

# HOUSE COMMITTEE ON RULES AND PUBLIC AFFAIRS

May 13, 2003 Hearing Room E  
1:00 PM Tapes 58 - 59

**MEMBERS PRESENT:**        **Rep. Dan Doyle, Chair**  
                                 **Rep. Linda Flores, Vice-Chair**  
                                 **Rep. Laurie Monnes Anderson, Vice Chair**  
                                 **Rep. Vic Backlund**  
                                 **Rep. Phil Barnhart**  
                                 **Rep. Betsy L. Close**  
                                 **Rep. Joanne Verger**

**STAFF PRESENT:**        **Cara Filsinger, Administrator**  
                                 **Annetta Mullins, Committee Assistant**

**MEASURE/ISSUES HEARD:** **HCR 10 – Public Hearing**  
                                 **HCR 11 – Public Hearing and Work Session**  
                                 **SB 372 A – Public Hearing and Work Session**

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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.

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 58, A</b> 004	Chair Doyle	Calls meeting to order at 1:14 p.m., announces order agenda items will be considered, and opens a public hearing on HCR 10.
<b><u>HCR 10 – PUBLIC HEARING</u></b>		
010	Rep. Karen Minnis	Speaker of the House, District 49. Testifies in support of HCR 10. Comments on Harmon's dedication to family, community and country, her roll as Miss Oregon, as Miss America during a time of fear in the United States, and her contribution to the fight against breast cancer.
047	Clair Pense	Gresham. Testifies in support of HCR 10, noting that Harmon is a member of their community.
069	Rep. Monnes Anderson	Comments that the Pense family has been strong proponents and was responsible for getting the sign in Gresham that says, "Welcome to Gresham, Home of Miss America 2002."
083	Dr. Dan Bernstine	President, Portland State University. Testifies in support of HCR 10. Comments on honor brought by Harmon to Portland State University and Oregon.
1-4	Chair Doyle	Closes the public hearing on HCR 10 and opens a public hearing on HCR 11.
<b><u>HCR 11 – PUBLIC HEARING</u></b>		
	Dr. Dan Bernstein	President, Portland State University. Testifies in support of HCR 11. Comments on working with Dellenback.
116	Chair Doyle	Recesses the public hearing on HCR 11 and opens a public hearing on SB 372 A.
<b><u>SB 372 A – PUBLIC HEARING</u></b>		
122	Chair Doyle Jerry Fredrickson	Announces that Rep. Greg Smith will be arriving to testify. Vice-Chair, Morrow County School Board. States that they held a school board meeting last night and voted to support SB 372

	Jerry Reitman	A. Offers to answer questions. Ione Self-Determination Committee. Explains that Ione was in danger of losing their high school and they pursued a petition process. Eighty percent of the registered voters in the affected area of the proposed new school district signed the petition in a ten day period. They learned that they need legislation that would allow the district to separate. The board had questions about how to separate assets and they ended up with a letter of understanding ( <b>EXHIBIT A</b> ). They have solved what they can locally, but are asking for a way to allow them to separate off as a separate community. Comments they hired a retired superintendent to determine if they could run a school district based on the flow through of funds from the state. They determined they can operate only on state funds. States that the economics for the state are neutral.
178	Reitman	Comments on distance of school bus ride for students and the parents driving 60 miles to work just to have the kids in Ione schools. If Ione doesn't have the schools, the people will leave. Comments about a new dairy and other jobs that will open up. Comments that without a school, they don't have a community.
194	Rep. Close Reitman	Asks if they considered being a public charter school. Responds they did explore it, but they do not feel it is feasible. Explains that the school district asked them to make significant cuts in their budget. The community came together through a series of educational meetings, figured out and recommended to the school board what cuts should be made. In that process, this process of figuring out another solution came up. They could not find any way other than dividing themselves off and having their own district.
206	Rep. Monnes Anderson Reitman	Asks how many students would be in the Ione school district and how many are in the Heppner school district. Responds that Heppner is part of the Morrow County School District.
212	Fredrickson Reitman  Rep. Monnes Anderson  Reitman	States there are 2,200 students in Morrow County. States that there would be approximately 160 students in K-12 in the Ione district. Comments on history of school consolidations to get away from more government and to save money. Comments on statement from the Secretary of State saying schools that have 500 or fewer student, spent an average of \$5,500 per student, and for Morrow County it would be \$4,200. States they are now one. That won't change as a separate district.
234	Rep. Monnes Anderson Reitman	Comments they will have more overhead and cost per student. Asks if they have looked at the revenue. Comments on hiring a retired superintendent from Pendleton and explains how the dollars will be charged back. Ione is about seven percent of the student population and there is a 7.34 percent division of assets. It is basically the tax base for their area for the proposed Ione school district.
294	Rep. Monnes Anderson	Asks if they have presented the question to the voters.

	Reitman	Explains the process they have been through and states they are confident they have the community support.
286	Chair Doyle	Comments that the Revenue Impact Statement ( <b>EXHIBIT B</b> ) shows a loss of \$187,000 from Morrow County because Heppner High School would no longer be considered a small school.
	Reitman	Responds that he has heard that but does not know why Heppner would lose its status. Adds that he does not believe the large transportation costs were taken into consideration. They are not sure where the figures came from.
336	Rep. Barnhart Frederickson	Asks why they need to make a change. States that the decline of revenues is a concern to everyone and the people want to protect their schools.
	Reitman	States that since this came up they have had people come to Ione looking to move there but went elsewhere because of the uncertainty. Comments on new dairy operating in the area, and they need certainty to have progress.
358	Rep. Barnhart	Asks if the school board signing onto the proposed division is recognition that they cannot trust themselves to not close the school, or that there needs to be a separate organization.
	Frederickson	States they do not know what the funding from the state will be. The board has said it is fine if Ione wants to do this. Comments on growth in certain areas. The board's position has been to let Ione do this but protect the rest of the district.
400	Rep. Barnhart	Comments that it sounds like they are satisfied with the division of assets and liabilities and the board is willing to let Ione to take the risk. Asks if that is a fair statement.
	Frederickson	Responds affirmatively.
410	Rep. Monnes Anderson	Asks if it would be more advantageous to be part of a bigger district.
	Reitman	Responds that he understands the advantage of a large school but also understands the advantage of a small school; the community will fill those gaps.
460	Rep. Monnes Anderson	Asks if they offer free lunches and breakfasts.
	Reitman	Responds they researched all of that.
	Frederickson	States that he does not know how many students in Morrow County qualify for the lunch and breakfast program.
<b>TAPE 59, A</b> 046	Chair Doyle	References the language in n the last line of the first page and on page 2 of the bill and asks if they have disagreement on the division of assets.
	Reitman	Responds that he hopes they can come to agreement and does not believe they will place a large burden on anybody.
	Chair Doyle	Asks who would be the designee of the Superintendent of Public Instruction.
	Reitman	Responds that they believe it would be anybody the superintendent appoints.
067	Rep. Barnhart	Asks if the facilities are adequate and whether they anticipate capital construction or maintenance needs in the future.
	Reitman	Responds the Ione community has a new elementary school being built by a county-wide bond, the high school was built in the late 1950s and is in excellent condition. They are assuming

082	Rep. Greg Smith	they have good facilities for a long time. District 57, including all of Morrow County. Testifies in support of SB 372 A. Comments that the proposed Ione School District is economic development. The school is the heart of the community and garners the support and rallies the troops. The community supports the kids and that is why the bill is before the committee.
112	Rep. Verger	Comments on mail received from Ione and the thoughtfulness they have given to this project.
120	Rep. Flores Rep. Smith	Asks if there is support or discontent within the community. Comments on email from Irrigon asking for support for Ione. The community understands how important the Ione school is to the community.
141	Rep. Monnes Anderson Rep. Smith	Asks what his response is to knowing that the cost per student is more than in a large school. Responds that the creation of the new district is revenue neutral. States their schools are struggling. Rural Oregon, as the rest of the state, is concerned about their schools.
161	Rep. Barnhart	Asks what percentage of the school funds come from property tax in Morrow County.
169	Rep. Smith Sen. Ginny Burdick	Responds he does not know. District 18. Testifies in support of SB 372 A. Comments on her impression of the community when she participated in Cycle Oregon and stayed in the Ione school yard overnight. Reads email from coordinator of Cycle Oregon about the extreme cooperation they received from the Ione community.
228	Rep. Monnes Anderson  Sen. Burdick	Comments this bill starts a precedence and other school districts could make the same requests. Asks why they want to start such a precedence. States there is already precedence on consolidation and thinks the people in Ione have gone to great lengths to make this revenue neutral. Believes they have done everything possible. Adds that she does not believe they can guarantee it will be revenue neutral, but believes it will be.
268	Chuck Bennett   Bennett	Confederation of Oregon School Administrators (COSA). Submits packet of information including letter to Speaker Minnis, talking points on SB 372, information from a candidate forum, and copies of local news articles ( <b>EXHIBIT C</b> ). Testifies in opposition to SB 372 A. This legislation is being brought because a school board talked about how to deal with the failure of the state to provide enough money for education in Morrow County and other parts of the state as they see their spending patterns. Comments that the question was not a vote on whether to close Ione High School; this is perspective. Hopes the record will be clear that this bill is sort of idiosyncratic, specific enough to Ione that you are not reversing years of policy direction in efficiency, consolidation when appropriate, and changing directions. Thinks it is unfortunate this bill is not in the thorough review of the Education Committee to look at the educational impact. Their expectation is that by creating this very small district, you are cutting programs by about \$1,800 per student, and hopes they are being honest with themselves about what the program cuts

		will be and that they are prepared for the change they are going into. States the districts could, if necessary, go back to the present situation of being one district. Comments on a proposal for \$6 billion for school support this session. Asks for intent that this is a one-time situation.
420	Rep. Verger	Comments that a decline in enrollment is creating small schools and cites the merger of school districts in her area.
470	Bennett	Responds this is about Ione; it is very specific. They are not talking about demographic changes, and keeping this confined is very important.
	Bennett	Adds that a bigger problem is the problem of stable and adequate funding.
<b>Tape 58, B</b>		
015	Bennett	Comments on HB 3171 that came out of the House Education Committee and was referred to Ways and Means setting up a task force addressing the issue in this bill. The task force would look at the organization of school districts around the state.
028	Rep. Barnhart	Asks what the division of property taxes and state funding is in Morrow County.
	Bennett	Responds that he does not know.
	Rep. Flores	Asks if Bennett was involved in the dialogue on this bill in the Senate and whether he was supportive.
	Bennett	Responds he gave similar testimony and was not supportive. Comments he thought there had been a vote by the school board to close the school. Comments on other legislation relating to school districts.
058	Chair Doyle	Asks if Bennett made the statement that this bill was a product of something that the OEA was involved in, as opposed to the community members.
	Bennett	Responds negatively.
062	Steve Novick	Legislative Coordinator, Oregon Department of Education (DOE) introduces Brian Reeder and explains why they did not testify in the Senate. Comments on the issue of the inability to agree on a division of assets. States the Superintendent does not want to do that job and believes DOE would hire an accountant for \$10,000 to \$20,000. Asks that that sentence be deleted.
	Novick	States that the Superintendent does not take a position on the bill but offers a word of caution. States there are higher overhead costs in smaller districts. Although the superintendent is sympathetic to Ione and the neighborhoods in Portland that are losing their schools, she wants the committee to be aware there are economies of scale in larger districts.
118	Brian Reeder	Oregon Department of Education. Comments on costs asked about by Rep. Barnhart on the share of revenue coming to Morrow County School District. They raise slightly over \$4 million locally and get slightly under \$10 million from the state. Explains research on costs related to the size of schools versus size of districts. Agrees with the \$1,800 additional to education a student in the new smaller school district. Ione will not get more money but they will have higher costs.
160	Chair Doyle	Asks if Reeder can address the loss of \$187,000 to Heppner because it will no longer be a classified small school.
	Reeder	Responds that he thinks that is misinformation. Heppner is now

		a small school and will continue to be a small school if Ione splits off. If this bill does not pass and Ione does not become an independent district, and the two high schools merge, they will become a larger high school. They will still get small school money but they will get less than they are getting now; a combined school will get less than the sum of the two schools.
193	Chair Doyle Reeder	Reads the Legislative Revenue Statement ( <b>EXHIBIT A</b> ). Responds that the Legislative Revenue Statement is correct. Explains that the combined school will still get the small school correction, but they will get a smaller one, by \$187,000.
182	Rep. Close Reeder Rep. Close Reeder Rep. Close Reeder	Asks if DOE considered salary and benefits in their cost study. Responds that they did. Asks if it is true that salaries and benefits for school districts average between 84 and 86 percent of the budgets. Responds that 80 percent is the rule of thumb they use because it does vary from district to district. Asks if costs of 75 percent for salaries and benefits would allow them to put money in other places. Responds that districts can spend their money just about anyway they choose.
208	Rep. Close Reeder	Asks if the bigger districts are paying higher salaries. States that districts can attempt to cut their costs wherever they can but there is a labor market and if they cut their salaries too much they have a very difficult time attracting teachers.
226	John Osburn	Attorney for Ione Self-Determination Committee. (A letter from John Osburn and the SB 372-A11 amendments are hereby made a part of these minutes ( <b>EXHIBIT D</b> )). Explains that he is an attorney practicing in school law. Comments on the need to consider each situation. Opposes the deletion of language relating to the appointment by the Superintendent of a person to settle any disagreement. Comments on support of the community.
261	Rep. Monnes Anderson	Asks what a budget for 160 students would be.
371	Lisa Reitman  Rep. Monnes Anderson Lisa Reitman	Explains that she has worked on the Self-Determination Committee for several months. The budget drafted by retired superintendents from Umatilla County was approximately \$1.2 million. Comments that she is not convinced that this will be revenue neutral. Responds that the percentage of students is approximately seven percent. The percentage of the ADMw is 8.9 percent.
427	Rep. Barnhart Rep. Close  Osburn	Comments that would be a reflection of the small school grant. Asks how the Morrow County School Board concluded it was no longer cost effective to operate the high school program in Ione. Responds there were numerous public hearings in which that was the clear sentiment of the board. States he does not think there was a resolution but that was clearly the direction in which the board was looking. This bill makes it unnecessary for them to make that decision.
<b>TAPE 59, B</b> 001	Rep. G. Smith	Comments on willingness and determination of community members to support the school.

021	Chair Doyle	Closes the public hearing and opens a work session on SB 372 A.
<b><u>SB 372 A – WORK SESSION</u></b>		
<b>024</b>	<b>Rep. Flores</b>	<b>MOTION: Moves SB 372 A to the floor with a DO PASS recommendation.</b>
028	Rep. Monnes Anderson	Advises the committee that she had an amendment drafted after DOE called her regarding their concern. The amendment would delete one sentence and the liabilities/assets issue would not then be a decision of DOE but would be at the local level. Feels strongly that the committee should include the amendment <b>(EXHIBIT E)</b> .
046	Rep. Monnes Anderson Rep. Barnhart Chair Doyle	Explains that she has had the amendment drafted and has shared it with the proponents, lobbyist, and Chair Doyle. Comments he believes a motion to amend is in order. Responds that he would rule the motion out of order. Explains that the committee has heard testimony that there are other alternatives available for the superintendent to designate someone to make the decision and they could find volunteers. States there is also a timeline of getting the measure signed by the governor by May 20 so the division will be final by July 1, 2003, so the boundary board can have 30 days to negotiate the division, and if there is a problem making the decision, the superintendent would have to make the decision.
066	Rep. Barnhart	Comments on parliamentary procedure.
079	Rep. Verger  Rep. Monnes Anderson	Asks Rep. Monnes Anderson if the problem would be solved by adding “or a local designee” of the superintendent. Responds that Legislative Counsel had some issues regarding designating someone to make a decision like this. States that the provision in the amendment may be the best way for them to resolve the issue even if the amendment is not adopted <b>(EXHIBIT E)</b> .
107	Rep. Close	Comments that she believes the Morrow County School District concluded it was no longer cost effective to continue to operate the high school program in Ione. States that if school districts are having problems, they should be allowed creativity and innovation by those in the local districts to try new options and alternative, and let local control go forward.
117	Rep. Close	Comments on school operating costs, and moves the previous question.
123	Chair Doyle Chair Doyle	Asks that the committee stand at ease at 3:50 p.m. Reconvenes the meeting at 4:05 p.m. and resumes the work session on SB 372 A.
<b>127</b>	<b>Rep. Flores</b>	<b>Withdraws her motion to pass SB 372 A to the floor.</b>
<b>127</b>	<b>Rep. Monnes Anderson</b>	<b>MOTION: Moves to ADOPT SB 372-A12 amendments dated 5/13/03.</b>
137	Rep. Monnes Anderson	Explains that she took to heart the testimony that the Superintendent or a designee making the decisions to divide the assets and liabilities and feels it should be a local decision. Comments on division of a school district in the Gresham-Barlow area.
<b>156</b>	<b>Chair Doyle</b>	<b>VOTE: 2-5-0</b> <b>AYE: 2 - Monnes Anderson, Verger</b> <b>NAY: 5 - Backlund, Barnhart, Close, Flores, Doyle</b> <b>The motion FAILS.</b>

162	Rep. Flores	<b>MOTION: Moves SB 372 A to the floor with a DO PASS recommendation.</b>
165	Rep. Barnhart	Comments on consolidations of school districts, and realities of voting either way on the bill.
195	Rep. Backlund	Comments on previous comments of this being precedent setting and the success of small schools.
213	Rep. Verger	Comments on discussions about school consolidations in her district and the district budget in Morrow County, and states that education in Ione is priceless.
298	Rep. Flores	Explains her vote on the bill.
242	Rep. Monnes Anderson	Explains her vote on the bill.
253	Chair Doyle	Enters into the record a letter from Cindy Hunt, Legislative Counsel ( <b>EXHIBIT F</b> ).
281	Chair Doyle	Comments that there has been adequate time to air the issue on the Senate side and believes the Superintendent of Public Instruction will be able to designate a decision maker or makers. States he is also concerned with the timeline.
295		<b>VOTE: 6-1-0</b> <b>AYE: 6 - Backlund, Barnhart, Close, Flores, Verger, Doyle</b> <b>NAY: 1 - Monnes Anderson</b> <b>The motion CARRIES.</b> <b>REP. G. SMITH will lead discussion on the floor.</b>
	Chair Doyle	
302	Chair Doyle	Closes the work session on SB 372 A and reopens the public hearing on HCR 11.
<b><u>HCR 11 – PUBLIC HEARING</u></b>		
309	Nan Heim	Testifies in support of HCR 11 for people who worked for John Dellenback. Introduces members of the Dellenback family and talks about family and accomplishments of Dellenback.
343	Sheryl Perrin	Testifies in support of HCR 11. Comments on working for Dellenback.
368	Rep. Verger	Comments that John Dellenback is always remembered as being an important person to their area.
373	Rep. George Gillman	District 55. Testifies in support of HCR 11. Comments on personal acquaintance and friendship with Dellenback.
393	Chair Doyle	Closes the public hearing and opens a work session on HCR 11.
<b><u>HCR 11 – WORK SESSION</u></b>		
431	Rep. Flores	<b>MOTION: Moves HCR 11 be sent to the floor with a BE ADOPTED recommendation.</b> <b>VOTE: 7-0-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b> <b>The motion CARRIES.</b> <b>REP. GILLMAN will lead discussion on the floor.</b>
440	Chair Doyle	
444	Chair Doyle	Closes the work session on HCR 11 and adjourns meeting at 3:24 p.m.

**EXHIBIT SUMMARY**



- A – SB 372 – Letter of Understanding, Jerry Reitman, 5 pp**
- B – SB 372 – Legislative Revenue Statement, staff, 1 p**
- C – SB 372, talking points on SB 372, information from a candidate forum, and copies of local news articles, Chuck Bennett, 13 pp**
- D – SB 372, letter and SB 372-A11 amendments, John Osburn, 5 pp**
- E – SB 372, SB 372-A12 amendments, Rep. Monnes Anderson, 1 p**
- F – SB 372, letter, Cindy Hunt, 1 p**