

Joint Committee on Ways and Means

Carrier – House: Rep. D. Edwards  
Carrier – Senate: Sen. Monroe

Revenue: Revenue statement issued

Fiscal: Fiscal statement issued

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Action: Do Pass the A-Engrossed Measure as Amended and Be Printed B-Engrossed

Vote: 15 – 4 – 3

House

Yeas: Buckley, D. Edwards, Galizio, Kotek, Nathanson, Richardson, Shields

Nays: Garrard, Gilman, Jenson

Exc: Komp, G. Smith

Senate

Yeas: Bates, Carter, Girod, Johnson, Monroe, Verger, Walker, Winters

Nays: Nelson

Exc: Whitsett

Prepared By: Erica Kleiner, Legislative Fiscal Office

Meeting Date: June 11, 2009

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**WHAT THE MEASURE DOES:** Specifies counties belonging to 13 reconfigured education service districts (ESDs) effective July 1, 2011. Permits Superintendent of Public Instruction to establish more than one administrative office for an ESD. Charges State Board of Education with entering necessary orders to establish new ESDs. Exempts such orders from existing statutes on boundary changes or mergers. Requires ESD organizing authority to divide district into five zones to elect a board of directors prior to February 1, 2011. Specifies that ESD directors must be elected from each of the five zones by boards of the school districts within each zone. Provides for staggering of terms of elected directors. Provides for appointment of four directors by elected directors. Provides for transfer of property and employment contracts from ESDs that are merged or dissolved and annexed to new ESD. Identifies additional ESD goal as being a source of regional and statewide services in order to maximize operational and fiscal efficiencies. Requires that State School Fund grant be at least \$1 million if former ESD was operating on July 30, 2011, was merged effective July 1, 2011, and received grant of \$1 million for the 2010-2011 fiscal year. Repeals statutes relating to ESD boards.

**ISSUES DISCUSSED:**

- Fiscal impact of the measure

**EFFECT OF COMMITTEE AMENDMENT:** The bill as amended allows the ESDs that receive \$1 million in state and local revenue to merge with other ESDs also receiving the “\$1 million floor” and combine the amounts upon merger. The effect of the bill as amended would be that Lake and Harney Counties would merge and have a \$2 million minimum and North Central ESD, and, Grant and Wallowa Counties would merge and have a \$3 million minimum of state and local revenue. The bill as amended continues the existing employment contracts of employees of ESDs that will merge, dissolve, or be annexed. The bill as amended applies to employees who will perform the same duties upon merger, dissolution, or annexation. The bill as amended also transfers seniority, sick leave, and vacation leave from each ESD to the newly formed ESD, and provides that the personal property and all obligations of an ESD will transfer to the newly formed ESD. The bill as amended adds the area comprising the North Powder School District to the ESD that contains Baker and Malheur Counties. The bill as amended allows the Department of Education to charge ESDs for any excessive costs for mediation or hearings officers that may occur as result of the bill.

**BACKGROUND:** ESDs originated when the Legislative Assembly established a system of common schools. The names and responsibilities of ESDs have changed over time and numerous ESD studies have occurred over the years, examining issues such as consolidation and appropriate services to be provided to students by ESDs. In 1991, the Legislative Assembly authorized a task force to study regional services on a statewide basis. The study resulted in Senate Bill 26 (1993), the ESD Reorganization Act. It required consolidation of 29 ESDs into a total of 21. In 2003,

Yamhill ESD voluntarily merged with Willamette ESD to bring the total number of ESDs to twenty. In 2000, the Legislative Assembly completed an interim task force study of ESDs. As a result of that study, the Legislative Assembly passed two pieces of legislation. Senate Bill 259 (2001) established ESDs current statutory mission to assist school districts and the Department of Education in achieving Oregon's educational goals by providing equitable, high quality, cost-effective, and locally responsive educational services at a regional level. Senate Bill 260 (2001) phased in equalization of ESD revenue over five years.