

House Bill 3014

Sponsored by Representative NERON (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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Makes more money available from grants for school districts and ESDs to use for school facilities. (Flesch Readability Score: 63.6).

Establishes the School District Facility Equity Fund. Directs the Office of School Facilities to award grants from the fund for the facility needs of school districts and education service districts. Prescribes the requirements for the grants. Authorizes the issuance of lottery bonds for deposit in the fund.

Directs the Superintendent of Public Instruction to convene the school facilities advisory group for the purpose of reviewing and making recommendations for sustainable funding sources for the fund.

Declares an emergency, effective July 1, 2025.

A BILL FOR AN ACT

1
2 Relating to school facilities; creating new provisions; amending ORS 326.125, 326.549 and 327.008;
3 and declaring an emergency.

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

5 **SECTION 1.** ORS 326.125 is amended to read:

6 326.125. (1) For the purpose of assisting school districts and education service districts with
7 capital costs, the Office of School Facilities is established within the Department of Education.

8 (2) The office shall be responsible for:

9 *[(a) Distributing hardship grants to school districts with facility needs. Grants awarded under this*
10 *paragraph may not exceed \$500,000 and shall be provided to school districts based on the order in*
11 *which the Department of Education receives the completed applications for the grants. A school district*
12 *may be eligible for a grant under this paragraph if the school district meets requirements established*
13 *by the State Board of Education by rule, including any requirements to provide matching funds.]*

14 (a) **Distributing grants as provided by section 2 of this 2025 Act.**

15 (b) Providing technical assistance and establishing and maintaining standards for facilities as-
16 sessments and long-range facilities plans for school districts and education service districts.

17 (c) Administering a certification program for qualified providers of technical assistance for the
18 purposes described in paragraph (b) of this subsection.

19 *[(d) Providing grants to school districts and education service districts for the cost of technical*
20 *assistance for the purposes described in paragraph (b) of this subsection. The State Board of Education*
21 *may establish by rule requirements for a district to receive a grant under this paragraph. Grants for*
22 *a district under this paragraph may not exceed the following amounts, as adjusted under subsection*
23 *(2) of this section:]*

24 *[(A) \$40,000 for a facilities assessment;]*

25 *[(B) \$40,000 for a long-range facilities plan;]*

26 *[(C) \$40,000 for an assessment of district facilities for potential environmental hazards under ORS*

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.

1 332.331; and]

2 [(D) \$40,000 for a seismic assessment or other specialized assessment.]

3 [(e)] (d) Maintaining the Oregon School Facilities Database. The database must include infor-
4 mation that:

5 (A) Assists with analyzing, planning and prioritizing school capital improvement needs for school
6 districts and education service districts by providing district-to-district and school-to-school com-
7 parisons; and

8 (B) Is required by the State Board of Education by rule.

9 [(f)] (e) Administering the grant program described in ORS 286A.801.

10 [(g)] (f) Administering a statewide facilities assessment program.

11 [(2) To account for effects of inflation, the State Board of Education shall, by rule, biennially adjust
12 the maximum amounts of technical assistance grants specified in subsection (1)(d) of this section based
13 on the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the
14 Bureau of Labor Statistics of the United States Department of Labor.]

15 **SECTION 2. (1) The Office of School Facilities within the Department of Education shall**
16 **award grants as provided by this section for the purpose of assisting school districts and**
17 **education service districts with capital costs.**

18 (2)(a) **The office shall distribute hardship grants to school districts with facility needs.**

19 (b) **Grants awarded under this subsection may not exceed \$500,000 and shall be provided**
20 **to school districts based on the order in which the Department of Education receives the**
21 **completed applications for the grants.**

22 (c) **A school district may be eligible for a grant under this subsection if the school dis-**
23 **trict meets requirements established by the State Board of Education by rule, including any**
24 **requirements to provide matching funds.**

25 (3)(a) **The office shall distribute grants to school districts and education service districts**
26 **for the cost of technical assistance for the purposes described in ORS 326.125 (2)(b).**

27 (b) **Grants for a district under this subsection may not exceed the following amounts, as**
28 **adjusted under subsection (5) of this section:**

29 (A) **\$40,000 for a facilities assessment;**

30 (B) **\$40,000 for a long-range facilities plan;**

31 (C) **\$40,000 for an assessment of district facilities for potential environmental hazards**
32 **under ORS 332.331; and**

33 (D) **\$40,000 for a seismic assessment or other specialized assessment.**

34 (c) **The State Board of Education may establish by rule requirements for a district to**
35 **receive a grant under this subsection.**

36 (4)(a) **The office shall distribute grants to school districts and education service districts**
37 **from the School District Facility Equity Fund established in section 3 of this 2025 Act to pay**
38 **for facility needs.**

39 (b) **Grants awarded from the School District Facility Equity Fund shall be distributed as**
40 **follows:**

41 (A) **No more than 50 percent of the amount available for distribution from the fund for**
42 **the biennium, as determined by the State Board of Education, may be distributed to school**
43 **districts and education service districts as provided by this subparagraph. Distributions may**
44 **not be made on condition of the district providing matching funds and may not exceed \$2.5**
45 **million per grant recipient per biennium. Distributions must be used for facility replacement,**

1 repair or maintenance or for health and safety upgrades. Distributions may be used for any
 2 facility that is owned by the district and that is used to serve students, including public
 3 charter schools.

4 (B) No more than 50 percent of the amount available for distribution from the fund for
 5 the biennium, as determined by the State Board of Education, may be distributed to school
 6 districts as provided by this subparagraph. Distributions must be made on condition of the
 7 district providing matching funds and may not exceed \$10 million per grant recipient per
 8 biennium. Distributions must be used for construction, remodeling or renovations. Distrib-
 9 utions may be used for any facility that is owned by the district and that is used to serve
 10 students, including public charter schools.

11 (c) The State Board of Education shall adopt by rule:

12 (A) Eligibility requirements for a grant distributed under this subsection, which:

13 (i) Must include a demonstration of financial need; and

14 (ii) May include consideration of:

15 (I) Previous attempts by the district to receive voter approval for a local general obli-
 16 gation bond for capital costs;

17 (II) Whether the district has received any Oregon School Capital Improvement Matching
 18 Program grants or grants through the seismic rehabilitation grant program;

19 (III) The financial resources of the district; and

20 (IV) Other criteria identified by the board.

21 (B) Matching requirements and prioritization requirements for a grant distributed under
 22 this subsection, which may include consideration of:

23 (i) The percentage of poverty families within the district;

24 (ii) The assessed value of taxable property in the district;

25 (iii) The percentage of students from the district who are in a student group identified
 26 in ORS 327.180 (2)(b); and

27 (iv) Other criteria identified by the board.

28 (5) To account for the effects of inflation, the State Board of Education shall, by rule,
 29 biennially adjust the maximum amounts specified in subsections (3) and (4) of this section
 30 based on the Consumer Price Index for All Urban Consumers, West Region (All Items), as
 31 published by the Bureau of Labor Statistics of the United States Department of Labor.

32 **SECTION 3.** (1) The School District Facility Equity Fund is established in the State
 33 Treasury, separate and distinct from the General Fund. Interest earned by the School Dis-
 34 trict Facility Equity Fund shall be credited to the fund.

35 (2) Moneys in the School District Facility Equity Fund are continuously appropriated to
 36 the Department of Education for the purposes set forth in section 2 (4) of this 2025 Act.

37 (3) The School District Facility Equity Fund shall consist of moneys credited to the fund,
 38 including:

39 (a) Moneys appropriated to the fund or otherwise made available to the fund by the
 40 Legislative Assembly;

41 (b) Earnings on moneys in the fund;

42 (c) Moneys received from the federal or state government; and

43 (d) Moneys from any other source, including, but not limited to, grants and gifts.

44 **SECTION 4.** (1) For the biennium beginning July 1, 2025, at the request of the Depart-
 45 ment of Education, the State Treasurer is authorized to issue lottery bonds pursuant to ORS

1 **286A.560 to 286A.585 in an amount that produces \$100,000,000 in net proceeds for the purposes**
 2 **described in subsection (2) of this section, plus an additional amount estimated by the State**
 3 **Treasurer to be necessary to pay bond-related costs.**

4 **(2) Net proceeds of lottery bonds issued under this section must be transferred to the**
 5 **Department of Education for deposit in the School District Facility Equity Fund established**
 6 **in section 3 of this 2025 Act for distribution as grants under section 2 (4) of this 2025 Act.**

7 **(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs,**
 8 **further economic development, finance public education or restore and protect parks,**
 9 **beaches, watersheds and native fish and wildlife, and is authorized based on the following**
 10 **findings:**

11 **(a) All students in this state deserve the opportunity to attend school in a healthy and**
 12 **safe building that provides a great learning environment for students and a great teaching**
 13 **environment for educators.**

14 **(b) Over the past decade, the Legislative Assembly has made significant investments in**
 15 **improving this state’s kindergarten through grade 12 public school infrastructure, including**
 16 **the creation of the Office of School Facilities within the Department of Education, the cre-**
 17 **ation and funding of the Oregon School Capital Improvement Matching Program grants, and**
 18 **significant funding increases in the seismic rehabilitation grant program. Despite these ef-**
 19 **forts, many school districts struggle to pass local construction bonds and there are likely**
 20 **billions of dollars in school facilities improvements and deferred maintenance projects in**
 21 **school districts across this state.**

22 **(c) Natural disasters, wildfires and climate change are putting stress and strain on fa-**
 23 **ilities, and schools have had to close temporarily due to unsafe air quality, excessive heat**
 24 **or other unhealthy learning environments.**

25 **(d) All students in this state deserve the opportunity to attend a high quality school that**
 26 **is healthy and safe and, in order to achieve the goal of providing high quality schools that**
 27 **are healthy and safe, additional investment is needed to support school districts that struggle**
 28 **financially to build and maintain schools.**

29 **SECTION 5.** ORS 327.008 is amended to read:

30 327.008. (1)(a) There is established a State School Fund in the General Fund.

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

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

38 (d) The State School Fund is continuously appropriated to the Department of Education for the
 39 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 327.356 to
 40 327.359, 336.575, 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

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

45 (3) For the first school year after a public charter school ceases to operate because of dissol-

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

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

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

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

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

17 (8) Each biennium, the Department of Education may expend from the State School Fund no
 18 more than \$10 million for expenses incurred by the Office of School Facilities under ORS 326.125
 19 **[(1)(b) to (g)] or section 2 (3) of this 2025 Act.**

20 (9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facil-
 21 ity Account established in ORS 327.022 the amount necessary to pay the costs of educational ser-
 22 vices provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

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

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

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

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

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

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

34 (c) For each biennium, the amounts identified in this subsection shall be adjusted by the same
 35 percentage by which the instructions furnished to state agencies by the Governor under ORS 291.204
 36 direct the state agencies to adjust their agency budget requests for special payments under ORS
 37 291.216 (6)(a)(C).

38 (12) Each biennium, the Department of Education shall transfer \$12.5 million from the State
 39 School Fund to the Statewide English Language Learner Program Account established under ORS
 40 327.344.

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

45 (14) Each biennium, the Department of Education may expend up to \$350,000 from the State

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

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

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

11 (17) Each biennium, the Department of Education shall transfer an amount not to exceed
12 \$5,595,000 for the purpose of making tampons and sanitary pads available as provided by ORS
13 326.545.

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

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

21 **SECTION 6.** ORS 326.549 is amended to read:

22 326.549. (1) At least annually, the Superintendent of Public Instruction shall convene a school
23 facilities advisory group.

24 (2) The advisory group convened under this section shall consist of:

- 25 (a) Experts in finance, architecture, engineering and construction; and
- 26 (b) Representatives of school districts.

27 (3) The advisory group shall assist the superintendent in issues related to school facilities. To
28 assist the superintendent, the advisory group shall:

29 (a) Review the grant program established by ORS 286A.801;

30 **(b) Review the grant programs administered as provided by section 2 of this 2025 Act;**

31 **[(b)] (c)** Review the certification program for qualified providers of technical assistance de-
32 scribed in ORS 326.125 **[(1)(c)] (2)(c)**;

33 **[(c)] (d)** Review the maintenance of the Oregon School Facilities Database described in ORS
34 326.125 **[(1)(e)] (2)(d)**; and

35 **[(d)] (e)** Advise the superintendent on any needed changes of programs related to school facili-
36 ties or capital costs of school districts.

37 **SECTION 7.** (1) **No later than January 1, 2026, the Superintendent of Public Instruction**
38 **shall convene the school facilities advisory group described in ORS 326.549 for the purpose**
39 **of reviewing and making recommendations for sustainable funding sources for the School**
40 **District Facility Equity Fund established in section 3 of this 2025 Act.**

41 **(2) No later than June 30, 2026, the school facilities advisory group shall present a report**
42 **to the State Board of Education that makes recommendations for sustainable funding**
43 **sources for the School District Facility Equity Fund.**

44 **SECTION 8.** Section 7 of this 2025 Act is repealed on July 1, 2026.

45 **SECTION 9.** This 2025 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
2 **July 1, 2025.**

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