

SENATE COMMITTEE ON EDUCATION

February 25, 1993 Hearing Room 343 3:00 p.m. Tapes 24 - 26

MEMBERS PRESENT: Sen. Catherine Webber, Chair Sen. Stan Bunn Sen. Ron Cease Sen. Shirley Gold Sen. Paul Phillips

STAFF PRESENT: Jan Barga, Committee Administrator Julie Mušiz, Committee Assistant

MEASURES CONSIDERED: SB 26 - Clarifies the purpose of education service districts

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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 ---]

TAPE 24, SIDE A

001 CHAIR WEBBER: Calls meeting to order at 3:10 p.m.

(Tape 24, Side A) SB 26 - CLARIFIES THE PURPOSE OF EDUCATION SERVICE DISTRICTS - PUBLIC HEARING WITNESSES: Denny Jones, Oregon State Representative, District 60 Jim Kiefert, Superintendent, Chenoweth School District Richard Laughlin, Superintendent, Clatsop ESD Sally Bunnell, Washington ESD William Molendyke, Superintendent, Tillamook ESD John Young, Superintendent, Washington Co. ESD Verle Bechtel, Superintendent, Columbia ESD

Jonathan Hill, Superintendent, Lake Co. ESD Dennis Mills, Superintendent, Harney Co. ESD Gerald Bennett, Linn-Benton ESD Bob Burns, Oregon Department of Education Joyce Benjamin, Oregon Department of Education Irv Smith, Association of Community Mental Health Programs

004 DENNY JONES, OREGON STATE REPRESENTATIVE, DISTRICT 60:
Testifies in support of SB 26, but would like to see some amendments added to deal

with concerns of Eastern Oregon, such as distances.

044 BOB BURNS, OREGON DEPARTMENT OF EDUCATION: Reviews written

testimony, (EXHIBIT A).

114 SEN. BUNN: Comments on the wide range of spending and subsequent equity issues. Overall, how close to even in the distribution of money are we?

122 Burns: There is a true equity issue. There are differences in the populations served but it's not justified by the distribution of

resources.

127 SEN. BUNN: Requests supplemental information on the distribution.

131 CHAIR WEBBER: When you talk about the current structure versus the proposed structure, is that in the bill?

134 Burns: Yes. Refers to pages 8 and 9 of written testimony, (EXHIBIT A). Continues review of testimony. Discusses total budget requirements:

37.5% is from local property taxes, 8.5% is from state replacement revenue, 54% is made up of all the other revenues.

160 SEN. CEASE: What are those other revenues?

162 Burns: Most are contracts; the biggest contracts are with the state for things like early prevention services, Head Start, etc. Continues

review of testimony.

201 CHAIR WEBBER: Can you give an explanation of what we're doing as is in the bill structure?

204 Burns: The short term financial strategy calls for full replacement of the lost property taxes due to Measure 5.

208 CHAIR WEBBER: What is "full replacement"?

211 Burns: The revenue lost due to Measure 5 compression at the ESD level.

218 SEN. BUNN: The bill would get full replacement, the Governor's mandated budget would have been at 68%, is that right?

221 Burns: Yes.

223 SEN. BUNN: Current funding is at 85% -- what does that mean?

225 Burns: In 1991, the Legislature decided to fund ESDs, but this year they only replaced 85% of those lost funds.

231 SEN. BUNN: If we took this year as a base, we'd fund it a little less than SB 26?

235 Burns: Yes.

242 CHAIR WEBBER: How did the compression affect ESDs?

243 Burns: The ESDs are part of the total education levy.

248 CHAIR WEBBER: Did you maintain the same ratio?

250 Burns: Yes.

257 SEN. GOLD: The amount would be an appropriation from Ways and Means or is it a portion of basic school support?

268 Burns: That wouldn't be out of school support, it's a separate appropriation.

271 SEN. GOLD: What is the manner in which it is distributed?

276 Burns: It's not on the school formula. It goes through the Department of Education to the taxing entities.

289 JOYCE BENJAMIN, OREGON DEPARTMENT OF EDUCATION: It's replacement dollars.

303 SEN. BUNN: How many more dollars would it take, than what's appropriated in the Governor's budget.

307 SEN. CEASE: Roughly \$30 million?

309 Burns: Yes.

311 SEN. CEASE: If you have the additional funds, how would you determine the distribution?

317 Burns: Each ESD would receive what they had received before Measure 5 took effect. That amounts to about \$35 per student.

326 SEN. CEASE: That's an average. It would vary from each district?

329 Burns: Yes.

333 SEN. CEASE: Other than that, in this bill there's no way to deal with equity issues in reference to the funding?

337 Burns: Not in this bill, but some natural equity does take place because of the dynamics in which the money is spread.

351 SEN. CEASE: So some would fall, others would go up; it would be a new level?

354 Burns: That's not decided.

358 SEN. CEASE: But presumably it would go up.

362 Burns: I'm not sure that's right; it's not right for the current configuration.

370 SEN. GOLD: Was the 85% based on some proportion?

379 Burns: It was a difficult year for Revenue; it's the best they could do.

385 SEN. GOLD: Was there a rational connected to other school money?

395 Burns: That's not my recollection. ESDs were the only bodies that didn't get 100% replacement.

405 SEN. BUNN: If Ways and Means funded to the level at the end of this biennium, how much would be needed?

413 Burns: Between \$14 - \$15 million.

417 SEN. BUNN: Isn't it more realistic to get \$15 million than \$30 million? It would be better to put a \$15 million figure than the \$30 million

figure because of the survival.

450 CHAIR WEBBER: You have to consider the school district's budget at the same time. If you cut the ESDs you also cut the school districts. They

need to be considered as one.

466 SEN. BUNN: I seriously believe we need an increase above the \$92 million figure here, but at this time, we need to look at the most

effective way to send it to Ways and Means.

480 SEN. CEASE: We'll be lucky to get what's in the Governor's mandated budget.

(Tape 25, Side A)

001 Benjamin: There's a section in the State Board's ESD Task Force Report that lists all ESDs statutes, (not yet distributed). Reviews bill

following, section by section outline, (EXHIBIT B).

035 CHAIR WEBBER: Is there any policy shift or is 1 just a rewrite?

037 Benjamin: It is a significant shift to a more expansive purpose for ESDs. Continues review bill, section by section (EXHIBIT B).

057 SEN. CEASE: In areas where there is no ESD, there's no local property tax for an ESD. How would you pick up the local taxes for those areas?

064 Benjamin: You would annex it. In some cases you merge, in others you annex.

070 CHAIR WEBBER: In 1, line 15, was there any discussion about the children at McLaren and Hillcrest and how they would be funded for ESDs?

075 Benjamin: No. Continues review of bill.

136 CHAIR WEBBER: When it says "the board may," how did you resolve

what they all should do and what they individually want to do?

143 Benjamin: The core services are in 11, line 38. Continues review of bill.

183 CHAIR WEBBER: Is there contemplation for services that are being delivered in-house to be contracted out?

185 Benjamin: That would be possible.

194 CHAIR WEBBER: Were there problems with contracting out?

196 Benjamin: Defers question to Jim Maxwell. Continues review of bill.

341 CHAIR WEBBER: If they aren't funded the full 100% replacement revenue, then we would have to change the verbiage?

346 Benjamin: Correct. Continues review of bill.

370 CHAIR WEBBER: In 30 (2), are these funds specifically appropriated that way now?

371 Benjamin: No. The state funds appropriated to ESDs are not on a per student grant basis. ESDs don't get funds from the basic school

formula.

397 CHAIR WEBBER: This uses the funding formula that currently exists, then?

398 Benjamin: We contemplated about \$200 per student in the new ESD. Discussed services provided by ESDs.

421 CHAIR WEBBER: The purpose for doing this on a per student grant is to equalize the funding?

425 Benjamin: Correct. Continues review of bill.

(Tape 24, Side B)

028 DENNIS MILLS, SUPERINTENDENT, HARNEY CO. ESD: Reviews written testimony in opposition to SB 26, (EXHIBIT C). Reviews awards given to Harney

county schools. SB 26 would hurt the schools and economy of Harney county.

110 CHAIR WEBBER: Asks for comment on staff positions to be lost.

116 Mills: Reviews positions that would be eliminated.

132 CHAIR WEBBER: What is your participation in the Board decisions?

134 Mills: It's about 7 to 1 in population. Geography makes it difficult to participate in board decisions. We'd be limited to one board member.

151 SEN. CEASE: Some of these proposed districts are very large. At some point we need more discussion on why these boundaries were chosen.

170 JONATHAN HILL, SUPERINTENDENT, LAKE CO. ESD: Reviews written testimony opposing SB 26, (EXHIBIT D).

315 CHAIR WEBBER: Discusses possible verbiage change from "the lead role" to "a lead role." Do you have any comment on that?

323 Hill: There are some positive things an ESD Board can do in being the lead agency, but because everyone has a different perspective, you can't cover all the bases. People will be left out.

336 CHAIR WEBBER: Should ESD boards continue to be elected?

337 Hill: An elected body is the best insurance that money is used effectively.

344 CHAIR WEBBER: Would it make sense to have individual school boards with money that could be contracted in union with each other?

350 Hill: You would lose control and influence over the ESDs.

366 SEN. CEASE: Would the issue of elected board be the same if the district were larger?

380 Hill: It's hard to project.

388 SEN. CEASE: If you had that arrangement with two counties, one larger than the other, most of the members of the board would be from the

larger district.

391 Hill: One would assume. Continues review of testimony, (EXHIBIT D).

430 SEN. CEASE: If you look at the overall proposal, what is the reasoning for cutting the number of ESDs in half?

445 Hill: My understanding is that as district consolidation came along, there would no longer be a need for as many ESDs. Continues testimony.

(Tape 26, Side A)

092 JIM KIEFERT, SUPERINTENDENT, CHENOWITH SCHOOL DISTRICT: Encourages full funding of ESDs. Chenowith school board wishes to speed up

consolidation of ESDs. Local school boards members should elect the ESD board members.

140 CHAIR WEBBER: I think the bill would go into effect within 90 days.

150 IRV SMITH, ASSOCIATION OF COMMUNITY MENTAL HEALTH PROGRAMS: Submits and summarizes written testimony against SB 26, (EXHIBIT F).

270 SALLY BUNNELL, WASHINGTON ESD: Submits and reads written testimony in support of SB 26. Gives examples of programs that would be affected by

consolidation. 335 JOHN YOUNG, SUPERINTENDENT, WASHINGTON CO. ESD: Reviews written testimony in support of SB 26, (EXHIBIT J). Gives examples of enhanced

services resulting from SB 26.

383 WILLIAM MOLENDYKE, SUPERINTENDENT, TILLAMOOK ESD: Reviews written testimony in support of SB 26, (EXHIBIT G).

425 VERLE BECHTEL, SUPERINTENDENT, COLUMBIA ESD Testifies in support of SB 26. Columbia ESD is too small to attract workers and provide services

on a part-time basis.

446 RICHARD LAUGHLIN, SUPERINTENDENT, CLATSOP ESD: Reviews written testimony in support of SB 26. (EXHIBIT H). We wish to develop our plan as a possible model for other counties.

499 CHAIR WEBBER: Adjourns meeting at 5:10 p.m.

Submitted by:

Reviewed by:

Julie Mušiz
Administrator

Jan Barga Assistant

EXHIBIT LOG:

A - Testimony on SB 26, Bob Burns, 9 pgs. B - Guide to SB 26, Joyce Benjamin, 4 pgs. C - Testimony on SB 26, Dennis Mills, 5 pgs. D - Testimony on SB 26, Jonathan Hill, 11 pgs. E - Testimony on SB 26, Jonathan Hill, 2 pgs. F - Testimony on SB 26, Irv Smith, 3 pgs. G - Testimony on SB 26, William Molendyke, 2 pgs. H - Testimony on SB 26, Richard Laughlin, 1 pg. I - Testimony on SB 26, Sally Bunnell, 2 pg. J - Testimony on SB 26, John Young, 4 pgs.