

A-Engrossed
House Bill 3497

Ordered by the House April 14
Including House Amendments dated April 14

Sponsored by Representatives HUFFMAN, BARRETO

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.

Modifies method by which minimum amount distributed to education service districts is calculated.

Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

1
2 Relating to funding for education service districts; creating new provisions; amending ORS 327.019;
3 and declaring an emergency.

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

5 **SECTION 1.** ORS 327.019 is amended to read:

6 327.019. (1) As used in this section:

7 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
8 school districts located within the territory of the education service district as computed under ORS
9 327.013.

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

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

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

15 (C) The amount of revenue received by the district from state-managed forestlands under ORS
16 530.115 (1)(b) and (c); and

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

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

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

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 (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, high
7 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] \$1,360,000, as adjusted each school year based on the same percentage by**
15 **which the amount appropriated to the State School Fund for distribution to education service**
16 **districts is increased or decreased as compared with the amount appropriated for the**
17 **2015-2016 school year**, if the education service district received a general services grant of \$1
18 million for the 2010-2011 school year.

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

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

27 (B) A component education service district that received **[\$1 million] an amount** as provided
28 by paragraph (a)(B) of this subsection shall be entitled to receive **[\$1 million] that amount** under
29 the calculation provided by this paragraph.

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

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

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

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

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

41 (b) The State School Fund grant of an education service district shall be in an amount that,
42 when combined with the local revenues of the education service district, equals **[\$1 million or**
43 **more] \$1,360,000, as adjusted each school year based on the same percentage by which the**
44 **amount appropriated to the State School Fund for distribution to education service districts**
45 **is increased or decreased as compared with the amount appropriated for the 2015-2016 school**

1 **year.**

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

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

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

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

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

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

18 (i) The school district;

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

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

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

24 **SECTION 2.** ORS 327.019, as amended by section 9, chapter 735, Oregon Laws 2013, is amended
25 to read:

26 327.019. (1) As used in this section:

27 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
28 school districts located within the territory of the education service district as computed under ORS
29 327.013.

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

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

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

35 (C) The amount of revenue received by the district from state-managed forestlands under ORS
36 530.115 (1)(b) and (c); and

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

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

43 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
44 located to the State School Fund and available for distribution to school districts, education service
45 districts and programs + total amount of local revenues of all school districts, computed as provided

1 in ORS 327.011, + total amount of local revenues of all education service districts. The super-
 2 intendent may not include in the calculation under this paragraph amounts received by the De-
 3 partment of Education from the State School Fund under ORS 343.243.

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

6 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
 7 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
 8 327.133 and 327.348 the total amount calculated under paragraph (b) of this subsection as school
 9 district general purpose grants, facility grants, high cost disabilities grants and transportation
 10 grants to school districts.

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

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

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

17 (B) **[\$1 million] \$1,360,000, as adjusted each school year based on the same percentage by**
 18 **which the amount appropriated to the State School Fund for distribution to education service**
 19 **districts is increased or decreased as compared with the amount appropriated for the**
 20 **2015-2016 school year**, if the education service district received a general services grant of \$1
 21 million for the 2010-2011 school year.

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

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

30 (B) A component education service district that received **[\$1 million] an amount** as provided
 31 by paragraph (a)(B) of this subsection shall be entitled to receive **[\$1 million] that amount** under
 32 the calculation provided by this paragraph.

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

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

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

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

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

44 (b) The State School Fund grant of an education service district shall be in an amount that,
 45 when combined with the local revenues of the education service district, equals **[\$1 million or**

1 *more*] **\$1,360,000, as adjusted each school year based on the same percentage by which the**
2 **amount appropriated to the State School Fund for distribution to education service districts**
3 **is increased or decreased as compared with the amount appropriated for the 2015-2016 school**
4 **year.**

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

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

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

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

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

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

21 (i) The school district;

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

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

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

27 **SECTION 3. The amendments to ORS 327.019 by sections 1 and 2 of this 2015 Act apply**
28 **to State School Fund distributions commencing with the 2015-2016 distributions.**

29 **SECTION 4. This 2015 Act being necessary for the immediate preservation of the public**
30 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
31 **July 1, 2015.**

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