

PUBLIC HEARING: HB 2607, HB 2566

WORK SESSION: SB 410, HB 2461

TAPES 098 A/B

099 A

HOUSE REVENUE COMMITTEE

MARCH 22, 1999 - 8:00 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

Ed Waters, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Rep. Lane Shetterly, District 34

Rep. Mark Simmons, District 34

Gary Anderson, Falls City School District

Dan Long, Falls City School Board

Ozzie Rose, Confederation of School Administrators

Greg McMurdo, Department of Education

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009 Chair Strobeck Called meeting to order at 8:40 a.m.

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014 Steve Meyer Described HB 2607, which changes the qualification for being remote. The remote small school weight is used in the equalization formula. Referenced graph. (Exhibit 1)

Referenced handout, which details how the weight is calculated and the background. (Exhibit 2)

Distributed revenue impact statement. (Exhibit 3)

037 Rep. Mark Simmons Spoke in support of the measure. Referenced the (-1) amendment (not available), which would narrow the bill to high schools only and the (-2) amendment, which would narrow the bill even further. (Exhibit 4)

065 Rep. Lane Shetterly Spoke in support of the measure. Referenced the (-1) amendment (not available), which would delay the start-up of the change until the 2000-01 school year.

Discussed the (-2) amendment, which has the following effect:

1. Changes the qualifications for elementary and high schools.
2. There is a phase-in of the changes, with limits on the amount of distributions for 1999-2000 and 2000-2001 distribution years. (Exhibit 4)

107 Rep. Williams In situations where schools are relatively close, does this bill move away from savings from additional consolidation?

122 Rep. Simmons Consolidation would require new facilities; it is an efficiency decision that the Legislature must make.

146 Rep. Shetterly Districts may further consolidate districts, but probably not in the near future. This measure addresses more of the immediate needs of maintaining these districts.

190	Chair Strobeck	Consolidation does not necessitate building of new facilities, why can't two high school locations be retained in the same district?
198	Rep. Simmons	When small schools consolidate and maintain separate locations administrations are required for each location.
213	Vice Chair Rasmussen	If more money is invested in the school funding formula does it relieve some of the stress related to this particular issue?
218	Rep. Simmons	Enrollment is being lost in my districts; the amount of increase that might be gained from the school funding formula is more of a break-even.
226	Vice Chair Rasmussen	This is a demographic issue?
227	Rep. Simmons	Statewide the more money put into the formula the less this is an issue, but some districts will still have issues.
237	Vice Chair Rasmussen	Is the sense that this is a longer-term issue or specific to Elgin?
246	Rep. Simmons	The community of Elgin's hope is that it is short-term, but currently it is a major problem.
264	Rep. Shetterly	It will vary from community to community, spoke to the Willamette valley and the land-use laws that limit growth and development.
282	Rep. Simmons	Many schools are being under-served by the educational system because smaller schools aren't as efficient as larger schools can be.
291	Rep. Welsh	Asked witnesses if they see this as fairness issue, as it pertains to Portland?
301	Rep. Simmons	Adequacy issues should be addressed, no matter where in the State the issues occur. Distressed community issues must also be addressed.
311	Rep. Shetterly	Portland has unique issues; the issue in this measure is other communities in Oregon have unique and distinct problems also.

319	Rep. Welsh	Spoke to the same problems in many of the schools in his district.
335	Chair Strobeck	The Portland issue raises a whole new set of questions. Both ends of the spectrum are not served by the distribution formula. Would favor getting rid of distribution formula and raising the entire level of funding.
368	Dan Long	Spoke in support of the measure.
413	Gary Anderson	Spoke in support of the measure.

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025	Anderson	Continued with testimony in support of the measure.
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127	Chair Strobeck	Requested clarification of the statement that the Falls City community would be more supportive of the school's doors closing and be reassigned then voluntary merging is that correct?
135	Anderson	The community's point is that they would not voluntary merge, if a merger became necessary it would be that all the reserves were exhausted and the State took charge of the district and ordered the merger.
142	Chair Strobeck	Would the community be supportive of raising money for the schools with some form of local options?
146	Anderson	That has been discussed and a community group has been formed to address that option, if the law should allow it. Spoke to Falls City financial base and resources, the bulk of which consists of privately held timberlands.
183	Ozzie Rose	Spoke to the Confederation of School Administrators (COSA) neutrality to the measure.
		Spoke to the (-2) amendment, lines 26-30 and requested clarification that the amendment extends the small school district issue to existing small schools that are not remote and does not allow for the building of new high schools to benefit from this language. COSA

also does not want the referenced language to be extended to small alternative high schools, (Page 2, Exhibit 4).

Recommended that instead of \$1.5 million/year in the first biennium that the figure should be \$4 million/year and \$8 million/year for the second biennium. Discussed the purpose for the change to the dollar recommendations to the phase-in.

- 256 Chair Strobeck Requested the sponsor's respond to Mr. Rose's testimony.
- 262 Rep. Shetterly Discussed his reading of the language and how that relates to Mr. Rose's concerns. The language may need to be clarified.
- Would be in agreement with Mr. Rose's numbers being adopted instead of the numbers in the amendment, (Page 3, Exhibit 4).
- 308 Rep. Kafoury Why aren't alternative high schools included in this bill?
- 310 Rose The issue is not small school buildings, but small school districts being able to serve all students in the school.
- 322 Chair Strobeck There are large districts that have small schools that might qualify under the formula.
- 326 Rose These are not included in this bill.
- 346 Rep. Shetterly This does not effect the current remote small school formula for elementary schools; this addresses small high schools only.
- 378 Anderson Willamette Education Service District (ESD) in Salem serves Falls City. Small school districts could not even access services without ESD's.

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- 452 Vice Chair Rasmussen Presented and discussed draft of key assumptions. (Exhibit 5)

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030	Vice Chair Rasmussen	Continued with review of draft, (Page 2, Exhibit 5).
062	Vice Chair Rasmussen	Directed members' attention to ESD Revenue Estimates, submitted by Steve Meyer. (Exhibit 6)
105	Chair Strobeck	Recommended that the bottom four ESDs be brought up to \$150 while holding the top ESDs at a flat-funded rate.
119	Rep. Williams	Sponsored a bill for the purpose of beginning discussion on equity. Believes this is positive step, likes idea of task force. However, troubled by interim task force staff support figure of \$300,000. How could an administrator and secretary cost this much?
154	Greg McMurdo	The \$300,000 number is inclusive of all expenses that a task force would incur, it is not just for staffing. There is no existing staff to support this task force.
165	Chair Strobeck	Asked for reaction to raising bottom four ESDs up to \$150.
169	Steve Meyer	Directed members' attention to ESD Revenue Estimates, which only addresses the first year of the biennium, 1999-2000, (Exhibit 6). Spoke to the application of the same concept to the second year of the biennium and the potential impact.
187	Vice Chair Rasmussen	The policy question becomes what will be done with that growth, should it be disbursed to the bottom four school districts and bring them up in the second year or back it out of the state fund on distribution and slide it over into the total K-12 budget. My preference would be to move it to the bottom four.

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218	Paul Warner	Described the measure, which has two key elements: <ol style="list-style-type: none"> 1. Distribution of interstate lottery income and how that is administered. 2. There is a minor change to the corporate income tax apportionment formula.
237	Chair Strobeck	MOTION: MOVED SB 410 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
240	VOTE	ROLL CALL VOTE: MOTION PASSES 7-0-2

REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, WELSH, WILLIAMS, WITT, CHAIR STROBECK

REPRESENTATIVES EXCUSED: SHETTERLY, VICE CHAIR RASMUSSEN

REP. ROSENBAUM WILL CARRY THE BILL.

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250 Entered written testimony from Lee Hazelwood submitted for the record. (Exhibit 7)

253 Chair Strobeck MOTION: MOVED TO RECONSIDER THE VOTE BY WHICH THE COMMITTEE PASSED HB 2461 OUT OF COMMITTEE ON MARCH 12. HEARING NO OBJECTION, THE CHAIR SO ORDERED.

276 Chair Strobeck MOTION: MOVED HB 2461 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION. AND BE REFERRED TO COMMITTEE ON WAYS AND MEANS BY PRIOR REFERENCE.

282 VOTE ROLL CALL VOTE: MOTION PASSES 6-2-1
REPRESENTATIVES VOTING AYE: KAFOURY, ROSENBAUM, SHETTERLY, WILLIAMS, VICE CHAIR RASMUSSEN, CHAIR STROBECK
REPRESENTATIVES VOTING NAY: WILLIAMS, WITT
REPRESENTATIVES EXCUSED: MERKLEY

296 Chair Strobeck Appointed Representatives Shetterly, Williams Kafoury and Merkley to a subcommittee relating to affordable housing in response to HB 2139.

311 Chair Strobeck Adjourned meeting at 9:55 a.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2607, Meyer, Graph, 1 page
2. HB 2607, Meyer, Handout, 2 pages
3. HB 2607, Meyer, Revenue impact statement, 1 page
4. HB 2607, Rep. Shetterly, (-2) amendment, (CH/ps) 03/19/99, 8 pages
5. HB 2566, Vice Chair Rasmussen, Draft proposal, 4 pages
6. HB 2566, Meyer, ESD revenue estimates, 6 page
7. HB 2467, Hazelwood, Written testimony, 1 page