

# House Bill 3497

Sponsored by Representative HUFFMAN

## 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 **as introduced**.

Modifies method by which minimum amount distributed to education service districts is calculated.

Declares emergency, effective July 1, 2015.

## A BILL FOR AN ACT

1  
2 Relating to funding for education service districts; creating new provisions; amending ORS 327.019;  
3 and declaring an emergency.

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

5 **SECTION 1.** ORS 327.019 is amended to read:

6 327.019. (1) As used in this section:

7 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the  
8 school districts located within the territory of the education service district as computed under ORS  
9 327.013.

10 (b) "Local revenues of an education service district" means the total of the following:

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

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

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

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

21 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
22 grant for each education service district as provided in this section.

23 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
24 located to the State School Fund and available for distribution to school districts, education service  
25 districts and programs + total amount of local revenues of all school districts, computed as provided  
26 in ORS 327.011, + total amount of local revenues of all education service districts. The super-  
27 intendent may not include in the calculation under this paragraph amounts received by the De-  
28 partment of Education from the State School Fund under ORS 343.243.

29 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
30 section by 95.5 percent.

31 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent

**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 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
 2 327.133 and 327.348 and sections 1 to 3, chapter 735, Oregon Laws 2013, the total amount calculated  
 3 under paragraph (b) of this subsection as school district general purpose grants, facility grants, high  
 4 cost disabilities grants and transportation grants to school districts.

5 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-  
 6 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
 7 cost disabilities grant amounts for each school district.

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

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

11 (B) *[\$1 million]* **\$1,231,000, as adjusted each school year based on the same percentage by**  
 12 **which the amount appropriated to the State School Fund is increased or decreased as com-**  
 13 **pared to the amount appropriated for the 2015-2016 school year,** if the education service district  
 14 received a general services grant of \$1 million for the 2010-2011 school year.

15 (b) Notwithstanding paragraph (a) of this subsection and only for State School Fund distrib-  
 16 utions made for the first school year after two or more education service districts join together, if  
 17 an education service district received a general services grant as provided by paragraph (a)(B) of  
 18 this subsection prior to the education service district joining together with one or more other edu-  
 19 cation service districts to form a new education service district:

20 (A) The general services grant for the new education service district shall be calculated for each  
 21 component education service district as though the component education service districts had not  
 22 joined together to form a new education service district; and

23 (B) A component education service district that received *[\$1 million]* **an amount** as provided  
 24 by paragraph (a)(B) of this subsection shall be entitled to receive *[\$1 million]* **that amount** under  
 25 the calculation provided by this paragraph.

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

28 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
 29 intendent of Public Instruction shall apportion from the State School Fund to each education service  
 30 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
 31 tion service district.

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

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

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

37 (b) The State School Fund grant of an education service district shall be in an amount that,  
 38 when combined with the local revenues of the education service district, equals *[\$1 million or*  
 39 *more]* **no less than \$1,231,000, as adjusted each school year based on the same percentage by**  
 40 **which the amount appropriated to the State School Fund is increased or decreased as com-**  
 41 **pared to the amount appropriated for the 2015-2016 school year.**

42 (8) An education service district shall distribute to school districts located within the territory  
 43 of the education service district any amount of local revenues of the education service district that  
 44 is greater than the general services grant. The amount that each school district receives under this  
 45 subsection shall be prorated based on the district extended ADMw of the school district as calcu-

1 lated under ORS 327.013.

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

9 (B) Shall equal 90 percent of the school district's prorated share, as calculated under subpara-  
 10 graph (A) of this paragraph; and

11 (C) May be used to pay for any expenses incurred in providing services described in ORS 334.175  
 12 (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 withdrew;

15 (iii) An education service district that is not the education service district from which the  
 16 school district withdrew; or

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

19 **SECTION 2.** ORS 327.019, as amended by section 9, chapter 735, Oregon Laws 2013, is amended  
 20 to read:

21 327.019. (1) As used in this section:

22 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the  
 23 school districts located within the territory of the education service district as computed under ORS  
 24 327.013.

25 (b) "Local revenues of an education service district" means the total of the following:

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

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

30 (C) The amount of revenue received by the district from state-managed forestlands under ORS  
 31 530.115 (1)(b) and (c); and

32 (D) Any positive amount obtained by subtracting the operating property taxes actually imposed  
 33 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have  
 34 been imposed by the district if the district had certified the maximum rate of operating property  
 35 taxes allowed by law.

36 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund  
 37 grant for each education service district as provided in this section.

38 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-  
 39 located to the State School Fund and available for distribution to school districts, education service  
 40 districts and programs + total amount of local revenues of all school districts, computed as provided  
 41 in ORS 327.011, + total amount of local revenues of all education service districts. The super-  
 42 intendent may not include in the calculation under this paragraph amounts received by the De-  
 43 partment of Education from the State School Fund under ORS 343.243.

44 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-  
 45 section by 95.5 percent.

1 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent  
 2 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to  
 3 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school  
 4 district general purpose grants, facility grants, high cost disabilities grants and transportation  
 5 grants to school districts.

6 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-  
 7 perintendent shall calculate the general purpose grant, facility grant, transportation grant and high  
 8 cost disabilities grant amounts for each school district.

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

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

12 (B) *[\$1 million]* **\$1,231,000, as adjusted each school year based on the same percentage by**  
 13 **which the amount appropriated to the State School Fund is increased or decreased as com-**  
 14 **pared to the amount appropriated for the 2015-2016 school year**, if the education service district  
 15 received a general services grant of \$1 million for the 2010-2011 school year.

16 (b) Notwithstanding paragraph (a) of this subsection and only for State School Fund distribu-  
 17 tions made for the first school year after two or more education service districts join together, if  
 18 an education service district received a general services grant as provided by paragraph (a)(B) of  
 19 this subsection prior to the education service district joining together with one or more other edu-  
 20 cation service districts to form a new education service district:

21 (A) The general services grant for the new education service district shall be calculated for each  
 22 component education service district as though the component education service districts had not  
 23 joined together to form a new education service district; and

24 (B) A component education service district that received *[\$1 million]* **an amount** as provided  
 25 by paragraph (a)(B) of this subsection shall be entitled to receive *[\$1 million]* **that amount** under  
 26 the calculation provided by this paragraph.

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

29 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-  
 30 intendent of Public Instruction shall apportion from the State School Fund to each education service  
 31 district an amount = (funding percentage  $\times$  general services grant) – local revenues of the educa-  
 32 tion service district.

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

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

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

38 (b) The State School Fund grant of an education service district shall be in an amount that,  
 39 when combined with the local revenues of the education service district, equals *[\$1 million or*  
 40 *more]* **no less than \$1,231,000, as adjusted each school year based on the same percentage by**  
 41 **which the amount appropriated to the State School Fund is increased or decreased as com-**  
 42 **pared to the amount appropriated for the 2015-2016 school year.**

43 (8) An education service district shall distribute to school districts located within the territory  
 44 of the education service district any amount of local revenues of the education service district that  
 45 is greater than the general services grant. The amount that each school district receives under this

1 subsection shall be prorated based on the district extended ADMw of the school district as calcu-  
2 lated under ORS 327.013.

3 (9)(a) An education service district shall distribute to a school district that is located within the  
4 territory of the education service district but that has withdrawn from the education service district  
5 as provided in ORS 334.015 the amounts received by the education service district as a general  
6 services grant and from the School Improvement Fund.

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

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

10 (B) Shall equal 90 percent of the school district's prorated share, as calculated under subpara-  
11 graph (A) of this paragraph; and

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

14 (i) The school district;

15 (ii) The education service district from which the school district withdrew;

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

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

20 **SECTION 3. The amendments to ORS 327.019 by sections 1 and 2 of this 2015 Act apply**  
21 **to State School Fund distributions commencing with the 2015-2016 distributions.**

22 **SECTION 4. In addition to and not in lieu of any other appropriation, there is appropri-**  
23 **ated to the Department of Education, for the biennium beginning July 1, 2015, out of the**  
24 **General Fund, the amount of \$1,155,000, which shall be distributed to the education service**  
25 **districts that received a general services grant of \$1 million as provided in ORS 327.019**  
26 **(4)(a)(B) for the 2014-2015 school year and that shall be in addition to any moneys distributed**  
27 **to the education service districts under ORS 327.019 for the 2015-2016 school year.**

28 **SECTION 5. This 2015 Act being necessary for the immediate preservation of the public**  
29 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**  
30 **July 1, 2015.**

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