

## SENATE COMMITTEE ON EDUCATION

April 29, 2003  
3:00 PM

Hearing Room C  
Tape 68

**MEMBERS PRESENT:**     **Sen. Charles Starr, Chair**  
                                  **Sen. Ryan Deckert, Vice-Chair**  
                                  **Sen. Ted Ferrioli**  
                                  **Sen. Bill Morrisette**

**STAFF PRESENT:**       **Jan McComb, Committee Administrator**  
                                  **Romy Dye, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **SB 405 – Public Hearing**

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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 68, A</b>		
005	Chair Starr	Calls the committee to order at 3:05 PM. Opens a public hearing on SB 405.
<b><u>SB 405 – PUBLIC HEARING</u></b>		
008	Jan McComb	Committee Administrator. Provides overview of SB 405 with -1 amendments.
032	Rob Kremer	President, Oregon Education Coalition. Discusses changes to SB 405 with -1 amendments. Responds to handout by Oregon School Board Association (OSBA). States if OSBA has other elements to add to requirements he is open for discussion. Presents -1 amendments dated 4/28/03 ( <b>EXHIBIT A</b> ).
066	Sen. Morrisette	Asks about not wanting charter schools looked at as public entities.
071	Kremer	Responds they are not municipalities.
075	Sen. Morrisette	Comments would like expanded answer to previous question. Asks if they are public entities.
081	Joni Gilles	Department of Education. Discusses -1 amendments. Discusses various tests. Discusses how charter schools fit with definition of municipality.
107	Nancy Heiligman	Office of School Finance, Oregon Department of Education. Discusses reasons why -1 amendments do not provide necessary accountability for the use of public funds. Submits written testimony ( <b>EXHIBIT B</b> ).
146	Sen. Morrisette	Asks about definition of municipality.
153	Heiligman	Responds there are lengthy statutes called municipal audit line. Feels Secretary of State applies three tests that Ms. Gillis discussed to determine whether it falls under that set of statutes or not.
163	Sen. Morrisette	Understands once familiar with statutory language you know municipal means different things which creates confusion. States they are a public entity receiving public funds which is why they come under this particular statute regardless of what it is called.

173	Heiligman	Agrees. States the language is confusing.
177	Sen. Ferriolli	Differentiates a municipal audit from the kind of information needed for determining fiscal responsibility in charter schools. Discusses municipal audits. States it is a tool designed for some of the most complicated government functions. Asks what that has in common with charter school.
200	Heiligman	Agrees some requirements would not apply such as bonding to charter schools. Believes oversight by Secretary of State office and licensing requirement for Certified Public Accountants (CPA) is important.
207	Sen. Ferriolli	Agrees. Feels CPA's should do the audits for charter schools. Asks if public schools have to do municipal audits.
210	Heiligman	Responds yes.
215	Sen. Ferriolli	Asks about burden of schools in general for a municipal audit.
221	Heiligman	Responds some districts include information from charts school audits in their audits but requirement stands for separate audit.
230	Sen. Ferriolli	Comments testimony on municipal audit cost is quite substantial.
235	Heiligman	Responds additional cost is \$500 to \$800 per year above a regular private non-profit audit. Adds there is an additional cost for a municipal audit.
240	Sen. Ferriolli	Responds I can imagine.
241	Chair Starr	Asks how often Secretary of State reviews audits of public schools.
246	Heiligman	Responds Secretary of State does random audits during the year.
261	Chair Starr	Asks if it would be useful if there were provisions of those under Secretary of State oversight even though they were not being audited to the standards of municipal audit but as outlined in amendments.
270	Heiligman	Responds useful but concerned with ending up with three types of audits in Oregon. States over time less flexible in terms of keeping up to date with standards.
280	Sen. Morrisette	Asks if amendments adopted and pass the bill would the school district be able to request an audit of a charter school under their jurisdiction with the Secretary of State responding to that request.
292	Heiligman	Responds does not know the answer. .
294	Sen. Morrisette	Asks if Ms. Heiligman knows if this amendment would make a difference in terms of accountability if the school district requested the audit.
296	Heiligman	Responds I don't.
301	John Marshall	Oregon School Boards Association. States if a school district decides to grant a charter than they want some degree of accountability in terms of how the public funds that it grants to that charter school are being spent. Discusses student learning in comparison to costs. Discusses purpose of financial audit. Encourages rejecting the -1 amendments. Discusses municipal audits. Submits written testimony and material ( <b>EXHIBIT C</b> ).
404	Steve Delaney	PERS. Comments there are no issues with the bill. Discusses language in the bill that refers to PERS.
416	Sen. Morrisette	Asks if a person is on PERS and goes to a charter school to work can the charter school decide to keep that person out of PERS if this passes.
422	Delaney	Responds yes. States if the charter school has opted not to participate in PERS then an individual who had been a member

429	Sen. Morrisette	of PERS and would now be an inactive member by taking up employment with the charter school would not be making continued PERS contributions at that point. Asks if a person is working for a charter school currently and is a member of PERS and this passes and they decide they no longer want to be with PERS then that person could not continue with PERS but would be inactive because of the decision of the school.
436	Delaney	Responds yes if the school made that agreement.
441	Chair Starr	Closes the public hearing on SB 405. Adjourns the committee meeting at 3:35 PM.

### **EXHIBIT SUMMARY**

**A – SB 405 – -1 amendments dated 4/28/03, Rob Kremer, 2pp**

**B – SB 405, written testimony, Nancy Heiligman, 1 p**

**C – SB 405, written testimony by Jim Green and material submitted by John Marshall, 47pp**