

**HOUSE REVENUE COMMITTEE
MAY 8, 2003 8:30 AM STATE CAPITOL BUILDING**

Members Present: Representative Lane Shetterly, Chair
 Representative Wayne Scott, Vice Chair
 Representative Joanne Verger, Vice Chair
 Representative Phil Barnhart
 Representative Vicki Berger
 Representative Pat Farr
 Representative Mark Hass
 Representative Elaine Hopson
 Representative Max Williams

Witness Present: Senator Charles Starr, District 13
 Jim Markee, Equity Steering Committee
 Dr. Paula Radich, Superintendent of Newberg Schools, Equity Coalition
 Ozzie Rose, Confederation of School Administrators

Staff Present: Paul Warner, Legislative Revenue Officer
 Steve Meyer, Legislative Revenue Office
 Dick Yates, Legislative Revenue Office
 Kathy Tooley, Committee Assistant

TAPE 160, SIDE A

004 Chair Shetterly Calls meeting to order at 8:38 a.m.

OPENED WORK SESSION ON SB 550, SB 819

016 Sen. Charles Starr Spoke in support of the -7 amendment to SB 819, (Exhibit 1), discussed affects of compression on Sherwood School District.

047 Rep. Verger When you give to one, you take from someone else; also cited situation of seriously declining population in schools that place them in tough situation as to funding. Felt it would be fair to look at all of situations in Oregon at one time, rather than piecemeal.

058 Sen. Starr Agreed important issues not addressed in the formula. But strongly urge Committee to consider this issue.

072 Jim Markee Spoke in opposition to SB 819A, dedicated to the principle that every child should get an equal opportunity to be educated.

079 Dr. Paula Radich Spoke in opposition to SB 819A. Goal is to seek stable equal funding for students. Passage of local option would perpetuate inequities. Cited local option levies find difficult passage in small rural areas and not the answer to long term stable funding.

146 Chair Shetterly Would take issue with comment, don't think Portland feels it has satisfied school funding problem.

147 Dr. Radich Concurred, however, Portland has the capacity to raise funds that rural districts do not.

150 Rep. Barnhart How is formula funding in your district?

154	Dr. Radich	Provided it remains stable, it has been good in our district and the Equity Districts and is a fair formula.
158	Rep. Barnhart	Are the dollars adequate under the formula?
162	Dr. Radich	When there is revenue available to support, yes. Currently, no.
164	Chair Shetterly	Why should I be able to stop areas from going out and getting better education if it has not harmed me? Why should the state say it can't be done if there is community willingness and it is not harming other districts?
188	Markee	Did not oppose original local option. Discussed state equity grants to level the playing field. Some districts with more property are wealthier than others. Issue is local option, assumes schools are funded adequately to provide basic education; they are not. If local option is allowed, it takes away the incentive to provide adequate funding for basic education for all kids.
233	Chair Shetterly	Does not see that sense of commitment as being eroded.
240	Rep. Williams	Agreed local option is not a long term solution to adequate stable funding approach. What is your idea to get us there? HB 3500 gets us to a stable source of long term funding for education. If not local option short term fixes, what's your big fix idea?
245	Dr. Radach	Suggested a consumption or sales tax.
272	Rep. Williams	Encouraged Markee and Radach to read HB 3500 and sign on.
275	Markee	Funding for K-12 funding comes from general fund, there is no one solution. Some districts more judicious with funding, Legislature has to require more accountability from school districts in some areas. Look at tax expenditures, Oregon is giving away more money than collecting. After that is done will still need additional revenue, but must be done to get support of voters.
297	Rep. Hass	What would you do if you were Superintendent of Portland Schools, discussed statewide failure of Measure 28? They are saying Portland supported even though would have resulted in net loss in tax dollars and it failed. Portland is saying it needs to support a local option.
317	Dr. Radach	Don't have objection to Portland seeking a local option. Concerned it is not a long term solution. Need to not use local option to salvage school districts. As long as they do so, the public will not perceive there is a funding problem. Have to remember there are rural communities that do not have ability to pass a local option.
337	Rep. Hopson	Would suggest that Portland did talk to its community, how is a minimum level reached. What's the difference if a districts trying to provide a little more than a minimum standard, or the pit?
356	Markee	The difference is, it removes the incentive for this body to provide the basic amount, and moves away from the concept of every child should have an equal opportunity. Multnomah County vote takes a lot of pressure off policy makers.
386	Chair Shetterly	Would disagree with premise that \$500-\$750, the Legislature would lose the incentive to address.
390	Markee	When looking at funding formula issues in committee, people look at their

own school district not adequacy on statewide basis. If legislator's school district is taken care of, they are less interested in the statewide problem.

- 409 Rep. Barnhart Local option and general funding are difficult issues. Discussed a belief that funding is okay when revenue is good. Even when revenue is okay, funding for Eugene has not been good ever since equalization began. Rural districts get angry about cuts in Eugene because they have never had it so good. Would love it if Markee's comment were true. My experience is that Legislators don't want to address or feel helpless addressing problems in education funding.
- 484 Rep. Barnhart In Eugene, love-hate relationship with local option for reasons witnesses discussed. Inclined to support original bill, but oppose amendments. Would rather fund systematically and not need stop gap measures.

TAPE 161, SIDE A

- 033 Rep. Hass Concurred, discussed recent town hall regarding local option vote in Beaverton. People are furious about a local option, even if it passes, it won't put schools where people are happy. They still want the state to come up with tax restructuring that is fair to taxpayers and schools.
- 048 Markee An integral part of the local option process has been equity grants, so property poor districts have shot at passing. Would encourage Committee to make sure appropriations are adequately made and possibly tied to this bill.
- 060 Rep. Hopson Represents districts that won't support local option, have agreed with allowing room for districts that would support local options. Nobody thinks this solves the problem.
- 073 Rep. Barnhart Would support amendment, tying the passage of SB 819 to funding Markee referred to.
- 076 Chair Shetterly Disagreed.
- 079 Chair Shetterly Asked Markee if he would support a local option once there is adequate funding statewide; and when the smallest rural district would pass one.
- 087 Markee We have a local option. We're not opposing local option, oppose this bill that expands local option from 10% to 15%. If this is passed, next session someone will have a bill to expand to 20%.
- 098 Ozzie Rose This issue boils down to if this bill is approved it gets in the way of the big fix and equity. This bill changes dollars and the cap, not a magic number and does not feel it upsets equity. The big fix is changing public opinion. The challenge to Legislators is to take leadership to help public opinion about how business is done in Oregon.
- 134 Rose Said that not only big districts supported a local option, cited an equal number of large and rural districts supported it. Until we get the big fix, communities need flexibility to keep things going.
- 154 Rose Cited letter sent directly to legislators from Mr. Rodriguez regarding Hillsboro Argus illustrates what is going on in every school district.
- 166 Chair Shetterly Closed Work Session on SB 819, SB 550.

OPENED WORK SESSION ON HB 3130

- 184 Chair Shetterly Have been asked to send this bill to the Rules Committee for the relating clause, not for the bill.
- 185 Rep. Williams Do you know about the intent of this bill when it gets to the Rules Committee?
- 186 Chair Shetterly Answered negatively.
- 194 Chair Shetterly **MOTION: MOVED HB 3130 WITHOUT RECOMMENDATION TO THE COMMITTEE ON RULES AND PUBLIC AFFAIRS.**
- 201 Rep. Barnhart Point not to deal with issue in the bill? It is unlikely to have a revenue issue in our purview?
- 202 Chair Shetterly Answered affirmatively.
- 203 Rep. Barnhart "On that basis, I will vote for the motion".
- 204 **ROLL CALL: MOTION PASSED 7-0-2
REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hopson, Scott, Verger, Chair Shetterly. VOTING NO: Hass, Williams**
- 212 Chair Shetterly Closed the Work Session on HB 3130.
- 213 Chair Shetterly Meeting adjourned at 9:20 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Starr, "Testimony SB 819-7 amendment", 1 page
2. Meyer, "Staff Measure Summary SB 550", 1 page
3. Meyer, "Revenue Impact SB 550", 1 page
4. Meyer, "SB 550-A7 Amendment", 29 pages
5. Meyer, "Staff Measure Summary SB 819-A10", 1 page
6. Meyer, "Revenue Impact SB 819-A10", 1 page
7. Meyer, "SB 819-A11 Amendment", 1 page
8. Yates, "Staff Measure Summary HB 3130", 1 page