

ORIENTATION
Tapes 9-10 A/B

SENATE CC ~MITTEE ON
REVENUE AND SCHOOL FINANCE
JANUARY 22, 1993 1:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Senator Tricia Smith, Acting Chair
Senator Brady Adams
Senator Ron Cease
Senator Rod Johnson
Senator Peg Jolin (arrived 2:25)
Members Excused: Senator Shirley Gold, Chair
Senator Paul Phillips

Staff: James Scherzinger, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Richard Yates, Legislative Revenue Office
Jennifer Belkle, Committee Assistant

TAPE 9 SIDE A

004 CHAIR SMITH called the meeting to order at 1:15 p.m.

032 DICK YATES resumed testimony on the Timber tax issue. He referred to Exhibit 2 from January 21, 1993 meeting.

Questions and discussion.

120 DICK YATES commented that the phasing down of severance timber tax is an issue that must be dealt with in this legislature.

170 DICK YATES spoke of a substantial fall in revenues due to the lack of sales of Federal Government lands. He stated that there is no guarantee that the Federal Government will continue to distribute funds from the sales of Federal lands to the counties.

Questions and Discussion.

260 DICK YATES emphasized that the revenues from the Western Oregon severance tax and Eastern Oregon severance tax are used to offset the local districts' levies.

282 DICK YATES pointed out the substantial fluctuation in timber severance tax collections.

313 DICK YATES characterized the future projections as hazardous and subject to a lot of variation.

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.
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388 TERRY DRAKE began testimony on Oregon's School Finance System, Exhibit 1.

TAPE 10 SIDE

A

001 TERRY DRAKE continued his testimony.

015 TERRY DRAKE gave a brief history of school revenues.

100 TERRY DRAKE stated that to make this system fair and defensible, two things must be realized 1) the system must be equalized 2) the equalization doesn't need to be done all at once.

200 TERRY DRAKE pointed out that the distribution of special education students between districts is fairly proportional.

225 TERRY DRAKE explained the more complicated process of identifying students who need greater resources due to social and economic handicapping factors. A second category of classification are children coming from a poverty or below poverty level family. He went on to explain the formula and classification system for the school districts.

TAPE 9 SIDE

B

001 TERRY DRAKE continued.

Questions and discussion.

035 TERRY DRAKE clarified the 1x and 2x system. He defined 1x as a certain level of growth per district and 2x as the maximum growth level.

Questions and discussion.

085 TERRY DRAKE expressed his opinion that if a step backwards is taken in this equalization process, the excuse of fiscal problems will no longer be sufficient to legally defend the State's actions.

Discussion .

175 TERRY DRAKE stressed that this body has many technical tools to tailor this system the way it desires.

200 TERRY DRAKE pointed out that this formula causes significant decreases in the larger schools' resources. There was a revision in which the formula was overridden which in essence created "flat funding". The flat funding prevented substantial losses to

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districts like Portland which faced a 10% loss per student. This provision was for one year only and is now an issue before this legislature.

300 TERRY DRAKE reminded the Committee that this legislature can make decisions for the next two years and can set the trend for the next legislatures, but it cannot set forth specific mandates.

308 SEN. ADAMS made the point that this legislature will be setting the trend for future legislatures by the decisions made regarding the base even though specific mandates for future legislatures cannot be made.

388 TERRY DRAKE explained small school policy. This policy compensates for operating a smaller scale program.

TAPE 10 SIDE

B

001 TERRY DRAKE continued his testimony and summarized the student driven formula.

115 TERRY DRAKE touched on the General Cost Index Factor issue that will be facing this legislature.

200 TERRY DRAKE stressed that under Measure 5 the role of state support increases dramatically.

220 TERRY DRAKE pointed out that in comparison to other states, Oregon falls in the middle of the rankings in terms of expenditures. However, unlike other states, until this point in time, funds came primarily from

the local system. With the passage of Measure 5, Oregon is moving toward state supported funding.

275 TERRY DRAKE stated that ESD Regional Service Districts and Community colleges will be coming before this body this session with questions regarding funding and larger ESD districts.

340 CHAIR SMITH adjourns the meeting at 3:05 p.m.

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Jennif Belkle, Committee
Assistant
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Kimberly Ta or, Office
Manager

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Exhibit Summary

1. Yates, History of Timber Taxes, 10-91
2. Yates, Revenue from Timber in Oregon, 12-91
3. Drake, Oregon's School Finance System

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