

PUBLIC HEARING HB 2450

TAPES 39-40 A, 39-B

HOUSE REVENUE COMMITTEE

FEBRUARY 14, 2005 1:00 PM STATE CAPITOL BUILDING

Members Present:

- Rep. Tom Butler, Chair
- Rep. Vicki Berger, Vice-Chair
- Rep. Mark Hass, Vice-Chair
- Rep. Brian Boquist
- Rep. Sal Esquivel
- Rep. Larry Galizio
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Witnesses Present:

- Reg McShane, Superintendent, Amity School District
- Ruth Gelbrich, Director of Student Services,
Salem-Keizer School District
- Maureen Casey, Superintendent, Willamette ESD
- Allan Tressider, Small Schools Association
- John Marshall, Oregon School Boards Association
- Kent Hunsaker, Executive Director, Confederation of OR School Administrators

Staff Present: Paul Warner, Legislative Revenue Officer
Steve Meyer, Economist
Kristi Bowman, Committee Assistant

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002 Chair Butler Calls meeting to order at 1:02 p.m.

OPENS PUBLIC HEARING FOR HOUSE BILL 2450

010 Steve Meyer Gives overview of House Bill 2450 (Exhibit 1). The bill removes the sunset date of the high cost disabilities grant and small school district grant. Expiration date is July 1, 2005. Refers to the supplemental handouts of the OR Statute 715, section 29 (Exhibit 2), OR Statute 715, section 1 (Exhibit 3), and to the HB 2450 Background handout (Exhibit 4).

061 Chair Butler Comments about some eastern OR districts in comparison with some coastal districts such as Coos and Curry that do not receive reimbursement funds in some categories.

078 Meyer Responds that he does not have information for specific districts, but perhaps one of the witnesses may have that information.

084 Rep. Berger

Discusses that this bill was in the 2003 session. She explains that every district must educate a high-cost student who moves into a district and absorb the cost. Provides more information regarding the current distribution formula pertaining to disabled students and the related costs.

- 116 Rep. Boquist Clarifies that this bill reauthorizes funding that has been in effect for the past 2 years.
- 125 Rep. Esquivel Comments that he observed a class in Medford for challenged youth funded by an ESD, not by a grant. Asks about the differences between ESD funding and school district funding.
- 133 Meyer Responds that an ESD has its own money to spend for special education. That amount is added to the school district funding for that student as a total cost. The grant money is reimbursed only to school districts, not to ESDs.
- 170 Reg McShane Before beginning testimony, he answers the previous question from Rep. Esquivel regarding ESDs. There is a process called “resolution” in which the school districts within an ESD can vote to allocate a portion of the ESD funds to certain programs such as special education. Amity school district spends much more on special education than what is apportioned from the ESD.
- 200 McShane Testifies in support of HB 2450. Districts do not have a lot of choice regarding how they handle high-cost students. When a high-cost student moves into a district they must be educated, as previously stated by Rep. Berger. For example, there are only 830 students in the Amity district so there is no economy in numbers. They don’t have specialists in the district, so they use specialists in the ESD.

- 225 McShane Regarding the small schools grant, he cites the amounts allocated for this biennium. Discusses several part-time teaching positions in his district. The governor's budget would cause an \$80,000 cut in areas the district has any control over. The \$46,000 small school grant for the Amity district is vital to maintain certain services.
- 252 Rep. Hass Asks whether it would be easier to have the ESD provide all the specialists instead of the local district, eliminating administrative costs of the two systems.
- 270 McShane Responds that if the ESD could take care of some costs like printing it would definitely help small districts.
- 294 Tressider Adds that specialists are not always available for every district. Even if there was no ESD to provide those services, some kind of coalition is still necessary to provide those services
- 315 Rep. Hass Suggests looking into having ESDs in larger areas help smaller districts with some of these issues.
- 327 Rep. Boquist Asks for further explanation from witnesses regarding the funding process. Are the funds being duplicated?
- 340 McShane Discusses the funds used for the two high-cost students in the Amity and the resolution funds from the ESD (see Exhibit 4).

- 381 Rep. Boquist Asks about the difference between the amount allocated and the ESD funds provided.
- 383 McShane Responds that special education dollars are spent, whether they are district or resolution dollars. The total expended column reflects the actual costs for the two special education students.
- 401 Rep. Riley Clarifies with witnesses about “funding expended” (p.6 of Exhibit 4) and the other high-cost disability dollar amounts stated in the exhibit for the Amity district.
- 450 Maureen Casey Testifies in support of HB 2450. She served on a legislative education task force that reported that high-cost students tend to migrate to urban districts because of more medical and social services available. The impact is equally significant in smaller districts because they have limited resources and the ability to have access to specialists.

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- 040 Casey Discusses various scenarios of high-cost students. She supports the removal of the sunset for the high-cost grant. It is a strong formula: there are 1,915 students eligible representing only 2.7% of the total student population.
- 071 Ruth Gelbrich Testifies in support of HB 2450 and its impact on the Salem-Keizer school district. Explains specific needs mandated and gives examples of three examples of students in her district who need various levels of specialized services. Discusses specific dollar amounts expended.

- 115 Rep. Boquist Asks Ms. Casey about the financial impact of high-cost students. Across the board, does funding vary according to the different needs of special education students? Is \$25,000 an average cost?
- 130 Casey Responds that the funding does differ, and that \$25,000 is an average cost. The beauty of the formula is that every dollar spent on special education is captured because all costs are reported, and this prevents duplicative funding.
- 140 Rep. Boquist Additional comments about the grant monies provided.
- 151 Casey Responds that if a district's and ESD's total outlay for a special education student is less than \$25,000, and then they cannot apply for the grant money. If the funds exceed \$25,000, then they can apply for the difference above \$25,000.
- 158 Rep. Boquist Asks if Ms. Casey has seen instances of double funding.
- 160 Casey Responds no.
- 171 Rep. Komp Follow-up question. States that 5% of general fund money goes to the ESDs. How much of that money is spent on special education students?

- 173 Casey Responds that this information is available, but the data is only available by going to each of the 20 ESDs. It is not aggregate data.
- 191 John Marshall Provides informational testimony on disability funding. There are federal dollars that provide a portion of the district's expenditure. Services are the responsibility of the resident school districts. Discusses ESD and resolution funding process.
- 278 Chair Butler Asks about funding sources mentioned in testimony: school district, ESD, and federal. What are the mechanics of how the method of funding is chosen?
- 300 Marshall Explains that every school district with a disabled student receives federal funding. If that amount does not cover the costs, then the district looks to state funding and ESD resource sharing.
- 315 Kent Hunsaker Testifies in support of HB 2450 pertaining to small high school districts in order to achieve fairness across the state. In small high school districts it is difficult to provide programs because of low student population. Adds additional information about high-cost students. States that none of the federal dollars claimed for high-cost students can be included in local funding requests
- 390 Rep. Hass Regarding the sunset repeal, asks if it would be more prudent to just push back the sunset date
- 395 Hunsaker

Comments that a task force is looking at various ways to save money and plans on making recommendations soon. Agrees that adjustments will always need to be made to the funding amounts, whether it is by sunset dates or annual reviews.

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- 020 Rep. Komp Asks “high-cost” question about state totals stated on page 1 of the background handout (Exhibit 4). Where does the other \$52 M come from [referring to the total expended amount minus the prorated grant amount]?
- 031 Meyer Explains that amount reflects the \$25,000 per student who isn’t eligible for grant funding. That is subtracted out of the total expended to get the eligible costs.
- 043 Hunsaker Adds supplemental information about the high-cost dollars expended.
- 064 Marshall In response to Rep. Komp’s question, he adds that students with disabilities are first in line for funding regardless of the cost because of federal mandates.
- 073 Rep. Komp Requests clarification of small school definition. Refers to ORS 715.29 (Exhibit 2).
- 085 Meyer Responds that the definition is in Section 29.2. Section 30 pertains to a district with a small high school and eligibility for grant money.

- 100 Marshall Adds that the grant eligibility only applies to a small school district with a small high school.
- 111 Rep. Riley Asks about funding for high-cost disabled student. States that his understanding is that the first \$25,000 comes from the governor's budget allocated to the school districts and ESDs.
- 123 Marshall Agrees with Rep. Riley's statement.
- 126 Hunsaker Adds that extending this bill specifies where the funding would go, allocating the monies to small high school districts and high-cost students and not to the general school funding formula.
- 134 Chair Butler Comments that dividing the total expended amount by the number of high-cost students equals about \$35,000 per student. None of the \$65 M is federal money; it is only from the local or state school funds.
- 144 Rep. Boquist Uses Amity as example of the Chair's previous question. Clarifies that the \$83,967 expended does not include federal funding.
- 159 Hunsaker Responds that Rep. Boquist's analysis is correct. However, all ESDs are not funded equally, so some districts could be paying more or less accordingly.

- 166 Rep. Esquivel Asks about conformity of ESD funding.
- 170 Hunsaker Responds yes, but the differences are minimal.
- 189 Rep. Esquivel Adds that the amount budgeted to ESDs is \$125 M per year.
- 195 Chair Butler Is there any potential that a school could recoup more than its outlay for a high-cost student by using the high-cost disability grants?
- 209 Hunsaker Responds that each ESD would have to be analyzed to answer that question. If it does happens, the ESD is not getting rich. Any excess money is usually a small amount of money and goes back to the district's special education fund.
- 230 Chair Butler Makes follow-up comments on this topic.
- 245 Rep. Riley Clarifies that even if an ESD is providing \$25,000 worth of services, that amount cannot be used by the district for other ESD services.
- 275 Chair Butler Wants to set up informational work groups with freshmen committee members.

CLOSES PUBLIC HEARING FOR HOUSE BILL 2450

316 Chair Butler Adjourns meeting at 2:20 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee
Coordinator

Exhibit Summary:

1. 1. HB 2450, Revenue Impact Report, Meyer, 1 pg., 02/11/05
2. 2. HB 2450, ORS Statute 715.29 (Small High School Supplement), Meyer, 1 pg., 02/14/05
3. 3. HB 2450, ORS Statute 715.1 (High-Cost Disability Grant Supplement), Meyer, 1 pg.,
02/14/05
4. 4. HB 2450, Handout: HB 2450 Background, 6 pp., Meyer, 02/11/04