

WORK SESSION ON SB 346 TAPES 095 - 096 A/B

SENATE REVENUE COMMITTEE

MARCH 31, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair (arrived at 9:36 a.m.)

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Randy Leonard

Members Excused: Sen. Tom Hartung

Witnesses: Jim Mabbott, Superintendent, Riverdale School District

Staff: Steve Meyer, Economist

Carol Phillips, Committee Assistant

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005 Chair Baker Opened meeting at 9:15 a.m.

OPENED WORK SESSION ON SB 346

Steve Exhibit A - SB 346 (-19). Discussed previous (-16), (-17), and (-18) Amendments. Then

- 038 Meyer discussed (-19). Exhibit B - Proposed SSF Allocation for Flat Funded Districts Above and Below Cap.
- 082 Meyer Section 1 adds additional sections to the ORS.
- 084 Meyer Section 2 starts with the calculation for 1997-98 distribution year. Read and discussed (a) page 1 line 18 which deals with Riverdale and Petersburg School District situations and their high funding levels.
- 111 Meyer Read and discussed (b) page 1 line 10. Exhibit C - Run 26. Questions and discussion interspersed.
- 201 Meyer Read and discussed (c) page 1 line 14. Questions and discussion.
- 308 Meyer Read and discussed (d) page 1 line 18. Deals with Riverdale and Petersburg situation for 1997-98, i.e. the combined grant shall not be greater than \$4,700 per ADMw if the school district receives a State School Fund grant and that the district receive \$7,000 or more combined grants per student. Language should be added which would peg the \$7,000 to 1996-97. Chair Baker agreed.
- 337 Sen. Duncan Asked if any phase-in had been discussed as yet.
- Agreed that this Committee should talk about that. The concern Chair Baker has had about Petersburg is that since 1995-96 it has been manipulating student count back and forth between itself and The Dalles on paper creating double payment on between 80 and 100 students. The Chair does not have a lot of sympathy for that.
- 339 Chair Baker The Riverdale situation is that they are basically running a high school at \$11,000 per student. Even though they are tuitioning students in, it is a high socio-economic area. Riverdale has 14 students in-district and 16 out of district, for a total of 30 and has historically had high levying capacity. It is not defensible to maintain essentially a private school with what amounts to closed enrollment. Those students are capable of being tuitioned out to three or four surrounding districts at \$4,700 without any problem.
- Riverdale has about 225 elementary students funded at \$8,000 each.
- 384 Sen. Duncan Stated his concern for what would happen to the students with such an abrupt cutoff of funds.
- Understands Sen. Duncan's concern about the children involved, but believes the district can adapt. It has been spending over \$7,000 more per student than the rest of the state for

394 Chair Baker high school students. Riverdale has had six or seven years to understand what's going on, but they refuse to accept that. If the parents want to send their children to private schools, they can do that. But Chair Baker will not tolerate paying state money to support their institution.

410 Sen. Leonard Hard to explain to school districts he represents how a Riverdale situation could have been allowed to exist.

425 Chair Baker Stated it was hard to send \$3,000 to Riverdale for someone else's children and not have a good explanation for why.

433 Sen. Dukes Sympathetic to Sen. Duncan's argument, not for Petersburg which is double-billing, but has a lot of problems with Riverdale's using a public school system as a private school. As with many other school districts, hers has been ratcheted down one cut after another and had to make do.

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013 Sen. Dukes Petersburg has gotten away with the double-billing scheme too long, and now it has to stop. Has a lot of problems with Riverdale using public school funds to operate a private school.

025 Chair Baker Proposed cutting them from \$7,400 to \$4,700 beginning 7/01/97 and not over next four years like rest of school districts. If that is not enough money per student, they can send their children to surrounding school districts. Questions and discussion.

031 Sen. Leonard Supports more gradual reduction rather than drastic cut.

037 Chair Baker Suggested to Committee that because Petersburg has misused the system in double-billing for students and Riverdale is operating the equivalent of a private school with limited enrollment with public school funds, these acts offend him personally. These districts have had the capacity to do things differently but chose their direction and now should pay the consequences for their actions.

046 Sen. Leonard Would be a little more sympathetic if Riverdale and Petersburg were reduced to \$6,000 7/01/97, then 7/01/98 reduce them to the same level as other districts. Further questions and discussion.

113 Meyer Exhibit C - Run 26 questions and discussion.

140 Chair Baker In spring of 1991 after Measure 5 passed, he had to lay off 45 employees, many of whom were personal friends in the Clackamas School District. That was six years ago. Any school district in the state who did not see this day coming is either pretty naïve. This day of leveling had to come. Until now no one has had the political will to make the decisions. Feels this body two years ago should have collapsed the scales and done the

equalization. Further questions and discussion.

- 196 Vice Chair Bryant Believes Riverdale has located some land and started condemnation process to build a high school which they have done to avoid merging. The property, however, has not actually been purchased yet. Have until May to determine what they want to do. If their funding is reduced drastically they may decide not to build the high school and would have to merge with another district in their area. If that happens, depending on what school they merge with, they would be equalized at elementary and middle school figures the same as the district they merged with. Questions and discussion.
- 247 Jim Mabbott Riverdale has no teacher contracts extending beyond July 1, 1997. Not condemning property because they have an agreement to purchase property; however, the property owner has attempted to get more money out of the deal and is stalling completion. Currently have high school students tuitioned to Portland, Lake Oswego and West Linn. The money they receive mostly goes to pay teachers, not so much on surroundings. Objects to reduced funding. Feels less money would devastate district. Not asking for sympathy; asking for fairness. Feels if funding is going to be reduced, then do it over four years like the rest of the school districts and not all at once. Questions and discussion interspersed.
- 361 Chair Baker Has very difficult time with Riverdale's argument that they cannot survive on reduced funding.
- 388 Sen. Dukes Heated comments regarding situation in her district compared with those funded at twice her level.
- 408 Mabbott Understands what Sen. Dukes is saying because Mabbott has worked in districts like hers. Very sympathetic to plight; however, Mabbott wants to be treated like every other district and ratcheted down over four-year period, not all at once.
- 422 Chair Baker Asked Mabbott if Riverdale passed a levy in 1991...after Measure 5. (A check of the facts showed that Riverdale passed their levy six months after Measure 5.) In one way that could be seen as an attempt to avoid the effects of Measure 5. Chair Baker reiterated that he does not have a lot of sympathy for the financial situation in Riverdale.
- 445 Mabbott Said the people of Riverdale have followed every rule that was set down by Oregon and have done the best they can to educate their students. To imply that the people of Riverdale have done anything wrong or to misuse the system is inaccurate.

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- 025 Mabbott Says Riverdale wants to be treated the same as the other districts and have funding reduced over four years, not all now. Every other community prior to Measure 5 had an opportunity to pass an adequate tax base to operate their schools. Some did and some did not.

- 033 Sen. Leonard Does not support drastic drop for just a few districts. Agrees Petersburg should be cut off 7/01/97, but Riverdale should not be. "Afraid we may be shooting ourselves in the foot" with proposed drastic cut. Concerned about treating this district differently from the rest.
- 085 Chair Baker In 1991 this body mandated school mergers. There are still people resisting that mandate for various reasons. But for six years they knew this was coming, so why should we reward them for stalling? It would be nice to not force mergers of some very nice small non-unified districts. Questions and discussion.
- 097 Sen. Duncan Not so concerned about the proposed Riverdale high school, but what about the elementary school students and the impact there?
- 107 Chair Baker Stated Riverdale could negotiate with adjacent districts to maintain their elementary school if they wanted to.
- 109 Chair Baker Asked Mabbott if they have any cash reserves.
- 110 Mabbott Answered they have \$1.5 million for 400 students. Bond issue for new high school and elementary school gymnasium was \$10.5 million.
- 120 Chair Baker "If Riverdale was dropped to \$4,700, could they supplement that with the \$1.5 million for the next year without any diminution of their program?"
- 123 Mabbott Answered, "Yes, that could happen."
- 126 Chair Baker During the Sandy School District strike the people did everything necessary , from selling school buses, to holding bake sales, to keep their district operating. Still has no sympathy for Riverdale.
- 133 Sen. Leonard Chair Baker should be commended for doing what he is doing, but it is not fair to ask Riverdale about their cash reserves and not ask all the other districts provide the same information. Feels Riverdale is being singled out for punishment. Should have funding reduced gradually, not all at once.
- 146 Meyer Read and discussed (e) page 2 line 3.
- 157 Meyer Read and discussed (f) page 2 line 8. This is the Riverdale and Petersburg language. Read and discussed (A) and (B) starting on page 2 line 12.
- 167 Meyer Read and discussed (2) page 2 line 17.
- 175 Meyer Read and discussed (3) page 2 line 21. Relates to remote small schools.

- 202 Meyer Read and discussed Section 3 page 2 line 26. Mimics Section 2 but applies to 1999-01 biennium. Read and discussed (b) page 2 line 30. Read and discussed (c) page 3 line 3. Relates to stop loss amount for both years of 1999-02 biennium. Read and discussed (d) page 3 line 7. Relates to limit for both years of biennium. Read and discussed (2) page 3 line 12. Relates to base year 1998-99.
- 259 Meyer Read and discussed Section 4 page 2 line 18.
- 296 Meyer Read and discussed Section 5 page 4 line 9. Questions and discussion.
- 314 Meyer Read and discussed Section 6 page 4 line 31. Questions and discussion regarding Educational Service Districts.
- 386 Meyer Read and discussed Section 7 page 5 line 14. Describes the Petersburg and The Dalles situation but is being redrafted for clarification.
- 393 Meyer Read and discussed Section 8 page 7 line 19. Relates to Youth Corrections Education Program.
- 401 Meyer Read and discussed Section 9 page 8 line 8. Relates to estimates made by Department of Revenue.
- 415 Meyer Read and discussed Section 10 page 9 line 8.
- 418 Meyer Read and discussed Sections 11 and 12 page 10 line 9.
- 450 Chair
Baker Adjourned meeting at 10:35 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 346, Meyer, (-19) Amendments, (CH/ps) 3/19/97, 10 pages

B. SB 346, Meyer, Proposed SSF Allocation for Flat Funded Districts Above and Below Cap, 1 page

C. SB 346, Meyer, State School Fund and Total for K-12 Distribution, 7 pages