

SENATE REVENUE COMMITTEE
March 12, 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: Susan Castillo, Superintendent, Oregon Public Instruction
Brian Reeder, Department of Education
Steven Novick, Department of Education
Robert Frisbee, Oregon Business Association
Senator Richard Devlin, District 19
Representative Greg Macpherson, District 38
Dr. Bill Korach, Superintendent, Lake Oswego School District
Linda Brown, Lake Oswego School Board
Andi Jordan, Clackamas County PTA
Laurie Wimmer Whalen, Oregon Education Association
Deborah Lapardo, Clackamas County
Velma Hartwig, Lincoln County
Edward Johnston, Lincoln County
Joanne Bielke, Chemeketa Community College
Ozzie Rose, Confederation of Oregon School Administrators

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

TAPE 60, SIDE A

005 Chair Deckert Calls meeting to order at 1:10pm.

OPENS PUBLIC HEARING ON SB 290, SB 819, SB 853, SB 551, SB 550, SB 747, SJR 18

019 Susan Castillo Testifies in support of SB 550 because it is the result of an ESD and special education task force and is driven by good, reliable data that shows there are inequities in the school system. Suggests that the high cost account only pay 90 percent over the four times amount to maintain an incentive to control costs or to have the district pay reasonable costs above the four times amount, which would be determined by a committee. States that the issue of creating two weights should be researched further.

068 Sen. Ringo Asks if the legislature should wait on these issues until there is more money in the school fund.

072 Castillo Responds that there has been a good study and a good case made on SB 550 and SB 551 and that there isn't an issue about waiting.

084 Sen. Hannon Asks if there would be more flexibility doing it administratively or statutorily.

107	Castillo	Responds there are arguments for doing it either way.
112	Sen. Hannon	Asks if the committee exists today.
114	Brian Reeder	Responds that there is currently a committee that makes decisions about granting additional weights above the 11 percent cap for special ed students and that the superintendent was referring to a similar a committee that would make decisions about how much money each district would receive for students that are high cost. Discussion follows.
137	Sen. Ferrioli	Asks what portions of the costs are within the districts authority to control.
140	Reeder	Responds that if school districts don't have the funds or ability to provide services to high cost children they are often confronted by the parents of that child.
154	Sen. Ferrioli	Explains that if there is an argument between the parents and the district that is not settled it goes to court under the Americans With Disabilities Act which says that these children are entitled. Asks how school districts would be in a position to control costs at the upper end of entitlement.
174	Castillo	States that her point was just that if a school district got whatever amount was over four times there would be no incentive for them to control costs.
193	Sen. Ferrioli	Asks what more the districts can do to control costs.
203	Castillo	Responds that the process that is currently in place is collaborative and creative in finding ways to control costs but that we need to continue to do a better job at doing that.
213	Sen. Ferrioli	Concludes that districts are already using the mechanisms to control costs and that SB 550 is intended to help districts that have no ability to control costs. States that he is confused by lack of full support for the bill.
231	Castillo	Responds that she is here in support of the bill.
239	Reeder	Responds that the Department's concern is that when a high cost student moves into a district and the district is negotiating with the parents for services, if the district does not have to pay for any of the costs over a certain level will not make an effort to stay within the low end of the range that is acceptable to both the parents and the district.
268	Sen. Deckert	Asks if the Dept. has an opinion on section 2, lines 8-10 of SB 550.
273	Reeder	Responds that the Department has looked at the data on students and the degree of their disabilities and based on that information the Department made an estimate of \$14 million a year would pay for those high cost students.
309	Steve Novick	Points out that the incentives for cost controls are already in place in the districts because they are the ones paying for them, but that if they are just given a blank check that incentive is eliminated.
325	Robert Frisbee	Testifies in support of SB 819. Discusses concerns from the Oregon Business Association's Subcommittee on Education about maintaining equity with local options but that if they were going to see deterioration in school funding then they would support a local option. Explains that if the legislature was able to

come up with \$300 million to support the entire state, then the Committee did not support a local option. States that he believes that a final solution to the school funding problem will be a lot of different partial solutions.

TAPE 61, SIDE A

026	Sen. Corcoran	Asks if he knew the schools were only at 72 percent of the QEM and if not would that change the Oregon Business Association's position.
032	Frisbee	Responds that they didn't have the 72 percent figure and he doesn't know if it would have changed anyone's minds.
040	Sen. Hannon	States that his concern with the local option bills is that they create inequity and asks how to get around creating inequities.
063	Frisbee	Responds that the Association determined that SB 819 would stand up against a legal challenge. States that inequity is inevitable and discusses the Lake Oswego school district.
089	Sen. Hannon	Asks if Frisbee is willing to repeal Measure 5 now.
093	Frisbee	Responds affirmatively.
094	Sen. Hannon	Asks if Frisbee is going to present a proposal this session to repeal Measure 5.
096	Frisbee	Responds that he would be happy to work with staff to do that.
098	Sen. Hannon	Asks if the residents of Portland would pass it.
099	Frisbee	Responds that he is doubtful.
109	Sen. Ferrioli	Asks the committee's position on the moving of federal forest revenues dedicated to communities that were negatively affected by the loss in timber revenue to the state school fund.
135	Frisbee	Responds that the committee did not look at that issue.
145	Sen. Deckert	Asks where the committee came up with the \$300 million figure.
149	Frisbee	Responds that he does not have the number with him at the time but that he will get it to them.
153	Sen. Deckert	Points out that there are already local options out there and asks if the committee has any ideas on different types of local options that would benefit various districts.
167	Frisbee	Responds that the committee doesn't have a position on that. Discussion follows.
206	Sen. Ringo	States that one of the main reasons he is pushing a local option is to reconnect the schools with their communities. Discussion follows.
213	Sen. Devlin	Discusses the background of and current school funding crisis. Discusses how SB 819 will address this problem but points out that it is not a permanent solution. Discusses current local options being used in his district and states

that he hopes the members will consider all local options.

- 323 Sen. Ferrioli States that he is pleased that Sen. Devlin is willing to consider all local options and asks if he would be supportive of the federal forest revenues being allowed to remain in timber dependent communities.
- 338 Sen. Devlin Responds that he would be willing to consider a bill addressing the federal forest allocation. Discusses the problem with inequity in rural communities.
- 357 Sen. Ringo Responds to Sen. Ferrioli that there are reasons why people in rural communities cannot pass a local option property tax, but that doesn't explain why some districts voted for Measure 28 and some didn't and that some schools are willing to raise taxes because they value schools.
- 378 Sen. Ferrioli Responds that there are a lot of reasons why people didn't support Measure 28 and that a lack of confidence in state government might be the larger issue.
- 415 Rep. Macpherson Testifies in support of SB 819 and gives personal accounts of his experiences in varying school districts. States that schools need to get back local control in order to provide necessary services for their area.

TAPE 60, SIDE B

- 034 Bill Korach Testifies in support of SB 819. Refers members to the Lake Oswego Cost Reductions and Reorganization Plan for the next year. Exhibit 5. Discusses the difficulties that Lake Oswego School District is facing. Refer to written testimony and asks the legislators to give them local options. Exhibit 4.
- 104 Linda Brown Testifies in support of SB 819 on behalf of the Lake Oswego School Board because school districts need options until stable school funding is provided. Refer to written testimony. Exhibit 6.
- 145 Andi Jordan Testifies in support of SB 819 as a stop gap measure and not a final solution. Refer to written testimony. Exhibit 7.
- 167 Laurie Wimmer Whalen Testifies in support of SB 819 because the Oregon Education Association believes it is a reasonable increase and a good compromise.
- 187 Deborah Lapardo Testifies in support of SB 819 because children are in school now and need a solution.
- 212 Velma Hartwig Testifies in support of local options and SB 550, SB 551, and SB 747. Shares her own personal experiences in a rural district and how all of the bills would affect that district.
- 281 Edward Johnston Expresses concern that local school districts have no accountability. Discusses his experiences with the Lincoln County School Board and asks that an amendment be written to require school districts to give public access to their receipts and budgets.
- 379 Joanne Bielke Testifies in support of local options and asks that the members consider community colleges in the discussion.
- 439 Ozzie Rose Reasserts his position that the legislators need to look at all of these bills together and see how they affect all the districts.
- 469 Sen. Ferrioli Agrees with Rose that they need to

CLOSES PUBLIC HEARING ON SB 290, SB 819, SB 853, SB 551, SB 550, SB 747, SJR 18

509 Sen. Deckert Adjourns meeting at 2:34pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. SJR 18, Mazen Malik, Fiscal Impact Statement, 1p.
2. SB 819, SB 853, Steve Meyer, Percent of Formula Revenue Limits 2003-04 Estimates, 6pp.
3. SB 290, Steve Meyer, 2003-04 ADMw Estimates, 3pp.
4. SB 819, Bill Korach, Written Testimony, 2pp.
5. SB 819, Bill Korach, Lake Oswego Cost Reduction Proposal for 2003-04, 4pp.
6. SB 819, Linda Brown, Written Testimony, 1p.
7. SB 819, Andi Jordan, Written Testimony, 1p.