

**Enrolled**  
**Senate Bill 447**

Sponsored by Senator DEVLIN, Representative FAGAN, Senators KNOPP, FERRIOLI; Senator MONNES ANDERSON, Representatives BARKER, BARNHART, BARTON, BOONE, BUCKLEY, CLEM, DOHERTY, EVANS, FREDERICK, GALLEGOS, GOMBERG, GORSEK, GREENLICK, HELM, HOLVEY, HOYLE, KOMP, KOTEK, LININGER, LIVELY, MCKEOWN, MCLAIN, NATHANSON, NOSSE, PILUSO, RAYFIELD, READ, REARDON, TAYLOR, VEGA PEDERSON, WILLIAMSON, WITT (at the request of Task Force on School Capital Improvement Planning) (Pre-session filed.)

CHAPTER .....

AN ACT

Relating to funding for capital costs of school districts; creating new provisions; amending ORS 327.008 and 329.488; and declaring an emergency.

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

**SECTION 1.** Sections 2 and 3 of this 2015 Act are added to and made a part of ORS 286A.796 to 286A.806.

**SECTION 2.** (1) The Department of Education shall administer a grant program that is financed with the net proceeds of Article XI-P bonds and that provides matching fund grants to school districts for capital costs of the school districts. Any construction, improvement, remodel, equipment, maintenance or repair of a building of a school district that is financed with a grant received under this section is not required to meet the standards specified in ORS 286A.810.

(2) A school district that seeks a grant under this section must prepare and submit a facilities assessment and a long-range facilities plan to the department with the application for the grant.

(3) A school district is eligible to receive a grant under this section if:

(a) The school district complies with the requirements of this section and rules adopted pursuant to this section; and

(b) Moneys are available to the school district pursuant to subsection (6) of this section.

(4) A school district that receives a grant under this section must provide matching funds that meet or exceed the amount of the grant. The matching funds must be from general obligation bonds approved by the voters of the school district to finance capital costs of the school district.

(5) Grants awarded under this section shall be calculated as follows:

(a) For a school district that provides matching funds in any amount up to \$4 million, a matching ratio for state to local funds of one to one.

(b) For a school district that provides matching funds in any amount greater than \$4 million, a matching ratio for state to local funds that is based on the funding formula developed as provided in subsection (7)(c) of this section. Grants awarded under this paragraph shall be for a minimum of \$4 million per grant and a maximum of \$8 million per grant.

(6)(a) The department shall award grants to school districts as follows:

(A) Sixty percent of funds available for grants shall be based on the priority list established under subsection (7)(b) of this section; and

(B) Forty percent of funds available for grants shall be provided to school districts based on the order in which the Department of Education receives the completed applications for the grants.

(b) To the extent that moneys are available, a school district that receives moneys as provided by paragraph (a)(A) of this subsection also may receive moneys as provided by paragraph (a)(B) of this subsection. The total amount the school district receives may not exceed the maximum amount allowed under subsection (5) of this section.

(7)(a) For the purpose of awarding grants under this section, the department shall develop a priority list and a funding formula that are based on:

(A) The total assessed value of all tangible property located in the school district;

(B) The percentage of poverty families within the school district, as calculated under ORS 327.013 (1)(c)(A)(v)(I); and

(C) The number of students in average daily membership for the school district, as calculated under ORS 327.061.

(b) The priority list developed under this subsection shall be used to rank the order in which school districts may qualify to receive a grant under subsection (6)(a)(A) of this section.

(c) The funding formula developed under this subsection shall be used to determine the matching ratio for state to local funds. The funding formula must comply with the limits described in subsection (5) of this section.

(8) The State Board of Education may adopt any rules necessary for the administration of this section.

**SECTION 3.** Notwithstanding the requirement described in section 2 (2) of this 2015 Act, a school district that submits an application for a grant under section 2 of this 2015 Act during the 2015-2017 biennium is not required to provide a facilities assessment and a long-range facilities plan with a grant application.

**SECTION 4.** (1) Pursuant to Article XI-P, section 4, of the Oregon Constitution, the Oregon School Capital Improvement Matching Account is established in the State Treasury, separate and distinct from the General Fund.

(2) Amounts in the Oregon School Capital Improvement Matching Account may be invested as provided in ORS 286A.025 (2)(g), and interest earned on moneys in the account must be credited to the account.

(3) Notwithstanding ORS 286A.806, the Oregon School Capital Improvement Matching Account consists of net proceeds of Article XI-P bonds and other moneys made available by the Legislative Assembly for purposes described in ORS 286A.798 (1) and the budget authorization for bond issuance established under ORS 286A.035 for the Department of Education.

(4) Moneys in the Oregon School Capital Improvement Matching Account are continuously appropriated to the Department of Education for the purposes described in section 2 of this 2015 Act.

**SECTION 5.** For the purpose of assisting school districts with capital costs, the Office of School Facilities is established within the Department of Education. The office shall be responsible for:

(1) Distributing hardship grants to school districts with facility needs. Grants awarded under this section may not exceed \$500,000 and shall be provided to school districts based on the order in which the Department of Education receives the completed applications for the grants. A school district may be eligible for a grant under this subsection if the school district meets requirements established by the State Board of Education by rule, including any requirements to provide matching funds.

**(2) Providing technical assistance and establishing and maintaining standards for facilities assessments and long-range facilities plans for school districts.**

**(3) Administering a certification program for qualified providers of technical assistance for the purposes described in subsection (2) of this section.**

**(4) Providing grants to school districts for the cost of technical assistance for the purposes described in subsection (2) of this section. The State Board of Education may establish by rule requirements for a school district to receive a grant under this subsection. Grants for a school district under this subsection may not exceed:**

**(a) \$20,000 for a facilities assessment;**

**(b) \$25,000 for a long-range facilities plan; and**

**(c) \$25,000 for a seismic assessment or other specialized assessment.**

**(5) Maintaining the Oregon School Facilities Database. The database must include information that:**

**(a) Assists with analyzing, planning and prioritizing school capital improvement needs for school districts by providing district-to-district and school-to-school comparisons; and**

**(b) Is required by the State Board of Education by rule.**

**(6) Administering the grant program described in section 2 of this 2015 Act.**

**SECTION 6. (1) At least annually, the Superintendent of Public Instruction shall convene a school facilities advisory group.**

**(2) The advisory group convened under this section shall consist of:**

**(a) Experts in finance, architecture, engineering and construction; and**

**(b) Representatives of school districts.**

**(3) The advisory group shall assist the superintendent in issues related to school facilities. To assist the superintendent, the advisory group shall:**

**(a) Review the grant program established by section 2 of this 2015 Act;**

**(b) Review the certification program for qualified providers of technical assistance described in section 5 (3) of this 2015 Act;**

**(c) Review the maintenance of the Oregon School Facilities Database described in section 5 (5) of this 2015 Act; and**

**(d) Advise the superintendent on any needed changes of programs related to school facilities or capital costs of school districts.**

**SECTION 7.** ORS 327.008, as amended by section 6, chapter 81, Oregon Laws 2014, is amended to read:

327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education Stability Fund. The State School Fund is continuously appropriated to the Department of Education for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws 2013, and section 2, chapter 81, Oregon Laws 2014.

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

(3) There shall be apportioned from the State School Fund to each education service district a State School Fund grant as calculated under ORS 327.019.

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

(5) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution.

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

(7) The total amount of the State School Fund that is distributed as facility grants may not exceed [§20] **\$9** million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant. **If the total amount to be distributed as facility grants does not exceed this limitation, any remaining amounts shall be expended for expenses incurred by the Office of School Facilities as provided in section 5 (1) of this 2015 Act.**

**(8) Each biennium, the Department of Education may expend from the State School Fund no more than \$6 million for expenses incurred by the Office of School Facilities under section 5 (2) to (6) of this 2015 Act.**

[§8] (9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in section 2, chapter 81, Oregon Laws 2014.

[§9] (10) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

[§10(a)] (11)(a) Each biennium, the Department of Education shall transfer \$33 million from the State School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

(b) For the purpose of making the transfer under this subsection:

(A) The total amount available for all distributions from the State School Fund shall be reduced by \$5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by \$14 million; and

(C) The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by \$14 million.

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared to the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

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

[§12] (13) Each biennium, the Department of Education may expend up to \$350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education under ORS 343.404.

[§13] (14) Each biennium, the Department of Education may expend up to \$150,000 from the State School Fund for the administration of a program to increase the number of speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

[§14] (15) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from the State School Fund to the Small School District Supplement Fund established in section 3, chapter 735, Oregon Laws 2013.

**SECTION 8.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, and section 7, chapter 81, Oregon Laws 2014, is amended to read:

327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education Stability Fund. The State School Fund is continuously appropriated to the Department of Education for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and section 2, chapter 81, Oregon Laws 2014.

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

(3) There shall be apportioned from the State School Fund to each education service district a State School Fund grant as calculated under ORS 327.019.

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

(5) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution.

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

(7) The total amount of the State School Fund that is distributed as facility grants may not exceed ~~[\$20]~~ **\$9** million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant. **If the total amount to be distributed as facility grants does not exceed this limitation, any remaining amounts shall be expended for expenses incurred by the Office of School Facilities as provided in section 5 (1) of this 2015 Act.**

**(8) Each biennium, the Department of Education may expend from the State School Fund no more than \$6 million for expenses incurred by the Office of School Facilities under section 5 (2) to (6) of this 2015 Act.**

~~[(8)]~~ **(9)** Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in section 2, chapter 81, Oregon Laws 2014.

~~[(9)]~~ **(10)** Each fiscal year, the Department of Education shall transfer the amount of \$18 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

~~[(10)(a)]~~ **(11)(a)** Each biennium, the Department of Education shall transfer \$33 million from the State School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

(b) For the purpose of making the transfer under this subsection:

(A) The total amount available for all distributions from the State School Fund shall be reduced by \$5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by \$14 million; and

(C) The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by \$14 million.

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared to the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

~~[(11)]~~ **(12)** Each fiscal year, the Department of Education may expend up to \$550,000 from the State School Fund for the contract described in ORS 329.488. The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by the amount expended by the department under this subsection.

~~[(12)]~~ **(13)** Each biennium, the Department of Education may expend up to \$350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education under ORS 343.404.

~~[(13)]~~ **(14)** Each biennium, the Department of Education may expend up to \$150,000 from the State School Fund for the administration of a program to increase the number of speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

**SECTION 9.** The amendments to ORS 327.008 by sections 7 and 8 of this 2015 Act apply to State School Fund distributions commencing with the 2015-2016 distributions.

**SECTION 10.** Notwithstanding ORS 327.008, as amended by sections 7 and 8 of this 2015 Act, the amount the Department of Education may distribute or expend during the 2015-2017 biennium from the State School Fund may not exceed:

(1) \$12.5 million for facility grants, as provided by ORS 327.008 (7).

(2) \$2.5 million for expenses incurred by the Office of School Facilities under section 5 (2) to (6) of this 2015 Act, as provided by ORS 327.008 (8).

**SECTION 11.** ORS 329.488, as amended by section 10, chapter 81, Oregon Laws 2014, is amended to read:

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

(2) The department shall base the selection of the contractor under subsection (1) of this section on all of the following criteria:

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

(b) The contractor shall provide an assessment that:

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

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

(C) Provides results that can be used by Oregon's higher education institutions to recruit students to attend college;

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

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

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

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

(B) The entity, in coordination with the district, administered a grade 10 assessment during the 2007-2008 school year;

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

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

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

(A) Is valid for one school year; and

(B) May be renewed each school year.

(c) The department shall reimburse a school district for the cost of assessments allowed under this subsection from funds available to the department under ORS 327.008 [(11)] (12).

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

(a) The department may, under rules adopted by the State Board of Education, waive the assessment for specific groups of students; and

(b) Upon request from a student who is enrolled in a public school operated by a school district or the parent or guardian of the student, the school district shall waive the assessment for the student.

**SECTION 12.** Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 4 (1), chapter \_\_, Oregon Laws 2015 (Enrolled House Bill 5016), for the biennium beginning July 1, 2015, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Department of Education, is increased by \$2,500,000 for the costs of administering the grant program described in section 2 of this 2015 Act.

**SECTION 13.** This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect July 1, 2015.

Passed by Senate July 6, 2015

.....  
Lori L. Brocker, Secretary of Senate

.....  
Peter Courtney, President of Senate

Passed by House July 6, 2015

.....  
Tina Kotek, Speaker of House

Received by Governor:

.....M,....., 2015

Approved:

.....M,....., 2015

.....  
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2015

.....  
Jeanne P. Atkins, Secretary of State