

**SENATE SPECIAL COMMITTEE ON BUDGET – 2005 SESSION  
EDUCATION SUBCOMMITTEE**

**TAPE LOG**

**Date: June 20, 2005  
Tapes: 11, 12**

**This tape log summarizes committee proceedings. For complete content and intent, please refer to tapes.**

Tape / Counter	Speaker	Comments
<b>Members Present:</b> Senator Devlin, chair; Senators Gordly, Nelson, Walker, Whitsett,		
<b>Members Excused:</b>		
<b>TAPE 11A</b>		
003	Chair Devlin	Calls the meeting to order at 1:00 p.m. Opens a <b>Public Hearing</b> on <b>SB 1053 – Relating to Local Education Budgets (Exhibit #1, Senate Bill 1053)</b> .
<b>SB 1053 – RELATING TO LOCAL EDUCATION BUDGETS PUBLIC HEARING</b>		
011	Sue MacGlashan, Legislative Fiscal Office (LFO)	Refers to <b>(Exhibit #2, Proposed Amendments to Senate Bill 1053)</b> which requires a school district board to adopt a policy that specifies the percentage range of the general fund ending balance that the district may carry over to the next fiscal year.
023	Chair Devlin	Calls the first two speakers forward to testify.
025	Rep. Barnhart, House District 11	Testifies in support of SB 1053 and explains what the bill would do. Indicates that the bill would increase transparency.
071	Chair Devlin	Asks if there are any questions.
073	President Courtney	Supports SB 1053 and comments on an article that appeared in April. Indicates that the bill places a cap on the amount of reserves that a District can hold. Discusses the -1 and the -2 amendments.
124	Chair Devlin	Explains the differences between the -1 and -2 amendments.
127	President Courtney	Refers to the -2 amendments and indicates it is 10% of the general fund and that “ending balance” isn’t the correct description.
139	Rep. Barnhart	Comments that omitting the words “ending balance” would take care of it.
142	Sen. Walker	Speaks about doing a conceptual amendment.
145	Chair Devlin	Understands that they are talking about “reserves” and believes ending fund balance is closer to what they are trying to get to, which is their reserves. Believes that ending fund balance is the appropriate term.
167	Rep. Barnhart	Explains why the sentence is awkward. Believes the sentence actually describes the ending fund balance without including the actual words “ending balance.”
180	Sen. Walker	Indicates she has a problem voting on the bill with that language. Recommends that they get the language right and do it tomorrow.
186	Chair Devlin	Comments that they will go on with the public hearing today.
195	Chair Devlin	Asks Legislative Counsel to confer with the chair.
<b>STANDS AT EASE.</b>		
215	Chair Devlin	Reconvenes and then reports that they will have -3 amendments prepared for tomorrow.

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218	Sen. Walker	Asks whether the Senator and the Representative know how they will adjust that.
220	Chair Devlin	Clarifies that he would ask them to meet with Ms. Hunt and she will explain.
222	Sen. Gordly	Asks if someone can tell them how many districts have no policy at all.
225	Sue MacGlashan	Responds that she doesn't know.
227	Chair Devlin	Replies that they researched ending fund balances and believes some have policies in place and others do not and then elaborates.
249	Sen. Gordly	Believes that piece of information deserves to have an answer.
255	Chair Devlin	Asks if anyone in the audience wants to comment on the issue.
259	John Marshall, Oregon School Board Association	Responds regarding circumstances over the past couple of years which led to some extraordinary cash carryover balances. Provides some historic information regarding the district's cash balances. Explains that because the school districts couldn't count on the legislature to provide the appropriations they took their own measures to maintain some stability from year to year.
388	Sen. Gordly	Thanks him for answering her question. Asks if he knows how many districts have no policy.
404	John Marshall	Replies that school districts may have a policy that will change from year to year and then elaborates about creating a contingency fund. Indicates that 3-5% is an appropriate cushion.

#### TAPE 12A

005	John Marshall	Discusses a "rule of thumb" that is used by the districts.
012	Sen. Gordly	Indicates that the information he has provided has answered her question.
013	John Marshall	Continues discussing the attempt to hold some dollars in reserve to phase in the increased PERS costs, etc.
018	Sen. Nelson	Comments on the number of reports already required by the Dept. of Education. Questions the need for the bill. Asks why we are doing this.
024	Chair Devlin	Calls Mr. Brown forward to testify. Understands that he signed up by mistake on the bill.
031	Rep. Barnhart	Notes another problem with the -2 amendment.
040	Chair Devlin	Indicates that the chair will consult with one of the chief components.
042	Rep. Barnhart	Indicates that the President agrees with it.
044	Chair Devlin	<b>Closes the Public Hearing on SB 1053.</b>

**Opens a Work Session on SB 1071 – Relating to Education.**

#### SB 1071 – RELATING TO EDUCATION WORK SESSION

048	Sue MacGlashan	Refers to <b>(Exhibit #3, Staff Measure Summary), (Exhibit #4, Senate Bill 1071)</b> . Explains what the measure does. Explains the -1 amendment which is attached to Exhibit #3.
077	Chair Devlin	Explains that the bill has already been through a public hearing and notes that the Dept. of Education supports the bill.

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085	Sen. Gordly	MOVES to adopt the -1 amendments.
086	Sen. Walker	Asks if it creates another school district.
088	Chair Devlin	Responds yes.
090	Sen. Whitsett	Believes the -1 amendments detract from the bill.
096	Chair Devlin	Clarifies that the class would have to have a qualified teacher as part of the class.
100	Sen. Whitsett	Asks for a clarification of the term.
102	Chair Devlin	Responds that the teacher could either be a public entity teacher or a teacher at a public charter school and then elaborates.
111	Sen. Gordly	Asks what the intent is behind eliminated the phrase “or private” on line 27. Asks what private entity they have in mind.
114	Chair Devlin	Responds any private entity.
120	Vickie Fleming, Deputy Superintendent, ODE	Responds about the objection to the term private.
129	Chair Devlin	Explains that the language would permit that.
131	Sen. Gordly	Asks if it is a legislative counsel's understanding.
134	Vickie Fleming	Indicates that the person who brought the concern forward is in the office.
136	Sen. Gordly	Indicates she is asking about Legislative Counsel's understanding of the phrasing.
138	Sen. Whitsett	Comments about taking it out of statute and putting it back with administrative rule being counter-intuitive.
142	Sen. Gordly	Indicates she will be supporting it.
145	Laurie Wimmer Whalen, Oregon Education Association	Expresses what their concerns were in regards to the language indicating that it was basically a matter of clarity.
158	Sen. Whitsett	Indicates that it would seem that this would be an effort to preclude private enterprise from being competitive to educate our children.
170	Chair Devlin	Believes Legislative Counsel should be here shortly. Provides his understanding of the language.
185	Laurie Wimmer Whalen	Agrees that it was their intent.
187	Sen. Nelson	Believes they need to be flexible.
194	Chair Devlin	Comments on a companion bill that will also be coming to the committee.
200	Sen. Gordly	Rephrases her question about line 5 of SB 1071-1 and the deletion of “or Private”. Asks what they are excluding when they use that phrase.
215	Cindy Hunt, Senior Deputy, Legislative Counsel	Explains the type of entities that would be excluded.
222	Chair Devlin	Clarifies that they would be precluding them from providing on-line courses.

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225	Cindy Hunt	Agrees and indicates what they are precluding them from.
229	Chair Devlin	Discusses the comparison to the bricks and mortar example.
235	Cindy Hunt	Responds no because it is not an on-line course.
238	Chair Devlin	Comments on using state school funds to pay for private instruction.
240	Cindy Hunt	Agrees he is correct.
243	Chair Devlin	Vote: 3 – 2 – 0 Ayes: Senators Gordly, Walker, Chair Devlin No: Senators Nelson, Whitsett. Declares the motion <b>CARRIED</b> .
250	Sen. Gordly	MOVES SB 1071 to the Full Senate Special Budget Committee with a Do Pass recommendation.
253	Sen. Whitsett	Indicates he wants to support the bill because he thinks it is a good idea. Asks why it is an emergency.
257	Chair Devlin	Responds on the number of bills that have emergency clauses.
265	Sen. Whitsett	Asks if it will be available for home schoolers.
267	Chair Devlin	Responds yes.
268	Sen. Whitsett	Asks why the restriction on charter schools.
271	Vickie Fleming	Explains the reasons why the charter schools are restricted.
293	Chair Devlin	Asks for additional discussion.
296	Sen. Gordly	Comments on the emergency clause and indicates that Oregon is behind other states in providing distance learning opportunities.
302	Vickie Fleming	Responds that Oregon is in the middle of the pack, but behind the curve.
306	Sen. Gordly	Comments on the Frontier Learning Network and indicates we need to describe where and how our experience with that Network connects with the new effort that will serve more Oregon students.
319	Vickie Fleming	Indicates she is accurate in her comment and then elaborates.
330	Sen. Nelson	Comments that he supports the bill.
348	Sen. Walker	Remarks about Sen. Nelson wanting to take funds out of their budget.
353	Chair Devlin	Vote: 4 – 0 – 1 Ayes: Senators Gordly, Nelson, Walker, Chair Devlin Exc: Senator Whitsett Declares the motion <b>CARRIED</b> .
360	Chair Devlin	<b>Closes a Work Session on SB 1071</b> <b>Opens a Work Session on SB 765A.</b>
<b>SB 765A – RELATING TO EDUCATION SERVICE DISTRICTS WORK SESSION</b>		
368	Sue MacGlashan	Refers to <b>(Exhibit #5, Staff Measure Summary and attachment)</b> explaining what the bill does.
414	Chair Devlin	Agrees to accept a motion.

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417	Sen. Walker	MOVES SB 765A to the Full Special Senate Committee on Budget with a Do Pass recommendation.
424	Chair Devlin	Calls for any discussions.
425	Sen. Walker	Asks Ms. Hunt and Ms. Taylor to come to the table in anticipation of any questions. Asks how the chair would like her to proceed.
<b>TAPE 11B</b>		
004	Chair Devlin	Asks that she provide a brief summary from Sen. Walker.
008	Sen. Walker	Discusses the bill and the creation of the bill. Comments on the role of the RESAs. Believes that the ESDs will likely be consolidated under the bill. Discusses the budget structure. Indicates that an annual report will be required to be presented to the budget committee. Comments about preserving labor agreements.
075	Chair Devlin	Calls for any questions.
076	Sen. Whitsett	Believes the bill consolidates bond indebtedness among the districts. Questions the legality of assigning a debt to a district that didn't vote to incur the debt.
080	Chair Devlin	Defers to Legislative Counsel.
085	Cindy Hunt	Clarifies regarding the consolidated debt.
091	Sen. Whitsett	Disagrees and discusses merging two ESDs. Asks if he is correct.
096	Chair Devlin	Believes that they can get a clarification to that question. Comments about changes in school district boundary changes.
107	Sen. Whitsett	Asks about liabilities that have been incurred by one district which would also be shared.
110	Chair Devlin	Believes yes.
111	Cindy Hunt	Refers to page 3 of the bill ( <b>Exhibit #6, Senate Bill 765</b> ).
121	Sen. Whitsett	Indicates that is how he reads it. Asks if it is legal under current law to impose a liability on folks that didn't vote for the liability.
126	Cindy Hunt	Explains that the section follows the form on school district mergers and doesn't believe anything was challenged so it is legal.
132	Sen. Walker	Discusses section 12 in the bill regarding addressing the entrepreneurial activities. Comments on the flexibility that is given to the ESDs under the bill.
160	Chair Devlin	Asks for any additional comments.
162	Sen. Gordly	Appreciates Sen. Walker's leadership on the bill. Comments on Section 10, page 5, lines 36-40 in Exhibit #6. Asks for the definition of "at risk students".
174	Sen. Walker	Defers to counsel.
176	Cindy Hunt	Explains that the bill doesn't specifically define that and then elaborates.
187	Sen. Gordly	Explains what is behind her question. Also refers to lines 41-43 discussing technology support. Asks how they assure that efforts are not duplicated, etc.
204	Chair Devlin	Believes they did pass SB 1071 to the Full which would lead to further collaboration.
212	Sen. Walker	Indicates that the RESA would be the one to set up that policy,

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		working with the Dept. of Education.
219	Sen. Gordly	Asks for a nod for the Dept. of Education that says they are looking at this piece.
223	Chair Devlin	Asks Ms. Fleming to come forward to address that issue.
224	Vickie Fleming	Responds that she was a part of the work group and explains what they envisioned.
235	Chair Devlin	Asks for additional discussion.
237	Sen. Nelson	Indicates that he will oppose the bill for several reasons and then elaborates.
268	Sen. Whitsett	Also indicates that he will oppose the bill and explains his reasoning. Indicates that he doesn't see where the cost-savings is in the bill.
295	Chair Devlin	Indicates that he will be supporting the bill. Believes that there are questions that will still need more answers.
356	Sen. Gordly	Clarifies that 2/3rds of the ESDs participated in the creation of the proposals.
360	Chair Devlin	Responds not all of them but they were part of a discussion originally.
362	Sen. Walker	Explains that they were not a part of her group but their own group came forward at the beginning of the session.
372	Chair Devlin	Asks if Mr. Rose would like to comment.
375	Chair Devlin	Indicates if he doesn't come soon they will go to a vote.
383	Sen. Gordly	Indicates that her second question is tied to the first. Wants clarity where the proposal is coming from and who is opposed in terms of organizations.
395	Sen. Walker	Responds that the Oregon Association of ESDs did not participate on the workgroup that she set up. Explains that several ESD superintendents and some school district folks were represented on the workgroup.
413	Marjorie Taylor, Committee Administrator	Responds yes and then elaborates regarding the parties that were included in the workgroup.

#### TAPE 12B

004	Chair Devlin	Indicates that they will go to a vote on the main motion. Vote: 3 – 2 – 0 Ayes: Senators Gordly, Walker, Chair Devlin No: Senators Nelson, Whitsett Declares the motion <b>CARRIED</b> .
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013	Chair Devlin	<b>Closes the Work Session on SB 765A.</b> <b>Opens a Work Session on SB 639A.</b>
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#### SB 639A – RELATING TO BENEFIT PLANS FOR EDUCATION DISTRICT EMPLOYEES WORK SESSION

016	Sue MacGlashan	Refers to <b>(Exhibit #7, Staff Measure Summary)</b> , <b>(Exhibit #8, Senate Bill 639)</b> explaining what the measure does. Indicates that there is no revenue impact.
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Tape / Counter	Speaker	Comments
042	Chair Devlin	Indicates that he has been asked by the co-chair on the Senate side to move the bill today. Asks for a motion.
048	Sen. Gordly	MOVES SB 639A to the Full Senate Special Committee on Budget with a Do Pass recommendation.
051	Sen. Gordly	Comments on where the 5 million will come from.
053	Chair Devlin	Discusses the intent regarding the ending fund balance. Clarifies what her motion included.
059	Sen. Gordly	Agrees.
060	Chair Devlin	Notes that they are only in Work Session and won't accept Public Testimony.
064	Sen. Nelson	Indicates that he doesn't support the bill.
069	Sen. Whitsett	Comments on the powers of the appointed board.
081	Chair Devlin	Asks Mr. Sager to come forward and answer the question. Believes there is an opt out provision.
084	James Sager, Governor's Office	Agrees that there is an opt out provision in the bill.
098	Sen. Whitsett	Indicates that once they have decided to become a part of the system you can't go back if you don't like it. Asks if that is correct.
102	James Sager	Agrees he is correct.
103	Sen. Gordly	Asks what Ms. MacGlashan's fiscal statement was.
105	Sue MacGlashan	Indicates that the formal fiscal statement hasn't been developed but discusses the start-up costs.
110	Sen. Gordly	Asks if there are any assumptions around what the estimated savings might be.
112	Sue MacGlashan	Explains that is why the task force is established.
115	Chair Devlin	Comments about the hearings that were held on the subject.
122	Sen. Gordly	Asks who was opposed to the measure.
124	Chair Devlin	Responds the Oregon School Boards Association.
125	Sen. Nelson	Adds local insurance agents.
126	Sen. Gordly	Indicates she will be a courtesy vote on the bill. Expresses concern about a study coming after the plan is implemented instead of coming first.
132	Chair Devlin	Defers to Mr. Sager.
134	Sen. Gordly	Clarifies she means a study in Oregon.
135	Chair Devlin	Agrees.
136	James Sager	Discusses the high cost of similar studies in other states.
157	Sen. Gordly	Asks if the measure is supported by the Governor.
159	James Sager	Responds yes.
160	Sen. Whitsett	Comments on the two sources of funding. Asks if that is two different charges.
171	James Sager	Responds that it is an explanation of the same charge.
174	Sen. Nelson	Asks if they are talking about general fund money.

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176	James Sager	Responds yes.
180	Sen. Nelson	Asks who is paying the 2% charge.
182	James Sager	Responds it is part of the premium structure that would be charged for the plans.
186	Sen. Nelson	Asks if it covers the cost of premiums.
188	James Sager	Indicates it covers the administrative cost.
191	Sen. Nelson	Asks if they have an actual figure on the administrative costs.
193	James Sager	Explains that they are taking a program that has worked and are expanding that structure to meet the additional pool that is brought into the system.
201	Sen. Walker	Points out that there have been several studies done, just not in Oregon and then elaborates.
240	Sen. Gordly	Asks about the Minnesota study and asks if it resulted in implementation of a plan in Minnesota.
241	James Sager	Responds that none of the states have implemented a plan yet.
252	Sen. Whitsett	Comments on government monopolies and asks how he can envision a competitive insurance community if the plan is implemented.
258	James Sager	Indicates that they have to change the view of where the competition is suppose to exist. Explains how the Governor views it. Notes that they are trying to get the best competition for the taxpayers of Oregon.
292	Sen. Whitsett	Asks if the school districts support the concept.
295	James Sager	Indicates he can't speak for school board administrators.
299	Chair Devlin	Notes that there is a motion on the table.
305	Sen. Gordly	Indicates that she absolutely doesn't support funding coming out of the Dept. of Education budget.
310	Chair Devlin	States that it will not come out of the Dept. of Education's budget.
313	Sen. Walker	Asks Sen. Gordly where her concern is.
314	Sen. Gordly	Explains that there seems to be a host of assumptions about how successful implementation will be. Doesn't understand the assumptions behind the projected savings.
330	Sen. Walker	Understands that they need to provide her some additional information.
335	Sen. Gordly	Agrees that would be helpful. She wants to unpack the assumptions and understand what they are talking about.
361	Chair Devlin	Vote: 3 – 2 – 0 Ayes: Senators Gordly, Walker, Chair Devlin No: Senators Nelson, Whitsett Declares the motion <b>CARRIED</b> .
373	Sue MacGlashan	Clarifies that the intent isn't to take it out of the Dept. of Education budget.
378	Chair Devlin	<b>Closes Work Session on SB 639A.</b>

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Discusses tomorrow's schedule.

Adjourns the meeting at 3:00 p.m.

Additional Exhibit:

**Exhibit #9** – Witness Registration Sheet for SB 1053