

WORK SESSION: SB 346A

TAPES 191 A/B, 192 A

HOUSE REVENUE COMMITTEE

MAY 30, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Tom Brian, Chair

Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards (Arrived 9:15 a.m.)

Rep. Leslie Lewis

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

MEMBERS EXCUSED: Rep. Ken Strobeck

WITNESSES PRESENT: Jim Mabbott, Riverdale School District

Gerald Kolve, Portland

Ossie Rose, Confederation of Oregon School Administrators

STAFF PRESENT: Jim Scherzinger, Legislative Revenue Officer

Steve Meyer, Economist

Barbara Guardino, Committee Assistant

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TAPE 191 SIDE A

007 Chair Brian Called meeting to order at 8:55 a.m. Opened work session with invited testimony for SB 346 A-Engrossed.

WORK SESSION -- SB 346A (INVITED TESTIMONY)

Refer to "State School Fund and Total for K-12 Distribution" -LRO Simulation 48 (EXHIBIT A) Includes new data for 1996-97, not shown on prior printouts.

025 Steve Meyer Part A: SB 346-A Distribution Formula

Part B: One-Time Classroom Needs

Part C: Capital grant Debt Service

089 Meyer Explained printout, page 1, "School Finance Distribution"

Student count and formula for revenue are up slightly.

120 All Questions and discussion concerning weighted cost per student, M50 implementation decisions.

164 Meyer Noted, most of gain-loss per student is about \$280.

175 Chair Brian There will be amendments to SB 346A that will reflect the "classroom column" and "capital column".

Summarized simulation 48: Out of 200 districts, 163 receive funds from equalization calculation; 19 from flat calculation, 18 from stop loss calculation. 85 % equalization calculation.

194 Meyer

Extended ADMW (Average Daily Membership Weighted) count: 613,000 total; 571,000 or 93 % are in equalization districts.

Identified sections of SB 346A

Section 1: Makes bill part of Oregon Revised Statutes, formula and distribution of revenue

Section 2: Deals with 1997-99 biennium

(1) (a): Flat grant districts, gives additional \$50 per student for 1997-98

221 Meyer (b): Flat grant district language, 1998-99

(c): Minimum amount a district can receive -- stop loss language

(d): Applies to Riverdale and Petersburg

Page 2:

(e): 1998-99 language for \$4,800 limit

244 Meyer Section 2 (2) line 7: Defines 1996-97 as base year for calculations

(b): Subtracts out PERS and desegregation money out of base year

(3): Adjustment for remote small school calculation

Section 3 line 17: Deals with 1999-2001 biennium, changes prior policy to only deal with one biennium at a time.

(1)(a): Flat grant for extended ADMW for 1998-99 -- updates base year

271 Meyer (b): Flat grant amount for 2000-2001

(c): Stop loss amounts

(d): Reference to \$4,800 limit for extended ADMW

Section 4: Phase-down of high revenue districts (above \$4,800 limit)

308 Meyer

Page 3:

Section 5: Deals with phase-down for 1999-2000

Page 4:

321 Meyer

Section 6: Deals with ESD payment

(2)(a): 71.33 % of M 5 loss; 100 % of M50 loss. This will be modified because no M5 loss in 1998-99. Amendment being prepared for this adjustment.

Section 7: Out of state placement of disabled students

352 Meyer Section 8: Creation of fund

Section 9: Transfer from state schools fund to out of state disabilities placement education fund

Section 10: Modifies definition of resident student pertaining to Petersburg/The Dalles situation

Page 6:

377 Meyer

Section 11: Makes changes retroactive to 1996-7

Section 12, line 18: Senate facility grant language

Page 8:

Section 13, line 22: Definition of facility grant as 6 % of construction cost of new school buildings

Line 18: Excludes Portland PERS from local revenue

Section 14: Makes changes in case sunset is removed

Page 10:

428 Meyer

Section 16: Deals with desegregation costs, excludes them from being counted as local revenue.

440 All

Questions and discussion concerning local revenue allocations.

TAPE 192 SIDE A

Continued review of SB 346A, page 10:

Section 16, line 34: 3 % growth limit on desegregation costs

059 Meyer

Section 17, line 37: Repeals July 1, 2005 subtracting desegregation costs from local revenue (sunset language)

Section 18, line 38: Youth corrections education funding

Page 11:

079 Meyer

Line 28: Gives Dept. of Education authority to set aside funds in making calculation distribution, if district underestimate student count.

090 All

Questions and discussion concerning student count, setting aside funds.

Resumed review of SB 346A

149 Meyer

Page 12:

Section 20: Reference change

Section 21, line 14: Beginning date for 1997-98 distribution

Section 22: Declares emergency, act takes effect July 1, 1997.

Noted, LC drafts are being prepared on: Distribution language for classroom funds and bond distribution;

Language concerning Education Service Districts (ESD's);

160 Chair Brian

Cost of doing business (testimony);

Rep. Simmons will submit amendments concerning rural schools;

-A35 amendments (EXHIBIT B): Explain efforts to achieve equity

196 Rep.
Edwards

Noted, Rep. Edwards and Rep. Shetterly have introduced cost of doing business amendments

220 Ossie Rose

In response to Rep. Shetterly's questions concerning timing of distributions creating cash flow problems, county assessor has put out a notice that, because of M50 assessors may not be able to levy taxes in November. Could be delay as late as January. One way to fix this is to speed up allocation for one year.

247 Rep.
Rasmussen

Referred to letter she received from Hillsboro School District concerning out-of-state disabilities fun.d. Has there been any discussion on this?

Chair said no, their has not been discussion.

263 Vice Chair
Beyer

Lane County Assessor said tax bills could be sent as late as January.

280 Ossie Rose

Concerning interest rates, legislature has changed its pattern so it can keep interest, is welcome to change it back.

312 Rep.
Simmons

Is encouraged by numbers shown in simulation 48, hopes Senate will concur.

Refer to written testimony "Riverdale School District 51J" (EXHIBIT C);

354 Jim
Mabbott

"Districts Receiving Over \$,800 Per Student Funding" (EXHIBIT D); and "Actual State Funding Received by Districts" (EXHIBIT E)

Requested lawmakers treat Riverdale the same as other school districts concerning distribution, and to give Riverdale one year to prepare for equalization.

TAPE 191 SIDE B

017 Gerald
Kolve

As a parent of Riverdale students, asked members to keep Riverdale at current funding for one more year, reduce funding more slowly than proposed. Has students in that system, and chose this for his kids because of the quality of Riverdale's education. Riverdale, has phenomenal results, has adopted a philosophy of thinking and putting what they learn to use. Riverdale has changed his children. It has taught them how to think.

059 Rep.
Edwards

Asked, why has Riverdale's cost per student always been so high.

- 064 Mabbott Voters have history of strong support. Prior to M5 they passed levies. Over \$4,300 per student has been raised in local property taxes
- 072 Chair Brian Asked, at \$7,400 per student, how is this being spent?
- 079 Mabbott Money goes primarily to staff . No extravagances, but teachers interacting with children, smaller classroom sizes.
- 090 Kolve Noted, technology is about the same as other schools. Difference is, fewer students per instructor so instructor is so involved with student that they are involved with real-life application.
Average class size is 20 (K-8) excluding specialists.
- 103 Mabbott Riverdale has stabilization fund of \$1.3 million; total budget is \$2.4 million.
- 125 Rep. Edwards Commented, Riverdale may be a model that rest of state should look at.
- 134 Rose Two issues:

1) Encouraged committee to raise funding figure to 75 % (figure resulting from M5 loss) rather than 71.3 % as proposed by Senate.

2) Encouraged committee to change distribution of marginal dollars, in case of a shortfall, to per student rather than equity basis.

- 167 Rep. Edwards Asked, where does COSA stand on cost of doing business.
- 173 Rose Will provide committee with cost study. COSA is still interested in regional cost, but not convinced about the approach. COSA does not support adding regional cost. Will debate it further.
- 191 Chair Brian Adjourned meeting at 10:00 a.m.

Submitted by, Reviewed by,

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Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. SB 346, Meyer, State School Fund and Total for K-12 Distribution 1997-99 Estimates, 10 pp.

B. SB 346, Meyer, Proposed Amendments: SB 346 -A35, 1 p.

C. SB 346, Mabbott, Riverdale School District 51J, 1 p.

D. SB 346, Mabbott, Districts Receiving Over \$4,800 per Student Funding 1996/97, 1 p.

E. SB 346, Mabbott, Actual State Funding Received By Districts 1996-97, 5 pp.

F. HB 2048, Scherzinger, HB 2048 -14, 419 pp.