HOUSE BILL 2560

Sponsored by Representative OWENS, Senator FINDLEY, Representative DIEHL; Representatives MORGAN, WRIGHT (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Establishes education savings account (ESA) program. Allows participating students to obtain grants from education savings accounts to pay for qualified education expenses for specified types of schools or education programs.

Establishes Education Savings Program Fund and transfers moneys from State School Fund distributions for use in education savings accounts.

Requires Department of Education, in consultation with State Treasurer, to establish parent advisory committee.

First applies to 2024-2025 school year.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to education savings accounts; creating new provisions; amending ORS 327.008; and declaring an emergency.

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

SECTION 1. As used in sections 1 to 7 of this 2023 Act:

(1) “Curriculum” means a complete course of study for a particular content area or grade level.

(2) “Education savings account” or “ESA” means an account to which funds are transferred by the State Treasurer for use by the parent of a participating student in order to pay for the qualified education expenses of the participating student pursuant to the requirements and conditions of sections 1 to 7 of this 2023 Act.

(3) “Education service provider” means an individual or organization that receives payments from an education savings account in exchange for qualified education expenses.

(4) “Parent” means a person who is eligible to establish or has established an education savings account pursuant to section 2 of this 2023 Act.

(5) “Participating student” means a student who is participating in the ESA program under sections 1 to 7 of this 2023 Act.

(6) “Qualified education expenses” means expenses identified in section 4 of this 2023 Act for which moneys deposited in an education savings account may be used.

(7) “State institution of higher education” means:

(a) A public university listed in ORS 352.002;

(b) A community college operated under ORS chapter 341; or

(c) Any other post-secondary institution of education that was originally established in this state, is tax exempt under section 501(c)(3) of the Internal Revenue Code and is accredited by a regional or national accrediting agency recognized by the United States Department of Education.

SECTION 2. (1) A person may establish an education savings account for a student if:

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.
(a) The person is the parent, legal guardian or other person who has the legal duty to ensure a child receives an education as provided by ORS 339.020; and
(b) The student is a resident of this state and is eligible to:
   (A) Enroll in a public elementary or secondary school of this state; or
   (B) Enroll in or receive services from any other education service provider.

(2) An education savings account shall be established when a person enters into a written agreement as provided by this section. A written agreement is valid for one year and must be renewed for each subsequent school year. Renewals of written agreements shall be as provided by section 3 (5) of this 2023 Act.

(3)(a) The State Treasurer shall create a form for a standard written agreement that can be used to establish an education savings account. The State Treasurer shall ensure that forms for a written agreement are available online and may be submitted online.
(b) The State Treasurer must approve the establishment of an education savings account if a written agreement is entered into pursuant to this section.
(c) A parent must enter into a separate written agreement for each participating student of the parent. Only one education savings account may be established for each participating student.

(4) A written agreement for an education savings account must provide that:
(a) The participating student will receive, for the school year to which the written agreement applies, instruction in at least the subjects of mathematics, science, language arts and social studies;
(b) The participating student will not enroll as a full-time student in a public school of this state for the school year to which the written agreement applies;
(c) The parent will use the funds in the education savings account only for qualified education expenses;
(d) The parent and the participating student will comply with the rules and requirements of sections 1 to 7 of this 2023 Act and any related rules or policies adopted by the State Treasurer;
(e) The participating student will receive a grant, in the form of moneys deposited pursuant to section 3 of this 2023 Act, in the education savings account established for the participating student; and
(f) If the participating student qualifies as a child with a disability, as defined in ORS 343.035, the State Treasurer shall ensure that the parent who signs the written agreement receives notice that participation in the ESA program is a parental placement of the student under 20 U.S.C. 1412 along with an explanation of the rights that parentally placed students possess under the federal Individuals with Disabilities Act and any applicable state laws.

(5) Upon entering into or renewing a written agreement, the State Treasurer shall provide a parent with a written explanation of the allowable uses of ESA funds, the responsibilities of the parent, the duties of the State Treasurer and the role of any private financial management firms or other private organizations that the State Treasurer may contract with to administer sections 1 to 7 of this 2023 Act pursuant to section 5 of this 2023 Act.

(6) Compliance with the written agreement shall satisfy the compulsory school attendance requirements of ORS 339.010. Participating students who are not enrolled as full-time students in a private school are exempt from the requirements of ORS 339.035.

(7) The State Treasurer shall annually renew an education savings account unless noti-
fied by a parent that the parent wishes to terminate the account. A participating student
with a disability shall remain eligible for renewal of an education savings account as long as
the student remains eligible to be enrolled in a public school in this state.

(8) (a) Upon notice to the State Treasurer, a participating student may enroll full-time in
a public school in this state. When the participating student enrolls full-time in a public
school:

(A) The written agreement between the parent and the State Treasurer shall be sus-
pended, and no further funds shall be deposited into the student's education savings account
until the student requalifies for qualified education expenses pursuant to the requirements
and conditions of sections 1 to 7 of this 2023 Act.

(B) The written agreement between the parent and the State Treasurer terminates upon
the request of the parent or upon the participating student attaining 25 years of age,
whichever occurs first. Any remaining ESA funds in the participating student's education
savings account upon termination revert to the General Fund.

(b) The State Treasurer shall adopt rules and policies to allow participating students to
enroll full-time in a public school in this state at any time in order to provide the least dis-
ruptive process.

(9) Nothing in sections 1 to 7 of this 2023 Act shall be construed to require that a par-
ticipating student be enrolled, full-time or part-time, in a private school.

(10) A written agreement terminates automatically if a participating student no longer
resides in this state. Upon termination, any moneys remaining in the education savings ac-
count revert to the General Fund.

SECTION 3. (1) If the parent of a student enters into a written agreement for an edu-
cation savings account pursuant to section 2 of this 2023 Act, a grant of moneys must be
transferred at the beginning of the school year by the State Treasurer from the Education
Savings Program Fund established under section 12 of this 2023 Act into the education
savings account of the participating student.

(2) (a) Except as otherwise provided in subsections (3) and (4) of this section, the grant
required by subsection (1) of this section must, for the school year for which the grant is
made, be in an amount equal to one of the following:

(A) For a participating student who is a child with a disability, as defined in ORS 343.035,
$6,500.

(B) For a participating student with a household income that is less than 185 percent of
the federal poverty guidelines, $6,500.

(C) For a participating student not described in subparagraph (A) or (B) of this para-
graph, $4,900.

(b) For each biennium, the amounts identified in paragraph (a) 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 with the preceding biennium, as
determined by the Department of Education after consultation with the Legislative Fiscal
Officer.

(3) The State Treasurer may deduct no more than three percent from each grant for the
administrative costs incurred by the State Treasurer in implementing the provisions of
sections 1 to 7 of this 2023 Act.

(4) Any moneys remaining in an education savings account at the end of a school year
shall roll over to the next school year.

(5) A written agreement is automatically renewed for each school year until:
(a) The participating student is no longer a resident of this state;
(b) The participating student graduates from college with a bachelor's degree;
(c) The participating student attains 25 years of age; or
(d) The State Treasurer revokes the participating student's education savings account for substantial misuse of funds.

(6) The State Treasurer shall close an education savings account, and any unused funds in the account shall revert to the General Fund, after the earlier of the participating student:
(a) Not enrolling in a state institution of higher education within four years after high school graduation; or
(b) Attaining 25 years of age.

(7) If a written agreement is terminated for any reason, any moneys remaining in the education savings account shall revert to the General Fund.

SECTION 4. (1) Moneys deposited in an education savings account pursuant to section 3 of this 2023 Act may be expended only for qualified education expenses identified in this section. Qualified education expenses are:
(a) Tuition and fees at a private school;
(b) Tuition and fees for nonpublic online learning programs or courses;
(c) Private tutoring services that are provided by:
   (A) A tutor or tutoring facility that is accredited by a regional or national accrediting agency recognized by the United States Department of Education; or
   (B) A person who:
      (i) Is licensed as a teacher in this state;
      (ii) Has taught at an institution of higher education;
      (iii) Is a subject matter expert; or
      (iv) Is otherwise approved by the State Treasurer;
   (d) Services contracted for and provided by a public school or public charter school, including individual classes, extracurricular activities and programs in these schools;
   (e) Textbooks, curriculum or other instructional materials, including any supplemental materials required by a curriculum, private school, private online learning program, state institution of higher education or public school;
   (f) Computer hardware or other technological devices that are primarily used to help meet a participating student's educational needs;
   (g) Educational software and applications;
   (h) Uniforms purchased from or through a private school;
   (i) Fees for nationally standardized assessments, advanced placement examinations, state-recognized industry certification exams and examinations related to admission to a post-secondary institution of education, and any tuition and fees for related preparatory courses;
   (j) Fees for summer education programs and specialized after-school education programs, but not for after-school child care;
   (k) Educational services and therapies, including occupational, behavioral, physical, speech-language and audiology therapies;
(L) Tuition and fees at a state institution of higher education;
(m) Fees for transportation paid to a fee-for-service transportation provider for a participating student to travel to and from a participating education service provider;
(n) Fees for the management of the education savings account; and
(o) Any other education expense approved by the State Treasurer.

(2) ESA funds may not be refunded or rebated to or shared with a parent or participating student in any manner.

(3) Any refund or rebate for goods or services purchased with ESA funds shall be credited directly to the education savings account of the participating student.

(4) Parents may make payments for the costs of educational goods and services not covered by the funds available in the participating student’s education savings account.

(5) Personal deposits into an education savings account are not permitted.

(6) Funds deposited in a participating student’s education savings account do not constitute taxable income to the parent or the participating student.

SECTION 5. (1) The State Treasurer may contract with private organizations to carry out sections 1 to 7 of this 2023 Act as long as the private organizations charge reasonable fees, based on market rates, for services. The authority of this subsection includes contracting with private financial management firms to manage education savings accounts.

(2) The State Treasurer shall implement a system for payment for services from education savings accounts to education service providers by electronic funds transfer, including debit cards, electronic payment systems or any other means of electronic payment that the State Treasurer determines to be commercially viable, cost-effective and user-friendly. The State Treasurer may not adopt a system that relies exclusively on requiring parents to be reimbursed for out-of-pocket expenses. The State Treasurer shall provide maximum flexibility to parents by facilitating direct payments to education service providers and requests for preapproval and reimbursement for qualified education expenses.

(3) The State Treasurer shall implement a commercially viable, cost-effective and user-friendly system for publicly rating, reviewing and sharing information about education service providers.

(4) If an education service provider requires advance payment of tuition or fees prior to the start of the school year to reserve space for a participating student admitted to the education service provider, the advance payment may be paid by the State Treasurer prior to the start of the school year in which the participating student is awarded a grant. The advance payment may not exceed $3,500 and must be deducted in an equitable manner from subsequent deposits into the participating student’s education savings account to ensure adequate funds remain available throughout the school year. If a participating student decides not to attend the education service provider, the amount of the advance payment must be returned to the State Treasurer by the education service provider. Only one advance payment per participating student may be made per year as allowed by this subsection.

(5) The State Treasurer has the authority to conduct or contract for the auditing of individual ESAs and shall, at a minimum, conduct random audits of ESAs on an annual basis.

(6)(a) The State Treasurer has the authority to terminate a written agreement and to deem any parent ineligible to enter into a new written agreement in the event of substantial misuse of ESA funds.

(b) The State Treasurer shall create procedures to ensure that the process of determin-
ing whether a substantial misuse of ESA funds has occurred is fair.

(c) The State Treasurer has the authority to refer suspected cases of substantial misuse of ESA funds to the Attorney General or the district attorney of the county in which a parent resides for investigation if the State Treasurer obtains evidence of fraudulent use of ESA funds.

(d) A parent may appeal the State Treasurer's decision to deem the parent ineligible for the ESA program as a contested case under ORS chapter 183.

(7) The State Treasurer may bar an education service provider from the ESA program if the State Treasurer determines that the education service provider has:

(a) Intentionally and substantially misrepresented information or failed to refund any overpayments in a timely manner;

(b) Routinely failed to provide participating students with promised educational services;

or

(c) Regularly failed to comply with the provisions of sections 1 to 7 of this 2023 Act or any rules adopted by the State Treasurer.

(8)(a) The State Treasurer shall by rule create procedures to ensure that the process of determining whether an education service provider may be barred from participating in the program is fair.

(b) If an education service provider is barred from the program, the State Treasurer shall immediately notify parents who have made payments from a participating student's education savings account to the barred education service provider of the decision.

(c) An education service provider may appeal the State Treasurer's decision to bar the provider from the program as a contested case under ORS chapter 183.

(9) The State Treasurer may accept gifts and grants from any source to cover administrative costs, to inform the public about the ESA program or to fund additional education savings accounts.

(10) The State Treasurer may adopt rules that are not inconsistent with sections 1 to 7 of this 2023 Act and that are necessary for the administration of sections 1 to 7 of this 2023 Act, including establishing:

(a) An online anonymous fraud reporting service, or contracting for the provision of that service.

(b) An anonymous telephone hotline for fraud reporting.

(c) Policies that require either a surety bond for education service providers receiving more than $100,000 in ESA program funds or insurance for account holders.

(d) Procedures for refunding payments from a participating education service provider back to an education savings account.

(e) Procedures for entering into reciprocal agreements with ESA agencies or entities in other states to recognize and allow education service providers approved in other states to receive payments from education savings accounts under sections 1 to 7 of this 2023 Act.

(11) Rules or policies adopted by the State Treasurer shall focus on easing parental involvement and encouraging educational service providers to provide parents with a broad array of educational options.

(12) The State Treasurer shall maintain an updated list of participating education service providers and shall ensure that the list is available online.

(13) The State Treasurer shall administer an annual survey of parents who enter into or
renew written agreements pursuant to section 2 of this 2023 Act. The survey must ask each parent to indicate:

(a) The number of years the parent has entered into or renewed a written agreement;
(b) The relative satisfaction of the parent with the ESA program established pursuant to sections 1 to 7 of this 2023 Act; and
(c) The opinions of the parent regarding any topics, items or issues that the State Treasurer determines may aid the State Treasurer in evaluating and improving the effectiveness of the ESA program established pursuant to sections 1 to 7 of this 2023 Act.

SECTION 6. (1) To be eligible to accept payments from an education savings account, an education service provider shall:

(a) Submit notice to the State Treasurer of the intent to participate.
(b) Provide parents with a receipt for all qualified education expenses.
(c) Agree not to refund, rebate or share ESA funds with parents or participating students in any manner, except that ESA funds may be remitted or refunded to an education savings account in accordance with procedures established by the State Treasurer.
(d) Certify that the education service provider will not discriminate based on race, color, ethnicity or national origin.
(e) Agree to submit any employee who will have contact with participating students to a state or nationwide criminal records check as provided under ORS 181A.195.
(f) Provide the State Treasurer with any additional information that may be requested to ensure the services provided to participating students are qualified education expenses.

If the education service provider is unable to provide the additional information, the State Treasurer may bar the education service provider from participating in the program.

(2) If it is reasonably expected that an education service provider will receive aggregated payments from education savings accounts in an amount that exceeds $100,000 during any school year, the State Treasurer may require the education service provider to:

(a) Post a surety bond in an amount equal to the amount reasonably expected to be paid to the education service provider from education savings accounts during the school year; or

(b) Provide evidence satisfactory to the State Treasurer that the education service provider otherwise has sufficient assets to pay the State Treasurer an amount equal to the amount described in paragraph (a) of this subsection.

(3) Nothing in sections 1 to 7 of this 2023 Act shall be deemed to limit the independence or autonomy of an education service provider or to make the actions of an education service provider the actions of this state.

(4) The State Treasurer or any other state agency may not regulate the educational program of an education service provider that accepts funds from an education savings account.

(5) An education service provider shall be given the maximum freedom to provide for the educational needs of participating students without governmental control.

(6) Nothing in sections 1 to 7 of this 2023 Act shall be construed to expand the regulatory authority of the state, its officers or any school district to impose any additional regulation of education service providers beyond those necessary to enforce the requirements of sections 1 to 7 of this 2023 Act.

SECTION 7. (1) At a parent’s request, a participating student’s local school district shall
permit a participating student who is being educated pursuant to the education savings ac-
count program to participate in the statewide assessment system described in ORS 329.485.
The school district may not charge a fee to parents who elect to have their student partic-
ipate in the statewide assessment.

(2) Statewide assessment results for participating students shall be reported to the De-
partment of Education separately from the results for nonparticipating students enrolled in
the schools of a school district.

(3) A school district that previously enrolled a participating student shall provide an ed-
ucation service provider that has enrolled a participating student with a complete copy of the
participating student’s school records, while complying with 20 U.S.C. 1232g.

SECTION 8. (1) In any legal proceeding challenging the application of sections 1 to 7 of
this 2023 Act to an education service provider, the respondent bears the burden of estab-
lishing that the law is necessary and does not impose any undue burden on an education
service provider.

(2) No liability shall arise on the part of the State Treasurer or this state or of any school
district based on the award or use of an education service account pursuant to sections 1 to
7 of this 2023 Act.

(3) If any part of sections 1 to 7 of this 2023 Act is challenged as violating either the
United States Constitution or the Oregon Constitution, parents of participating students may
be permitted to intervene to defend the constitutionality of sections 1 to 7 of this 2023 Act.
For the purposes of judicial administration, a court may limit the number of parents per-
mitted to intervene or require that all parents file a joint brief, as long as parents are not
required to join any brief filed on behalf of any respondent.

(4) If any provision of sections 1 to 7 of this 2023 Act, or the application of sections 1 to
7 of this 2023 Act to any person or circumstances, is held invalid, the invalidity does not af-
fect other provisions or applications of sections 1 to 7 of this 2023 Act that can be given ef-
fect without the invalid provision or application, and any provisions of sections 1 to 7 and
12 of this 2023 Act are severable.

SECTION 9. (1) Sections 1 to 7 and 12 of this 2023 Act become operative on January 1,
2024.

(2) The State Board of Education, the Department of Education and the State Treasurer
may take any action before the operative date specified in subsection (1) of this section to
ensure that students are first allowed to participate in the education savings account pro-
gram established by sections 1 to 7 and 12 of this 2023 Act during the 2024-2025 school year.

SECTION 10. Notwithstanding section 3 (2)(b) of this 2023 Act, the amounts identified in
section 3 (2)(a) of this 2023 Act shall first be adjusted beginning in the 2025-2027 biennium.

SECTION 11. Section 12 of this 2023 Act is added to and made a part of ORS chapter 327.

SECTION 12. (1) The Education Savings Program Fund is established within the State
School Fund.

(2) The Education Savings Program Fund shall consist of moneys transferred as provided
by ORS 327.008 and any other state or federal moneys available for the purposes of the edu-
cation savings account program established by sections 1 to 7 of this 2023 Act.

(3) Moneys in the fund are continuously appropriated to the State Treasurer for the
purpose of making transfers to education savings accounts under section 3 of this 2023 Act.

SECTION 13. (1) The Department of Education, in consultation with the State Treasurer,
shall establish the Education Savings Account Parent Advisory Committee. The purpose of
the advisory committee is to provide advice on and oversight of the implementation of the
education savings account program under sections 1 to 7 of this 2023 Act and any related
rules adopted by the State Treasurer.

(2) The advisory committee shall consist of six members who are parents of students
participating in the education savings account program. The members of the advisory com-
mittee shall be appointed as follows:
   (a) One member who is recommended by the President of the Senate and appointed by
       the department.
   (b) One member who is recommended by the Speaker of the House of Representatives
       and appointed by the department.
   (c) One member who is recommended by the Minority Leader of the Senate and appointed
       by the department.
   (d) One member who is recommended by the Minority Leader of the House of Representa-
       tives and appointed by the department.
   (e) Two members who are appointed by the Governor.

(3) The members of the advisory committee shall annually elect a chairperson from
among its members.

(4) The term of office of each member of the advisory committee is four years, but a
member serves at the pleasure of the appointing authority. Vacancies shall be filled by the
appointing authority by appointment for the unexpired term. A member shall hold the
member's office until the appointment of a successor. A member is eligible for reappoint-
ment.

(5) The advisory committee shall meet at least four times each calendar year at a time
and place fixed by the chairperson or a majority of the members of the advisory committee.
A majority of the members of the advisory committee constitutes a quorum for the trans-
action of business.

(6) The advisory committee shall collaborate with the department, the State Treasurer,
the State Board of Education and the Attorney General, as appropriate, to review the im-
plementation and efficacy of the education savings account program under sections 1 to 7
of this 2023 Act, including the concerns of parents of students participating in the education
savings account program.

(7) The department shall provide office space and personnel to assist the advisory com-
mittee as requested by the chairperson, within the limits of available funds.

SECTION 14. ORS 327.008 is amended to read:
327.008. (1)(a) There is established a State School Fund in the General Fund.
   (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,
grants, donations and other moneys from public and private sources for the State School Fund.
Moneys received as provided in this paragraph shall be deposited into the State School Fund.
   (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,
moneys transferred from the Fund for Student Success, moneys transferred from the Education Sta-
bility Fund and the Oregon Marijuana Account and moneys received as provided in paragraph (b)
of this subsection.
   (d) 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, 327.356 to
2(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) For the first school year after a public charter school ceases to operate because of dissolution or closure or because of termination or nonrenewal of a charter, there shall be apportioned from the State School Fund to each school district that had sponsored a public charter school that ceased to operate an amount equal to the school district's general purpose grant per extended ADMw multiplied by five percent of the ADM of the public charter school for the previous school year.

(4) 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.

(5) 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.

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

(7) 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.

(8) The total amount of the State School Fund that is distributed as facility grants may not exceed $3 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 ORS 326.125 (1).

(9) Each biennium, the Department of Education may expend from the State School Fund no more than $10 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2) to (7).

(10) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in ORS 327.022 the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

(11) Each fiscal year, the Department of Education shall transfer the amount of $55 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

(12)(a) Each biennium, the Department of Education shall transfer $39.5 million from the State School Fund to the Educator Advancement 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 $6 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by $16.75 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 $16.75 million.

(c) For each biennium, the amounts identified in this subsection shall be adjusted by the same percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204 direct the state agencies to adjust their agency budget requests for special payments under ORS
291.216 (6)(a)(C).

(13) Each biennium, the Department of Education shall transfer $12.5 million from the State School Fund to the Statewide English Language Learner Program Account established under ORS 327.344.

(14) 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.

(15) 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.

(16) 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.

(17) Each biennium, the Department of Education shall transfer $2 million from the State School Fund for deposit to the Healthy School Facilities Fund established under ORS 332.337. Notwithstanding ORS 332.337, the department may expend moneys received in the Healthy School Facilities Fund under this subsection only as grants for costs associated with testing for elevated levels of lead in water used for drinking or food preparation.

(18) Each biennium, the Department of Education shall transfer an amount not to exceed $5,595,000 for the purpose of making tampons and sanitary pads available as provided by ORS 326.545.

(19) 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 ORS 327.359.

(20) Each fiscal year, the Department of Education shall transfer to the Education Savings Program Fund established under section 12 of this 2023 Act the amount necessary to make the transfers required by section 3 of this 2023 Act.

SECTION 15. (1) The amendments to ORS 327.008 by section 14 of this 2023 Act become operative on July 1, 2024.

(2) The amendments to ORS 327.008 by section 14 of this 2023 Act apply to State School Fund distributions commencing with the 2024-2025 school year distributions.

SECTION 16. Notwithstanding the term of office specified by section 13 of this 2023 Act, of the members first appointed to the Education Savings Account Parent Advisory Committee:

(1) Two shall serve for a term ending December 31, 2025.

(2) Two shall serve for a term ending December 31, 2026.

(3) One shall serve for a term ending December 31, 2027.

(4) One shall serve for a term ending December 31, 2028.

SECTION 17. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect on its passage.