

Work Session: HB 2437 SB 357A Tapes 63-64 A/B

HOUSE COMMITTEE ON
REVENUE AND SCHOOL FINANCE

MARCH 25, 1993 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Delna Jones, Chair Representative John Schoon, Vice Chair Representative Ron Adams 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: Ted Reutliner, Legislative Counsel
Walter Koscher, Coordinator, School District
Services, Department of Education

Staff: James Scherainger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 63 SIDE A

007 CHAIR JONES called the meeting to order at 8:50 and conducted administrative business.

023 CHAIR JONES opened the Work Session on SB 357A.

026 STEVE MEYER explained the amendments SB 357-A6 and SJR357-A7. SJR 357 -A6 added a financial impact estimate to SB 357 (Section 4) and also added a declaratory statement. These amendments changed the election date to June 29, 1993, and the appropriation was changed from \$811,000 to \$900,600 because there would be fewer local measures to share the cost of a June election. Exhibits 1 and 2
Questions and discussion

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House Committee

on

Revenue and School Finance March 25, 1993 Page 2

043 STEVE MEYER related that SB 357-A6 solely dealt with the SJR10 being on the ballot in June. SB 357-A7 contained the amendments SB 357-A6 with additional language that would include HJR 59 on the ballot in June, if it passed by both Houses and was signed by the presiding officers by April 8, 1993 (see "Proposed Timeline" exhibit). SB 357-A7 would also cause changes in the ballot title. Exhibits 1, 2, and 3

059 TED REUTLINGER explained that the main difference between SB 357-A6 and SB 357-A7 was that there was not yet a ballot title for HJR 59, no explanatory statement, and no fiscal impact statement since the measure has not yet even passed the House, while the election bill (SB 357A) was much further ahead in the process.

078 CHAIR JONES clarified that if HJR 59 failed to be passed within the time frame specified in the election bill (April 8), it would have no impact on SB 357A. Exhibit 3

108 REP. BURTON mentioned the Fiscal Analysis, which reduced the amount of local share for the election and increased the state costs to \$900,000. He asked for an explanation. Exhibit 4

Discussion

113 STEVE MEYER reiterated that the fiscal impact SB 357A increased because there are fewer local ballots sharing the election costs.

117 REP. BURTON asked the Chair to strike the words "a few" on Page 3 of SB 357 -A7, line 19.

Discussion

153 CHAIR JONES clarified that the only issue to be addressed was what changed in SB 357A due to the impact of SJR10. Also the election date would have to be added.

169 JIM SCHERZINGER said two other changes had been made in SB 357-A7, as follows: One wrote the explanation statement and estimate of financial effect in attempt to reach the May date. These two changes were still in the amendments SB 357-A7.

Questions and discussion with TED

REUTLINER

237 CHAIR JONES asked what changes would have to be made if HJR 59 were not added into SJR357A.

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House Committee

on

Revenue and School Finance March 25, 1993 Page 3

230 TED REUTLINER responded that the only thing that would have to be changed was the election date in Section 2, on line 8 to June 29, and on page 3, lines 33 and 34 the same date would be added, and the amount of the appropriation on page 3, line 31 (\$900,600).

Discussion

261 TED REUTLINER suggested another change related to original language (page 3, lines 6-8) that applied SB 357 to SJR10 and stipulated that the Secretary of State should only print materials related to SJR10 in the voters pamphlet. If there is a possibility of adding HJR 59 to SB 357, this language should be taken out.

Discussion

297 CHAIR JONES recessed the meeting at 9:10 and reconvened at 9:24, and she conducted administrative business.

299 CHAIR JONES closed the Work Session on SJR357A because of language changes that need to be done.

305 CHAIR JONES opened the Work Session on HB 2437

341 CHAIR JONES discussed "Run 7," the school distribution formula that does not appropriate money. Rather it is a process to distribute the money.

Exhibit 7

371 TERRY DRAKE discussed "Run 7" which assumes a certain amount of revenue and how it will be distributed under HB 2437. This formula has a "flat funding" provision,, which he described, along with the amount of money that is assumed to be available. Exhibit 7

TAPE 64 SIDE A

002 TERRY DRAKE continued his explanation of the proposed school formula discussed in relation to HB 2437. Another provision he referred to was a "stop-loss" provision related to the dramatic decline in revenue available. He also pointed out known data errors in the exhibit. Exhibit 7

053 TERRY DRAKE related that this proposed school formula is a proportionality formula based on the 1992-93 resource levels, and

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House Committee on
Revenue and School
Finance
March 25, 1993 Page 4

he explained the method of distribution. There were two adjustments to the 1992-93 levels: (1) the school transportation fund would be separate, and (2) for student population, which is the only fundamental adjustment and which he explained from numbers on his "run". Exhibit 7

091 CHAIR JONES thanked the working group for their work on this issue.
Discussion

115 REP. WALDEN briefly discussed the process of the working group on the proposed school formula in HB 2437.
Discussion

165 CHAIR JONES conducted administrative business. She asked staff to present numbers on student population changes in school districts throughout Oregon.
Discussion

203 CHAIR JONES recessed the meeting at 9:47 and reconvened at 10:27.

209 CHAIR JONES opened the Work Session on SB 357-A.

212 TED REUTLINGER explained the amendments SB 357-A8, which change the election date from May 18 to June 29, 1993 in two places increase the amount of the appropriation from \$811,000 to \$900,600, and delete lines 6-8 of page 3, which would allow other measures to be in the voter's pamphlet that is prepared for this election. Exhibit 10

228 MOTION REP. BRIAN moved the amendments

SB 357-A8 to SB 357A.

DISCUSSION

237 ORDER There being no objection,

CHAIR

BRIAN so ordered.

238 MOTION REP. BURTON moved SB 357A as amended to the House Floor

with

a do-pass recommendation.

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House Committee on
Revenue and School Finance March 25, 1993 Page 5

DISCUSSION

255 REP. WALDEN raised a concern about the term "project" in SJR10, after some discussion with Legislative Counsel.

290 CHAIR JONES responded to the concern by relating that the Property Tax Subcommittee would develop statutory language in SB 14.

Discussion

350 VOTE The motion passed 11-0. Ayes:
REPS. CARTER, FEDERICI, GIROD,
SHIBLEY, WALDEN, WHITTY, ADAMS,
BRIAN, BURTON, SCHOON, and
CHAIR JONES.

365 CHAIR JONES closed the Work Session on SB 357A and opened the Work Session on HB 2437 .

368 JIM SCHERZINGER asked members to disregard amendments HB 24371. He then discussed the amendments HB 2437-2, which entirely replace HB 2437. Exhibits 11 and 12

397 JIM SCHERZINGER described Section 1, which contained the school fund formula for 1994. Section 2 contains the school fund formula for 1994-95, and Section 3 contains the formula for Education Service Districts (ESD's). He explained each of these sections, beginning with a definition of the "general purpose grant" contained in Section 1. Exhibit 12

TAPE 63 SIDE B

002 JIM SCHERZINGER continued his explanation of the first section of HB 243 7-2. Subsection 2 contained language about the "transportation grant." Exhibit 12

Questions and discussion

041 JIM SCHERZINGER further explained Section 1 of HB 2437-2, discussing Subsection 3. Exhibit 12

Questions and discussion interspersed

082 JIM SCHERZINGER explained the formula in subsection 3 of

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House Committee

on

Revenue and School Finance March 25, 1993 Page 6

Section 1 in HB 2437-2. Exhibit 12

093 JIM SCHERZINGER talked about Subsection 4, Section 1 of HB 2437-2, having to do with a proportional reduction of funds. Exhibit 12

Questions and discussion

145 JIM SCHERZINGER explained Section 2 of HB 2437-2, which relates to the years 1994-95, the second year of the biennium. It states that there won't be an adjustment in funds from the previous year, except for the funding percentage. There are no adjustments for student county change or any other weight changes within the district. Exhibit 12

Questions and discussion

165 JIM SCHERZINGER related that if there is additional money for the second year of the biennium, all districts would get the same percentage increase.

Questions and discussion

191 REP. BRIAN related that the working group had not determined how extra money, if any, would be administered for the second year.

Questions and discussion

250 JIM SCHERZINGER further explained Section 2, subsection 2 of HB 2437. Exhibit 12

Questions and discussion

257 CHAIR JONES reiterated that there would be no adjustment for population during the second year of the formula. She emphasized that the formula attempts to guess at possible local fluctuations in growth.

Questions and discussion

281 JIM SCHERZINGER repeated that if there was extra money in the second year each district would get an equal share (e.g., if there was 3% more money, than every district would get 3% more money).
Questions and discussion

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House Committee

on

Revenue and School Finance March 25, 1993 Page 7

Discussion

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390 REP. GIROD expressed his displeasure with the way the second year funding is set up.

Discussion

419 CHAIR JONES stressed that HB 2437-2 would not have any effect of new money that would become available during the second year of funding, and that she would put together another working group to determine how to deal with the new money.

Questions and
discussion

TAPE 64 SIDE B

002 Questions and discussion continued about funding for the second year of the formula -- Section 2, HB 2437-2. Exhibit 12

052 CHAIR JONES conducted administrative business.

061 JIM SCHERZINGER explained Section 3 of HB 2437-2, which related to ESD funding. Exhibit 12

067 JIM SCHERZINGER said Section 4 contained the main section of current law, and that it amended current law. He explained the changes that would occur. Exhibit 12

085 JIM SCHERZINGER related that Section 5 had the definitions of the permanent distribution formula. On page 4, in the permanent formula, the sunset is removed (which had been on ADM weight count for Union High School District). There were also grammatical changes in this section, and on line 10 there was a language change relating to small school districts. Exhibit 12

Questions and discussion related to small school units.

114 TERRY DRAKE said Section 5 related to form and not content. If schools qualify as having 250 students or less, they can qualify for more funding on a sliding scale under the current formula. He explained the rationale for this. Exhibit 12

Questions and
discussion

140 JIM SCHERZINGER discussed lines 14-22 in Section 5, which

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House Committee on

Revenue and School

Finance

March 25, 1993 Page 8

dealt with the "poverty weight." Exhibit 12
Questions and
discussion

150 WALTER KOSCHER explained the number on page 4, line 14 of Section 5, which reflects language from the Federal Department of Census forms relating to children from the ages 5 to 17. Exhibit 12
Questions and
discussion

158 WALTER KOSCHER thought the change was in language not in substance concerning the definitions from the Federal Department of Census. He believed the error occurred last Session in making the age limit "18" instead of "17." Exhibit 12

172 JIM SCHERZINGER described Section 6, which actually changes the name of the small school correction to "remote" rather than "necessary." Exhibit 12

175 JIM SCHERZINGER discussed Section 7, which deals with the adjustments the Department of Education (DOE) makes to allocations to individual districts as new statistics or data is obtained (e.g., on population changes, revenue changes, etc). The proposed changes would make the process work better. Exhibit 12

184 WALTER KOSCHER explained why the DOE proposed the changes in Section 7, which he believed was merely a fine tuning of adjustments based on new data received from the districts. The changes in Section 7 will enable funding on a more current basis than has been done in the past. Exhibit 12
Questions and
discussion

231 WALTER XOSCHER reiterated that it was information from the school districts that prompted the DOE to make the proposed changes in HB 2437-2, Section 7. Exhibit 12

Questions and
discussion

273 JIM SCHERZINGER related that Section 8 also contained the DOE's recommended changes. Exhibit 12

275 JIM SCHERZINGER said Section 9 had the dates and emergency clause for HB 2437-2. Exhibit 12

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House Committee on
Revenue and School Finance March 25, 1993 Page 9

285 CHAIR JONES asked the Committee to stand at ease.

297 CHAIR JONES recessed the meeting at 11:28 and reconvened at 11:34.

301 MOTION REP. SCHOON moved to adopt
 the amendments HB 2437-2 to
 HB 243.7

NO DISCUSSION

306 ORDER There being no objection, CHAIR
 JONES so ordered.

307 MOTION REP. SCHOON moved HB 2437 as
 amended to the House Floor with
 a do-pass recommendation.

DISCUSSION

326 CHAIR JONES referred to a handout from Legislative Revenue Staff that show ADMw's for Oregon school districts (weighted for the formula), which

didn't convey direct student numbers. She asked staff for more information on the direct student numbers. Exhibit 13

360 CHAIR JONES clarified that HB 2437 is not a permanent change in the school formula; rather, it is an adjustment to the formula for a two-year period.

363 VOTEThe motion passed 10-1. Ayes:
REP. FEDERICI, SHIBLEY, WALDEN,
WHITTY, ADAMS, BRIAN, BURTON,
CARTER, SCHOON, and CHAIR

JONES.

Nays: REP. GIROD.

378 CHAIR JONES conducted administrative business.

401 CHAIR JONES adjourned the meeting at 11:40.

Paula K. McBride, Committee Assistant

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House Committee on
Revenue and School Finance
March 25, 1993 Page 10
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. SB 357-A6, Steve Meyer, Legislative Revenue Office.
2. SB 357-A7, Steve Meyer, Legislative Revenue Office.
3. Proposed Timeline, June 1993, Special Election (SB 357 Amendment A-7 incorporating HJR 59 - Version C), Steve Meyer, Legislative Revenue Office.
4. Fiscal Analysis of Proposed Legislation, SB 357, Roz Shirack, Legislative Fiscal Office.
5. Staff Measure Summary, SB 357A-6, Steve Meyer, Legislative Revenue Office.
6. Revenue Impact Analysis, Legislative Revenue Office.
7. Run #7: Proportional Reduction-Per Weighted Student, Terry Drake, Legislative Revenue Office.
8. Testimony of Dr. Carole B. Ricotta, Superintendent, Josephine County School District, 3/8/93.
9. Communication to: Revenue and School Finance Committee, Oregon's School Funding Formula, Dr. Carole B. Ricotta, Superintendent, Josephine County School District, 3/10/93.
10. SB 357-A8, Ted Reutliner, Legislative Counsel.
11. HB 2437-1, Jim Scherzinger, Legislative Revenue Office.
12. HB 2437-2, Jim Scherzinger, Legislative Revenue Office.
13. LRO Data Base -- ADMw, Terry Drake, Legislative Revenue Office.
14. Revenue Analysis of Proposed Legislation, HB 2437, Terry Drake, Legislative Revenue Office.
15. Staff Measure Summary, HB 2437-A, Terry Drake, Legislative Revenue Office.

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