

**PROPOSED AMENDMENTS TO  
SENATE BILL 227**

1 On page 1 of the printed bill, line 2, after the semicolon insert “creating  
2 new provisions; amending ORS 294.383, 327.008, 327.019, 327.294, 329.488 and  
3 334.177; repealing ORS 327.009, 334.800 and 334.820;”.

4 Delete lines 4 through 31 and delete page 2 and insert:

5 **“SECTION 1. The Office of Regional Educational Services is abol-**  
6 **ished.**

7 **“SECTION 2. (1) The Regional Educational Services Account is**  
8 **abolished.**

9 **“(2) Any moneys remaining in the Regional Educational Services**  
10 **Account on the effective date of this 2013 Act that are unexpended,**  
11 **unobligated and not subject to any conditions shall revert to the**  
12 **General Fund.**

13 **“SECTION 3. ORS 327.009, 334.800 and 334.820 are repealed.**

14 **“SECTION 4. ORS 294.383 is amended to read:**

15 **“294.383. (1) As used in this section, ‘extended ADMw’ means:**

16 **“(a) For a school district, the district extended ADMw as calculated un-**  
17 **der ORS 327.013.**

18 **“(b) For an education service district, the sum of the extended ADMw of**  
19 **the school districts located within the territory of the education service**  
20 **district.**

21 **“(2) Notwithstanding ORS 294.333, a school district or education service**  
22 **district that uses the accrual basis method of accounting may include as**

1 accrued revenues in the budget and financial statement of the school district  
2 or education service district, for any fiscal year, an amount from the next  
3 fiscal year that is to be received in the next fiscal year. The amount accrued  
4 under this section may not be greater than the amount calculated under  
5 subsection (3)(b) or (c) of this section multiplied by the extended ADMw of  
6 the school district or education service district.

7 “(3)(a) For each fiscal year, the Department of Education shall calculate  
8 the amount available in the State School Fund for grants and distributions  
9 to school districts and the amount available for grants and distributions to  
10 education service districts under ORS 327.008, 327.013 and 327.019 based on  
11 the appropriations and allocations made to the State School Fund for that  
12 fiscal year by the Legislative Assembly in regular session. The department  
13 may not include in the amount calculated to be available for school districts  
14 and education service districts under this paragraph the amounts received  
15 by the Youth Corrections Education Program and the Juvenile Detention  
16 Education Program under ORS 327.026 from the State School Fund [*or*  
17 *amounts transferred to the Regional Educational Services Account as provided*  
18 *by ORS 327.009*].

19 “(b) The department shall calculate for school districts an amount equal  
20 to (the amount calculated under paragraph (a) of this subsection for school  
21 districts ÷ 12) ÷ the total statewide extended ADMw of all school districts.

22 “(c) The department shall calculate for education service districts an  
23 amount equal to (the amount calculated under paragraph (a) of this sub-  
24 section for education service districts ÷ 12) ÷ the total statewide extended  
25 ADMw of all education service districts.

26 “(d) The department may adjust the calculations under this subsection  
27 based on current data for the factors used to calculate the State School Fund  
28 distribution to school districts and education service districts under ORS  
29 327.008, 327.013 and 327.019.

30 “(e) Notwithstanding paragraph (d) of this subsection, the department

1 may not adjust the calculation under paragraph (a) of this subsection based  
2 on changes made to the appropriations or allocations to the State School  
3 Fund by the Legislative Assembly in special session or by rule of the Oregon  
4 Department of Administrative Services relating to allotting funds.

5 “(4) Notwithstanding ORS 294.333, a community college district or com-  
6 munity college service district that uses the accrual basis method of ac-  
7 counting may include as accrued revenues in the budget and financial  
8 statement of the community college district or community college service  
9 district, for any fiscal year, an amount from the next fiscal year that is to  
10 be received in the next fiscal year. The amount accrued under this section  
11 may not be greater than 25 percent of the amount the community college  
12 district or community college service district received as a Community Col-  
13 lege Support Fund grant for the fiscal year for which the revenues are to  
14 be accrued.

15 **“SECTION 5.** ORS 327.008, as amended by section 3, chapter 91, Oregon  
16 Laws 2012, is amended to read:

17 “327.008. (1) There is established a State School Fund in the General  
18 Fund. The fund shall consist of moneys appropriated by the Legislative As-  
19 sembly and moneys transferred from the Education Stability Fund. The State  
20 School Fund is continuously appropriated to the Department of Education  
21 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125,  
22 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961.

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

28 “(3) There shall be apportioned from the State School Fund to each edu-  
29 cation service district a State School Fund grant as calculated under ORS  
30 327.019.

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

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

7       “[(6)] (5) Numbers of students in average daily membership used in the  
8 distribution formula shall be the numbers as of June of the year of distrib-  
9 ution.

10       “[(7)] (6) A school district may not use the portion of the State School  
11 Fund grant that is attributable to the facility grant for capital construction  
12 costs.

13       “[(8)] (7) The total amount of the State School Fund that is distributed  
14 as facility grants may not exceed \$25 million in any biennium. If the total  
15 amount to be distributed as facility grants exceeds this limitation, the De-  
16 partment of Education shall prorate the amount of funds available for facil-  
17 ity grants among those school districts that qualified for a facility grant.

18       “[(9)] (8) Each fiscal year, the Department of Education shall transfer the  
19 amount of \$18 million from the State School Fund to the High Cost Disa-  
20 bilities Account established in ORS 327.348.

21       “[(10)] (9) Each fiscal year, the Department of Education may expend up  
22 to \$550,000 from the State School Fund for the contract described in ORS  
23 329.488. The amount distributed to education service districts from the State  
24 School Fund under this section and ORS 327.019 shall be reduced by the  
25 amount expended by the department under this subsection.

26       “[(11)] (10) Each biennium, the Department of Education may expend up  
27 to \$350,000 from the State School Fund to provide administration of and  
28 support for the development of talented and gifted education under ORS  
29 343.404.

30       “[(12)] (11) Each biennium, the Department of Education may expend up

1 to \$150,000 from the State School Fund for the administration of a program  
2 to increase the number of speech-language pathologists and speech-language  
3 pathology assistants under ORS 348.394 to 348.406.

4 **“SECTION 6.** ORS 327.019 is amended to read:

5 “327.019. (1) As used in this section:

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

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

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

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

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

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

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

25 “(3)(a) Each fiscal year, the superintendent shall calculate the total  
26 amount appropriated or allocated to the State School Fund and available for  
27 distribution to school districts, education service districts[,] **and** programs  
28 [*and the Office of Regional Educational Services*] + total amount of local  
29 revenues of all school districts, computed as provided in ORS 327.011, +  
30 total amount of local revenues of all education service districts. The super-

1 intendent may not include in the calculation under this paragraph amounts  
2 received by the Department of Education from the State School Fund under  
3 ORS 343.243.

4 “(b) The superintendent shall multiply the amount calculated under par-  
5 agraph (a) of this subsection by [95.5] \_\_\_\_\_ percent.

6 “(c) Based on the amount calculated under paragraph (b) of this sub-  
7 section, the superintendent shall calculate a funding percentage to distribute  
8 as nearly as practicable under ORS 327.006 to 327.133 and 327.348 the total  
9 amount calculated under paragraph (b) of this subsection as school district  
10 general purpose grants, facility grants, high cost disabilities grants and  
11 transportation grants to school districts.

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

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

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

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

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

30 “(A) The general services grant for the new education service district

1 shall be calculated for each component education service district as though  
2 the component education service districts had not joined together to form a  
3 new education service district; and

4 “(B) A component education service district that received \$1 million as  
5 provided by paragraph (a)(B) of this subsection shall be entitled to receive  
6 \$1 million under the calculation provided by this paragraph.

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

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

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

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

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

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

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

1 “(9)(a) An education service district shall distribute to a school district  
2 that is located within the territory of the education service district but that  
3 has withdrawn from the education service district as provided in ORS 334.015  
4 the amounts received by the education service district as a general services  
5 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  
8 district as calculated under ORS 327.013;

9 “(B) Shall equal [90] \_\_\_\_\_ percent of the school district’s prorated share,  
10 as calculated under subparagraph (A) of this paragraph; and

11 “(C) May be used to pay for any expenses incurred in providing services  
12 described in ORS 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 with-  
15 drew;

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

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

20 **“SECTION 7. The amendments to ORS 294.383, 327.008 and 327.019**  
21 **by sections 4 to 6 of this 2013 Act and the repeal of ORS 327.009 by**  
22 **section 3 of this 2013 Act apply to State School Fund distributions**  
23 **commencing with the 2013-2014 distributions.**

24 **“SECTION 8. ORS 334.177 is amended to read:**

25 “334.177. (1) As used in this section, ‘local revenues of an education ser-  
26 vice district’ has the meaning given that term in ORS 327.019 but does not  
27 include any local revenues distributed under ORS 327.019 (8).

28 “(2) An education service district board shall expend at least [90] \_\_\_\_\_  
29 percent of all amounts received from the State School Fund and at least  
30 [90] \_\_\_\_\_ percent of all amounts considered to be local revenues of an ed-



1 ucation service district on services or programs that have been approved by  
2 the component school districts of the education service district through the  
3 resolution process described in ORS 334.175.

4 “(3) An education service district board shall expend 100 percent of all  
5 amounts received from the School Improvement Fund on services or pro-  
6 grams that have been approved by the component school districts of the ed-  
7 ucation service district through the resolution process described in ORS  
8 334.175.

9 “(4) The expenditure requirements of this section apply only to amounts  
10 retained by the education service district after making any distributions re-  
11 quired under ORS 327.019 (9).

12 **“SECTION 9. The amendments to ORS 334.177 by section 8 of this**  
13 **2013 Act apply to expenditures made on or after July 1, 2013.**

14 **“SECTION 10.** ORS 327.294 is amended to read:

15 “327.294. (1) There is established the School Improvement Fund, separate  
16 and distinct from the General Fund. Interest earned by the School Improve-  
17 ment Fund shall be credited to the fund.

18 “(2) The moneys in the fund are continuously appropriated to the De-  
19 partment of Education for purposes of the grant program created by ORS  
20 327.297.

21 “(3) Each fiscal year, the department shall distribute:

22 “(a) [95.25] \_\_\_\_\_ percent of the moneys in the fund as grants to school  
23 districts, the Youth Corrections Education Program and the Juvenile De-  
24 tention Education Program; and

25 “(b) [4.75] \_\_\_\_\_ percent of the moneys in the fund as grants to education  
26 service districts.

27 **“SECTION 11. The amendments to ORS 327.294 by section 10 of this**  
28 **2013 Act apply to School Improvement Fund distributions commencing**  
29 **with the 2013-2014 distributions.**

30 **“SECTION 12.** ORS 329.488 is amended to read:

1       “329.488. (1) The Department of Education shall contract with a nonprofit  
2 entity to administer a nationally normed assessment, in collaboration with  
3 the department, to all students in grade 10 who are enrolled in a public  
4 school. The purpose of the assessment is to predict the success of students  
5 on, and provide practice for students taking, college entrance exams.

6       “(2) The department shall base the selection of the contractor under sub-  
7 section (1) of this section on all of the following criteria:

8       “(a) The contractor must be able to provide to the department statewide  
9 data containing the results of the assessment;

10       “(b) The contractor shall provide an assessment that:

11       “(A) Identifies students with high potential to excel in advanced place-  
12 ment (AP) or other honors courses based on a research-based correlation of  
13 scores on the grade 10 assessment to advanced placement examinations;

14       “(B) Examines students in mathematics, reading and writing; and

15       “(C) Provides results that can be used by Oregon’s higher education in-  
16 stitutions to recruit students to attend college;

17       “(c) The contractor must be able to supply schools with an item-by-item  
18 analysis of student performance on the assessment; and

19       “(d) The contractor must be able to make available to each student taking  
20 the assessment a free career assessment and online exploration of colleges  
21 and career opportunities.

22       “(3)(a) In lieu of using the contractor selected by the department under  
23 subsection (1) of this section, a school district may apply to the department  
24 for a waiver to allow the district to enter into a contract with a different  
25 nonprofit entity for the purpose of administering a nationally normed as-  
26 sessment to all students in grade 10 who are enrolled in the public schools  
27 operated by the district. The department shall grant the waiver if:

28       “(A) The district had entered into a contract with the entity for the  
29 2007-2008 school year to administer a grade 10 assessment;

30       “(B) The entity, in coordination with the district, administered a grade

1 10 assessment during the 2007-2008 school year;

2 “(C) For the most recent school year in which the entity administered a  
3 grade 10 assessment, the entity met the criteria set forth in subsection (2)  
4 of this section as in effect for the school year in which the entity adminis-  
5 tered the assessment; and

6 “(D) The entity plans to meet the criteria set forth in subsection (2) of  
7 this section as in effect for the school year for which the school district  
8 seeks a waiver.

9 “(b) A waiver granted by the department under this subsection:

10 “(A) Is valid for one school year; and

11 “(B) May be renewed each school year.

12 “(c) The department shall reimburse a school district for the cost of as-  
13 sessments allowed under this subsection from funds available to the depart-  
14 ment under ORS 327.008 [(10)] (9).

15 “(4) Notwithstanding subsections (1) and (3) of this section:

16 “(a) The department may, under rules adopted by the State Board of Ed-  
17 ucation, waive the assessment for specific groups of students; and

18 “(b) Upon request from a student who is enrolled in a public school op-  
19 erated by a school district or the parent or guardian of the student, the  
20 school district shall waive the assessment for the student.

21 **“SECTION 13. This 2013 Act being necessary for the immediate**  
22 **preservation of the public peace, health and safety, an emergency is**  
23 **declared to exist, and this 2013 Act takes effect July 1, 2013.”**

24