

SENATE COMMITTEE ON PUBLIC AFFAIRS

April 28, 1999 Hearing Room C

7:00 P.M. Tapes 41 ñ 44

MEMBERS PRESENT: Sen. Gene Derfler, Chair

Sen. Joan Dukes, Vice-Chair

Sen. Eileen Qutub

Sen. Charles Starr

Sen. Thomas Wilde

MEMBER EXCUSED:

STAFF PRESENT: Brian E. Smith, Administrator

Rachel E. Halupowski, Administrative Support

MEASURE/ISSUES HEARD: SB 702 Work Session

SB 803 Work Session

SB 1061 Public Hearing and Work Session

SB 1181 Public Hearing

SB 1180 Public Hearing

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
TAPE 41, A		
000	Chair Derfler	Opens meeting at 7:00 p.m. and opens public hearing on SB 702.
<u>SB 702 WORK SESSION</u>		

005	Brian E. Smith	Committee Administrator. States that SB 702 with the ñ3 amendments would place the Construction Contractors Board (CCB) within the Department of Consumer and Business Services (DCBS). Discusses other elements of the ñ3 amendments.
020	Chair Derfler	Clarifies that SB 702 is consistent with laws being enacted related to building codes.
024	Sen. Starr	Reiterates that the CCB is responsible to DCBS.
026	Chair Derfler	States the CCB makes the rules and the DCBS director approves them.
028	Sen. Qutub	Clarifies that the CCB makes their own rules and the DCBS director approves the rules.
031	Chair Derfler	States SB 702 would allow the director to disapprove rules.
036	Mike Greenfield	Director, DCBS. Reiterates what has been previously mentioned.
045	Vice-Chair Dukes	Asks if the bill can be hand-engrossed and revisited later this evening.
049	Smith	States that SB 702 is hand-engrossed, but the ñ3 amendments basically replace the bill. Requests the committee members to refer directly to the ñ3 amendments.
050	Vice-Chair Dukes	States she would like to take time to review the ñ3 amendments.
053	Chair Derfler	Closes the work session and opens work session on SB 803.
<u>SB 803 WORK SESSION</u>		
060	Joe Brewer	Administrator, Building Codes Division, DCBS. States SB 803 with the ñ5 amendments will merge the Boiler Board, the Plumbing Board and the Electrical Board into a new Electrical and Mechanical Board.
075	Sen. Qutub	Asks to clarify the other two boards that are not going to be added to the Electrical and Mechanical Board.
084	Brewer	Clarifies that the two boards are the Building Codes Structures Board and the Manufactured Structures and Parks Advisory Board.
088	Sen. Qutub	States it was mentioned at the last public hearing that every building code amendment would be allocated to the Electrical and Mechanical Board. States it is not appropriate for all the codes to go to this board.

098	Brewer	States those were the ñ1 amendments and they have been eliminated.
102	Bob Shiprack	Oregon Building and Construction Trades Council. States that SB 803, Section 5, would allow the establishment of advisory and technical committees, composed of industry experts, to adopt national codes.
126	Vice-Chair Dukes	Asks to define industry experts.
127	Shiprack	States these are people who use high technology and new national codes for their industry.
146	Vice-Chair Dukes	Asks if the experts would emerge as technical advisory committees. States she has concerns about losing expertise by combining these boards.
157	Brewer	Agrees and expects the technical advisory committees to be made up of the same people that have participated in the past.
169	Sen. Qutub	States that someone from the last meeting said they would modify the membership of the board. Asks if those issues were resolved.
177	Smith	Clarifies that there are provisions on page 2, lines 9a through 9d on the hand-engrossed version. States those issues will be dealt with during the interim.
183	Sen. Qutub	MOTION: Moves TO ADOPT the ñ5 amendments dated 4/28/99 to SB 803.
		VOTE: 5-0
		Chair Derfler
		Hearing no objection, declares the motion CARRIED.
190	Sen. Qutub	MOTION: Moves SB 803 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0
		AYE: In a roll call vote, all members present vote Aye.
		Chair Derfler
		The motion CARRIES.

		SEN. DERFLER will lead discussion on the floor.
197	Chair Derfler	Closes work session and opens work session on SB 702.
<u>SB 702 WORK SESSION</u>		
216	Ralph Groener	American Federation of State, County, and Municipal Employees (AFSCME). States that AFSCME requested that employee transfer rights be placed into SB 702.
222	Vice-Chair Dukes	Asks if he has looked at the ñ3 amendments.
224	Groener	States he has the ñ2 amendments. Reads over the ñ3 amendments and states they cover the same issue.
233	Vice-Chair Dukes	Asks if Greenfield expects to open the position for CCB administrator.
236	Greenfield	Expects to review staffing to see if there is the possibility of recruiting for that position.
256	Fred VanNatta	Oregon Building and Industry Association. Details the history of the CCB. States there are over 40,000 contractors registered with the CCB.
306	VanNatta	States there is no benefit to this transfer of the CCB to DCBS. Opposes SB 702.
329	Chair Derfler	States that rules will be approved by the person who is currently approving those rules, not the DCBS director.
332	VanNatta	States that according to the ñ3 amendments the director must review the rules that are adopted and either veto them or approve them. States this would be a substantial change in the operation of the board.
346	Chair Derfler	States there needs to be a correction because that was not the intention of SB 702. Closes work session and opens work session on SB 1061.
<u>SB 1061 WORK SESSION</u>		
365	Jon Chandler	Director of Governmental Affairs, Oregon Building Industry Association. States that SB 1061 with the ñ1 amendments deals with system development charges for parks. States that before systems development charges (SDCs) can be adopted, there must be in place a mechanism that will elevate the current residents to the same level of service as the new residents.

415	Chandler	Supports SB 1061 with the ñ1 amendments. States that a park SDC is not allowed to term-out payments, and the ñ1 amendments addresses the issue.
437	Sen. Wilde	Asks what the "same level of park service throughout the jurisdiction" means.
450	Chandler	States that the current system is inadequate, and new residents are paying higher rates and are not getting the benefit of the bargain. States the new residents would be fixing a preexisting deficiency which is not legal.
TAPE 42, A		
001	Sen. Wilde	Asks that if the City of Portland were to put all their parks on the west side of the river, would it satisfy the same level of park service throughout the jurisdiction. Asks if the people on the east side would need to pay a SDC even though all of the park land was being developed on the west side.
010	Chandler	States yes.
013	Lynn McNamara	League of Oregon Cities. States that SB 1061 with the ñ1 amendments is a reasonable compromise.
019	Marge Kafoury	City of Portland. Supports the Section 3 changes.
025	Vice-Chair Dukes	Asks if the amendments only target parks.
027	Chandler	States no. States that Section 2 applies the service level to parks, but the remainder of SDC law is unchanged.
032	Vice-Chair Dukes	Clarifies that the issue is to provide a higher service level to parks, not to water, sewers, and streets.
034	Chandler	States that is correct. States that in most cases, the level of service issue does not arise in regard to water, sewers, and streets.
050	Sen. Qutub	MOTION: Moves TO ADOPT the ñ1 amendments dated 4/23/99 to SB 1061.
		VOTE: 5-0
Chair Derfler		Hearing no objection, declares the motion CARRIED.

055	Sen. Qutub	MOTION: Moves SB 1061 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Derfler	The motion CARRIES. SEN. QUTUB will lead discussion on the floor.
058	Chair Derfler	Closes work session and opens public hearing on SB 1181 and SB 1180.
<u>SB 1181, SB 1180 PUBLIC HEARING</u>		
060	Chris Dudley	Executive Director, Oregon School Boards Association (OSBA). Presents (EXHIBIT A) . States that SB 1181 allows a local school board to make a Qualified Economic Offer (QEO) for teacher salary and fringe benefit increases while controlling costs. States that Oregon ranks 13 th in average teacher salaries for the 1997 through 1998 year.
110	Dudley	States that SB 1181 does not require the school districts to make a QEO, but if circumstances dictate it the school board can provide salary and benefit packages.
139	Ray Allen	Deputy Administrator, Corporate Consumer Services, State of Wisconsin: Board Member, Madison Wisconsin School District. States that Wisconsin's QEO law was passed in the 1993 legislative session to provide property tax relief. Gives background on Wisconsin's QEO history.
174	Chair Derfler	Asks if Wisconsin's schools are being funded by the state or local government.
178	Allen	Explains there is state funding and the ability to tax. States there is the ability to go to referendum if the cost controls put in place are exceeded.
183	Chair Derfler	Asks the percentage of funding paid by the state.
185	Allen	States it is 2/3 rd state funding.
188	Chair Derfler	Asks if there is a cap on property taxes for schools.

191	Allen	States there is a cap, but it is on what the district is allowed to spend.
198	Chair Derfler	Asks if schools have the ability to go to referendum to request more money from the taxpayers.
200	Allen	States they can.
225	Chair Derfler	Asks if a referendum can bring more dollars to be spent on better school programs rather than salaries.
232	Allen	States that it depends on how the referendum was shaped. States there is nothing that precludes the district from using a referendum to increase salaries. States the vast majority of districts continue to settle contracts in a negotiated manner.
258	Chair Derfler	Asks, when initiating contract negotiations, must it be specified that a QEO will be used.
261	Allen	Explains that it is not specified. States the intent is to negotiate a settlement.
309	Chair Derfler	Asks the number of teacher strikes that have occurred due to imposing QEOs.
311	Allen	Explains that it is illegal to strike in the State of Wisconsin.
333	Chair Derfler	Asks if a QEO can be applied should an agreement on a contract not be reached.
336	Allen	States that an impasse must be declared by the Labor Relations Board before a QEO can be imposed.
389	Chair Derfler	Asks, after six years, are the teachers more comfortable with QEOs.
393	Allen	States the teachers are uncomfortable with QEOs, but they are dealing with it.
405	Vice-Chair Dukes	Asks how Wisconsin's teachers' salaries compare with Oregon's.
408	Allen	States the teachers are paid, on average, \$42,000 to \$44,000. States that Oregon averages \$42,000.
417	Vice-Chair Dukes	Asks what is the beginning teacher's salary in Madison.
418	Allen	States that beginning salaries start at about \$24,000 or \$25,000, but there is a probable increase in the near future.

426	Vice-Chair Dukes	Asks what is a "reasonable" salary and fringe benefit package, and what makes the package "reasonable."
436	Allen	States that "reasonable" refers to the mix of how employment is changing (who is retiring and who is coming in) and how the salary schedule is structured for a specified district.
447	Vice-Chair Dukes	States that Oregon has lost many experienced teachers because of the way the Public Employees Retirement System (PERS) is currently working.
454	Dudley	Comments that districts do not necessarily need to impose QEOs.
TAPE 41, B		
001	Vice-Chair Dukes	Asks what is the average salary and benefit increase.
005	Ron Wilson	Director, Labor Relations, Oregon School Boards Association. States that the average increase in 1997 and 1998 was 2.94 percent, not including benefits. Continues to give averages for the past five years.
014	Chair Derfler	Asks if the increase includes step increases.
015	Wilson	States this would include step increases and any column increases.
018	Vice-Chair Dukes	Asks if fringe benefits can be shown to give a comparison.
020	Wilson	States an overall estimate of the cost of fringe benefit increases has probably been one half to one percent of the teacher's salary. States this is low because during the past five years there have been no major insurance premium increases.
023	Sen. Qutub	Asks if premium increases are low this year.
024	Wilson	States, this year, there was a five percent increase in insurance premiums overall.
026	Sen. Wilde	Asks if SB 1181 gives unfair bargaining power to the school board.
035	Dudley	States the school boards do not possess equal power at the bargaining table with the union.
048	Sen. Wilde	States the increases come during a period of low inflation. States the increase figures will be made statutorily and will not be flexible except by the will of the legislature. Asks if this is the best direction to take.

063	Dudley	States that just because it is in statute does not mean the formula must be imposed.
098	Chair Derfler	Asks if statewide collective bargaining should be considered for Oregon.
104	Dudley	Explains that the state contracts and management provisions are no better than those offered by his organization. States the school board is the employer and needs to conduct the bargaining. Believes there is no state which does all the collective bargaining for their school districts.
112	Chair Derfler	Asks if there are solutions to eliminate problems with local school boards and the pressures applied from the unions.
124	Dudley	Believes Oregon can eliminate those issues by developing QEOs.
132	Chair Derfler	Believes that if pressures continue it may be difficult to find individuals to run for school board positions.
136	Dudley	States the legislature could appropriate funds to districts based on assumed salaries.
166	James Sager	President, Oregon Education Association (OEA). Presents (EXHIBIT B) . Opposes SB 1180 and SB 1181. States SB 1180 will allow school boards the option to not extend a teacher's contract without notice, cause, or reason, and the teachers will not be allowed recourse through the Fair Dismissal Appeals Board.
216	Sager	States that SB 1180, with the assessment of student test scores to determine teacher salary base is unfair. States that school employees should have the right to choose who represents them in the bargaining process.
266	Sager	Believes SB 1180 and SB 1181 provide management with the means to pressure employees into undesirable contracts. Urges the committee to focus on the need to provide stable and adequate funding for education.
281	Mark Toledo	General Counsel, Oregon Education Association. Presents (EXHIBIT C) . States that SB 1181 would allow a school district to propose and unilaterally implement an economic package limiting teacher salary and fringe benefits increases.
331	Toledo	States SB 1181 is unfair to teachers. Gives a history of collective bargaining in Oregon.
381	Toledo	Believes that placing an artificial cap on teachers' salaries and benefits is totally contrary to a free market system.
441	Toledo	States that school boards lack power when compared to teacher's union and their

		only power comes from public support.
TAPE 42, B		
001	Toledo	Urges the committee not to support SB 1181. States that teachers deserve the highest compensation possible.
037	Dudley	Presents (EXHIBIT D) . States the exhibit is an explanation of SB 1180 section by section. States OSBA has concerns with the abolishment of the Fair Dismissal Appeals Board. States there is concern with eliminating the requirement that employees get annual step pay increases while contracts are being negotiated.
092	Mary Bryant	Former Teacher, Oregon. Presents (EXHIBIT E) . States there are elements of SB 1180 that she opposes and supports, and discusses those elements.
142	Bryant	States she disagrees with requiring test scores to evaluate a teacher's effectiveness.
192	Bryant	Discusses some of the elements she would choose to keep in SB 1180.
207	Sandy Ellis	Oregon Education Association. Presents (EXHIBIT F) . Reads testimony into the record from members of the Greater Albany Public School Board.
257	Ellis	Believes that SB 1180 and SB 1181 would eliminate bargaining flexibility.
270	Chair Derfler	States SB 1181 would be optional for the school boards, and should not prohibit the present program.
278	Ellis	States she did not write the testimony.
282	Chair Derfler	Asks if she agrees with him.
283	Ellis	States she agrees according to what has been said tonight.
295	Chair Derfler	Asks if Albany has current textbooks.
298	Ellis	States she believes they do. States that all districts struggle with budgeting funds.
313	Chair Derfler	Asks if salaries and benefits are discussed during the bargaining process.
317	Ellis	States that a certain percentage of the budget is set aside for salary and benefits. States the current bargaining process used in Albany has been successful.

339	Chair Derfler	States that Albany's current bargaining process is not happening throughout Oregon.
340	Ellis	States the desire needs to be there from the school board.
350	Chair Derfler	Asks why there is an adverse relationship between school boards and teachers.
355	Ellis	States the relationship needs to continue throughout the life of the contract, not just at the bargaining table.
371	Chris Nelson	Teacher, South Albany High School. Presents (EXHIBIT G) . Discusses the strike that occurred in Albany in 1987. Discusses how Albany currently resolves contract disputes and other issues between the board and the teachers.
421	Nelson	Discusses Albany's use of a bargaining council. Believes that SB 1180 and SB 1181 would be detrimental to Albany.
TAPE 43, A		
001	Nelson	States that no one of top quality will stay in education if SB 1180 and SB 1181 pass.
042	Chair Derfler	Recalls testimony stating that a strike was resolved in six days. States that status quo does not go into effect if a dispute is settled that quickly.
045	Ellis	States that collective bargaining has been done past the expiration day of some contracts, but can often take longer than traditional bargaining.
052	Chair Derfler	States that SB 1181 is optional.
059	Sen. Qutub	States that education reform is driving costs up. Asks for Nelson's comments concerning education reform.
069	Nelson	States that the education reform does not affect her as a physical education teacher. Believes the reform law still needs improvement.
078	Ryan Keser	Teacher, Reynolds School District. Presents (EXHIBIT H) . States that he was not prepared from his training to come into Oregon. Explains the requisites for meeting the education reform benchmarks, and notes that it took him 60 additional hours outside of the teaching contract to accomplish this goal.
097	Sen. Qutub	States that some teachers have been giving her feedback that does not reflect the intent of SB 1180 and SB 1181. States that the legislative intent is being misconstrued.

113	Nelson	States the bulk of the conversations at the bargaining table in Albany were not about money, but about the work load.
116	Chair Derfler	Asks Keser if the training he received at school prepared him for teaching in Oregon.
118	Keser	States he went to school in Washington, and Oregon's education reform and necessity for portfolios was not included in the training courses to become certified. States that Oregon is not teaching new teachers or old ones how to manage the work load and prepare the portfolios.
133	Chair Derfler	States the committee's purpose is to make schools work better.
138	Nelson	States that it is threatening to judge her teaching performance by the grades of her students.
145	Sen. Qutub	Comments that it was meant as a reward, not a threat.
153	Nelson	Comments that it would be good to give incentives to schools that are not so successful.
155	Sen. Qutub	States the wording of the measure rewards the schools with the highest scores as well as the schools who have made the most improvements.
167	Keser	States that over the last four years there have been increases in class size, teacher workload, and student performance standards, but there have been decreases in school funding. Discusses the issues he has with SB 1180 and SB 1181.
217	Keser	States new teachers are getting out of teaching because of the negative hoops they must jump through. States he is going to spend the summer working for a non-profit organization to teach teachers how to more effectively teach spelling, reading, and writing.
251	Sen. Neil Bryant	Senate District 27. States that in 1990 financing schools was changed after Ballot Measure 5. Explains, in the last biennium, the legislature, through the general fund, provided 70 percent of the funding, and this biennium that may be closer to 80 percent. Asks if Keser knows a better way to pay for education without passing SB 1180 and SB 1181.
301	Sen. Bryant	States he is open to addressing other ideas.
321	Ellis	States there needs to be a reason for both parties to settle at the bargaining table. States that all communities' needs are different, and the formula used to distribute money may not fit the communities' needs. States that if SB 1181 is put into effect it would create imbalance and resentment.

371	Ellis	Believes it is not wise for the legislature to micro-manage the 286 schools in Oregon. Believes that it is imperative to designate the money to the local school boards, and trust that the local school boards and the communities will use the money correctly.
385	Sen. Bryant	States that the legislature does not control the funds even though it provides 70 percent of them. States that if the school boards want more money, they can come to the legislature every two years and argue for a percentage increase.
409	Ellis	States that is the process.
411	Chair Derfler	States that he personally has donated money to get school budgets passed. States that there is a problem that needs to be resolved somehow. States the community will not support schools if the distrust is there. States the legislature would like to resolve this issue. Notes that Keser mentioned his issue with being measured by his students' accomplishments, and states that there must be accountability.
459	Keser	Believes it would not be fair to measure his teaching skills by looking at his special education students' test scores.
TAPE 44, A		
007	Chair Derfler	Asks if the administrator would be aware of the issue.
008	Keser	States the administrator would. States that teachers need to be held accountable for teaching and are, but the language of SB 1180 does not prohibit the district from evaluating him based on his students' test scores.
022	Chair Derfler	Asks if the administrator would evaluate him based on those scores.
023	Keser	States in his district absolutely not.
039	Tim Nesbitt	Executive Director, State Council of Service Employees International Union (SEIU). Opposes SB 1181 because it eliminates collective bargaining. Clarifies that SB 1181 controls the wages of teachers only, not administrators or school employees. States the legislature has significant control of the budget, but there needs to be local control. States that to impose a ceiling on economic issues of the bargaining process will distort the process, forcing employees to shift emphasis to non-economic issues as a way to compensate for a limit on economic ones.
089	Nesbitt	Urges the committee not to pass SB 1181.
096	Sen. Qutub	States the current level budgets are asked to take a four percent decrease in administrative costs.

110	Nesbitt	Believes the legislature controls the budget process and there is legislative control. States it is unfair to shift the burden to the local level to meet demands of funding.
123		Staff presents (EXHIBIT I) .
124	Chair Derfler	States that this will not be resolved this evening. Closes the public hearing and adjourns the meeting at 9:45 p.m.

Submitted By, Reviewed By,

Rachel E. Halupowski, Brian E. Smith,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 1181, written testimony, Chris Dudley, 2 pp

B ñ SB 1180 and SB 1181, written testimony, James Sager, 2 pp

C ñ SB 1180 and SB 1181, written testimony, Mark Toledo, 4 pp

D ñ SB 1180, written testimony, Chris Dudley, 4 pp

E ñ SB 1180, written testimony, Mary Bryant, 4 pp

F ñ SB 1180 and SB 1181, written testimony, Sandy Ellis, 2 pp

G ñ SB 1180 and SB 1181, written testimony, Chris Nelson, 4 pp

H ñ SB 1180 and SB 1181, written testimony, Ryan Keser, 5 pp

I ñ SB 1180 and SB 1181, written testimony, staff, 6 pp