

# A-Engrossed House Bill 3427

Ordered by the House April 29  
Including House Amendments dated April 29

Sponsored by COMMITTEE ON RULES (at the request of Representative Barbara Smith Warner)

## 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.

*[Directs Department of Education to conduct study to examine best methods for funding state's system of kindergarten through grade 12 public education.]*

*[Directs department to submit report to interim committee of Legislative Assembly no later than September 15, 2020.]*

**Establishes Fund for Student Success. Specifies uses of fund, including transfers to State School Fund, Student Investment Account, Statewide Education Initiatives Account and Early Learning Account.**

**Directs moneys to be transferred to State School Fund from Fund for Student Success. Increases fiscal year limit for transfers from State School Fund to High Cost Disabilities Account.**

**Establishes Student Investment Account for purpose of distributing grants to school districts and certain public charter schools. Prescribes allowed uses for grant moneys, grant application requirements, inclusion of performance growth targets into grant agreements, calculation of grant amounts and accountability measures. Directs Department of Education to provide technical assistance related to grants, including coaching programs for grant recipients that did not meet performance growth targets and intensive program for high needs school districts. Directs department to make annual report to committees of Legislative Assembly related to education.**

**Establishes Statewide Education Initiatives Account. Prescribes allowed uses of account. Provides for expansion of school breakfast and lunch programs, operation of youth reengagement system, establishment of Statewide School Safety and Prevention System, development and provision of statewide equity initiatives, provision of summer learning program for certain schools and funding for early warning system for high school graduation and directs Department of Education to fund those programs through account. Directs department and Educator Advancement Council to develop plan funded by account that would provide effective combination of programs and initiatives for professional development of educators.**

**Establishes Early Learning Account. Prescribes allowed uses of account. Establishes Early Childhood Equity Fund. Provides for early childhood support grant program, to be funded by account.**

**Decreases personal income tax rates. Imposes corporate activity tax, to be measured by commercial activity, defined as total amount arising from person's transactions and activity in regular course of business. Exempts persons with taxable commercial activity of \$1 million or less. Defines additional excluded persons exempt from corporate activity tax. Allows subtraction for percentage of taxpayer's cost inputs or labor costs. Includes provision for sourcing of commercial activity to state. Requires persons and unitary groups with commercial activity above threshold to register with Department of Revenue. Preempts local government imposition of taxes upon commercial activity or receipts from grocery sales, other than existing taxes. Transfers net revenues from corporate activity tax to Fund for Student Success. Defines terms.**

**Applies to tax years beginning on or after January 1, 2020.  
Takes effect on 91st day following adjournment sine die.**

## A BILL FOR AN ACT

Relating to education funding; creating new provisions; amending ORS 316.037, 327.008, 327.527, 327.535, 329.095, 417.790 and 417.847; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

**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.

FUND FOR STUDENT SUCCESS

**SECTION 1.** Section 2 of this 2019 Act is added to and made a part of ORS chapter 327.

**SECTION 2. Fund for Student Success; transfers to accounts.** (1) The Fund for Student Success is established in the State Treasury, separate and distinct from the General Fund.

(2) The Fund for Student Success shall consist of moneys appropriated by the Legislative Assembly, moneys transferred to the fund under section 76 of this 2019 Act and moneys received as provided in subsection (3) of this section.

(3) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts, grants, donations and other moneys from public and private sources for the Fund for Student Success. Moneys received as provided in this subsection shall be deposited into the Fund for Student Success.

(4) Moneys in the Fund for Student Success are continuously appropriated to the department for:

(a) Transfer to the State School Fund in the amount calculated by the Legislative Fiscal Officer and the Legislative Revenue Officer to be the sum of:

(A) At least \$40 million, for the purpose of a transfer under ORS 327.008 (11) to the High Cost Disabilities Account established in ORS 327.348; and

(B) The amount of change in General Fund revenue to be collected in the biennium due to the amendments to ORS 316.037 by section 56 of this 2019 Act and the operation of sections 58 to 76 of this 2019 Act.

(b) Of the amount remaining in the Fund for Student Success after the transfer prescribed by paragraph (a) of this subsection, transfer to other education accounts as follows:

(A) At least 50 percent to the Student Investment Account established in section 8 of this 2019 Act.

(B) Up to 30 percent to the Statewide Education Initiatives Account established in section 24 of this 2019 Act.

(C) At least 20 percent to the Early Learning Account established in section 51 of this 2019 Act.

**SECTION 3.** (1) In addition to and not in lieu of the transfer under section 2 of this 2019 Act, for the biennium beginning July 1, 2019, the Department of Education shall transfer from the Fund for Student Success to the State School Fund an amount that equals \$200 million.

(2) Notwithstanding section 2 (4)(a) of this 2019 Act, for the biennium beginning July 1, 2019, the amount the Department of Education shall transfer from the Fund for Student Success to the State School Fund for the purpose of a transfer under ORS 327.008 (11) to the High Cost Disabilities Account established in ORS 327.348 shall be \$20 million.

STATE SCHOOL FUND

**SECTION 4.** ORS 327.008, as amended by section 22, chapter 639, Oregon Laws 2017, and section 5, chapter 700, Oregon Laws 2017, is amended to read:

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

(b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts, grants, donations and other moneys from public and private sources for the State School Fund.

1 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

2 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,  
3 **moneys transferred from the Fund for Student Success**, moneys transferred from the Education  
4 Stability Fund and the Oregon Marijuana Account and moneys received as provided in paragraph  
5 (b) of this subsection.

6 (d) The State School Fund is continuously appropriated to the Department of Education for the  
7 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,  
8 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws  
9 2013.

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

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

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

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

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

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

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

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

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

40 (11) Each fiscal year, the Department of Education shall transfer the amount of \$35 million from  
41 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

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

45 (A) The total amount available for all distributions from the State School Fund shall be reduced

1 by \$6 million;

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

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

6 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same  
7 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204  
8 direct the state agencies to adjust their agency budget requests for special payments under ORS  
9 291.216 (6)(a)(C).

10 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State  
11 School Fund to the Statewide English Language Learner Program Account established under ORS  
12 327.344.

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

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

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

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

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

31 **SECTION 5.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, section 7,  
32 chapter 81, Oregon Laws 2014, section 2, chapter 68, Oregon Laws 2015, section 38, chapter 245,  
33 Oregon Laws 2015, section 2, chapter 555, Oregon Laws 2015, section 11, chapter 604, Oregon Laws  
34 2015, section 2, chapter 644, Oregon Laws 2015, section 8, chapter 783, Oregon Laws 2015, sections  
35 22 and 23, chapter 639, Oregon Laws 2017, sections 5 and 6, chapter 700, Oregon Laws 2017, and  
36 section 34, chapter 725, Oregon Laws 2017, is amended to read:

37 327.008. (1)(a) There is established a State School Fund in the General Fund.

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

41 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,  
42 **moneys transferred from the Fund for Student Success**, moneys transferred from the Education  
43 Stability Fund and the Oregon Marijuana Account and moneys received as provided in paragraph  
44 (b) of this subsection.

45 (d) The State School Fund is continuously appropriated to the Department of Education for the

1 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,  
2 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

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

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

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

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

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

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

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

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

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

33 (11) Each fiscal year, the Department of Education shall transfer the amount of [~~\$35~~] **\$55** million  
34 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

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

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

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

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

44 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same  
45 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204

1 direct the state agencies to adjust their agency budget requests for special payments under ORS  
2 291.216 (6)(a)(C).

3 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State  
4 School Fund to the Statewide English Language Learner Program Account established under ORS  
5 327.344.

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

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

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

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

21 **SECTION 6. (1) The amendments to ORS 327.008 by section 5 of this 2019 Act become**  
22 **operative on July 1, 2020.**

23 **(2) The amendments to ORS 327.008 by section 5 of this 2019 Act apply to State School**  
24 **Fund distributions commencing with the 2020-2021 distributions.**

25  
26 **STUDENT INVESTMENT ACCOUNT**  
27

28 **SECTION 7. Sections 8 to 19 of this 2019 Act are added to and made a part of ORS**  
29 **chapter 327.**

30 **SECTION 8. Student Investment Account. (1) The Student Investment Account is estab-**  
31 **lished within the Fund for Student Success.**

32 **(2) The Student Investment Account shall consist of:**

33 **(a) Moneys transferred to the account from the Fund for Student Success;**

34 **(b) Moneys appropriated or otherwise transferred to the account by the Legislative As-**  
35 **sembly;**

36 **(c) Amounts donated to the account; and**

37 **(d) Other amounts deposited into the account from any source.**

38 **(3) The Department of Education, on behalf of the State of Oregon, may solicit and ac-**  
39 **cept gifts, grants, donations and other moneys from public and private sources for the Stu-**  
40 **dent Investment Account. Moneys received as provided in this subsection shall be deposited**  
41 **into the Student Investment Account.**

42 **(4) Moneys in the Student Investment Account are continuously appropriated to the De-**  
43 **partment of Education for the purposes of distributing grants under section 13 of this 2019**  
44 **Act.**

45 **SECTION 9. Allowed uses of grants from Student Investment Account. (1) In addition to**

1 those moneys distributed through the State School Fund, the Department of Education shall  
2 award grants from the Student Investment Account. Grants shall be distributed as provided  
3 under section 13 of this 2019 Act.

4 (2) The purposes of grants distributed under section 13 of this 2019 Act shall be to:

5 (a) Meet students' mental or behavioral health needs; and

6 (b) Increase academic achievement for students, including reducing academic disparities  
7 for:

8 (A) Economically disadvantaged students, as determined based on eligibility for free or  
9 reduced price lunches under the United States Department of Agriculture's current Income  
10 Eligibility Guidelines;

11 (B) Students from racial or ethnic groups that have historically experienced academic  
12 disparities, as determined under rules adopted by the State Board of Education;

13 (C) Students with disabilities;

14 (D) Students who are English language learners;

15 (E) Students who are foster children, as defined in ORS 30.297;

16 (F) Students who are homeless, as determined under rules adopted by the State Board  
17 of Education; and

18 (G) Any other student groups that have historically experienced academic disparities, as  
19 determined by the State Board of Education by rule.

20 (3) Grant moneys received under section 13 of this 2019 Act may be used by a grant re-  
21 cipient only for:

22 (a) Increasing instructional time, which may include:

23 (A) More hours or days of instructional time;

24 (B) Summer programs;

25 (C) Before-school or after-school programs; or

26 (D) Technological investments that minimize class time used for assessments adminis-  
27 tered to students.

28 (b) Addressing students' health or safety needs, which may include:

29 (A) Social-emotional learning and development;

30 (B) Student mental and behavioral health;

31 (C) Improvements to teaching and learning practices or organizational structures that  
32 lead to better interpersonal relationships at the school;

33 (D) Student health and wellness;

34 (E) Trauma-informed practices;

35 (F) School health professionals and assistants; or

36 (G) Facility improvements directly related to improving student health or safety.

37 (c) Reducing class sizes, which may include increasing the use of instructional assistants,  
38 by using evidence-based criteria to ensure appropriate student-teacher ratios or staff  
39 caseloads.

40 (d) Expanding availability of and student participation in well-rounded learning experi-  
41 ences, which may include:

42 (A) Developmentally appropriate and culturally responsive early literacy practices and  
43 programs in prekindergarten through third grade;

44 (B) Culturally responsive practices and programs in grades six through eight, including  
45 learning, counseling and student support that is connected to colleges and careers;

1 (C) Broadened curricular options at all grade levels, including access to:

2 (i) Art, music and physical education classes;

3 (ii) Science, technology, engineering and mathematics education;

4 (iii) Career and technical education, including career and technical student organization  
5 programs;

6 (iv) Electives that are engaging to students;

7 (v) Accelerated college credit programs, including dual credit programs, International  
8 Baccalaureate programs and advanced placement programs;

9 (vi) Dropout prevention programs and transition supports;

10 (vii) Life skills classes; or

11 (viii) Talented and gifted programs; or

12 (D) Access to licensed educators with a library media endorsement.

13 **SECTION 10. Application requirements to receive grants from Student Investment Ac-**  
14 **count.** (1) As used in this section, “eligible applicant” means:

15 (a) Common school districts and union high school districts; and

16 (b) Public charter schools that are not virtual public charter schools, as defined in ORS  
17 338.005, and that have a student population of which:

18 (A) At least 35 percent of the student population is composed of students from the fol-  
19 lowing student groups:

20 (i) Economically disadvantaged, as described in section 9 (2)(b)(A) of this 2019 Act;

21 (ii) Racial or ethnic groups that have historically experienced academic disparities, as  
22 described in section 9 (2)(b)(B) of this 2019 Act; or

23 (iii) Students with disabilities, as described in section 9 (2)(b)(C) of this 2019 Act; and

24 (B) The percentage of the students from student groups identified under subparagraph  
25 (A) of this paragraph is greater than:

26 (i) The percentage of all students in the school district who are economically disadvan-  
27 taged, if eligibility is determined based on the percentage of students who are economically  
28 disadvantaged;

29 (ii) The percentage of all students in the school district who are from racial or ethnic  
30 groups that have historically experienced academic disparities, if eligibility is determined  
31 based on the percentage of students who are from those racial or ethnic groups; or

32 (iii) The percentage of all students in the school district who are disabled, if eligibility is  
33 determined based on the percentage of students who are disabled.

34 (2)(a) Eligible applicants may apply for a grant from the Student Investment Account to  
35 receive a distribution under section 12 of this 2019 Act.

36 (b) Notwithstanding ORS 338.155 (9), a public charter school that is not an eligible appli-  
37 cant may not apply for a grant under this section.

38 (3) Prior to preparing a grant application, an eligible applicant must:

39 (a) If the eligible applicant is a school district, determine whether the school district will  
40 allow public charter schools sponsored by the school district to participate in the grant ap-  
41 plication and the grant agreement.

42 (b) If the eligible applicant is a public charter school, determine whether the public  
43 charter school intends to apply for a grant and provide notice of that intent to the school  
44 district that is the sponsor of the public charter school and to the Department of Education.

45 (4)(a) If an eligible applicant is a school district and decides to include public charter



1 schools in the grant application and grant agreement, the school district must provide all  
2 public charter schools sponsored by the school district the opportunity to participate in the  
3 grant application and grant agreement.

4 (b)(A) A public charter school is not required to participate in the grant application and  
5 grant agreement of a school district.

6 (B) If a public charter school does not participate in a grant application and grant  
7 agreement under this subsection:

8 (i) The ADMw of the public charter school may not be used in the calculation of the  
9 school district ADMw for grants distributed under section 13 of this 2019 Act; and

10 (ii) The public charter school is not entitled to any grant moneys distributed under sec-  
11 tion 13 of this 2019 Act.

12 (C) If a public charter school participates in a grant application and grant agreement  
13 under this subsection:

14 (i) The public charter school and school district shall enter into an agreement for the  
15 distribution of moneys or the provision of services, including any accountability measures  
16 required of the public charter school by the school district;

17 (ii) The ADMw of the public charter school shall be used in the calculation of the school  
18 district ADMw for grants distributed under section 13 of this 2019 Act; and

19 (iii) The public charter school is entitled to any grant moneys or services provided for in  
20 the agreement entered into under this subparagraph.

21 (5)(a) For the purpose of preparing a grant application, an eligible applicant must deter-  
22 mine:

23 (A) Which of the allowed uses identified in section 9 (3) of this 2019 Act the eligible ap-  
24 plicant will fund with grant moneys; and

25 (B) Which of the eligible uses identified under subparagraph (A) of this paragraph the  
26 eligible applicant will designate to meeting student mental and behavioral health needs.

27 (b) An eligible applicant shall make the determinations required under paragraph (a) of  
28 this subsection by:

29 (A) Engaging in strategic planning; and

30 (B) Considering the recommendations of the Quality Education Commission established  
31 under ORS 327.500.

32 (6)(a) The strategic planning required under subsection (5) of this section must include:

33 (A) A completed needs assessment, as described in ORS 329.095;

34 (B) An analysis of the potential academic impact, both for the students of the eligible  
35 applicant and for student groups identified in section 9 (2)(b) of this 2019 Act, from the al-  
36 lowed uses that would be funded by grant moneys; and

37 (C) The creation of budgets for the allowed uses that would be funded by grant moneys.

38 (b) The strategic planning required under subsection (5) of this section must take into  
39 consideration:

40 (A) Input from the community of the eligible applicant, including school employees, stu-  
41 dents from student groups identified in section 9 (2)(b) of this 2019 Act and parents of those  
42 students; and

43 (B) Data collected by the eligible applicant to enable the eligible applicant to make  
44 equity-based decisions.

45 (7) Based on the strategic planning described in subsection (6) of this section, the eligible

1 applicant shall develop a four-year plan for the use of grant moneys. The plan must be up-  
2 dated every two years and must:

3 (a) Identify which allowed uses identified in section 9 (3) of this 2019 Act will be funded  
4 with grant moneys and which of those uses will be designated to meet student mental and  
5 behavioral health needs.

6 (b) Describe how the allowed uses identified under paragraph (a) of this subsection will  
7 be used to:

8 (A) Meet students' mental and behavioral health needs;

9 (B) Increase academic achievement for students of the eligible applicant; and

10 (C) Reduce academic disparities for student groups identified in section 9 (2)(b) of this  
11 2019 Act who are served by the eligible applicant, and identify which of those student groups  
12 will benefit from the allowed uses that are being funded with grant moneys.

13 (c) Include the budgets for the allowed uses to be funded with grant moneys.

14 (d) Be approved by the governing body of the eligible applicant at an open meeting, fol-  
15 lowing:

16 (A) Provision of the plan at the main office of the eligible applicant and on the eligible  
17 applicant's website;

18 (B) Oral presentation of the plan by an administrator of the eligible applicant to the  
19 governing body of the eligible applicant; and

20 (C) Opportunity for the public to comment on the plan at an open meeting.

21 (e) Be a part of the local district continuous improvement plan described in ORS 329.095,  
22 if the eligible applicant is a school district.

23 (8) To apply for a grant, an eligible applicant must submit an application every two years  
24 in a format and according to timelines prescribed by the Department of Education. The ap-  
25 plication must include:

26 (a) A completed needs assessment, as described in ORS 329.095;

27 (b) The plan developed under subsection (7) of this section; and

28 (c) Budget estimates for each of the allowed uses identified in the plan developed under  
29 subsection (7) of this section that will be funded by grant moneys.

30 **SECTION 11.** Notwithstanding section 10 of this 2019 Act, any plans submitted for a grant  
31 from the Student Investment Account to be used before the 2021-2023 biennium must be for  
32 a three-year plan and must be updated after the first year.

33 **SECTION 12. Approval of applications to receive grants from the Student Investment**  
34 **Account; performance growth targets.** (1) As used in this section:

35 (a) "Disaggregated" means separated based on the student groups identified in section 9  
36 (2)(b) of this 2019 Act.

37 (b) "Five-year completion rate" means the percentage of students who received a high  
38 school diploma, a modified diploma or an extended diploma or who received a certificate for  
39 passing an approved high school equivalency test such as the General Educational Develop-  
40 ment test (GED) within five years of the student beginning the ninth grade.

41 (c) "High school diploma" means a diploma that is awarded to a student upon satisfaction  
42 of the requirements prescribed by ORS 329.451 (2).

43 (d) "Ninth-grade on-track rates" means the percentage of students who, at the end of the  
44 summer following the year the students began ninth grade, completed one quarter of the  
45 credits required for high school graduation.

1 (e) “On-time graduation rate” means the percentage of students who received a high  
2 school diploma or a modified diploma within four years of the students beginning the ninth  
3 grade.

4 (f) “Regular attendance rates” means the percentage of students who are absent, as de-  
5 termined by Department of Education policy, for less than 10 percent of the school days for  
6 which the students are enrolled.

7 (g) “Third-grade reading proficiency rate” means the percentage of students in the third  
8 grade who are determined to be proficient or above in English language arts, as determined  
9 under rules adopted by the State Board of Education.

10 (2) The Department of Education shall review all applications for grants from the Student  
11 Investment Account that comply with the requirements prescribed by section 10 of this 2019  
12 Act.

13 (3) If an application complies with the requirements of section 10 of this 2019 Act, the  
14 department shall collaborate with the grant recipient to develop applicable longitudinal per-  
15 formance growth targets. The longitudinal performance growth targets must:

16 (a) Be based on data available for longitudinal analysis;

17 (b) Be developed based on guidance established by the department; and

18 (c) Use the following applicable metrics:

19 (A) On-time graduation rates and five-year completion rates, including:

20 (i) The overall on-time graduation rate and five-year completion rate.

21 (ii) Gaps in disaggregated on-time graduation rates and five-year completion rates.

22 (B) Ninth-grade on-track rates, including:

23 (i) The overall ninth-grade on-track rate.

24 (ii) Gaps in disaggregated ninth-grade on-track rates.

25 (C) Third-grade reading proficiency rates, including:

26 (i) The overall third-grade reading proficiency rate.

27 (ii) Gaps in disaggregated third-grade reading proficiency rates.

28 (D) Regular attendance rates, including:

29 (i) The overall regular attendance rate.

30 (ii) Gaps in disaggregated regular attendance rates.

31 (4) In addition to the metrics identified in subsection (3) of this section, other local  
32 metrics may be used to develop applicable performance growth targets.

33 (5) When developing performance growth targets, the department and grant recipient  
34 shall:

35 (a) Review disaggregated student data;

36 (b) Apply a process adopted by the department for the purpose of strategically developing  
37 equitable policies and programs; and

38 (c) Identify which student groups identified in section 9 (2)(b) of this 2019 Act are most  
39 at risk of not meeting performance growth targets.

40 (6)(a) After developing performance growth targets, the department and grant recipient  
41 shall enter into a grant agreement. The grant agreement must include applicable perform-  
42 ance growth targets for measuring the academic growth of the students of the grant recipi-  
43 ent.

44 (b) A grant agreement is not valid until approved by the governing body of the grant  
45 recipient at an open meeting following:

1 (A) Provision of the plan at the main office of the grant recipient and on the grant  
2 recipient's website;

3 (B) Oral presentation of the plan by an administrator of the grant recipient to the gov-  
4 erning body of the grant recipient; and

5 (C) Opportunity for the public to comment on the plan at an open meeting.

6 (7) Any agreements between a public charter school and a grant recipient that is a school  
7 district shall become part of the grant agreement.

8 **SECTION 13. Calculations of grant amounts; distributions of grants.** (1)(a) Except as  
9 provided by paragraph (d) of this subsection, the amount of a grant awarded from the Stu-  
10 dent Investment Account = the grant recipient's ADMw × (the total amount available for  
11 distribution as grants in each biennium ÷ the total ADMw of all grant recipients).

12 (b) For purposes of this subsection and except as provided by paragraph (c) of this sub-  
13 section, ADMw equals the ADMw as calculated under ORS 327.013, except that the additional  
14 amount allowed for students who are in poverty families, as determined under ORS 327.013  
15 (1)(c)(A)(v)(I), shall be 0.5.

16 (c) When calculating ADMw, the Department of Education shall remove from a school  
17 district's calculation any amounts that are attributable to:

18 (A) A virtual public charter school, as defined in ORS 338.005;

19 (B) A public charter school that provided notice of the public charter school's intent to  
20 apply for a grant as an eligible applicant; and

21 (C) A public charter school sponsored by the school district that did not participate in  
22 the grant application or grant agreement.

23 (d) The amount of a grant distributed under this section may be adjusted by the depart-  
24 ment to ensure that:

25 (A) A grant recipient does not receive any moneys for uses that are not allowed uses  
26 under section 9 (3) of this 2019 Act.

27 (B) A school district with an ADMw of 50 or less receives a minimum grant amount.

28 (2) The State Board of Education shall adopt any rules necessary for the distribution of  
29 grants under this section, including establishing:

30 (a) The minimum grant amounts under subsection (1)(d) of this section; and

31 (b) Any percentages and timelines for installment payments and adjustments of those  
32 installment payments.

33 (3) A grant recipient shall deposit the grant moneys the grant recipient receives under  
34 this section into a separate account and shall apply amounts in that account as provided by  
35 the grant agreement.

36 **SECTION 14.** The Department of Education shall establish timelines that allow for the  
37 first distributions to be made under section 13 of this 2019 Act for the 2020-2021 school year.

38 **SECTION 15. Financial audits; determinations of moneys not spent in accordance with**  
39 **grant agreement or failure to meet performance growth targets.** (1)(a) Each year, each re-  
40 cipient of a grant from the Student Investment Account shall:

41 (A) Conduct a financial audit of the use of grant moneys that is prepared in accordance  
42 with the Municipal Audit Law; and

43 (B) Review the grant recipient's progress toward meeting the performance growth tar-  
44 gets in the grant agreement.

45 (b) Results of the financial audit and progress review must be:

1 (A) Made available at the main office of the grant recipient and on the grant recipient's  
2 website.

3 (B) Presented to the governing body of the grant recipient at an open meeting, following:

4 (i) Oral presentation of the results by an administrator of the grant recipient to the  
5 governing body of the grant recipient; and

6 (ii) Opportunity for the public to comment on the results at an open meeting.

7 (C) Forwarded to the Department of Education.

8 (2)(a) Based on information received under subsection (1) of this section, the department  
9 shall determine each year whether grant moneys received by a grant recipient were used as  
10 provided by the grant agreement.

11 (b) If a grant recipient did not use grant moneys as provided by the grant agreement, the  
12 department shall:

13 (A) Collaborate with the grant recipient to identify and implement specific interventions;

14 (B) Provide technical assistance to the grant recipient as described in section 16 of this  
15 2019 Act; or

16 (C) Deduct amounts from future grant distributions.

17 (c) If amounts are to be deducted from future grant distributions under paragraph (b)(C)  
18 of this subsection, the grant recipient may appeal to the State Board of Education for review  
19 as provided by the board by rule.

20 (d) If a grant recipient fails to commit to spending all available grant moneys, the de-  
21 partment may deduct amounts not committed from future grant distributions.

22 (3)(a) The department shall determine each biennium if a grant recipient does not meet  
23 performance growth targets identified in the grant agreement.

24 (b) If a grant recipient does not meet the performance growth targets:

25 (A) The grant recipient may submit an explanation for the reasons why the performance  
26 growth targets were not met; and

27 (B) The department may:

28 (i) Take into consideration the explanation submitted by the grant recipient;

29 (ii) Require the grant recipient to enter into a coaching program described in section 17  
30 of this 2019 Act; or

31 (iii) Direct the expenditure of grant moneys.

32 (4) Each grant recipient must conduct a performance review every four years, as re-  
33 quired by standards adopted by the board by rule.

34 (5)(a) Based on a review of the information received under subsection (1) of this section,  
35 the department may require a grant recipient to conduct a financial audit on a specific  
36 funding area or multiple funding areas.

37 (b) The department may establish a procedure for conducting performance audits on a  
38 random basis or based on just cause as allowed under rules adopted by the board.

39 SECTION 16. Technical assistance provided by the Department of Education. (1) The  
40 Department of Education shall make available technical assistance to eligible applicants, as  
41 defined in section 10 of this 2019 Act, and to recipients of a grant from the Student Invest-  
42 ment Account. The technical assistance shall include the provision of assistance with:

43 (a) Strategic planning for the use of grant moneys;

44 (b) Developing an application for a grant from the Student Investment Account;

45 (c) Identifying and implementing best practices for meeting performance growth targets;

1 and

2 (d) Identifying and implementing promising practices related to a grant agreement.

3 (2) When providing technical assistance, the department shall:

4 (a) Apply a process adopted by the department to strategically develop equitable policies  
5 and programs; and

6 (b) Ensure that technical assistance is based on the eligible applicant's or grant  
7 recipient's specific needs and demographics.

8 (3) For the purpose of providing technical assistance under this section, the department  
9 may enter into contracts with entities the department determines are qualified to provide  
10 the technical assistance.

11 **SECTION 17. Coaching program for grant recipients that do not meet performance**  
12 **growth targets.** (1) The Department of Education shall establish a coaching program for re-  
13 cipients of a grant from the Student Investment Account that do not meet the performance  
14 growth targets specified in their grant agreements. A public charter school may participate  
15 in the coaching program only if the public charter school received a grant directly from the  
16 department and did not meet the performance growth targets specified in the public charter  
17 school's grant agreement.

18 (2) If required by the department under section 15 of this 2019 Act to participate in a  
19 coaching program, a grant recipient must participate in the coaching program. Participation  
20 in the coaching program must be for at least one year, unless the department allows for a  
21 shorter period of time. Under the program, the department shall advise and counsel grant  
22 recipients on how to meet performance growth targets and shall assist grant recipients with  
23 ongoing professional development and peer collaboration.

24 (3) After a grant recipient has completed the coaching program, the department shall  
25 make available to the grant recipient ongoing technical assistance as described in section 16  
26 of this 2019 Act.

27 (4) For the purpose of providing the coaching program under this section, the department  
28 may enter into contracts with entities the department determines are qualified to provide  
29 the coaching.

30 **SECTION 18. Intensive program for high needs school districts.** (1) The Department of  
31 Education shall establish an intensive program for school districts with the highest needs in  
32 this state.

33 (2)(a) The department shall identify and select school districts to participate in the in-  
34 tensive program. The department may not select a public charter school under this section.

35 (b) A school district that agrees to participate in the intensive program must participate  
36 in the program for at least four years.

37 (3) A school district that agrees to participate in the intensive program shall be eligible  
38 for additional funding from the Statewide Education Initiatives Account. The additional  
39 funding shall be based on rules adopted by the State Board of Education and shall be calcu-  
40 lated based on the ADMw of the school district, as calculated under section 13 of this 2019  
41 Act.

42 (4) A school district that agrees to participate in the intensive program shall:

43 (a) Commit to regular student success plan meetings to monitor practices;

44 (b) Use data to track student progress;

45 (c) Ensure school employees receive appropriate professional development and training;

1 (d) Create safe and inclusive learning environments;

2 (e) Improve school and school district practices and structures to support teaching and  
3 learning; and

4 (f) Improve the skills of the members of the school board.

5 (5) For the purpose of assisting school districts participating in the intensive program,  
6 the department shall establish student success teams. Student success teams shall be com-  
7 posed of personnel with expertise in school and school district improvement strategies, in-  
8 cluding the use of differentiated instruction and inclusionary practices.

9 (6)(a) Under the intensive program, student success teams shall:

10 (A) Advise and counsel school districts on how to improve performance outcomes; and

11 (B) Develop recommendations for meeting performance growth targets.

12 (b) School district boards and superintendents of school districts participating in an in-  
13 tensive program must:

14 (A) Accept all recommendations of the student success teams related to the use of Stu-  
15 dent Investment Account grant moneys and additional funding received under this section;  
16 and

17 (B) Consider all recommendations of the student success teams not described in subpar-  
18 agraph (A) of this paragraph.

19 (c) A school district that receives recommendations under this subsection must issue a  
20 report that:

21 (A) Describes the recommendations;

22 (B) Identifies the recommendations that will be implemented and the timelines for im-  
23 plementing the recommendations; and

24 (C) Identifies the recommendations that will not be implemented and an explanation for  
25 why the recommendations will not be implemented.

26 (d) The report required under paragraph (c) of this subsection must be:

27 (A) Made available at the school district's main office and on the school district's  
28 website; and

29 (B) Distributed to the school district community, including employees of the school dis-  
30 trict and families of the students of the school district.

31 **SECTION 19. Reports to the Legislative Assembly.** The Department of Education shall  
32 make a report to the committees of the Legislative Assembly related to education no later  
33 than February 1 of each year regarding the implementation of sections 8 to 19 of this 2019  
34 Act. The report must include an annual performance review of each eligible applicant, as  
35 defined in section 10 of this 2019 Act. The report must:

36 (1) Identify whether the eligible applicant received a grant under sections 8 to 19 of this  
37 2019 Act.

38 (2) For grant recipients, include a comparison of the grant recipient's progress toward  
39 meeting performance growth targets compared with the actual performance growth targets  
40 established by the department for the following:

41 (a) On-time graduation rates and five-year completion rates, including the overall rate  
42 and disaggregated student group rates;

43 (b) Ninth-grade on-track rates, including the overall rate and disaggregated student  
44 group rates;

45 (c) Third-grade reading proficiency rates, including the overall rate and disaggregated

1 **student group rates;**

2 **(d) Regular attendance rates, including the overall rate and disaggregated student group**  
3 **rates; and**

4 **(e) Any optional local metrics.**

5 **SECTION 20. The Department of Education must make the first report required under**  
6 **section 19 of this 2019 Act no later than February 1, 2022.**

7 **SECTION 21. ORS 329.095 is amended to read:**

8 329.095. (1)(a) The Department of Education shall require school districts and schools to conduct  
9 self-evaluations and to periodically update their local district continuous improvement plans. Except  
10 as provided by paragraph (b)(C) of this subsection, the department may not require school districts  
11 or schools to conduct self-evaluations or to update their local district continuous improvement plans  
12 more frequently than biennially.

13 (b) The department may require a school district to:

14 (A) File, periodically, or at the department's request, its local district continuous improvement  
15 plan with the department;

16 (B) Notify the department of any substantial changes, as defined by rule of the State Board of  
17 Education, to the school district; or

18 (C) Update its local district continuous improvement plan when there has been a substantial  
19 change, as defined by rule of the board, to the school district.

20 (c) The self-evaluation process conducted as provided by this subsection shall involve the public  
21 in the setting of local goals. The school districts shall ensure that representatives from the demo-  
22 graphic groups of their school population are invited to participate in the development of local dis-  
23 trict continuous improvement plans to achieve the goals.

24 (2) As part of setting local goals, school districts shall undertake a communications process that  
25 involves parents, students, teachers, school employees and community representatives to explain and  
26 discuss the local goals and their relationship to programs under this chapter.

27 (3) At the request of the school district, department staff shall provide ongoing technical as-  
28 sistance in the development and implementation of the local district continuous improvement plan.

29 (4) The local district continuous improvement plan shall include:

30 (a) Goals to implement the following:

31 (A) A rigorous curriculum aligned with state standards;

32 (B) High-quality instructional programs;

33 (C) Short-term and long-term professional development plans;

34 (D) Programs and policies that achieve a safe educational environment;

35 (E) A plan for family and community engagement;

36 (F) Staff leadership development;

37 (G) High-quality data systems;

38 (H) Improvement planning that is data-driven;

39 (I) Education service plans for students who have or have not exceeded all of the academic  
40 content standards; and

41 (J) A strong school library program;

42 (b) A review of demographics, student performance, staff characteristics and student access to,  
43 and use of, educational opportunities; [*and*]

44 (c) A description of district efforts to achieve local efficiencies and efforts to make better use  
45 of resources[.]; **and**



1 (d) A needs assessment, which shall:

2 (A) Be conducted in a manner that is inclusive of school employees, students from stu-  
3 dent groups identified in section 9 (2)(b) of this 2019 Act and parents of those students.

4 (B) Address the following priorities:

5 (i) Reducing academic disparities for students from student groups identified in section  
6 9 (2)(b) of this 2019 Act;

7 (ii) Meeting students' mental or behavioral health needs;

8 (iii) Providing equitable access to academic courses across the school district or public  
9 charter school, with specific emphasis on access by students from student groups identified  
10 in section 9 (2)(b) of this 2019 Act;

11 (iv) Allowing teachers and staff to have sufficient time to:

12 (I) Collaborate with other teachers and staff;

13 (II) Review data on students' grades, absences and discipline, based on school and on  
14 grade level or course; and

15 (III) Develop strategies to ensure that at-risk students stay on track to graduate; and

16 (v) Possible partnerships with other organizations, federally recognized Indian tribes,  
17 school districts, education service districts, regional achievement collaboratives, post-  
18 secondary institutions of education, education partners or nonprofit programs and  
19 community-based programs that have demonstrated achievement of positive outcomes in  
20 work with students from student groups identified in section 9 (2)(b) of this 2019 Act.

21 **SECTION 22.** The amendments to ORS 329.095 by section 21 of this 2019 Act become op-  
22 erative on July 1, 2020.

23  
24 **STATEWIDE EDUCATION INITIATIVES ACCOUNT**

25  
26 **SECTION 23.** Sections 24 and 25 of this 2019 Act are added to and made a part of ORS  
27 chapter 327.

28 **SECTION 24. Statewide Education Initiatives Account.** (1) The Statewide Education Ini-  
29 tiatives Account is established within the Fund for Student Success.

30 (2) The Statewide Education Initiatives Account shall consist of:

31 (a) Moneys transferred to the account from the Fund for Student Success;

32 (b) Moneys appropriated or otherwise transferred to the account by the Legislative As-  
33 sembly;

34 (c) Amounts donated to the account; and

35 (d) Other amounts deposited into the account from any source.

36 (3) The Department of Education, on behalf of the State of Oregon, may solicit and ac-  
37 cept gifts, grants, donations and other moneys from public and private sources for the  
38 Statewide Education Initiatives Account. Moneys received as provided in this subsection  
39 shall be deposited into the account.

40 (4) Moneys in the Statewide Education Initiatives Account are continuously appropriated  
41 to the Department of Education for use as described in section 25 of this 2019 Act.

42 **SECTION 25. Statewide Education Initiatives Account uses.** (1) The Department of Edu-  
43 cation shall use moneys in the Statewide Education Initiatives Account to provide funding  
44 for statewide education initiatives, including:

45 (a) Funding the High School Graduation and College and Career Readiness Act at the

1 levels prescribed by ORS 327.856;

2 (b) Expanding school breakfast and lunch programs;

3 (c) Operating youth reengagement programs or providing youth reengagement services;

4 (d) Establishing and maintaining the Statewide School Safety and Prevention System  
5 under section 36 of this 2019 Act;

6 (e) Developing and providing statewide equity initiatives, including the black or African-  
7 American education plan developed under ORS 329.841, the American Indian or Alaskan Na-  
8 tive education plan developed under section 38 of this 2019 Act, the Latino or Hispanic  
9 education plan developed under section 39 of this 2019 Act or any similar education plan  
10 identified by the department;

11 (f) Providing summer learning programs at schools that are considered high poverty un-  
12 der Title I of the federal Elementary and Secondary Education Act of 1965;

13 (g) Funding early warning systems to assist students in graduating from high school, as  
14 described in section 46 of this 2019 Act;

15 (h) Developing and implementing professional development programs and training pro-  
16 grams, including programs that increase educator diversity and retain diverse educators;

17 (i) Planning for increased transparency and accountability in the public education system  
18 of this state;

19 (j) Providing additional funding to school districts participating in the intensive program  
20 under section 18 of this 2019 Act;

21 (k) Providing technical assistance, including costs incurred for:

22 (A) The coaching program described in section 17 of this 2019 Act; and

23 (B) The intensive program described in section 18 of this 2019 Act, including costs for  
24 student success teams;

25 (L) Funding education service districts, as described in subsection (2) of this section; and

26 (m) Funding costs incurred by the department in implementing this section and sections  
27 8 to 19 and 52 of this 2019 Act.

28 (2)(a) The amount of a distribution to an education service district under this section =  
29 the education service district's ADMw  $\times$  (the total amount available for distribution to ed-  
30 ucation service districts in each biennium  $\div$  the total ADMw of all education service dis-  
31 tricts that receive a distribution).

32 (b) For purposes of this subsection, ADMw equals the ADMw as calculated under ORS  
33 327.013, except that the additional amount allowed for students who are in poverty families,  
34 as determined under ORS 327.013 (1)(c)(A)(v)(I), shall be 0.5.

35 (c) An education service district shall use moneys received under this section as provided  
36 by a plan developed by the school districts located within the education service district. A  
37 school district that declines to participate in the development of the plan or that has with-  
38 drawn from an education service district as provided by ORS 334.015 is not entitled to any  
39 moneys distributed to the education service district under this subsection.

40 (d) A plan developed under this subsection must:

41 (A) Align with and support school districts in meeting the performance growth targets  
42 of the school districts developing the plan;

43 (B) Include the provision of technical assistance to school districts in developing, imple-  
44 menting and reviewing a plan for receiving a grant from the Student Investment Account;

45 (C) Provide for coordination with the department in administering and providing techni-

1 cal assistance to school districts, including coordinating any coaching programs established  
2 under section 17 of this 2019 Act; and

3 (D) Be adopted and amended as provided for local service plans under ORS 334.175 and  
4 approved by the department.

5 (e) Each education service district must submit an annual report to the department that:

6 (A) Describes how the education service district spent moneys received under this sub-  
7 section; and

8 (B) Includes an evaluation of the education service district's compliance with the plan  
9 from the superintendent of each school district that participated in the development of the  
10 plan.

11 (3) The State Board of Education shall adopt rules necessary for the distribution of  
12 moneys under this section.

13  
14 **SCHOOL BREAKFAST AND LUNCH PROGRAMS**

15  
16 **SECTION 26.** ORS 327.535 is amended to read:

17 327.535. (1) As used in this section, "eligible student" means a student who is eligible for  
18 free or reduced price lunches under the United States Department of Agriculture's current  
19 Income Eligibility Guidelines.

20 [(1)] (2) A school district may make breakfast accessible at any school site and shall make  
21 breakfast accessible if required by this section. [Time spent by students consuming breakfast is con-  
22 sidered instructional time when students consume breakfast in the students' classroom and instruction  
23 is being provided while students are consuming breakfast. No more than 15 minutes may be considered  
24 instructional time when students are consuming breakfast.]

25 [(2)] (3) Subject to subsections [(3) and] (4) and (5) of this section, a school district that provides  
26 lunch at any school site shall make breakfast accessible as part of a breakfast program if 25 percent  
27 or more of the students at the school site are eligible students [for free or reduced price lunches  
28 under the United States Department of Agriculture's current Income Eligibility Guidelines] or the  
29 school site qualifies for assistance under Chapter I of Title I of the federal Elementary and Sec-  
30 ondary Education Act of 1965.

31 [(3)] (4) A school district that makes breakfast accessible as provided under subsection [(2)] (3)  
32 of this section may apply to the [State Board] Department of Education for a waiver for all or for  
33 particular grade levels if [it] the school district is financially unable to implement a breakfast  
34 program. The [state board] department may grant a waiver to the school district for a period not  
35 to exceed two years, after which the school district must reestablish its claim of financial hardship  
36 if the waiver is to be extended.

37 [(4)] (5) If the per meal federal reimbursement for the breakfast program falls below the 1991  
38 reimbursement levels, a school district may elect to discontinue the program until federal funding  
39 is restored to those levels. No waiver is required for such election.

40 [(5)] (6) A school district that makes breakfast accessible at any school site shall make breakfast  
41 accessible at that school site at no charge to all eligible students [who are eligible for free or re-  
42 duced price lunches under the United States Department of Agriculture's current Income Eligibility  
43 Guidelines]. For each breakfast that a school district provides free of charge to a student who is  
44 eligible for a reduced price lunch, the department [of Education] shall provide reimbursement to the  
45 school district for the actual amount that a student would have been required to pay for the reduced

1 price breakfast.

2 (7)(a) Except as provided by subsection (8) of this section, a school district that makes  
3 breakfast accessible at a school site may choose to make breakfast accessible at that school  
4 site after the beginning of the school day.

5 (b) Time spent by students consuming breakfast is considered instructional time when  
6 students consume breakfast in the students' classroom and instruction is being provided  
7 while students are consuming breakfast. No more than 15 minutes may be considered in-  
8 structional time when students are consuming breakfast.

9 (8)(a) If 70 percent or more of the students at a school site are eligible students, the  
10 school district must make breakfast accessible at that school site after the beginning of the  
11 school day.

12 (b) A school district that is required to make breakfast accessible as prescribed by par-  
13 agraph (a) of this subsection must ensure that breakfast is:

14 (A) Accessible to all students after the beginning of the school day, regardless of grade  
15 or arrival time; and

16 (B) Provided free of charge to all students, regardless of whether a student is an eligible  
17 student.

18 (c) The department shall provide technical assistance to school districts to meet the re-  
19 quirements of this subsection. Technical assistance may include the development of break-  
20 fast delivery models.

21 (d) Notwithstanding paragraph (a) of this subsection, if a school district can demonstrate  
22 that 70 percent or more of the eligible students at a school site regularly receive breakfast  
23 at the school site without the school district complying with paragraph (a) of this subsection,  
24 the school district is not required to comply with paragraph (a) of this subsection.

25 (9) The State Board of Education may adopt any rules necessary for the implementation  
26 of this section.

27 **SECTION 27.** (1) The amendments to ORS 327.535 by section 26 of this 2019 Act become  
28 operative on July 1, 2020.

29 (2) Notwithstanding the operative date set forth in subsection (1) of this section, the  
30 Department of Education may take any action before the operative date set forth in sub-  
31 section (1) of this section that is necessary for the department to exercise, on and after the  
32 operative date set forth in subsection (1) of this section, all of the duties, functions and  
33 powers conferred on the department by the amendments to ORS 327.535 by section 26 of this  
34 2019 Act.

35 **SECTION 28.** ORS 327.527 is amended to read:

36 327.527. (1) The Department of Education shall reimburse a school district, government agency  
37 or community group five cents for every breakfast or lunch the district, agency or group serves  
38 during the summer as a part of:

39 (a) The United States Department of Agriculture's Summer Food Service Program; or

40 (b) A summer meals program through an existing national school lunch program.

41 (2) In addition to the reimbursements provided under subsection (1) of this section, the Depart-  
42 ment of Education may award grants to school districts, government agencies and community  
43 groups to encourage participation in a program identified in subsection (1) of this section. Each  
44 grant may not exceed \$20,000 and must be used to:

45 (a) Purchase or upgrade necessary equipment and services required to provide food service and

1 meet sanitation requirements;

2 (b) Make any payment necessary to comply with sanitation requirements that may be required  
3 prior to approval; or

4 (c) Fund participant outreach activities and materials and necessary enrichment activities and  
5 materials.

6 **(3) The department may award grants or enter into contracts to enable school districts  
7 to make breakfast accessible as required under ORS 327.535 (8). Each grant or contract may  
8 not exceed \$5,000 per school site and must be used to purchase or upgrade necessary equip-  
9 ment required to provide breakfast after the beginning of the school day.**

10 [(3)] (4) The department may enter into a contract with a public or private entity for the pur-  
11 poses of the entity providing:

12 (a) Technical assistance to applicants for and recipients of grants; and

13 (b) Administration of the grant program.

14 [(4)] (5) The State Board of Education may adopt any rules necessary for the administration of  
15 this section.

16 **SECTION 29. Section 30 of this 2019 Act is added to and made a part of ORS chapter 327.**

17 **SECTION 30. (1) For school districts with schools that provide United States Department  
18 of Agriculture reimbursable meals to students as described in subsections (2) and (3) of this  
19 section, the Department of Education shall reimburse the school districts for costs incurred  
20 by the school districts in providing the meals. The amounts of the reimbursements may not  
21 exceed the amounts prescribed by subsections (2) and (3) of this section.**

22 **(2) For schools that offer reimburseable breakfast and lunch free of charge to all stu-  
23 dents of the school based on the school's or school district's categorical eligibility to provide  
24 reimburseable breakfast and lunch free of charge without consideration of individual eligi-  
25 bility for free or reduced price meals, the amount of reimbursements provided under this  
26 section may not exceed the difference between:**

27 **(a) The reimbursement rate established by the United States Department of Agriculture  
28 for reimburseable meals; and**

29 **(b) Any amounts otherwise reimbursed or paid by state, federal or other sources.**

30 **(3) For schools that are not eligible to offer reimburseable breakfast and lunch free of  
31 charge as described in subsection (2) of this section but that provide reimburseable breakfast  
32 or lunch free of charge to students from households with incomes that do not exceed 300  
33 percent of the federal poverty guidelines, the amount of reimbursements provided under this  
34 section may not exceed the difference between:**

35 **(a) The actual amount that a student would have been required to pay for the breakfast  
36 or lunch, taking into consideration if the student qualified for a free or reduced price lunch;  
37 and**

38 **(b) Any amounts otherwise reimbursed or paid by state, federal or other sources.**

39 **(4) The State Board of Education may adopt any rules necessary for making reimburse-  
40 ments under this section.**

41 **SECTION 31. (1) Section 30 of this 2019 Act becomes operative on July 1, 2020.**

42 **(2) Section 30 of this 2019 Act applies to costs incurred on or after July 1, 2020.**

43 **SECTION 32. (1) The Hunger Free Schools Account is established in the State Treasury,  
44 separate and distinct from the General Fund.**

45 **(2) Moneys in the Hunger Free Schools Account are continuously appropriated to the**

1 Department of Education for the purpose of making reimbursements to school districts un-  
2 der section 30 of this 2019 Act.

3  
4 STATEWIDE YOUTH REENGAGEMENT SYSTEM

5  
6 **SECTION 33. Youth reengagement program.** (1) As used in this section, “eligible youth”  
7 means a person who:

8 (a) Is at least 14 years of age but younger than 21 years of age at the beginning of the  
9 school year; and

10 (b)(A) Is a school dropout, as defined in ORS 339.505;

11 (B) Is not exempt from attending public full-time schools under ORS 339.030; or

12 (C) Is recommended to participate in a youth reengagement program by the Department  
13 of Human Services, a juvenile court, the Oregon Youth Authority or any other entity iden-  
14 tified by the Youth Development Council by rule.

15 (2) The Youth Development Division shall develop and administer a statewide youth re-  
16 engagement system to provide appropriate educational opportunities and access to services  
17 for eligible youths.

18 (3) Under the statewide youth reengagement system, a school district or other entity  
19 identified by the Youth Development Council by rule may choose to provide a youth reen-  
20 gagement program. A youth reengagement program must:

21 (a) Be offered in collaboration with the Youth Development Division; and

22 (b) Include a partnership with an education service district, a community college district,  
23 a federally recognized Indian tribe, a community-based organization or any other entity  
24 identified by the Youth Development Council by rule.

25 (4) A youth reengagement program must offer, at a minimum, the following:

26 (a) Academic instruction that enables an eligible youth to receive credit that can be:

27 (A) Applied toward a high school diploma, a modified diploma or an extended diploma; or

28 (B) Used to improve college or career readiness, including courses that assist the eligible  
29 youth in preparing for an approved high school equivalency test such as the General Educa-  
30 tional Development (GED) test; or

31 (b) Services for monitoring and supporting eligible youths, including:

32 (A) Academic counseling, career coaching and workforce readiness services; or

33 (B) Assistance with accessing services and resources that support at-risk youth and re-  
34 duce barriers to educational success.

35 (5) If a school district or other entity chooses to provide a youth reengagement program,  
36 the school district or other entity may enter into an agreement to provide academic in-  
37 struction or services as described in subsection (4) of this section. The agreement:

38 (a) May be with an education service district, a community college district or another  
39 public entity or with a community-based organization; and

40 (b) Must comply with any other requirements prescribed by the State Board of Education  
41 or the Youth Development Council by rule.

42 (6)(a) The State Board of Education, in collaboration with the Youth Development Coun-  
43 cil, shall establish by rule criteria for a school district or other entity to receive funding for  
44 eligible youths participating in a youth reengagement program. Funding may be in the form  
45 of grants.

1       **(b) The criteria to receive funding may prescribe:**

2       **(A) Enrollment and attendance standards for eligible youths.**

3       **(B) Performance measures that establish targets that must be met for purposes of ac-**  
4 **countability. The performance measure targets shall be based on standards adopted by the**  
5 **Youth Development Council and may take into account the specific purpose of the program**  
6 **offered by the school district or other entity, the population served by the program and any**  
7 **other factors identified by the council.**

8       **(c) The criteria to receive funding must require a school district or other entity to pro-**  
9 **vide to the Youth Development Division information that, at a minimum, describes:**

10       **(A) How the school district or other entity will identify, refer and enroll eligible youths;**

11       **(B) How academic instruction and services will be provided through the youth reengage-**  
12 **ment program and what academic instruction and services will be provided;**

13       **(C) How student records will be maintained and how data will be collected and reported;**

14       **(D) How any applicable assessments under ORS 329.485 or 329.488 will be administered;**

15       **(E) How the school district or other entity will provide special education and related**  
16 **services for eligible youths with disabilities who have an individualized education program**  
17 **or will provide necessary accommodations and plans for eligible youths who qualify under**  
18 **section 504 of the Rehabilitation Act of 1978 (29 U.S.C. 794);**

19       **(F) How the school district or other entity will ensure that eligible youths receive ap-**  
20 **propriate in-person guidance or support; and**

21       **(G) How the school district or other entity will record and report performance measures**  
22 **for purposes of accountability, including longitudinal monitoring of student progress and**  
23 **post-secondary education and employment readiness.**

24       **(7) The Department of Education and Youth Development Division shall provide technical**  
25 **assistance to school districts and other eligible entities choosing to provide youth reengage-**  
26 **ment programs.**

27       **(8)(a) The Youth Development Council shall coordinate with the State Board of Education**  
28 **to adopt rules under this section.**

29       **(b) When adopting rules under this section, the board and the council shall consult with**  
30 **post-secondary institutions of education and community-based organizations that have pre-**  
31 **viously offered youth reengagement programs, providers of online courses and programs and**  
32 **education service districts.**

33       **(9) Nothing in this section affects the authority of a school district or other entity to**  
34 **directly offer youth reengagement programs or other educational services for eligible youths.**

35       **SECTION 34.** ORS 417.847, as amended by section 63, chapter 774, Oregon Laws 2015, and  
36 section 36, chapter 17, Oregon Laws 2017, is amended to read:

37       417.847. (1) The Youth Development Council is established.

38       (2) The council is established for the purpose of overseeing a unified system that provides ser-  
39 vices to school-age children through youth 24 years of age in a manner that supports educational  
40 success, focuses on crime prevention, reduces high risk behaviors and is integrated, measurable and  
41 accountable. The council shall provide direction to the Youth Development Division.

42       (3) The council consists of no fewer than 15 members who are appointed by the Governor. The  
43 Governor shall ensure that membership of the council satisfies any federal requirements for mem-  
44 bership of a state advisory committee on juvenile justice, and shall include tribal representation in  
45 the membership of the council.

1 (4) The council shall:

2 (a) Determine the availability of funding to support community-based youth development pro-  
3 grams, services and initiatives with demonstrated outcomes and strategic objectives established by  
4 the council by rule.

5 (b) Prioritize funding for services related to:

6 (A) The prevention of and intervention in the risk factors that lead to juvenile delinquency and  
7 the promotion of protective factors that improve the health and well-being of children and youth,  
8 as supported by evidence-based program models and other research-based models; and

9 (B) The prevention of and intervention in gang violence and gang involvement.

10 (c) **Administer and coordinate the statewide youth reengagement system described in**  
11 **section 33 of this 2019 Act.**

12 (5) The council may:

13 (a) Enter into performance-based intergovernmental agreements with regional and county enti-  
14 ties, and tribal governments, to contract for the provision of youth development programs, services  
15 and initiatives that will achieve demonstrated outcomes and strategic objectives established by the  
16 council by rule.

17 (b) Determine the means by which services to children and youth may be provided effectively  
18 and efficiently across multiple programs to improve the academic and social outcomes of children  
19 and youth.

20 (c) Assess state programs and services related to youth development and training, and identify  
21 methods by which programs and services may be coordinated or consolidated.

22 (d) Establish common academic and social indicators to support attainment of goals established  
23 by the council.

24 (e) Establish common program outcome measurements and coordinate data collection across  
25 multiple programs and services.

26 (f) Ensure implementation of best practices that:

27 (A) Are evidence based;

28 (B) Are culturally, gender and age appropriate;

29 (C) Address individual risk factors;

30 (D) Build upon factors that improve the health and well-being of children and youth; and

31 (E) Include tribal best practices.

32 (6) The Governor may designate one member of the council to serve as the chairperson or, if the  
33 Governor chooses not to designate a chairperson, the council may elect one of its members to serve  
34 as chairperson.

35 (7) In accordance with applicable provisions of ORS chapter 183, the council may adopt rules  
36 necessary for the administration of the laws that the council is charged with administering.

37 **SECTION 35. Section 33 of this 2019 Act and the amendments to ORS 417.847 by section**  
38 **34 of this 2019 Act become operative on July 1, 2020.**

39  
40 **STATEWIDE SCHOOL SAFETY AND PREVENTION SYSTEM**

41  
42 **SECTION 36. Statewide School Safety and Prevention System. (1) As used in this section:**

43 (a) **“Cyberbullying” has the meaning given that term in ORS 339.351.**

44 (b) **“Harassment, intimidation or bullying” has the meaning given that term in ORS**  
45 **339.351.**



1 (c) "Suicidal behavior" includes:

2 (A) Self-directed, injurious behavior with an intent to die as a result of the behavior;

3 (B) Nonfatal, self-directed, potentially injurious behavior with an intent to die as a result  
4 of the behavior that may not result in injury; or

5 (C) Thinking about, considering or planning suicide.

6 (d) "Violence" means aggressive behavior with the intention to cause, or an outcome that  
7 poses a risk of causing, serious or lethal injury.

8 (2) The Department of Education shall establish and maintain the Statewide School  
9 Safety and Prevention System.

10 (3) The system required under this section shall consist of the following:

11 (a) Assistance to school districts and education service districts in decreasing acts of  
12 harassment, intimidation or bullying and acts of cyberbullying through the implementation  
13 of effective prevention programs that:

14 (A) Incorporate evidenced-based, multitiered practices; and

15 (B) Support resiliency building and trauma-informed care practices.

16 (b) Assistance to school districts and education service districts in decreasing youth su-  
17 icidal behavior through the implementation of effective prevention programs and student  
18 wellness programs that focus on early identification and intervention by school safety and  
19 prevention specialists, as described in subsection (4) of this section, who:

20 (A) Provide training, outreach and technical assistance related to youth suicidal behavior  
21 prevention and wellness;

22 (B) Support coordination between schools and health agencies, including public and pri-  
23 vate behavioral health providers; and

24 (C) Support school districts and education service districts in the establishment of sui-  
25 cidal behavior prevention programs.

26 (c) Assistance to school districts and education service districts in implementing a  
27 multidisciplinary student safety assessment system to identify, assess and support students  
28 who present a potential risk for violence to others. Multidisciplinary school safety assess-  
29 ment teams shall be made available to assist each school district and education service dis-  
30 trict in assessing students who are engaged in violence or who are posing a threat of violence  
31 to others. The teams shall:

32 (A) Assess potential danger and identify circumstances and risk factors that may in-  
33 crease risk for potential violence;

34 (B) Develop management and intervention plans in collaboration with community part-  
35 ners; and

36 (C) Connect students and families to community resources and supports.

37 (d) Promotion and use of the statewide school safety tip line established by ORS 339.329.  
38 School safety and prevention specialists, as described in subsection (4) of this section, shall  
39 work collaboratively with the Oregon State Police to support school districts and education  
40 service districts in accessing and implementing the school safety tip line.

41 (4) The system required under this section shall be supported by school safety and pre-  
42 vention specialists who:

43 (a) Serve regions of this state;

44 (b) Are cross-trained in safety assessments and in the prevention of youth suicide, of  
45 acts of bullying, intimidation or harassment and of acts of cyberbullying; and

1 (c) Provide or facilitate training, the development of programs and plans, the coordi-  
2 nation of local teams and the provision of ongoing consultation to regional partners, school  
3 districts and education service districts.

4 (5) The State Board of Education, in consultation with the Oregon Health Authority and  
5 other representatives of school districts, education service districts, school employees, hu-  
6 man services, mental health professionals and law enforcement agencies, shall adopt rules  
7 related to the system required under this section.

8 **SECTION 37.** (1) Section 36 of this 2019 Act becomes operative on July 1, 2020.

9 (2) Notwithstanding the operative date set forth in subsection (1) of this section, the  
10 Department of Education may take any action before the operative date set forth in sub-  
11 section (1) of this section that is necessary for the department to exercise, on and after the  
12 operative date set forth in subsection (1) of this section, all of the duties, functions and  
13 powers conferred on the department by section 36 of this 2019 Act.

14  
15 **STATEWIDE EQUITY INITIATIVES**

16  
17 **SECTION 38.** (1) As used in this section, “plan student” means a student enrolled in early  
18 childhood through post-secondary education who:

19 (a) Is an American Indian or Alaskan Native; and

20 (b) Has experienced disproportionate results in education due to historical practices, as  
21 identified by the State Board of Education by rule.

22 (2)(a) The Department of Education shall develop and implement a statewide education  
23 plan for plan students.

24 (b) When developing the plan, the department shall consult with representatives from  
25 tribal governments and from executive branch agencies who have formed government-to-  
26 government relations to focus on education. Additionally, the department may receive input  
27 from an advisory group consisting of community members, education stakeholders and rep-  
28 resentatives of the Early Learning Division, the Youth Development Division and the Higher  
29 Education Coordinating Commission.

30 (c) The department shall be responsible for:

31 (A) Implementing the plan developed under this subsection;

32 (B) Developing eligibility criteria, the applicant selection process and expectations for  
33 recipients of grant awards described in this section; and

34 (C) Advising the State Board of Education on the adoption of rules under this section.

35 (3) The plan developed under this section must address:

36 (a) The disparities experienced by plan students in every indicator of academic success,  
37 as documented by the department’s statewide report card and other relevant reports related  
38 to plan students;

39 (b) The historical practices leading to disproportionate outcomes for plan students; and

40 (c) The educational needs of plan students from early childhood through post-secondary  
41 education as determined by examining culturally appropriate best practices in this state and  
42 across the nation.

43 (4) The plan developed and implemented under this section must provide strategies to:

44 (a) Address the disproportionate rate of disciplinary incidents involving plan students as  
45 compared to all students in the education system;

1 (b) Increase parental engagement in the education of plan students;

2 (c) Increase the engagement of plan students in educational activities before and after  
3 regular school hours;

4 (d) Increase early childhood education and kindergarten readiness for plan students;

5 (e) Improve literacy and numeracy levels among plan students between kindergarten and  
6 grade three;

7 (f) Support plan student transitions to middle school and through the middle school and  
8 high school grades to maintain and improve academic performance;

9 (g) Support culturally responsive pedagogy and practices from early childhood through  
10 post-secondary education;

11 (h) Support the development of culturally responsive curricula from early childhood  
12 through post-secondary education;

13 (i) Increase attendance of plan students in early childhood programs through post-  
14 secondary and professional certification programs; and

15 (j) Increase attendance of plan students in four-year post-secondary institutions of edu-  
16 cation.

17 (5) The department shall submit a biennial report concerning the progress of the plan  
18 developed and implemented under this section to a committee of the Legislative Assembly  
19 related to education at each even-numbered year regular session of the Legislative Assembly.

20 (6) The department, in consultation with the advisory group, shall award grants to early  
21 learning hubs, providers of early learning services, school districts, education service dis-  
22 tricts, post-secondary institutions of education, tribal governments and community-based  
23 organizations to implement the strategies provided in the plan developed and implemented  
24 under this section.

25 (7) To qualify for and receive grants described in this section, an applicant must identify  
26 and demonstrate that the applicant meets the eligibility criteria adopted by the State Board  
27 of Education by rule.

28 **SECTION 39.** (1) As used in this section, “plan student” means a student enrolled in early  
29 childhood through post-secondary education who:

30 (a) Is Latino or Hispanic, including individuals of Mexican, Cuban, Puerto Rican, South  
31 American, Central American or Spanish descent; and

32 (b) Has experienced disproportionate results in education due to historical practices, as  
33 identified by the State Board of Education by rule.

34 (2)(a) The Department of Education shall develop and implement a statewide education  
35 plan for plan students.

36 (b) The department shall form an advisory group consisting of individuals representing:

37 (A) Urban and rural communities;

38 (B) Indigenous and immigrant populations;

39 (C) English language learners;

40 (D) Individuals with disabilities;

41 (E) Parents and students;

42 (F) Youth who are lesbian, gay, bisexual, transgender, queer or another minority gender  
43 or sexual orientation;

44 (G) Community-based organizations serving Latino or Hispanic youth and families; and

45 (H) Education stakeholders, including representatives of the Early Learning Division, the

1 **Youth Development Division and the Higher Education Coordinating Commission.**

2 (c) The advisory group formed as provided in paragraph (b) of this subsection shall advise  
3 the department regarding:

4 (A) Development and implementation of the plan;

5 (B) Eligibility criteria, applicant selection processes and expectations for recipients of  
6 grant awards described in this section; and

7 (C) Adoption of rules by the State Board of Education for the implementation of the plan.

8 (3) The plan developed under this section must address:

9 (a) The disparities experienced by plan students in every indicator of academic success,  
10 as documented by the department's statewide report card and other relevant reports related  
11 to plan students;

12 (b) The historical practices leading to disproportionate outcomes for plan students; and

13 (c) The educational needs of plan students from early childhood through post-secondary  
14 education as determined by examining culturally appropriate best practices in this state and  
15 across the nation.

16 (4) The plan developed and implemented under this section must provide strategies to:

17 (a) Address the disproportionate rate of disciplinary incidents involving plan students  
18 compared to all students in the education system;

19 (b) Increase parental engagement in the education of plan students;

20 (c) Increase the engagement of plan students in educational activities before and after  
21 regular school hours;

22 (d) Increase early childhood education and kindergarten readiness for plan students;

23 (e) Improve literacy and numeracy levels among plan students between kindergarten and  
24 grade three;

25 (f) Support plan student transitions to middle school and through the middle school and  
26 high school grades to maintain and improve academic performance;

27 (g) Support culturally responsive pedagogy and practices from early childhood through  
28 post-secondary education;

29 (h) Support the development of culturally responsive curricula from early childhood  
30 through post-secondary education;

31 (i) Increase attendance of plan students in community colleges and professional certi-  
32 fication programs; and

33 (j) Increase attendance of plan students in four-year post-secondary institutions of edu-  
34 cation.

35 (5) The department shall submit a biennial report concerning the progress of the plan  
36 developed and implemented under this section to a committee of the Legislative Assembly  
37 related to education at each even-numbered year regular session of the Legislative Assembly.

38 (6) The department, in consultation with the advisory group, shall award grants to early  
39 learning hubs, providers of early learning services, school districts, post-secondary insti-  
40 tutions of education and community-based organizations to implement the strategies pro-  
41 vided in the plan developed and implemented under this section.

42 (7) To qualify for and receive a grant described in this section, an applicant must identify  
43 and demonstrate that the applicant meets the eligibility criteria established by the State  
44 Board of Education by rule.

45 **SECTION 40.** The Department of Education shall submit a report concerning the devel-

1 **opment of the statewide education plans under sections 38 and 39 of this 2019 Act to an in-**  
2 **terim committee of the Legislative Assembly related to education no later than January 1,**  
3 **2021.**

4 **SECTION 41. Notwithstanding section 39 of this 2019 Act, the Department of Education**  
5 **may not do any of the following prior to July 1, 2020:**

6 **(1) Implement the statewide education plans developed under section 39 of this 2019 Act,**  
7 **including awarding any grants to implement the plans; or**

8 **(2) Make any expenditures from any appropriations made to the department for the im-**  
9 **plementation of the plans developed under section 39 of this 2019 Act.**

10  
11 **SUMMER PROGRAMS FOR TITLE I SCHOOLS**

12  
13 **SECTION 42. Section 43 of this 2019 Act is added to and made a part of ORS chapter 327.**

14 **SECTION 43. (1) In addition to those moneys distributed through the State School Fund,**  
15 **the Department of Education shall make grants to improve student achievement in schools**  
16 **that:**

17 **(a) Are considered high poverty under Title I of the federal Elementary and Secondary**  
18 **Education Act of 1965;**

19 **(b) The department has identified as having a significant achievement gap between his-**  
20 **torically underserved students groups and other student groups pursuant to standards**  
21 **adopted by the State Board of Education; and**

22 **(c) The department has identified as needing additional supports and interventions based**  
23 **on:**

24 **(A) Criteria used by the Department of Education to measure the performance of the**  
25 **schools; and**

26 **(B) The schools' performance ranking compared to similar schools.**

27 **(2) The department shall identify schools to receive grants as provided in this section and**  
28 **shall notify the identified schools of the schools' eligibility to receive grants as provided in**  
29 **this section.**

30 **(3) Moneys received by a school under this section must be used to provide instructional**  
31 **time during a summer program. The summer program must provide at least 60 hours of di-**  
32 **rect academic instruction by a teacher licensed under ORS 342.125 or by an instructional**  
33 **assistant, as defined in ORS 342.120.**

34 **(4) The State Board of Education may adopt any rules necessary for the administration**  
35 **of this section.**

36 **SECTION 44. Notwithstanding section 43 of this 2019 Act, the Department of Education**  
37 **may not award any grants as provided under section 43 of this 2019 Act prior to July 1, 2020.**

38  
39 **EARLY WARNING SYSTEM FOR HIGH SCHOOL GRADUATION**

40  
41 **SECTION 45. Section 46 of this 2019 Act is added to and made a part of ORS chapter 327.**

42 **SECTION 46. (1) In addition to those moneys distributed through the State School Fund,**  
43 **the Department of Education shall award grants from the Statewide Education Initiatives**  
44 **Account to school districts to implement the early warning system described in this section**  
45 **that assist students in graduating from high school.**

1 (2)(a) A system funded by a grant awarded under this section must enable school dis-  
2 tricts, students, students' families, educators, school counselors and community organiza-  
3 tions to take necessary corrective actions to assist students in graduating from high school.

4 (b) Corrective actions that may be taken must be based on research on graduation rates  
5 and on reports of individual students related to:

6 (A) The student's attendance;

7 (B) The student's behavior at school;

8 (C) The student's academic or skill progress; and

9 (D) Any other factors identified by the State Board of Education by rule.

10 (3) The department shall assist school districts that may apply for a grant under this  
11 section, that have applied for a grant under this section or that have received a grant under  
12 this section, as appropriate, by:

13 (a) Providing technical assistance to school districts to ensure that the school districts  
14 understand the goals and objectives of the system;

15 (b) Assisting school districts in developing expertise in assisting students in graduating  
16 from high school and developing a culture that encourages and assists students in graduating  
17 from high school;

18 (c) Identifying meaningful predictive indicators of high school graduation;

19 (d) Developing local communication systems among students, students' families, educa-  
20 tors and community organizations to assist students in graduating from high school;

21 (e) Identifying and developing interventions at school, at home and in the community to  
22 meet students' needs; and

23 (f) Reviewing existing policies and practices to:

24 (A) Expand policies and practices that encourage high school graduation; and

25 (B) Eliminate or modify policies and practices that may provide a disincentive to gradu-  
26 ate from high school.

27 (4) The amount of each grant awarded under this section shall equal the school district's  
28 ADM as defined in ORS 327.006  $\times$  \$3.

29 (5) The State Board of Education shall adopt any rules necessary for the administration  
30 of the grants described in this section.

31 **SECTION 47.** Section 46 of this 2019 Act becomes operative on July 1, 2020.

32  
33 **EDUCATOR PROFESSIONAL DEVELOPMENT**

34  
35 **SECTION 48.** (1) The Department of Education and the Educator Advancement Council,  
36 in consultation with the Teacher Standards and Practices Commission, the Higher Education  
37 Coordinating Commission and representatives of school districts and other education  
38 stakeholders, shall develop a plan to provide an effective combination of programs and initi-  
39 atives for the professional development of educators from kindergarten through grade 12 and  
40 to be funded by the Statewide Education Initiatives Account. The plan shall be based on  
41 consideration of increasing:

42 (a) Educator retention;

43 (b) Educator diversity;

44 (c) Mentoring and coaching of educators;

45 (d) Participation in educator preparation programs; and

1 (e) Educator scholarships.

2 (2) The department shall provide a report, and may include recommendations for legis-  
3 lation, to an interim committee of the Legislative Assembly related to education no later  
4 than January 15, 2020.

5 SECTION 49. Section 48 of this 2019 Act is repealed on June 30, 2020.

6  
7 EARLY LEARNING ACCOUNT

8  
9 SECTION 50. Sections 51 and 52 of this 2019 Act are added to and made a part of ORS  
10 chapter 327.

11 SECTION 51. Early Learning Account. (1) The Early Learning Account is established  
12 within the Fund for Student Success.

13 (2) The Early Learning Account shall consist of:

14 (a) Moneys transferred from the Fund for Student Success under section 2 of this 2019  
15 Act;

16 (b) Moneys appropriated or otherwise transferred to the account by the Legislative As-  
17 sembly;

18 (c) Amounts donated to the account; and

19 (d) Other amounts deposited into the account from any source.

20 (3) The Department of Education, on behalf of the State of Oregon, may solicit and ac-  
21 cept gifts, grants, donations and other moneys from public and private sources for the Early  
22 Learning Account. Moneys received as provided in this subsection shall be deposited into the  
23 Early Learning Account.

24 (4) Moneys in the Early Learning Account are continuously appropriated to the Depart-  
25 ment of Education for early learning programs as described in section 52 of this 2019 Act.

26 SECTION 52. Early Learning Account uses. (1) The Department of Education and the  
27 Early Learning Division shall use moneys in the Early Learning Account to provide funding  
28 for early learning programs in a manner consistent with a statewide early learning system  
29 plan overseen by the Early Learning Council. Early learning programs that may receive  
30 moneys from the Early Learning Account include:

31 (a) Early childhood special education or early intervention services, as provided by ORS  
32 343.475;

33 (b) Relief nurseries;

34 (c) Programs funded by the Early Childhood Equity Fund;

35 (d) The Oregon prekindergarten program and other public preschool programs estab-  
36 lished under ORS 329.170 to 329.200, by increasing:

37 (A) The total number of spaces for children served by the programs; or

38 (B) Existing spaces for full-day programs from half-day programs;

39 (e) Professional development for early childhood educators; and

40 (f) Early Head Start programs.

41 (2) In addition to the uses identified in subsection (1) of this section, moneys in the Early  
42 Learning Account may be used for staffing needs of the Early Learning Division for the  
43 purpose of implementing this section.

44 (3) The State Board of Education and the Early Learning Council shall adopt rules nec-  
45 essary for the distribution of moneys under this section.

EARLY CHILDHOOD EQUITY FUND

1  
2  
3     **SECTION 53. Early Childhood Equity Fund.** (1) The Early Childhood Equity Fund is es-  
4     **tablished in the State Treasury, separate and distinct from the General Fund. Moneys in the**  
5     **Early Childhood Equity Fund are continuously appropriated to the Department of Education**  
6     **for the Early Learning Division to make grants under section 54 of this 2019 Act to culturally**  
7     **specific early learning, early childhood and parent support programs and to promote the ca-**  
8     **capacity of culturally specific organizations to deliver these programs.**

9     (2) The fund shall consist of:

10     (a) Moneys appropriated or otherwise transferred to the fund from the Legislative As-  
11     **sembly;**

12     (b) Earnings received on moneys in the fund; and

13     (c) Other amounts deposited into the fund from any source.

14     **SECTION 54. Early childhood support grant program.** (1) The Early Learning Division  
15     **may make grants from the Early Childhood Equity Fund established under section 53 of this**  
16     **2019 Act to culturally specific early learning, early childhood and parent support programs**  
17     **in this state that build capacity in communities, ensure children start kindergarten ready**  
18     **to succeed and support families to be stable, healthy and attached. For purposes of this**  
19     **subsection, a program is in this state if the program serves communities within the ge-**  
20     **ographic boundaries of this state, including communities within Indian country of a federally**  
21     **recognized Oregon Indian tribe that is within the geographic boundaries of this state.**

22     (2) To receive a grant under this section, a program must:

23     (a) Provide outreach, support and resources to children and families who are at risk be-  
24     **cause of any combination of two or more factors, including their race, ethnicity, English**  
25     **language proficiency, socioeconomic status and geographic location; and**

26     (b) Demonstrate a proven ability to provide outreach, support and resources to children  
27     **and families described in paragraph (a) of this subsection.**

28     (3) The division shall monitor capacity needs and provide technical assistance to  
29     **grantees.**

30     (4) The division shall conduct a biennial evaluation of programs that receive grants under  
31     **this section. The evaluation shall include measurement of outcomes that align with:**

32     (a) Current research regarding positive child and family indicators, including family sta-  
33     **bility and early childhood school readiness; and**

34     (b) Culturally specific approaches.

35     (5) The Early Learning Council, in consultation with the division, shall adopt rules nec-  
36     **essary to carry out the provisions of this section. The rules shall include requirements for**  
37     **grant eligibility under this section.**

38     (6) On or before September 15 of each odd-numbered year, the division shall submit to  
39     **the interim committees of the Legislative Assembly related to early childhood and child**  
40     **welfare a report on the status and impact of grants made to programs under this section.**  
41     **The report shall include changes in the capacity of culturally specific organizations and the**  
42     **results of any biennial evaluations conducted in accordance with subsection (4) of this sec-**  
43     **tion.**

44     **SECTION 55.** ORS 417.790 is amended to read:

45     417.790. The Early Learning Division shall:



1 (1) Make grants to fund research-based services and initiatives to improve outcomes for chil-  
 2 dren, youth or families.

3 (2) Make Great Start grants to fund community-based programs for children zero through six  
 4 years of age. A recipient shall use Great Start grant funds to provide research-based early childhood  
 5 programs in community settings and to provide services that have proven to be successful and that  
 6 meet the needs of the community. These services shall be provided in accordance with ORS 417.728.

7 **(3) Make grants under section 54 of this 2019 Act to fund culturally specific early learn-**  
 8 **ing, early childhood and parent support programs that build capacity in communities to**  
 9 **provide culturally appropriate services to ensure children start kindergarten ready to suc-**  
 10 **ceed and to support family stability.**

11  
 12 **PERSONAL INCOME TAX RATES**

13  
 14 **SECTION 56.** ORS 316.037 is amended to read:

15 316.037. (1)(a) A tax is imposed for each taxable year on the entire taxable income of every  
 16 resident of this state. The amount of the tax shall be determined in accordance with the following  
 17 table:

---

If taxable income is:	The tax is:
20 Not over \$2,000	21 [5%] <b>4.75%</b> of 22 taxable 23 income
24 Over \$2,000 but not 25 over \$5,000	26 [ <b>\$100</b> ] <b>\$95</b> plus [7%] <b>6.75%</b> 27 of the excess 28 over \$2,000
29 Over \$5,000 but not 30 over \$125,000	31 [ <b>\$310</b> ] <b>\$298</b> plus [9%] <b>8.75%</b> 32 of the excess 33 over \$5,000
34 Over \$125,000	35 [ <b>\$11,110</b> ] <b>\$10,798</b> plus 9.9% 36 of the excess 37 over \$125,000

---

38  
 39  
 40  
 41 (b) For tax years beginning in each calendar year, the Department of Revenue shall adopt a  
 42 table that shall apply in lieu of the table contained in paragraph (a) of this subsection, as follows:

43 (A) Except as provided in subparagraph (D) of this paragraph, the minimum and maximum dollar  
 44 amounts for each bracket for which a tax is imposed shall be increased by the cost-of-living adjust-  
 45 ment for the calendar year.

1 (B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this para-  
2 graph [shall] **may** not be changed.

3 (C) The amounts setting forth the tax, to the extent necessary to reflect the adjustments in the  
4 rate brackets, shall be adjusted.

5 (D) The rate brackets applicable to taxable income in excess of \$125,000 may not be adjusted.

6 (c) For purposes of paragraph (b) of this subsection, the cost-of-living adjustment for any calen-  
7 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer  
8 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the  
9 monthly averaged index for the second quarter of the calendar year 1992.

10 (d) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
11 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
12 Labor Statistics of the United States Department of Labor.

13 (e) If any increase determined under paragraph (b) of this subsection is not a multiple of \$50,  
14 the increase shall be rounded to the next lower multiple of \$50.

15 (2) A tax is imposed for each taxable year upon the entire taxable income of every part-year  
16 resident of this state. The amount of the tax shall be computed under subsection (1) of this section  
17 as if the part-year resident were a full-year resident and shall be multiplied by the ratio provided  
18 under ORS 316.117 to determine the tax on income derived from sources within this state.

19 (3) A tax is imposed for each taxable year on the taxable income of every full-year nonresident  
20 that is derived from sources within this state. The amount of the tax shall be determined in ac-  
21 cordance with the table set forth in subsection (1) of this section.

22 **SECTION 57. The amendments to ORS 316.037 by section 56 of this 2019 Act apply to tax**  
23 **years beginning on or after January 1, 2020.**

24  
25 **CORPORATE ACTIVITY TAX**

26  
27 **SECTION 58. Definitions. As used in sections 58 to 76 of this 2019 Act:**

28 (1)(a) **"Commercial activity" means the total amount realized by a person, arising from**  
29 **transactions and activity in the regular course of the person's trade or business, without**  
30 **deduction for expenses incurred by the trade or business.**

31 (b) **"Commercial activity" does not include:**

32 (A) **Interest income except interest on credit sales;**

33 (B) **Receipts from the sale, exchange or other disposition of an asset described in section**  
34 **1221 or 1231 of the Internal Revenue Code, without regard to the length of time the person**  
35 **held the asset;**

36 (C) **Proceeds received attributable to the repayment, maturity or redemption of the**  
37 **principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument;**

38 (D) **The principal amount received under a repurchase agreement or on account of any**  
39 **transaction properly characterized as a loan to the person;**

40 (E) **Contributions received by a trust, plan or other arrangement, any of which is de-**  
41 **scribed in section 501(a) of the Internal Revenue Code, or to which title 26, subtitle A,**  
42 **chapter 1, subchapter (D) of the Internal Revenue Code applies;**

43 (F) **Proceeds received from the issuance of the taxpayer's own stock, options, warrants,**  
44 **puts or calls, or from the sale of the taxpayer's treasury stock;**

45 (G) **Proceeds received on the account of payments from insurance policies, except those**

1 proceeds received for the loss of business revenue;

2 (H) Gifts or charitable contributions received, membership dues received by trade, pro-  
3 fessional, homeowners' or condominium associations, payments received for educational  
4 courses, meetings or meals, or similar payments to a trade, professional or other similar  
5 association, and fundraising receipts received by any person when any excess receipts are  
6 donated or used exclusively for charitable purposes;

7 (I) Damages received as the result of litigation in excess of amounts that, if received  
8 without litigation, would be treated as commercial activity;

9 (J) Property, money and other amounts received or acquired by an agent on behalf of  
10 another in excess of the agent's commission, fee or other remuneration;

11 (K) Tax refunds, other tax benefit recoveries and reimbursements for the tax imposed  
12 under sections 58 to 76 of this 2019 Act made by entities that are part of the same unitary  
13 group as provided under section 60 of this 2019 Act, and reimbursements made by entities  
14 that are not members of a unitary group that are required to be made for economic parity  
15 among multiple owners of an entity whose tax obligation under sections 58 to 76 of this 2019  
16 Act is required to be reported and paid entirely by one owner, as provided in section 60 of  
17 this 2019 Act;

18 (L) Pension reversions;

19 (M) Contributions to capital;

20 (N) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel  
21 or any other product used for the propulsion of motor vehicles;

22 (O) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale  
23 dealer, retail dealer, distributor, manufacturer or seller, an amount equal to the federal and  
24 state excise taxes paid by any person on or for such cigarettes or tobacco products under  
25 subtitle E of the Internal Revenue Code or ORS chapter 323;

26 (P) In the case of receipts from the sale of malt beverages, wine or alcoholic liquor, all  
27 as defined in ORS 471.001, or cider, as defined in ORS 471.023, by a person holding a license  
28 issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid  
29 by any person on or for such malt beverages, wine or alcoholic liquor under subtitle E of the  
30 Internal Revenue Code or ORS chapter 471, and any net amount paid to the Oregon Liquor  
31 Control Commission by a person licensed to sell alcoholic liquor under ORS chapter 471 in  
32 excess of the purchase price paid by the licensee;

33 (Q) In the case of receipts from the sale of marijuana items, as defined in ORS 475B.015,  
34 by a person holding a license issued under ORS 475B.010 to 475B.545, an amount equal to the  
35 federal and state excise taxes paid by any person on or for such marijuana items under  
36 subtitle E of the Internal Revenue Code or ORS 475B.700 to 475B.760;

37 (R) Receipts realized by a vehicle dealer certified under ORS 822.020 from the sale or  
38 other transfer of a motor vehicle, as defined in ORS 801.360, to another vehicle dealer for the  
39 purpose of resale by the transferee vehicle dealer, but only if the sale or other transfer was  
40 based upon the transferee's need to meet a specific customer's preference for a motor vehi-  
41 cle;

42 (S) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020  
43 at the sale or other transfer of a motor vehicle, as defined in ORS 801.360, that are owed to  
44 a third party by the purchaser of the motor vehicle and passed to the third party by the  
45 dealer;

1       **(T) Receipts from a financial institution for services provided to the financial institution**  
2 **in connection with the issuance, processing, servicing and management of loans or credit**  
3 **accounts, if the financial institution and the recipient of the receipts have at least 50 percent**  
4 **of their ownership interests owned or controlled, directly or constructively through related**  
5 **interests, by common owners;**

6       **(U) In the case of amounts retained as commissions by a holder of a license under ORS**  
7 **chapter 462, an amount equal to the amounts specified under ORS chapter 462 that must be**  
8 **paid to or collected by the Department of Revenue as a tax and the amounts specified under**  
9 **ORS chapter 462 to be used as purse money;**

10       **(V) Net revenue of residential care facilities as defined in ORS 443.400 or in-home care**  
11 **agencies as defined in ORS 443.305, to the extent that the revenue is derived from or received**  
12 **as compensation for providing services to a medical assistance or Medicare recipient;**

13       **(W) Dividends received;**

14       **(X) Distributive income received from a pass-through entity;**

15       **(Y) Receipts from sales to a wholesaler in this state, if the seller receives certification**  
16 **at the time of sale from the wholesaler that the wholesaler will sell the purchased property**  
17 **outside this state;**

18       **(Z) Rebates paid to purchasers by retailers or wholesalers;**

19       **(AA) Receipts from the wholesale or retail sale of groceries;**

20       **(BB) Receipts from transactions among members of a unitary group;**

21       **(CC) Moneys, including public purpose charge moneys collected under ORS 757.612 and**  
22 **costs of funding or implementing cost-effective energy conservation measures collected un-**  
23 **der ORS 757.689, that are collected from customers, passed to a utility and approved by the**  
24 **Public Utility Commission and that support energy conservation, renewable resource acqui-**  
25 **sition and low-income assistance programs;**

26       **(DD) Moneys collected by a utility from customers for the payment of loans through**  
27 **on-bill financing;**

28       **(EE) Surcharges collected under ORS 757.736;**

29       **(FF) Moneys passed to a utility by the Bonneville Power Administration for the purpose**  
30 **of effectuating the Regional Power Act Exchange credits or pursuant to any settlement as-**  
31 **sociated with the exchange credit;**

32       **(GG) Moneys collected by a utility for franchise fees, privilege taxes, federal taxes, local**  
33 **taxes and fees payable under ORS 756.310;**

34       **(HH) Charges paid to the Residential Service Protection Fund required by chapter 290,**  
35 **Oregon Laws 1987;**

36       **(II) Universal service surcharge moneys collected by telecommunications carriers and**  
37 **paid into the universal service fund established in ORS 759.425;**

38       **(JJ) Moneys collected for public purpose funding as described in ORS 759.430;**

39       **(KK) Moneys collected for the federal universal service fund as determined by the Fed-**  
40 **eral Communications Commission;**

41       **(LL) In the case of a seller or provider of telecommunications services, the amount of**  
42 **tax imposed under ORS 403.200 for access to the emergency communications system that is**  
43 **collected from subscribers or consumers;**

44       **(MM) In the case of a transient lodging tax collector, the amount of tax imposed under**  
45 **ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit**

1 **lodging;**

2 (NN) In the case of a seller of bicycles, the amount of tax imposed under ORS 320.415  
3 upon retail sales of bicycles;

4 (OO) In the case of a qualified heavy equipment provider, the amount of tax imposed  
5 under section 2, chapter 64, Oregon Laws 2018, upon the rental price of heavy equipment;

6 (PP) Receipts representing business done with or for members of an agricultural coop-  
7 erative in this state that is a cooperative organization described in section 1381 of the  
8 Internal Revenue Code; and

9 (QQ) Revenue received by a business entity that is mandated by contract or subcontract  
10 to be distributed to another person or entity if the revenue constitutes sales commissions  
11 that are paid to a person who is not an employee of the business entity, including, without  
12 limitation, a split-fee real estate commission.

13 (2)(a) "Commercial activity of a financial institution" includes all items of income without  
14 deduction for expenses.

15 (b) If the reporting person for a financial institution is a holding company, "commercial  
16 activity of a financial institution" includes all items of income reported on the FR Y-9 filed  
17 by the holding company.

18 (c) If the reporting person for a financial institution is a bank organization, "commercial  
19 activity of a financial institution" includes all items of income reported on the call report  
20 filed by the bank organization.

21 (d) If the reporting person for a financial institution is a nonbank financial organization,  
22 "commercial activity of a financial institution" includes all items of income reported in ac-  
23 cordance with generally accepted accounting principles.

24 (3) "Commercial activity of an insurer" includes all items of income without deduction  
25 for expenses and all items of income reported on the statement of income accompanying the  
26 annual statement required under ORS 731.574 to be filed with the Director of the Department  
27 of Consumer and Business Services.

28 (4) "Cost inputs" means the cost of goods sold as calculated under section 471 of the  
29 Internal Revenue Code.

30 (5) "Doing business" means engaging in any activity, whether legal or illegal, that is  
31 conducted for, or results in, the receipt of commercial activity at any time during a calendar  
32 year.

33 (6) "Excluded person" means any of the following:

34 (a) Organizations described in sections 501(c) and 501(j) of the Internal Revenue Code,  
35 unless the exemption is denied under section 501(h), (i) or (m) or under section 502, 503 or  
36 505 of the Internal Revenue Code.

37 (b) Organizations described in section 501(d) of the Internal Revenue Code, unless the  
38 exemption is denied under section 502 or 503 of the Internal Revenue Code.

39 (c) Organizations described in section 501(e) of the Internal Revenue Code.

40 (d) Organizations described in section 501(f) of the Internal Revenue Code.

41 (e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

42 (f) Organizations described in section 521 of the Internal Revenue Code.

43 (g) Qualified state tuition programs described in section 529 of the Internal Revenue  
44 Code.

45 (h) Foreign or alien insurance companies, but only with respect to the underwriting

1 profit derived from writing wet marine and transportation insurance subject to tax under  
2 ORS 731.824 and 731.828.

3 (i) Governmental entities.

4 (j) Any person with commercial activity that does not exceed \$1 million for the calendar  
5 year, other than a person that is part of a unitary group as provided in section 60 of this 2019  
6 Act with commercial activity in excess of \$1 million.

7 (k) Hospitals subject to assessment under section 2, chapter 736, Oregon Laws 2003, long  
8 term care facilities subject to assessment under section 16, chapter 736, Oregon Laws 2003,  
9 or any entity subject to assessment under section 3, 5 or 9, chapter 538, Oregon Laws 2017.

10 (7) "Financial institution" has the meaning given that term in ORS 314.610, except that  
11 "financial institution" does not include a credit union.

12 (8)(a) "FR Y-9" means the consolidated or parent-only financial statements that a holding  
13 company is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

14 (b) In the case of a holding company required to file both consolidated and parent-only  
15 financial statements, "FR Y-9" means the consolidated financial statements that the holding  
16 company is required to file.

17 (9) "Governmental entity" means:

18 (a) The United States and any of its unincorporated agencies and instrumentalities.

19 (b) Any incorporated agency or instrumentality of the United States wholly owned by the  
20 United States or by a corporation wholly owned by the United States.

21 (c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

22 (d) Any county, city, district or other political subdivision of the state.

23 (e) Any public corporation.

24 (f) A federally recognized Indian tribe.

25 (10) "Groceries" means food as defined in 7 U.S.C. 2012(k).

26 (11) "Insurer" has the meaning given that term in ORS 317.010.

27 (12) "Internal Revenue Code," except where the Legislative Assembly has provided oth-  
28 erwise, refers to the laws of the United States or to the Internal Revenue Code as they are  
29 amended and in effect on December 31, 2018.

30 (13) "Labor costs" means total compensation of all employees, not to include compen-  
31 sation paid to any single employee in excess of \$500,000.

32 (14)(a) "Motor vehicle fuel or any other product used for the propulsion of motor  
33 vehicles" means:

34 (A) Motor vehicle fuel as defined in ORS 319.010; and

35 (B) Fuel the use of which in a motor vehicle is subject to taxation under ORS 319.530.

36 (b) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles"  
37 does not mean:

38 (A) Electricity; or

39 (B) Electric batteries or any other mechanical or physical component or accessory of a  
40 motor vehicle.

41 (15) "Person" includes individuals, combinations of individuals of any form, receivers,  
42 assignees, trustees in bankruptcy, firms, companies, joint-stock companies, business trusts,  
43 estates, partnerships, limited liability partnerships, limited liability companies, associations,  
44 joint ventures, clubs, societies, entities organized as for-profit corporations under ORS  
45 chapter 60, C corporations, S corporations, qualified subchapter S subsidiaries, qualified

1 subchapter S trusts, trusts, entities that are disregarded for federal income tax purposes and  
2 any other entities.

3 (16) "Retailer" means a person doing business by selling tangible personal property to a  
4 purchaser for a purpose other than:

5 (a) Resale by the purchaser of the property as tangible personal property in the regular  
6 course of business;

7 (b) Incorporation by the purchaser of the property in the course of regular business as  
8 an ingredient or component of real or personal property; or

9 (c) Consumption by the purchaser of the property in the production for sale of a new  
10 article of tangible personal property.

11 (17) "Taxable commercial activity" means commercial activity sourced to this state un-  
12 der section 66 of this 2019 Act, less any subtraction pursuant to section 64 of this 2019 Act.

13 (18)(a) "Taxpayer" means any person or unitary group required to register, file or pay  
14 tax under sections 58 to 76 of this 2019 Act.

15 (b) "Taxpayer" does not include excluded persons.

16 (19)(a) "Unitary business" means a business enterprise in which there exists directly or  
17 indirectly between the members or parts of the enterprise a sharing or exchange of value  
18 as demonstrated by:

19 (A) Centralized management or a common executive force;

20 (B) Centralized administrative services or functions resulting in economies of scale; or

21 (C) Flow of goods, capital resources or services demonstrating functional integration.

22 (b) "Unitary business" may include a business enterprise the activities of which:

23 (A) Are in the same general line of business, such as manufacturing, wholesaling or re-  
24 tailing; or

25 (B) Constitute steps in a vertically integrated process, such as the steps involved in the  
26 production of natural resources, which might include exploration, mining, refining and mar-  
27 keting.

28 (20) "Unitary group" means a group of persons with more than 50 percent common  
29 ownership, either direct or indirect, that is engaged in business activities that constitute a  
30 unitary business.

31 (21) "Wholesaler" means a person primarily doing business by merchant distribution of  
32 tangible personal property to retailers or to other wholesalers.

33 **SECTION 59. Accounting methods.** A taxpayer's method of accounting for commercial  
34 activity, cost inputs and labor costs for a tax year shall be the same as the taxpayer's  
35 method of accounting for federal income tax purposes for the taxpayer's federal tax year  
36 that includes the tax year. If a taxpayer's method of accounting for federal income tax pur-  
37 poses changes, the taxpayer's method of accounting for commercial activity under sections  
38 58 to 76 of this 2019 Act shall be changed accordingly.

39 **SECTION 60. Unitary groups.** A unitary group shall register, file and pay taxes under  
40 sections 58 to 76 of this 2019 Act as a single taxpayer and may exclude receipts from trans-  
41 actions among its members. The Department of Revenue may collect identifying information  
42 about all members of a unitary group and may require disclosure to the department, for each  
43 member, of the commercial activity in Oregon and in the United States.

44 **SECTION 61. Taxation of property transferred into state.** (1) Except as provided in sub-  
45 section (2) of this section:

1 (a) A person shall include as taxable commercial activity the value of property the person  
2 transfers into this state for the person's own use in the course of a trade or business within  
3 one year after the person receives the property outside this state; and

4 (b) In the case of a unitary group, the taxpayer shall include as taxable commercial ac-  
5 tivity the value of property that any of the taxpayer's members transferred into this state  
6 for the use in the course of a trade or business by any of the taxpayer's members within one  
7 year after the taxpayer receives the property outside this state.

8 (2) Property brought into this state within one year after it is received outside this state  
9 by a person or unitary group described in subsection (1) of this section may not be included  
10 as taxable commercial activity as required under subsection (1) of this section if the De-  
11 partment of Revenue ascertains that the property's receipt outside this state by the person  
12 or unitary group followed by its transfer into this state within one year was not intended in  
13 whole or in part to avoid in whole or in part the tax imposed under sections 58 to 76 of this  
14 2019 Act.

15 (3) The department may adopt rules necessary to administer this section.

16 **SECTION 62. Joint and several liability.** All members of a unitary group during the tax  
17 year or periods for which additional tax, penalty or interest is owed are jointly and severally  
18 liable for such amounts. Although the reporting person shall be assessed for the liability,  
19 amounts due may be collected by assessment against any member of the unitary group or  
20 pursued against any member of the unitary group.

21 **SECTION 63. Corporate activity tax imposed on commercial activity.** (1) A corporate ac-  
22 tivity tax is imposed on each person with taxable commercial activity for the privilege of  
23 doing business in this state. The tax is imposed upon persons with substantial nexus with  
24 this state. The tax imposed under this section is not a transactional tax and is not subject  
25 to the Interstate Income Act of 1959 (P.L. 86-272). The tax imposed under this section is in  
26 addition to any other taxes or fees imposed under the tax laws of this state. The tax imposed  
27 under this section is imposed on the person receiving the commercial activity and is not a  
28 tax imposed directly on a purchaser. The tax imposed under this section is an annual privi-  
29 lege tax for the calendar year and shall be remitted quarterly to the Department of Revenue.  
30 A taxpayer is subject to the annual corporate activity tax for doing business during any  
31 portion of such calendar year.

32 (2) A person has substantial nexus with this state if any of the following applies. The  
33 person:

34 (a) Owns or uses a part or all of its capital in this state.

35 (b) Holds a certificate of existence or authorization issued by the Secretary of State au-  
36 thORIZING the person to do business in this state.

37 (c) Has bright-line presence in this state.

38 (d) Otherwise has nexus with this state to an extent that the person can be required to  
39 remit the tax imposed under sections 58 to 76 of this 2019 Act under the United States Con-  
40 stitution.

41 (3) A person has bright-line presence in this state for the calendar year if any of the  
42 following applies. The person:

43 (a) Owns at any time during the calendar year property in this state with an aggregate  
44 value of at least \$50,000. For purposes of this paragraph, owned property is valued at original  
45 cost and rented property is valued at eight times the net annual rental charge.



1 (b) Has during the calendar year payroll in this state of at least \$50,000. Payroll in this  
2 state includes the following:

3 (A) Any amount subject to withholding by the person under ORS 316.167 and 316.172;

4 (B) Any other amount the person pays as compensation to an individual under the  
5 supervision or control of the person for work done in this state; and

6 (C) Any amount the person pays for services performed in this state on the person's  
7 behalf by another.

8 (c) Has during the calendar year commercial activity, sourced to this state under section  
9 66 of this 2019 Act, of at least \$750,000.

10 (d) Has at any time during the calendar year within this state at least 25 percent of the  
11 person's total property, total payroll or total commercial activity.

12 (e) Is a resident of this state or is domiciled in this state for corporate, commercial or  
13 other business purposes.

14 **SECTION 64. Subtraction.** (1) A taxpayer shall subtract from commercial activity sourced  
15 to this state 35 percent of the greater of the following amounts paid or incurred by the tax-  
16 payer in the tax year:

17 (a) The amount of cost inputs; or

18 (b) The taxpayer's labor costs.

19 (2) The amounts in subsection (1)(a) or (b) of this section shall be apportioned to this  
20 state in the manner required for apportionment of income under ORS 314.605 to 314.675.

21 (3) Notwithstanding subsection (1) of this section, the subtraction under this section may  
22 not exceed 95 percent of the taxpayer's commercial activity in this state.

23 **SECTION 65. Rate of taxation.** (1) The corporate activity tax imposed under section 63  
24 of this 2019 Act for each calendar year shall equal \$250 plus the product of the taxpayer's  
25 taxable commercial activity in excess of \$1 million for the calendar year multiplied by 0.57  
26 percent.

27 (2) A tax is not owed under this section if the person's taxable commercial activity does  
28 not exceed \$1 million.

29 **SECTION 66. Sourcing of commercial activity.** (1) For purposes of sections 58 to 76 of this  
30 2019 Act, commercial activity other than commercial activity of financial institutions or  
31 insurers shall be sourced to this state as follows:

32 (a) In the case of the sale, rental, lease or license of real property, if and to the extent  
33 the property is located in this state.

34 (b) In the case of the rental, lease or license of tangible personal property, if and to the  
35 extent the property is located in this state.

36 (c) In the case of the sale of tangible personal property, if and to the extent the property  
37 is delivered to a purchaser in this state.

38 (d) In the case of the sale of a service, if and to the extent the service is delivered to a  
39 location in this state.

40 (e) In the case of the sale, rental, lease or license of intangible property, if and to the  
41 extent the property is used in this state. If the receipts are not based on the amount of use  
42 of the property, but rather on the right to use the property, and the payor has the right to  
43 use the property in this state, the receipts shall be sourced to this state to the extent the  
44 receipts are based on the right to use the property in this state.

45 (2) If the sourcing provisions of subsection (1) of this section do not fairly represent the

1 extent of a person's commercial activity attributable to this state, the person may request,  
2 or the Department of Revenue may require or permit, an alternative method. A request un-  
3 der this subsection by a person must be made within the statute of limitations applicable to  
4 sections 58 to 76 of this 2019 Act.

5 (3) The department may adopt rules to provide additional guidance to the application of  
6 this section, and to provide alternative methods of sourcing commercial activity that apply  
7 to financial institutions and to insurers, and to any other persons, or a subset of persons,  
8 that are engaged in similar business or trade activities.

## 10 LOCAL TAX PREEMPTION

11  
12 **SECTION 67. Local taxes preempted.** (1) Except as expressly authorized by this section,  
13 the authority to impose, in this state, a tax upon the commercial activity of an entity is  
14 vested solely in the Legislative Assembly. A city, county, district or other political subdivi-  
15 sion or municipal corporation of this state may not impose, by ordinance or other law, a tax  
16 upon commercial activity or upon receipts from grocery sales.

17 (2) Subsection (1) of this section does not apply:

18 (a) To any tax, or to subsequent amendments of the provisions of any tax, if the ordi-  
19 nance or other law imposing the tax is in effect and operative on April 1, 2019, or is adopted  
20 by initiative or referendum petition at an election held prior to March 1, 2019; or

21 (b) To the imposition of franchise fees or franchise taxes.

## 22 REGISTRATION PROCEDURES

23  
24  
25 **SECTION 68. Registration.** (1) Any person or unitary group with commercial activity in  
26 excess of \$750,000 in the tax year shall register with the Department of Revenue.

27 (2) The department by rule may establish the information pertaining to the person or  
28 unitary group that must be submitted to the department accompanying the registration and  
29 the time and manner for issuance of registrations under this section.

30 (3) The department may impose a penalty for failing to register as required under this  
31 section, not to exceed \$100 per month that a person or unitary group has failed to register  
32 or a total of \$1,000 in a calendar year. The penalty under this subsection may be imposed not  
33 earlier than 30 days after the date on which the commercial activity of the person or unitary  
34 group exceeds \$750,000 for the tax year.

35 **SECTION 69. Records.** Every person doing business in this state shall keep records, re-  
36 cepts, invoices and other pertinent papers related to the corporate activity tax imposed un-  
37 der section 63 of this 2019 Act in a form required by the Department of Revenue.

## 38 RETURNS AND PAYMENTS

39  
40  
41 **SECTION 70. Returns, payment.** (1) For purposes of the corporate activity tax imposed  
42 under section 63 of this 2019 Act, every person doing business in this state with commercial  
43 activity for the tax year in excess of \$1 million shall file not later than April 15 of the fol-  
44 lowing year an annual return. The return must be filed with the Department of Revenue in  
45 a form prescribed by the department.



1 liver a copy of the assessment to the successor.

2  
3 **APPLICABILITY OF TAX LAWS**  
4

5 **SECTION 74.** Except as otherwise provided in sections 58 to 76 of this 2019 Act or where  
6 the context requires otherwise:

7 (1) The provisions of ORS chapters 305 and 314 as to the audit and examination of re-  
8 turns, periods of limitation, determination of and notices of deficiencies, assessments, col-  
9 lections, liens, delinquencies, claims for refund and refunds, conferences, appeals to the  
10 Oregon Tax Court, stays of collection pending appeal, confidentiality of returns and the  
11 penalties relative thereto, and the procedures relating thereto, apply to the determinations  
12 of taxes, penalties and interest under sections 58 to 76 of this 2019 Act.

13 (2) Any term that is not defined in section 58 of this 2019 Act shall have the meaning  
14 given that term for the purposes of ORS chapter 305, 314, 316 or 317.  
15

16 **DISPOSITION OF PROCEEDS**  
17

18 **SECTION 75. Payments to Department of Revenue.** For purposes of sections 58 to 76 of  
19 this 2019 Act, and except as otherwise provided by law, all taxes, interest and penalties im-  
20 posed and all amounts of corporate activity tax collected or required to be paid to the state  
21 shall be paid to the Department of Revenue and upon receipt by the department shall be  
22 turned over to the State Treasurer, to be disbursed as provided in section 76 of this 2019 Act.

23 **SECTION 76. Suspense account, other disposition.** (1) Except as otherwise provided by  
24 law, all moneys received by the Department of Revenue under sections 58 to 76 of this 2019  
25 Act shall be deposited in the State Treasury and credited to a suspense account established  
26 under ORS 293.445 separate and distinct from the General Fund. The department may pay  
27 expenses for the administration, collection and enforcement of the tax imposed under  
28 sections 58 to 76 of this 2019 Act out of moneys received from the corporate activity tax  
29 imposed under section 63 of this 2019 Act. Refunds, including refunds of erroneous overpay-  
30 ments or refunds of other moneys received in which the department has no legal interest,  
31 shall be paid out of the suspense account.

32 (2) After payment of refunds, the net revenue shall be transferred to the Fund for Stu-  
33 dent Success established under section 2 of this 2019 Act. A working balance of unreceipted  
34 revenue from the tax imposed under sections 58 to 76 of this 2019 Act may be retained by  
35 the department for the payment of refunds, but such working balance may not at the close  
36 of any fiscal year exceed the amount of \$500,000.

37 (3) There are continuously appropriated to the department amounts necessary to pay the  
38 administrative expenses of the department in administering, collecting and enforcing the  
39 corporate activity tax imposed under section 63 of this 2019 Act.  
40

41 **UNDERPAYMENT OR UNDERREPORTING**  
42

43 **SECTION 77. Interest and penalties.** (1) The Department of Revenue may not impose any  
44 interest or penalty that would otherwise apply to taxes due if the interest or penalty is based  
45 on underpayment or underreporting that results solely from the operation of sections 58 to

1 **76 of this 2019 Act.**

2 **(2) A taxpayer shall pay at least 80 percent of the balance due for any quarter or the**  
3 **department may impose a penalty as provided in ORS 314.400 (3).**

4 **SECTION 78. Section 77 of this 2019 Act applies to tax years beginning on or after Jan-**  
5 **uary 1, 2020, and before January 1, 2021, and to returns filed on or before April 15, 2021.**

6  
7 **APPLICABILITY**

8  
9 **SECTION 79. Sections 58 to 76 of this 2019 Act apply to tax years beginning on or after**  
10 **January 1, 2020.**

11  
12 **PARTS NOT SEVERABLE**

13  
14 **SECTION 80. It is the intent of the Legislative Assembly that each part of this 2019 Act**  
15 **be considered as essentially and inseparably connected with and dependent upon every other**  
16 **part. The Legislative Assembly does not intend that any part of this 2019 Act be the law if**  
17 **any other part does not become law.**

18  
19 **REPORT FROM DEPARTMENT OF EDUCATION**

20  
21 **SECTION 81. No later than February 1, 2020, the Department of Education shall provide**  
22 **a report, and may include recommendations for legislation, to an interim committee of the**  
23 **Legislative Assembly related to education regarding the progress of implementing this 2019**  
24 **Act.**

25 **SECTION 82. Section 81 of this 2019 Act is repealed on December 31, 2020.**

26  
27 **CAPTIONS**

28  
29 **SECTION 83. The unit and section captions used in this 2019 Act are provided only for**  
30 **the convenience of the reader and do not become part of the statutory law of this state or**  
31 **express any legislative intent in the enactment of this 2019 Act.**

32  
33 **EFFECTIVE DATE**

34  
35 **SECTION 84. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
36 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

37 \_\_\_\_\_