernmental agreements to pay for the cost of edu-  
14 cation in day treatment programs and residential treatment programs oper-  
15 ated under the auspices of the Oregon Health and Science University Board  
16 of Directors.

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

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