

# House Bill 2676

Sponsored by Representative DOHERTY, Senators ROBLAN, KNOPP; Representatives BONHAM, EVANS, GORSEK, PILUSO, SALINAS, SCHOUTEN, SOLLMAN, Senators GELSER, WAGNER (Pre-session 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**.

Increases threshold under which school district may receive additional State School Fund monies for student eligible for special education.

Increases amount transferred each year to High Cost Disabilities Account.

Declares emergency, effective July 1, 2019.

## A BILL FOR AN ACT

Relating to distributions from the State School Fund for students with disabilities; creating new provisions; amending ORS 327.008 and 327.013; and declaring an emergency.

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

**SECTION 1.** ORS 327.013 is amended to read:

327.013. The State School Fund distributions for school districts include the following grants:

(1) General Purpose Grant = Funding Percentage × Target Grant × District extended ADMw.

For the purpose of the calculation made under this subsection:

(a) The funding percentage shall be calculated by the Superintendent of Public Instruction to distribute as nearly as practicable the total sum of money available for distribution.

(b) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor. For the purpose of the calculation made under this paragraph:

(A) Statewide Target per ADMw Grant = \$4,500.

(B) Teacher Experience Factor = \$25 × {District average teacher experience – statewide average teacher experience}. As used in this subparagraph, “average teacher experience” means the average, in years, of teaching experience of licensed teachers as reported to the Department of Education.

(c) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater. The calculation of the district extended ADMw must be made as provided by ORS 338.155 if a public charter school is located in the school district. For the purpose of this paragraph:

(A) Weighted average daily membership or ADMw = average daily membership + an additional amount computed as follows:

(i) 1.0 for each student in average daily membership eligible for special education as a child with a disability under ORS 343.035, which may not exceed [11] 13 percent of the district's ADM without review and approval by the Department of Education. Children with disabilities eligible for special education in adult local correctional facilities, as defined in ORS 169.005, or adult regional correctional facilities, as defined in ORS 169.620, may not be included in the calculation made under this sub-subparagraph.

(ii) 0.5 for each student in average daily membership eligible for and enrolled in an English language learner program under ORS 336.079.

**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 (iii) 0.2 for each student in average daily membership enrolled in a union high school district  
 2 or in an area of a unified school district where the district is only responsible for educating students  
 3 in grades 9 through 12 in that area.

4 (iv) -0.1 for each student in average daily membership enrolled in an elementary district oper-  
 5 ating kindergarten through grade six or kindergarten through grade eight or in an area of a unified  
 6 school district where the district is only responsible for educating students in kindergarten through  
 7 grade eight.

8 (v) 0.25 times the sum of the following:

9 (I) The number of students who are in average daily membership and who are also in poverty  
 10 families, as determined by the Department of Education based on rules adopted by the State Board  
 11 of Education that incorporate poverty data published by the United States Census Bureau, student  
 12 data provided by school districts and other data identified by the board;

13 (II) The number of children in foster homes in the district as determined by the report of the  
 14 Department of Human Services to the United States Department of Education, "Annual Statistical  
 15 Report on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess  
 16 of the Poverty Income Level," or its successor, for October 31 of the year prior to the year of dis-  
 17 tribution; and

18 (III) The number of children in the district in state-recognized facilities for neglected and de-  
 19 linquent children, based on information from the Department of Human Services for October 31 of  
 20 the year prior to the year of distribution.

21 (vi) The amount determined under ORS 327.077 for each remote small elementary school and for  
 22 each small high school in the district.

23 (B) All numbers of children used for the computation in this paragraph must reflect any district  
 24 consolidations that have occurred since the numbers were compiled.

25 (C) The total additional weight that shall be assigned to any student in average daily member-  
 26 ship in a district, exclusive of students described in subparagraph (A)(v) and (vi) of this paragraph,  
 27 may not exceed 2.0.

28 (2) High cost disabilities grant = the total amount received by a school district under ORS  
 29 327.348 for providing special education and related services to resident pupils with disabilities.

30 (3)(a) Transportation grant equals:

31 (A) 70 percent of approved transportation costs for those school districts ranked below the 80th  
 32 percentile under paragraph (b) of this subsection.

33 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 34 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

35 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
 36 90th percentile under paragraph (b) of this subsection.

37 (b) Each fiscal year, the Department of Education shall rank school districts based on the ap-  
 38 proved transportation costs per ADM of each school district, ranking the school district with the  
 39 highest approved transportation costs per ADM at the top of the order.

40 (4)(a) Facility Grant = 8 percent of total construction costs of new school buildings.

41 (b) A school district shall receive a Facility Grant in the distribution year that a new school  
 42 building is first used.

43 (c) As used in this subsection:

44 (A) "New school building" includes new school buildings, structures added onto existing school  
 45 buildings and premanufactured structures added to a school district if those buildings or structures

1 are to be used for instructing students.

2 (B) "Construction costs" does not include costs for land acquisition.

3 **SECTION 2.** ORS 327.008 is amended to read:

4 327.008. (1)(a) There is established a State School Fund in the General Fund.

5 (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,  
6 grants, donations and other moneys from public and private sources for the State School Fund.  
7 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

8 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,  
9 moneys transferred from the Education Stability Fund and the Oregon Marijuana Account and  
10 moneys received as provided in paragraph (b) of this subsection.

11 (d) The State School Fund is continuously appropriated to the Department of Education for the  
12 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,  
13 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws  
14 2013.

15 (2) There shall be apportioned from the State School Fund to each school district a State School  
16 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant  
17 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
18 vided in ORS 327.011 and 327.013.

19 (3) For the first school year after a public charter school ceases to operate because of dissol-  
20 ution or closure or because of termination or nonrenewal of a charter, there shall be apportioned  
21 from the State School Fund to each school district that had sponsored a public charter school that  
22 ceased to operate an amount equal to the school district's general purpose grant per extended  
23 ADMw multiplied by five percent of the ADM of the public charter school for the previous school  
24 year.

25 (4) There shall be apportioned from the State School Fund to each education service district a  
26 State School Fund grant as calculated under ORS 327.019.

27 (5) All figures used in the determination of the distribution of the State School Fund shall be  
28 estimates for the same year as the distribution occurs, unless otherwise specified.

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

31 (7) A school district may not use the portion of the State School Fund grant that is attributable  
32 to the facility grant for capital construction costs.

33 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-  
34 ceed \$9 million in any biennium. If the total amount to be distributed as facility grants exceeds this  
35 limitation, the Department of Education shall prorate the amount of funds available for facility  
36 grants among those school districts that qualified for a facility grant. If the total amount to be dis-  
37 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended  
38 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

39 (9) Each biennium, the Department of Education may expend from the State School Fund no  
40 more than \$6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)  
41 to (6).

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

45 (11) Each fiscal year, the Department of Education shall transfer the amount of [~~\$35~~] **\$36** million

1 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

2 (12)(a) Each biennium, the Department of Education shall transfer \$33 million from the State  
3 School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

4 (b) For the purpose of making the transfer under this subsection:

5 (A) The total amount available for all distributions from the State School Fund shall be reduced  
6 by \$5 million;

7 (B) The amount distributed to school districts from the State School Fund under this section and  
8 ORS 327.013 shall be reduced by \$14 million; and

9 (C) The amount distributed to education service districts from the State School Fund under this  
10 section and ORS 327.019 shall be reduced by \$14 million.

11 (c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall  
12 be adjusted by the same percentage by which the amount appropriated to the State School Fund for  
13 that biennium is increased or decreased compared with the preceding biennium, as determined by  
14 the Department of Education after consultation with the Legislative Fiscal Officer.

15 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State  
16 School Fund to the Statewide English Language Learner Program Account established under ORS  
17 327.344.

18 (14) Each fiscal year, the Department of Education may expend up to \$550,000 from the State  
19 School Fund for the contract described in ORS 329.488. The amount distributed to education service  
20 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the  
21 amount expended by the department under this subsection.

22 (15) Each biennium, the Department of Education may expend up to \$350,000 from the State  
23 School Fund to provide administration of and support for the development of talented and gifted  
24 education under ORS 343.404.

25 (16) Each biennium, the Department of Education may expend up to \$150,000 from the State  
26 School Fund for the administration of a program to increase the number of speech-language  
27 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

28 (17) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from  
29 the State School Fund to the Small School District Supplement Fund established in section 3, chap-  
30 ter 735, Oregon Laws 2013.

31 **SECTION 3.** ORS 327.008, as amended by section 22, chapter 639, Oregon Laws 2017, and sec-  
32 tion 5, chapter 700, Oregon Laws 2017, is amended to read:

33 327.008. (1)(a) There is established a State School Fund in the General Fund.

34 (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,  
35 grants, donations and other moneys from public and private sources for the State School Fund.  
36 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

37 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,  
38 moneys transferred from the Education Stability Fund and the Oregon Marijuana Account and  
39 moneys received as provided in paragraph (b) of this subsection.

40 (d) The State School Fund is continuously appropriated to the Department of Education for the  
41 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,  
42 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws  
43 2013.

44 (2) There shall be apportioned from the State School Fund to each school district a State School  
45 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant

1 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
2 vided in ORS 327.011 and 327.013.

3 (3) For the first school year after a public charter school ceases to operate because of dissol-  
4 ution or closure or because of termination or nonrenewal of a charter, there shall be apportioned  
5 from the State School Fund to each school district that had sponsored a public charter school that  
6 ceased to operate an amount equal to the school district's general purpose grant per extended  
7 ADMw multiplied by five percent of the ADM of the public charter school for the previous school  
8 year.

9 (4) There shall be apportioned from the State School Fund to each education service district a  
10 State School Fund grant as calculated under ORS 327.019.

11 (5) All figures used in the determination of the distribution of the State School Fund shall be  
12 estimates for the same year as the distribution occurs, unless otherwise specified.

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

15 (7) A school district may not use the portion of the State School Fund grant that is attributable  
16 to the facility grant for capital construction costs.

17 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-  
18 ceed \$7 million in any biennium. If the total amount to be distributed as facility grants exceeds this  
19 limitation, the Department of Education shall prorate the amount of funds available for facility  
20 grants among those school districts that qualified for a facility grant. If the total amount to be dis-  
21 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended  
22 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

23 (9) Each biennium, the Department of Education may expend from the State School Fund no  
24 more than \$6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)  
25 to (6).

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

29 (11) Each fiscal year, the Department of Education shall transfer the amount of [~~\$35~~] **\$36** million  
30 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

31 (12)(a) Each biennium, the Department of Education shall transfer \$39.5 million from the State  
32 School Fund to the Educator Advancement Fund established under ORS 342.953.

33 (b) For the purpose of making the transfer under this subsection:

34 (A) The total amount available for all distributions from the State School Fund shall be reduced  
35 by \$6 million;

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

38 (C) The amount distributed to education service districts from the State School Fund under this  
39 section and ORS 327.019 shall be reduced by \$16.75 million.

40 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same  
41 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204  
42 direct the state agencies to adjust their agency budget requests for special payments under ORS  
43 291.216 (6)(a)(C).

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

1 327.344.

2 (14) Each fiscal year, the Department of Education may expend up to \$550,000 from the State  
3 School Fund for the contract described in ORS 329.488. The amount distributed to education service  
4 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the  
5 amount expended by the department under this subsection.

6 (15) Each biennium, the Department of Education may expend up to \$350,000 from the State  
7 School Fund to provide administration of and support for the development of talented and gifted  
8 education under ORS 343.404.

9 (16) Each biennium, the Department of Education may expend up to \$150,000 from the State  
10 School Fund for the administration of a program to increase the number of speech-language  
11 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

12 (17) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from  
13 the State School Fund to the Small School District Supplement Fund established in section 3, chap-  
14 ter 735, Oregon Laws 2013.

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

20 **SECTION 4.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, section 7,  
21 chapter 81, Oregon Laws 2014, section 2, chapter 68, Oregon Laws 2015, section 38, chapter 245,  
22 Oregon Laws 2015, section 2, chapter 555, Oregon Laws 2015, section 11, chapter 604, Oregon Laws  
23 2015, section 2, chapter 644, Oregon Laws 2015, section 8, chapter 783, Oregon Laws 2015, sections  
24 22 and 23, chapter 639, Oregon Laws 2017, sections 5 and 6, chapter 700, Oregon Laws 2017, and  
25 section 34, chapter 725, Oregon Laws 2017, is amended to read:

26 327.008. (1)(a) There is established a State School Fund in the General Fund.

27 (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,  
28 grants, donations and other moneys from public and private sources for the State School Fund.  
29 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

30 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,  
31 moneys transferred from the Education Stability Fund and the Oregon Marijuana Account and  
32 moneys received as provided in paragraph (b) of this subsection.

33 (d) The State School Fund is continuously appropriated to the Department of Education for the  
34 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,  
35 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

36 (2) There shall be apportioned from the State School Fund to each school district a State School  
37 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant  
38 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
39 vided in ORS 327.011 and 327.013.

40 (3) For the first school year after a public charter school ceases to operate because of dissol-  
41 ution or closure or because of termination or nonrenewal of a charter, there shall be apportioned  
42 from the State School Fund to each school district that had sponsored a public charter school that  
43 ceased to operate an amount equal to the school district's general purpose grant per extended  
44 ADMw multiplied by five percent of the ADM of the public charter school for the previous school  
45 year.

1 (4) There shall be apportioned from the State School Fund to each education service district a  
 2 State School Fund grant as calculated under ORS 327.019.

3 (5) All figures used in the determination of the distribution of the State School Fund shall be  
 4 estimates for the same year as the distribution occurs, unless otherwise specified.

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

7 (7) A school district may not use the portion of the State School Fund grant that is attributable  
 8 to the facility grant for capital construction costs.

9 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-  
 10 ceed \$7 million in any biennium. If the total amount to be distributed as facility grants exceeds this  
 11 limitation, the Department of Education shall prorate the amount of funds available for facility  
 12 grants among those school districts that qualified for a facility grant. If the total amount to be dis-  
 13 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended  
 14 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

15 (9) Each biennium, the Department of Education may expend from the State School Fund no  
 16 more than \$6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)  
 17 to (6).

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

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23 (12)(a) Each biennium, the Department of Education shall transfer \$39.5 million from the State  
 24 School Fund to the Educator Advancement Fund established under ORS 342.953.

25 (b) For the purpose of making the transfer under this subsection:

26 (A) The total amount available for all distributions from the State School Fund shall be reduced  
 27 by \$6 million;

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 29 ORS 327.013 shall be reduced by \$16.75 million; and

30 (C) The amount distributed to education service districts from the State School Fund under this  
 31 section and ORS 327.019 shall be reduced by \$16.75 million.

32 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same  
 33 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204  
 34 direct the state agencies to adjust their agency budget requests for special payments under ORS  
 35 291.216 (6)(a)(C).

36 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State  
 37 School Fund to the Statewide English Language Learner Program Account established under ORS  
 38 327.344.

39 (14) Each fiscal year, the Department of Education may expend up to \$550,000 from the State  
 40 School Fund for the contract described in ORS 329.488. The amount distributed to education service  
 41 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the  
 42 amount expended by the department under this subsection.

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 44 School Fund to provide administration of and support for the development of talented and gifted  
 45 education under ORS 343.404.

1 (16) Each biennium, the Department of Education may expend up to \$150,000 from the State  
2 School Fund for the administration of a program to increase the number of speech-language  
3 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

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

9 **SECTION 5. The amendments to ORS 327.008 and 327.013 by sections 1 to 4 of this 2019**  
10 **Act apply to State School Fund distributions commencing with the 2019-2020 distributions.**

11 **SECTION 6. This 2019 Act being necessary for the immediate preservation of the public**  
12 **peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect**  
13 **July 1, 2019.**

14