

PUBLIC HEARING ON

SB 346 AND SB 355

TAPES 047 - 048 A/B

SENATE REVENUE COMMITTEE

FEBRUARY 18, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Tom Hartung

Sen. Randy Leonard

Members Excused: Sen. Joan Dukes

Guest: Sen. Verne Duncan

Witnesses: Rep. Barbara Ross, District 35

Tass Morrison, Student Services Director, Corvallis School District

Steve Johnson, Associate Superintendent of Special Education

John Charles, Sandy, OR

Staff: Steve Meyer, Economist

Carol Phillips, Committee Assistant

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TAPE 047, SIDE A

006 Chair
Baker Called the meeting to order at 9:08 a.m. Primary purpose over the next few days will be to look at the school distribution formula and not dealing directly with the adequacy of funding.

012 Chair
Baker Welcomed Sen. Verne Duncan, who will be a member of this committee.

OPENED PUBLIC HEARING ON SB 346

Rep.
017 Barbara
Ross Exhibit D - Memo dated 2/18/97 from Rep. Barbara Ross. Local school districts have a concern regarding severely disabled children in their districts who are placed out of state in very costly institutions. When that happens the school district then becomes liable for instructional, medical, and custodial costs of these children. That is dictated by federal law and causes concern at the state level because. While school districts should be responsible for instructional costs, they should not be responsible for medical and custodial costs as well. Each school district would be responsible for four times regular ADM for special needs children. If the expenses for a child placed in residential care outside the state of Oregon exceed four times the ADM level, the district would apply to the Department of Education for reimbursement. If the applications exceeded the \$400,000 per year allocation, then it would be prorated. A cap would be placed on the amount to be distributed, and it would cushion the impact, particularly on smaller school districts.

058 Tass
Morrison Exhibit E - Letter dated 2/18/97. Testimony in support of the proposed amendments to SB 346, which would authorize funds to be set aside from the state school fund to assist local districts who face exorbitant costs when children with disabilities must be placed in residential treatment centers in other states. Discussed how special needs children are sent out of state and why the cost to the state varies widely with each child. The state guarantees an education for every child regardless of how severely physically or emotionally handicapped they may be. Requests Senate Revenue Committee pass this amendment. Questions and discussion interspersed.

272 Morrison Went into greater detail on child from Corvallis district placed in Montana facility. The child was placed in the public school after being rejected from a parochial school because of the child's behavior. This third grade child kicked, choked, assaulted and threatened other children and adults. A full-time educational assistant and a psychologist were called in. The child locked the principal out of her office and proceeded to destroy the office interior. The child was removed from the special education system because he could no longer be safely transported anywhere. The child made obscene phone calls, assaulted animals, etc. This is an adopted child and the parents were not made aware of his neurological damage before receiving him. The family did not feel that the Childrens' Farm Home, located in the Corvallis School District, was an appropriate setting for their

child. Child has Reactive Attachment Disorder, and few institutions serve children as young as ten who have this disorder. Family located facility in Montana which could handle this child. Questions and discussion interspersed.

TAPE 048, SIDE A

- 002 Morrison The family rejected placement at Childrens' Farm Home, so state must pay more than twice as much for child's placement in Montana. And because state must provide FAPE (free, appropriate, public education) to all children, state must pick up the bill for wherever parents want their children sent, regardless of cost to the state.
- 076 Sen. Leonard Finds it hard to believe state must send child to whatever school its parents want no matter what the cost to the state
- 090 Chair Baker With a severely impacted child there are educational, custodial, and medical costs involved. Can these costs be negotiated with other agencies, such as Oregon Health Plan for the medical costs? Morrison answered that in the above-referenced situation, they are exploring billing Medicaid for the billable services the child is receiving. That may result in some reimbursement back to the school district. Also negotiated with the family to have their health plan support part of the cost, but their plan's cap was too low to yield any relief in this situation.
- 112 Rep. Ross Oregon's relationship with the federal government is very important in terms of working to increase flexibility in focusing on what is reasonable for severely disabled children. But to date Oregon has not been very successful, so the school districts are faced with going to court and creating further conflict and animosity between districts and parents. California has a model in which it distributes costs between different state agencies. Oregon could explore that, but it also creates more bureaucracy when there are four or five agencies dealing with one child and different eligibility criteria.
- 137 Steve Johnson Last year nine students were placed in programs outside of Oregon from a total number of over 56,000 students eligible for special education services. Over 1,000 students were placed in day or residential treatments. Costs paid by school districts covered everything. Responsibility for education of these special needs children is the school districts and the state. Education is frequently stuck with the entire bill for out of state placement, and this is often the result of legal action. Current cost for in-state placement is between \$46,000 and \$100,000 per year, of which only \$15,000 goes for education. The rest is room and board, therapy, etc. When a special needs child is placed in a state facility, the school district does not pay, it is borne by the state. Questions and discussion interspersed.
- 262 Johnson Exhibit F - Overview of 11% Waiver Reviews. Number of special needs children in Oregon is 56, 663. These are children disabled due to mental retardation, learning disabilities, blindness or other visual impairments, deafness, hard of hearing, autistic, health impaired, or have traumatic brain injury. In addition to being disabled, they require specially designed instruction to benefit from education. Each student must meet certain specific state requirements. Four major accountability systems are in place to monitor these students. Last year 125 school districts identified more than 11% of their students as being eligible for special education. Of those 125 districts, 81 requested approval to receive additional funding beyond the 11% they normally receive.

356 Chair
Baker Concerned that people look at this as an additional funding source for school districts.

CLOSED PUBLIC HEARING ON SB 346

OPENED PUBLIC HEARING ON SB 355

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TAPE 047, SIDE B

018 John Charles Exhibit G - Financing Schools Without Taxation: A Legislative Proposal for School Choice.

052 Chair Baker Asked witness if he could return next week when the Senate Revenue Committee would have more time to devote to this bill, and the witness agreed.

098 Chair Baker Adjourned meeting at 10:08 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. Measure 47, Scherzinger, 2/18/97 Measure 47 Progress Summary, 7 pages

- B. SB 346, Meyer, Proposed Amendments to SB 346 (-1), 2/13/97 (CH/ps), 2 pages
- C. SB 346, Meyer, Education and Cultural Facilities, 4 pages
- D. SB 346, Rep. Ross, Memo dated 2/18.97, 5 pages
- E. SB 346, Morrison, Letter dated 2/18/97, 2 pages
- F. SB 346, Johnson, Overview of 11% Waiver Reviews, 2 pages
- G. SB 346, Charles, Financing Schools Without Taxation: A Legislative Proposal for School Choice, 17 pages
- H. SB 355, Meyer, Revenue Impact Statement, 1 page
- I. SB 355, Meyer, Letter dated 2/14/97 from John Osburn, 2 pages