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Discussion of cost of educating students  
Bill # 2275, 2276, 2277

House Committee on  
State and School Finance  
March 7, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE  
SCHOOL FINANCE SUB COMMITTEE

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March 7, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

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Members Present: Chair Jim Welsh

Vice Chair Anita Rasmussen (8:43 am late arrival)  
Rep. Jane Lokan (8:38 am late arrival)  
Rep Ken Strobeck

Staff: James Scherzinger, Legislative Revenue Officer  
Terry Drake, Legislative Revenue Office  
Rhonda Wehler, Committee Assistant

Witnesses Present: Rich Marshall, Portland  
Beth Taylor, Secretary of State, Audit Division  
Walter Koscher, Department of Education  
Ozzie Rose, COSA

TAPE 7 SIDE A

004 Chair Welsh -calls the meeting to order at 8:30 am and conducts  
administrative business  
008 Beth Taylor -refers to Exhibit A, School District Audit of three sizes of

school districts in three geographically diverse locations

042 Rep Strobeck -asks about criteria, intent to determine efficiency  
-are results shared with districts

055 Taylor -intent to meet with districts at conclusion of audit, three  
districts will not be invited by school boards

067 Rep Lokan -how often audits are done

069 Taylor -intent not to audit every district every year

089 Chair Welsh -used data provided by DOE to select 5 districts in each  
category of size, then applied criteria in Exhibit A

094 Rep Lokan -asks when last audit was done, comparison would be helpful,  
only other audit was special investigation

104 Chair Welsh -in the areas taxpayers

109 Taylor -credit cards of interest to schools

124 Terry Drake -summarizes large number of incidences in Klamath Falls  
regarding proper use of credit cards

132 Rep Strobeck -electing audits for own operations

135 Taylor -contract with local CPAs, external audit is primary audit,  
although some large schools have own

143 -purpose of Sec. of State is for legislative committees, not replace  
financial audits by local CPAs

152 Rep Strobeck -asks cost

157 Taylor -K Falls was \$163K, can't estimate cost, hope to do largest  
district in 2,000 hours or less, funding hasn't been determined

178 Terry Drake -audit found K Falls hadn't applied for small school  
correction and could have funding retroactively

198 Taylor -school district must pay for audit, joint legislative audit  
committee has been requested for \$

210 Rep Lokan -asks hourly rate

213 Taylor -average charge rate of \$40/hour, range of \$37-\$62 hour

227 Chair Welsh -asks how other states are auditing

231 Taylor -answers hoping to identify high risk areas

245 Lokan -notes rapid growth in enrollment, possible to look at decreases in

enrollment

255 Taylor -plan to audit districts growing, maintaining, and decreasing

263 Chair Welsh -asks about private schools

269 Taylor -nothing about them will be compared

-director spoke with speaker of house, so direct legislative input  
304 Rep Strobeck -suggests cost benefit analysis to determine need to continue  
312 Chair Welsh -suggests format to compare cost benefits  
-expresses concern of audit to school districts  
330 Rep Lokan -time to complete  
33 Taylor -takes 8-12 weeks to complete field work, hope to complete by end  
of July, September to complete report  
343 Rep Lokan -request sub-committee be included in audit process  
357 Terry Drake -clarifies Attorney General required Sec. of State  
TAPE 8 SIDE A  
018 M. McConoughey -no net benefit for public relations people in school  
districts solicit curtailing public funds for publicity  
greater emphasis on productive function  
033 Rep Strobeck -policy makers paid more than communications people  
049 McConoughey -can't afford PR \$ spending for schools, not abolition, but  
curtailment  
063 Rep Rasmussen -asks if Corvallis school district has been studied,  
position description  
070 McConoughey -observes trade off in \$ spent, believes they should use \$ to

teach, has statewide concern, not just local, public relations  
cost-marketing

099 -titles not consistent between agencies  
106 Rep Lokan -concern spreads beyond communications area  
124 Rich Marsall -refers to Exhibit B, Oregon Expenditures Vs. Peer States  
-Total Current Expenditures, teacher's salaries, benefits, expenses  
-notes declining teacher base, increasing student rate which alters  
student/teacher ratio  
223 Marshall-compares peer states  
279 -stresses no decrease in teacher salaries, Oregon spends \$137 M more  
than neighboring states in salaries  
-cost benefit ratios, once benefits to employees are good, Oregon pays \$734

per student in teacher benefits compared to \$433 per student in peer states  
334 Rep Strobeck -asks underlying cost of benefits difference  
341 Marshall-good negotiating by employees, 38% payroll is good benefit  
package for private industry, in school district calculating, time off not  
included, SS medical, pension, workers comp. 26% in private industry, state

at 32-38%

-advocates presenting to employees, increase in overall medical coverage in

private industry goes to employee

TAPE 7 SIDE B

009 Marshall-phase in needed for decreasing benefit packages  
019 -refers to page 2, Exhibit B, Governor's Budget + additional  
appropriations, salaries and benefits are locked in for next biennium, by  
appropriating more \$, increase # of teachers, to improve student/teacher  
ratio  
078 -refers to page 3, Exhibit B, reducing benefits and slowing salary  
growth  
104 Rep Strobeck -expresses inability of legislators to control salary growth  
when local districts determine that  
113 Marshall-responsibility of legislature to report factual financial  
information to public, Oregon salaries fifth highest in country, public  
doesn't know that  
143 Chair Welsh -purpose of committee to find facts, not reach conclusions  
until later date  
188 Rep Lokan -sees these figures as part of looking at the total cost of  
education  
259 Terry Drake -refers to Exhibit C, Developments in School Finance Article  
339 Chair Welsh -conducts administrative business  
387 -adjourns meeting at 10:00 am

Exhibit Summary

A. Cost of Educating Students, Taylor, School District Audit, 2/14/95  
B. Cost of Educating Students, Marshall, Oregon Expenditures Vs. Peer States  
C. Cost of Educating Students, Drake, Developments in School Finance Article  
D. Cost of Educating Students, Drake, Department of Justice Questionnaire,  
2/16/95