

# Enrolled House Bill 3135

Sponsored by Representatives MCINTIRE, OWENS; Representatives BOWMAN, EVANS,  
GOMBERG, HUDSON, LEVY E, LIVELY, NGUYEN H, RESCHKE, RUIZ, WRIGHT

CHAPTER .....

AN ACT

Relating to funding for small school districts; creating new provisions; and amending ORS 327.077 and 327.358.

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

**SECTION 1.** ORS 327.077 is amended to read:

327.077. (1) For purposes of this section:

(a) The “adjusted average daily membership” or “ADMa” for an elementary school is the average daily membership for the school, but no less than 25.

(b) The “adjusted average daily membership” or “ADMa” for a high school is the average daily membership for the school, but no less than 60.

(2)(a) A school may qualify as a remote small elementary school if the average daily membership in kindergarten through grade eight for an elementary school teaching:

- (A) Nine grades is below 252.
- (B) Eight grades is below 224.
- (C) Seven grades is below 196.
- (D) Six grades is below 168.
- (E) Five grades is below 140.
- (F) Four grades is below 112.
- (G) Three grades is below 84.
- (H) Two grades is below 56.
- (I) One grade is below 28.

(b) For purposes of this subsection, kindergarten may be included in the calculation for determining the number of grades at an elementary school only if the kindergarten is full-day kindergarten.

(3) A school may qualify as a small high school if:

- (a) The school is in a school district that has an ADMw of less than 9,500; and
- (b) The average daily membership in grades 9 through 12 for a high school teaching:
  - (A) Four grades is below 350.
  - (B) Three grades is below 267.

(4) An elementary school does not qualify as a remote small elementary school under subsection (2) of this section if it is within eight miles by the nearest traveled road from another elementary school in the same school district unless there are physiographic conditions that make transportation to another school not feasible.

(5)(a) If an elementary school in a school district qualifies as a remote small elementary school, the district shall have an additional amount added to the district's ADMw.

(b) The additional amount =  $\{252 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{nine}))\} \times 0.0045 \times \text{ADMa} \times \text{distance adjustment}$ .

(6)(a) If a high school in a district qualifies as a small high school, the district shall have an additional amount added to the district's ADMw.

(b) The additional amount =  $\{350 - (\text{ADMa} \div (\text{number of grades in the school} \div \text{four}))\} \times 0.0029 \times \text{ADMa}$ .

(7) The distance adjustment for an elementary school = 0.025 for each 10th of a mile more than eight miles that a school is away from the nearest elementary school in the same school district measured by the nearest traveled road or 1.0, whichever is less.

(8)(a) A school may qualify as a remote small elementary school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a remote small school on August 2, 2011.

(b) A school may qualify as a small high school under this section only if:

(A) The location of the school has not changed since January 1, 1995;

(B) The school qualified as a small high school on July 23, 2009; and

(C) On or after October 23, 1999, and prior to July 23, 2009, the school was not part of a high school that divided or otherwise reorganized into two or more high schools in the same city.

(c) A public charter school as defined in ORS 338.005 may qualify as a remote small elementary school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a remote small school on August 2, 2011.

(d) A public charter school as defined in ORS 338.005 may qualify as a small high school under this section only if the location of the school has not changed since January 1, 1995, and if the school qualified as a nonchartered public remote small school on July 18, 1995.

(e) The Superintendent of Public Instruction may waive the requirements of paragraph (a), (b), (c) or (d) of this subsection if the superintendent determines that exceptional circumstances exist.

(f) An alternative education program as defined in ORS 336.615 may not qualify as a small high school under this section.

(9) The opening of a public charter school shall not disqualify a school as a remote small elementary school under subsection (4) of this section or change the distance adjustment for a school under subsection (7) of this section.

(10)(a) Notwithstanding subsections (3), (6) and (8)(b) and (d) of this section, if two high schools merge and prior to the merger at least one of the high schools qualified as a small high school under this section, the Department of Education shall continue to add an additional amount pursuant to subsection (6) of this section to the ADMw of the school district in which the new merged high school is located that is equal to the higher of:

(A) The additional amount the school district of each of the former small high schools would have received under this section for the small high school based on the ADMa of each of the high schools prior to the merger; or

(B) In the case of a high school that remains qualified as a small high school under subsection (3) of this section after a merger, the ADMa of the merged small high school.

(b) The department shall add the additional amount under this subsection only for the first four fiscal years after the merger of the two high schools is final. If the merger of the two high schools becomes final on or before September 1, for purposes of this paragraph the merger shall be considered final in the prior fiscal year.

**(11)(a) Notwithstanding the distance provisions of subsections (4) and (7) of this section, if two or more school districts merge and, prior to the merger, at least one of the districts had one or more remote small elementary schools for which the district received an additional amount added to the district's ADMw as provided by this section, the district shall continue to qualify for and have an additional amount added to the district's ADMw for each elementary school that qualified as a remote small elementary school prior to the merger,**

based on distance calculations made before the merger, as long as the elementary school continues to satisfy the average daily membership requirements identified in subsection (2) of this section.

(b) Notwithstanding the school district ADMw requirements of subsection (3)(a) of this section, if two or more school districts merge and, prior to the merger, at least one of the districts had one or more small high schools for which the district received an additional amount added to the district's ADMw as provided by this section, the district shall continue to have an additional amount added to the district's ADMw for each high school that qualified as a small high school prior to the merger even if the district no longer satisfies the ADMw requirement of subsection (3)(a) of this section as long as the high school continues to satisfy the average daily membership requirements identified in subsection (3)(b) of this section.

**SECTION 2.** ORS 327.358 is amended to read:

327.358. (1) In addition to those moneys distributed through the State School Fund, the Department of Education shall award grants to small school districts with one or more small high schools from moneys appropriated to the department from the Small School District Supplement Fund.

(2) The amount of each grant = the small high school's ADM  $\times$  (the total amount available for the grants in each fiscal year  $\div$  the total ADM of all small high schools).

(3) A small school district shall receive a grant under this section for each small high school operated by the school district.

(4) Notwithstanding the ADMw requirements of ORS 327.356 (2), if two or more school districts merge and, prior to the merger, at least one of the school districts qualified as a small school district under ORS 327.356 and the school district received a grant for one or more small high schools as provided under this section, the Department of Education shall continue to award a grant to the school district for each high school that qualified as a small high school prior to the merger even if the district no longer satisfies the ADMw requirements of ORS 327.356 (2) as long as the high school continues to satisfy the ADM requirements identified in ORS 327.356 (1).

[4] (5) The State Board of Education shall adopt any rules necessary for the administration of this section.

**SECTION 3.** The amendments to ORS 327.077 and 327.358 by sections 1 and 2 of this 2023 Act apply to mergers of school districts occurring on or after the effective date of this 2023 Act.

**Passed by House April 10, 2023**

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

**Passed by Senate June 21, 2023**

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Rob Wagner, President of Senate

**Received by Governor:**

.....M,....., 2023

**Approved:**

.....M,....., 2023

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Tina Kotek, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2023

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Secretary of State