

**PUBLIC HEARING**

**SB 61, SB 196, SB 252**

**TAPES 020 —021, A/B**

## **SENATE REVENUE COMMITTEE**

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**January 25, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

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Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Sen. Ken Messerle

Ozzie Rose, Confederation of Oregon School Administrators

Sen. Roger Beyer

Steve Johnson, Oregon Department of Education

**TAPE 020, SIDE A**

005 Chair Ferrioli Meeting called to order at 8:35 a.m.

OPENED PUBLIC HEARING ON SB 61

013 Sen. Ken Messerle Has served for 14 years on Coquille School Board and is familiar with school districts that have declining enrollments. The problem for districts with declining enrollments is their revenue drops faster than they have the ability to reduce their costs. For example, if a district loses 25 students, the loss of revenue is about \$130,000. Believes SB 61 is a stopgap measure but would give losing districts a better opportunity to control costs and provide services to their students. Declining district student populations is not only a southern Oregon coast problem, but it occurs all over rural Oregon. These districts are forced to determine if they have to drop a class or actually close school buildings, thus creating the necessity for students to be transferred to other classes or schools. SB 61 expands the delay from two years to five years from when enrollment drops until it impacts a district's revenue. SB 61 needs amendments. The intent when the bill was drafted was that it should read "the highest of prior four years", not just "four years".

Questions and answers interspersed.

090 Chair Ferrioli Added that several other bills treat this issue in addition to SB 61. Stated the intent of the committee chair is to bring those bills to this committee, ask for an analysis by Legislative Revenue, and move forward with a proposal with the greatest viability.

Comments, and further questions and answers interspersed.

141 Sen. Messerle Stated that his main focus since arrival in the legislature is to try and stabilize economies in rural Oregon. No one is advocating that districts with declining enrollments keep getting full revenue. SB 61 is a measure that would give districts time to adjust to lower revenues without overly disrupting their programs.

153 Chair Ferrioli Stated that the stopgap element should be put into perspective. It takes a community three to five years to recover from a significant dislocation. Asked that staff prepare (—1) amendments for this bill.

177 Ozzie Rose Said that the declining enrollment as well as rapid growth are both current problems. His group of superintendents is spread all over the state, and consists of conservatives and liberals in small and large districts. That group will meet February 5 to discuss SB 61 issues and will make a presentation to Senate Revenue after that time.

Comments, and questions and answers followed.

#### CLOSED PUBLIC HEARING ON SB 61

#### OPENED PUBLIC HEARING ON SB 196

341 Sen. Roger Beyer Stated SB 196 deals with budgeting for mainstreaming disabled students around Oregon. Would like input from other committees and people regarding this bill. Said there needs to be a change in the way special needs students are educated and the costs relative to that education funded. Does not want those students to be forced to leave a particular area to get what they need elsewhere. Knows that the bill needs more work, and wants input from other interested parties to work toward a solution to the problem.

424 Chair Ferrioli Stated SB 196 addresses an important issue.

Questions and answers interspersed.

#### **TAPE 021, SIDE A**

023 Sen. Roger Beyer Continued discussion regarding SB 196. Some school districts are developing a niche to set up programs for special needs children. They are becoming magnets attracting families with

special needs children. But because of the extra costs involved with educating those children, he does not want the entire student population of those districts to be negatively impacted on a cost basis.

Further questions and answers interspersed.

113 Chair Ferrioli Added that parents should not think of the funds as entitlement dollars per se. Parents should not be lead to believe that every penny appropriated to a school district will automatically be spent on any particular special needs child.

141 Sen. Lee Beyer Agreed that was a good point. Agrees that if the philosophy is to mainstream special needs children, there will obviously be increased costs associated with that action. Would like the following questions be part of the record for further discussion:

1. What additional overhead costs would this create in the Department of Education, schools, ESDs, etc.?
2. What about ESL? Would it fall into this category or not?
3. What about the 11% cap currently on special education students? Would this eliminate or change that?
4. Could districts or ESDs bill for equipment and transportation costs?

Comments, and questions and answers interspersed.

CLOSED PUBLIC HEARING ON SB 196

OPENED PUBLIC HEARING ON SB 252

236 Steve Johnson Stated that SB 252 is a technical bill having no impact on State School Fund dollars in total amount. SB 252 adjusts current cap on number of students a district can receive the special education income for from 11% to 13%. It allows for periodic review and adjustment, something the current legislation does not allow

for. In 1991 11% was set as the maximum amount of students with disabilities that a district could receive income for. In 1991 approximately 10.8% of Oregon's students were reported as having disabilities. There were provisions for exceptions to that total. Now in 2001 "the exception is the norm". The percentage of students with disabilities in the public school system is now 12.8%, which is just below the national percentage of 13%.

277 Sen. Starr Asked if Mr. Johnson was referring to students with actual physical disabilities or students with individual education programs. Stated that the majority of the students Johnson referred to as having special needs simply cannot read at the 3<sup>rd</sup> grade level. That may be simply because the students were not taught to read.

295 Johnson Admitted that because of inadequacy in previous instruction, students are educationally handicapped rather than truly disabled. There are state and national requirements that no child can be identified as learning disabled due to lack of instruction in reading or mathematics, and no child can be determined to be learning disabled primarily because they speak a language other than English.

Questions and answers interspersed.

367 Sen. Minnis He believes the issue Sen. Starr raised is a federal issue; one where the federal government also does not recognize certain other kinds of disabilities that may exist within student populations, i.e. behavioral problems. Federal law may recognize that within federal statute but do not provide specific resources. He would like to receive some additional information to help clarify federal guidelines.

382 Sen. L. Beyer Agreed the committee needs more information on what federal law is and how it applies with special resources schools receive.

393 Sen. Minnis Regarding children in this category of disability, what requirements does the federal government have for teachers and administrators to file paperwork indicating compliance? Stated he understands there is a substantial amount of paperwork involved. He has heard teachers are inundated with paperwork.

412 Johnson Agreed the amount of paperwork the federal government requires is excessive, but much of it is designed to provide communication between schools and parents.

Comments, and questions and answers interspersed.

**TAPE 020, SIDE B**

023 Chair Ferrioli Continuation of comments, and questions and answers.

CLOSED PUBLIC HEARING ON SB 252

123 Steve Meyer Discussed School Formula Revenue Summary, page 1. This page lays out the funding sources as well as the revenue allocation of those funding sources. Each separate run has this type of page to indicate what the assumptions were for each run. Exhibit 1.

Questions and answers interspersed.

285 Paul Warner Referred to Legislative Task Force on ESDs Final Report (Exhibit 1) which was discussed at Senate Revenue Committee meeting on January 24, 2001. Urged committee members to read the information contained in it. Also outlined bills to be reviewed during next week's Senate Revenue Committee meetings.

357 Meeting was adjourned at 9:54 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Warner, Legislative Task Force on ESDs Final Report, 109 pp.(from 1/24/01 meeting)
2. SB 61, Warner, Revenue Impact Statement, 1 pp.
3. SB 196, Warner, Revenue Impact Statement, 1 pp.
4. SB 252, Warner, Revenue Impact Statement, 1 pp.
5. Meyer, School Formula Revenue Summary, 15 pp.