

INFORMATIONAL MEETING: REPORT ON OREGON'S WORKERS'

COMPENSATION INSURANCE MARKET

PUBLIC HEARING: SB 519 A-ENG.

TAPES 164 — 165 A/B

**HOUSE SCHOOL FUNDING AND TAX
FAIRNESS/REVENUE COMMITTEE**

MAY 2, 2001 — 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair

Representative Deborah Kafoury, Vice Chair (1:32 arrived)

Representative Alan Bates

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (2:51 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Ozzie Rose, Confederation of School
Administrators

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006 Chair Shetterly Meeting called to order at 1:27 p.m.

INFORMATIONAL MEETING/WORKERS' COMPENSATION REPORT

- 029 Paul Warner Discussed the genesis of this report and provided information regarding the Interim work. (Exhibit 1)
- 082 Chair Shetterly Requested members review at least Volume 1 prior to next Wednesday's meeting.

OPENED PUBLIC HEARING ON SB 519 A-ENG.

- 100 Steve Meyer Reviewed Page E4 of the Research Report #1-01 presentation made during Orientation, and explained how the K-12 School formula is calculated. (Exhibit 2)
- 140 Meyer Continued with review of school formula and "Local Revenue", (Page 1, Exhibit 2).
- 186 Chair Shetterly Questions and discussion regarding federal forestland.
- 190 Meyer Suggestion discussion of federal forestland "in lieu" of issue until a measure addressing it is heard. Continued with review of school formula and "Facility Grant", (Page 1, Exhibit 2).
- 200 Rep. Hass Questions and discussion regarding how many requests for grants have been made this biennium.
- 207 Meyer Continued with review of school formula and "Facility Grant and Transportation Grant", (Page 1, Exhibit 2).
- 307 Meyer Continued with review of school formula and "Student Weights", (Page 1, Exhibit 2).
- 311 Vice Chair
Carlson Questions and discussion regarding whether anything in statute or rule stating money must be spent on populations that create the weights.
- 314 Rep. Bates Questions and discussion regarding how the 1990 census numbers factor into the weights.
- 353 Chair Shetterly Questions and discussion regarding how many counties use the lunch count.
- 394 Rep. Beck Questions and discussion regarding how the rate percentages are determined.

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005 Meyer Explained when the rates were set and the criteria used to set the rates.

024 Rep. Beck Questions and discussion regarding if there is an efficient way to update rates based on data.

054 Rep. Bates Questions and discussion regarding the functionality of the model and how Oregon rates with other states.

078 Meyer Continued with review of school formula and Students counts and "General Purpose Grant", (Page 1, Exhibit 2).

123 Meyer Continued with review of school formula and defined "Remote Small High School" and how weights apply, (Page 2, Exhibit 2).

181 Meyer Continued with presentation and described what SB 519 A-Eng. measure does and provided background material. (Exhibit 3)

230 Rep. Bates Is the \$220 million for the Quality Education Model included in this budget or is it a separate appropriation?

241 Ozzie Rose The appropriation for the Quality of Education Model is in Ways and Means as a part of the budget, but there is a bill in Education that lays out the process for applying and other necessary technical issues.

265 Rep. Bates Questions and discussion regarding the note on Page 8 of SB 519 A-Eng. Simulation #10, excluding Portland PERS bond and desegregation costs, (Page 10, Exhibit 3).

316 Rose Provided historical perspective to the evolution of the school formula as part of the move to a State funded system. The formula has been fully implemented now and noted there are 20 measures to "fix the formula". Stressed that this is not an entitlement formula, but a distribution formula and that was the initial intent.

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025 Rose Continued with testimony and historical perspective of the school formula and discussed

issues debated in the Senate Revenue Committee resulting in SB 519 A-Eng., (Page 1, Exhibit 3).

- 100 Rose Described the two major issues encompassed in SB 519 A-Eng.:
1. Special Education.
 2. How does a high school of 50-100 children get a basic program as opposed to larger high schools that have more flexibility.
- 132 Rep. Hass Questions and discussion regarding why small rural schools are a larger problem than high growth districts in urban areas with facility issues and why can the formula not be adjusted to reflect the facility issue.
- 192 Rep. Williams Questions and discussion regarding the statement made by Rose that funding has not kept pace with inflation, on a statewide average, and noted that some districts have actually benefited from the equalization formula. Noted there is a need for the Committee to balance the equity of the process.
- 246 Rep. Beck Questions and discussion regarding ways to provide more local authority and to allow for everyone to be a potential winner.
- 286 Chair Shetterly Questions and discussion regarding keeping the formula for operational costs and what impact Measure 5 had on "leveling the schools' playing field", as it relates to operational costs.
- 320 Vice Chair
Carlson Questions and discussion regarding the funding issues and if there are studies or numbers that show the efficiencies in the education field.
- 380 Rose Stressed again that the formula is not an entitlement, but is designed to, as equitably as possible, distribute the resources to meet local school districts needs.
- 395 Chair Shetterly Requested clarification on the far right hand column on SB 519 A-Eng. Simulation 10 under the heading "SB 519 A-Eng. Change", (Page 2, Exhibit 3).

- 417 Meyer The first column is the dollars per weighted student change compared to 2000-01; the columns reflect the difference between the 2000-01 dollars for ADMw and the SB 519 A-Eng. per ADMw cost.
- 419 Chair Shetterly Questioned how to read the simulations.
- 424 Rose Explained how to read the simulations.
- 442 Rep. Williams Referenced the Tigard School District under Washington County and questioned if his calculations as to what his district would lose under SB 519 A-Eng. is correct, (Page 10, Exhibit 3).
- 450 Rose Concurred.

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Continued questions and discussion regarding the simulations and how to read them in relation to the standard assumptions.

- 050 Chair Shetterly Meeting adjourned at 2:53 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational/Workers' Compensation Insurance Market, 3-Volume Report, Secretary of State, 716 pages
2. SB 519, Research Report #1-01, Page E4 and Graphic, Meyer, 2 pages
3. SB 519, Staff Measure Summary, Revenue and Fiscal Impact Statements, LRO Staff, 11 pages