

## **SENATE REVENUE COMMITTEE**

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**February 14, 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 Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Members Excused: Senator Susan Castillo

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Tricia Smith, Oregon School Employees Association

Ozzie Rose, Confederation of Oregon School Administrators

Dennis Dempsey, Superintendent, Crook-Deschutes ESD

David Campbell, Superintendent, Clackamas ESD

Ralph Groener, AFSCME

Ben Boswell, Wallowa County Judge

Jane O'Keef, Lake County Commissioner & ESD

Board Member

John Hill, Superintendent, Lake County

Mike McArthur, Sherman County Judge

Laura Pryor, Gilliam County Judge

**TAPE 041, SIDE A**

005 Chair Ferrioli Meeting called to order 8:40 a.m.

OPENED PUBLIC HEARING ON SB 519

029 Steve Meyer Stated that SB 519 changes the definition of approved transportation costs in the school equalization formula. It expands school-sponsored transportation costs from school-sponsored field trips to school-sponsored activities. This would add about \$5.5 million to Transportation Grants in the equalization formula and reduce General Purpose Grants by the same amount. Exhibit 2.

Questions and answers followed.

112 Tricia Smith Discussed Exhibit 3. In response to a question, explained that if this bill should pass, it means that a school district would not be given money they do not have a specific use for. The transportation grant is a reimbursed expense. An expense has to be incurred before a reimbursement would be made.

Oregon School Employees Association supports SB 519 because:

- Students will be safer;
- Students across Oregon will have more — and more equal — access to important school activities.

Several questions and answers followed.

332 Ozzie Rose Opposes SB 519. Advised the committee that it should gather the several bills in legislature and

compare them side-by-side before taking action. Stated that most districts with declining student enrollments would lose money if this bill passes. Said he is interested only in making all schools viable, and stressed caution in pursuing a course of action before knowing how it would affect all schools.

Several questions and answers interspersed.

**TAPE 042, SIDE A**

- 027 Rose Continued comments, with questions and answers interspersed.
- 115 Chair Ferrioli Said that the bill does not force a reallocation of transportation funds among school districts, but says instead of transportation to and from "field trips" which is a narrowly defined activity, it changes to "school-sponsored activities, which is a more broadly definable category.
- Questions and answers interspersed.
- 180 Rose Said that with SB 519 would certain school districts would gain, but at the expense of other districts. Would rather have districts' needs discussed in a broader sense rather than just the school-sponsored activities issue.
- 200 Chair Ferrioli Stated that the legislature should consider other types of activities, i.e. before-school and after-school, and not just enrichment programs, but activities that would have an effect on the quality and safety of students. Programs that address issues like smoking, drugs, teen-age sex, etc.
- General discussion followed.
- 258 Sen. George Gave an example of people in his district who donated vehicles to the school districts for transportation purposes, even though the vehicles did not meet NTSB student transport

recommendations. But that was necessary to get students to their school-sponsored field trips.

Questions and answers followed.

293 Sen. Minnis Stated the bill does not address vehicle safety. Believes it should be addressed in a separate bill.

CLOSED PUBLIC HEARING ON SB 519

OPENED PUBLIC HEARING ON SB 260

319 Dennis Dempsey Said his ESD supports SB 260, particularly because Crook-Deschutes is the lowest funded ESD in Oregon. He is also Chair of a subcommittee reviewing the formula and will make recommendations to address the remote or rural ESDs with fewer than 2000 students ADMw and also the issue of low incidence/high cost special education students that might be consolidated into places like Multnomah County, and the Willamette ESD in Marion and Polk Counties or Lane County.

For example, if an ESD with 16% of state's student population but 22% of the state's autistic children, it would take an extremely large percentage of the available funding. Defined "high-cost" special education student as being "3X" or three times the weighted value of an ADMw student. If an ADMw cost \$5,000, a 3X would cost \$15,000. Anything over the \$15,000 should be recoverable through some means, particularly in the ESDs that have a high percentage of high-cost special education students. The majority of special education students are autistic. There is a 290% increase in autistic students in Oregon. The CDC is considering why autism has risen so dramatically in the US overall. Advocates the money following the child.

Questions and answers followed.

**TAPE 041, SIDE B**

- 027 Chair Ferrioli Said that since Mr. Dempsey's group is putting together a presentation on matters relating to the bill, the committee would be happy to see that presentation when it is ready. Stated it seems that the focus of SB 260 should not be the formula to achieve equalization of all ESD funding, but a series of recommendations to improve delivery of services and comparison of delivery of services to those districts that really need them.
- 046 Dempsey Responded that there is a basic level of services school districts depend on ESDs to provide, and a large portion of that is special education services. However, there is a plethora of other services as well. If an ESD has more money per student, then there is an opportunity to provide more services to school districts than if it did not have the money. Believes there has to be some base level of services that school districts should expect applicable to all students in all districts. Because the ESD range across the state is \$125 to \$2,000 per student, children in central Oregon do not get the same level of services that may be occurring in a different ESD. The small and remote districts have different issues and needs than urban districts.
- 066 Chair Ferrioli Asked if there were students in Oregon not getting services from either their school district or their ESD. That is the question of equity that thus far has not been addressed. Not convinced that ESDs that receive more money are providing services that school districts do not or could not provide if they had the money. Said that the suite of services has not been inventoried.
- 082 Dempsey Said there are unique factors affecting each district. As an example, in a rural district that has one large district and many small districts, the small ones are really dependent on the ESD because it can provide services more cost effectively. Said his organization is not in favor of SB 259 relating to forced consolidation of

ESDs. He is more in favor of voluntary consolidation if necessary.

Questions and answers interspersed.

- 105 David Campbell Supports SB 260, even though Clackamas ESD funding would remain fairly unchanged. The main question raised in the ESD task force meeting he chaired was what was the best way to make use of a scarce resource to support all the school children in Oregon. Commented on the merger issue, even though that is addressed in another bill. Believes the ESDs can do more through partnering than through forced mergers. Discussed Exhibit 5.

Extensive comments, with questions and answers interspersed.

- 424 Chair Ferrioli Summarized that there were some issues needing further discussion and deliberation. Stated that ESDs have always been flexible networks for purchasing and delivering services. The idea of encouraging them to work cooperatively across district lines is clearly worth investigating further. Agrees that there are some students whose needs are so great that districts and ESDs simply cannot meet those needs on any kind of formulaic basis.

#### **TAPE 042, SIDE B**

- 014 Ralph Groener Stated that all concerned parties were in support of equity of educational opportunities for every child in Oregon. Agrees that both rural and urban areas have needs specific to each location. A statewide organization is compiling final data to produce a formula to address each ESD's critical needs.
- 061 Ben Boswell Gave a brief overview of Wallowa County's present condition. At present it is ranked by Oregon Benchmarks in a series of rankings as No. 35 in the state in their economic condition (out of 36 counties) and yet No. 1 in the well-

being of children and No. 2 in its educational achievement. The county is about as leveraged as it can be in using state school funding for ESDs and local districts to accomplish its support structure for community services and maintaining the quality of life Wallowa County is known for.

However, families are leaving the area in great numbers because the two operating mills are closed because of the downturn in federal forest tree harvest. In spite of this, local residents agree that fair and adequate school funding in their No. 1 priority. Eight of the 32 teachers in the district will be laid off because of lack of funding.

"There is nothing more unfair than the equal treatment of unequals" is a quote Judge Boswell heard from a discipline consultant. It seems to be particularly relevant to this matter.

Further comments, and questions and answers interspersed.

185 Jane O'Keef

Stated Lake County has 7,500 people within 8,500 square miles. Lake County has not shared in the economic prosperity enjoyed by the rest of Oregon. Lake and Grant County often trade for first place in economic indicators such as unemployment and jobs lost. The Lake County ESD serves students in five school districts ranging from 12 to 1,000 students. Some of the children travel 35 miles each way on gravel roads to get to school. ESD specialists travel as much as 110 miles one way to provide services.

Disagrees with the notion that money spent on ESDs could be better spent by school districts. The districts with 12, 14, or 30 students could not individually afford a speech therapist, a school psychologist, or special education expertise. They look to the ESD to provide those services. Does not believe consolidating their ESD with another ESD is the answer.

- 269 Mike McArthur Said he is pleased to see that there is a movement to recognize the problem for the five smallest rural school districts. In those rural areas the ESDs are picking up most of the services because the rural schools themselves are inadequately funded. As an example, the North Central ESD (in Sherman County) provides one certified librarian who travels to seven school districts because the school districts themselves cannot afford their own librarians. It is no coincidence that the five smallest ESD districts also represent the five most economically distressed areas of the state. Sherman, Wheeler, and Gilliam counties are among the lowest 250 average per capita counties in the United States. Wallowa, Lake, Harney, and Grant are not too far behind.
- 330 Chair Ferrioli Commented that in a recent Senate Revenue Committee he had referred to some of the distressed communities as the "Appalachia" of the West. Some people took offense at that. The reality is that perhaps counties in Appalachia are performing better than Sherman, Gilliam, and Wheeler. It seems incomprehensible to people that equity is being discussed for ESDs in a comparative way with communities that are so economically distressed.
- 364 Laura Pryor Asked the committee to consider two things. Because he North Central ESD seems to be the lightning rod for most of these discussions, keep in mind that Sherman and Gilliam counties have no timber revenues. And property value per square mile across the North Central region is somewhere around \$65,000 compared with many millions of dollars of value per square mile in urban areas. For that reason Judge Pryor asked that the five smallest ESDs be designated Frontier Rural ESDs with pertinent criteria and that they be flat funded. Discussed Exhibits 7 and 8.
- 414 Chair Ferrioli Recapped what was learned during today's testimony.



491 Chair Ferrioli Meeting adjourned at 10:29 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 519, Meyer, Revenue Impact Statement, 1 pp.
2. SB 519, Meyer, School Transportation Revenue information, 6 pp.
3. SB 519, Smith, Written testimony dated February 14, 2001, 3 pp.
4. SB 260, Meyer, Revenue Impact Statement, 1 pp.
5. SB 260, Campbell, Written testimony dated February 14, 2001, 3 pp.
6. SB 260, Sen. George, Summary Description of Current Funding System, 4 pp.
7. SB 260, Judge Pryor, Written testimony, 1 pp.
8. SB 260, Judge Pryor, Newspaper article, 1 pp.