

INFORMATIONAL MEETING

TAPES 9-10 A-B, 9-A

**SENATE REVENUE COMMITTEE
JANUARY 24, 2005 9:00 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair
Senator Charles Starr, Vice Chair
Senator Gary George
Senator Rick Metsger
Senator Floyd Prozanski

Staff Present: Paul Warner, Legislative Revenue Officer
Steve Meyer, Economist
Barbara Guardino, Committee Assistant

TAPE 9, SIDE A

004 Chair Deckert Calls meeting to order at 9:04 a.m. Notes, school finance is today's topic. There will be a number of bills this session relating to the school funding formula. Oregon Business Council will propose issues dealing with school transportation and special education.

INFORMATIONAL MEETING

014 Steve Meyer Begins slide presentation on School Finance, Sharing and Local Resources (**EXHIBIT 1**).

024 Meyer Discusses State School Fund 2003-05 slide 6. Appropriations.

041 Meyer Discusses Local Formula Revenue, slide 7. No federal dollars are included in this formula, no donations, interest nor fees.

060 Meyer Discusses K-12 School & ESD Revenue pie chart, slide 9.

067 Meyer Discusses School and ESD Shares, slides 10 and 11.

080 Chair Deckert Notes, the governor has ESD ideas. Are those traditionally assigned to Education or Revenue committee?

084 Meyer Responds, they may go to either, depending on the topic.

087 Meyer Begins discussion on the school education formula. Discusses What Formula Is About, slide 14. The formula defines what school district equity is.

106 Meyer Discusses Distribution Principles, slide 15.

122 Meyer Discusses Equalization Formula, slide 17. State and local revenue.

134 Meyer Discusses Facility Grant, slide 18. Equals up to 8% of construction costs.

143 Meyer Discusses Facility Costs, slide 19. Limited to cost of additional classrooms.

151 Meyer Discusses Facility Grants over last 4 years, slide 20. Grants have

been distributed unevenly.

- 158 Meyer Discusses High Cost Disability Grant, slide 21. Grant sunsets at end of 2005, and there will likely be legislation to extend it.
- 172 Chair Deckert Asks if \$12 million would be adequate pool to draw upon.
- 181 Meyer Preliminary data says it would not be adequate.
- 185 Sen. Prozanski Some school districts are above percentage set for what state will pay for special needs students. Has Revenue discussed reassessing how many special needs students come through the various school districts?
- 199 Meyer That will come out in future testimony.
- 211 Chair Deckert Legislature's goal in 2003 was how to more adequately reimburse those districts.
- 217 Meyer Resumes slide presentation, turns to issue of transportation costs. Discusses Transportation Percent, Districts ranked by cost per student, slide 23.
- 217 Meyer Discusses Transportation Costs, Approved Costs, slide 24.
- 225 Meyer Discusses General Purpose Grant, Equals Weighted Students, slide 26.
- 234 Meyer Discusses Student Numbers, average daily membership (ADM), slide 27.
- 247 Meyer Discusses Student Cost Weights, Special Education and at Risk, slide 28. These include individual education program (IEP), students in poverty, English Language Learner (ELL), pregnant and parenting students.
- 271 Sen. George Is it possible that a student can be included in more than one of these categories? Follow-up questions.
- 290 Meyer Responds, potentially it is possible.
- 315 Sen. Prozanski Concerning IEP, what if a school district has more than the average share (11%) of special needs children?
- 322 Meyer State average is 13% and has not been changed since 1991.
- 328 Sen. George. Asks how children in foster homes got on the list.
- 332 Meyer Has to do with these students being concentrated in urban districts.
- 342 Chair Deckert Asks, how does the system ensure that students in IEP belong there?
- 370 Meyer Responds yes, for IEP there has to be a written program between the school district and parents.

- 380 Meyer Resumes presentation by discussing Student Cost Weights, Grades and School, slide 31. Discusses Small High School Weighted ADM (4 Grades), slide 33.
- 399 Meyer Discusses Small Elementary School Qualification, slide 34.
- 411 Meyer Points out Student Counts, ADMr and ADMw Extended, slide 36.
- 433 Meyer Discusses Teacher Experience Adjustment, slide 37. No change since 1991.
- 444 Meyer Details General Purpose Grant, slide 38.
- 464 Meyer Explains in detail the Equalization Formula, state revenue and local revenue. Slide 39.

TAPE 10, SIDE A

- 040 Meyer Stresses the importance of understanding the equalization formula.
- 062 Meyer Discusses Formula Revenue pie chart, slide 40.
- 073 Meyer Points out, in last two biennia Oregon has been in an up-down situation in total dollars. This is a new pattern, slide 42.
- 079 Meyer Discusses K-12 Formula Revenue Per Student, slide 43.
- 091 Meyer Discusses Formula Allocation, District Revenue per Student 2003-04, slide 44.
- 094 Meyer Discusses Equalization Results, Districts with More Than 500 ADM, slide 45.
- 107 Meyer Moves on to next section of presentation, Education Service Districts (ESDs). Discusses ESD Resolution Services, slide 49.
- 105 Meyer Begins discussion on ESD Equalization, General Logic, slide 51.
- 132 Meyer Discusses ESD Allocation (Starting in 2005-06) formula, slide 54.
- 145 Chair Deckert Asks questions on graph on school funding formula, disparities among districts.
- 150 Meyer Replies yes, 2005-06 is the final year of the phase-in process.
- 192 Meyer ESD "Equity", slide 55.
- 201 Meyer Discusses Local Option Property Tax, 1999 HB 2753. Begins new section with discussion of Exclusion From Formula, Local Revenue, slide 58.
- 223 Meyer Discusses School Local Option elections, slide 60. About 37% of local option elections have passed. Most local options passed in 2000. They must be renewed after five years.
- 244 Chair Deckert Asks for a geographical breakdown of where local options passed.

249	Meyer	Responds, they are scattered. Larger districts have higher passage rate than smaller schools. School districts with higher property values are more likely to pass local options.
275	Sen. Metsger	Comments, Hood River passed a local option last September.
281	Sen. Prozanski	Assumes double majority is in play.
294	Meyer	Responds, he has information on reasons for passage and failure of the various local options.
297	Meyer	Discusses Local Option Equalization, slide 61. Most districts don't meet the qualification for equalization.
327	Sen. Prozanski	Requests a list of school districts impacted.
329	Meyer	Lists the districts.
332	Meyer	Moves on to Education Stability Fund 2002 section of presentation, slide 63.
354	Meyer	Discusses Withdrawal of Principal, Trigger Combinations, slide 64.
363	Meyer	Discusses Withdrawal of Principal, slide 65, governor declares emergency.
375	Meyer	Discusses Education Stability Fund, slide 67.
405	Meyer	Discusses Education Stability Fund, slide 68. There have been two draws made on this account. Lottery system's estimated balance at beginning of next biennium is about \$180 billion.
428	Paul Warner	Lottery Commission will talk to committee tomorrow. Governor's estimate is \$120 million in additional lottery funds, and 18% would go to stability fund.
438	Deckert	Has an analysis been done of the \$120 million estimate?
442	Warner	Lottery Commission will address this tomorrow.
454	Meyer	Discusses 2005-07 Biennium, Governor's Budget. State School Support, slide 70. Wraps up discussion with discussion of Formula Issues? Slide 74.
471	Chair Deckert	ESDs and the school finance formula will be revisited later in the session.

TAPE 9, SIDE B

050	Sen. George	Asks whether Oregon still ranks first among the 10 western states in total funding per student.
067	Meyer	Ranking depends on the year in question.
074	Sen. George	Asks what effect Oregon's unemployment has on the ranking.

074	Warner	Responds, Oregon ranks 25 th among all states on revenue per student. Information is available in the 2005 Oregon Public Finance packet (See January 17 EXHIBIT E) in the School Finance section.
108	Chair Deckert	Adjourns meeting at 10:07 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Reviewed by Kim Taylor James

Exhibit Summary:

1. School Finance, Sharing State and Local Resources, Meyer, 37 pp.