

SENATE REVENUE COMMITTEE
March 10, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Tony Corcoran
Senator Lenn Hannon
Senator Charlie Ringo
Senator Bruce Starr

Witnesses Present: Ozzie Rose, Confederation of Oregon School Administrators
Maxine Kilcrease, Director of Special Education, Portland Public Schools
Lynn Lundquist, Oregon Business Association
Gil Riddell, Association of Oregon Counties
Gweneth Van Frank Carlson, Lane County

Staff Present: Steve Meyer, Legislative Revenue Office
Paul Warner, Legislative Revenue Office
Tara Lantz, Committee Assistant

TAPE 56, SIDE A

003 Chair Deckert Calls meeting to order at 1:14pm
007 Sen. Deckert Administrative business.

OPENS PUBLIC HEARING ON SB 550 AND SB 551

037 Steve Meyer Explains SB 550 which increases the Individualized Education Program (IEP) from 11 percent to 13 percent of the Average Daily Membership (ADM) with no IEP waiver available above 13 percent of ADM. Gives estimates of the impact on each school district. Exhibit 2. Gives background on SB 550. Exhibit 1.

089 Sen. Hannon Asks if SB 550 puts them at risk for any future legal challenge that there is not an equally distributed education quality for special education students.

103 Meyer Responds that there is always potential for a challenge.

105 Sen. Hannon Asks who brought this bill to the committee.

106 Meyer Responds it was sponsored by the Revenue Committee

109 Sen. Ferrioli Explains that there was an interim committee on special education and how to deal with high cost districts. Discusses what the committee found and what SB 550 attempts to solve. Responds that it should stand up to legal challenges because it can be broken down to formulas and is meant to be equitable.

Discussion follows.

191 Sen. Ringo Asks about the estimates given by Meyer.

Discussion follows.

- 220 Meyer Explains SB 551, which increases transportation grants for small school districts. Gives estimates for the impact on each school district. Exhibit 3.
- 238 Sen. Ferrioli Points out that these bills are bookends with one helping rural districts and one helping special education.
- 250 Ozzie Rose Testifies that both the bills are good ideas but that the time is not right because the stability of schools is already in question with the shrinking budget. Explains that by shifting money around, some school districts will be adversely affected. Recommends not moving the bills at this time.
- 339 Sen. Hannon Asks if any consideration was given to ESD's and the money they contribute towards special education in the estimates.
- 367 Rose Responds that the interim committee tried to keep it in the equation but that he's not sure about Meyer's numbers.
- Discussion follows.

TAPE 57, SIDE A

- 009 Sen. Ferrioli Agrees that they should move slowly on these bills and make sure they hear from both sides of the argument. Discusses information not included in the estimates.
- Discussion follows.
- 041 Sen. Deckert Asks if they wouldn't be making the decision to not make necessary changes to the funding formula by not moving on these bills due to the funding climate.
- 047 Rose Responds that he's not asking the members to not make the decision but rather to wait. Points out that some school districts don't benefit from either bill and would be greatly hurt and suggests that until the members get information on how the bills would affect each district they should move slowly.
- 071 Sen. Ringo Asks why it doesn't make sense to more accurately distribute money to schools no matter how much money there is.
- 085 Rose Responds that the legislature needs to have all the information necessary to see how all 198 districts would be impacted.
- 099 Sen. Ringo States that he thinks it is important to change the formula to accurately distribute money to high cost districts no matter how much money there is because there is always going to be winners and losers.
- 104 Rose Responds that the members need to pay attention to the extent that the winners and losers are going to be dramatic over the next 3 months.
- 118 Sen. Ferrioli Agrees that the legislature needs to look closely and move cautiously but points out that SB 550 and SB 551 would help them with school accountability and help the districts with high costs. Suggests looking back into the reports from the interim committee.
- 171 Sen. Deckert Points out that by not moving the bills, school districts with high costs would be adversely affected.
- 173 Rose Responds that he is not telling the members not to do anything but rather asking to see the response from people on these bills.

- 187 Meyer States that with SB 550 there is a lot of discretion from the Department of Education in terms of what they would adopt for the number of students that either weight would apply to.
- 213 Maxine Kilcrease Testifies in support of SB 550. Discusses the changes in special education over the last two decades and how it has impacted Portland Public Schools. Discusses how SB 550 would help high cost school districts.
- 263 Sen. Corcoran Asks if this is the right time to implement these bills because of the tight budget.
- 270 Kilcrease Responds that she doesn't have a position on that question but that for some school districts, including Portland, not passing this bill would be catastrophic. Gives examples of high cost students.
- 311 Sen. Ferrioli Urges members to read the special education handout from Kilcrease and stresses that districts can not be held responsible for uncontrolled costs.
- 333 Sen. Corcoran Asks why the schools are responsible for children that require such high costs.
- 348 Kilcrease Responds that they are responsible because of what it calls for in the federal statute.

Discussion follows.
- 363 Lynn Lundquist Testifies in support of SB 550 because from a business stand point it makes sense to make the school funding system as fine-tuned as possible and suggests that the legislature moves forward this session. Stresses that the legislature is here to make the best policy decisions and the best policy is to allocate the dollars where the needs are.

CLOSES PUBLIC HEARING ON SB 550 AND SB 551

OPENS PUBLIC HEARING ON SB 747

TAPE 56, SIDE B

- 040 Gweneth Van Frank Carlson Asks about the constitutional obligations to balance the budget and why the legislature doesn't use this as an excuse to raise taxes.
- 048 Sen. Deckert Responds that there are two provisions in the constitution to balance the budget and to raise revenues and that the members have all asked which one supercedes the other.
- 064 Sen. Ferrioli Responds that the legislature has the ability to tax and to spend and that the administration then decides on how to do its job. Explains that to raise a new tax it has to move through both floors of the legislature and then be approved by a majority of Oregonians.
- 087 Sen. Ferrioli Introduces SB 747 which uses the increase in federal forest revenue. Explains that the legislature was incorrect in placing the money from the federal forest legislation into the common school fund. Points out that Oregon was the only state to do this and that the money was intended to go to the areas that were negatively impacted by the loss of forest revenues.
- 122 Sen. Corcoran States that he signed on to SB 747 in protest of the local option bill that was introduced and that the legislature was wrong in putting the money into the

common school fund.

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| 141 | Gil Riddell | Testifies in support of SB 747 because it fulfills the original intention of public law 106.393 that the federal forest revenues stay with schools that are in timber dependent communities. States that it would also help Sen. Wyden in seeking reauthorization of this program. |
| 159 | Rose | Testifies against SB 747 because it shifts money and only benefits some of the small schools. Asks that the legislature looks at all the school funding bills closely and makes the best decisions for all of Oregon. |
| 186 | Sen. Starr | Asks that in the situation that Oregon was still harvesting timber in rural communities if the taxes would still go into the common school fund. |
| 190 | Rose | Responds affirmatively. |
| 193 | Sen. Ferrioli | Responds that all schools would benefit if rural Oregon was able to once again manage the federal forest land. |
| 216 | Lundquist | Testifies that for him SB 747 and the local option bill are his second choice. States that he feels a local option bill would be a great detriment to finding another statewide solution. |
| 250 | Sen. Corcoran | States that the legislature didn't use the money from the federal forest revenue appropriately and that it will make it harder for Sen. Wyden to seek reauthorization. |
| 262 | Sen. Ringo | Responds that nobody is looking at local option as the solution. |
| 270 | Lundquist | Responds that even if the legislature doesn't talk of the local option as being the solution, in the public realm it will be considered the solution. |
| 285 | Sen. Ringo | Points out that they tried a small solution with Measure 28 and that he has a difficult time being optimistic that people will do the right thing during a difficult time. |
| 291 | Lundquist | Responds that the Oregon Business Association supported Measure 28 and that he understands frustrations. Points out that the legislature has the responsibility to find a statewide solution. |
| 307 | Sen. Deckert | Explains that the local option bill would have to be out by April 11 and that it would be tough to gamble on a bigger solution. |
| 316 | Lundquist | Responds that he believes some things are going to happen outside the capitol that will put pressure on the legislature to find a solution |
| 325 | Sen. Ferrioli | Asks what is going to happen outside the building. |
| 331 | Lundquist | Responds that he has talked to a number of people in the business community that are about to say that enough is enough and that they would be willing to step up and be a part of the process. |
| 353 | Sen. Ferrioli | Explains that there are different capacities within Oregon communities and that some communities are able to adjust to the economy more readily. References the SB 747-1 amendment (Exhibit 7) and stresses that the legislature needs to stand out of the way of local options. |
| 396 | Sen. Corcoran | Responds that local options are not the solution for school funding and that he would support a local option if Oregon schools were anywhere close to |

meeting the quality education model.

431 Lundquist Declares that the Oregon Business Association is not interested in having the cheapest education but rather producing quality students and that this will not happen until the funding level is raised.

CLOSES PUBLIC HEARING ON SB 747

480 Sen. Deckert Adjourns meeting at 2:35pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SB 550, Steve Meyer, K-12 Special Education Background, 1p.
2. SB 550, Steve Meyer, Special Education Weight Limit 2003-04 Estimates, 5pp.
3. SB 551, Steve Meyer, School Transportation Grants 2003-04 Estimates, 6pp.
4. SB 550, Maxine Kilcrease, Written Testimony, 6pp.
5. SB 747, Steve Meyer, Revenue Impact Statement, 1p.
6. SB 747, Steve Meyer, Revenue Estimates, 6pp.
7. SB 747, Steve Meyer, 747-1 Proposed Amendments, 1p.
8. SJR 18, Mazen Malik, SJR 18-2 Proposed Amendments, 1p.