

A-Engrossed
House Bill 2710

Ordered by the House April 10
Including House Amendments dated April 10

Sponsored by Representatives VALDERRAMA, RUIZ, BYNUM; Representative HUDSON (at the request of Amanda Manjarrez) (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.

[Requires school districts to file with Superintendent of Public Instruction information about allocations and expenditures of moneys received from State School Fund. Directs Department of Education to make information describing allocations and expenditures of moneys available on department's website.]

Requires school districts and education service districts to include in audit reports filed with Department of Education information describing expenditures of moneys received from State School Fund. Directs department to make information received from audit reports available on department's website.

Directs department to convene advisory committee to make recommendations related to budgeting, accounting and expenditures of school districts and education service districts.

Directs department to make biennial report to interim committees of Legislative Assembly related to education that provides aggregate school district and education service district expenditures of State School Fund moneys for purpose of assisting Legislative Assembly in developing biennial budget.

A BILL FOR AN ACT

1
2 Relating to district use of State School Fund moneys; creating new provisions; and amending ORS
3 327.008 and 327.137.

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

5 **SECTION 1.** ORS 327.137 is amended to read:

6 327.137. (1)(a) Every common or union high school district or education service district shall file
7 a copy of its audit report with the Department of Education within six months of the end of the
8 fiscal year for which the audit is required. The audit report shall include:

9 (A) Information necessary for the computation required in the administration of ORS 327.006 to
10 327.133, 327.348, 327.356 to 327.359, 327.731, 328.542 and 530.115 and this section; *[and]*

11 **(B) Information describing the expenditures of moneys received by school districts from**
12 **the State School Fund as provided by ORS 327.013 and by education service districts as pro-**
13 **vided by ORS 327.019; and**

14 *[(B)]* (C) If the district is a sponsor of any public charter schools, a copy of each annual audit
15 forwarded to the district as required by ORS 338.095 (4).

16 (b) If the audit report, as submitted to the district, fails to provide the detail necessary for the
17 computation required in the administration of ORS 327.006 to 327.133, 327.348, 327.356 to 327.359,
18 327.731, 328.542 and 530.115 and this section, the district shall submit the necessary information on
19 forms provided by the department within the time prescribed for filing the audit in this section.

20 (c) The Superintendent of Public Instruction may withhold any payments from the State School

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 Fund for a public charter school that, pursuant to ORS 338.155, are due to a district under ORS
2 327.095 if:

3 (A) The audit report filed by the district fails to include the public charter school annual audit
4 as required by paragraph (a)(B) of this subsection; and

5 (B) The district has not filed the public charter school annual audit with the department by
6 April 1.

7 (d) If payments are withheld as provided by paragraph (c) of this subsection, the superintendent
8 may allow payments to be made from the State School Fund to the district upon receipt of the an-
9 nual audit or upon the meeting of any other conditions identified by rule of the State Board of Ed-
10 ucation.

11 (e) Any district failing to file a copy of an audit report under this section or a report under ORS
12 327.133 may not receive any payments from the State School Fund until the report is filed.

13 **(2)(a) The Department of Education shall prescribe requirements for the reporting of**
14 **expenditures under subsection (1)(a)(B) of this section. The department shall make informa-**
15 **tion received under subsection (1)(a)(B) of this section available on the department's website**
16 **in a manner that makes the information transparent, uniform and readily accessible.**

17 [(2)] **(3)** Notwithstanding the timeline provided by this section and pursuant to rules adopted by
18 the State Board of Education, the superintendent may waive a reporting date or specify an alter-
19 native date to provide the audit report or information if a human-created disaster or a natural dis-
20 aster affects the ability of a school district or an education service district to provide the audit
21 report or information by a specified date.

22 **SECTION 2. (1) The Department of Education shall convene an advisory committee to**
23 **make any recommendations necessary to:**

24 **(a) Update the uniform budget and accounting system for school districts and education**
25 **service districts under ORS 327.511; and**

26 **(b) Provide transparency, uniformity and consistency in how school districts report**
27 **expenditures and comply with the requirements of ORS 327.137.**

28 **(2) Any recommendations made by the advisory committee convened under this section**
29 **must:**

30 **(a) Align with existing requirements in the uniform budget and accounting system**
31 **adopted under ORS 327.511;**

32 **(b) Allow the Department of Education to provide a statewide, aggregate view of State**
33 **School Fund expenditures to the Legislative Assembly;**

34 **(c) Consider how to streamline existing budgetary reporting requirements to reduce any**
35 **undue burden for school districts and education service districts;**

36 **(d) Include a plan for making the State School Fund expenditure data for each school**
37 **district available in a manner that is accessible to the public; and**

38 **(e) Be presented to the State Board of Education.**

39 **(3) The advisory committee convened under this section must include at least the fol-**
40 **lowing representatives:**

41 **(a) Stakeholders with technical expertise in school financial systems;**

42 **(b) School business managers;**

43 **(c) Community-based organizations and culturally specific organizations;**

44 **(d) Student organizations and parent organizations; and**

45 **(e) Organizations representing school district boards, school district administrators, li-**

1 **censed school employees, classified school employees and education service districts.**

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

3 327.008. (1)(a) There is established a State School Fund in the General Fund.

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

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

11 (d) The State School Fund is continuously appropriated to the Department of Education for the
12 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 327.356 to
13 327.359, 336.575, 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

14 (e) **No later than September 15 of each even-numbered year, the Department of Educa-**
15 **tion shall report to the interim committees of the Legislative Assembly related to education,**
16 **in the manner provided in ORS 192.245, the aggregate school district and education service**
17 **district expenditures from the State School Fund for the purpose of assisting the Legislative**
18 **Assembly in developing the biennial budget and determining the amount to be appropriated**
19 **to the State School Fund for the following biennium.**

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

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

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

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

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

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

38 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-
39 ceed \$3 million in any biennium. If the total amount to be distributed as facility grants exceeds this
40 limitation, the Department of Education shall prorate the amount of funds available for facility
41 grants among those school districts that qualified for a facility grant. If the total amount to be dis-
42 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended
43 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

44 (9) Each biennium, the Department of Education may expend from the State School Fund no
45 more than \$10 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)

1 to (7).

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

5 (11) Each fiscal year, the Department of Education shall transfer the amount of \$55 million from
6 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

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

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

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

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

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

16 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same
17 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204
18 direct the state agencies to adjust their agency budget requests for special payments under ORS
19 291.216 (6)(a)(C).

20 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State
21 School Fund to the Statewide English Language Learner Program Account established under ORS
22 327.344.

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

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

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

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

38 (18) Each biennium, the Department of Education shall transfer an amount not to exceed
39 \$5,595,000 for the purpose of making tampons and sanitary pads available as provided by ORS
40 326.545.

41 (19) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from
42 the State School Fund to the Small School District Supplement Fund established in ORS 327.359.

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