

Enrolled
House Bill 2140

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Office of the Governor)

CHAPTER

AN ACT

Relating to funding of the State School Fund; creating new provisions; amending ORS 291.210 and 327.008; and declaring an emergency.

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

SECTION 1. ORS 291.210 is amended to read:

291.210. (1) The Oregon Department of Administrative Services and the Legislative Fiscal Officer shall prepare a tentative budget for the next biennium for which the Governor's budget is prepared. The tentative budget shall consist of the estimated revenues under ORS 291.342 for the next biennium and a preliminary estimate of the projected costs of continuing currently authorized programs for the next biennium.

(2) The Legislative Fiscal Officer shall, during the development of the legislatively adopted budget, review and update projected costs of continuing currently authorized programs for the next biennium, including:

- (a) Position vacancy assumptions;
- (b) Standard and exceptional inflation adjustments;
- (c) Mandated caseloads; and
- (d) Other assumptions used in developing the tentative budget.

(3) When estimating the projected costs of programs funded by State School Fund distributions, the Oregon Department of Administrative Services and the Legislative Fiscal Officer shall consult with the Department of Education and:

(a) Base the projections on the second year of the current biennium, with the assumption that distributions of general purpose grants and transportation grants were made as described in ORS 327.008 (2)(b); and

(b) Take into account annual information for projected local revenue, as described in ORS 327.011.

SECTION 2. ORS 327.008 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. Moneys received as provided in this paragraph shall be deposited into the State School Fund.

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

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

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

(b) Each biennium, the Department of Education shall distribute amounts available for the general purpose grant and the transportation grant, based on calculations made prior to any modifications made by the Emergency Board or the Legislative Assembly, as follows:

(A) Forty-nine percent of the amounts available for distribution in the first year of the biennium; and

(B) Fifty-one percent of the amounts available for distribution in the second year of the biennium.

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

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

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

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

(7) Each biennium, the Department of Education may expend from the State School Fund no more than \$3 million for expenses incurred by the department in providing support to school districts, education service districts and public charter schools at any time before, during or after a threat or hazard that may affect a school district, an education service district or a public charter school and for the purpose of helping to improve the safety and security of students and staff.

(8) Each biennium, the Department of Education may expend from the State School Fund no more than \$10 million for expenses incurred by the Office of School Facilities under ORS 326.125 (1)(b) to (g).

(9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in ORS 327.022 the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

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

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

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

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

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

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

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

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

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

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

(15) Each biennium, the Department of Education may expend up to \$150,000 from the State School Fund for the administration of a program to increase the number of licensed speech-language pathologists and certified speech-language pathology assistants under ORS 348.398.

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

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

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

(19) Each biennium, the Department of Education shall transfer to the Oregon Military Department the amount necessary to pay the costs of educational services provided to students admitted to programs operated by the military department for at-risk youth, as described in ORS 396.360, that are outstanding after any General Fund appropriations and the calculation of available federal funds for the programs.

SECTION 3. The amendments to ORS 327.008 by section 2 of this 2025 Act apply to State School Fund distributions commencing with the 2025-2026 school year distributions.

SECTION 4. This 2025 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect July 1, 2025.

Passed by House June 5, 2025

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Timothy G. Sekerak, Chief Clerk of House

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Julie Fahey, Speaker of House

Passed by Senate June 17, 2025

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Rob Wagner, President of Senate

Received by Governor:

.....M.,....., 2025

Approved:

.....M.,....., 2025

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2025

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Tobias Read, Secretary of State