On page 1 of the printed bill, line 3, after the semicolon insert “creating new provisions; amending ORS 327.103, 328.205, 337.050, 337.141, 339.347, 659.850 and 659.855; repealing ORS 337.065.”.

Delete lines 5 through 30 and delete pages 2 and 3 and insert:

"DESIGNATIONS OF SCHOOL DISTRICTS"

SECTION 1. ORS 327.103 is amended to read:

"327.103. (1) All school districts are presumed to maintain a standard school district until the school district has been found to be deficient by the Superintendent of Public Instruction, pursuant to standards and rules of the State Board of Education.

“(2) If any deficiencies of a school district are not corrected or removed before the beginning of the school year next following the date of the finding of deficiency [and if an extension has not been granted under subsection (3) of this section], the Superintendent of Public Instruction may withhold portions of State School Fund moneys otherwise allocated to the school district for operating expenses until [such] the deficiencies are corrected or removed unless:

“(a) An extension has been granted under subsection (3) of this section; or

“(b) The withholding would create an undue hardship, as determined pursuant to rules of the State Board of Education.

“(3)(a) [Within 90 days of the finding of deficiency,] A school district found [not to be in compliance shall] to be deficient shall have 90 days to submit a plan, acceptable to the Superintendent of Public Instruction, for meeting standardization requirements and to have the plan approved by the Superintendent of Public Instruction. [A team of] The Department of Education [staff] shall contact the school district and offer technical assistance for developing the plan.

“(b) [When an acceptable plan for meeting standardization requirements has been submitted,] The Superintendent of Public Instruction may allow an extension of time before withholding State School Fund moneys, not to exceed 12 months, if the superintendent:

“(A) Has approved the school district’s plan for meeting standardization requirements; and

“(B) Determines that [such] the deficiencies cannot be corrected or removed before the beginning of the next school year.

“(b) Notwithstanding paragraph [(a)] (b) of this subsection, the Superintendent of Public Instruction may not grant an extension of time if a school district could correct or remove the deficiency through merger.

“(c) For the period of the extension of time under this subsection, the school district shall be
considered a conditionally standard school district.]}

“(4)(a) Regardless of whether the Superintendent of Public Instruction has granted a school district an extension of time under subsection (3) of this section and except as provided in paragraph (b) of this subsection, a school district that fails to submit a plan for meeting standardization requirements within the time specified by the superintendent may not receive further State School Fund moneys until a plan [acceptable to] is approved by the superintendent [is submitted].

“(b) Pursuant to rules adopted by the State Board of Education, the Superintendent of Public Instruction may extend the time specified for submitting a plan for meeting standardization requirements if the superintendent determines that a human-created disaster or a natural disaster affects the ability of the school district to comply with the date requirement.

“(5) No later than March 1 of each year, the Department of Education shall provide on the department's website:

“(a) Each school district's designation as conditionally standard, nonstandard or standard for the previous school year. A school district shall be:

“(A) Designated as conditionally standard if the Superintendent of Public Instruction has found the school district to be deficient and has:

“(i) Approved the school district's plan for meeting standardization requirements; and

“(ii) Allowed an extension of time under subsection (3) of this section before State School Fund moneys are withheld.

“(B) Designated as nonstandard if the Superintendent of Public Instruction has found the school district to be deficient and has:

“(i) Not approved the school district's plan for meeting standardization requirements in the time allowed under this section; or

“(ii) Not allowed an extension of time under subsection (3) of this section.

“(C) Designated as standard if the Superintendent of Public Instruction has not found the school district to be deficient.

“(b) For a school district that is designated as conditionally standard or nonstandard:

“(A) The cause for the designation;

“(B) The date by which the school district is required to have an approved plan for meeting standardization requirements or, if a plan has been approved, to correct or remove the deficiency before State School Fund moneys are withheld; and

“(C) If submitted and approved, the school district's plan for meeting standardization requirements.

“(6) Each biennium, the department shall submit to the interim committees of the Legislative Assembly related to education a report in the manner provided by ORS 192.245. The report must summarize:

“(a) The designations of school districts as conditionally standard, nonstandard or standard; and

“(b) For school districts that have been designated as conditionally standard or nonstandard:

“(A) The dates by which the school districts are required to have a plan approved for meeting standardization requirements or to correct or remove deficiencies before State School Fund moneys are withheld;

“(B) Any actions taken by the Department of Education in relation to the school districts; and
“(C) Any plans for meeting standardization requirements.

“(7) The State Board of Education may adopt any rules necessary for the implementation of this section.

**SECTION 1a.** ORS 328.205 is amended to read:

“328.205. (1) Common and union high school districts may contract a bonded indebtedness for any one or more of the following purposes for the district:

“(a) To acquire, construct, reconstruct, improve, repair, equip or furnish a school building or school buildings or additions thereto;

“(b) To fund or refund the removal or containment of asbestos substances in school buildings and for repairs made necessary by such removal or containment;

“(c) To acquire or to improve all property, real and personal, to be used for district purposes, including school buses;

“(d) To fund or refund outstanding indebtedness; and

“(e) To provide for the payment of the debt.

“(2) However, when a common or union high school district is found under ORS 327.103 not to be a standard school or when a school district is operating a conditionally standard school under ORS 327.103 [(3)], the school district may contract a bonded indebtedness only for the purposes enumerated in subsection (1) of this section that are approved by the Superintendent of Public Instruction pursuant to rules of the State Board of Education.

“(3) The school district may use the proceeds received from the sale of school district bonds to pay for any costs incurred by the school district in authorizing, issuing, carrying or repaying the bonds, including, but not limited to, attorney, consultant, paying agent, trustee or other professional fees and the cost of publishing notices of bond elections, printing such bonds and advertising such bonds for sale.

**STATE RESPONSE TO DISCRIMINATION IN EDUCATION**

**SECTION 2.** ORS 659.850 is amended to read:

“659.850. (1) As used in this section:

“(a) ‘Community college’ means a community college operated under ORS chapter 341.

“(a)/(A) (b)/(A) ‘Discrimination’ means any act that unreasonably differentiates treatment, intended or unintended, or any act that is fair in form but discriminatory in operation, either of which is based on race, color, religion, sex, sexual orientation, gender identity, national origin, marital status, age or disability.

“(B) ‘Discrimination’ does not include enforcement of an otherwise valid dress code or policy, as long as the code or policy:

“(i) Provides, on a case-by-case basis, for reasonable accommodation of an individual based on the health and safety needs of the individual; and

“(ii) Does not have a disproportionate adverse impact on members of a protected class to a greater extent than the policy impacts persons generally.

“(c) ‘Public elementary or secondary education provider’ includes:

“(A) A school district;

“(B) A public charter school;

“(C) An education service district; and

“(D) Any other provider of educational services in this state when the educational ser-
Vicios are provided to students in any grade from kindergarten through grade 12 and are financed in whole or in part by moneys appropriated by the Legislative Assembly.

“(d) ‘Public university’ means a public university listed in ORS 352.002.

“[(b)] (e) ‘Race’ includes physical characteristics that are historically associated with race, including but not limited to natural hair, hair texture, hair type and protective hairstyles as defined in ORS 659A.001.

“[(2) A person may not be subjected to discrimination in any public elementary, secondary or community college education program or service, school or interschool activity or in any higher education program or service, school or interschool activity where the program, service, school or activity is financed in whole or in part by moneys appropriated by the Legislative Assembly.]

“(2) A person may not be subjected to discrimination in any program, service, school or interschool activity that is provided by a public elementary or secondary education provider, community college, public university or Oregon Health and Science University.

“(3) The State Board of Education and the Higher Education Coordinating Commission shall establish rules necessary to ensure compliance with subsection (2) of this section in the manner required by ORS chapter 183.

“(4) Oregon Health and Science University shall adopt policies necessary to ensure compliance with subsection (2) of this section in the manner required by ORS chapter 183.

“(5) The rules established by the State Board of Education under subsection (3) of this section must provide that the Department of Education shall investigate allegations of noncompliance with subsection (2) of this section by a public elementary or secondary education provider when the department:

“(a) Receives a complaint from any person that alleges noncompliance if:

“(A) The public elementary or secondary education provider has made a final decision related to the alleged noncompliance or has failed to make a final decision in a reasonable time; and

“(B) The complaint is submitted as provided by the State Board of Education by rule; or

“(b) Determines on its motion that there is evidence of noncompliance.

SECTION 3. ORS 659.855 is amended to read:

“659.855. (1)

“(a) Any public elementary or secondary school or program that is determined by the Superintendent of Public Instruction Department of Education to be in noncompliance with provisions of ORS 659.850 [and] or 659.852 [and this section] shall be subject to appropriate sanctions, which may include withholding of all or part of state funding, as established by rule of the State Board of Education.] action by the department. When the department is required to take an action under this subsection involving a public elementary or secondary school or program, the action may include one or more of the following:

“(A) Assist the school or program and the person subjected to discrimination in reaching reconciliation.

“(B) Order the school or program to undergo corrective action in a time and manner prescribed by the department. Corrective action may include reviewing and rewriting policies, participating in specified training or receiving other technical assistance identified by the department.

“(C) Order the school or program to provide the person subjected to discrimination with student-specific remedies, as identified by the State Board of Education by rule.

“(D) Impose sanctions if the school or program fails to perform any action ordered pur-
suant to subparagraph (B) or (C) of this paragraph. Sanctions imposed under this subpara-
graph must be for the purpose of bringing the school or program into compliance and may
include directing the expenditure of state funding or the withholding of all or part of state
funding, as established by the board by rule.

“(b) For the purpose of this subsection:

“(A) ‘Public elementary or secondary school or program’ means:

“(i) An education program, as defined in ORS 659.852, that is provided by a public entity;
or

“(ii) A public elementary or secondary education provider, as defined in ORS 659.850.

“(B) When a public elementary or secondary school or program is a public charter
school, the sponsor of the public charter school may make a determination under paragraph
(a) of this subsection and may direct the expenditure of state funding for the purpose of
bringing the public charter school into compliance or may withhold of all or part of state
funding, as established by the board by rule.

“(2) Any [public] community college that is operated under ORS chapter 341 and that is
determined by the Higher Education Coordinating Commission to be in noncompliance with [provisions
of] ORS 659.850 [and] or 659.852 [and this section] shall be subject to appropriate sanctions, which
may include withholding of all or part of state funding, as established by rule of the commission.

“(3) Any public university that is listed in ORS 352.002 and that is determined by the Higher
Education Coordinating Commission to be in noncompliance with [provisions of] ORS 659.850 [and]
or 659.852 [and this section] shall be subject to appropriate sanctions, which may include withholding
of all or part of state funding, as established by rule of the commission.

“(4) Any public charter school determined by the sponsor of the school or the superintendent to
be in noncompliance with the provisions of ORS 659.850 and 659.852 and this section shall be subject
to appropriate sanctions, which may include the withholding of all or part of state funding by the
sponsor or superintendent, as established by rule of the State Board of Education.

“SECTION 4. Notwithstanding ORS 183.333 (1), the State Board of Education must con-
vene an advisory committee as described in ORS 183.333 for the purpose of adopting rules
pursuant to ORS 659.855 (1).

“SECTION 5. Section 4 of this 2023 Act is repealed on July 1, 2024.

“SECTION 6. ORS 339.347 is amended to read:

“339.347. (1) As used in this section:

“(a)(A) ‘Bias incident’ means a person’s hostile expression of animus toward another person,
relating to the other person’s perceived race, color, religion, gender identity, sexual orientation,
disability or national origin, of which criminal investigation or prosecution is impossible or inap-
propriate.

“(B) ‘Bias incident’ may include derogatory language or behavior.

“(b) ‘Education program’ means any program, service, school or activity sponsored by an edu-
cation provider.

“(c) ‘Education provider’ means:

“(A) A school district;

“(B) A public charter school;

“(C) The Oregon School for the Deaf;

“(D) An education service district;

“(E) An educational program under the Youth Corrections Education Program or the Juvenile
Detention Education Program, as those terms are defined in ORS 326.695; or

“(F) A program that receives moneys pursuant to ORS 343.243.

“(d) ‘School property’ means any property under the control of an education provider.

“(e) ‘Symbol of hate’ means nooses, symbols of neo-Nazi ideology or the battle flag of the Confederacy.

“(2)(a) To comply with the prohibition on discrimination required by ORS 659.850, an education provider must prohibit the display of symbols of hate on school property or in an education program.

“(b) The prohibition required by this subsection does not apply to displays that align with and are used in conjunction with state standards of education for public schools.

“(3) To comply with the prohibition on discrimination required by ORS 659.850, each education provider must adopt a policy to address bias incidents and displays of symbols of hate. The policy must:

“(a) Affirm that all students are entitled to a high quality educational experience free from discrimination or harassment based on perceived race, color, religion, gender identity, sexual orientation, disability or national origin.

“(b) Affirm that all employees of education providers are entitled to work in an environment that is free from discrimination or harassment based on perceived race, color, religion, gender identity, sexual orientation, disability or national origin.

“(c) Affirm that all visitors of an education provider are entitled to participate in a school or educational environment that is free from discrimination or harassment based on perceived race, color, religion, gender identity, sexual orientation, disability or national origin.

“(d) Prohibit the display of symbols of hate on school property or in an education program.

“(e) Establish procedures for addressing bias incidents and displays of symbols of hate. The procedures must:

“(A) Apply broadly to include persons directly targeted by an act, as well as the community of students as a whole who are likely to be impacted by the act.

“(B) Require the education provider to prioritize the safety and well-being of all persons impacted by the act.

“(C) Require the education provider to recognize the experience of all persons impacted by the act, acknowledge the impact, commit to taking immediate action and commit to preventing further harm against those persons impacted.

“(D) Include educational components that:

“(i) Address the history and impact of bias and hate;

“(ii) Advance the safety and healing of those impacted by bias and hate; and

“(iii) Promote accountability and transformation for people who cause harm as well as transformation of the conditions that perpetuated the harm.

“(E) Include communication protocols that provide all persons impacted by the act with information relating to the investigation and outcome of the investigation, including:

“(i) Notice that an investigation has been initiated;

“(ii) Notice when an investigation has been completed;

“(iii) The findings of the investigation and the final determination based on those findings;

“(iv) Actions taken to remedy a person’s behavior and prevent reoccurrence; and

“(v) When applicable, the legal citation of any law prohibiting the disclosure of any of the information described in this subparagraph and an explanation of how that law applies to the current situation.
“(F) Direct the education provider to consider whether the act implicates other civil rights laws and, if so, to respond accordingly. The nature of the act must determine:

“(i) The process used to respond to the act;
“(ii) The rights and protections available to the person impacted by the act; and
“(iii) The right to appeal to the Department of Education or to the United States Department of Education.

“(G) Require the education provider to develop and implement instructional materials to make this policy and related practices, including reporting procedures, educational processes and possible consequences, known to all employees and students of the education provider.

“(4) Any education provider that violates this section or a policy adopted under this section shall be:

“(a) Considered to be in noncompliance with the provisions of ORS 659.850;
“(b) Subject to the actions for noncompliance of ORS 659.850 under ORS 659.855; and
“(c) Subject to the enforcement provisions of ORS 659.850 by ORS 659.860.

“STANDARDS FOR TEXTBOOKS AND OTHER INSTRUCTIONAL MATERIALS

“SECTION 7. ORS 337.141 is amended to read:

“337.141. The State Board of Education shall adopt:

“(1) A list of textbooks and other instructional materials that may be used by a school district; and
“(2) Guidelines requirements for a process and criteria for a district school board or an education service district board to select textbooks and other instructional materials that are not on the list adopted under subsection (1) of this section. by the State Board of Education under ORS 337.050. The requirements must describe the process by which the district school board or education service district board will:

“(1) Present to the public at a public meeting the textbooks and other instructional materials selected by the district school board or education service district board;
“(2) Enable the Department of Education to review and comment on the selected textbooks and instructional materials that are not on the list adopted by the State Board of Education under ORS 337.050; and
“(3) Provide to the public at a public meeting a summary of the comments prepared by the department under subsection (2) of this section.

“SECTION 8. The amendments to ORS 337.141 by section 7 of this 2023 Act apply to textbooks and other instructional materials selected by a district school board or an education service district board on or after the effective date of this 2023 Act.

“SECTION 9. ORS 337.050 is amended to read:

“337.050. (1) The State Board of Education shall review and adopt, for periods established by the board, a list of textbooks and other instructional materials offered in more than one language for use by school districts. The list shall contain, whenever possible:

“(a) More than one textbook selection for each grade and subject field in the standard curriculum for which, in its judgment, textbooks are required; and
“(b) More than one instructional material selection for each grade and subject field in the standard curriculum for which, in its judgment, instructional materials are required.

“(2) The State Board of Education shall consider the best educational interests of the students.
as well as the most economical method of purchasing textbooks and instructional materials in set-
ing periods for textbook and instructional material review and adoption.

“(3) The board shall refrain from adopting any textbook or instructional material in a subject
field whenever it finds that no textbook or instructional material can be documented as meeting, to
the degree determined by the board, the guidelines and criteria established by the board for text-
books and instructional materials.

“(4) The board may approve the request of a publisher to substitute a more recent edition of any
officially adopted textbook or item of instructional material in lieu of the edition or item adopted
by the board.

“SECTION 10. ORS 337.065 is repealed.

“RESPONSE TO SECRETARY OF STATE AUDIT OF EDUCATION

“SECTION 11. (1)(a) The Department of Education shall review the department's stat-
utes, rules and internal policies to identify how best to incorporate suggestions made by the
Secretary of State in audit report 2022-16, 'K-12 Education-Systemic Risk Report.'

“(b) The department shall convene an advisory committee as described in ORS 183.333.
The advisory committee shall be convened for the purposes of:

“(A) Reviewing rules of the State Board of Education, as described in paragraph (a) of
this subsection, and assisting the board, as described in ORS 183.333, with the drafting of any
rules related to the review; and

“(B) Providing public input for the department's review under paragraph (a) of this sub-
section.

“(2) Among the areas the department must consider are:

“(a) Improvements in performance monitoring and support, including improvements in
the department's:

“(A) Effectiveness in monitoring a recipient's use of grants and other financial assistance
and the department's effectiveness in providing interventions or other support when needed
to promote school district, education service district, public charter school or contractor
success, as applied to state and federal school improvement initiatives that include distrib-
utions from the Student Investment Account and supports available under Title I of the

“(B) Oversight of alternative schools and online schools, including identifying statutory
changes needed to ensure strong performance standards are established for providers of al-
ternative schools and online schools, with an emphasis on providers of statewide and regional
online schools.

“(C) Staffing levels, and making a determination of whether staffing levels are adequate
to monitor grant and school district, education service district and public charter school
performance and to support school districts, education service districts and public charter
schools in improving performance.

“(D) Ability to collect data from school districts and public charter schools on course
grades and specific credits attained by students in grades 6 through 12, including the iden-
tification of the needs for any additional funding or statutory changes.

“(b) Improvements in transparency on results and challenges, including requiring and
supporting thorough department reporting to:
“(A) The Legislative Assembly and the State Board of Education for the purposes of highlighting school improvement progress and challenges to effective implementation of school improvement policies, including concerns raised by school districts, education service districts, public charter schools and relevant stakeholders.

“(B) The Legislative Assembly for the purpose of communicating the results, or the fact that results have not yet been measured, of key department programs, including programs and initiatives funded through the Fund for Student Success, the High School Graduation and College and Career Readiness Act, Title I of the federal Elementary and Secondary Education Act of 1965, the federal Every Student Succeeds Act (P.L. 114-95, 129 Stat. 1802) and through any additional grants aimed at student success and equity, including the statewide education plans and the English language learner program.

“(c) Improvements in spending scrutiny and guidance, including ensuring the department has necessary authority and resources to:

“(A) Provide more analysis of effective and efficient school district, education service district and public charter school spending and to provide additional information and useful tools for school districts, education service districts and public charter schools to benchmark and evaluate their spending, including ensuring the department provides sufficient details supporting the most substantial findings in the report issued by the Quality Education Commission under ORS 327.506.

“(B) Monitor and improve the depth and effectiveness of the department’s interactions with school districts, education service districts and public charter schools on spending.

“(C) Work with school districts, education service districts and public charter schools and other relevant stakeholders to enhance transparency and analysis of school district, education service district and public charter school spending, develop academic return on investment models and increase financial training for school district administrators.

“(d) Improvements in establishing clear, enforceable standards for school districts, education service districts and public charter schools, including the department’s ability to:

“(A) Monitor and support improvements in the standards used by the department to determine if a school district or education service district is nonstandard under ORS 327.103, including ensuring that standards provide clarity and enforceability and the department provides assurance and support efforts under the process required by ORS 327.103.

“(B) Provide sufficient staff to build a robust assurance effort that supports and meaningfully monitors school districts, education service districts and public charter schools in complying with statewide standards and ensures compliance with the statewide standards.

“(3) When considering the areas identified in subsection (2) of this section, the department shall identify how best to communicate with the Legislative Assembly, including:

“(a) The frequency and content of reports related to performance monitoring and the provision of support to school districts, education service districts and public charter schools;

“(b) The identification of any statutory changes that are needed to clarify or strengthen the department’s authority; and

“(c) The identification of additional appropriations required by the department to adequately satisfy staffing needs.

“(4) No later than December 31, 2023, the department shall submit to the interim committees of the Legislative Assembly related to education a report that summarizes the
department’s review under this section.

“SECTION 12. Section 11 of this 2023 Act is repealed on January 2, 2024.

“UNIT CAPTIONS

“SECTION 13. The unit captions used in this 2023 Act are provided only for the conven-
ience of the reader and do not become part of the statutory law of this state or express any
legislative intent in the enactment of this 2023 Act.

“EMERGENCY CLAUSE

“SECTION 14. 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
July 1, 2023.”.