

HOUSE COMMITTEE ON EDUCATION

June 29, 1993      Hearing Room E 1:30 p.m.      Tapes 107 - 110

MEMBERS PRESENT:    Rep. Carolyn Oakley, Chair Rep. Jim Whitty, Vice-Chair  
Rep. John Meek Rep. Patti Milne Rep. John Schoon Rep. Larry Sowa Rep.  
Sharon Wylie

STAFF PRESENT:            Linda Sample Brown, Administrator Carolynn  
Gillson, Assistant

MEASURES CONSIDERED:            HB 2773 - Student financial aid program -  
PAW SB 881B - Students in juvenile corrections ed. considered in  
distribution of State School Fund, PUB SB 898A - Exp. early interven.  
serv. to include family service plans, WRK SB 26B - Defines purpose of  
ESDs, PUB

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These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quotation  
marks report a speaker's exact words. For complete contents of the  
proceedings, please refer to the tapes. [--- Unable To Translate Graphic  
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TAPE 107, SIDE A

004    REP. CAROLYNN OAKLEY, chair:    Calls meeting to order at 1:40 p.m.

Public Hearing on HB 2773 Linda Adlard, SAFE Loan Program Tom Turner,  
Oregon State Scholarship Commission (OSSC) Robert Nosse, Oregon Student  
Lobby (OSL)

020    LINDA ADLARD, M Plan SAFE Loan Program: Over the last ten years,  
the cost of funding higher education in the U.S. has risen at the  
rate of 2 percent greater than health care costs. Continuing to  
raise tuition at the state schools will have a longlasting effect on  
the number of the students that attend. This program will make up  
for the dollars students cannot get elsewhere and it will allow  
for access. The program will help form partnerships with the  
private sector for financing higher education. > HB 2773-1 is the new  
bill (see EXH. A, June 24, 1993).

082    TOM TURNER, director of special services, OSSC: Talks about  
alternative student loan programs. > Leveraging private capital for  
student loan programs is the same concept that underlies the federal  
student loan programs. Those programs have been criticized for  
excluding too many students and families particularly because of  
restrictive income eligibility standards. Congress has relaxed some  
of those standards. > About one-third of all students enrolled in  
Oregon institutions of higher education are borrowing from these  
programs. The federal government is thinking about putting the  
administration of these programs in the hands of colleges instead of  
agencies. > Refers to information concerning several large scale  
alternative student loan organizations (EXH. A). > The program  
proposed in HB 2773-1 has some unique advantages for students and  
families such as interest subsidies so there are no interest payments

while the student is in school. > Disadvantage is the money to pay for the interest subsidies has to come from somewhere. > Goes into further detail concerning the Idaho version of the program. > Need a large amount of money in the trust in order for the program to work.

218 ROBERT NOSSE, executive director, OSL: Reviews the concerns OSL has about the SAFE Loan program and refers to additional information in their handout (EXH. B). > Is another loan program needed? > OSL feels students are borrowing too much to finance their higher education. > Reviews information in charts provided to the committee (see EXH. B). > OSL opposes the bill unless the committee makes the changes outlined in their testimony. > There is nothing to prevent individual institutions from starting a loan program on their own.

348 REP. WHITTY: Is there any connection between paying loans back and the major field of study in college?

NOSSE: Some specific majors are easier to find work in than others. In some fields, you have to be a little more creative to find work. Depends upon the market and the choices students make.

390 ADLARD: This program is for a small group of kids. A \$600 pledge is a one-to-six leverage, and is double for cash in hand. There are few investment opportunities to double our money immediately. The SAFE Loan program is licensed and has an agreement with the bank, schools and trust. > Many kids are dropping out of school and not all of them because of grades. Small loans often make the difference. > Talks about the program at George Fox College.

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033 CHAIR OAKLEY: What would you do if we could not find any money for the program or only a limited amount of money?

ADLARD: Each school that participates needs to have an up-front contribution. I believe I asked for \$10,000 per school to give them incentive to put this into place. If the program fails, the dollars would automatically go back to the school.

Work Session on HB 2773

056 MOTION: Rep. Meek moves to adopt the HB 2773-1 amendment. > There are no objections. MOTION: Rep. Meek moves HB 2773 as amended to the Appropriations Committee with a do pass recommendation.

REP. WYLIE: I don't feel it has been demonstrated that we really need this and it is any better than what we already have. Not willing to recommend use of lottery money for this program.

VOTE: In a roll call vote, the motion carries with Rep. Wylie voting NO.

Public Hearing on SB 881B Greg McMurdo, Department of Education (DOE) Karen Brazeau, DOE Wilma Wells, Confederation of School Administrators (COA) Jim Green, Oregon School Boards Association (OSB A) Rick Hill, Department of Human Resources (DHR) Norma Paulus, Superintendent of Public Instruction Roz Slovic, University of Oregon (U of O)

097 GREG McMURDO, DOE: Explains how similar legislation did not get anywhere last session. This bill would fund education of students in

juvenile correction facilities out of the state School Support Fund. It would also transfer the education programs to the DOE on July 1, 1994. The bill has the support of the Superintendent of Public Instruction.

120 KAREN BRAZEAU, DOE: The DOE has experience in other state operated facilities such as the State Hospital. About 80 percent of the children at MacLaren and Hillcrest are eligible for special education services. The DOE believes it could improve the program.

REP. MEEK: What do you plan on doing beyond what is already being done?

BRAZEAU: With more funds, there would be a higher quality program. Related services such as for speech and hearing problems have been lacking for students in special education programs.

REP. MEEK: How will the dollars allocated for these programs be handled if you take those programs from CSD?

BRAZEAU: The bill transferred that portion of CSD's budget to the DOE when the DOE takes over the education program. The DOE already manages the federal dollars for those programs. > Explains where additional funds would come from.

176 REP. MILNE: Was the money already allocated with the assumption this bill would pass?

McMURDO: It would occur because the state Basic School Support Fund is already administered within the DOE. If this bill does not pass, the money from the fund will be redistributed to the schools. School districts will get \$1 million less from the Basic School Support Fund if this bill passes.

BRAZEAU: OSB A and COSA support this bill because those students return to their local school districts. The farther behind they are, the more burden there is on the local district.

REP. MILNE: If the bill doesn't pass, why can't the money still go to CSD?

McMURDO: Because it is not appropriated to CSD.

212 WILMA WELLS, COSA: No matter where those children are housed, they need to be adequately educated and receive any special education services they qualify for.

229 JIM GREEN, OSB A: OSB A supports the bill and feels the money is well spent. If we don't give them the services they need now, then the local districts will have to spend more money when the students return to public school.

WELLS: Education has not been a priority with CSD because they have so many other needs to fulfill.

REP. MEEK: Cautious about calling this a wise investment. Early intervention is a better investment. > Not sure turning program over to DOE will make that much difference.

GREEN: Agrees early intervention is a good idea. Problem is the juvenile corrections facilities are not able to maintain the same level of program and services the kids received while they were still in

their local school districts.

312 RICK HILL, acting director, Juvenile Corrections, DHR: The age range at MacLaren and Hillcrest is 12 to 21. The kids are usually about three years behind grade level. For many years, CSD and DHR have funded these programs based on one teacher to every 15 students and without any special education services. After the programs were audited, they were found to be out of compliance with special education statutes. This bill puts the facilities in the situation where funding comes from the Basic School Support Fund and the responsibility will be there to get into compliance and stay that way. > Provides testimony concerning what the bill does (EXH. C) and responds to members questions.

358 WELLS: We are looking at making the education of these youngsters equal to the education offered in public schools.

REP. SCHOON: Sounds to me like the student-teacher ratio is good and there are counselors who take care of other student needs.

HILL: Yes, there are additional staff in the cottage living arrangements. We don't have any extracurricular activity such as PE, music, and speech or hearing therapy.

REP. SCHOON: These are bad kids who need more help and control. The investment opportunity is already lost. It is not a matter of equity, but a matter of putting more money in the programs so there are more opportunities. We are already spending more money on these kids than any others in the system.

412 REP. MILNE: I have a difficult time thinking of this as equity. I have visited both schools and was impressed with the program and opportunities that exist now. There are a lot of students in publish schools and around the state who are not getting their fair shake.

HILL: Because we are out of compliance with the special education statutes, the entire state's federal grant is in jeopardy and it affects children all over this state.

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025 BRAZEAU: The programs at both schools are seriously out of compliance. Because the kids have been placed there for unacceptable behavior, the state may not withhold services that are legally due them. Those children are not receiving the special services other children with disabilities are receiving. It is a serious legal issue.

REP. MEEK: Why bring it up here and not in Appropriations?

HILL: This issue was not raised in the House or Senate Ways and Means Committees. The money is already in the Basic School Fund which is distributed by the DOE.

REP. MILNE: How long have you know the programs are out of compliance?

HILL: Last session, both CSD and DOE were looking at correcting the problem. We may be the last high school in Oregon that does not access the Basic School Support Fund. We've known we have been out of compliance for some time but were not in a position to lose funding before.

085 NORMA PAULUS, Superintendent of Public Instruction: The programs are not up to standard. The money has already been appropriated. It means taking \$1.81 from every other school child in the state and putting it into MacLaren. This state is in jeopardy of losing federal funds for all special education kids. CSD and AFS are not equipped to educate these children.

110 ROZ SLOVIC, University of Oregon Specialized Training Program: Reviews her written testimony in support of the bill (EXH. D)

Work Session on SB 898A

143 KAREN BRAZEAU, DOE: Reviews what the bill will do.

CHAIR OAKLEY: If the incentive funds went away, would the program for the birth-to-three year olds with severe disabilities go away?

BRAZEAU: If the federal funds for the program went away, the Legislature would need to make a policy decision on whether to continue the program at any level.

CHAIR OAKLEY: I have a problem with getting trapped in a program we cannot afford to fund.

185 KATHRYN WEIT, Families as Leaders: The state has provided these services since 1983 out of general fund money. Local school districts and families have testified this is truly an investment program. Refers to the SB 898 -A2 amendment (see EXH. O, 6-22).

CHAIR OAKLEY: Another amendment is being drafted on this bill.

Public Hearing on SB 26B Norma Paulus, Superintendent of Public Instruction Vickie Totten, Oregon School Boards Association (OSB A) Rep. Ray Baum Wilma Wells, Confederation of School Administrators (COSA) Ruth Hewett, Oregon State Boards of Education (OSB E) Joyce Benjamin, Department of Education (DOE) Jim Maxwell, Lane County Education Service District Gerald Bennett, Oregon Association of Education Service Districts (OAESD)

208 NORMA PAULUS, Superintendent of Public Instruction: This bill was introduced because we have too many Education Service Districts (ESD). Fewer ESDs would reduce administrative positions, save money and make schools more accountable. The number of school districts are being reduced because of SB 917 (1991 session). We don't need 29 ESD's. > Talks about the group of ESD superintendents who met during the interim and reported their recommendations to the DOE (see EXH. C, 6-22). > Urges the committee to pass the bill which is based on sound rationale and a well thought out plan. > Does not oppose to Rep. Schoon's proposed amendment which would have ESD boards comprised of existing school board members. Only problem is there could be 16 to 19 board members.

314 VICKIE TOTTON, OSB A: Talks about consolidating ESDs and refers to her handout (EXH. E). > Explains why OSB A feels having the same people serve on school boards and ESD boards at the same time is not feasible. > It is no longer feasible to provide ESD services on a county-by-county basis because of technology. > Reviews information outlined in her handout on ESD services. > OSB A does not endorse any one configuration

of ESDs. > Feels ESDs provide good quality services to children.

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004 REP. MEEK: Can you demonstrate other areas where administrators have been eliminated?

TOTTEN: Schools districts across the state are going through mergers and reducing superintendents either from retirement or layoffs. > Gives example of employes from ESDs becoming employes of the school district formed by the merger.

048 REP. RAY BAUM, District 58: Asks committee when it goes into work session to consider the SB 26 B-17 amendments (EXH. F) which gives Wallowa county an ESD by itself.

072 WILMA WELLS, COSA: Provides written testimony in support of SB 26B (EXH. G). > Talks about the cost effectiveness of ESDs. > Lists services ESDs provide.

132 REP. MEEK: Who determines if an ESD is substandard?

WELLS: This has been no way to keep ESDs accountable for the funds they get from the state or from the taxpayers. SB 26 sets up the same standardizing process school districts have. ESDs will either have to meet the standards or get by without the Basic School Support Funds. > In smaller school districts, ESDs have larger administrative costs per pupil. In larger school districts, the costs are spread out over many students. > Talks about services provided by ESDs.

185 REP. SCHOON: In Section 13, what are relevant services and administrative functions for ESDs?

WELLS: ESDs must show administrative costs in their budget. The budget is approved by the OSB E Budget Committee.

234 RUTH HEWETT, member of OSB E: Talks about the task force meetings held to discuss the ESD issue. Lists important values: have at least 10,000 students in an ESD, have a community college or higher education facility within the ESD, and people should not have to travel long distances. > Talks about having two social service advisors at ESD board meetings.

309 REP. MEEK: If a boundary board received a petition from an adjoining school district for a merger, is there anything in this bill that would prevent proceeding with the merger?

McMURDO: No, as the bill is presented to you. If you adopt the amendments proposed by Rep. Jones or Rep. Baum, the bill would stop the OSB E from changing those boundaries which will be established by statute. An ESD could only change their identified region with approval of the effected school districts.

355 CHAIR OAKLEY: What are the costs involved doing the mergers proposed in SB 26?

McMURDO: There is no election required under the bill so those costs would be eliminated.

CHAIR OAKLEY: How are ESDs funded?

381 JOYCE BENJAMIN, DOE: Describes different ways ESDs are funded. Core funding comes from a local levy and from contracts for certain services. Administrative costs come off the top. Rest of the money goes for resolution services. Budget committee drafts those resolutions and sends them to all the school districts in the ESD. It takes 2/3 rds of the districts within the ESD to approve a service.

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005 BENJAMIN: Explains the differences in funding with the present system and the proposed system. > After ballot measure 5, we had for the first time state dollars going in to replace the property tax levy. Those replacement dollars are subject to the resolution process. They will also have to be budgeted according to standards developed by the OSB E. > If an ESD is not in compliance with the standards, it would be possible to withhold the dollars. > The task force also proposed some funding come from the general fund to the newly organized ESDs. No dollar amount was ever set.

054 CHAIR OAKLEY: Are there more dollars going to ESDs because of the merger?

BENJAMIN: The state tax dollars would be less. > Further discussion on funding ESDs.

140 JIM MAXWELL, Lane ESD Superintendent and president of Oregon Assoc. of ESDs: Provides and reviews testimony from the Lane ESD (EXH. H) and the testimony from the OAESD (EXH. I). > Explains how they provide services through contracts and the resolution process. > OAESD does support fewer ESDs but suggests no fewer than 15. It is a state policy level decision. > ESDs can serve a significant role for integration of social services for the one-stop shop approach.

230 REP. MEEK: I notice there is some new language in this bill dealing with employment training and social services. Why would ESDs get into those issues and who are their clients?

MAXWELL: Explains how ESDs are already involved in employment training. The program between the high school and the community college is coordinated by the ESD.

293 GERALD BENNETT, superintendent of Linn-Benton ESD and chair of the OAESD Legislative Committee: Talks about job training which is part of the statutes. > Reviews his testimony on ESDs (EXH. J). > SB 26 is about an education partnership between the DOE, ESDs, local school districts, community colleges, higher education and DHR. > Talks about cost efficiencies in SB 26. The Legislature should be concerned with the entrepreneurship of ESDs. ESDs need to be accountable to their school districts.

TAPE 110, SIDE A

013 REP. MEEK: Show me a merger or regionalization that has provided better service at a lesser cost. Show me a parallel structure that has gotten bigger and still cut administrative costs.

BENNETT: ESDs are cost efficient organizations but you have to get inside one to see how it would work.

050 CHAIR OAKLEY: Adjourns the meeting at 4:05 p.m.

Reviewed and submitted by:

Carolynn Gillson Assistant

EXHIBIT LOG: A - Testimony on HB 2773 - SAFE Loan Program - 7 pages B -  
Testimony on HB 2773 - OSL - 5 pages C - Testimony on SB 881A -  
Juvenile Corrections - 4 pages D - Testimony on SB 881A - U of O - 2  
pages E - Testimony on SB 26B - OSB A - 6 pages F - SB 26-B17  
amendment - Rep. Baum - 1 page G - Testimony on SB 26B - COSA - 2 pages  
H - Testimony on SB 26B - Lane ESD - 1 page I - Testimony on SB 26B -  
OAESD - 7 pages J - Testimony on SB 26B - OAESD - 4 pages