

## Chapter 327

### 1963 REPLACEMENT PART

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**BASIC SCHOOL SUPPORT FUND**

**327.005** [Repealed by 1957 c.612 §1 (ORS 327.006 enacted in lieu of ORS 327.005)]

**327.006** Definitions for ORS 327.006 to 327.200. As used in ORS 327.006 to 327.200:

- (1) "Aggregate days membership" means the sum of days present and absent, according to the regulations of the State Board of Education, of all pupils when school is actually in session during a certain period.
- (2) "Average daily membership" means the aggregate days membership of a school during a certain period divided by the number of days the school was actually in session during the same period.
- (3) "Building reserves" means any funds levied by authority of ORS 280.040 to 280.140.
- (4) "Capital outlay" means any expenditure by a school district for materials of any sort, except replacements, which increase the value of the school plant or equipment.
- (5) "Debt service" means any payment made by a school district as a result of the issuance of bonds or negotiable interest-bearing warrants authorized by the voters of the district.
- (6) "Local contribution correction" is the algebraic difference determined by deducting the amount the school district levies in support of the county school fund from the sum of the receipts of the district from:
  - (a) The county school fund;
  - (b) The common school fund; and
  - (c) Federal assistance for federally impacted areas under Public Law 874, 81st Congress, 64 Stat. 1100, and amendments thereto; provided that the proportion of the receipts under Public Law 874 which shall be included for any district shall be 75 percent of the full amount of such assistance which the district receives.
- (7) "Net operating expenditures" means the sum of the expenditures of a school district in grades 1 through 12 for administration, instruction, attendance and health services, operation of plant, maintenance of plant and fixed charges, as determined in accordance with the regulations of the State Board of Education, but net operating expenditures does not include building reserves, capital outlay or debt service.
- (8) "Resident pupil" means any pupil whose legal school residence is within the boundaries of a school district reporting him, if the district is legally responsible for his education, except that "resident pupil" does

not include a pupil for whom the parent pays tuition or for whom the district does not provide an education.

(9) "Standard school" means a school meeting the standards set by the rules and regulations of the State Board of Education.

(10) "Teacher" means any employe of a school district who is required by law to hold a valid teacher's certificate.

(11) "True cash value" means the amount obtained by dividing the assessed value, as shown upon the assessment roll as of January 1 of the calendar year in which the last preceding fiscal year of the school district commenced for which a valuation has been certified pursuant to ORS 311.105, by the appropriate assessment ratio or ratios, as shown in the statement filed by the State Tax Commission with the Secretary of State pursuant to ORS 309.370; provided that where schools for all 12 grades are not operated or provided for by the same district, seven and one-half percent of the true cash value shall be attributed to a district for each grade from the first through the eighth for which it operates schools and 10 percent of the true cash value shall be attributed to a district for each grade from the ninth through the twelfth for which it operates schools.

(12) "Unified first class district" means any district having a school census of 1,000 or over which maintains, over its entire area both elementary and secondary education in grades 1 through 12 under the administration of a single school board. However, a rural school district shall not be considered a unified first class district.

(13) "Weighted resident pupils" means the sum of the total resident pupils in average daily membership in grades 9 through 12 in the district multiplied by 1.3 plus the total of the resident pupils in average daily membership in the district in grades one through eight. "Per weighted resident pupil" means the applicable dividend divided by the number attained by the computation of weighted resident pupils under this subsection.

[1957 c.612 §2 (enacted in lieu of ORS 327.005); 1957 c.708 §4; 1959 c.388 §1; 1963 c.142 §1]

**327.010 Basic School Support Fund established; purpose of fund.** (1) The Basic School Support Fund is continued in existence. Except as otherwise provided by law, the fund shall be used exclusively for the improvement and support of the public elementary and secondary schools and shall be dis-

tributed to equalize educational opportunities and conserve and improve the standards of public elementary and secondary education.

(2) The Basic School Support Fund hereby is appropriated for carrying out the provisions of ORS 327.018, 327.024, 327.035 and 327.042.

[Amended by 1957 c.626 §2; 1963 c.570 §1]

327.012 [Repealed by 1957 c.626 §1]

**327.014 Appropriation to Basic School Support Fund.** (1) Out of the moneys in the General Fund there is appropriated for the fiscal year beginning July 1, 1963, to the Basic School Support Fund an amount equal to the product of \$143 multiplied by the number of children of school age within the state.

(2) Out of the moneys in the General Fund there is appropriated to the Basic School Support Fund for each fiscal year, beginning on and after July 1, 1964, an amount equal to the product of \$152 multiplied by the number of children of school age within the state.

(3) As used in this section, "children of school age" means:

(a) In the first fiscal year of each biennium, the number of children between the ages of 5 and 17 included in the last census taken under subsection (1) of ORS 332.540.

(b) In the second fiscal year of each biennium, the number of children between the ages of 4 and 16 included in the last census taken under subsection (1) of ORS 332.540. [1953 c.547 §1; 1957 c.626 §3; 1957(s.s.) c.2 §1; 1961 c.622 §1; 1963 c.570 §1a]

327.015 [Repealed by 1957 c.612 §18]

**327.018 Grant-in-aid apportionments.**

(1) There shall be apportioned annually to each public school district which meets all the legal requirements and maintains and operates a standard school or which contracts with another district for the education of its pupils, an amount determined by multiplying the number of weighted resident pupils within the district by the quotient determined by dividing (a) 80 percent of the amount available for distribution by (b) the total number of weighted resident pupils in all districts filing basic school fund reports. Fractional parts of a cent shall be dropped in computing the quotient.

(2) As used in this section, "amount available for distribution" means the balance remaining in the Basic School Support Fund

in any year after all other apportionments, except the apportionment under ORS 327.024, distributions and payments otherwise authorized by law have been deducted. [1957 c.612 §7 (enacted in lieu of ORS 327.085); 1959 c.388 §2]

327.020 [Repealed by 1957 c.612 §8 (ORS 327.024 enacted in lieu of ORS 327.020)]

**327.024 Equalization apportionments.**

(1) From the amount remaining in the Basic School Support Fund after the apportionments under ORS 327.018 have been made, there shall be apportioned to each public school district which meets all the legal requirements and maintains and operates a standard school, or which contracts with another district for the education of its pupils, any positive difference remaining after the apportionment provided for in ORS 327.018 and the local district contribution is deducted from the cost of the basic education program. The local district contribution shall be the algebraic sum of (a) the local contribution correction and (b) the true cash value of the taxable property in the district multiplied by the uniform millage rate, determined by the Superintendent of Public Instruction, that will result in the distribution within practical limits of the amount available for apportionment under this section.

(2) If the net operating expenditures of the district are less than the cost of the basic education program for the district, the difference shall be deducted from the amount to be apportioned to the district under subsection (1) of this section.

(3) Any funds remaining after the apportionment is made under subsections (1) and (2) of this section shall be added to the amount of the Basic School Support Fund to be apportioned the following year.

[1957 c.612 §9 (enacted in lieu of ORS 327.020); 1959 c.388 §3]

327.025 [Repealed by 1957 c.612 §3 (ORS 327.028 enacted in lieu of ORS 327.025)]

**327.028 Determination of cost of basic education program.** (1) The cost of the basic education program for each year of the biennium commencing July 1, 1957, is \$230 multiplied by the number of weighted resident pupils in the school district during the preceding school year.

(2) The cost of the basic education program shall be determined in the same manner for each year of the biennium commencing July 1, 1959, and for each year of

every subsequent biennium after first adjusting the factor of \$230 by multiplying it by the ratio obtained by dividing (a) the net operating expenditure per weighted resident pupil for all first class unified districts in Oregon for the first year of the preceding biennium by (b) a like expenditure for the fiscal year commencing July 1, 1955. The ratio shall be computed by the Superintendent of Public Instruction in accordance with the rules and regulations of the State Board of Education, but the ratio so determined shall be subject to the approval of the Legislative Assembly.

(3) (a) The cost of the basic education program may be computed in a different manner in the case of a school which is approved as qualified for a "small school correction."

(b) A school may qualify for a small school correction if the average daily membership in grades one through eight or in grades 9 through 12 is below 100 and the State Board of Education, after receiving a petition from the local board of education, determines that the school's continued existence is justified because of physiographic conditions which make transportation to another school not feasible or because of sparsity of population. Where sparsity of population is the determining factor, no elementary school shall qualify if it is within 10 miles by the nearest traveled road from another elementary school and no high school shall be considered if it is located within 15 miles by the nearest traveled road from another high school. Where a school's continued existence is found not to be justified because of its proximity to another school, the district operating that school shall be notified in writing by the State Board of Education that, for the purpose of distributing basic school support moneys, it will not be considered eligible for the small school correction as defined in this subsection. Such notice shall be sent to school districts not later than July 1, 1959, with the advice that this provision of law shall take effect in the school year 1960-61, unless an appeal, setting forth reasons why such action should not be taken, is submitted by the school district to the State Board of Education and is approved by that body. Upon receipt of such appeal, the State Board of Education shall review the reasons set forth in such appeal and, if it deems it necessary, may direct the State Department of Education to hold a hearing to

help determine if the district's continued existence is necessary. Not earlier than 60 days nor later than 90 days after receipt of the written appeal, the State Board of Education shall notify the district if its appeal has been approved or disapproved.

(c) The amount of the small school correction shall be computed by the State Board of Education by first determining the number of teachers required to operate the school as a standard school and then setting the cost of the basic education program for that school at \$5,000 per teacher required in grades one through eight and \$6,000 per teacher required in grades 9 through 12.

(d) The amount of the small school correction shall be added to the cost of the basic education program for the school district. However, when a school is approved as qualified for a small school correction, the computation of the weighted resident pupils of the school district, for the purposes of this section, shall not take into consideration the pupils in the school approved as qualified for the small school correction.

[1957 c.612 §4 (enacted in lieu of ORS 327.025); 1957 c.708 §5; 1959 c.388 §4]

327.030 [Repealed by 1957 c.612 §18]

**327.032 Standard school presumed; correction of deficiencies; effect of noncorrection.** (1) All school districts are presumed to maintain a standard school until the school has been inspected by the Superintendent of Public Instruction and found to be deficient. If any deficiencies so found are not corrected before the beginning of the next school year after the date of inspection and if an extension has not been granted under subsection (2) of this section, the school district shall be ineligible to receive any apportionment from the Basic School Support Fund until such deficiencies are corrected.

(2) If an acceptable plan for meeting standardization requirements has been submitted under ORS 327.130, the Superintendent of Public Instruction may allow an extension of time if he determines that such deficiencies cannot be corrected or removed before the beginning of the next school year following the adoption of, and levy of a tax under a budget. For the period of the extension of time under this subsection the school shall be considered a conditionally standard school.

[Formerly 327.070]

**327.035 Transportation and board and room apportionments.** (1) Upon approval by

the Superintendent of Public Instruction in conformity with State Board of Education regulation, each school district is entitled to an annual apportionment for each day of membership of pupils residing one mile or more from school by the nearest traveled road and for whom the district provides transportation. The apportionment shall be two cents per mile for twice the distance from the pupil's home to the school by the nearest traveled road.

(2) Each school district providing board and room in lieu of pupil transportation is entitled, for each day of membership of a pupil provided board and room by the school district, to an apportionment of two cents per mile for twice the distance, by the nearest traveled road, from his home to the nearest standard school.

(3) Apportionments under this section shall:

(a) Not be less than 50 percent nor exceed 60 percent of the actual net cost to the school district for pupil transportation or board and room. Depreciation of original cost to the district of district-owned busses shall be included in net cost computation but shall not be allowed in excess of 10 percent per year.

(b) Be based on claims containing necessary information filed annually with the Superintendent of Public Instruction.

(c) Be made at the same time as other apportionments of the Basic School Support Fund.

[Amended by 1953 c.108 §3; 1957 c.612 §10; 1959 c.388 §5; 1963 c.142 §2]

327.038 [1957(s.s.) c.2 §3; repealed by 1959 c.388 §15]

327.040 [Repealed by 1957 c.612 §18]

**327.042 Special account for apportionment to districts having increase in weighted resident pupils.** (1) Of the moneys in the Basic School Support Fund, the State Treasurer shall set aside in a special account at the beginning of each fiscal year to be distributed in accordance with subsections (2) and (3) of this section a sum equal to 3.3 percent of the Basic School Support Fund after the apportionment under ORS 327.035 has been deducted.

(2) There shall be apportioned to each public school district filing basic school fund reports such proportion of the amount set aside for the year under subsection (1) of this section as the increase in weighted resident pupils in the district bears to the total

increase in weighted resident pupils in all districts which have an increase in weighted resident pupils. However, no school district shall receive under this section more than an amount equal to the amount appropriated per child of school age for the current fiscal year under ORS 327.014 for each additional weighted resident pupil reported for the current year in excess of the number reported over the previous year. The amount remaining in the special account after the distribution in each year shall be returned to the Basic School Support Fund to be apportioned in the following year.

(3) For the purposes of subsection (2) of this section, the increase in weighted resident pupils shall be determined by subtracting the number of weighted resident pupils in the previous school year as shown by the final report of the district for that year from the number of weighted resident pupils in the district in the quarter ending December 31 of the current school year as shown by the December quarterly report required under ORS 327.200.

[1957 c.708 §2, 3; 1959 c.388 §6; 1963 c.570 §1d]

327.045 [Repealed by 1957 c.626 §1]

327.046 [1961 c.502 §10; repealed by 1963 c.570 §33]

327.048 [1961 c.502 §6; repealed by 1963 c.570 §33]

327.050 [Amended by 1957 c.612 §11; repealed by 1963 c.570 §33]

327.052 [1961 c.408 §1; repealed by 1963 c.570 §33]

327.055 [Repealed by 1963 c.570 §33]

327.057 [1957 c.556 §11; repealed by 1963 c.570 §33]

327.058 [1959 c.528 §§4, 11; 1961 c.500 §1; repealed by 1963 c.570 §33]

327.060 [Amended by 1955 c.766 §1; repealed by 1963 c.570 §33]

327.062 [1955 c.103 §2; repealed by 1963 c.570 §33]

327.065 [Amended by 1953 c.444 §11; 1953 c.711 §4; 1955 c.766 §2; 1957 c.328 §1; 1959 c.397 §1; 1961 c.537 §1; repealed by 1963 c.570 §33]

327.067 [1957 c.219 §3; 1961 c.537 §2; repealed by 1963 c.570 §33]

327.068 [1957 c.642 §§4, 7; 1959 c.388 §7; repealed by 1963 c.570 §33]

327.069 [1957 c.620 §1; 1959 c.388 §8; 1961 c.625 §1; part renumbered 330.630; repealed by 1963 c.570 §33]

327.070 [Amended by 1957 c.658 §3; renumbered 327.032]

**327.072 Basis for computing apportionments.** Except as otherwise specifically provided, the amount of the various apportionments provided in ORS 327.006 to 327.200 shall be determined from data contained in the reports of the several school districts for the year ending June 30 prior to the time of making such apportionment. [Amended by 1957 c.612 §12; 1963 c.570 §4]

**327.074 Apportionment where school district area changed.** Where any territorial change in a school district has occurred between the date of the report and the apportionment, the Superintendent of Public Instruction shall make the payment on an equitable basis to the altered districts.

**327.076 Effect of failure to file reports.** Any school district failing to file required basic school fund reports with the Superintendent of Public Instruction shall be excluded from the apportionments.

**327.080 Report falsification prohibited.** No person shall falsify any report required by ORS 327.006 to 327.200. [Amended by 1957 c.612 §13; 1963 c.570 §5]

**327.085** [Repealed by 1957 c.612 §6 (ORS 327.018 enacted in lieu of ORS 327.085)]

**327.090 Apportionments as revenue of school districts; limitation on use.** The amount to be received from the Basic School Support Fund shall be included as revenue in the budget of each local school district. No part of such fund shall be apportioned and distributed to apply as an offset to a school district tax levy. [Amended by 1959 c.388 §10; 1963 c.570 §6]

**327.091** [1957 c.626 §8; repealed by 1963 c.570 §33]

**327.092** [1957 c.626 §9; repealed by 1963 c.570 §33]

**327.093** [1957 c.626 §10; repealed by 1963 c.570 §33]

**327.094 Distribution of excess moneys.** (1) On the first Monday in March of each year for the next fiscal year, the Superintendent of Public Instruction shall make a preliminary estimate of the amount each school district shall receive from the Basic School Support Fund.

(2) If the Superintendent of Public Instruction determines that there is an excess available for apportionment to any district over the amount estimated to be available under subsection (1) of this section, the excess shall not be distributed to the school district in the current fiscal year but shall be

held and added to the apportionments to the district in the next fiscal year.

(3) Additional apportionments made under subsection (2) of this section shall be subject to ORS 327.090.

[Subsections (1) and (2) enacted as 1957 c.626 §13; subsection (3) of 1957 Replacement Part enacted as 1957 (s.s.) c.2 §4 (3); 1959 c.388 §11; 1963 c.570 §7]

**327.095 Time of payment of funds.** Funds due public school districts under ORS 327.018, 327.024 and 327.035 shall be paid approximately 25 percent on August 15, approximately 25 percent on November 15, approximately 25 percent on February 15 and the balance on May 15. An equitable apportionment based on the most recent data available shall be made on August 15, November 15 and February 15. If such payments are too high or too low, appropriate adjustments shall be made in the May 15 payments. Provided, however, that if the reports required by ORS 327.200 have not been received from any district when due, no further apportionments shall be made to such district until such reports are filed.

[Amended by 1953 c.108 §3; 1957 c.612 §14; 1959 c.388 §12]

**327.100** [Repealed by 1963 c.570 §33]

**327.105** [Repealed by 1963 c.570 §33]

**327.110** [Amended by 1955 c.537 §1; repealed by 1957 c.322 §1]

**327.115** [Amended by 1955 c.385 §1; 1959 c.388 §13; repealed by 1963 c.570 §33]

**327.120 Correction of errors in apportionment.** The Superintendent of Public Instruction may correct, in a succeeding year, any errors in apportionment by the withholding of the amount of an overapportionment or by the payment of an underapportionment from funds to be apportioned.

**327.125 Superintendent to administer statutes.** (1) The Superintendent of Public Instruction shall administer the provisions of ORS 327.006 to 327.200. With the approval of the State Board of Education, the superintendent may adopt and promulgate all necessary rules and regulations not inconsistent with ORS 327.006 to 327.200 to carry into effect the provisions of those statutes.

(2) The superintendent may employ such assistants as are necessary for efficient administration.

[Amended by 1963 c.570 §8]

**327.130 Enforcement of standards for schools.** (1) Every rule or regulation shall

be enforced requiring compliance with standards for elementary and secondary schools by every school. A school district may be given one year in which to levy a tax and raise money for compliance but no such waiver shall be given if it is possible for a district to obtain compliance through consolidation.

(2) A school district found not to be in compliance shall submit a plan, acceptable to the Superintendent of Public Instruction, for meeting standardization requirements. The plan shall be submitted to the Superintendent of Public Instruction within 90 days following receipt of the inspection report. Any district failing to submit such plan within the time specified shall receive no further Basic School Support Fund moneys until a plan acceptable to the Superintendent of Public Instruction is submitted irrespective of the district's being given one year in which to levy a tax.

327.135 [Amended by 1955 c.660 §27; 1957 c.612 §15; repealed by 1963 c.570 §33]

327.140 [Amended by 1955 c.314 §1; 1957 c.612 §17; repealed by 1963 c.570 §33]

327.145 [Amended by 1957 c.626 §4; repealed by 1963 c.570 §33]

327.150 [Amended by 1955 c.314 §2; repealed by 1963 c.570 §33]

327.155 [Repealed by 1955 c.314 §3]

327.160 [Repealed by 1963 c.570 §33]

327.165 to 327.190 [Reserved for expansion]

**327.200 Reports by school districts.** (1) Each public school district, other than an intermediate education district, shall file with the Superintendent of Public Instruction:

(a) By September 30 of each year, an annual report covering the school year ending on the preceding June 30; and

(b) By January 31 of each year, a December quarterly report covering the quarter of the current school year commencing October 1 and ending December 31.

(2) Each such report shall show the average daily membership of resident pupils of the district for the period covered and shall also contain such other information as the Superintendent of Public Instruction may require.

[1957 c.612 §16; 1959 c.388 §14]

327.205 [Repealed by 1957 c.626 §1]

327.210 [Repealed by 1957 c.626 §1]

327.215 [Repealed by 1957 c.626 §1]

327.220 [Repealed by 1957 c.626 §1]

327.225 [Repealed by 1957 c.626 §1]

327.230 [Repealed by 1957 c.626 §1]

327.235 to 327.250 [Reserved for expansion]

327.255 [Repealed by 1957 c.626 §1]

327.260 [Repealed by 1957 c.626 §1]

327.265 [Repealed by 1957 c.626 §1]

327.270 [Repealed by 1957 c.626 §1]

327.275 [Repealed by 1957 c.626 §1]

327.280 [Repealed by 1957 c.626 §1]

327.285 [Repealed by 1957 c.626 §1]

327.290 to 327.400 [Reserved for expansion]

### COMMON SCHOOL FUND

**327.405 Common School Fund; composition and use.** The Common School Fund shall be composed of the proceeds from the sales of the sixteenth and thirty-sixth sections of every township or of any lands selected in lieu thereof, all the moneys and clear proceeds of all property which may accrue to the state by escheat or forfeiture, all moneys which may be paid as exemption from military duty, the proceeds of all gifts, devises and bequests made by any person to the state for common school purposes, the proceeds of all property granted to the state when the purpose of such grant is not stated, all proceeds of the sale of tide and overflow lands as described in ORS 273.010, and all proceeds of the sale of the 500,000 acres of land to which this state is entitled by an Act of Congress approved September 4, 1841 and of all lands selected for capitol building purposes under Act of Congress approved February 14, 1859. All such proceeds shall be set apart as a separate and irreducible fund, to be called the Common School Fund, the interest from which shall be exclusively applied to the support and maintenance of common schools in each school district. All lawful claims for repayment of moneys under the provisions of ORS 98.302 to 98.436, or out of escheated estates and for attorney's fees and all other expenses in any suit or proceeding relating to escheated estates shall be audited by the State Land Board and paid from the Common School Fund Account.

[Amended by 1957 c.670 §31]

Note: See notes for ORS 98.302 and 98.991.

**327.410 Apportionment of interest from Common School Fund to counties.** The State Land Board shall, on July 1 of each year, and oftener if deemed advisable, apportion the interest on hand arising from the Common School Fund among the several counties

in proportion to the number of children resident therein between the ages of 4 and 20. The amount apportioned to each county shall, within 30 days, be placed in the custody of the county treasurer, who shall report the same to the county school superintendent for distribution among the school districts of his county.

**327.415 Apportionment to school districts.** Within two weeks after receipt from the State Land Board of the county's share of the Common School Fund, the intermediate education district board shall apportion the fund among the several districts in the county, in proportion to the number of children resident therein between the ages of 4 and 20 years. As soon as any such apportionment has been made, the county treasurer shall draw warrants on the county treasury in favor of the districts for their respective shares, and transmit the warrants to the clerks thereof. However, the county treasurer shall not issue or transmit any such warrant to any district clerk until the clerk's bond has been received, examined and approved by the intermediate education district board and filed as a part of the records thereof.

[Amended by 1963 c.544 §16]

**327.420 Basis of apportionment.** The basis of all apportionments of the Common School Fund shall be the last annual reports of the district clerks on file in the office of the county school superintendent at the time of making such apportionments.

**327.425 Loan and investment of fund; interest rate.** (1) All moneys belonging to the Common School Fund shall be loaned by the State Land Board at a rate of interest fixed by the land board at not less than four percent per annum nor more than six percent per annum.

(2) Fund moneys may be loaned only in accordance with the repayment plan contained in ORS 327.440, except that loans on property within the corporate limits of towns or cities shall be payable in not more than 15 years on the amortization plan.

(3) If at any time there is a fund surplus over and above all loans applied for, the State Land Board may invest such portion of the surplus as it deems proper, in bonds that qualify for investment of such funds under ORS 293.705, 293.710, 293.720, 293.735 and 293.745 to 293.770. The State

Land Board may require the State Treasurer to deposit any such surplus, until it is able to loan same, in qualified state depositories, upon the same terms and conditions as other public funds are deposited therein, in which event any interest received from any such state depository shall be credited to the fund on which such interest was earned.

(4) The State Land Board may reduce the rate of interest to be paid upon outstanding loans from the Common School Fund and any trust fund placed in its charge, to correspond with the rate of interest to be paid upon new loans, but no reduction in rate of interest shall be made upon any of the loans until interest at the old rate has been paid in full to date of receipt of remittance at the office of the State Land Board.

[Amended by 1963 c.326 §2]

**327.430 Type of security needed for loans.** (1) The principal and interest of all loans shall be paid in lawful money of the United States.

(2) Loans shall be secured by note specifying the fund from which the loan is made and mortgage to the State Land Board on improved land within this state, or upon range or grazing land therein. Except as provided in ORS 273.815, the security for such loan shall be not less than twice the value of the amount loaned, exclusive of perishable improvements on farm property, and, except as otherwise provided in subsection (3) of this section, shall be of unexceptional title and free from all encumbrances. A loan may be secured by a deposit of obligations of the United States or of bonds or warrants of this state of a face value of not less than 25 percent in excess of such loans.

(3) The State Land Board is not prohibited by subsection (2) of this section from making a loan merely because the land securing the loan is:

(a) Situated in an irrigation district, taking into consideration the amount of bonded indebtedness of the district as compared with the valuation of the real property of the district.

(b) Subject to a reservation of mineral rights.

(c) Subject to a lease of any kind.

(d) Subject to a statutory lien for public improvements.

(e) Subject to an easement.

[Amended by 1955 c.352 §1; 1959 c.90 §1; 1963 c.326 §1; 1963 c.517 §6]

**327.435 Ascertainment of value and title of security.** The State Land Board shall adopt methods, rules and regulations for ascertaining the value of and state of the title of any lands proposed as security for any loan under the provisions of ORS 327.425 and 327.430. All expenses of ascertaining value and title shall be borne by the applicant. In no case shall a charge be made upon the state or the fund from which the proposed loan is to be made.

**327.440 Loan repayment.** Loans shall be repaid in semiannual, quarterly or monthly instalments, as may mutually be agreed upon between the borrower and the board, and the instalments shall aggregate each year an amount equal to one year's interest on the original principal of the loan plus an additional two percent of the original principal sum, except as provided in ORS 327.425. Of the instalment so paid each year, the amount at the specified interest rate on the principal remaining unpaid shall be credited as interest and the balance credited to reduction of the loan principal. Borrowers from the fund shall have the right to make payments in excess of the amounts of such instalments, and the further right at any time to pay off such loans in part or full with interest to payment dates.

**327.445 Custody of securities for loans; collection of interest.** The State Land Board shall have custody of all notes, bonds and other securities covering loans made by it from any fund. The board shall take proper measures for the prompt collection of interest due on all loans from any such fund and place it to the credit of the fund from which the loan was made, to be paid out as provided by law.

**327.450 Foreclosure of mortgages given to secure loans.** (1) The State Land Board shall foreclose all mortgages taken to secure loans from the school or other funds whenever more than one year's interest on the loan is due and unpaid or whenever any mortgage becomes inadequate security for the money loaned. The State Land Board may foreclose its mortgage in the event of waste or any other impairment of the property upon which the loan was made. It may also foreclose for delinquency in payment of principal or interest instalments or in payment of taxes on such property.

(2) The State Land Board may bid in the land in the name of the state at a price not to exceed the total amount of the state's claim or they may accept a deed or a release of the equity of redemption. Should it appear to the satisfaction of the board that the mortgagee cannot make the payment of interest and that foreclosure would work an injustice and that foreclosure is not then necessary to secure the fund from loss, the board may extend the time for paying such interest not exceeding two years.

**327.455 Record of land board purchases on foreclosure; resale or lease of land; disposition of proceeds.** The clerk of the State Land Board shall keep a correct record of all purchases on foreclosures under ORS 327.450 with a description of the lands so purchased or acquired, and a statement of the fund to which they belong. Such lands shall be placed in the hands of the clerk and sold or leased under the direction of the board on the best terms obtainable, and the proceeds, to the amount of the principal of the loans, shall be paid into the fund from which the loans were made, and the excess paid to the interest account of that fund.

**327.460** [Reserved for expansion]

**327.465 Cancellation of unpaid taxes after deed to state in liquidation of loan.** Whenever the State Land Board receives a deed to the State of Oregon of lands covered by a mortgage given to secure a loan from the Common School Fund in liquidation of the debt represented by the loan, the State Land Board shall send a written notice of the transaction to the county court of the county in which such deeded lands are situated. Upon the receipt of such notice, the county court shall cancel on the county tax records unpaid taxes levied and assessed against such property in that county. This section does not apply to tax liens of irrigation or drainage districts organized prior to the effective date of the lien of the State Land Board.

**327.470 Cancellation of taxes on land acquired through foreclosure proceedings; right of redemption.** (1) Excepting tax liens of irrigation or drainage districts organized before the effective date of the State Land Board's lien whenever the State of Oregon acquires property or lands through foreclosure of a mortgage given to secure a loan from the Common School Fund and the state

has received the sheriff's deed made as a result of such foreclosure proceedings and the period for redemption has expired, the county court, or board of county commissioners, of the county in which such lands are situated shall cancel on the county tax records all the unpaid taxes levied and assessed against the property.

(2) At the time the sheriff issues a certificate of sale in the foreclosure proceedings of any State Land Board mortgage, he shall serve a copy of the certificate upon the county judge, or the chairman of the board of county commissioners, of the county in which the foreclosure takes place. The county shall have a 60-day period from the date of the sheriff's certificate in which to redeem the land by paying the State Land Board the full amount of its investment in the land, including principal and interest, foreclosure charges, abstracting expense, and any other necessary expense incurred by the State Land Board in said foreclosure proceedings.

**327.475 When county court may acquire mortgaged lands deeded to state.** Whenever the State Land Board receives a deed as described in ORS 327.465, the county court of the county in which the lands are situated may, within one year from the recorded date of such deed, acquire from the state the property so conveyed by paying to the state the total amount of the state's investment in the property.

**327.480 Use of Common School Fund moneys to comply with decree canceling fraudulent deed.** (1) Where the court decree in a suit instituted by the State of Oregon to cancel and set aside any deed of lands from the State of Oregon alleged to have been procured by fraud and in violation of law grants relief to the State of Oregon, conditioned on the payment of money, the State Land Board may pay from the Common School Fund the sum necessary to comply with the conditions of the decree.

(2) This section shall not be considered as a legislative interpretation relieving the defendants in such suit from applying to the legislature for repayment of the purchase price of such land, or that the State of Oregon is not entitled to an accounting from the purchaser, his assignee, or successor in interest, for school or other lands obtained in violation of law, or that the State of Oregon must repay the purchase price of said

lands, with or without interest as a condition of obtaining relief but this section is intended to prevent the loss to the State of Oregon of lands obtained in violation of law, where the court imposes as a condition for granting relief the payment of money.

**327.483 Distribution of revenues from school lands; distribution in union high school districts.** (1) All revenues derived from the school lands mentioned in section 2, Article VIII of the Oregon Constitution, including those net receipts from the Elliott State Forest and the Common School Forest Lands credited to the Common School Fund under ORS 530.520, shall be distributed in the same manner as interest arising from the fund, in accordance with the provisions of ORS 327.410 to 327.420.

(2) Notwithstanding any other provision of law, for purposes of subsection (1) of this section, the school census in a district which is included in whole or in part in a union high school district shall be prorated between the elementary district and each union high school district of which it is a part in the proportion which the average daily membership of resident pupils in the elementary district bears to the average daily membership of resident pupils from such elementary districts in the union high schools.

[1963 c.570 §32a.]

#### **EDUCATIONAL IMPROVEMENT FUND**

**327.485 Educational Improvement Fund established; purposes and disbursements.**

(1) There is established in the General Fund of the State Treasury, an Educational Improvement Fund which shall consist of all moneys made available to the State Department of Education by the state and by charitable and philanthropic foundations, organizations and agencies for the purpose of experimental and demonstration programs designed to improve teaching and teacher education in this state.

(2) Disbursements from the Educational Improvement Fund shall be made as directed by the State Board of Education. The board shall keep a record of all moneys deposited in such fund. The record shall indicate by separate cumulative accounts the source from which the moneys are derived and the individual activity against which each withdrawal is charged.

[1961 c.588 §1]

**327.490 Projects contracted to school districts and institutions of higher learning.** The State Board of Education may contract with school districts and any institutions of higher learning in this state for the purpose of carrying out any phase of a project for which funds granted under ORS 327.485 are available and may reimburse such districts and institutions from such funds. The board may make advance payments to the contracting school districts or institutions based on the estimated cost of any service to be provided. Any payment to a school district shall not be subject to the provisions of ORS 294.305 to 294.520.

[1961 c.588 §5]

**327.495 Appropriation of Educational Improvement Fund.** All funds received by the State Board of Education for distribution to school districts and any institutions of higher education in this state for the purpose of carrying out experimental and demonstration programs to improve teaching and teacher education in this state are hereby continuously appropriated for such purpose.

[1961 c.588 §6]

**327.500** [Reserved for expansion]

### SCHOOL LUNCH FUNDS AND PROGRAM

**327.505 Supervision of school lunch program.** For the purpose of advancing and improving school lunch programs and thereby promoting the health and well-being of the students through better nutrition, the Superintendent of Public Instruction may employ, and have under his direction, a qualified person as Director of School Lunch Programs. The superintendent may employ other necessary personnel to administer the school lunch program.

**327.510 Duties of director.** The director, under the direction of the Superintendent of Public Instruction shall:

(1) Assist school districts in developing school lunch programs that are planned to function as part of the educational program and adapted to local situations.

(2) Assemble and develop educational materials which will help to further the school lunch program.

(3) Develop or assist in developing training programs for managers and cooks of the school lunch.

(4) Work with administrators, supervisors and teachers at all administrative levels

in coordinating the school lunch with the total educational program.

(5) Perform other duties within the purposes of the school lunch program or as directed by the Superintendent of Public Instruction.

**327.515 Superintendent authorized to accept federal funds.** The Superintendent of Public Instruction shall have authority to accept funds under the National School Lunch Act, Public Law 396, chapter 281, United States Statutes at Large, or any subsequent or supplemental Acts.

**327.520 Acceptance and distribution of donated commodities.** The Superintendent of Public Instruction may accept and distribute donated commodities available for either public or private nonprofit educational institutions, subject to state or federal law or regulation relating to such acceptance and distribution. He shall make a charge sufficient to cover but not exceed all costs of distribution to the individual schools. The charge may include administrative expenses, freight, warehousing, storing, processing and transshipment to the end that all participating schools shall receive such donated commodities at the same unit cost irrespective of location of the school with respect to the original point of delivery within the state.

**327.525 School Lunch Revolving Account.** There hereby is created in the General Fund in the State Treasury an account to be known as the School Lunch Revolving Account. Any moneys credited to this account hereby are appropriated for the purposes of ORS 327.520. All money received under the provisions of ORS 327.520 shall be paid by the superintendent to the State Treasurer for credit to the School Lunch Revolving Account.

**327.530 Rules and regulations.** The Superintendent of Public Instruction may make necessary rules and regulations for implementation of the school lunch program, including distribution of donated commodities, consistent with the purposes of that program.

**327.535 to 327.550** [Reserved for expansion]

### FEDERAL AID TO EDUCATION

**327.555** [1953 c.273 §2; repealed by 1959 c.654

**327.560** [1953 c.273 §3; repealed by 1959 c.654 §3]

**327.565** [1953 c.273 §4; repealed by 1959 c.654 §3]

**327.570** [1953 c.273 §5; repealed by 1959 c.654 §3]

**327.575** [1953 c.273 §6; repealed by 1959 c.654 §3]

**327.580 to 327.600** [Reserved for expansion]

**327.605 Board designated to apply for and receive federal aid to education.** The State Board of Education hereby is designated as the state agency to apply to and receive from the Federal Government or any agency thereof such grants available to the State of Oregon or any of its political subdivisions or agencies for general federal aid of public elementary and secondary schools and their auxiliary services, improvement of teacher preparation, teacher salaries, construction of school buildings, administration of the Department of Education and adult educational services and any other educational activities under the jurisdiction of the State Board of Education.

[Amended by 1959 c.654 §1; 1961 c.624 §5]

**327.610 Powers and duties as to federal funds.** To carry out the purposes of grants under ORS 327.605, the Superintendent of Public Instruction shall:

(1) Disburse or supervise the disbursement of all funds made available at any time by the Federal Government or the State of Oregon for such purposes.

(2) Adopt, carry out and administer a plan for disbursement for any such purposes, which plan shall be state-wide in application in so far as reasonably feasible, possible or permissible. The plan shall be devised to comply with existing federal requirements and not be contrary to or inconsistent with the laws of this state.

**327.615 State Treasurer as trustee of funds.** The State Treasurer shall serve as trustee of any federal aid to education funds apportioned to the State of Oregon.

**327.620 Audits of accounts affecting federal funds; warrants.** The Secretary of State shall cause audits to be made of the accounts and financial affairs of the Superintendent of Public Instruction affecting any funds acquired from the Federal Government to aid education, in the same manner and under the same conditions as provided by law for the audit of state departments and

institutions. He shall draw his warrants on the State Treasurer in payment of all duly incurred and approved claims which are available from such funds.

**327.625 Monthly reports by participants.** All school districts, agencies, institutions or other organizations participating in the benefits of federal grants to aid education shall make monthly reports to the Superintendent of Public Instruction of money or other property received for these purposes and the disposition made of the same.

**327.630 Reports to Commissioner of Education.** The State Board of Education shall make such reports to the Commissioner of Education regarding the expenditure of funds received from the Federal Government for educational aid purposes and the progress of work or services provided by such funds, in such form and containing such information as the commissioner may require.

[Amended by 1961 c.624 §6]

**327.635 Labor standards required on federally financed school construction.** The Superintendent of Public Instruction shall provide, in the construction of school facilities financed in part through federal grants, for the enforcement of labor standards not less beneficial to employes on such projects than those required under sections 1 and 2 of the Act of Congress of August 30, 1935, as amended.

**327.640 Vocational School Inspection Account.** All moneys received by the Superintendent of Public Instruction from the Federal Government in connection with the inspection and supervision of vocational schools shall be deposited in the State Treasury to the credit of the General Fund in an account to be known as the Vocational School Inspection Account, and such account hereby is appropriated for the payment of expenses of inspection and supervision of vocational schools. All expenses of the Superintendent of Public Instruction in connection with the inspection and supervision of vocational schools shall be paid in the manner provided by law out of the Vocational School Inspection Account.

**327.645 to 327.650** [Reserved for expansion]

#### MISCELLANEOUS

**327.655 Board as donee; authority to use donations.** The State Board of Education hereby is authorized and empowered to take

by gift, devise, bequest or in any other lawful manner, money or property for the ultimate use or benefit of the public schools and to use such money or property for the purpose for which it was donated. The board shall deposit any such money received in a special fund with the State Treasurer as provided in ORS 293.265 to 293.275. The money shall be expended under the direction of the board for the purposes for which it was donated.

[Amended by 1961 c.624 §7]

**327.660 Special apportionment to districts educating children residing on tax-exempt state property.** (1) The elementary and high school education of children whose parents or guardians are employes of the state and with whom the child resides in an area which is exempt from taxation as property of the state hereby is declared to be the responsibility of the state, and the Superintendent of Public Instruction shall annually pay, from moneys specifically appropriated for the program under this section, to school districts in which such children reside and attend public elementary or high school an amount computed under subsection (2) of this section. In the case of otherwise eligible children who attend school in another district from that in which they reside and whose tuition is paid by the district in which they reside, the district paying the tuition shall be entitled to reimbursement provided under this section.

(2) The Superintendent of Public Instruction, in the manner prescribed under subsection (3) of this section, shall pay to each school district, where children covered under subsection (1) of this section reside and attend elementary or high schools operated by the district, for each such child an amount equal to the difference between the net operating expenditures per pupil as defined in ORS 327.006 plus reasonable costs of transportation per pupil where transpor-

tation is furnished by the district and the average receipts of the school district per pupil for operating expenditures from the county, state and federal sources other than the local district tax.

(3) Each school district shall report not later than September 30 following the end of the school year for which the report is made the number of children covered under subsection (1) of this section in elementary or high schools operated by the district. The report shall contain such other information as the Superintendent of Public Instruction may require. The Superintendent of Public Instruction, as soon as possible after the receipt of such reports, shall prepare, certify and transmit to the Secretary of State a roll of the districts concerned and the amount due each district for the preceding school year. The Secretary of State shall audit the roll and draw his warrants on the State Treasurer, payable out of the moneys specifically appropriated for the program under this section to the several school districts in the amounts certified in the roll.

(4) If the amount appropriated for a fiscal year for the program under this section is insufficient to provide full apportionments as provided in subsections (1) to (3) of this section, the amount available shall be distributed on a pro rata basis to the claiming districts.

[1963 c.570 §2]

**327.670 to 327.985** [Reserved for expansion]

### PENALTIES

**327.990 Penalties.** (1) Violation of ORS 327.080 is punishable, upon conviction, by a fine of not less than \$25 nor more than \$100, or by imprisonment in the county jail not less than six months, or both.

(2) Violation of any of the provisions of ORS 327.405 to 327.480 and 327.605 to 327.635 is punishable, upon conviction, as a misdemeanor.

[Amended by 1957 c.626 §5]

### CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.  
Done at Salem, Oregon,  
on December 1, 1963.

Sam R. Haley  
Legislative Counsel