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**TEMPORARY ADMINISTRATIVE ORDER**  
INCLUDING STATEMENT OF NEED & JUSTIFICATION

**ODE 19-2023**

CHAPTER 581

OREGON DEPARTMENT OF EDUCATION

**FILED**

10/02/2023 10:06 AM  
ARCHIVES DIVISION  
SECRETARY OF STATE  
& LEGISLATIVE COUNSEL

FILING CAPTION: Early Literacy Grants: Fund Definitions and Implementation

EFFECTIVE DATE: 10/02/2023 THROUGH 03/29/2024

AGENCY APPROVED DATE: 09/21/2023

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**NEED FOR THE RULE(S):**

The Oregon Legislature passed HB 3198 during the 2023 session. This bill creates the Early Literacy Success Initiative, which includes the Early Literacy Success School Grants. The act requires that the distribution of grant funds to school districts and public charter schools to be made for the 2023-2024 school year. In order to facilitate the distribution of grant funds, temporary rules for fund administration are necessary and will be followed by a fuller set of permanent rules for all of the grants outlined in the Early Literacy Success Initiative.

**JUSTIFICATION OF TEMPORARY FILING:**

(1) If temporary rules couldn't be approved, the department would not have a framework which to disburse early literacy school grants in accordance with the legislative requirements set by HB 3198 (2023). (2) The State of Oregon could experience declining literacy rates and those needing grants would not have sufficient funds to meet literacy rates and needs set by HB 3198 (2023). (3) Without rulemaking grants could not yet be disbursed or allocated. (4) The temporary action provides definitions and fund implementation rules to appropriately distribute grants relating to early literacy efforts and enforces portions of HB 3198 (2023).

**DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:**

HB 3198 (2023), available on OLIS. The student investment account (SIA) with the Oregon Department of Education.

**RULES:**

581-017-0800, 581-017-0810

ADOPT: 581-017-0800

RULE TITLE: Early Literacy Grants: Definitions

RULE SUMMARY: Establishes definitions for fund administration for Early Literacy School Grants.

**RULE TEXT:**

(1) "ADMw" means the extended weighted average daily membership computed as provided in

ORS 327.013(1)(c).

(2) "Early Literacy Success Plan" means the plan as defined in HB 3198 (2023).

(3) "Early Literacy Success School Grant" means the program established in HB 3198 (2023) and may also be referred to as "Early Literacy Success School District Grants".

(4) "Eligible Applicant" means a school district or public charter school that serves students in grades pre-kindergarten through fifth grade. This can include districts and public charter schools that serve students in grades pre-kindergarten through eighth grade or pre-kindergarten through twelfth grade, given the application focuses on specific grade levels named in HB 3198 (2023).

(5) "Statewide Education Initiatives Account" means the account as established in ORS 327.250.

STATUTORY/OTHER AUTHORITY: ORS 327.013(1)(c), HB 3198 (2023), ORS 327.250

STATUTES/OTHER IMPLEMENTED: ORS 327.013(1)(c), ORS 327.250

ADOPT: 581-017-0810

RULE TITLE: Early Literacy Grants: Fund Implementation

RULE SUMMARY: Creates temporary rules for allocation of funding for Early Literacy Success School Grant for the 2023-2024 year. Also establishes rules for expenditure deadlines and return of unexpended funds.

RULE TEXT:

(1) For each biennium, the Oregon Department of Education will determine the amount of grant funds from the Statewide Education Initiatives Account to be apportioned among eligible applicants for each year of the biennium.

(2) For each school year, the Oregon Department of Education shall determine the portion of funds available to each eligible applicant, using K-5 data. In calculating the portion available to each eligible applicant, the Oregon Department of Education shall use the most current finalized ADMw from the State School Fund from the prior year.

(3) The department will determine floor funding each biennium while ensuring eligible applicants with an ADMw of at least 50 or less, but not greater than 350 ADMw, will receive a minimum grant award.

(4)(a) An eligible applicant must advance the Early Literacy Success Plan with at least a 25 percent match of the allocation using any other fund sources available to the applicant. Eligible applicants are required to report the matching fund source in their application.

(b) Any eligible applicant with an ADMw of 50 or less is exempt from the matching requirement.

(5) If an eligible applicant does not apply for the Early Literacy Success School Grant by the close of the application period, the amount of their grant funds will revert to the Statewide Education Initiatives Account.

(6) Following approval of the grant agreement, an eligible recipient will receive payments of at least 25 percent on a quarterly basis per annual allocation. If adjustments to installment payments are required, a lower percentage may be used.

(7) Funds that are apportioned to an eligible applicant for a given biennium must be apportioned by the school district, public charter school, or ESD in that biennium. Grant recipients will be eligible to expend funds until September 30 each year. Funds that are not used by a grant recipient during year one of a given biennium may be carried over and used in year two of that same biennium. Any allocated funds that are not used by a grant recipient at the end of a biennium will be returned to the Statewide Education Initiatives Account.

(8) Funds received by a grant recipient under this section must be separately accounted for and must be used in accordance with the legislation's allowable expenses and detailed in the recipient's plan and grant agreement for the Early Literacy Success School Grant. A grant recipient may use funds for administrative costs, including indirect costs, directly related to allowed expenditures as provided in the grant agreement. Administrative costs are limited to five percent of the total expenditures.

(9) The Deputy Superintendent of Public Instruction shall resolve any issues arising from the administration of the Early Literacy Success School Grants not specifically addressed by this rule. The Deputy Superintendent of Public Instruction's determination shall be final.

(10) In the case of a public charter school closure that impacts a sponsoring district's allocation, the Department will determine the best way to reapportion funds based on the timing of the closure, context, and communication with the closing charter school and the sponsoring district. The Department may;

(a) Allocate what have been apportioned to the charter school to the sponsoring district at the same time as the district allocations are made.

(b) Allocate what would have been apportioned to the charter school to the charter schools successor entity.

(c) Return the apportioned amount to the Statewide Education Initiatives Account for reallocation in a subsequent fiscal year.

STATUTORY/OTHER AUTHORITY: HB 3198 (2023)

STATUTES/OTHER IMPLEMENTED: