

**1999 HOUSE SPECIAL SESSION COMMITTEE ON SCHOOL FINANCE**

**June 9, 1999 Hearing Room F**

**5:00 p.m. Tapes 1 - 2**

**MEMBERS PRESENT: Rep. Ken Strobeck, Chair**

**Rep. Randy Leonard, Vice-Chair**

**Rep. Randall Edwards**

**Rep. Jim Hill**

**Rep. Deborah Kafoury**

**Rep. Rob Patridge**

**Rep. Kitty Piercy**

**Rep. Bruce Starr**

**Rep. Ben Westlund**

**Rep. Bill Witt**

**Mr. William Korach**

**Mr. Richard Manoogian-O'Dell**

**Mr. Craig Smith**

**MEMBERS EXCUSED: Rep. Kurt Schrader**

**Rep. Mark Simmons**

**Mr. Marty Bauer**

**STAFF PRESENT: Jan McComb, Administrator**

**Valerie Luhr, Administrative Support**

**MEASURE/ISSUES HEARD: Informational Meeting**

**Overview of Committee Goals**

**Meeting Schedule**

**Overview of current school funding system**

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
<b>TAPE 1, A</b>		
004	Chair Strobeck	Opens the meeting at 5:12 p.m. Presents opening remarks and introduces the Committee Goals ( <b>EXHIBIT A</b> ).
061	Rep. Hill	Asks if the committee will have any input about who controls the data and the data used in the Database Initiative Project.
073	Chair Strobeck	States the committee will be able to look at the project as a useful tool, especially for comparing district-to-district information. Requests Walter Koscher to discuss the project later in the meeting.
084	Rep. Hill	Comments on the committee's timelines.
092	Chair Strobeck	States his goal is to have specific achievable goals and to make recommendations without going through an overly long process.
103	Steve Meyer	Legislative Revenue Office. Begins a PowerPoint presentation on "School Finance Sharing State and Local Resources" ( <b>EXHIBIT B</b> ). <ul style="list-style-type: none"> <li>• K-12 Dollars Pay For (p. 1)</li> <li>• K-12 Students (p. 2)</li> </ul>
148	Rep. Westlund	Clarifies the 530,000 is number of students, not school districts.
159	Rep. Patridge	Asks if the numbers are an actual person count.
165	Meyer	Answers affirmatively. Reviews: <ul style="list-style-type: none"> <li>• K-12 Resources (audited) (p. 2). Comments on the local portion decrease due to Measure 5.</li> </ul>
183	Rep. Hill	Asks if there is available information charting student enrollment growth with resources.
186	Meyer	Responds affirmatively.

188	Rep. Westlund	Clarifies the yellow bar on the graph is net bonded indebtedness.
191	Chair Strobeck	Asks Meyer if he has a statewide per student distribution of federal dollars.
195	Meyer	States he does not have per student numbers. Comments on how federal dollars are spent.
199	Chair Strobeck	Asks if federal dollars are acquired at the district level or is it a state function.
202	Meyer	States it is some of both.
204	Rep. Hill	Asks if the bonded indebtedness includes state bonds as well as local bonds.
206	Meyer	States it is school district bonds.
207	Rep. Westlund	Asks how much the yellow bar represents for 1996-97.
210	Meyer	States he does not have the exact numbers, but could be around \$300 million to \$400 million. Reviews: <ul style="list-style-type: none"> <li>• K-12 expenditures 1996-97 Audit (p. 3)</li> </ul>
249	Chair Strobeck	Asks if the "support" and "instruction" salaries and benefits are consistent across all the school districts. Recommends the Database Initiative Project could monitor the information.
252	Meyer	States he expects the numbers to be consistent and the information is available from existing data. Reviews: <ul style="list-style-type: none"> <li>• State School Fund Adopted 1991 (p. 4)</li> <li>• State School Fund 1997-99</li> </ul>
313	Meyer	<ul style="list-style-type: none"> <li>• Local Formula Revenue (p. 5). Comments on revenue sources that are not statutorily required.</li> </ul>
373	Chair Strobeck	Asks if the \$4.15 billion state school fund takes into the local revenue collected.
381	Meyer	Answers it is state dollars, and local dollars are another \$1.5 billion. Reviews: <ul style="list-style-type: none"> <li>• K-12 and ESD (education service district) Revenue 1997-99 Biennium (p. 6)</li> <li>• K-12 and ESD Revenue 1997-99</li> </ul>
435	Meyer	<ul style="list-style-type: none"> <li>• State School Fund Distribution (p. 7)</li> </ul>

TAPE 2, A		
008	Meyer	<ul style="list-style-type: none"> <li>• Distribution Principles (p. 7)</li> </ul>
035	Chair Strobeck	Comments on the importance of understanding the distribution principles. Reviews the third and second points.
051	Meyer	Reviews State School Fund, Permanent Equalization Formula: <ul style="list-style-type: none"> <li>• Equalization Formula General Format (p. 8)</li> </ul>
067	Rep. Hill	Comments on relating the equalization formula to a court case on equalizationótreating every school district equally.
075	Meyer	States the <i>Withers</i> case (Deschutes County) was primarily based upon the constraints on the equalization formula. Comments on "flat grant" and "stop loss" districts.
083	Rep. Witt	States his understanding of how the <i>Withers</i> case affected the legislature.
090	Chair Strobeck	Comments that "equalization" and "equal distribution" are affected by legislative decisions.
093	Rep. Witt	States there are not the same dollars for every student, but reasonable differences are allowed for in terms of funding.
095	Chair Strobeck	Asks for the total of the state and local revenues in the 1997-99 biennium.
098	Meyer	States it was around \$6 billion for the biennium.
103	Rep. Witt	Agrees with Mr. Meyer, and the amount is about \$5700 per student per year.
111	Meyer	Reviews: <ul style="list-style-type: none"> <li>• Equalization Formula Cost Factors (p. 9)</li> <li>• Formula Student Counts. Discusses confusion between ADM (average daily membership) and ADMr (ADM with kindergarten half-weighted)</li> </ul>
145	Chair Strobeck	Clarifies membership means enrollment, not necessarily attendance.
147	Meyer	States students are residents of a school and the district's responsibility. States enrollment is the count on a specific date. ADM is close to an average enrollment over a school year.

153	Chair Strobeck	Asks about distinguishing between those who go to public or private school or are home-schooled.
157	Meyer	States he is referring only to those who go to public schools.
161	Rep. Hill	Clarifies that if a student is absent for a period of consecutive days it affects the ADMw.
166	Meyer	States the school districts report their ADM and ADMw.
168	Rep. Hill	Continues discussion with Mr. Meyer on the calculation of the formula for ADM.
187	Meyer	Reviews: <ul style="list-style-type: none"> <li>• Student Cost Weights, Special Education and At Risk (p. 10)</li> </ul>
209	Rep. Hill	Asks if the student costs weights are limited by district for the number of students placed in an Individual Education Program (IEP).
213	Meyer	Explains there is no limit to how many students can be in an IEP, but there is a limit as to how many can be counted for the formula.
225	Rep Hill	Asks if there are caps on any of the other student cost weights.
226	Chair Strobeck	States there is not.
227	Meyer	Reviews the "students in poverty" and "English as Second Language (ESL) weights. States the ESL category has doubled since 1992-93.
234	Chair Strobeck	States the ESL weight redistributes the greatest amount of money.
245	Meyer	Reviews the "pregnant and parenting" student cost weight, which is about 1800.
249	Rep. Witt	Clarifies the 1800 is not the number of students.
251	Meyer	Answers affirmatively. States the pregnant and parenting and neglected and delinquent counts come from an outside source.
258	Rep. Patridge	Asks about threshold for poverty.
263	Meyer	States it would be the Census definition for a census year. Discusses putting the

		formula together in 1991.
287	Rep. Hill	Asks if a student can be in multiple categories.
291	Meyer	Explains there is an overall student weight limit of 3.00. Reviews: <ul style="list-style-type: none"> <li>• Student Cost Weights, Grades and School (p. 10)</li> </ul>
317	Rep. Witt	Asks if the ADMw is 20 percent more than the ADM.
320	Meyer	Responds affirmatively. Continues review of Student Cost Weights. Reviews: <ul style="list-style-type: none"> <li>• Student Counts, ADMr vs. ADMw. (p. 11)</li> <li>• Teacher Experience Adjustment</li> <li>• Transportation Costs (p. 12)</li> <li>• Transportation</li> </ul>
<b>TAPE 1, B</b>		
010	Meyer	Continues PowerPoint presentation: <ul style="list-style-type: none"> <li>• Formula Revenue K-12 1998-99 (p. 13)</li> </ul>
016	Rep. Hill	Asks why the formula amount is \$2.84 billion.
019	Meyer	Explains the amount is for one year, not two. Reviews: <ul style="list-style-type: none"> <li>• New Facility Grant (p. 13)</li> </ul>
035	Rep. Hill	Requests clarification of "new facility."
038	Meyer	States the reimbursement is given in the year the facility opens.
041	Rep. Hill	Asks if the reimbursement is given regardless whether there is a bond covering the entire contents of the school.
044	Meyer	States the bond does not cover the entire contents under Measure 5 restrictions.
046	Rep. Hill	Asks what the grant covers.
049	Meyer	States the grant covers such things as the building, land, improvements to the land, and anything movable inside the building. Reviews: <ul style="list-style-type: none"> <li>• Equalization Formula (p. 14)</li> </ul>

		<ul style="list-style-type: none"> <li>Equalization Formula (example)</li> </ul>
106	Rep. Hill	Asks how many flat funded districts will there be in the next biennium.
109	Meyer	States it depends upon the funding level, but the number of flat grant and stop loss will be probably be less than 25. Based on the percentage of students, it will be less than 5 percent.
113	Rep. Hill	Comments on his district's experience.
124	Meyer	States the final percentage number is not calculated until all the audited information is received, and then final student counts are verified.
129	Rep. Hill	States his school district historically receives about 91 percent.
133	Meyer	States other districts probably underestimated their number of students.
138	Rep. Hill	Asks if [the funding] goes away.
140	Meyer	<p>States it does not unless the school district better estimate their final weighted student count. Reviews:</p> <ul style="list-style-type: none"> <li>Equalization formula examples (p. 15)</li> <li>Temporary Formula Constraints 199-01 (p. 16)</li> <li>1999-00 Constraints</li> </ul>
195	Meyer	<ul style="list-style-type: none"> <li>Cap Calculation Flat and Stop-Loss Grant (p. 17)</li> <li>Stop-Loss Cap example</li> </ul>
238	Meyer	<ul style="list-style-type: none"> <li>State School Fund Payment Schedule (p. 18)</li> <li>K-12 Formula Revenue (p. 19)</li> <li>K-12 Formula Revenue Per Student ADMr</li> </ul>
275	Rep. Westlund	Clarifies the per student amount (ADMr) is state and local revenue.
277	Meyer	<p>Responds affirmatively. Reviews:</p> <ul style="list-style-type: none"> <li>K-12 Formula Revenue Per Student Adjusted for Inflation (p. 20)</li> </ul>
292	Rep. Westlund	Asks if Oregon's CPI (Consumer Price Index) exceeds the national.

295	Meyer	States Portland's CPI generally exceeds the national.
299	Rep. Westlund	States Portland has 10 percent of the kids and the remainder of the state is lower than Portland.
301	Meyer	Explains why he uses the U. S. numbers. States a large portion of the CPI is housing costs, and Portland's housing costs are higher than rest of the state. Reviews: <ul style="list-style-type: none"> <li>• K-12 Equity (p. 21)</li> <li>• Formula Distribution 1998-99</li> </ul>
365	Meyer	<ul style="list-style-type: none"> <li>• Formula Distribution, 1998-99 Revenue per Student (p. 22)</li> <li>• Student Funding Method</li> </ul>
415	Meyer	<ul style="list-style-type: none"> <li>• Equalization Progress Districts over 5000 Students (p. 23)</li> </ul>
<b>TAPE 2, B</b>		
011	Rep. Leonard	States it would be helpful to have an example from a school district's perspective, whether it is a stop-loss or equity district, how their resources are determined included local property tax. Asks if the amount distributed based on the ADMw is from the General Fund.
027	Meyer	States the formula is looking at both state and local funding together.
029	Rep. Leonard	Reiterates it would be helpful to look at funding from a district's point of view.
035	Chair Strobeck	States the Database Initiative Project will show the information Rep. Leonard asks for. States he believes the answer will be is that everything is coming from the same sources for every district.
040	Rep. Leonard	Comments on difficulty understanding all the information.
051	Chair Strobeck	Restates the committee will not meet for the full interim. Reviews his opening remarks for members of the committee who arrived late.
061	Rep. Leonard	Comments on the importance of thoroughly understanding the distribution.
065	Chair Strobeck	Comments on the Equalization Process chart (p. 23). States there is a dramatic difference for the amount of money per student expended when it was primarily a local effort compared to today when it is primarily a state funded source.
078	Rep. Leonard	States what Chair Strobeck has commented on ties into the local option issue.



083	Chair Strobeck	States the local option would allow the straight line to go up no more than 10 percent. Comments on the definition of "equity." Asks Mr. Meyer to review Education Service Districts at a future meeting.
094	Mr. Korach	Asks if the local option is under purview of the committee.
097	Chair Strobeck	States the committee can discuss local option. States the issue might be decided legislatively.
103	Mr. Korach	Asks what the timeframe is for a decision.
106	Chair Strobeck	States prior to sine die.
110	Meyer	States the committee's "test" question is "what causes the wiggles in the horizontal line (p. 23). One member states it is transportation and teacher experience, which is correct.
114	Mr. Manoogian-OiDell	Referring to the 1991-92 actual on the graph asks what impact school consolidation might have in relationship to the comparisons between the solid lines and the dotted line.
118	Meyer	States there is none because this is only for larger districts.
126	Walter Koscher	Coordinator, School Finance & Data Information Services, Oregon Department of Education. Discusses the Database Initiative Project, which is a pilot project in this biennium involving 16 school districts. States the project was driven to get better data from school districts. States the Database Initiative will require districts to report on a by-school level starting in 1999-2000, instead by district. States the Database Initiative will rewrite the accounting manual for schools.
188	Rep. Hill	Asks how much data will eventually be received.
192	Koscher	States all school districts will be brought into the database program if the initiative is funded for the next biennium. Comments on the year's lag time.
200	Chair Strobeck	Comments on the committee's agenda. Adjourns the meeting at 6:48 p.m.

Submitted By, Reviewed By,

Valerie Luhr, Jan McComb,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A ñ Committee Goals, staff, 1 p.**

**B ñ School Finance, Sharing State and Local Resources, PowerPoint presentation, Steve Meyer, 27 pp.**