

House Bill 3506

Sponsored by Representatives HANSEN, GREENLICK; Representatives MARCH, NOLAN, SHIELDS, TOMEI

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**.

Excludes specified amount received as property taxes from local revenues of school district for purposes of calculating State School Fund grant. Sunsets exclusion on July 1, 2010.

Allows school districts to continue to receive property taxes from increase to permanent rate limit if approved by electors of district prior to January 1, 2007.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 327.013 and section 36, chapter
3 715, Oregon Laws 2003; and prescribing an effective date.

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

5 **SECTION 1.** ORS 327.013, as amended by section 30, chapter 1066, Oregon Laws 1999, section
6 12, chapter 670, Oregon Laws 2001, sections 20 and 23, chapter 695, Oregon Laws 2001, and sections
7 10 and 13, chapter 715, Oregon Laws 2003, is amended to read:

8 327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

12 (3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

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

14 (5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide av-
15 erage teacher experience}. "Average teacher experience" means the average, in years, of teaching
16 experience of certified teachers as reported to the Department of Education.

17 (6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

18 (7)(a) Weighted average daily membership or ADMw = average daily membership + an addi-
19 tional amount computed as follows:

20 (A) 1.0 for each student in average daily membership eligible for special education as a child
21 with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district's ADM
22 without review and approval of the Department of Education. Children with disabilities eligible for
23 special education in adult local correctional facilities as defined in ORS 169.005 or adult regional
24 correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11
25 percent.

26 (B) 0.5 for each student in average daily membership eligible for and enrolled in an English as
27 a second language program under ORS 336.079.

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

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

5 (E) 0.25 times the sum of the following:

6 (i) The number of children 5 to 17 years of age in poverty families in the district, as determined
 7 by the Department of Education from a report of the federal Department of Education based on the
 8 most recent federal decennial census, as adjusted by the school district's proportion of students in
 9 the county receiving free or reduced price lunches under the United States Department of Agricul-
 10 ture's current Income Eligibility Guidelines if the number is higher than the number determined
 11 from census data and only if the school district had an average daily membership of 2,500 or less
 12 for the 1995-1996 school year, and as further adjusted by the number of students in average daily
 13 membership in June of the year of distribution divided by number of students in average daily
 14 membership in the district, or its predecessors, in June of the year of the most recent federal
 15 decennial census;

16 (ii) The number of children in foster homes in the district as determined by the report of the
 17 Department of Human Services to the federal Department of Education, "Annual Statistical Report
 18 on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the
 19 Poverty Income Level," or its successor, for October 31 of the year prior to the year of distribution;
 20 and

21 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
 22 quent children, based on information from the Department of Human Services for October 31 of the
 23 year prior to the year of distribution.

24 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each
 25 remote small elementary school and for each small high school in the district.

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

28 (b) The total additional weight that shall be assigned to any student in average daily member-
 29 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall
 30 not exceed 2.0.

31 (8)(a) Transportation grant equals:

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

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

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

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

41 (9) Local Revenues are the total of the following:

42 (a) The amount of revenue offset against local property taxes as determined by the Department
 43 of Revenue under ORS 311.175 (3)(a)(A);

44 (b) The amount of property taxes actually received by the district including penalties and in-
 45 terest on taxes;

1 (c) The amount of revenue received by the district from the Common School Fund under ORS
2 327.403 to 327.415;

3 (d) The amount of revenue received by the district from the county school fund;

4 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
5 revenues required to be distributed to schools by ORS 294.060 (1);

6 (f) The amount of revenue received by the district from state managed forestlands under ORS
7 530.115 (1)(b) and (c);

8 (g) Moneys received in lieu of property taxes;

9 (h) Federal funds received without specific application by the school district and which are not
10 deemed under federal law to be nonsupplantable;

11 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
12 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
13 have been imposed by the district if the district had certified the maximum rate of operating prop-
14 erty taxes allowed by law; and

15 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
16 695, Oregon Laws 2001, or ORS 327.019 (8).

17 (10) Notwithstanding subsection (9) of this section, Local Revenues do not include[.];

18 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount
19 equal to the lesser of:

20 [(a)] (A) The amount of revenue actually [received by the district from local option taxes imposed
21 pursuant to ORS 280.040 to 280.145;

22 [(b)] (B) Fifteen percent of the combined total for the school district of the general purpose
23 grant, the transportation grant and the facility grant of the district; or

24 [(c)] (C) \$750 per district extended ADMw[.]; and

25 (b) **For those school districts with a statutory rate limit on July 1, 2003, that is greater**
26 **than \$4.50 per \$1,000 of assessed value, the amount of property taxes actually received by the**
27 **district, including penalties and interest on taxes, that results from an increase in the rate**
28 **of ad valorem property tax of the district under section 11 (5)(d), Article XI of the Oregon**
29 **Constitution.**

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

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

33 (c) As used in this subsection:

34 (A) "New school building" includes new school buildings, adding structures onto existing school
35 buildings and adding premanufactured structures to a school district if those buildings or structures
36 are to be used for instructing students.

37 (B) "Construction costs" does not include costs for land acquisition.

38 **SECTION 2.** Section 36, chapter 715, Oregon Laws 2003, is amended to read:

39 **Sec. 36. (1)** [*Section 35 of this 2003 Act*] **ORS 310.239** applies to tax years beginning on or after
40 July 1, [2005] **2007.**

41 **(2) Notwithstanding subsection (1) of this section, ORS 310.239 applies to tax years be-**
42 **ginning on or after July 1, 2010, if prior to January 1, 2007, a majority of the electors of the**
43 **school district approve, for tax years beginning on after July 1, 2007, and before July 1, 2010,**
44 **an increase in the statutory rate limit on operating taxes of the school district that matches**
45 **the permanent rate limit on operating taxes that was increased pursuant to section 11 (5)(d),**

Article XI of the Oregon Constitution.

SECTION 3. ORS 327.013, as amended by section 30, chapter 1066, Oregon Laws 1999, section 12, chapter 670, Oregon Laws 2001, sections 20 and 23, chapter 695, Oregon Laws 2001, sections 10 and 13, chapter 715, Oregon Laws 2003, and section 1 of this 2005 Act, is amended to read:

327.013. The State School Fund distributions for school districts shall be computed as follows:

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

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

(3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.

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

(5) Teacher Experience Factor = \$25 × {District average teacher experience – statewide average teacher experience}. “Average teacher experience” means the average, in years, of teaching experience of certified teachers as reported to the Department of Education.

(6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.

(7)(a) Weighted average daily membership or ADMw = average daily membership + an additional amount computed as follows:

(A) 1.0 for each student in average daily membership eligible for special education as a child with disabilities under ORS 343.035, applicable to not to exceed 11 percent of the district’s ADM without review and approval of the Department of Education. Children with disabilities eligible for special education in adult local correctional facilities as defined in ORS 169.005 or adult regional correctional facilities as defined in ORS 169.620 may not be included in the calculation of the 11 percent.

(B) 0.5 for each student in average daily membership eligible for and enrolled in an English as a second language program under ORS 336.079.

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

(D) –0.1 for each student in average daily membership enrolled in an elementary district operating kindergarten through grade 6 or kindergarten through grade 8 or in an area of a unified school district where the district is only responsible for educating students in kindergarten through grade 8.

(E) 0.25 times the sum of the following:

(i) The number of children 5 to 17 years of age in poverty families in the district, as determined by the Department of Education from a report of the federal Department of Education based on the most recent federal decennial census, as adjusted by the school district’s proportion of students in the county receiving free or reduced price lunches under the United States Department of Agriculture’s current Income Eligibility Guidelines if the number is higher than the number determined from census data and only if the school district had an average daily membership of 2,500 or less for the 1995-1996 school year, and as further adjusted by the number of students in average daily membership in June of the year of distribution divided by number of students in average daily membership in the district, or its predecessors, in June of the year of the most recent federal decennial census;

(ii) The number of children in foster homes in the district as determined by the report of the Department of Human Services to the federal Department of Education, “Annual Statistical Report on Children in Foster Homes and Children in Families Receiving AFDC Payments in Excess of the

1 Poverty Income Level,” or its successor, for October 31 of the year prior to the year of distribution;
2 and

3 (iii) The number of children in the district in state-recognized facilities for neglected and delin-
4 quent children, based on information from the Department of Human Services for October 31 of the
5 year prior to the year of distribution.

6 (F) An additional amount as determined by ORS 327.077 shall be added to the ADMw for each
7 remote small elementary school and for each small high school in the district.

8 (G) All numbers of children used for the computation in this section must reflect any district
9 consolidations that have occurred since the numbers were compiled.

10 (b) The total additional weight that shall be assigned to any student in average daily member-
11 ship in a district, exclusive of students described in paragraph (a)(E) and (F) of this subsection shall
12 not exceed 2.0.

13 (8)(a) Transportation grant equals:

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

16 (B) 80 percent of approved transportation costs for those school districts ranked in or above the
17 80th percentile but below the 90th percentile under paragraph (b) of this subsection.

18 (C) 90 percent of approved transportation costs for those school districts ranked in or above the
19 90th percentile under paragraph (b) of this subsection.

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

23 (9) Local Revenues are the total of the following:

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25 of Revenue under ORS 311.175 (3)(a)(A);

26 (b) The amount of property taxes actually received by the district including penalties and in-
27 terest on taxes;

28 (c) The amount of revenue received by the district from the Common School Fund under ORS
29 327.403 to 327.415;

30 (d) The amount of revenue received by the district from the county school fund;

31 (e) The amount of revenue received by the district from the 25 percent of federal forest reserve
32 revenues required to be distributed to schools by ORS 294.060 (1);

33 (f) The amount of revenue received by the district from state managed forestlands under ORS
34 530.115 (1)(b) and (c);

35 (g) Moneys received in lieu of property taxes;

36 (h) Federal funds received without specific application by the school district and which are not
37 deemed under federal law to be nonsupplantable;

38 (i) Any positive amount obtained by subtracting the operating property taxes actually imposed
39 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
40 have been imposed by the district if the district had certified the maximum rate of operating prop-
41 erty taxes allowed by law; and

42 (j) Any amount distributed to the district in the prior fiscal year under section 4 (3), chapter
43 695, Oregon Laws 2001, or ORS 327.019 (8).

44 (10) Notwithstanding subsection (9) of this section, Local Revenues do not include,[:]

45 [(a)] if a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an

1 amount equal to the lesser of:

2 [(A)] (a) The amount of revenue actually received by the district from local option taxes imposed
3 pursuant to ORS 280.040 to 280.145;

4 [(B)] (b) Fifteen percent of the combined total for the school district of the general purpose
5 grant, the transportation grant and the facility grant of the district; or

6 [(C)] (c) \$750 per district extended ADMw.[: and]

7 [(b) For those school districts with a statutory rate limit on July 1, 2003, that is greater than \$4.50
8 per \$1,000 of assessed value, the amount of property taxes actually received by the district, including
9 penalties and interest on taxes, that results from an increase in the rate of ad valorem property tax of
10 the district under section 11 (5)(d), Article XI of the Oregon Constitution.]

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

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

14 (c) As used in this subsection:

15 (A) "New school building" includes new school buildings, adding structures onto existing school
16 buildings and adding premanufactured structures to a school district if those buildings or structures
17 are to be used for instructing students.

18 (B) "Construction costs" does not include costs for land acquisition.

19 **SECTION 4. The amendments to ORS 327.013 by section 3 of this 2005 Act apply to State
20 School Fund distributions occurring in fiscal years beginning on or after July 1, 2010.**

21 **SECTION 5. The amendments to ORS 327.013 by section 3 of this 2005 Act become oper-
22 ative on July 1, 2010.**

23 **SECTION 6. This 2005 Act takes effect on the 91st day after the date on which the reg-
24 ular session of the Seventy-third Legislative Assembly adjourns sine die.**

25