



New Law Allows Pay For Oregon School Board Members

Published: August 9, 2023

Parkrose School Board member Sonja McKenzie was stunned when she learned at her first national conference six years ago that school board members in some states get paid. They were equally amazed she didn't, she said.

McKenzie's next national conversation could be different. The 2023 Legislature removed Oregon's prohibition against paying school board members. Oregon school board members can now receive up to \$500 a month.

House Bill 2753 went into effect July 18. Boards can begin paying directors as soon they make proper budget allocations and pass a resolution. The available stipends are a significant shift in Oregon school board philosophy, and OSBA will release policy updates and sample resolutions to help guide boards.



valuable school board experience when overburdened members choose not to run again. He said a small stipend, less than many city councilors make, could ease the strain and help retain people as well as recruit a more representative body.

Bowman, the former Tigard-Tualatin School Board chair, said he struggled to interest people in his seat when he knew he was stepping down. The time demands away from family and the associated costs were an obstacle for many, he said.

"There should be some sacrifice in public service, but I don't think the sacrifice should be so large that large portions of the public are just unable to participate," he said.

The proposal divided school board members during the legislative session, and OSBA representatives worked hard to modify the bill to address concerns. The expense for districts, particularly ones with smaller budgets, drove much of the bill's opposition.

Bowman emphasized that the new law does not require school board members to be paid, nor does the stipend have to be set at \$500. He said the law gives districts the flexibility to decide what works best for them.

Paying the stipend requires board action, and OSBA recommends that boards pass a resolution annually. OSBA Policy Services has created a sample resolution that it will be sharing at the 2023 OSBA Summer Board Conference and on its website. OSBA is also preparing a policy update later this month for members, along with an FAQ.

HB 2753 says voting board members can be paid a stipend, "not to exceed \$500." The maximum will be tied to an inflation index so it will rise over time. Individual board members can decide not to take the stipend. The board can also decide whether the stipend will be in addition to expense reimbursements.

If board members do not receive a stipend, though, they must be reimbursed for "actual and necessary expenses" incurred by their service, according to the new law. Still, the board can decide what constitutes an expense.

The law specifies the payment does not make school board members into district employees, an important clarification to the bill's original text because district employees are not allowed to serve on school boards. The stipend is also part of "official compensation" so it does not conflict with Oregon ethics statutes against using an official position for "financial benefit."



"My concern, first and foremost, is the financial health of the district," she said. McKenzie said she has served hundreds of hours a year without financial assistance already but it would have been easier with some financial help.

McKenzie sees the stipend as an important step toward increasing equitable representation on Oregon's school boards, giving working and young families more of an opportunity. She said the conversation about stipends will provide board members an opening to offer a statement of support for school board service.

"If a stipend supports their work, it's an opportunity to stay engaged," she said.

– Jake Arnold, OSBA
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Resources For Implementing Board Stipends

Published: August 16, 2023

With the passage of HB 2753 (2023), district school boards are now allowed to provide stipends of up to \$500 per month to board members. To assist with the many questions that surround board member stipends and their implementation, OSBA has created a sample resolution and a frequently asked questions document. OSBA will also be releasing an update to its model sample policy BHD, Board Member Compensation and Expense Reimbursement at the end of August 2023. Questions can be submitted to Spencer Lewis at slewis@osba.org.

Read more: [New Law Allows Pay For Oregon School Board Members](#)

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House Bill 2753

Sponsored by Representative BOWMAN; Representatives BYNUM, NGUYEN H, PHAM K

CHAPTER

AN ACT

Relating to the compensation of directors of district school boards; creating new provisions; amending ORS 332.018; and declaring an emergency.

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

SECTION 1. ORS 332.018 is amended to read:

332.018. Except as provided in ORS 255.400 to 255.424:

(1) The term of office of director is four years.

(2) *[No]* **A person** *[shall be]* **is not** eligible to serve as director unless the person is an elector of the district and has resided *[therein]* **in the district** for the period of one year immediately preceding the election or appointment.

[(3) No director shall receive any compensation for services as director other than reimbursement for reasonable and necessary expenses actually incurred on school business.]

(3)(a) A district school board may choose to provide each director who is a voting member of the board with a stipend in an amount determined by the board, not to exceed \$500 per month, as adjusted based on changes in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(b) If the district school board provides a stipend, the board:

(A) Must allow individual directors to choose to not receive the stipend; and

(B) May provide, in addition to the stipend, reimbursement for actual and necessary expenses incurred or paid by the director in the performance of the duties of the director.

(c) If the district school board does not provide a stipend, the board must provide reimbursement for actual and necessary expenses incurred or paid by the director in the performance of the duties of the director.

(d) A stipend provided to a director constitutes part of the director's official compensation package for purposes of ORS 244.040, but a director who receives a stipend is not considered an employee of the school district.

SECTION 2. Notwithstanding ORS 332.018 (3)(a), as amended by section 1 of this 2023 Act, the first adjustment of the stipend amount may not occur until July 1, 2024.

SECTION 3. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect July 1, 2023.

Passed by House March 28, 2023

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate June 21, 2023

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Rob Wagner, President of Senate

Received by Governor:

.....M,....., 2023

Approved:

.....M,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2023

.....
Secretary of State

Board Member Stipend Frequently Asked Questions

What does the change in statute allow districts to do?

Previously, ORS 332.018 prohibited board members from receiving any compensation from the district. During the 2023 Legislative session, House Bill 2753 was passed. This law removes the prohibition on compensation and allows school district boards to provide each “voting member of the board with a stipend in an amount determined by the board, not to exceed \$500 per month.”

What is the procedure for a board to take up this topic? If the board wants to authorize a stipend for members, what would be a sample motion?

The statute does not specify a required procedure, but the board would need to vote to approve the stipend. The following process could be used:

1. Board amends, deletes or suspends policy BHD to allow for board member compensation;
2. Board ensures that the budget includes adequate funds;
3. Board approves resolution establishing the amount of the stipend;
4. District business office follows existing procedures to make payments to participating board members.

OSBA will be releasing an update to sample board policy BHD in August 2023. OSBA also has a sample resolution that the board can use.

If the board authorizes stipends, can a member choose not to take the funds? How do we handle that?

HB 2753 specifically requires the board to “allow individual directors¹ to choose to not receive the stipend.” Board members should be made aware of the procedure to decline any stipend. Unused funds remain in the budget unless reallocated.

Aren't board members not supposed to materially benefit from their position? What are the ethical implications of authorizing stipends?

Yes, ORS 244.040 prohibits board members from using their official position to receive a financial benefit. However, board members are allowed to receive official compensation and HB 2753 classifies the stipend as “part of the director’s official compensation package.” Reimbursements are also considered to be part of the official compensation package under ORS 244.040(2)(c).

Do stipends violate the non-employment requirement of board service? If not, how does that work?

ORS 332.016(1) provides:

“A person who is an employee of a school district may not serve as a member of the district school board for the district by which the employee is employed.”

HB 2753 does not change this and specifically states “a director who receives a stipend is not considered an employee of the school district.”

¹ HB 2753 uses the term “director” in place of board member.



If a board member accepts a stipend, can the district place any specific expectations on that member with regard to their board service?

While it may depend on the expectations, likely not. HB 2753 states:

“A district school board may choose to provide *each director who is a voting member of the board* with a stipend...” (Emphasis added).

If the board implements stipends, then later decides they are not working out, how does the board remove the payment of stipends?

This depends on the method of approval used. If the board uses an annual resolution to approve the stipends but wants to discontinue at the end of a budget year, it could simply not approve the resolution for the following year. If the board adopts a policy stating that stipends will be paid every month, the board would need to amend the policy.

The board can also use the annual budgeting process to determine how funds will be used. Failure to allocate funds for stipends would halt those payments. In this case, the board should ensure that policy and resolution language match the budget.

Is there a sample OSBA policy on stipends? Is it required?

OSBA sample policy BHD includes language regarding compensation (previously a prohibition on compensation). An update will be included in the August 2023 Policy Update. It is not a required policy as nothing in the stipend law requires a board to have a policy. However, the policy can help organize the board to ensure that the proper process has been followed.

Does the board have to vote on it?

Yes, the board is the decision maker regarding stipends and all board decisions require a vote in a public meeting.

Is it taxable income?

Yes. Consult with your district’s business professionals for more information.

How much can the stipend be?

Initially, the stipend is capped at \$500 per month. This amount will be revised based on changes in the Consumer Price Index. The first adjustment to the amount can occur after July 1, 2024.

Can I still be reimbursed for board expenses?

If the board allows a stipend, the board can still allow for reimbursement of actual and necessary expenses (reimbursement in addition to the stipend). If the board does not allow a stipend, the board must allow reimbursement for actual and necessary expenses. Boards can continue to require approval and documentation for reimbursements.

Should the board discuss with administration before enacting?

Yes, it can be very beneficial to discuss the budget and any accounting procedures before approving stipends.



Where does this money come from?

No additional funds are being provided for these stipends. Funds will have to come out of the existing budget.

Does the board need to adopt any budget adjustments?

The funds for the stipends need to be included in the district's budget. Each year when the board is going through the budgeting process, it should ensure that sufficient funds are allocated to cover the stipends. For the 2023-24 school year, adjustments may need to be made to the current budget. The board must follow legal requirements for amending the budget.

Will the public know which board members receive the stipend?

While individual board members are not required to make a public statement about whether they will accept the stipend, this information would be considered a public record and would be available upon request.

What about ESD, community college and charter school board members?

HB 2753 is codified in ORS 332 and only applies to school district boards. ESD board members (ORS 334.100(3)) and community college board members (ORS 341.283(6)) are still prohibited from receiving any compensation.

What if the board only wants to do a stipend for childcare? Can we do that? If so, how?

Providing a stipend for a single purpose sounds more like a reimbursement than a stipend. If the board approves a stipend, it should be provided to "each director who is a voting member of the board" unless that board member indicates that they do not want to receive the stipend. If the board wants to limit what payment can be used for, reimbursement may be a better option.

When is this effective?

HB 2753 included an emergency clause and became effective July 18, 2023. Subject to proper budget allocations, the board could authorize board members to receive payment for the stipend starting in July (back payments for July 2023 are allowable).

Does this mean board members can be paid for coaching and other positions?

No. ORS 332.016 still prohibits board members from being employees, consequently, board members cannot be paid for other positions. The difference between a coaching stipend and the board member stipend is that HB 2753 specifies that receipt of the board member stipend does not make the board member an employee.

Can we make this effective at some time in the future?

Yes, the board could decide to hold off on implementation of the stipends until next year, after the next election or another time in the future. OSBA recommends that the stipend be available for all board members at the same time.

This document was created by the Oregon School Boards Association as a resource for member school boards and their members. It is not intended as legal advice. If you have legal questions, please contact your legal counsel.



OSBA Sample Resolution for Board Stipend Approval

School District Board of Education

Resolution No. 2023-

WHEREAS, board members provide many hours of valuable service to the district;

WHEREAS, the Oregon Legislature authorized payments of stipends to be paid to voting board members by passing [HB 2753 \(2023\)](#), amending ORS 332.018;

WHEREAS, individual board members may opt out of receiving the stipend by notifying the business office in writing;

WHEREAS, the district's adopted budget includes funds to cover the cost of the stipend;

[WHEREAS, board members will still be eligible for reimbursement of actual and necessary expenses incurred or paid by the board member in the performance of the duties of the board member in accordance with district policies;] *{If stipends are being provided, the district can, but is not required to provide reimbursement for actual and necessary expenses. If choosing to provide reimbursement in addition to the stipend, include this bracketed language. If the district does not provide a stipend, the district is required to reimburse for actual and necessary expenses. See ORS 332.018(3)(b)(B) as amended by HB 2753.}*

AND WHEREAS, board members do not become employees of the district by acceptance of the stipend;

BE IT THEREFORE RESOLVED that the School District Board authorizes a monthly stipend be paid to all board members in the amount of [\$500¹] for the fiscal year 2023-24.

ADOPTED by the School District Board, County, Oregon, at the regular meeting thereof, held this [1st] day of [August, 2023].

ATTEST: Board of Directors:

(Signatures of all board members follow)

Notes (to be removed prior to approval)

- *Coordinate with board policy BHD - Board Member Compensation and Expense Reimbursement. An update to BHD will be released in the August 2023 update. It is an optional policy;*
- *OSBA recommends the board to adopt this resolution annually after the budget has been adopted and the maximum amount has been adjusted (after July 1).*

¹ The maximum amount per month is \$500 for the fiscal year 2023-24. Beginning July 1, 2024, this amount may be adjusted in accordance with the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.



