

Senate Bill 447

Sponsored by Senator DEVLIN, Representative FAGAN (at the request of Task Force on School Capital Improvement Planning) (Pre-session 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 **as introduced**.

Establishes grant program to provide matching fund grants to school districts for capital costs of school districts. Authorizes State Treasurer to issue Article XI-P general obligation bonds to match general obligation bonds issued by school districts for capital construction.

Establishes Office of School Facilities. Prescribes duties of office, including distributing moneys to school districts with facility needs.

Eliminates distributions from State School Fund for facilities grants and diverts moneys to Office of School Facilities.

Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

1
2 Relating to funding for capital costs of school districts; creating new provisions; amending ORS
3 327.008, 327.011, 327.013, 327.019, 327.336 and 329.488; and declaring an emergency.

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

5 **SECTION 1. Sections 2 and 3 of this 2015 Act are added to and made a part of ORS**
6 **286A.796 to 286A.806.**

7 **SECTION 2. (1) The Department of Education shall administer a grant program that is**
8 **financed with the net proceeds of Article XI-P bonds issued under section 5 of this 2015 Act**
9 **and that provides matching fund grants to school districts for capital costs of the school**
10 **districts.**

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

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

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

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

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

22 **(5) Grants awarded under this section shall be for a minimum of \$2 million per grant and**
23 **a maximum of \$8 million per grant.**

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

25 **(A) Sixty percent of funds available for grants shall be based on the priority list estab-**
26 **lished under subsection (7) of this section; and**

27 **(B) Forty percent of funds available for grants shall be provided to school districts based**

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 on the order in which the Department of Education receives the completed applications for
2 the grants.

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

7 (7)(a) For the purpose of awarding grants under subsection (6)(a)(A) of this section, the
8 department shall develop a priority list that is based on:

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

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

12 (C) The number of students in average daily membership for the school district, as cal-
13 culated under ORS 327.061.

14 (b) The priority list developed under this subsection shall be used to:

15 (A) Rank the order in which school districts may qualify to receive a grant under sub-
16 section (6)(a)(A) of this section; and

17 (B) Determine the amount of the grant that the school district may receive that is within
18 the limits described in subsection (5) of this section.

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

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

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

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

31 (3) Notwithstanding ORS 286A.806, the Oregon School Capital Improvement Matching
32 Account consists of net proceeds of Article XI-P bonds issued under section 5 of this 2015
33 Act and other moneys made available by the Legislative Assembly for purposes described in
34 ORS 286A.798 (1) and the budget authorization for bond issuance established under ORS
35 286A.035 for the Department of Education.

36 (4) Moneys in the Oregon School Capital Improvement Matching Account are contin-
37 uously appropriated to the Department of Education for the purposes described in section 2
38 of this 2015 Act.

39 **SECTION 5.** (1) In accordance with ORS 286A.796 to 286A.806 and with the concurrence
40 of the Director of the Oregon Department of Administrative Services, the State Treasurer
41 may issue Article XI-P bonds in the biennium beginning July 1, 2015:

42 (a) At the request of the Superintendent of Public Instruction, in a principal amount not
43 to exceed \$125 million for the purpose described in subsection (2) of this section, plus an
44 additional amount to be estimated by the State Treasurer for payment of bond-related costs
45 incurred by the State Treasurer, the Oregon Department of Administrative Services and the

1 Department of Education.

2 (b) In addition to and not in lieu of any budget authorization for Article XI-P bonds es-
3 tablished under ORS 286A.796 to 286A.806 for the biennium.

4 (2) Notwithstanding ORS 286A.806, net proceeds of Article XI-P bonds issued under this
5 section and interest earnings must be transferred to the Department of Education in an
6 amount sufficient to provide \$125 million in net proceeds and interest earnings for deposit
7 in the Oregon School Capital Improvement Matching Account established under section 4 of
8 this 2015 Act for the purposes described in Article XI-P of the Oregon Constitution and sec-
9 tion 2 of this 2015 Act.

10 (3) The State Treasurer may issue Article XI-P bonds for the purpose of refunding Arti-
11 cle XI-P bonds issued under this section.

12 (4) Article XI-P bonds are a general obligation of the State of Oregon and must contain
13 a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and
14 premium, if any, on the Article XI-P bonds. The State of Oregon shall pledge its full faith
15 and credit and taxing power to the payment of the principal of, the interest on and the pre-
16 mium, if any, on Article XI-P bonds, except that the ad valorem taxing power of the State
17 of Oregon may not be pledged to pay Article XI-P bonds.

18 **SECTION 6.** For the purpose of assisting school districts with capital costs, the Office
19 of School Facilities is established within the Department of Education. The office shall be
20 responsible for:

21 (1) Distributing grants to school districts with facility needs. Grants awarded under this
22 section may not exceed \$500,000 and shall be provided to school districts based on the order
23 in which the Department of Education receives the completed applications for the grants. A
24 school district may be eligible for a grant under this subsection if:

25 (a) The voters of the school district have not approved at least the three most recent
26 local school bond measures for capital costs;

27 (b) The school district prepares and submits a facilities assessment and a long-range fa-
28 cilities plan to the Department of Education with the application for the grant; and

29 (c) The school district meets other requirements established by the State Board of Edu-
30 cation by rule, including any requirements to provide matching funds.

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

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

35 (4) Providing grants to school districts for the cost of technical assistance for the pur-
36 poses described in subsection (2) of this section. Grants for a school district may not exceed:

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

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

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

40 (5) Maintaining the Oregon School Facilities Database. The database must include infor-
41 mation that:

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

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

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

1 **SECTION 7. (1) At least annually, the Superintendent of Public Instruction shall convene**
 2 **a school facilities advisory group.**

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

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

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

6 **(3) The advisory group shall assist the superintendent in issues related to school facili-**
 7 **ties. To assist the superintendent, the advisory group shall:**

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

9 **(b) Review the certification program for qualified providers of technical assistance de-**
 10 **scribed in section 6 (3) of this 2015 Act;**

11 **(c) Review the maintenance of the Oregon School Facilities Database described in section**
 12 **6 (5) of this 2015 Act; and**

13 **(d) Advise the superintendent on any needed changes of programs related to school fa-**
 14 **ilities or capital costs of school districts.**

15 **SECTION 8.** ORS 327.008, as amended by section 6, chapter 81, Oregon Laws 2014, is amended
 16 to read:

17 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
 18 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
 19 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
 20 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
 21 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and sections 1 to 3, chapter 735,
 22 Oregon Laws 2013, and section 2, chapter 81, Oregon Laws 2014.

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

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

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

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

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

35 [(7) *The total amount of the State School Fund that is distributed as facility grants may not exceed*
 36 *\$20 million in any biennium. If the total amount to be distributed as facility grants exceeds this limi-*
 37 *tation, the Department of Education shall prorate the amount of funds available for facility grants*
 38 *among those school districts that qualified for a facility grant.*]

39 **(6) Each biennium, the Department of Education may expend no more than \$20 million**
 40 **for expenses incurred by the Office of School Facilities established under section 6 of this**
 41 **2015 Act.**

42 [(8)] (7) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing
 43 Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to
 44 pay the costs of educational services provided to students admitted to pediatric nursing facilities
 45 as provided in section 2, chapter 81, Oregon Laws 2014.

1 [(9)] (8) Each fiscal year, the Department of Education shall transfer the amount of \$18 million
2 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

3 [(10)(a)] (9)(a) Each biennium, the Department of Education shall transfer \$33 million from the
4 State School Fund to the Network of Quality Teaching and Learning Fund established under ORS
5 342.953.

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

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

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

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

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

17 [(11)] (10) Each fiscal year, the Department of Education may expend up to \$550,000 from the
18 State School Fund for the contract described in ORS 329.488. The amount distributed to education
19 service districts from the State School Fund under this section and ORS 327.019 shall be reduced
20 by the amount expended by the department under this subsection.

21 [(12)] (11) Each biennium, the Department of Education may expend up to \$350,000 from the
22 State School Fund to provide administration of and support for the development of talented and
23 gifted education under ORS 343.404.

24 [(13)] (12) Each biennium, the Department of Education may expend up to \$150,000 from the
25 State School Fund for the administration of a program to increase the number of speech-language
26 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

27 [(14)] (13) Each fiscal year, the Department of Education shall transfer the amount of \$2.5
28 million from the State School Fund to the Small School District Supplement Fund established in
29 section 3, chapter 735, Oregon Laws 2013.

30 **SECTION 9.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, and section
31 7, chapter 81, Oregon Laws 2014, is amended to read:

32 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist
33 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education
34 Stability Fund. The State School Fund is continuously appropriated to the Department of Education
35 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,
36 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and section 2, chapter 81, Oregon
37 Laws 2014.

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

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

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

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

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

5 [(7) The total amount of the State School Fund that is distributed as facility grants may not exceed
6 \$20 million in any biennium. If the total amount to be distributed as facility grants exceeds this limi-
7 tation, the Department of Education shall prorate the amount of funds available for facility grants
8 among those school districts that qualified for a facility grant.]

9 **(6) Each biennium, the Department of Education may expend no more than \$20 million**
10 **for expenses incurred by the Office of School Facilities established by section 6 of this 2015**
11 **Act.**

12 [(8)] (7) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing
13 Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to
14 pay the costs of educational services provided to students admitted to pediatric nursing facilities
15 as provided in section 2, chapter 81, Oregon Laws 2014.

16 [(9)] (8) Each fiscal year, the Department of Education shall transfer the amount of \$18 million
17 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

18 [(10)(a)] (9)(a) Each biennium, the Department of Education shall transfer \$33 million from the
19 State School Fund to the Network of Quality Teaching and Learning Fund established under ORS
20 342.953.

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

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

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

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

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

32 [(11)] (10) Each fiscal year, the Department of Education may expend up to \$550,000 from the
33 State School Fund for the contract described in ORS 329.488. The amount distributed to education
34 service districts from the State School Fund under this section and ORS 327.019 shall be reduced
35 by the amount expended by the department under this subsection.

36 [(12)] (11) Each biennium, the Department of Education may expend up to \$350,000 from the
37 State School Fund to provide administration of and support for the development of talented and
38 gifted education under ORS 343.404.

39 [(13)] (12) Each biennium, the Department of Education may expend up to \$150,000 from the
40 State School Fund for the administration of a program to increase the number of speech-language
41 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

42 **SECTION 10. Notwithstanding ORS 327.008 (6) and only for the 2015-2017 biennium, the**
43 **Department of Education shall reduce the amount of moneys available for expenses incurred**
44 **by the Office of School Facilities by the amount of moneys necessary to meet any outstand-**
45 **ing commitments related to facility grants incurred prior to the effective date of this 2015**

1 **Act.**2 **SECTION 11.** ORS 327.011 is amended to read:

3 327.011. For the purpose of State School Fund distributions for school districts:

4 (1) Local Revenues are the total of the following:

5 (a) The amount of revenue offset against local property taxes as determined by the Department
6 of Revenue under ORS 311.175 (3)(a)(A).7 (b) The amount of property taxes actually received by the district, including penalties and in-
8 terest on taxes.9 (c) The amount of revenue received by the district from the Common School Fund under ORS
10 327.403 to 327.410.

11 (d) The amount of revenue received by the district from the county school fund.

12 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
13 revenues required to be distributed to schools by ORS 294.060 (1).14 (f) The amount of revenue received by the district from state managed forestlands under ORS
15 530.115 (1)(b) and (c).

16 (g) Moneys received in lieu of property taxes.

17 (h) Federal funds received without specific application by the school district and that are not
18 deemed under federal law to be nonsupplantable.19 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
20 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
21 have been imposed by the district if the district had certified the maximum rate of operating prop-
22 erty taxes allowed by law.

23 (j) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

24 (2) Local Revenues do not include:

25 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount
26 equal to the lesser of:27 (A) The amount of revenue actually received by the district from local option taxes imposed
28 pursuant to ORS 280.040 to 280.145;29 (B) Twenty percent of the total received by the school district from the general purpose grant,
30 the transportation grant[, *the facility grant*] and the high cost disabilities grant of the district, as
31 those grants are calculated under ORS 327.013; or32 (C) \$1,000 per district extended ADMw, as calculated under ORS 327.013, increased each fiscal
33 year by three percent above the amount allowed per district extended ADMw for the prior fiscal
34 year.35 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50
36 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-
37 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property
38 tax of the district allowed under section 11 (5)(d), Article XI of the Oregon Constitution.39 **SECTION 12.** ORS 327.013 is amended to read:

40 327.013. The State School Fund distributions for school districts include the following grants:

41 (1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

42 For the purpose of the calculation made under this subsection:

43 (a) The funding percentage shall be calculated by the Superintendent of Public Instruction to
44 distribute as nearly as practicable the total sum of money available for distribution.

45 (b) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor. For the

1 purpose of the calculation made under this paragraph:

2 (A) Statewide Target per ADMw Grant = \$4,500.

3 (B) Teacher Experience Factor = $\$25 \times \{\text{District average teacher experience} - \text{statewide average teacher experience}\}$. As used in this subparagraph, “average teacher experience” means the
4 average, in years, of teaching experience of licensed teachers as reported to the Department of Ed-
5 ucation.
6

7 (c) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater. The
8 calculation of the district extended ADMw must be made as provided by ORS 338.155 (1)(b) if a
9 public charter school is located in the school district. For the purpose of this paragraph:

10 (A) Weighted average daily membership or ADMw = average daily membership + an additional
11 amount computed as follows:

12 (i) 1.0 for each student in average daily membership eligible for special education as a child with
13 a disability under ORS 343.035, which may not exceed 11 percent of the district’s ADM without re-
14 view and approval by the Department of Education. Children with disabilities eligible for special
15 education in adult local correctional facilities, as defined in ORS 169.005, or adult regional
16 correctional facilities, as defined in ORS 169.620, may not be included in the calculation made under
17 this sub-subparagraph.

18 (ii) 0.5 for each student in average daily membership eligible for and enrolled in an English as
19 a second language program under ORS 336.079.

20 (iii) 0.2 for each student in average daily membership enrolled in a union high school district
21 or in an area of a unified school district where the district is only responsible for educating students
22 in grades 9 through 12 in that area.

23 (iv) -0.1 for each student in average daily membership enrolled in an elementary district oper-
24 ating kindergarten through grade six or kindergarten through grade eight or in an area of a unified
25 school district where the district is only responsible for educating students in kindergarten through
26 grade eight.

27 (v) 0.25 times the sum of the following:

28 (I) The number of students who are in average daily membership and who are also in poverty
29 families, as determined by the Department of Education based on rules adopted by the State Board
30 of Education that incorporate poverty data published by the United States Census Bureau, student
31 data provided by school districts and other data identified by the board;

32 (II) The number of children in foster homes in the district as determined by the report of the
33 Department of Human Services to the United States Department of Education, “Annual Statistical
34 Report on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess
35 of the Poverty Income Level,” or its successor, for October 31 of the year prior to the year of dis-
36 tribution; and

37 (III) The number of children in the district in state-recognized facilities for neglected and de-
38 linquent children, based on information from the Department of Human Services for October 31 of
39 the year prior to the year of distribution.

40 (vi) The amount determined under ORS 327.077 for each remote small elementary school and for
41 each small high school in the district.

42 (B) All numbers of children used for the computation in this paragraph must reflect any district
43 consolidations that have occurred since the numbers were compiled.

44 (C) The total additional weight that shall be assigned to any student in average daily member-
45 ship in a district, exclusive of students described in subparagraph (A)(v) and (vi) of this paragraph,

1 may not exceed 2.0.

2 (2) High cost disabilities grant = the total amount received by a school district under ORS
3 327.348 for providing special education and related services to resident pupils with disabilities.

4 (3)(a) Transportation grant equals:

5 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th
6 percentile under paragraph (b) of this subsection.

7 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
8 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

9 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
10 90th percentile under paragraph (b) of this subsection.

11 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-
12 proved transportation costs per ADM of each school district, ranking the school district with the
13 highest approved transportation costs per ADM at the top of the order.

14 *[(4)(a) Facility Grant = 8 percent of total construction costs of new school buildings.]*

15 *[(b) A school district shall receive a Facility Grant in the distribution year that a new school
16 building is first used.]*

17 *[(c) As used in this subsection:]*

18 *[(A) "New school building" includes new school buildings, structures added onto existing school
19 buildings and premanufactured structures added to a school district if those buildings or structures are
20 to be used for instructing students.]*

21 *[(B) "Construction costs" does not include costs for land acquisition.]*

22 **SECTION 13.** ORS 327.019 is amended to read:

23 327.019. (1) As used in this section:

24 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
25 school districts located within the territory of the education service district as computed under ORS
26 327.013.

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

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

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

32 (C) The amount of revenue received by the district from state-managed forestlands under ORS
33 530.115 (1)(b) and (c); and

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

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

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

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

3 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
4 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
5 327.133 and 327.348 and sections 1 to 3, chapter 735, Oregon Laws 2013, the total amount calculated
6 under paragraph (b) of this subsection as school district general purpose grants, [*facility grants*,]
7 high cost disabilities grants and transportation grants to school districts.

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

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

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

14 (B) \$1 million if the education service district received a general services grant of \$1 million for
15 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 as provided by paragraph
25 (a)(B) of this subsection shall be entitled to receive \$1 million under the calculation provided by this
26 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 more.

40 (8) An education service district shall distribute to school districts located within the territory
41 of the education service district any amount of local revenues of the education service district that
42 is greater than the general services grant. The amount that each school district receives under this
43 subsection shall be prorated based on the district extended ADMw of the school district as calcu-
44 lated under ORS 327.013.

45 (9)(a) An education service district shall distribute to a school district that is located within the

1 territory of the education service district but that has withdrawn from the education service district
 2 as provided in ORS 334.015 the amounts received by the education service district as a general
 3 services 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 district as calculated
 6 under ORS 327.013;

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

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

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

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

17 **SECTION 14.** ORS 327.019, as amended by section 9, chapter 735, Oregon Laws 2013, is
 18 amended to read:

19 327.019. (1) As used in this section:

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

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

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

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

28 (C) The amount of revenue received by the district from state-managed forestlands under ORS
 29 530.115 (1)(b) and (c); and

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

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

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

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

44 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 45 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to

1 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
 2 district general purpose grants, [*facility grants*,] high cost disabilities grants and transportation
 3 grants to school districts.

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

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

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

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

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

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

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

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

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

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

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

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

34 (b) The State School Fund grant of an education service district shall be in an amount that,
 35 when combined with the local revenues of the education service district, equals \$1 million or more.

36 (8) An education service district shall distribute to school districts located within the territory
 37 of the education service district any amount of local revenues of the education service district that
 38 is greater than the general services grant. The amount that each school district receives under this
 39 subsection shall be prorated based on the district extended ADMw of the school district as calcu-
 40 lated under ORS 327.013.

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

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

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

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

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

7 (i) The school district;

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

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

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

13 **SECTION 15.** ORS 327.336 is amended to read:

14 327.336. (1) As used in this section:

15 (a) "Extended ADMw" means the district extended weighted average daily membership com-
16 puted under ORS 327.013 (1)(c).

17 (b) "Local option tax rate" means the amount of local option taxes imposed by the school dis-
18 trict for the current fiscal year, after compression under ORS 310.150 and after subtraction of the
19 amount of school district local option taxes that are distributed to an urban renewal agency pursu-
20 ant to ORS 457.440, divided by the assessed value of the school district.

21 (c) "School district" means a common or union high school district.

22 (d) "Target district" means the school district that, for the fiscal year prior to the year for
23 which grants are being determined, had a total assessed value of taxable property per district ex-
24 tended ADMw that was greater than all but 25 percent of the school districts in this state for that
25 prior fiscal year. The Department of Education shall determine which school district is the target
26 district for a fiscal year, based on the total assessed values of school districts reported to the De-
27 partment of Education by the Department of Revenue for the fiscal year prior to the year for which
28 grants are being determined under this section.

29 (2) A school district shall receive a local option equalization grant for a fiscal year:

30 (a) In which the school district imposes local option taxes pursuant to ORS 280.040 to 280.145;
31 and

32 (b) For which the total assessed value of taxable property per extended ADMw of the school
33 district for the prior fiscal year does not exceed the total assessed value of taxable property per
34 extended ADMw of the target district for the prior fiscal year.

35 (3) The amount of the local option equalization grant shall equal the lesser of:

36 (a) The product of the local option tax rate of the school district for the current fiscal year \times
37 (total assessed value per extended ADMw of the target district for the prior fiscal year - total
38 assessed value per extended ADMw of the school district for the prior fiscal year) \times the extended
39 ADMw of the school district for the prior fiscal year; or

40 (b) The amount obtained by subtracting the local option tax imposed by the school district for
41 the current fiscal year, after compression under ORS 310.150, from the lesser of:

42 (A) Twenty percent of the combined total for the school district of the general purpose grant,
43 the transportation grant[, *the facility grant*] and the high cost disabilities grant of the school district
44 for the current fiscal year; or

45 (B) \$1,000 multiplied by the extended ADMw of the school district for the current fiscal year.

1 The amount multiplied by the extended ADMw of the school district shall be increased each fiscal
2 year by three percent above the amount allowed for the prior fiscal year.

3 (4) If the amount computed under subsection (3)(b) of this section is zero or less, a local option
4 equalization grant may not be made to the school district for the fiscal year.

5 (5) As soon as is practicable after school districts have certified property taxes to the assessor
6 under ORS 310.060, the Department of Revenue shall report to the Department of Education a list
7 of school districts certifying local option taxes for the current fiscal year and the local option tax
8 rates for those districts. The amount of each local option equalization grant shall be calculated by
9 the Department of Education.

10 (6) If the election authorizing the imposition of a local option tax is held after the start of a
11 biennium in which the local option tax is to be imposed, the local option equalization grant for a
12 fiscal year of that biennium shall be determined as otherwise prescribed in this section, but may not
13 be paid to the school district until the first fiscal year of the next succeeding biennium.

14 **SECTION 16. The amendments to ORS 327.008, 327.011, 327.013, 327.019 and 327.336 by**
15 **sections 8, 9 and 11 to 15 of this 2015 Act apply to State School Fund distributions com-**
16 **mencing with the 2015-2016 distributions.**

17 **SECTION 17.** ORS 329.488, as amended by section 10, chapter 81, Oregon Laws 2014, is
18 amended to read:

19 329.488. (1) The Department of Education shall contract with a nonprofit entity to administer a
20 nationally normed assessment, in collaboration with the department, to all students in grade 10 who
21 are enrolled in a public school. The purpose of the assessment is to predict the success of students
22 on, and provide practice for students taking, college entrance exams.

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

25 (a) The contractor must be able to provide to the department statewide data containing the re-
26 sults of the assessment;

27 (b) The contractor shall provide an assessment that:

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

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

32 (C) Provides results that can be used by Oregon's higher education institutions to recruit stu-
33 dents to attend college;

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

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

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

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

45 (B) The entity, in coordination with the district, administered a grade 10 assessment during the

1 2007-2008 school year;

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

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

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

8 (A) Is valid for one school year; and

9 (B) May be renewed each school year.

10 (c) The department shall reimburse a school district for the cost of assessments allowed under
11 this subsection from funds available to the department under ORS 327.008 [(11)] (10).

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

13 (a) The department may, under rules adopted by the State Board of Education, waive the as-
14 sessment for specific groups of students; and

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

18 **SECTION 18. This 2015 Act being necessary for the immediate preservation of the public**
19 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
20 **July 1, 2015.**

21
