

## HOUSE REVENUE COMMITTEE

JANUARY 26, 1999 ñ 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

---

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Absent: Rep. Bill Witt

Rep. Deborah Kafoury

Staff: Steve Meyer, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

### TAPE 020, SIDE A

005      Chair Strobeck      Called meeting to order at 8:31 a.m.

013      Steve Meyer      *See January 25, 1999 EXHIBIT 2, page 22:* School Finance  
Briefly reviewed Temporary Formula Constraints, flat grant and stop-loss grant calculations. Relationship between equalization districts, stop-loss and stop grant districts.

045      Meyer      State School Fund Payment Schedule (page 24)

071	Meyer	State School Fund and Local Revenue K-12 Results (page 25) K-12 Formula Revenue
090	Meyer	K-12 Formula Revenue Per Student (ADMr) (page 26)
115	Meyer	K-12 Formula Revenue per Student Adjusted for Inflation
135	Meyer	K-12 Equity Progress (page 27)
144	Meyer	K-12 Equity <ul style="list-style-type: none"> <li>• "Equity" is current equalization formula operating without constraints</li> <li>• Equalization formula is policy choice</li> <li>• Formula has and will change</li> </ul>
162	Meyer	Formula Distribution 1998-99 (page 28): ADMw Extended by Grant. Equalization grant is 94% of total.
175	Meyer	Formula Distribution 1998-99 <ul style="list-style-type: none"> <li>• Equalization</li> <li>• Flat Grant</li> <li>• Stop Loss</li> </ul>
191	Meyer	Formula Distribution 1998-99 Revenue per Student pie chart (page 29) Dark segment: \$4,500-4,600 or 46%.
221	Meyer	Student Funding Method  Funding methods equalization formula and minimum constraintsóleveling of playing field.
241	Meyer	Equalization Progress Districts Over 5,000 Students (page 30). Solid line: Constrained line and equalization lines are identical, except in 1997-98.

282	Meyer	Education Service Districts (ESDs) ESD Mergers (page 31) <ul style="list-style-type: none"><li>• Before 1993 merger legislation</li><li>• After 1995 merger legislation</li></ul>
299	Meyer	ESD Regions (map of Oregon)
319	Meyer	ESD Purposes (page 32)--Lists four purposes
359	Meyer	ESD Funding Sources <ul style="list-style-type: none"><li>• State Funds</li><li>• Local Revenue</li><li>• Federal Funds</li></ul>
385	Meyer	Education Service Districts: State School Fund Distribution (page 33) 1997-98; 1998-99

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

024	Meyer	(Page 33 continued) For 1999-2000 there is no formula for distributing school fund dollars to ESDs. Need to pass legislation to remedy this. Interim report lists possible options.
050		Since no formula for 1999-00 and beyond, he doesn't know how much of state school fund will go to ESDs, so doesn't know how much will be available for K-12 school districts. Will have to make assumptions and hesitates to do a distribution run for this. Will distribute a distribution run for 1998-99.  Discussion and questions interspersed.
089	Meyer	Education Service Districts: 1997-99 Biennium (page 33)
099	Meyer	ESD "Equity" (page 34): No definition of equity because no permanent distribution formula.
109	Meyer	Community Colleges: 1996-97 General Fund Operating Revenue (page 35) 50% goes to

state aid.

121	Meyer	Community Colleges Distribution of State Aid: 1998-99 Basic Formula  Average allocation is \$2,500 per full time equivalent (FTE) student.
155	Meyer	Education Endowment Fund (page 36): Funded by 15% of net lottery earnings.
199	Meyer	1999-2001 Biennium  State School Fund K-12 and ESD 1999-01 (page 37): Assumes 2% inflation, .07% student growth. YCEP = Youth Corrections Education Program. Discussion and questions interspersed.
243	Meyer	State School Support K-12 and ESD 1999-01 (page 37)  <ul style="list-style-type: none"><li>• State School Fund</li><li>• School Improvement Fund</li><li>• Technology Bonds</li><li>• Distressed Schools Fund</li><li>• Database Implementation</li></ul> Discussion and questions interspersed.
299	Meyer	State School Support K-12 and ESD (page 38): Compares budgets for 1997-99 to 1999-01.
309	Meyer	State School Support If No legislative Action (is action necessary?)
347	Meyer	Legislative Action Needed To: (page 39)  Discussion and questions interspersed.
421	Meyer	Directed members' attention to "School Finance Distribution 1998-99 Estimates" ( <b>EXHIBIT 1</b> ); and "K-12 School Finance: State School Fund Distribution" ( <b>EXHIBIT 2</b> ).  Research Report 2-97 in Legislative Revenue Office is a more complete record of the 1997-99 biennium.

022	Meyer	Reviewed Exhibit 1
080	Rep. Williams	Asked for clarification on ESD calculation.
089	Meyer	Takes ESD money, sums up weighted students, divides into ESD dollar total, per student amount is assigned to each school district.
107	Meyer	Could have data available for 1999-2000 by next week, although it will have assumptions for ESDs.
129	Chair Strobeck	Adjourned meeting at 9:35 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Orientation, Meyer, School Finance Distribution 1998-99 Estimates, 6 pp.
2. Orientation, Meyer, K-12 School Finance State School Fund Distribution, 12 pp.