

**A-Engrossed**  
**Senate Bill 1528**

Ordered by the Senate February 13  
Including Senate Amendments dated February 13

Sponsored by Senator MONROE, Representative HOYLE, Senator KRUSE; Senators DEVLIN, GIROD, ROBLAN,  
Representatives BUCKLEY, GELSER, KOMP (Presession filed.)

**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.

Alters method by which moneys are distributed to school districts for purpose of paying for costs of education of students in eligible day treatment programs and eligible residential treatment programs.

Takes effect July 1, 2014.

**A BILL FOR AN ACT**

1  
2 Relating to funding for education of students in treatment programs; creating new provisions;  
3 amending ORS 343.243 and 343.961 and section 5, chapter 638, Oregon Laws 2013; appropriating  
4 money; limiting expenditures; and prescribing an effective date.

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

6 **SECTION 1.** ORS 343.961 is amended to read:

7 343.961. (1) As used in this section:

8 (a) "Day treatment program" means a public or private program that provides treatment of  
9 children with a mental illness, an emotional disturbance or another mental health issue.

10 (b) "Eligible day treatment program" means a day treatment program with which the Oregon  
11 Health Authority contracts for long term care or treatment. "Eligible day treatment program" does  
12 not include residential treatment programs or programs that provide care or treatment to juveniles  
13 who are in detention facilities.

14 (c) "Eligible residential treatment program" means a residential treatment program with which  
15 the Oregon Health Authority, the Department of Human Services or the Oregon Youth Authority  
16 contracts for long term care or treatment. "Eligible residential treatment program" does not include  
17 psychiatric day treatment programs or programs that provide care or treatment to juveniles who  
18 are in detention facilities.

19 (d) "Residential treatment program" means a public or private residential program that provides  
20 treatment of children with a mental illness, an emotional disturbance or another mental health issue.

21 (e) "Student" means a child who is placed in an eligible day treatment program or eligible res-  
22 idential treatment program by a public or private entity or by the child's parent.

23 (2)(a) The Department of Education shall be responsible for payment of the costs of education  
24 of students in eligible day treatment programs and eligible residential treatment programs by con-  
25 tracting with the school district in which the eligible day treatment program or eligible residential  
26 treatment program is located. The costs of education do not include transportation, care, treatment

**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 or medical expenses.

2 **(b) The department shall pay the costs of education of students in eligible day treatment**  
3 **programs and eligible residential treatment programs by distributing moneys to the school**  
4 **districts with which the department has contracts as described in paragraph (a) of this sub-**  
5 **section. The amount distributed to a school district = the funding percentage calculated by**  
6 **the Superintendent of Public Instruction under ORS 327.013 (1)(a) × \$4,500 × 2.0 × the total**  
7 **utilization rate count for an individual program provider.**

8 **(c) For the purposes of the calculation described in paragraph (b) of this subsection, the**  
9 **total utilization rate count for an individual program provider shall be determined by the**  
10 **department pursuant to rules adopted by the State Board of Education based on information**  
11 **received from the Oregon Health Authority, the Department of Human Services, the Oregon**  
12 **Youth Authority, eligible day treatment programs and eligible residential treatment pro-**  
13 **grams.**

14 (3)(a) The school district in which an eligible day treatment program or eligible residential  
15 treatment program is located is responsible for providing the education of a student, including the  
16 identification, location and evaluation of the student for the purpose of determining the student's  
17 eligibility to receive special education and related services.

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

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

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

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

27 (4) The school district where the student is a resident is responsible for providing transportation  
28 to a student enrolled in an eligible day treatment program. Transportation must be provided by the  
29 school district where the student is a resident each day the student is scheduled to receive services  
30 from the eligible day treatment program.

31 (5) A school district may request the Department of Education to combine several eligible day  
32 treatment programs or eligible residential treatment programs into one contract with another school  
33 district or an education service district.

34 (6) The Oregon Health Authority, the Department of Human Services or the Oregon Youth Au-  
35 thority shall give the school district providing the education at an eligible day treatment program  
36 or an eligible residential treatment program 14 days' notice, to the extent practicable, before a  
37 student is dismissed from the program.

38 (7) The Department of Education may make advances to school districts responsible for provid-  
39 ing an education to students under this section from funds appropriated for that purpose [*based on*  
40 *the estimated agreed cost of educating the students per school year*]. Advances equal to 25 percent of  
41 the estimated cost may be made on September 1, December 1 and March 1 of the current year. The  
42 balance may be paid whenever the full determination of cost is made.

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

1 determination of cost is made.

2 (9) In addition to the payment methods described in this section, the Department of Education  
3 may:

4 (a) Negotiate interagency agreements to pay for the cost of education in day treatment programs  
5 and residential treatment programs operated under the auspices of the State Board of Higher Edu-  
6 cation or the governing board of a public university with a governing board listed in ORS 352.054;  
7 and

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

11 **SECTION 2.** ORS 343.243 is amended to read:

12 343.243. (1) Each school year, the Department of Education shall receive an amount, as calcu-  
13 lated under this section, from the State School Fund to pay the costs of educating children in pro-  
14 grams under ORS 343.261, 343.961 and 346.010.

15 (2) To meet the requirements of ORS 343.261, the department shall receive from the State School  
16 Fund an amount that is equal to the product of the following:

17 (a) The average net operating expenditure per student of all school districts during the preced-  
18 ing school year; and

19 (b) The number of slots available for students in the hospital programs under ORS 343.261, as  
20 determined by the department for the school year.

21 *[(3) To meet the requirements of ORS 343.961, the department shall receive from the State School*  
22 *Fund an amount that is equal to the product of the following:]*

23 *[(a) The average net operating expenditure per student of all school districts during the preceding*  
24 *school year; and]*

25 *[(b) The number of slots available for all students in eligible day treatment programs and eligible*  
26 *residential treatment programs under ORS 343.961 for the school year, as determined by the Depart-*  
27 *ment of Education based on information received from the Department of Human Services, the Oregon*  
28 *Health Authority, the Oregon Youth Authority and eligible day treatment programs and eligible resi-*  
29 *dential treatment programs.]*

30 **(3) To meet the requirements of ORS 343.961, the department shall receive from the State**  
31 **School Fund an amount that is equal to the sum of all amounts distributed to school districts**  
32 **as provided by ORS 343.961 (2)(b) plus an amount to be annually retained by the department**  
33 **for emergencies. For the purpose of this subsection:**

34 (a) **The amount retained annually for emergencies may not exceed five percent of the**  
35 **sum of all amounts distributed to school districts as provided by ORS 343.961 (2)(b).**

36 (b) **The department may expend moneys retained for emergencies in compliance with**  
37 **rules adopted by the State Board of Education.**

38 (c) **The department may retain moneys for emergencies from year to year, but the total**  
39 **amount of moneys retained for emergencies may not exceed the total amount described in**  
40 **paragraph (a) of this subsection for the previous fiscal year.**

41 (4) To meet the requirements of ORS 346.010, the Department of Education shall receive from  
42 the State School Fund an amount that is equal to the product of the following:

43 (a) The average net operating expenditure per student of all school districts during the preced-  
44 ing school year; and

45 (b) The resident average daily membership of students enrolled in a program under ORS 346.010

1 for one-half of the school day or more, exclusive of preschool children covered by ORS 343.533.

2 (5) The children covered by this section shall be enumerated in the average daily membership  
3 of the district providing the instruction but the district may not accrue credit for days' attendance  
4 of such children for the purpose of distributing state school funds.

5 (6) The liability of a district shall not exceed the amount established under this section even if  
6 the child is otherwise subject to ORS 336.575 and 336.580.

7 (7) The department shall credit amounts received from the State School Fund under this section  
8 to the appropriate subaccount in the Special Education Account.

9 **SECTION 3. The amendments to ORS 343.243 and 343.961 by sections 1 and 2 of this 2014**  
10 **Act apply to State School Fund distributions commencing with the 2014-2015 distributions.**

11 **SECTION 4. Notwithstanding any other provision of law, the General Fund appropriation**  
12 **made to the Department of Education by section 2 (2), chapter 637, Oregon Laws 2013, for**  
13 **the biennium beginning July 1, 2013, for other special education programs, is decreased by**  
14 **\$7,406,593.**

15 **SECTION 5. Notwithstanding any other provision of law, the General Fund appropriation**  
16 **made to the Department of Education by section 1, chapter 638, Oregon Laws 2013, for the**  
17 **biennium beginning July 1, 2013, for the State School Fund, is increased by \$7,406,593.**

18 **SECTION 6. Section 5, chapter 638, Oregon Laws 2013, as amended by section 2, chapter 1,**  
19 **Oregon Laws 2013 (special session), is amended to read:**

20 **Sec. 5.** (1) The Department of Education may not spend more than \$3,209,696,405 from the State  
21 School Fund for the fiscal year beginning July 1, 2013.

22 (2) The Department of Education may not spend more than [~~\$3,440,704,421~~] **\$3,448,111,014** from  
23 the State School Fund for the fiscal year beginning July 1, 2014.

24 **SECTION 7. Notwithstanding any other law limiting expenditures, the limitation on**  
25 **expenditures established by section 6 (3), chapter 637, Oregon Laws 2013, for the biennium**  
26 **beginning July 1, 2013, as the maximum limit for payments of grants-in-aid, program costs**  
27 **and purchased services from fees, moneys or other revenues, including Miscellaneous Re-**  
28 **ceipts, but excluding lottery funds and federal funds, collected or received by the Department**  
29 **of Education is increased by \$12,906,593 for the payment of costs of education of students in**  
30 **day treatment programs and residential treatment programs.**

31 **SECTION 8. This 2014 Act takes effect on July 1, 2014.**

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