

## **SENATE REVENUE COMMITTEE**

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**March 6, 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 John Minnis

Senator Charles Starr

Members Excused: Senator Gary George

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Skip Liebertz, Superintendent, Willamette  
ESD

David Dempsey, Crook-Deschutes ESD

David Campbell, Superintendent, Clackamas ESD

John Young, Interim Superintendent, Yamhill ESD

Ralph Groener, American Federation of State, County,  
and Municipal Employees (AFSCME)

**TAPE 063, SIDE A**

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

OPENED PUBLIC HEARING ON SB 260

017 Skip Liebertz      Testified in support of SB 260. Read Exhibit 1.

060 Dennis Dempsey      Testified in support of SB 260. The two proposals submitted were:

1. Come up with base funding for the five remote small ESDs (those with fewer than 2500 students ADMw). The figure reached was \$1,000,000.
2. Set aside a pool of dollars to try to address the issue of low-incidence high-cost special education students. ESDs could apply for these funds to help offset the cost.

089 David Campbell      Testified in support of SD 260. Discussed Exhibit 2 in detail. The five recommendations are:

1. Maintain the 95%-5% target ratio with schools and ESDs except for the five ESDs serving regions with fewer than 2500 students.
2. Maintain the 90% allocation resolution requirement.
3. Maintain the four-year implementation plans.
4. Provide that the target funding level for the ESDs serving regions with fewer than 2500 students be \$1,000,000.
5. Set aside funds from the total ESD allocation to provide additional support for high-cost low-incidence special education student.

Extensive review of numbers of students in each of the ESD regions listed by percentage of total students in the following (high cost) categories:

1. Autism
2. Emotionally disturbed
3. Mentally retarded
4. Other health impaired

Questions and answers interspersed.

295 Sen. Minnis Feels the whole discussion regarding ESD funding levels is inappropriate. The underlying assumption is that equal dollars is somehow constitutional. Would argue, specifically for the record, that there should be a service analysis. The issue is serving students who have special needs. Those special needs have different costs. To suggest arbitrarily putting equal dollars into a category and calling it constitutional is unwise.

323 Chair Ferrioli Agreed that the approach being devised to address services to high-cost low-incidence special education students seems to be more systematic and more rational than other systems being considered.

Further comments, and questions and answers interspersed.

365 Campbell Clarified his earlier comments regarding Exhibit 2. Explained column headings on page 3 of the exhibit and how dollar amounts were determined.

455 Liebertz Added for the record that the funding and/or merging process has been painful for all the ESDs because each one of them is intensely proud of what they do in their own areas of the state. They work very hard to provide meaningful service to students in school districts.

**TAPE 064, SIDE A**

035 Dempsey As a representative of the lowest-funded ESD in the state, wanted to point out that at one end of the scale are ESDs concerned about possibly losing funding for programs and may have to cut some programs, while at the other end of the scale are ESDs who don't even have those programs in the first place.

- 050 Chair Ferrioli Further comments on the ESD funding situation. Agrees with Sen. Minnis' question regarding service-based equity. Feels there is further work to be done regarding the question of equity.
- 081 Campbell Stated there was not unanimous support among ESD committee members for the data and recommendations presented in Exhibit 2.
- There are two difficult issues remaining: 1) Precipitous decline in resources to some ESDs, and 2) The fact that the special education set-aside is a meager amount of money to resolve a very difficult issue.
- Further questions and answers followed.
- 116 John Young Testified in support of SB 260. Exhibit 3. Stated there are two issues: Equity of service, and equity of dollars. Stated that equity of funding does not necessarily bring equity of service. Believes the equity of service question should be addressed by another task force during the interim. Encourages voluntary ESD mergers. Supports merger of Yamhill ESD with Willamette ESD. Voluntary mergers should be made a part of SB 260.
- Questions and answers interspersed.
- 218 Sen. Starr Commended the ESD task force for the outstanding work they did in compiling the information presented in Exhibit 2.
- Comments, and questions and answers followed.
- 246 Sen. Minnis Challenged people to "think outside the box" when it comes to the whole issue of ESD existence. Does not know why the legislature is the one to determine who gets how much money for what services. There is a

constitutional requirement that compels equity for basic school services for children throughout the state. There is no similar constitutional requirement relating to ESDs. ESDs do not have to exist, but they are necessary.

Asked why all the money going to ESDs could not be rolled into the basic school support grant or a variation of that and let the school districts contract for whatever services they need as they desire them. Feels the ESDs continue a bureaucracy that does not have to exist in its current form. It seems to be a waste of the legislature's time trying to figure what "equity" means as it relates to ESDs. School districts know what services they need and want to purchase. Put the control back in the local communities with local school boards.

283 Chair Ferrioli Agreed there is merit in Sen. Minnis comments.

295 Ralph Groener Stated that testimony he has heard in this committee today has disturbed him. Suggested the concept of "balance" in life and in the legislature should be considered. Concerned because funding for nine dropout and problem student programs has been cut. Stated that equity arguments obfuscate through dollars what the real issue is. With the demise of the nine programs, at-risk youths will be back on state cost (correction facilities) when they get into trouble.

Comments, and questions and answers followed.

472 Chair Ferrioli Pointed out that committee has not spoken out on this issue. Wants members to have the opportunity to present their points of view. Alternative approaches may be discovered.

**TAPE 063, SIDE B**

043 Sen. Castillo Commended those who have worked on the

ESD funding issue. Knows it is a difficult subject.

056 Sen. L. Beyer Observed that Sen. Minnis comments were thought provoking. The whole subject is hard to handle equitably to keep all those affected happy. Inclined to agree with Sen. Minnis' suggestion of simply adding the ESD funding to general school funding

078 Sen. Starr Appreciated testimony from Mr. Groener. Many of the problems having to be dealt with now were created by the failure of the education system to teach children to read. Many Portland schools rate very low in reading success. Better ways to teach reading through supplemental programs have been known for 20 years, but they have not been fully implemented in schools. There is evidence that President Bush and Secretary of Education will push early childhood reading success programs. If that can be done long-term, it saves money. Perhaps ESDs could take the lead in these supplemental reading programs.

108 Sen. Minnis Challenged committee members to determine what should be the state's role in determining services to local districts. Aside from funding for remote small schools and for high-cost low-incidence special education needs students, perhaps the rest of the services should be determined by the school districts themselves. Perpetuating existing systems seems to be how the legislature works. Change is hard to achieve. Sometimes change has to be forced.

166 Chair Ferrioli Adjourned meeting at 9:40 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 260, Liebertz, Written testimony dated March 6, 2001, 2 pp.
2. SB 260, Campbell, Written testimony dated March 6, 2001, 8 pp.
3. SB 260, Young, Written testimony dated March 6, 2001, 2 pp.
4. SB 260, Meyer, Fiscal Impact Statement, 1 pp.