

CHAPTER 644

AN ACT

HB 2150

Relating to State School Fund distributions for public charter schools; creating new provisions; amending ORS 327.008, 327.013, 329.488 and 338.155; and declaring an emergency.

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

SECTION 1. ORS 327.008, as amended by section 6, chapter 81, Oregon Laws 2014, is amended to read:

327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education Stability Fund. 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, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws 2013, and section 2, chapter 81, Oregon Laws 2014.

(2) 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 facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 and 327.013.

(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.

[(3)] (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.

[(4)] (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.

[(5)] (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.

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

[(7)] (8) The total amount of the State School Fund that is distributed as facility grants may not exceed \$20 million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall

prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant.

[(8)] (9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in section 2, chapter 81, Oregon Laws 2014.

[(9)] (10) Each fiscal year, the Department of Education shall transfer the amount of \$18 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

[(10)(a)] (11)(a) Each biennium, the Department of Education shall transfer \$33 million from the State School Fund to the Network of Quality Teaching and Learning 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 \$5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by \$14 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 \$14 million.

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared to the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

[(11)] (12) 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.

[(12)] (13) 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.

[(13)] (14) 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 speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

[(14)] (15) 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 section 3, chapter 735, Oregon Laws 2013.

SECTION 2. ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, and section 7, chapter 81, Oregon Laws 2014, is amended to read:

327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly and moneys transferred from the Education Stability Fund. 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, 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and section 2, chapter 81, Oregon Laws 2014.

(2) 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 facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 and 327.013.

(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.

[(3)] (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.

[(4)] (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.

[(5)] (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.

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

[(7)] (8) The total amount of the State School Fund that is distributed as facility grants may not exceed \$20 million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant.

[(8)] (9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in section 2, chapter 81, Oregon Laws 2014.

[(9)] (10) Each fiscal year, the Department of Education shall transfer the amount of \$18 million

from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

[(10)(a)] (11)(a) Each biennium, the Department of Education shall transfer \$33 million from the State School Fund to the Network of Quality Teaching and Learning 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 \$5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by \$14 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 \$14 million.

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared to the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

[(11)] (12) 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.

[(12)] (13) 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.

[(13)] (14) 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 speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

SECTION 3. (1) In addition to amounts distributed to a school district in relation to a public charter school under ORS 327.008 (3) and for the 2015-2016 school year only, an additional amount shall be set aside and made available for distribution to a school district that had been the sponsor of a public charter school that operated during the 2014-2015 school year and that ceased to operate following the 2014-2015 school year because of dissolution or closure or because of termination or nonrenewal of a charter.

(2) The additional amount described in subsection (1) of this section shall be equal to the school district's general purpose grant per extended ADMw multiplied by three percent of the

ADM of the public charter school for the previous school year.

(3) The Department of Education shall set aside the additional amount described in subsection (1) of this section for distribution to the school district under subsection (1) of this section. The amount shall be distributed to the school district upon a showing by the school district of expenses incurred related to the public charter school that ceased to operate. The department shall prescribe any requirements related to a distribution under this section.

(4)(a) For the 2015-2016 school year, the school district described in subsection (1) of this section shall file with the department quarterly reports that describe expenses incurred by the school district related to a public charter school that ceased to operate.

(b) For the 2016-2017, 2017-2018 and 2018-2019 school years, the school district described in subsection (1) of this section shall file with the department annual reports that describe expenses incurred by the school district related to a public charter school that ceased to operate.

(c) The department shall prescribe any requirements for reports filed under this subsection.

SECTION 4. (1) Section 3 of this 2015 Act is repealed on July 1, 2019.

(2) Any amounts not distributed under section 3 of this 2015 Act by July 1, 2019, shall be transferred to the General Fund.

SECTION 5. ORS 338.155 is amended to read:

338.155. (1)(a) Students of a public charter school shall be considered to be residents of the school district in which the public charter school is located for purposes of distribution of the State School Fund.

[(b)(A) For the purpose of determining the amounts to be distributed from the State School Fund to a school district in which a public charter school is located, the district extended ADMw described in ORS 327.013 shall be determined by:]

[(i) Separately calculating the extended ADMw for students at the public charter school and the extended ADMw for students at nonchartered public schools in the school district; and]

[(ii) Adding the extended ADMw for students at the public charter school and the extended ADMw for students at nonchartered public schools in the school district.]

[(B) Except as provided in subparagraph (A) of this paragraph:]

[(i) All other calculations made under ORS 327.013 shall be made as though the students enrolled at a public charter school were students enrolled at the public schools in the school district in which the public charter school is located; and]

[(ii) All references to the district extended ADMw shall be based on the calculation made under subparagraph (A)(ii) of this paragraph.]

[(C)] (b) All amounts to be distributed from the State School Fund [to] for public charter schools shall first be distributed to the school district in which the public charter school is located.

(c) For the purpose of determining the amounts to be distributed to a school district from the State School Fund for a public charter school, the district extended ADMw described in ORS 327.013 shall be calculated:

(A) Except as provided by subparagraph (B) of this paragraph, as though the students enrolled at a public charter school are students enrolled at the public schools of the school district in which the public charter school is located.

(B) By not including any portion of the ADM of the public charter school for the previous school year if the public charter school ceased to operate because of dissolution or closure or because of termination or nonrenewal of a charter.

(2) A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school's students. The payment shall equal an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

(a) Eighty percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

(b) Ninety-five percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

(3) A school district shall contractually establish, with any public charter school that is sponsored by the State Board of Education or an institution of higher education and that is within the boundaries of the school district, payment for provision of educational services to the public charter school's students. The payment shall equal an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

(a) Ninety percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

(b) Ninety-five percent of the amount of the school district's General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in grades 9 through 12.

(4) The estimated amount of each school district's General Purpose Grant per ADMw shall be determined each year by the Department of Education and made available to all school districts.

(5) The school district in which the public charter school is located shall transfer an amount per weighted average daily membership (ADMw) of the public charter school that is equal to 50 percent of the amount of the school district's General Purpose

Grant per ADMw as calculated under ORS 327.013 that is not paid to the public charter school through a contract created pursuant to subsection (2) or (3) of this section to:

(a) For a public charter school sponsored by a school district, any school district in which the parent or guardian of, or person in parental relationship to, a student of a public charter school resides pursuant to ORS 339.133 and 339.134;

(b) For a public charter school sponsored by the State Board of Education, the Department of Education; or

(c) For a public charter school sponsored by an institution of higher education, the institution of higher education.

(6) The department may use any moneys received under this section for activities related to public charter schools.

(7) A school district and a public charter school may negotiate to establish a payment for the provision of educational services to the public charter school's students that is more than the minimum amounts specified in subsection (2) or (3) of this section.

(8) A school district shall send payment to a public charter school based on a contract negotiated under this section within 10 days after receiving payments from the State School Fund pursuant to ORS 327.095.

(9)(a) A public charter school may apply for any grant that is available to school districts or non-chartered public schools from the Department of Education. The department shall consider the application of the public charter school in the same manner as an application from a school district or nonchartered public school.

(b) The department shall award any grant that is available to school districts based solely on the weighted average daily membership (ADMw) of the school district directly to the public charter school. This paragraph does not apply to any grant from the State School Fund.

SECTION 6. The amendments to ORS 327.008 and 338.155 by sections 1, 2 and 5 of this 2015 Act apply to State School Fund distributions commencing with the 2015-2016 school year distributions.

SECTION 7. ORS 327.013 is amended to read: 327.013. The State School Fund distributions for school districts include the following grants:

(1) General Purpose Grant = Funding Percentage \times Target Grant \times District extended ADMw. For the purpose of the calculation made under this subsection:

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

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

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

(B) Teacher Experience Factor = $\$25 \times$ {District average teacher experience – statewide average teacher experience}. As used in this subparagraph, “average teacher experience” means the average, in years, of teaching experience of licensed teachers as reported to the Department of Education.

(c) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater. The calculation of the district extended ADMw must be made as provided by ORS 338.155 [(1)(b)] if a public charter school is located in the school district. For the purpose of this paragraph:

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

(i) 1.0 for each student in average daily membership eligible for special education as a child with a disability under ORS 343.035, which may not exceed 11 percent of the district's ADM without review and approval by 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 made under this sub-subparagraph.

(ii) 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.

(iii) 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.

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

(v) 0.25 times the sum of the following:

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

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

(III) The number of children in the district in state-recognized facilities for neglected and delinquent children, based on information from the De-

partment of Human Services for October 31 of the year prior to the year of distribution.

(vi) The amount determined under ORS 327.077 for each remote small elementary school and for each small high school in the district.

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

(C) The total additional weight that shall be assigned to any student in average daily membership in a district, exclusive of students described in subparagraph (A)(v) and (vi) of this paragraph, may not exceed 2.0.

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

(3)(a) Transportation grant equals:

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

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

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

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

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

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

(c) As used in this subsection:

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

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

SECTION 8. ORS 329.488, as amended by section 10, chapter 81, Oregon Laws 2014, is amended to read:

329.488. (1) The Department of Education shall contract with a nonprofit entity to administer a nationally normed assessment, in collaboration with the department, to all students in grade 10 who are enrolled in a public school. The purpose of the assessment is to predict the success of students on, and provide practice for students taking, college entrance exams.

(2) The department shall base the selection of the contractor under subsection (1) of this section on all of the following criteria:

(a) The contractor must be able to provide to the department statewide data containing the results of the assessment;

(b) The contractor shall provide an assessment that:

(A) Identifies students with high potential to excel in advanced placement (AP) or other honors courses based on a research-based correlation of scores on the grade 10 assessment to advanced placement examinations;

(B) Examines students in mathematics, reading and writing; and

(C) Provides results that can be used by Oregon's higher education institutions to recruit students to attend college;

(c) The contractor must be able to supply schools with an item-by-item analysis of student performance on the assessment; and

(d) The contractor must be able to make available to each student taking the assessment a free career assessment and online exploration of colleges and career opportunities.

(3)(a) In lieu of using the contractor selected by the department under subsection (1) of this section, a school district may apply to the department for a waiver to allow the district to enter into a contract with a different nonprofit entity for the purpose of administering a nationally normed assessment to all students in grade 10 who are enrolled in the public schools operated by the district. The department shall grant the waiver if:

(A) The district had entered into a contract with the entity for the 2007-2008 school year to administer a grade 10 assessment;

(B) The entity, in coordination with the district, administered a grade 10 assessment during the 2007-2008 school year;

(C) For the most recent school year in which the entity administered a grade 10 assessment, the entity met the criteria set forth in subsection (2) of this section as in effect for the school year in which the entity administered the assessment; and

(D) The entity plans to meet the criteria set forth in subsection (2) of this section as in effect for the school year for which the school district seeks a waiver.

(b) A waiver granted by the department under this subsection:

(A) Is valid for one school year; and

(B) May be renewed each school year.

(c) The department shall reimburse a school district for the cost of assessments allowed under this subsection from funds available to the department under ORS 327.008 [(11)] (12).

(4) Notwithstanding subsections (1) and (3) of this section:

(a) The department may, under rules adopted by the State Board of Education, waive the assessment for specific groups of students; and

(b) Upon request from a student who is enrolled in a public school operated by a school district or the parent or guardian of the student, the school district shall waive the assessment for the student.

SECTION 9. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect July 1, 2015.

Approved by the Governor July 6, 2015
Filed in the office of Secretary of State July 7, 2015
Effective date July 6, 2015
