

Tapes 11 A/B
12 A/B
13 A/B
14 A
Orientation:
School Finance

HOUSE COMMITTEE ON Timber Taxation
REVENUE AND SCHOOL FINANCE

JANUARY 19, 1991 8:30 AM HEARING ROOM F STATE CAPITOL BUILDING

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Members Present: Representative Delna Jones, Chair
Representative John Schoon, Vice Chair Representative Tom Brian
Representative Mike Burton
Representative Margaret Carter
Representative Tony Federici
Representative Fred Girod
Representative Gail Shibley
Representative Greg Walden
Representative Jim Whitty

Witnesses Present: John Marshall, Oregon School Board Association

Staff: James Scherzinger, Legislative Revenue Officer
Steve Bender, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 008 SIDE A

001 CHAIR JONES called the meeting to order at 8:05.

-Due to the 24 hour notice rule, the Committee Rules will be adopted after 9:00 a.m.

041 TERRY DRAKE: Presents historical comments about school finance in Oregon.

-Budgets and major changes in the formula. Most resources for schools come from state, and the theory behind this system is equalization derived through a cost adjustment for individuals with higher needs. He discusses the previous formula, and how the current one was derived (EXHIBIT C, 1-18-93).

-Continues with review of school finance.

TAPE 12 SIDE A

010 TERRY DRAKE: Continues his explanation of the school funding formula. Joint Interim Committee on Revenue and School Finance

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03 6 JOHN MARSHALL, OREGON SCHOOL BOARD ASSOCIATION: Discusses special programs for some Oregon children and the costs of these programs.

-It is mandated under Oregon Law that every child in the state must be educated, even those with multiple handicaps.

171 TERRY DRAKE: Explains a chart in his exhibit, "94-142 students" about the weighting system in school funding. The distribution of ADM children is proportional across districts in the state and has not resulted in a monumental shift in money across districts since the system was implemented.- The policy issue to be decided by the committee is whether or not to continue weighting the lower end of the scale, especially if the higher end is raised (EXHIBIT C, PAGE 7).

-Continues explanation of the categories involved in weighting (EXHIBIT C, PAGE 2).

366 MARSHALL: Explains how children qualify for additional weighting in the category of "English as a second language."

388 TERRY DRAKE: States school districts were using the federal census definition of poverty in that particular weighting category and he raises the issue of the appropriateness of using the federal data.

TAPE 11 SIDE B

NOTE: Questions and discussion continued concerning the weighting for "poverty students" in the school funding formula.

047 TERRY DRAKE: discussed the categories of "Union High School District" and "Elementary School District" in the weighting process.

- -Transportation is separate from the formula and added to the school fund.

Questions and discussion

140 TERRY DRAKE: Continues explanation of how the state school fund grant

is calculated for each district.

Questions and discussion interspersed

324 TERRY DRAKE: Some federal monies cannot be offset and cannot be included in the formula.

Questions and discussion

373 TERRY DRAKE: States there are other factors in the formula beyond the foundation he discussed. The "small school

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correction" is one of these factors, although this factor existed in the old formula. This factor works on a "school building" basis and is based on a sliding scale (EXHIBIT C, PAGE 2) .

TAPE 12 SIDE B

NOTE: Questions and discussion continue concerning the "small school correction."

059 TERRY DRAKE: Discusses the "teacher experience" factor. The target grant amount is used for this factor, as is a classroom size of 20 students. A "statewide average experience" (of 13 years) is the basis for this factor.

-One last major policy question related to the restrictions the legislature put on the school funding formula, which was labeled "hold harmless" and resulted in the higher end not being lowered significantly.

-Further explains the "Transportation Grant" factor in the school funding formula, which works on a basis of estimated costs for a current year.

Questions and discussion

362 CHAIR JONES: Recesses the meeting at 9:55 a.m. and reconvenes at 10:14 a.m.

368 RICHARD YATES: Reviews his exhibit on the orientation material, "27 Million Acres of Forest Land" (EXHIBIT B).

TAPE 13 SIDE A

002 RICHARD YATES: Continues his discussion of forest land in Oregon.

-Reviews the history of forest taxation, beginning in 1856, and clarifies the current practices. "Severance" and "yield" taxes are terms used interchangeably, but these taxes were defined as "privilege taxes" to remove them from the impact of Measure 5.

-Describes the current system in more detail by using a chart that outlined "Western Oregon Timber Revenue."

Questions and discussion

TAPB 14 SIDE A

002 Questions and discussion continue regarding the severance tax.

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029 RICHARD YATES: Discusses lands owned or managed by the State of Oregon. As the state sells timber, the income goes into the "Common State Fund", managed by the State Treasurer. The earnings from the principle in the fund go out to school districts.

Questions and discussion

interspersed

069 RICHARD YATES: Explains that monies earned from county forest lands stay in the county.

-Explains the taxation of federal timber, which is divided between "BLM" lands and "forest service" lands.

-Discusses the next table, which shows "Revenues From Timber For Local Government."

TAPB 13 SIDE B

002 Questions and discussion continued concerning the timber severance tax.

021 RICHARD YATES: Discusses the chart and graph on page 8 of his material, which had data of the "Oregon Timber Harvest."

-States the values through 1991 of the graph reflect the numbers in the chart.

071 VICE CHAIR SCHOON: Adjourns the meeting at 11:20.

Submitted by:	Reviewed by:
Katy Yetter	Kim James
Committee Clerk	Office Manager

EXHIBIT LOG:

- A - Research Report - Staff - 15 pages
- B - 27 Million Acres of Forest Land - Staff - 8 pages
- C - Testimony on Schools from 1-18-93 - Staff

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