

# House Bill 2501

Sponsored by Representatives NERON, CAMPOS, RUIZ; Representatives HUDSON, MCLAIN, WILDE (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases formula weight for students in poverty families for purposes of State School Fund distributions.

Declares emergency, effective July 1, 2021.

## A BILL FOR AN ACT

1  
2 Relating to formula weight of students from poverty families for purposes of State School Fund dis-  
3 tributions; creating new provisions; amending ORS 286A.801, 327.013, 327.195, 327.254 and  
4 338.157; and declaring an emergency.

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

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

7 327.013. The State School Fund distributions for school districts include the following grants:

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

9 For the purpose of the calculation made under this subsection:

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

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

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

15 (B) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-  
16 erage teacher experience}. As used in this subparagraph, “average teacher experience” means the  
17 average, in years, of teaching experience of licensed teachers as reported to the Department of Ed-  
18 ucation.

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

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

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

30 (ii) 0.5 for each student in average daily membership eligible for and enrolled in an English

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 language learner program under ORS 336.079.

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

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

9 (v) [0.25] **0.5** times the *[sum of the following:]*

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

14 **(vi) 0.25 times the sum of the following:**

15 [(II) (I)] The number of children in foster homes in the district as determined by the report of  
 16 the Department of Human Services to the United States Department of Education, “Annual Statis-  
 17 tical Report on Children in Foster Homes and Children in Families Receiving AFDC Payments in  
 18 Excess of the Poverty Income Level,” or its successor, for October 31 of the year prior to the year  
 19 of distribution; and

20 [(III) (II)] The number of children in the district in state-recognized facilities for neglected and  
 21 delinquent children, based on information from the Department of Human Services for October 31  
 22 of the year prior to the year of distribution.

23 [(vi)] **(vii)** The amount determined under ORS 327.077 for each remote small elementary school  
 24 and for each small high school in the district.

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

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

30 (2) High cost disabilities grant = the total amount received by a school district under ORS  
 31 327.348 for providing special education and related services to resident pupils with disabilities.

32 (3)(a) Transportation grant equals:

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

35 (B) 80 percent of approved transportation costs for those school districts ranked in or above the  
 36 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

37 (C) 90 percent of approved transportation costs for those school districts ranked in or above the  
 38 90th percentile under paragraph (b) of this subsection.

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

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

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

45 (c) As used in this subsection:

1 (A) “New school building” includes new school buildings, structures added onto existing school  
 2 buildings and premanufactured structures added to a school district if those buildings or structures  
 3 are to be used for instructing students.

4 (B) “Construction costs” does not include costs for land acquisition.

5 **SECTION 2. The amendments to ORS 327.013 by section 1 of this 2021 Act apply to State**  
 6 **School Fund distributions commencing with the 2021-2022 distributions.**

7 **SECTION 3.** ORS 286A.801 is amended to read:

8 286A.801. (1) The Department of Education shall administer a grant program that is financed  
 9 with the net proceeds of Article XI-P bonds and that provides matching fund grants to school dis-  
 10 tricts for capital costs of the school districts. Any construction, improvement, remodel, equipment,  
 11 maintenance or repair of a building of a school district that is financed with a grant received under  
 12 this section is not required to meet the standards specified in ORS 286A.810.

13 (2) A school district that seeks a grant under this section must prepare and submit a facilities  
 14 assessment and a long-range facilities plan to the department with the application for the grant.

15 (3) A school district is eligible to receive a grant under this section if:

16 (a) The school district complies with the requirements of this section and rules adopted pursuant  
 17 to this section; and

18 (b) Moneys are available to the school district pursuant to subsection (6) of this section.

19 (4) A school district that receives a grant under this section must provide matching funds that  
 20 meet or exceed the amount of the grant. The matching funds must be from general obligation bonds  
 21 approved by the voters of the school district to finance capital costs of the school district.

22 (5) Grants awarded under this section shall be calculated as follows:

23 (a) For a school district that provides matching funds in any amount up to \$4 million, a match-  
 24 ing ratio for state to local funds of one to one.

25 (b) For a school district that provides matching funds in any amount greater than \$4 million, a  
 26 matching ratio for state to local funds that is based on the funding formula developed as provided  
 27 in subsection (7)(c) of this section. Grants awarded under this paragraph shall be for a minimum of  
 28 \$4 million per grant and a maximum of \$8 million per grant.

29 (6)(a) The department shall award grants to school districts as follows:

30 (A) Sixty percent of funds available for grants shall be based on the priority list established  
 31 under subsection (7)(b) of this section; and

32 (B) Forty percent of funds available for grants shall be provided to school districts based on the  
 33 order in which the Department of Education receives the completed applications for the grants.

34 (b) To the extent that moneys are available, a school district that receives moneys as provided  
 35 by paragraph (a)(A) of this subsection also may receive moneys as provided by paragraph (a)(B) of  
 36 this subsection. The total amount the school district receives may not exceed the maximum amount  
 37 allowed under subsection (5) of this section.

38 (7)(a) For the purpose of awarding grants under this section, the department shall develop a  
 39 priority list and a funding formula that are based on:

40 (A) The total assessed value of all tangible property located in the school district;

41 (B) The percentage of poverty families within the school district, as calculated under ORS  
 42 327.013 [(1)(c)(A)(v)(I)] (1)(c)(A)(v); and

43 (C) The number of students in average daily membership for the school district, as calculated  
 44 under ORS 327.061.

45 (b) The priority list developed under this subsection shall be used to rank the order in which

1 school districts may qualify to receive a grant under subsection (6)(a)(A) of this section.

2 (c) The funding formula developed under this subsection shall be used to determine the matching  
 3 ratio for state to local funds. The funding formula must comply with the limits described in sub-  
 4 section (5) of this section.

5 (8) The State Board of Education may adopt any rules necessary for the administration of this  
 6 section.

7 **SECTION 4.** ORS 327.195 is amended to read:

8 327.195. (1)(a) Except as provided by paragraph (d) of this subsection, the amount of a grant  
 9 awarded from the Student Investment Account = the grant recipient's ADMw × (the total amount  
 10 available for distribution as grants in each biennium ÷ the total ADMw of all grant recipients).

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

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

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

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

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

22 (d) The amount of a grant distributed under this section may be adjusted by the department to  
 23 ensure that:

24 (A) A grant recipient does not receive any moneys for uses that are not allowed uses under ORS  
 25 327.180 (3).

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

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

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

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

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

35 **SECTION 5.** ORS 327.254 is amended to read:

36 327.254. (1) The Department of Education shall use moneys in the Statewide Education Initi-  
 37 atives Account to provide funding for statewide education initiatives, including:

38 (a) Funding the High School Graduation and College and Career Readiness Act at the levels  
 39 prescribed by ORS 327.856;

40 (b) Expanding school breakfast and lunch programs;

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

42 (d) Establishing and maintaining the Statewide School Safety and Prevention System under ORS  
 43 339.341;

44 (e) Developing and providing statewide equity initiatives, including the black or African-  
 45 American education plan developed under ORS 329.841, the American Indian or Alaskan Native ed-

1 ucation plan developed under ORS 329.843, the Latino or Hispanic education plan developed under  
 2 ORS 329.845 or any similar education plan identified by the department;

3 (f) Providing summer learning programs at schools that are considered high poverty under Title  
 4 I of the federal Elementary and Secondary Education Act of 1965;

5 (g) Funding early warning systems to assist students in graduating from high school, as de-  
 6 scribed in ORS 327.367;

7 (h) Developing and implementing professional development programs and training programs, in-  
 8 cluding programs that increase educator diversity and retain diverse educators;

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

11 (j) Providing additional funding to school districts participating in the intensive program under  
 12 ORS 327.222;

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

14 (A) The coaching program described in ORS 327.214; and

15 (B) The intensive program described in ORS 327.222, including costs for student success teams;

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

17 (m) Funding costs incurred by the department in implementing this section and ORS 327.175 to  
 18 327.235 and 327.274.

19 (2)(a) The amount of a distribution to an education service district under this section = the  
 20 education service district's ADMw  $\times$  (the total amount available for distribution to education ser-  
 21 vice districts in each biennium  $\div$  the total ADMw of all education service districts that receive a  
 22 distribution).

23 (b) For purposes of this subsection, ADMw equals the ADMw as calculated under ORS  
 24 327.013[ *except that the additional amount allowed for students who are in poverty families, as deter-*  
 25 *mined under ORS 327.013 (1)(c)(A)(v)(I), shall be 0.5*].

26 (c) An education service district shall use moneys received under this section as provided by a  
 27 plan developed by the school districts located within the education service district. A school district  
 28 that declines to participate in the development of the plan or that has withdrawn from an education  
 29 service district as provided by ORS 334.015 is not entitled to any moneys distributed to the educa-  
 30 tion service district under this subsection.

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

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

34 (B) Include the provision of technical assistance to school districts in developing, implementing  
 35 and reviewing a plan for receiving a grant from the Student Investment Account;

36 (C) Provide for coordination with the department in administering and providing technical as-  
 37 sistance to school districts, including coordinating any coaching programs established under ORS  
 38 327.214; and

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

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

42 (A) Describes how the education service district spent moneys received under this subsection;  
 43 and

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

1 (3) The State Board of Education shall adopt rules necessary for the distribution of moneys un-  
2 der this section.

3 **SECTION 6.** ORS 338.157 is amended to read:

4 338.157. For purposes of calculating the weighted average daily membership (ADMw) of a public  
5 charter school, it shall be assumed that the public charter school has the same percentage of chil-  
6 dren in poverty families, as calculated under ORS 327.013 [(1)(c)(A)(v)(I)] **(1)(c)(A)(v)**, as the school  
7 district in which the public charter school is located. Based on this percentage, an additional  
8 amount shall be added to the average daily membership (ADM) of the public charter school.

9 **SECTION 7. This 2021 Act being necessary for the immediate preservation of the public**  
10 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**  
11 **July 1, 2021.**

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