

# Chapter 327

1991 EDITION

## State Financing of Elementary and Secondary Education

### 1991-1992 DISTRIBUTION OF PUBLIC SCHOOL SYSTEM SUPPORT FUND

(Temporary provisions relating to 1991-1992 distribution of public school system support fund compiled as notes following ORS 327.006)

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## 1991-1992 DISTRIBUTION OF PUBLIC SCHOOL SYSTEM SUPPORT FUND

Note: Sections 2 to 4, 6 to 9 and 12 to 14, chapter 162, Oregon Laws 1991, as amended by section 29, chapter 780, Oregon Laws 1991, provide:

**Sec. 2.** (1) Of the amounts appropriated to the Public School System Support Fund for the 1991-1992 fiscal year, the Department of Education shall distribute \$623.8 million under the distribution formula used to distribute the Basic School Support Fund for the 1990-1991 fiscal year.

(2) Notwithstanding subsection (1) of this section, no school district shall receive a distribution under this section less than the district's distribution from the Basic School Support Fund for 1990-1991. The distributions determined under subsection (1) of this section shall be reduced in equal proportion and the amounts redistributed to districts as necessary to achieve the purpose of this subsection. [1991 c.162 §2]

**Sec. 3.** (1) Of the amounts appropriated to the Public School System Support Fund for the 1991-1992 fiscal year, \$167.4 million shall be distributed to common and union high school districts and education service districts. The distribution to each district shall be any positive amount equal to:

(a) The larger of:

(A) One hundred six percent of the total taxes, before offsets required by law, certified by the district for 1990-1991 less any amount determined in subsection (2) of this section; or

(B) The smaller of:

(i) The total taxes certified by the district for 1991-1992 pursuant to levy authority approved prior to June 1, 1991; or

(ii) One hundred twelve percent of the total taxes, before offsets required by law, certified by the district for 1990-1991;

(b) Less any offsets to certified tax levies of the district required by law in 1991-1992;

(c) Less any taxes lost due to truncation in calculating the rate of a levy; and

(d) Less any taxes imposed by the district within the limits of section 11b, Article XI of the Oregon Constitution for 1991-1992.

(2) If a district certifies a tax levy less than the lower of (a) the maximum amount it can certify within the limits of section 11 or 11a, Article XI of the Oregon Constitution, or (b) 106 percent of the total taxes, before offsets required by law, certified by the district in 1990-1991, the amount determined in subparagraph (A) of paragraph (a) of subsection (1) of this section shall be reduced by the difference between the levy certified and the lower of the amount under subparagraph (A) or (B) of paragraph (a) of subsection (1) of this section.

(3) If an education service district that operated under ORS 334.350 to 334.400 in 1990-1991 discontinues its financial operating procedure and adopts a new procedure for 1991-1992, the calculation in this section shall be made by aggregating the amounts for the education service district and the school districts located within the boundaries of the education service district in each element of the calculation into one amount and calculating one total distribution to the districts. The total distribution shall be made to the education service district and each school district pursuant to rules of the State Board of Education, after consultation with the education service district and the affected school districts.

(4) If available moneys are insufficient to make the distribution required by subsection (1) of this section, the distribution to each eligible district shall be reduced in equal proportion so that all available funds are dis-

tributed. If available moneys are more than sufficient to make the distribution required by subsection (1) of this section, any excess shall be distributed under section 4 of this Act.

(5) The distribution to each district by this section shall be based on reports prepared by the Department of Revenue pursuant to sections 229b and 229c, chapter 459, Oregon Laws 1991. [1991 c.162 §3]

**Sec. 4.** (1) From the amounts appropriated to the Public School System Support Fund, the department shall distribute \$13.8 million to school districts whose budgeted current operating expenditure per student in average daily membership in the 1990-1991 fiscal year is less than a fixed percentage of the statewide average expenditure per student in that year. The distribution to each eligible district shall be a dollar amount per student in average daily membership equal to the difference between the eligible district's budgeted current operating expenditure per student in average daily membership in the 1990-1991 fiscal year and the fixed percentage of the statewide average expenditure per student in that year. The department shall fix the percentage so that all funds available under this section are distributed. For the computation required by this subsection, school districts shall be divided into three categories and shall be entitled to receive the distribution under this section if the district's expenditures for 1990-1991 are less than the fixed percentage of the statewide average for the category to which the district is assigned. The categories are:

(a) School districts providing education in kindergarten through grade 6, 7 or 8.

(b) School districts providing education in grade 6, 7 or 8 through grade 12.

(c) School districts providing education in kindergarten through grade 12.

(2) For purposes of the calculation in subsection (1) of this section, each district's current operating expenditures shall be reduced by any grant received under ORS 327.212 [1989 Edition] that is budgeted and expended in the 1990-1991 fiscal year. [1991 c.162 §4]

**Sec. 6.** The state elects to limit its constitutional obligation to replace revenues lost to the public school system as permitted by section 11b (5), Article XI of the Oregon Constitution. Of the amounts distributed to the public school system from the Public School System Support Fund and the Community College System Support Fund by this Act [321.309 and 341.620], an amount equal to the amount determined by the Department of Revenue to be the state's constitutional replacement obligation under section 229d, chapter 459, Oregon Laws 1991, is specifically designated as replacement revenue within the meaning of section 11b (5), Article XI of the Oregon Constitution. If any additional amounts are distributed from the Public School System Support Fund or the Community College System Support Fund, these amounts are not replacement revenue within the meaning of section 11b (5), Article XI of the Oregon Constitution. [1991 c.162 §6]

**Sec. 7.** For purposes of this Act [321.309 and 341.620], "taxes" includes all "taxes on property," excluding "exempt bonded indebtedness," as those terms are defined in section 210, chapter 459, Oregon Laws 1991 [310.140]. [1991 c.162 §7]

**Sec. 8.** (1) The funds available under chapter 162, Oregon Laws 1991, shall be:

(a) Apportioned among the common and union high school districts and education service districts in the same manner and at the same times as the school districts received moneys from the Basic School Support Fund in the 1990-1991 fiscal year.

(b) Apportioned among community college districts in the same manner and at the same times as state

funds for operating expenses are distributed in the 1991-1992 fiscal year.

(2) If the information required to make the allocation of the Public School System Support Fund under section 3, chapter 162, Oregon Laws 1991, is not available on August 15, 1991, the distribution required by chapter 162, Oregon Laws 1991, shall commence on October 15, 1991, with the amount to be distributed equal to the sum of the distributions due on August 15, 1991, and October 15, 1991. [1991 c.162 §8; 1991 c.780 §29]

**Sec. 9.** If an education service district that operated under ORS 334.350 to 334.400 in 1990-1991 discontinues its financial operating procedure and adopts a new procedure for 1991-1992, the levy amount for 1991-1992 determined under ORS 328.735 (1) for the education service district and each of the school districts located within the boundaries of the education service district shall be determined by adjusting the calculation in ORS 328.735 (1) as follows:

(1) For the education service district, the amount determined in ORS 328.735 (1)(a) shall be reduced, prior to the subtractions in ORS 328.735 (1)(a)(A) and (B), by the amount of any levy of the education service district in 1990-1991 outside the limitation imposed by section 11 (1) and (2), Article XI of the Oregon Constitution; and

(2) For each school district, the amount determined in ORS 328.735 (1)(a), prior to the subtractions in ORS 328.735 (1)(a)(A) and (B), shall be increased so that the aggregate increase for all school districts equals the reduction made in subsection (1) of this section. The amount of the increase for each school district shall be determined by rule of the State Board of Education, after consultation with the education service district and the affected school districts. [1991 c.162 §9]

**Sec. 12.** (1) An eligible school district may request an early distribution of funds allocated to the district from state funds appropriated for general operations of school districts for the 1992-1993 fiscal year.

(2) For purposes of this section, an "eligible school district" means a district that either:

(a) Certified a levy under section 11a, Article XI of the Oregon Constitution for both the 1989-1990 and 1990-1991 fiscal years; or

(b) Reduced its expenditures for home to school transportation in 1989-1990 or 1990-1991 by more than 30 percent from the amount expended in the prior fiscal year.

(3) The amount distributed under this section shall not exceed eight percent of the estimated allocation to the district for the 1992-1993 fiscal year.

(4) An eligible district shall request an early distribution prior to September 1, 1991. The request shall be made in writing in a manner specified by the State Board of Education by rule. The Superintendent of Public Instruction shall make the early distribution permitted by this section on May 15, 1992. [1991 c.162 §12]

**Sec. 13.** Notwithstanding ORS 327.049 [1989 Edition], 343.363 and section 2 of this Act, for the 1991-1992 fiscal year, the credit to the Special Education Account required by ORS 327.049 and the credit for early intervention programs required by ORS 343.363 shall be made from the distribution under section 2 of this Act prior to any other distribution described in section 2 of this Act. [1991 c.162 §13]

**Sec. 14.** Notwithstanding section 3 of this Act, no school district shall receive a distribution under this Act [321.309 and 341.620] that would cause the total certified levy of the district in 1991-1992, less any amount lost by the district in 1991-1992 due to the limits imposed by section 11b, Article XI of the Oregon Constitution, plus the distribution to the district under this Act, to be less than the certified levy of the district in

1990-1991 plus the district's distribution from the Basic School Support Fund for 1990-1991. The distribution determined under section 3 of this Act shall be reduced in equal proportion and the amounts redistributed to districts as necessary to achieve the purpose of this section. [1991 c.162 §14]

## STATE SCHOOL FUND

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

**327.006 Definitions for ORS 327.006 to 327.133.** As used in ORS 327.006 to 327.133:

(1) "Aggregate days membership" means the sum of days present and absent, according to the rules of the State Board of Education, of all resident pupils when school is actually in session during a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the basis of a half-day program.

(2) "Approved transportation costs" means those costs as defined by rule of the State Board of Education and are limited to those costs attributable to transporting or room and board provided in lieu of transporting:

(a) Elementary school students who live at least one mile from school;

(b) Secondary school students who live at least 1.5 miles from school;

(c) Any student required to be transported for health or safety reasons, according to supplemental plans from districts that have been approved by the state board identifying students who are required to be transported for health or safety reasons, including special education;

(d) Preschool children with disabilities requiring transportation for early intervention services provided pursuant to ORS 343.363 and 343.367;

(e) Students who require payment of room and board in lieu of transportation;

(f) A student transported from one school or facility to another school or facility when the student attends both schools or facilities during the day or week; and

(g) Students participating in school-sponsored field trips that are extensions of classroom learning experiences.

(3) "Average daily membership" or "ADM" 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. However, if a district school board adopts a class schedule that operates throughout the year for all or any schools in the district, average daily membership shall be computed by the Department of Education so that the resulting average daily membership will not

be higher or lower than if the board had not adopted such schedule.

(4) "Consumer Price Index" means the Consumer Price Index for All Urban Consumers of the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States Department of Labor, Bureau of Labor Statistics.

(5) "Kindergarten" means a kindergarten program that conforms to the standards and rules adopted by the State Board of Education.

(6) "Net operating expenditures" means the sum of expenditures of a school district in kindergarten through grade 12 for administration, instruction, attendance and health services, operation of plant, maintenance of plant, fixed charges and tuition for resident students attending in another district, as determined in accordance with the rules of the State Board of Education, but net operating expenditures does not include transportation, food service, student body activities, community services, capital outlay, debt service or expenses incurred for nonresident students.

(7)(a) "Resident pupil" means any pupil:

(A) Whose legal school residence is within the boundaries of a school district reporting the pupil, if the district is legally responsible for the education of the pupil, except that "resident pupil" does not include a pupil who pays tuition or for whom the parent pays tuition or for whom the district does not pay tuition for placement outside the district; or

(B) Whose legal residence is not within the boundaries of the district reporting the pupil but attends school in the district with the written consent of the affected school district boards. However, such written agreements shall not apply to pupils attending high school under ORS 335.090.

(b) "Resident pupil" includes a pupil admitted to a school district under ORS 339.115 (3).

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

(9) "Tax" and "taxes" includes all taxes on property, excluding exempt bonded indebtedness, as those terms are defined in ORS 310.140. [1957 c.612 §2 (enacted in lieu of 327.005); 1957 c.708 §4; 1959 c.388 §1; 1963 c.142 §1; 1965 c.100 §14; 1971 c.395 §2; 1973 c.750 §16; 1973 c.827 §26; 1977 c.840 §1; 1979 c.259 §1; 1981 c.804 §95; 1989 c.215 §2; 1989 c.342 §1; 1991 c.693 §35; 1991 c.780 §2]

Note: The amendments to 327.006 by section 2, chapter 780, Oregon Laws 1991, become operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text that is operative until that date is set forth for the user's convenience.

327.006. As used in ORS 327.006 to 327.053, 327.059, 327.063 and 327.072 to 327.133:

(1) "Aggregate days membership" means the sum of days present and absent, according to the rules of the State Board of Education, of all resident pupils when school is actually in session during a certain period. The aggregate days membership of kindergarten pupils shall be calculated on the basis of a half-day program.

(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. However, if a district school board adopts a class schedule that operates throughout the year for all or any schools in the district, average daily membership shall be computed by the Department of Education so that the resulting average daily membership will not be higher or lower than if the board had not adopted such schedule.

(3) "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.

(4) "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 electors of the district.

(5) "Kindergarten" means a kindergarten program that conforms to the standards and rules adopted by the State Board of Education.

(6) "Net operating expenditures" means the sum of expenditures of a school district in kindergarten through grade 12 for administration, instruction, attendance and health services, operation of plant, maintenance of plant, fixed charges and tuition for resident students attending in another district, as determined in accordance with the rules of the State Board of Education, but net operating expenditures does not include transportation, food service, student body activities, community services, capital outlay, debt service or expenses incurred for nonresident students.

(7)(a) "Resident pupil" means any pupil:

(A) Whose legal school residence is within the boundaries of a school district reporting the pupil, if the district is legally responsible for the education of the pupil, except that "resident pupil" does not include a pupil who pays tuition or for whom the parent pays tuition or for whom the district does not pay tuition for placement outside the district; or

(B) Whose legal residence is not within the boundaries of the district reporting the pupil but attends school in the district with the written consent of the affected school district boards. However, such written agreements shall not apply to pupils attending high school under ORS 335.090.

(b) "Resident pupil" includes a pupil admitted to a school district under ORS 339.115 (3).

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

(9) "Assessed value" means the assessed value of the property within the district, 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 value has been certified pursuant to ORS 311.105. However, where schools for all 13 grades are not operated or provided for by the same district, eight and one-third percent of the assessed value shall be attributed to a district for each grade.

**327.008 State School Fund; state school fund grants.** (1) There is established a State School Fund in the General Fund. The fund shall consist of moneys appropriated by the Legislative Assembly. The State School Fund is continuously appropriated for

the purposes of ORS 326.705 to 326.835, 327.006, 327.103, 335.125, 335.140 to 335.180, 336.157, 336.435, 336.557, 336.705, 336.730, 336.745, 339.115, 342.017, 343.415 and 343.437

(2) For fiscal years beginning on and after July 1, 1992, there shall be apportioned from the State School Fund to each school district a state school fund grant, consisting of a general purpose grant and a transportation grant minus local revenue, computed as provided in ORS 327.013.

(3) 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.

(4) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution. [1991 c.780 §3]

**Note:** 327.008 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

**Note:** See note preceding 327.006.

**327.010** [Amended by 1957 c.626 §2; 1963 c.570 §1; 1965 c.100 §15; 1979 c.277 §2; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.010 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

327.010. (1) It is the policy of the Legislative Assembly in appropriating money to the Basic School Support Fund to appropriate for 1979-1980 the amount of \$849.60 per pupil in average daily membership in that year and to make appropriations to the fund in subsequent years based on an annual rate of growth of that amount by nine percent or the percentage rate of increase in the Consumer Price Index, as defined in ORS 327.075, for the preceding year, whichever is the lesser. In making the estimate under ORS 327.094, the Superintendent of Public Instruction shall be guided by this policy to avoid making excessive estimates.

(2) The Basic School Support Fund shall be used exclusively for the improvement and support of standard public elementary and secondary schools and shall be distributed to equalize educational opportunities and conserve and improve the standards of public elementary and secondary education. Distribution shall be made to school districts which meet all legal requirements and which maintain and operate a standard school or which contract with another standard district for the education of its students.

(3) The Basic School Support Fund hereby is appropriated for carrying out the provisions of ORS 327.035, 327.042, 327.059 and 327.063.

**327.012** [Repealed by 1957 c.626 §1]

**Note:** Section 10, chapter 780, Oregon Laws 1991, provides:

**Sec. 10. Distribution to education service districts.** (1) Of the amounts appropriated to the State School Fund for the 1992-1993 fiscal year, the Superintendent of Public Instruction shall set aside a sum for the distribution to education service districts. The distribution to each education service district shall be 85 percent of any positive amount equal to 106 percent of the total taxes, before offsets required by law, certified by the district for the 1991-1992 fiscal year less:

(a) Any offsets to certified tax levies of the district required by law for the 1992-1993 fiscal year;

(b) Any taxes lost due to truncation in calculating the rate of a levy; and

(c) Any taxes imposed by the district within the limits of section 11b, Article XI of the Oregon Constitution for the 1992-1993 fiscal year.

(2) Notwithstanding subsection (1) of this section, an education service district providing equalization under ORS 334.350 to 334.400, shall receive 100 percent, rather than 85 percent, of the portion of the positive amount determined under subsection (1) of this section attributable to apportionments to school districts. For purposes of this calculation, the same proportion of taxes, offsets and revenue received by the education service district under section 3, chapter 162, Oregon Laws 1991, shall be assumed to be attributable to apportionments to school districts.

(3) The distribution to each education service district by this section shall be based on reports and estimates prepared by the Department of Revenue pursuant to section 229b, chapter 459, Oregon Laws 1991 [311.175].

(4) Notwithstanding ORS 334.400, for an education service district providing equalization under ORS 334.350 to 334.400, the amounts apportioned to school districts, in the aggregate, for the 1992-1993 fiscal year shall not be less than 106 percent of the amount apportioned to school districts, in the aggregate, for the 1991-1992 fiscal year. [1991 c.780 §10]

**327.013 State School Fund distribution computations.** The State School Fund distributions shall be computed as follows:

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

(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 for the 1992-1993 distribution.

(D) 0.1 for each student in average daily membership enrolled in an elementary district operating grades kindergarten through 6 or grades kindergarten through 8.

(E) For each student in average daily membership in a school operated as a necessary small school, as defined in ORS 327.075, 0.004 multiplied by the difference between the number of students in average daily membership in the school and 251 ADM.

(F) 0.25 times the sum of the following:

(i) The number of children 5 to 18 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, "1980 Census Poverty Data for LEA's," and as adjusted by the number of projected 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 1980;

(ii) The number of children in foster homes in the district as determined by the report of the Department of Human Resources 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 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 Department of Human Resources for October 31 of the year prior to the year of distribution.

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

(b) The total additional weight that shall be assigned to any student in average daily membership in a district, exclusive of students described in subparagraph (F) of paragraph (a) of this subsection shall not exceed 2.0.

(8) Transportation Grant = 70 percent of Approved Transportation Costs.

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

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

(b) The amount of property taxes actually imposed by the district as determined by the Department of Revenue under ORS 311.175 (3)(a)(B);

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

(d) The amount of revenue received by the district from the county school fund from the payment required by ORS 328.005 (1);

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

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

(g) The amount of revenue received under ORS 334.400 by a school district in an education service district that provides equalization under ORS 334.400;

(h) Moneys received in lieu of property taxes; and

(i) Federal funds received without specific application by the school district and which are not deemed under federal law to be nonsupplantable.

(10) The amount in paragraph (b) of subsection (9) of this section shall not be less than the amount that would be imposed by the district if the district certified a total property tax levy equal to the lesser of:

(a) The maximum amount it can certify within the limits of sections 11 and 11a, Article XI of the Oregon Constitution; or

(b) 106 percent of the total taxes certified by the district in the prior year. [1991 c.780 §4]

Note: 327.013 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

Note: Section 4a, chapter 780, Oregon Laws 1991, provides:

Sec. 4a. (1) For the 1992-1993 fiscal year, the sum of the general purpose grant determined under section 4 (1) of this Act [327.013], and of the Transportation Grant determined under section 4 (8) of this Act for a district shall not be less than 100 percent or more than 125 percent of the sum of the amount distributed to that district from the Public School System Support Fund, established by section 1, chapter 162, Oregon Laws 1991 [341.620], in the 1991-1992 fiscal year and Local Revenues to that district in the 1991-1992 fiscal year, where Local Revenues are as defined under section 4 (9) of this Act.

(2) The limitation established under subsection (1) of this section shall be adjusted to reflect any district consolidations that occur between the 1991-1992 and 1992-1993 fiscal years. [1991 c.780 §4a]

327.014 [1953 c.547 §1; 1957 c.626 §3; 1957 s.s. c.2 §1; 1961 c.622 §1; 1963 c.570 §1a; 1965 c.100 §16; 1965 c.528 §1; 1969 c.625 §1; repealed by 1971 c.22 §4]

327.015 [Repealed by 1957 c.612 §18]

327.018 [1957 c.612 §7 (enacted in lieu of 327.085); 1959 c.388 §2; 1965 c.100 §19; renumbered 327.059]

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

**327.023 Grants for special and compensatory education programs.** In addition to those moneys distributed through the State School Fund, the Department of Education shall provide from state funds appropriated therefor, grants in aid or support for special and compensatory education programs including:

(1) Special schools for children who are deaf or blind as defined in ORS 346.010.

(2) Medicaid match for administration efforts to secure Medicaid funds for services provided to children with disabilities.

(3) Hospital programs for education services to children who are hospitalized for extended periods of time or who require hospitalization due to severe disability as described in ORS 343.261.

(4) Private agency programs for education services to children who are placed by the state in long term care or treatment facilities as described in ORS 343.961.

(5) Regional services provided to children with low-incidence handicapping conditions as described in ORS 343.236.

(6) Early childhood special education provided to preschool children with disabilities from age three until age of eligibility for kindergarten as described in ORS 339.185, 343.035, 343.041, 343.055, 343.065, 343.157, 343.363 and 343.465 to 343.534.

(7) Early intervention services for preschool children from birth until age three as described in ORS 339.185, 343.035, 343.041, 343.055, 343.065, 343.157, 343.363 and 343.465 to 343.534.

(8) Evaluation services for children with disabilities to determine program eligibility and needs as described in ORS 343.271.

(9) Education services to children residing at state hospitals and training centers as described in ORS 343.975.

(10) Disadvantaged children program under ORS 343.680.

(11) Early childhood education under ORS 343.415 to 343.435.

(12) Child development specialist under ORS 343.125.

(13) Youth care centers under ORS 420.885.

(14) Staff development and mentoring.

(15) Vocational education grants.

(16) Special science education programs.

(17) Talented and Gifted children program under ORS 343.391 to 343.413. [1991 c.780 §5]

**Note:** 327.023 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

**327.024** [1957 c.612 §9 (enacted in lieu of 327.020); 1959 c.388 §3; 1965 c.100 §20; renumbered 327.063]

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

**327.028** [1957 c.612 §4 (enacted in lieu of 327.025); 1957 c.708 §5; 1959 c.388 §4; 1965 c.100 §22; renumbered 327.075]

**327.030** [Repealed by 1957 c.612 §18]

**327.032** [Formerly 327.070; 1965 c.100 §28; renumbered 327.103]

**327.033 Approved transportation costs.** (1) Approved transportation costs shall be estimated for the year of distribution.

(2) Approved transportation costs shall include depreciation of original cost to the district of district-owned buses, not in excess of 10 percent per year.

(3) Districts are required to account separately for those funds received from the State School Fund attributable to the costs included under subsection (2) of this section, and expenditure of those funds shall be limited to the acquisition of new buses or transportation equipment. [1991 c.780 §7a]

**327.035** [Amended by 1953 c.108 §3; 1957 c.612 §10; 1959 c.388 §5; 1963 c.142 §2; 1965 c.100 §17; 1965 c.323 §1; 1971 c.107 §1; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.035 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.035.** (1) Of the moneys in the Basic School Support Fund, the Superintendent of Public Instruction shall set aside a sum equal to 60 percent of the total approved cost of all school districts within the state for pupil transportation, or board and room in lieu of transportation, that was expended two years prior to the year of apportionment to be distributed in accordance with subsection (2) of this section.

(2) Upon approval of the Superintendent of Public Instruction, and in compliance with rules of the State Board of Education, each school district which provides pupil transportation to and from school, or board and room in lieu of transportation, and meets approved standards of safety, efficiency and operation, shall be entitled to transportation aid from the transportation account on the basis of the approved cost for such services in the year next preceding the year of apportionment. The transportation account shall be apportioned among all eligible districts in the proportion that the approved cost of each bears to the approved cost of all districts in the state.

(3) Depreciation of original cost to the district of district-owned buses shall be included in new cost computation under subsection (1) of this section but shall not be allowed in excess of 10 percent per year.

(4) Apportionments under this section shall be made at the same time as other apportionments of the Basic School Support Fund.

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

**327.040** [Repealed by 1957 c.612 §18]

**327.042** [1957 c.708 §§2, 3; 1959 c.388 §6; 1963 c.570 §1d; 1965 c.100 §18; 1969 c.625 §2; 1971 c.21 §1; 1971 c.107 §2; 1973 c.750 §4; 1977 c.840 §2; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.042 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.042.** (1) There shall be apportioned to each school district the basic grant amount computed under ORS 327.059 (2) for each additional resident pupil reported for the current year in excess of the number reported over the previous year.

(2) For the purposes of subsection (1) of this section, the increase in resident pupils shall be determined by subtracting the number of resident pupils in the previous school year as shown by the final report of the district for that year from the number of 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 327.133.

(3) There shall be apportioned to each school district the basic grant amount computed under ORS 327.059 (2) multiplied by the product of the decrease in resident pupils times 75 percent.

(4) For the purposes of subsection (3) of this section, the number of decrease in resident pupils shall be determined by subtracting the number of 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 327.133 from the number of resident pupils in the previous school year as shown by the final report of the district for that year.

**327.043 When district required to provide transportation; waiver.** (1) A school district is required to provide transportation for elementary students who reside more than one mile from school and for secondary school students who reside more than 1.5 miles from school. A district is also required to provide transportation for any student identified in a supplemental plan approved by the State Board of Education.

(2) Notwithstanding subsection (1) of this section, the State Board of Education may waive the requirement to provide transportation for secondary school students who reside more than 1.5 miles from school. A district must present to the board a plan providing or identifying suitable and sufficient alternate modes of transporting secondary school students. [1991 c.780 §7]

**Note:** 327.043 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

**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]

**327.049** [1985 c.555 §9; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.049 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.049.** There shall be credited annually from the Basic School Support Fund to the Special Education Account under ORS 343.247 (1)(a) an amount equal to \$700 per pupil in 1985-1986 multiplied by the resident average daily membership of programs under ORS 343.261 and 343.961. The per pupil amount shall be adjusted on an annual basis by the percentage rate of increase in the Consumer Price Index, as defined in ORS 327.075.

**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]

**327.053** [1965 c.100 §18a; 1973 c.750 §5; 1977 c.840 §3; 1981 c.899 §1; 1985 c.555 §10; 1989 c.216 §2; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.053 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.053.** (1) From the funds appropriated to the Basic School Support Fund in any given year, the Superintendent of Public Instruction shall set aside such funds as are appropriated for ORS 327.035 and 327.049 to meet the obligation stated in ORS 327.035 and 327.049 and to be distributed to satisfy that obligation.

(2) The Superintendent of Public Instruction shall set aside 70 percent of the remainder after the distribution required in subsection (1) of this section to be distributed as provided in ORS 327.042 and 327.059 and 30 percent of the remainder after the distribution required in subsection (1) of this section to be distributed as provided in ORS 327.063.

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

**327.056** [1977 c.840 §4; repealed by 1989 c.216 §1]

**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]

**327.059** [Formerly 327.018; 1969 c.625 §3; 1971 c.21 §2; 1973 c.750 §6; 1977 c.840 §5; 1981 c.899 §2; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.059 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.059.** (1) From those funds set aside under ORS 327.053 to meet the obligation provided for in this section, each district shall be apportioned a uniform percent of its approved program, as determined in ORS 327.075, determined as necessary to distribute as nearly as practicable the total sum available for distribution under this section and ORS 327.042 for the year of distribution. However, except for approved small schools, no district shall be apportioned an amount in excess of the uniform percent of the basic education program limit stated in ORS 327.075 (3).

(2) The dollar amount per resident average daily membership of the basic grant for purposes of the apportionment in ORS 327.042 for each district shall be determined by dividing the district's basic grant by the district's average daily membership as of June 30 of the preceding year.

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

**327.061 Computation of number of students in average daily membership.** (1) Numbers of students in average daily membership used in the distribution formula as specified in ORS 327.013 (7), shall be projections of the average daily membership in the district for the school year ending on June 30 of the distribution year. The Department of Education shall verify all projections used for purposes of the distribution formula.

(2) The department shall use information from the Department of Revenue under section 229d (3)(a)(A), chapter 459, Oregon Laws 1991, as the basis for determining projected district property taxes. The department shall request relevant information from the school

districts to enable the department to estimate the amount each school district shall receive from the State School Fund. The department shall provide this estimate no later than the first Monday in March of each year for the distribution for the following fiscal year.

(3) A school district may appeal to the department any projection verified by the department under subsection (1) of this section. The department shall rule on the appeal in a timely manner and if necessary issue a revised estimate of the amount each school district shall receive from the State School Fund no later than the last Friday in March.

(4) Notwithstanding subsection (3) of this section, no school district may appeal any projection verified under subsection (1) of this section if the district failed to provide information requested by the department under subsection (2) of this section. [1991 c.780 §11]

**Note:** 327.061 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

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

**327.063** [Formerly 327.024; 1969 c.270 §1; 1969 c.625 §4; 1971 c.107 §3; 1973 c.750 §7; 1977 c.840 §6; 1979 c.259 §2; 1981 c.804 §96; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.063 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.063.** (1) As used in this section "local district contribution" means the sum of:

(a) Federal Forest Reserve Receipts allocated to schools under ORS 294.060;

(b) Common School Fund Receipts; and

(c) The assessed value of the taxable property in the district multiplied by the adjusted tax rate of the district. For purposes of this computation, the Superintendent of Public Instruction shall determine the highest uniform tax rate per \$100 of approved program which will result in the distribution within practical limits of the amount available for the apportionment under this section. This tax rate shall be adjusted for each district by multiplying the highest uniform tax rate times the quotient of the district's approved basic education program per resident average daily membership divided by 100. No district's adjusted tax rate shall exceed the adjusted tax rate that would be produced by using the basic education program limit as defined in ORS 327.075 (3).

(2) There shall be apportioned to each school district any positive difference remaining after the apportionment provided in ORS 327.059 and the local district contribution are deducted from the approved cost of the basic education program.

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

**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 and then 327.103]

**327.071** [1977 c.840 §7a; repealed by 1983 c.610 §8]

**327.072** [Amended by 1957 c.612 §12; 1963 c.570 §4; 1965 c.100 §21; 1969 c.625 §5; 1973 c.750 §8; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.072 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.072.** Except as otherwise specifically provided in ORS 327.042, the amount of the various apportionments provided in ORS 327.042, 327.059, 327.063 and 327.075 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.

**327.074** [Amended by 1965 c.100 §26; renumbered 327.097]

**327.075 Necessary small school determination; effect; appeal.** (1) A school may qualify as a necessary small school if the average daily membership in grades one through eight or in grades 9 through 12 is below 251 and the State Board of Education, after receiving not later than August 1 a petition from the school district board, 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.

(2) 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 State School Fund moneys, the school shall not be considered eligible for the additional weighting under ORS 327.013 (7)(a)(E). Such notice shall be sent to school districts not later than September 30, with the advice that this provision of law shall take effect in the following school year, unless an appeal, setting forth reasons why such action should not be taken, is submitted within 30 days of receipt of the notice by the school district to the State Board of Education and is approved by that body.

(3) Upon receipt of the appeal, the State Board of Education shall review the reasons set forth in the appeal and, if it deems it necessary, may direct the Department of Education to hold a hearing to help determine if the district's continued existence is neces-

sary. 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. [Formerly 327.028; amended by 1969 c.625 §6; 1977 c.840 §7; 1979 c.277 §7; 1991 c.780 §14]

**Note:** The amendments to 327.075 by section 14, chapter 780, Oregon Laws 1991, become operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.075.** (1) Except as provided in subsection (2) of this section or as limited in subsection (3) of this section, the approved cost of the basic education program shall be the net operating expenditures of each district as defined in ORS 327.006 (6) for the year prior to the year of apportionment.

(2)(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 not later than August 1 a petition from the school district board, 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 September 30, with the advice that this provision of law shall take effect in the following school year, unless an appeal, setting forth reasons why such action should not be taken, is submitted within 30 days of receipt of the notice 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 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 adjusted annually by the State Board of Education in a manner consistent with the change in the basic education program level.

(d) The amount of the small school correction shall be added to the cost of the basic education program for the school district.

(3) Except for approved small schools, the limit of approved cost of the basic education program per average daily membership for the fiscal year 1979-1980 shall be \$1,913. In subsequent years, the limit shall be adjusted by an amount equal to 109 percent of the limit of the preceding year or by 100 percent plus the percentage rate of increase in the Consumer Price Index for the preceding calendar year, whichever is the lesser.

(4) As used in this section and in ORS 327.010 "Consumer Price Index" means the Consumer Price Index for All Urban Consumers of the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States Department of Labor, Bureau of Labor Statistics.

**327.076** [Repealed by 1965 c.100 §456]

**327.080** [Amended by 1957 c.612 §13; 1963 c.570 §5; repealed by 1965 c.100 §456]

### **327.082 Kindergarten apportionment.**

(1) School districts which operate kindergartens that conform to the standards and rules adopted by the State Board of Education shall be eligible for apportionments from the State School Fund on the basis of resident average daily membership in the kindergartens.

(2) The apportionments shall be paid in the same manner as other apportionments from the State School Fund are paid. Computation of the amounts due each district operating a kindergarten shall be made by the Superintendent of Public Instruction pursuant to rules of the State Board of Education. The rules shall establish a method of computation that is consistent with the method of computation of other apportionments from the State School Fund. [1973 c.707 §6]

**Note:** Legislative Counsel is directed by section 32, chapter 780, Oregon Laws 1991, to substitute for the Basic School Support Fund words designating the State School Fund. The change is operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

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

**327.090** [Amended by 1959 c.388 §10; 1963 c.570 §6; 1965 c.100 §27; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.090 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.090.** The amount to be received from the Basic School Support Fund shall be included as revenue in the budget of each school district. No part of such fund shall be apportioned and distributed to apply as an offset to a school district tax levy.

**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** [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; 1965 c.100 §25; subsection (4) enacted as 1971 c.22 §3; 1989 c.456 §1; repealed by 1991 c.780 §30]

**Note:** The repeal of 327.094 by section 30, chapter 780, Oregon Laws 1991, becomes operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

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

(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 fiscal year for which apportionment is made but shall be held and distributed to the district as an added payment prior to July 31 in the following fiscal year.

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

(4) Appropriations to the Basic School Support Fund for the second year of a biennium shall serve as the basis of the estimate required by this section for the first year of the succeeding biennium.

**327.095 Time of payment of apportionments.** (1) Except as provided in subsection (2) of this section, funds due school districts under ORS 327.008 and 327.013 shall be paid approximately 16-2/3 percent on August 15, approximately eight and one-third percent on the 15th day of each of the months of October, November, December, January, February, March and April and the balance on May 15. An equitable apportionment based on the most recent data available shall be made on the instalment dates prior to May 15. If such payments are too high or too low, appropriate adjustments shall be made in the May 15 payments. However, if the reports required by ORS 327.133 have not been received from any district when due, no further apportionments shall be made to such district until such reports are filed.

(2) A portion of the August 15 through January 15 payments due school districts that adopt a class schedule that operates throughout the year for all or any schools in the district shall, at the option of such district, be paid on July 15 and September 15. The portion of funds that are paid on July 15 and September 15 shall be in the same proportion that the average daily membership of the schools that operate throughout the year bears to the total average daily membership of the school district.

(3) Any school district that operates a school throughout the year and wants payments on July 15 and September 15 as provided in subsection (2) of this section shall apply to the Superintendent of Public Instruction prior to July 1 for such payment. The superintendent shall prescribe uniform application forms for such purpose. [Amended by 1953 c.108 §3; 1957 c.612 §14; 1959 c.388 §12; 1965 c.100 §24; 1975 c.196 §1; 1977 c.280 §1; 1977 c.840 §8; 1981 c.678 §9; 1983 c.610 §7; 1991 c.780 §16]

Note: The amendments to 327.095 by section 16, chapter 780, Oregon Laws 1991, become operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.095.** (1) Except as provided in subsection (2) of this section, funds due school districts under ORS 327.035, 327.059 and 327.063 shall be paid approximately 16-2/3 percent on August 15, approximately eight and one-third percent on the 15th day of each of the months of October, November, December, January, February, March and April and the balance on May 15. An equitable apportionment based on the most recent data available shall be made on the instalment dates prior

to May 15. If such payments are too high or too low, appropriate adjustments shall be made in the May 15 payments. However, if the reports required by ORS 327.133 have not been received from any district when due, no further apportionments shall be made to such district until such reports are filed.

(2) A portion of the August 15 through January 15 payments due school districts that adopt a class schedule that operates throughout the year for all or any schools in the district shall, at the option of such district, be paid on July 15 and September 15. The portion of funds that are paid on July 15 and September 15 shall be in the same proportion that the average daily membership of the schools that operate throughout the year bears to the total average daily membership of the school district.

(3) Any school district that operates a school throughout the year and wants payments on July 15 and September 15 as provided in subsection (2) of this section shall apply to the Superintendent of Public Instruction prior to July 1 for such payment. The superintendent shall prescribe uniform application forms for such purpose.

**327.097 Apportionment where district changed.** Where any territorial or organizational 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 districts the territory or organization of which has been changed. [Formerly 327.074]

**327.099 Adjustment of distribution within fiscal year.** (1) The Department of Education shall adjust the distribution to a school district to reflect the difference between the actual level of local revenues to the district under ORS 327.013 (9)(a), (b) and (e) and the projected level of those same local revenues used to calculate the State School Fund apportionment to the district. The adjustment shall be incorporated in the May 15 apportionment to the district in the distribution year.

(2) The department shall adjust the distribution to a school district if the ADMw of the district, as determined by the department from information provided in the December quarterly report for the current distribution year filed with the department under ORS 327.133, exceeds the projected District ADMw under ORS 327.013 (6) by five percent or more. The adjustment shall equal the per ADMw general purpose grant for the district multiplied by the amount that the ADMw calculated from the December quarterly report exceeds 105 percent of the District ADMw. The adjustment shall be paid to the district with the May 15 apportionment in the distribution year.

(3) The sum equal to the sum of all negative adjustments made to the May 15 apportionment under subsection (1) of this section is appropriated to the department for purposes of funding positive adjustments required under subsection (1) of this section

and adjustments required under subsection (2) of this section.

(4) The department shall also set aside an amount of the funds appropriated to the State School Fund for the fiscal year to fund any positive adjustments required under subsection (1) of this section and adjustments required under subsection (2) of this section in excess of the amount available under subsection (3) of this section. The amount set aside shall be as determined by law.

(5) If the amounts available under subsections (3) and (4) of this section are not sufficient to fund the positive adjustments to districts required under subsection (1) of this section and the adjustments required under subsection (2) of this section, then every positive adjustment otherwise to be paid under those subsections shall be reduced by an equal proportion as is necessary to reduce the sum of the total payment to the amount of funds available for this purpose.

(6) If the amounts available under subsections (3) and (4) of this section exceed the positive adjustments to districts required under subsection (1) of this section and the adjustments required under subsection (2) of this section, the excess shall be distributed to districts as an additional payment in the May 15 apportionment of the State School Fund. The additional payment to each district shall equal the same proportion of the excess to be distributed as the distribution to the district under ORS 327.008 and 327.013 is of the total State School Fund distribution under ORS 327.008 and 327.013. [1991 c.780 §12]

**Note:** 327.099 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

**Note:** Section 12a, chapter 780, Oregon Laws 1991, provides:

**Sec. 12a.** (1) Notwithstanding section 12 (4) of this Act [327.099], the amount set aside under section 12 (4) of this 1991 Act shall, for the 1992-1993 fiscal year, be determined by rule of the State Board of Education. The amount set aside shall not however exceed two percent of the amount appropriated to the State School Fund for the 1992-1993 fiscal year.

(2) In the 1992-1993 fiscal year, the adjustment under section 12 (1) of this Act shall include a comparable adjustment to the distribution to education service districts from the State School Fund.

(3) The schedule of payments to education service districts from the State School Fund in the 1992-1993 fiscal year shall be as that made to school districts under ORS 327.095 and section 12 of this Act. [1991 c.780 §12a]

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

**327.101 Adjustment of distribution between fiscal years.** (1) For fiscal years beginning on or after July 1, 1993, the distribution to a school district under ORS 327.008 and 327.013 shall be adjusted to fully reflect the difference between the apportionment due to the district for the prior fiscal year under ORS 327.008 and 327.013, and the

amounts actually distributed to the district in the prior fiscal year under ORS 327.008, 327.013 and 327.099. The adjustment shall be made to the May 15 apportionment to the district.

(2) No consideration shall be made in the adjustment made under subsection (1) of this section for any penalties, forfeitures or additional receipts of State School Fund moneys, except when expressly directed by law.

(3) An amount of funds equal to the sum of all negative adjustments made to the May 15 apportionment under subsection (1) of this section shall be appropriated to the Department of Education for purposes of funding positive adjustments required under subsection (1) of this section in the same fiscal year.

(4) The department shall also set aside an amount of the funds appropriated to the State School Fund for the fiscal year to fund any positive adjustments required under subsection (1) of this section in excess of the amount available under subsection (3) of this section. The amount set aside shall be as determined by law.

(5) If the amounts available under subsections (3) and (4) of this section are not sufficient to fund the positive adjustments to districts required under subsection (1) of this section, then every positive adjustment otherwise to be paid under subsection (1) of this section shall be reduced by an equal proportion as is necessary to reduce the sum of the total payment to the amount of funds available for this purpose. [1991 c.780 §13]

**Note:** 327.101 becomes operative on June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

**327.103 Standard school presumed; correction of deficiencies.** (1) All school districts are presumed to maintain a standard school until the school has been found to be deficient by the Superintendent of Public Instruction, pursuant to standards and rules of the State Board of Education.

(2) If any deficiencies are not corrected before the beginning of the school year next following the date of the finding of deficiency and if an extension has not been granted under subsection (3) of this section, the Superintendent of Public Instruction may withhold portions of State School Fund moneys otherwise allocated to the district for operating expenses until such deficiencies are corrected unless the withholding would create an undue hardship, as determined pursuant to rules of the State Board of Education.

(3) Within 90 days of the finding of deficiency, a school district found not to be in compliance shall submit a plan, acceptable to the Superintendent of Public Instruction, for meeting standardization requirements. A

team of Department of Education staff, with Distinguished Oregon Educators, when feasible, operating under the direction of the Department of Education, shall visit the school district and offer technical assistance, as needed, in the preparation and implementation of the plan. When an acceptable plan for meeting standardization requirements has been submitted, the Superintendent of Public Instruction may allow an extension of time, not to exceed 12 months, if the superintendent determines that such deficiencies cannot be corrected or removed before the beginning of the next school year. However, no extension shall be granted if it is possible for a district to correct the deficiency through merger. For the period of the extension of time under this subsection, the school shall be considered a conditionally standard school.

(4) Any district failing to submit a plan for meeting standardization requirements within the time specified shall receive no further State School 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 comply. [Formerly 327.032; 1989 c.491 §5; 1991 c.693 §32]

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

**327.109 Procedure if school district alleged to be involved in religious activity; complaint, investigation, finding; effect.**

(1) Upon receipt from a citizen of Oregon of a complaint which on its face is colorable that a school district is a district which sponsors, financially supports or is actively involved with religious activity, the Superintendent of Public Instruction or the superintendent's designated representative shall undertake promptly a preliminary investigation of the facts alleged in the complaint.

(2) If, after the preliminary investigation, the superintendent finds that there is a substantial basis to believe that the school district is a district which sponsors, financially supports or is actively involved with religious activity, the superintendent shall:

(a) Notify the complainant and the school district;

(b) Withhold immediately all funds due the district under ORS 327.095; and

(c) Schedule a contested case hearing to be conducted in accordance with ORS 183.413 to 183.464.

(3) If, after the preliminary investigation, the superintendent finds that there is no substantial basis to believe that the school district is a district which sponsors, financially supports or is actively involved with religious activity, the superintendent shall notify the complainant and the district of

that finding and shall not withhold funds due the district under ORS 327.095 or schedule a hearing.

(4) During the preliminary investigation, the school district shall cooperate to a reasonable degree with the superintendent and provide any and all evidence which the superintendent considers necessary for the investigation. If the school district fails or refuses to cooperate to a reasonable degree with the superintendent during the investigation, the superintendent shall presume that there is a substantial basis to believe that the district is a district which sponsors, financially supports or is actively involved with religious activity and shall proceed as provided in subsection (2) of this section.

(5) If the superintendent makes a finding under subsection (2) or (4) of this section, the school district shall receive no funds under ORS 327.095 from the date of the superintendent's finding until the superintendent finds that the district is no longer sponsoring, financially supporting or actively involved with religious activity.

(6) The funds withheld under this section shall be held in an escrow account and shall be removed from that account only as follows:

(a) If the superintendent determines, after a contested case hearing, or a court on appeal rules, that the school district never sponsored, financially supported or was actively involved with religious activity, the entire amount, including interest thereon, in the escrow account shall be released to the district.

(b) If the superintendent determines, after a contested case hearing, or a court on appeal rules, that the school district sponsored, financially supported or was actively involved with religious activity in the past but has ceased to do so, that portion of the amount, including interest thereon, in the escrow account which accrued to the district after the district ceased the proscribed conduct shall be paid to the district. Any amount, including interest thereon, permanently withheld from the district shall revert to the State School Fund or to the General Fund, if the biennium has ended.

(c) If the school district does not cease the proscribed conduct by the beginning of the next school year, the superintendent shall notify the State Treasurer who shall cause the amount in the escrow account, including interest thereon, to revert to the State School Fund or to the General Fund, if the biennium has ended.

(7) If the superintendent schedules a contested case hearing, as provided in subsection (2) of this section, the superintendent

may conduct such further investigation of the facts relevant to the complaint as the superintendent considers necessary. In conducting the investigation, the superintendent shall have the power of subpoena to compel production of documents and attendance of witnesses at depositions and may do all things necessary to secure a full and thorough investigation.

(8) If a person or school district fails to comply with any subpoena issued under subsection (7) of this section, a judge of the circuit court of any county, on application of the superintendent, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from circuit court. [1985 c.584 §2]

**Note:** 327.109 was added to and made a part of 327.006 to 327.133 by legislative action but was not added to any other series therein. See Preface to Oregon Revised Statutes for further explanation.

**Note:** Legislative Counsel is directed by section 32, chapter 780, Oregon Laws 1991, to substitute for the Basic School Support Fund words designating the State School Fund. The change is operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

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 apportionments.** 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 ORS 327.006 to 327.133; board rules.** The Superintendent of Public Instruction shall administer the provisions of ORS 327.006 to 327.133. The State Board of Education shall adopt all necessary rules not inconsistent with ORS 327.006 to 327.133 to carry into effect the provisions of those statutes. [Amended by 1963 c.570 §8; 1965 c.100 §29; 1989 c.491 §6; 1991 c.780 §17]

**Note:** The amendments to 327.125 by section 17, chapter 780, Oregon Laws 1991, become operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.125.** The Superintendent of Public Instruction shall administer the provisions of ORS 327.006, 327.053, 327.059, 327.063 and 327.072 to 327.133. The State Board of Education shall adopt all necessary rules not inconsistent with ORS 327.006 to 327.133 to carry into effect the provisions of those statutes.

327.130 [Repealed by 1965 c.100 §456]

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

(a) By July 15 of each year, an annual report covering the school year ending on the preceding June 30; and

(b) By January 15, 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. [Formerly 327.200; 1973 c.750 §9]

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

**327.137 Audit statements filed with department; effect of failure to file or insufficiency of statement.** Every common or union high school district shall file a copy of its audit statement with the Department of Education within six months of the end of the fiscal year for which the audit is required. If the audit report, as submitted to the district, fails to provide the detail necessary for the computation required in the administration of ORS 327.006 to 327.133, 328.542, 334.262, 334.270, 530.115 and this section, the district shall submit the necessary information on forms provided by the department within the time prescribed for filing the audit in this section. Any district failing to file a copy of its report under this section or ORS 327.133 shall not receive any payments from the State School Fund until such reports are filed. [1965 c.199 §1; 1977 c.840 §9; 1989 c.491 §7; 1991 c.780 §18]

**Note:** The amendments to 327.137 by section 18, chapter 780, Oregon Laws 1991, become operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991. The text (1989 Edition) is set forth for the user's convenience.

**327.137.** Every common or union high school district shall file a copy of its audit statement with the Department of Education within six months of the end of the fiscal year for which the audit is required. If the audit report, as submitted to the district, fails to provide the detail necessary for the computation required in the administration of ORS 327.006, 327.042 to 327.063, 327.075, 327.095, 328.542, 334.262, 334.270, 530.115 and this section, the district shall submit the necessary information on forms provided by the department within the time prescribed for filing the audit in this section. Any district failing to file a copy of its report under this section or ORS 327.133 shall not receive any payments from the Basic School Support Fund until such reports are filed.

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]

**327.147 Increased allocation when union high school district becomes common school district.** (1) When a union high school district becomes a common school district, as described in ORS 335.505, the common school district shall be entitled to

an increased allocation, based on the total average daily membership, as defined in ORS 327.006, of the new common school district as follows:

(a) An additional 15 percent in the first year of operation as a common school district;

(b) An additional 10 percent in the second year of operation as a common school district; and

(c) An additional five percent in the third year of operation as a common school district.

(2) The amounts authorized by this section shall be computed based on the computation of the affected district's allocation of moneys from the State School Fund but shall be payable from funds specifically appropriated for the purposes of this section. [1989 c.969 §1]

**Note:** Legislative Counsel is directed by section 32, chapter 780, Oregon Laws 1991, to substitute for the Basic School Support Fund words designating the State School Fund. The change is operative June 30, 1992. See section 38, chapter 780, Oregon Laws 1991.

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

**327.152 Increased allocation when certain merger occurs.** (1) If a school district responsible for education in kindergarten through grade 12, that does not operate a high school, merges with a district providing education in kindergarten through grade 12, the district providing the education shall be entitled to an increased allocation, based on the average daily membership of the former district, as follows:

(a) An additional 15 percent in the first year of operation of the merged district;

(b) An additional 10 percent in the second year of operation of the merged district; and

(c) An additional five percent in the third year of operation of the merged district.

(2) The amounts authorized by this section shall be computed based on the computation of the affected district's allocation of moneys from the State School Fund but shall be payable from funds specifically appropriated for the purposes of this section. [1989 c.969 §2]

**Note:** Legislative Counsel is directed by section 32, chapter 780, Oregon Laws 1991, to substitute for the Basic School Support Fund words designating the State School Fund. The change is operative June 30, 1992. See section 38 chapter 780, Oregon Laws 1991.

**327.155** [Repealed by 1955 c.314 §3]

**327.157 Minimum apportionment to school districts affected or not affected by ORS 327.147 and 327.152.** (1) Subject to the limits of funds appropriated for the implementation of ORS 327.147 and 327.152, a

school district shall not be apportioned less for its average daily membership for any year subsequent to the 1989-1990 fiscal year than was estimated for the 1989-1990 fiscal year.

(2) If the funds appropriated for the implementation of ORS 327.147 and 327.152 are insufficient to meet the obligations incurred under ORS 327.147 and 327.152, each district eligible to receive funds under ORS 327.147 or 327.152 shall receive its pro rata share of the funds available for the implementation of ORS 327.147 and 327.152. [1989 c.969 §4]

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

**327.200** [1957 c.612 §16; 1959 c.388 §14; 1965 c.100 §23; renumbered 327.133]

**327.202** [1989 c.971 §1; repealed by 1991 c.459 §448]

**327.205** [Repealed by 1957 c.626 §1]

**327.207** [1989 c.971 §2; repealed by 1991 c.459 §448]

**327.210** [Repealed by 1957 c.626 §1]

**327.212** [1989 c.971 §3; repealed by 1991 c.459 §448]

**327.215** [Repealed by 1957 c.626 §1]

**327.217** [1989 c.971 §4; repealed by 1991 c.459 §448]

**327.220** [Repealed by 1957 c.626 §1]

**327.225** [Repealed by 1957 c.626 §1]

**327.230** [Repealed by 1957 c.626 §1]

**327.255** [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]

## COMMON SCHOOL FUND

**327.403 Definition for ORS 327.405 to 327.480.** As used in ORS 327.405 to 327.480, unless the context requires otherwise, "administrative office for the county" means the administrative office of the education service district, the county school district, or any common school district which includes an entire county. [1965 c.100 §30; 1991 c.167 §2]

**327.405 Common School Fund; composition and use.** The Common School Fund shall be composed of the proceeds from the sales of the 16th and 36th 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, 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 submerged and submersible lands as described in ORS 274.005, 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 become a part of the Common School Fund. Except as otherwise provided by law, the income from the Common School Fund shall be applied exclusively 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 fees and all other expenses in any suit or proceeding relating to escheated estates shall be audited by the Division of State Lands and paid from the Common School Fund Account. [Amended by 1957 c.670 §31; 1965 c.100 §31; 1969 c.338 §3; 1987 c.760 §4]

Note: See note under 98.432.

**327.410 Apportionment of Distributable Income Account of Common School Fund to counties.** The Division of State Lands shall apportion the balance of the Distributable Income Account of the Common School Fund established under ORS 273.105, after deductions authorized by law, among the several counties semiannually commencing on January 1, 1983, or more frequently if the State Land Board so orders, in proportion to the number of children resident therein between the ages of 4 and 20 as determined pursuant to ORS 190.510 to 190.610. 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 administrative office for the county for distribution among the school districts of the county. [Amended by 1965 c.100 §32; 1967 c.421 §200; 1971 c.294 §2; 1982 s.s.2 c.1 §5]

**327.415 Apportionment to school districts.** Within two weeks after receipt from the Division of State Lands of the county's share of the Common School Fund, the executive officer of the administrative office for the county shall apportion the fund among the several districts in the county. 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 boards thereof. However, the county treasurer shall not issue or transmit any such warrant to any board until the bond for the person designated as custodian of the funds of the district has been received, examined and approved by the executive officer of the administrative office for the county and filed as a part of the records thereof. [Amended by 1963 c.544 §16; 1965 c.100 §33; 1971 c.294 §1]

**327.420 Basis of apportionment.** (1) The basis of all apportionments of the Common School Fund shall be the reports of the resident average daily membership for the preceding fiscal year as reported by the district

to the administrative office for the county and on file therein at the time of making such apportionments.

(2) In the case of a joint school district, the resident average daily membership reported to the administrative office of the counties comprising the district shall be prorated between the counties as the resident enrollment of the district is prorated between the counties. [Amended by 1965 c.100 §34; 1971 c.294 §3]

**327.425 Loans and investment of funds; determination of interest rate.** (1) All moneys belonging to the Common School Fund and not required to meet current expenses shall be loaned by the Division of State Lands at a rate of interest fixed by the division except as otherwise specified in ORS 348.050 (3). The division may consult with and obtain the recommendation of the Oregon Investment Council in fixing the interest rate.

(2) Common School Fund moneys may be loaned in accordance with the repayment plan contained in ORS 327.440 and in ORS 348.050 (4), 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 Common School Fund surplus over and above all loans applied for, such portion of the surplus as the division deems proper may be invested as provided in ORS 293.701 to 293.776, 293.810 and 293.820. The division 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) Except as provided in ORS 348.050 (3), the division 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 division. [Amended by 1963 c.326 §2; 1965 c.100 §35; 1965 c.532 §5; 1967 c.335 §38; 1969 c.413 §1; 1983 c.740 §99]

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

(2) Except for loans to students authorized by ORS 348.050, loans shall be secured by note specifying the fund from which the loan is made and mortgage to the Division

of State Lands on improved land within this state, or upon range or grazing land therein. Except as provided in ORS 273.815, the security for a secured loan shall be not less than twice the value of the amount loaned, and, except as otherwise provided in subsection (3) of this section, shall be of unexceptional title and free from all encumbrances. A secured 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 division is not prohibited by subsection (2) of this section from making a secured 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; 1965 c.229 §1; 1965 c.532 §6]

**327.435 Ascertainment of value and title of security.** The Division of State Lands 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 title shall be borne by the applicant. The division may establish fees to be paid by the applicant for the appraisal of any property offered as security. [Amended by 1965 c.229 §2]

**327.440 Loan repayment.** Secured loans authorized by ORS 327.430 shall be repaid in semiannual, quarterly or monthly instalments, as may mutually be agreed upon between the borrower and the Division of State Lands, 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. [Amended by 1965 c.532 §7]

**327.445 Custody of securities for loan; collection of interest.** The Division of State Lands shall have custody of all notes, bonds and other securities covering secured loans made by it from any fund. The division 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. [Amended by 1965 c.532 §8]

**327.450 Foreclosure of mortgages given to secure loans.** (1) The Division of State Lands shall foreclose all mortgages taken to evidence loans from the Common School Fund 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 division 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 division 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 division 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 division may extend the time for paying such interest not exceeding two years. [Amended by 1965 c.100 §36]

**327.455 Record of purchases by Division of State Lands on foreclosures; resale or lease of land; disposition of proceeds.** The Director of the Division of State Lands 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 director and sold or leased under the direction of the division 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.

**327.465 Cancellation of unpaid taxes after deed to state in liquidation of loan.** Whenever the Division of State Lands 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 division 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 division.

**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 Division of State Lands' 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 division mortgage, the sheriff 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 division 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 division in said foreclosure proceedings.

**327.475 When county court may acquire mortgaged lands deeded to state.** Whenever the Division of State Lands 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 which is conditioned on the payment of money, the

Division of State Lands 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, the 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 such lands, with or without interest as a condition of obtaining relief. 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. [Amended by 1965 c.100 §37]

**327.482 Appropriation to reimburse fund for any loss.** Out of the moneys in the General Fund, there is continuously appropriated such sums as are necessary but not to exceed \$100,000 in total to reimburse the Common School Fund for any loss which may result from the failure of any student to repay the amounts loaned to the student under ORS 348.050, and for any amount which may result from the failure of loans to earn at least four percent interest. The computation required to determine the interest earned on the loans shall be made annually and the amount required to reimburse the fund shall be paid annually. [1965 c.532 §9; 1967 c.477 §1]

**327.483** [1963 c.570 §32a; repealed by 1965 c.100 §456]

**327.484 Reimbursement for loss or failure to earn four percent interest.** Moneys may be withdrawn periodically from the General Fund by order of the Division of State Lands to be credited to the Common School Fund to reimburse the Common School Fund for any loss which may result from the failure of any student to repay the amounts loaned to the student under ORS 348.050 and annually on July 1 to pay to the Common School Fund any amount resulting from the failure of the total student loans to earn at least four percent interest in the preceding fiscal year. [1965 c.532 §11; 1967 c.335 §39; 1967 c.477 §2]

## EDUCATION CASH ACCOUNT

**327.485 Education Cash Account; composition; accounting.** (1) The Education Cash Account of the General Fund consists of all moneys made available to the Department of Education by:

(a) Charitable and philanthropic foundations, organizations and agencies, which have not been dedicated for specific use by

requirements of other sections of Oregon Revised Statutes;

(b) Miscellaneous receipts;

(c) Collection of fees from sale of supplies and publications compiled and furnished by the Department of Education and distributed or sold to other persons or groups;

(d) Funds received as gifts, contributions and bequests for vocational education and moneys received as reimbursements for funds theretofore expended;

(e) Moneys received through issuance fees from graduate equivalency certificates;

(f) Moneys received through charges to grants, contracts and other funds for indirect costs;

(g) Any other nondedicated moneys received by the Department of Education for which the Legislative Assembly has established an administrative funds limitation; and

(h) The provisions of this section do not relieve the department of its responsibilities to separately account for moneys received as trust funds.

(2) Disbursements from the Education Cash Account shall be made as directed by the Department of Education. The department shall keep a record of all moneys deposited in such account. 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; 1965 c.100 §38; 1979 c.570 §3]

**327.490 Projects contracted to districts and institutions of higher learning.** The State Board of Education may contract with school districts, community college 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 districts or institutions based on the estimated cost of any service to be provided. Any payment to a district shall not be subject to the provisions of ORS 294.305 to 294.520, 294.555 and 294.565. [1961 c.588 §5; 1989 c.491 §8]

**327.495 Appropriation of funds received for certain purposes.** All moneys received by the State Board of Education for distribution to school districts, community college 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; 1965 c.100 §39; 1989 c.491 §9]

## MISCELLANEOUS

### (Commodity Programs)

**327.505** [Repealed by 1965 c.100 §456]

**327.510** [Repealed by 1965 c.100 §456]

**327.515** [Repealed by 1965 c.100 §456]

**327.520 Acceptance and distribution of donated commodities to schools.** The Department of Education 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. The department 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. [Amended by 1989 c.491 §10]

**327.523** [1975 c.87 §1; repealed 1981 c.784 §38]

**327.525 School Lunch Revolving Account.** The School Lunch Revolving Account, separate and distinct from the General Fund, is continuously appropriated for the purposes of ORS 327.520. All money received under the provisions of ORS 327.520 shall be paid by the Department of Education to the State Treasurer for credit to the School Lunch Revolving Account. Interest earned by the account shall be credited to the account. [Amended by 1965 c.100 §40; 1975 c.87 §2; 1981 c.784 §21; 1989 c.491 §11; 1989 c.966 §26]

**327.530** [Repealed by 1965 c.100 §456]

**327.535 School breakfast program; waiver; district election based on federal funding.** (1) Subject to subsections (2) and (3) of this section, any school district that provides lunch at any school site shall make breakfasts accessible if 25 percent or more of the students at the site are eligible for free or reduced price lunches under the United States Department of Agriculture's current Income Eligibility Guidelines or the school site qualifies for assistance under Chapter I of Title I of the federal Elementary and Secondary Act of 1965.

(2) The school district may apply to the State Board of Education for a waiver for all or for particular grade levels if it is financially unable to implement a breakfast program. The state board may grant a waiver to the school district for a period not to exceed two years, after which the school district must reestablish its claim of financial hardship if the waiver is to be extended.

(3) If the per meal federal reimbursement for the free and reduced price breakfast program falls below the 1991 reimbursement levels, a school district may elect to discontinue the program until federal funding is restored to those levels. No waiver is required for such election. [1991 c.500 §1]

**(Federal Aid to Education)**

**327.555** [1953 c.273 §2; repealed by 1959 c.654 §3]

**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]

**327.605** [Amended by 1959 c.654 §1; 1961 c.624 §5; repealed by 1965 c.100 §456]

**327.610** [Repealed by 1965 c.100 §456]

**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 Review of accounts affecting federal funds.** The Executive Department shall cause a review to be made of the accounts and financial affairs of the State Board of Education, the Superintendent of Public Instruction and the Department of Education 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 review of state departments and institutions. [Amended by 1975 c.614 §10; 1989 c.491 §12]

**327.625** [Repealed by 1965 c.100 §456]

**327.630** [Amended by 1961 c.624 §6; repealed by 1965 c.100 §456]

**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 employees on such projects than those required under sections 1 and 2 of the Act of Congress of August 30, 1935, as amended.

**327.640** [Repealed by 1965 c.100 §456]

**(Financing of State and Federal Requirements)**

**327.645 Financing of programs mandated by state and federal programs.** The Legislative Assembly recognizes that:

(1) Various programs adopted by the Legislative Assembly and by various state and federal agencies have fiscal and revenue impact on school districts.

(2) To the greatest extent possible, state government should pay an appropriate share of expenses incurred by the districts as the result of mandates from the Legislative Assembly and state agencies. [1989 c.970 §1]

**327.655** [Amended by 1961 c.624 §7; repealed by 1965 c.100 §456]

**327.660** [1963 c.570 §2; 1965 c.100 §41; 1983 c.740 §100; repealed by 1985 c.388 §3]

**327.990** [Amended by 1957 c.626 §5; repealed by 1965 c.100 §456]

## **EDUCATION AND CULTURAL FACILITIES**

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