

**INFORMATIONAL MEETING:
INVITED TESTIMONY, REVIEW OF SCHOOL FORMULA
TAPES 056 - 057 A/B, 058 A**

HOUSE REVENUE COMMITTEE

FEBRUARY 18, 1999 at 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Steve Meyer, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Invited Testimony: John Marshall, Oregon School Boards Association

Frank McNamara, Confederation of School Administrators

Jim Scherzinger, Portland Public Schools

Craig Roessler, Silver Falls School District

TAPE 056, SIDE A

009 Chair Strobeck Meeting called to order at 8:32 a.m.

INFORMATIONAL MEETING ñ INVITED TESTIMONY, SCHOOL FORMULA

019 Steve Meyer Directed members' attention to Student Cost Weights (**EXHIBIT 1**)

043 Meyer Student School Fund Special Education Weight (**EXHIBIT 2**)

056 Meyer Table 1: School Finance: 1999-00 Student Weight Estimates (**EXHIBIT 3**)

098 Meyer Explained difference between "small" school and "remote" schools.

111 Meyer Table 2: School Finance: 1998-99 Estimated Revenue by Student Weight (**EXHIBIT 4**)

141 Meyer Table 3: School Finance Distribution: Revenue Shift from Eliminating Student Weights (**EXHIBIT 5**)

179 Rep. Shetterly Questions concerning juvenile corrections on the charts.

188 Meyer Juvenile corrections is a special case. It gets a double weight.

205 Meyer Gave hypothetical examples of eliminating student weights, how changing one figure affects other weights. Questions and discussion on what would happen if various weights were eliminated.

299 Jim Scherzinger Addressed interactions among weights, if one is changed, it changes the effect of the other, so they must be combined.

In case of Portland special education weight, if this weight were taken away, Portland would be better off. Issue is, special ed weight doesn't do much.

Referred to end of Meyer's table, taken negative and added positive. Weight that shifts the most is ESL (English as a Second Language).

389 Scherzinger Reviewed written testimony, Portland Public Schools: Testimony to House Revenue Committee on State School Fund Formula (**EXHIBIT 9**).

SITUATION: Oregon is trying to do something no other state has done. Important for formula to be correct because stakes are high.

464 Scherzinger

PRINCIPLES:

- Allocate total resources
- Local control of spending
- Funding follows the student
- Base formula factors.

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081 Scherzinger

OPTIONS IN THE CURRENT SITUATION:

- Improve operation of current system

See page 2, "Potential Improvements to Operation of State School Fund"

191 Scherzinger

- Do more research on the effect and appropriateness of formula factors.
- Consider our specific suggestions to adjust the formula. See page 3, "Possible Revenue Solutions"
- Consider a local option.

250 All

Questions and discussion concerning local options, Measure 5 and Measure 50 limits; issues surrounding use of local options; what should be funded at state level.

346 Rep. Witt

Asked Scherzinger to review some local options that might be available to school districts.

350 Scherzinger

There is no significant source of local option that a school could use by itself. School districts' powers to tax are limited by the statute that creates them. Districts have used taxing powers of cities and counties to impose taxes to fund sports programs, etc. Or counties turned money over to a school district. There is nothing in the statutes that give schools a significant funding source of their own.

416 Rep. Witt

Asked about using county funding to assist schools. Is this appropriate?

424 Scherzinger

There are problems with that approach. Not every city charter allows this. Also, city and county boundaries are different from school district boundaries, so people who are not within a district are taxed. Also, voters need to know if a jurisdiction is raising money for schools.

TAPE 056, SIDE B

- 030 Chair Strobeck Questions concerning expanding out of state high cost pool to include high cost in-state children. Is it possible to determine how much a particular student costs?
- 037 Scherzinger The broader point is that there is a trade-off in this type of situation. If the state picks up the additional cost of a special education child, then the district has to account to the state for the cost. There is a trade-off, better equity, but shifting of responsibility to the state.
- 091 Chair Strobeck Asked Scherzinger to provide total cost and how numbers were arrived at.
- Also, would it be more advantageous to distribute money on an ADM basis, then open up a local option to accommodate any local enhancements?
- 109 Scherzinger Discussed factors not on charts: Experience, transportation costs, facility grants. Shifts are far more significant in smaller, rural districts. More research needs to be done before any major reform is possible.
- 156 Rep. Witt Questions concerning service equity factor. Is there much data to support what the cost differences are? How big is the variable?
- 162 Scherzinger Proposed service equity factor is based on personnel costs. 12% difference in teacher salaries statewide. This is the major cost that service equity is adjusting.
- 205 John Marshall Testified on how formula was developed in 1991. Gave brief history of school finance in Oregon. Most significant occurrence since 1947 was passage of Measure 5, which shifted control from local to state. Consultant was hired who encouraged legislature to move toward a formula that dealt with narrowing disparities in spending from a moral viewpoint and from a legal viewpoint. Challenge handed to legislature was, now that they controlled the bulk of funds, how would they distribute it?
- 272 Marshall Question arose as to whether there were rational reasons why school districts should spend different amounts of money? Answer was yes, based on numbers and types of students, remote small school factor, teacher experience, transportation. Buzzword at that time was "at risk students". How are they identified? Poverty, non-English speaking, pregnant, foster homes. Believes it is appropriate to have weights for these types of children.
- 329 Marshall Believes there is a relationship between resources and student achievement. If one school district has large concentration of at risk students and there are no weights to recognize those differences, those districts will end up short. Not convinced that all the weights are appropriate today. Question is, do the weights reflect the relative costs of providing educational services to students?

382	Rep. Merkley	Discussion and questions concerning core education, direction legislature should go.
453	Meyer	Will provide committee with a summary page on weights and teacher experience. Questions and discussion continued.

TAPE 057, SIDE B

041	Chair Strobeck	Asked whether OSBA (Oregon School Board Association) is considering addition of any new weights? No. What is OSBA's position on local option?
045	Marshall	OSBA has a special task force to discuss this. Committee appears moving toward willingness to support some form of local option. Issue is how to equalize it, how to come up with an array of options that are feasible in a broad range of school districts.
067	Rep. Shetterly	Asked about disparities in local options before and after Measure 5.
073	Marshall	Gap isn't as broad as might be.
082	Frank McNamara	COSA's position: There should be no change in the formula this session. Legislature should instigate and fund a significant interim study to review each of the formula elements. COSA has started a process of identifying districts of elements that make difference. There isn't enough good data to make judgements.
133	McNamara	Basic concept that legislature and COSA worked with in 1991 was that there are differences in cost to educate different students. Distribution formula tried to identify significant differences that require more attention. One can argue whether weightings are correct.
192	McNamara	In 1991, School Funding Coalition was created for superintendents. That group figured funding formulas for COSA.
210	Rep. Witt	Questions concerning teacher experience factor.
222	McNamara	Does not believe this needs to be addressed this session. Gap has narrowed, hasn't closed. There isn't enough data to make changes.

245	Craig Roessler	Directed membersi attention to State School Fund Grant Estimate 1997-98 (EXHIBIT 10). Silver Falls recently unified 11 school districts into one district. Believes formula is fair. Possibly some factors should be eliminated, added, or weights altered. But doesnít think evidence exists to support any changes. Encouraged committee to follow COSAís position to form an interim committee to investigate weights before making any changes.
278	Roessler	Discussed various weights that affect Silver Falls district, listed on exhibit: Poverty factor, English as a Second Language (ESL), pregnant and parenting students, foster care/neglected and delinquent youth.
358	Chair Strobeck	Asked about weighting for students with high scholastic potential (e.g. Talented and Gifted).
364	Roessler	Does not believe additional weighting for TAG children is necessary at this time. Silver Falls already serves them well.
391	Chair Strobeck	What is primary reason for people leaving public system?
395	Roessler	Home schooling, personal attention. Some parents think their children are falling through the cracks. Not aware of TAG children who drop out to go to private schools. They can receive college credits. Discussion and questions on handling of gifted children.

TAPE 058, SIDE A

026	Vice Chair Rasmussen	Continued discussions on TAG children. It is easy to identify them in dominant cultures and affluent populations. In minority cultures and poor populations it is more difficult.
045	Roessler	Agreed.
070	Chair Strobeck	Adjourned meeting at 10:23 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational, Meyer, Student Cost Weights, 1 p.
2. Informational, Meyer, State School Fund Special Education Weight, 2 pp.
3. Informational, Meyer, School Finance: 1999-00 Student Weight Estimates, 8 pp.
4. Informational, Meyer, School Finance: 1998-99 Estimated Revenue by Student Weight, 8 pp.
5. Informational, Meyer, School Finance Distribution: Revenue Shift from Eliminating Student Weights, 8 pp.
6. Informational, Meyer, State School Fund: English as a Second Language Weight, 6 pp.
7. Informational, Meyer, State School Fund: Poverty Weight, 2 pp.
8. Informational, Meyer, State School Fund: Remote Small School Weight, 2 pp.
9. Informational, Scherzinger, Portland Public Schools, Testimony to House Revenue Committee on State School Fund Formula, 3 pp.
10. Informational, Roessler, State School Fund Grant Estimate 1997-98, 1 p.