

SENATE COMMITTEE ON EDUCATION AND WORKFORCE

February 07, 2005
3:00 P.M.

Hearing Room D
Tapes 14 - 17

Corrected 10/19/05

MEMBERS PRESENT: Sen. Vicki Walker, Chair
Sen. Charles Starr, Vice-Chair
Sen. Ryan Deckert
Sen. Jeff Kruse
Sen. Bill Morrisette

STAFF PRESENT: Marjorie Taylor, Committee Administrator
Dawn Tusso, Committee Assistant

MEASURES/ISSUES HEARD:
SB 415 – Public Hearing
Proposal to Consolidate Educational Service Districts - Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<u>TAPE 14, A</u>		
005	Chair Walker	Calls meeting to order at 3:01 p.m.
015	Chair Walker	States that the committee will extend the meeting to take public testimony from 5:00 p.m. to 6:00 p.m.
025	Chair Walker	Opens public hearing on SB 415.
<u>SB 415 – PUBLIC HEARING</u>		
028	Sen. Ringo	Testifies in support of SB 415. States that there are a number of structural problems with the way that ESDs are set up. Urges committee to look at the structural problems of ESDs. Declares that something significant needs to be done with ESDs this session.
055	Chair Walker	Asks if he takes ownership of bringing SB 415 to the committee.
060	Sen. Ringo	Replies, yes.
065	Chair Walker	Mentions road trip to Douglas County ESD Friday, February 11, 2005. Closes public hearing and opens informational meeting on the proposal to consolidate ESDs.
<u>PROPOSAL TO CONSOLIDATE EDUCATION SERVICE DISTRICTS - INFORMATIONAL MEETING</u>		
075	James Sager	Governors Office. Introduces presentation.
083	Vickie Fleming	Deputy Superintendent, Oregon Department of Education (DOE). Submits informational packet on Education Service Districts (ESD) including a map of the ESDs, a handout on ESD resolution services/funding, and the ESD memorandum of understanding (EXHIBIT A). Mentions reorganization efforts of the DOE. Talks about policy development and regulation of money. Discusses service delivery and compliance.
120	Chair Walker	Asks if the Federal Government gives money to perform those functions.
123	Fleming	Replies yes and explains in detail.
135	Fleming	Discusses performance management and expectations. Talks

		about partnership with ESDs and actions taken. Mentions submitted testimony. Talks about equity of services and assistance to schools statewide around school improvement activities.
175	Chair Walker	Refers to submitted testimony. Asks about the paragraph in the memorandum of understanding stating that “the specific details of decision making, membership, charge, logistics and other such items is outlined in the council charter (to be developed).” Asks if the charter has been developed. Refers to line stating “representatives from each ESD and from ODE will sign the final document.” Asks if everyone has signed the document.
182	Fleming	Answers that all ESDs have signed it except for two.
187	Chair Walker	Asks for clarification on the participation of the two ESDs that have not signed.
190	Fleming	Responds that their boards are still considering the proposal.
191	Chair Walker	Asks about the development of the charter mentioned in the memorandum.
193	Fleming	Answers.
195	Sen. Kruse	Asks what percentage of the data collected has nothing to do with federal regulations.
200	Fleming	Answers that all of the data collected is a result of the requirements of No Child Left Behind.
205	Sen. Kruse	Shares thought that the DOE was collecting data that was not tied to federal requirements.
215	Fleming	States that the DOE does have state mandates in addition to federal requirements. Explains. Offers information regarding the mandates.
225	Sen. Kruse	States that he would like to see the information.
235	Sen. Morrisette	Asks about local district requirements.
240	Fleming	Asks for clarification.
245	Sen. Morrisette	Clarifies question.
248	Fleming	Agrees and responds in detail.
275	Sager	States that the Governor’s focus on efficiencies has been to make sure that every dollar used in the education system goes to services for students. States that inside the current revenue structure, there is not an adequate budget for the K-12, Community Colleges or Oregon University System (OUS). Discusses action plan.
320	Chair Walker	Comments that spending money on airplanes, excessive travel, Las Vegas parties, and cars for ESD personnel are probably not dollars going to students. Asks opinion.
330	Sager	Replies that many of the things mentioned would probably come under question as to whether they provide direct services to students.
335	Fleming	Mentions the accumulative listing of all of the contracts for direct services that the DOE currently has with the ESDs that has been submitted for the record (EXHIBIT B).
345	Sen. Deckert	Asks if the Governor is willing to compromise.
350	Sager	Replies, yes.
355	Sen. Deckert	Asks what services the ESDs provide that otherwise would not be possible. Asks why the money is not given to the school districts so that they could offer the services themselves.
380	Sager	Addresses the question in detail.
405	Sen. Deckert	Asks why there is not a fee for service type of arrangement. Asks

		about argument in opposition to going in that direction.
TAPE 15, A		
005	Fleming	Responds and explains the necessity of ESDs in detail.
035	Ozzie Rose	Oregon Association of Education Service Districts (OAESD). Discusses the number of studies done on ESDs since 1965 and the outcomes. Talks about a legislative taskforce that was developed in 1999 and the recommendations that came out of it.
070	Rose	Reiterates that the number of ESDs is not a new issue.
100	Rose	Brings up question of whether the role that ESDs play in supporting local districts in their task of serving all children can be strengthened.
120	Rose	Talks about mergers and reducing personnel. Discusses two questions asked of ESDs.
150	Rose	Refers to the ESD regional service delivery model submitted for the record (EXHIBIT C). Discusses: <ul style="list-style-type: none"> • Programs for children with special needs • Technology support for school districts • School improvement services for districts • Administrative and program support • Implementation • Recommended criteria for restructuring Educational Service Districts
205	Rose	Discusses the criteria: <ul style="list-style-type: none"> • Geography • Minimum and maximum number of districts served • A staffing model to provide the core services as determined by the regional service plan • A minimum number of students served
245	Chair Walker	Asks about the number of ESDs represented and questions the ten ESDs that were unrepresented.
255	Rose	Responds.
275	Sen. Deckert	Asks about the composition of the ESD committee and whether or not he thinks that they were able to make the best and most appropriate decisions.
300	Rose	Responds.
325	Sen. Morrisette	Comments that the committee seemed to be made up of experts in the field. Believes that there will be changes made based on best practices.
350	Rose	Responds.
368	Dennis Dempsey	Superintendent, High Desert ESD. Introduces himself.
372	Jim Mabbott	Superintendent, NW Regional ESD. Introduces himself.
375	Jonathon Hill	Superintendent, Douglas ESD. Introduces himself.
378	Ron Hitchcock	Superintendent, Lane ESD. Introduces himself.
380	Dempsey	Discusses the composition of the organization. Talks about the criteria. Mentions core services. Discusses the reorganization of ESDs.
430	Hill	Talks about limitation. Discusses a uniform system.

TAPE 14, B

005	Hill	Continues discussion on ESDs. Talks about core funding and budget. States concern with directing money through districts to manage ESDs.
040	Chair Walker	Closes informational meeting and opens public hearing on SB 415.
<u>SB 415 – PUBLIC HEARING</u>		
060	Marjorie Taylor	Committee Administrator. Gives brief overview of SB 415. States that the bill has a subsequent referral to revenue.
070	Sen. Ringo	Introduces himself. Submits written testimony (EXHIBIT D). Discusses: <ul style="list-style-type: none">• Background• Essential reforms needed
140	Sen. Ringo	Discusses: <ul style="list-style-type: none">• Basic purpose of Education Service Districts (ESD)• Three conclusions
173	Chair Walker	Asks Sen. Ringo if he feels that the ESD workgroup has defined a mission.
175	Sen. Ringo	Answers that they have made a step in the right direction but that it needs more details.
177	Sen. Morrisette	Asks if Sen. Ringo has seen the document that lists all of the services provided.
180	Sen. Ringo	Answers no. Comments that whatever is on the list needs to be tailored with the idea that ESDs are to provide services that the districts are unable to provide for themselves.
197	Sen. Morrisette	Asks if he has considered what consolidation might do to the smaller districts.
202	Sen. Ringo	Responds that it is the key question.
205	Sen. Ringo	Continues discussion: <ul style="list-style-type: none">• SB 415
240	Sen. Morrisette	Asks about the distances between two places and the length of travel.
245	Sen. Ringo	States that it is an issue and a legitimate concern.
255	Sen. Morrisette	Clarifies question.
257	Chair Walker	States that the services would still be there but the concern would be in management and communication issues.
265	Sen. Ringo	Continues discussion: <ul style="list-style-type: none">• SB 415
292	Chair Walker	Asks if there is anyone testifying today that will be talking about the issue brought up about the rat hole in the NW ESD.
295	Sen. Ringo	Replies no.
312	Chair Walker	Mentions conversation with Superintendent regarding extravagant purchases made by the ESD.
320	Sen. Morrisette	Asks about the amount of federal funds received by ESDs and how it would translate if the money was given to the districts.
325	Sen. Ringo	Replies.
330	Sen. Kruse	Questions whether the Department of Education (DOE) should be under the same microscope as the ESDs.
345	Sen. Ringo	Responds.
370	Chair Walker	States that the Ways and Means committee is in the process of going through the K-12 budget and that the DOE has presented

385	Sen. Morrisette	itself as having streamlined and reduced the number of administrators that they previously had. States that he was told that the Department of Administrative Services (DAS) does central purchasing for everything.
390	Sen. Ringo	Replies.
400	Sen. Morrisette	Asks if he thinks that entrepreneurial activities that are easy to duplicate for the private sector are good if they supplement the income of the public sector.
405	Sen. Ringo	Believes the theory is good but that it is difficult to have accountability over it.
415	Sen. Ringo	Continues discussion: <ul style="list-style-type: none"> • SB 415
TAPE 15, B		
005	Sen. Ringo	Continues Discussion: <ul style="list-style-type: none"> • Issue of equalization • Issue of accountability • Position of school administrators • Education Service Districts annual revenue
045	Sen. Ringo	Shares the suggestion of Ed Jensen from the Wallowa ESD. States that it is much more progressive than what he is proposing but that it has a lot of merit.
065	Sen. Ringo	Concludes presentation.
075	Chair Walker	Notes that the relating clause on the bill relates to ESDs so it can be used as a framework.
085	John Peterson	Hillsboro School District board member. Submits written testimony (EXHIBIT E). Discusses his observations regarding ESDs. Mentions the annual report. Discusses core services. Talks about inequities.
155	Chair Walker	Asks if he has any control over how the NW ESD spends their money.
160	Peterson	Replies that they have some control. Explains. States that a common concern is that if a district opts out of ESDs, will it still get the money.
175	Sen. Kruse	Asks why they didn't use the resources from one funding avenue to help subsidize the other.
190	Peterson	Replies.
195	Sen. Kruse	Asks why they wouldn't take advantage of the services available and use the money on other shortfalls.
205	Joe Rodriguez	Retired Superintendent, Hillsboro School District. Discusses how the resources available to ESDs are used.
220	Chair Walker	Asks for definition of core services.
225	Rodriguez	Clarifies.
230	Sen. Kruse	Asks about core services that are not used and whether or not they are used to fund services in small districts.
235	Rodriguez	Replies that it is the intent.
237	Sen. Kruse	Asks if that is what happens to the money in his opinion.
235	Rodriguez	Answers.
245	Rodriguez	Discusses submitted testimony (EXHIBIT F). States: <ul style="list-style-type: none"> • Oregon has historically spent slightly less per student on instruction than the national average, however, Oregon is

		above the national average in support services expenditures
		<ul style="list-style-type: none"> • Oregon schools and school districts are smaller than the national average • The size of the school district appeared to heavily influence district spending
300	Rodriguez	Talks about the lack of resources for smaller school districts.
345	Chair Walker	Responds. Asks if he believes that protecting administrative jobs is more important than getting more money into the classroom.
365	Rodriguez	Responds.
400	Kate Dimon	Former employee of Willamette ESD. Submits and discusses written testimony in support of SB 415 (EXHIBIT G).
TAPE 16, A		
005	Dimon	Continues testimony. Discusses discrepancies and questionable activities of ESDs. States that schools are not reaping the benefits of ESDs.
075	Judy May	Superintendent, Lake ESD. Testifies in opposition to SB 415. Discusses issues with ESD consolidation. Talks about the size of ESDs and travel of personnel. Mentions services provided.
155	Chair Walker	Asks if she considers the Baker/Union ESD a small or large district.
158	May	Replies that she considers it a medium sized district.
160	Laura Pryor	Gillman County Judge. Testifies in opposition to SB 415. Discusses potential problems with consolidating ESDs. Talks about distance and communication. Mentions the issue of capacity. Talks about the economic impact.
275	Rob Myers	Lobbying on behalf of Frontier ESDs. Testifies in opposition to SB 415. Talks about rural ESDs.
300	Myers	Discusses the lack of administrative waste in remote rural ESDs. Provides examples. Talks about differences between delivering services in an urban area versus a rural area.
400	Myers	Discusses economies of scale. Talks about service delivery model. Mentions service levels.
TAPE 17, A		
005	Myers	Concludes testimony.
010	Sen. Morrisette	Asks what School District Ione School is in.
013	Myers	Answers, the Umatilla/Morrow ESD.
015	Sen. Morrisette	Asks if they disaggregated themselves from the larger district.
016	Myers	Answers yes.
018	Sen. Deckert	Comments on testimony. Asks about duplicative jobs.
045	May	Responds.
085	Craig Roessler	Superintendent, Silver Falls School District. Testifies in opposition to SB 415. Submits written testimony (EXHIBIT H).
135	Chair Walker	Comments on testimony.
155	Amy Grant	Oregon Home Education Network. Introduces herself. Testifies in opposition to SB 415. Submits written testimony (EXHIBIT I).
215	Rodger Williams	Oregon Christian Home Education Association Network. Testifies in opposition to SB 415. Submits written testimony (EXHIBIT J).
285	Jim Mabbott	Superintendent, NW Regional ESD. Testifies in opposition to SB 415. Discusses ESD partnerships between school districts. Talks about efficiencies and making corrections. Mentions the Hillsboro School District. Talks about core services offered.

435	Chair Walker	States that there are 42 states throughout the country that have Educational Service Agencies (ESA). Asks if any charges have been filed against his predecessors who lived extravagant lifestyles while they were in his position.
440	Mabbott	Replies, not to his knowledge.
TAPE 16, B		
005	Chair Walker	Responds. Discusses concern regarding the size of the ESD building and the opulence that it was decorated in. Asks what process they used to sell many of the extravagant items and how they were accounted for.
010	Mabbott	Explains in detail.
025	Ron Hitchcock	Superintendent, Lane ESD. Discusses: <ul style="list-style-type: none"> • Equitable access to an educational program by every student in a county is typically on the opposite end of the spectrum when you talk about the function of equitable distribution of dollars by Average Daily Membership (ADM) • Reduction of duplication of services • Fee for service model
055	Chair Walker	Asks Dempsey to answer the following questions in writing due to the time constraints: <ul style="list-style-type: none"> • What is the practice of ESDs to give superintendents credit cards? • What are the standard perks of working for an ESD? • Do ESDs hire outside of family members? • When ESDs do not receive grants or funding, do ESDs lay off administrators? • Would like to know about the printing plant that Multnomah County ESD operates and how it educates kids in Oregon. • What is the salary of ESD superintendents?
080	Sen. Deckert	Asks if the tri-county area could serve the region with just one ESD.
085	Mabbott	Responds that it is a difficult question to answer but that, with the number of students involved, it would be difficult.
093	Sen. Morrisette	Comments on ESD board members. Asks for information about the board members in writing.
100	Chair Walker	Closes public hearing on SB 415 and adjourns meeting at 6:04 p.m.

EXHIBIT SUMMARY

- A. **Education Service Districts, Informational Packet, Vickie Fleming, 6 pp**
- B. **Education Service Districts, Contracts, Vickie Fleming, 20 pp**
- C. **Education Service Districts, Regional Service Delivery Model, Ozzie Rose, 5 pp**
- D. **SB 415, Testimony, Sen. Charlie Ringo, 6 pp**
- E. **SB 415, Testimony, John Peterson, 4 pp**
- F. **SB 415, Testimony, Joe Rodriguez, 2 pp**
- G. **SB 415, Testimony, Kate Dimon, 3 pp**

- H. **SB 415, Testimony, Craig Roessler, 2 pp**
- I. **SB 415, Testimony, Amy Grant, 2 pp**
- J. **SB 415, Testimony, Rodger Williams, 6 pp**