

Tapes 118, 119, 120 (A/B) Tape 121 (A) Public Hearing: SB 815-A Work  
Session: SB 550-B HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

March 15, 1991 8:00 AM Hearing Room A State Capitol Building

Members Present: Representative Delna Jones, Chair Representative Carl Hosticka, Vice-Chair Representative Mike Burton Representative Bev Clarno (arrived 8:12) Representative Mike Nelson (arrived 8:13) Representative Fred Parkinson Representative John Schoon (arrived 8:15) Representative Jim Whitty Members Excused: Representative Kelly Clark Staff Present: Steve Meyer, Legislative Revenue Office · Terry Drake, Legislative Revenue Office MaryAnn Zimmermann, Committee Assistant Witnesses Present: Senator Jane Cease, Chair of Revenue and School Finance Committee JoAnna Hicks, Student North Valley High School, Josephine County Nicole Matarelli, Student Josephine County Sunday Thacker, Student Josephine County Representative Bob Repine, District 49 Ozzie Rose, Education First Coalition Chris Dudley, Education First Coalition Darlene Trahern, Teacher Josephine County John Daggett, Superintendent Ashland Schools John Dracon, Superintendent Central School District Frank Ellis, Superintendent Klamath County Schools Richard Eisenhauer, Superintendent Roseburg Schools John Steele, Director of Business Services, Roseburg Schools Representative Rod Johnson, District 45 Wes Smith, Superintendent Newberg Schools John Danielson, Oregon Education Association (OEA) MariAnn Gest, Oregon State Employees Association (OSEA) Greg McMurdo, Department of Education (DOE) TAPE 118 SIDE A 005 CHAIR JONES called the meeting to order at 8:12 and conducted administrative business. .

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. House Committee on Revenue and School Finance March 15, 1991 Page 2 PUBLIC HEARING - SB 815 019 SEN. CEASE presented written testimony before the Committee. EXHIBIT 1 027 SEN. CEASE reviewed the remarks made on the Senate Floor when SB 815 was debated. EXHIBIT 1 080 JOANNA HICKS read provided testimony. EXHIBIT 2 ,164 NICOLE MATARELLI read provided testimony. EXHIBIT 3 226 SUNDAY THACKER recapped the problems in the schools in Josephine County because of the budget cuts and hope the Legislature makes equitable decisions in the funding of schools. 303 REP. SCHOON thanked the students for their interest in the future financing of schools. 363 REP. REPINE followed the testimony of the students from Josephine County with reference to the survival of a school system. The compression of education in Josephine County was addressed because of the severe budget cuts. TAPE 119 SIDE A 016 REP. REPINE continued addressing the problems facing the schools in Josephine County. 026 Discussion follows regarding the students testimony. 076 OZZIE ROSE and CHRIS DUDLEY representing Education First Coalition (State Superintendent, OEA, OSB A, and COSA) presented a proposal for an alternative to SB 815 which are outlined in a memo. EXHIBIT 4 100 OZZIE ROSE recapped that school funds will be derived from three sources for this first year: 1) local tax effort, 2) Basic School Support Formula, 3) Equity distribution 105 OZZIE ROSE explained that SB 815 distributes the school funds in a particular manor. The \$30 million replacement dollars was addressed. 123 OZZIE ROSE presented factors which are not addressed in SB 815. 130 OZZIE ROSE explained the Coalition proposal which offer three factors that will improve the distribution of the available funds. The three proposals are presented. EXHIBIT 4 185 OZZIE ROSE explained the proposed formula will drive more money to poor school districts than is currently being given proportionately. The proposal

allows school boards to project revenues for 1992-93.

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207 REP. SCHOON asked for clarity in the third amendment which leads to the conclusion that more money will be received the second year. 218 OZZIE ROSE referred to the new long term distribution formula that is being promised for the second year which will address equity. 228 Discussion follows regarding the distribution of dollars comparing the long term formula with the first year formula. 252 CHRIS DUDLEY addressed the distribution of money and the significant changes between the second year and first year formula. The proposed amendments would serve as a management tool. Questions are interspersed. 292 OZZIE ROSE explained the proposal as being a cash flow management over a two year period and it will be left up to the local school boards how to manage the funds. 315 OZZIE ROSE summarized that under SB 815 replacement dollars are given to those districts that are over the \$15 dollar rate. The coalition proposal assures some growth on the levy side and they guarantee districts more money than is available in SB 815. 363 REP. BURTON questioned how reliable the figures are for the second year distribution. 382 CHRIS DUDLEY addressed this being a transition formula offering a larger pot of resources to be allocated. 409 REP. BURTON questioned what would happen if the projections are off. 416 OZZIE ROSE responded that there are no projected figures on the second year because of the presumption there will be a totally different formula for the second year. TAPE 118 SIDE B 015 REP. BURTON suggested waiting SB 814 (long term) before deciding on SB 815 (short term). 017 OZZIE ROSE responded that the preference is to amend SB 815 as proposed and move ahead. 018 REP. HOSTICKA questioned the testimony (Exhibit 4) referral to capping the state's responsibility for replacement. 022 OZZIE ROSE explained it is felt the state's responsibility under Measure 5 will be less than the \$167 million and the desire is to cap the responsibly at what was been told could be distributed.

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. House Committee on - Revenue and School Finance March 15, 1991 Page 4 032 OZZIE ROSE discussed the distribution of replacement funds addressing the issues of student growth and equity. 047 REP. HOSTICKA referred to the equity issue as being equal results for equal effort which is different than the present concept of equity in terms of equal results in bringing districts up to the state average. Reference is made to the figures for Brookings Harbor in Exhibit 4. 064 OZZIE ROSE explained this is not a long term funded program but an attempt to patch the funds for a given year. SB 815 deals with pupil expenditure and the proposed amendments address the most students while covering more problems during this transition year. 083 REP. HOSTICKA questioned 1991 being the transition year when 1987 was suppose to be the transition year. 090 REP. WHITTY felt SB 815 and SB 814 are intertwined and questioned the expenditure per student issue with reference to Coos Bay and South Bend having similar student expenditures but totally different services. 105 REP. WHITTY explained the expenditure per student is one way of dealing with equity but unless the differences are addressed then the basis of using student expenditure in terms of equity is a fallacy. 112 OZZIE ROSE referred to individual factors being

addressed in a long term formula. 128 CHAIR JONES explained that the Senate Revenue Committee is addressing the issue of per student costs in SB 814. 136 CHRIS DUDLEY addressed the waiting for SB 814 and concluded that decision dealing with SB 815 and SB 814 will not make a bigger pot of money. The propose amendments would be beneficial because of the unknown conclusions in SB 814. 150 REP. SCHOON commented on the difficultly in obtaining the information of the growing expenses of the various school districts and asked for information depicting the expenses so the committee can financially see how the costs will be dealt with over the long term. 169 OZZIE ROSE concluded the presentation with reference to the word "transition" in 1987 was dependent on voter approval. There will be a new method for distributing funds in the 199293 school year which is a different concept for the word transition. 200 DARLENE TRAHERN, a teacher from Josephine County, read prepared testimony dealing with equity in schools. EXHIBIT 5

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TAPE 119 SIDE B 000 DARLENE TRAHERN continued presenting printed testimony in EXHIBIT 5 and asked the committee to maintain the special equity fund for the poor school districts. 063 REP. BURTON and CHAIR JONES commented on Mrs. Trahern's testimony. 081 CHAIR JONES adjourned for a recess at 9:40 and reconvened at 10:00 as a subcommittee until a quorum was reached at 10:04. Administrative pusiness was conducted. 112 CHAIR JONES voiced concern in receiving over two hours of faxed correspondence from the Ashland Public Schools at the expense of the District. 120 JOHN DAGGETT explained the community was concerned because SB 815 passed through the Senate so quickly and wanted to be sure the House Revenue Committee heard the concerns of the Ashland Community. 125 JOHN DAGGETT addressed provided testimony presenting concerns for Ashland Schools. EXHIBIT 6 175 JOHN DAGGETT explained SB 815 is not supporting growth and expressed support of the Coalition transition proposal in Exhibit 4. 199 CHAIR JONES asked for clarity of the tax rate in Ashland which is \$13.19 plus \$1.05 for ESD per thousand. 210 REP. HOSTICKA addressed the growth issue and asked for an explanation of how the coalition proposal deals with growth. 218 JOHN DAGGETT explained his understanding of the coalition proposal. 228 REP. HOSTICKA referred to districts that would be allowed to keep money that was levied in their own district. 268 JOHN DRACON relayed a Shakespearean story and presented a letter. EXHIBIT 7 287 JOHN DRACON is concerned with the issue of dollar for dollar replacement revenue. A chart was presented depicting the dollar for dollar dilemma by comparing two districts. EXHIBIT 7, Page 2. 305 JOHN DRACON compared Central School District with large districts emphasizing Central does have a tax base but chooses not to seek levy authority and the student expenditure is out of synchronization. The equity issue is larger than whether districts are making an effort to seek voter approval. Discussion and questions are interspersed.

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. House Committee on Revenue and School Finance March 15, 1991 Page 6 340 Discussion and questions follow regarding continuation of dollar for dollar replacement. 369 FRANK ELLIS presented background

information regarding Klamath County Schools which will probably be hardest hit by SB 815. Testimony was in support of the proposed amendments submitted by the coalition (Exhibit 4). EXHIBIT 8 TAPE 130 SIDE A 034 FRANK ELLIS continued addressing the situation in Klamath County and testifying in support of the coalition proposals presented in Exhibit 4. 040 REP. HOSTICKA questioned the Klamath County authority to use Federal Forest money for school maintenance. 048 Discussion and questions follow regarding the Federal Forest money. 082 REP. SCHOON suggested pooling the state wide forest receipts and property tax and begin financing schools on a state wide basis. 087 FRANK ELLIS expressed support in the concept suggested by Rep. Schoon because if statewide equity is truly addressed then the forest pot should be shared. 085 Discussion continues regarding forest receipts. 124 RICHARD EISENHAUER read provided testimony opposing SB 815. EXHIBIT 9 240 RICHARD EISENHAUER supported the amendments proposed by the coalition (Exhibit 4) explaining it being a better way than SB 815. 268 REP. ROD JOHNSON testified with reference to the varying tax rate in timber districts and the reliance on timber tax. Reference was made to the coalition presented in Exhibit 4. Roseburg can assume there are some districts that will not be able to pass a tax levy. 300 REP. ROD JOHNSON explained that some school districts are willing to wait until June with knowing the budget rather than have SB 815. It was urged not to stay with a tax rate basis for funding schools. 314 REP. NELSON questioned Rep. Johnson's districts. 327 WES SMITH expressed to the committee not to listen to individual problems of the individual school districts. Inequities are present in the various communities of Oregon. Reference was made to the Legislature now being the statewide school board and urged decisions based on fairness.

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398 WES SMITH referred to the concerns present in the Newberg School Districts. TAPE 121 SIDE A 008 WES SMITH continued testifying regarding the inequity in the state education system. Printed testimony was provided to the committee with suggestions to improve SB 815 which includes a tax effort factor and a weighting factor. EXHIBIT 10 056 Discussion and questions follow regarding the testimony of Mr. Smith with reference to the tax effort factor. 084 WES SMITH expressed doubt that complete equity will be seen in the second year. It is better to step back and look at treating the children of the state fairly. 131 JOHN DANIELSON discussed the economy of Oregon and voiced support of the concepts presented by the coalition. Reference was made to Oregon still being a property tax driven system because of replacement dollars. 170 JOHN DANIELSON addressed the issue of replacement with opposition to putting replacement dollars into one pot but should be sent back to where the dollars came from. 185 JOHN DANIELSON referred to various high spending districts and the state revenue that will be lost during the first year. OEA believes a hold harmless could be put in for remote districts. Concern with identifying poor districts was addressed. 220 JOHN DANIELSON discussed Page 3 of SB 815 dealing with Community Colleges setting a minimum on the amount certified by the districts in 1990-91 which is unfair on those districts that passed a levy prior to the passage of ballot Measure 5. It was suggested to remove the community college language from the bill. Restriction to allocating forest receipts was commented on. 268 MARIANN GEST provided printed testimony with reference to student transportation costs in the state.

EXHIBIT 10 319 MARIANN GEST read a letter to Vice-President Dan Quayle from a student in Klamath County regarding the loss of busing. 359 MARIANN GEST addressed the matter that kids are not getting to school and SB 815 continues to handicap student transportation. OSEA urges the committee to amend SB 815 by factoring in transportation. 389 CHAIR JONES closed the hearing on SB 815.

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WORK SESSION SB 550 410 STEVE MEYER discussed proposed amendments SB 550-5 (LC2819). EXHIBIT 12 TAPE 120 SIDE B 020 MOTION REP. PARKINSON moved amendments SB 550-5 be engrossed into SB 550 . ,022 ORDER There being no objection, CHAIR JONES so ordered. 025 REP. HOSTICKA explained amendments SB 550-B6. EXHIBIT 13 045 CHAIR JONES asked staff how the proposed amendments in SB 550-B6 affect the current proposal in relation to replacement dollars. 048 STEVE MEYER responded there could be some change but the assumption is a set growth in the levy and individual election results have not been taken into account in replacement dollar calculations. 054 CHAIR JONES commented SB 550-B6 would prohibit having a May election unless the district is below the cap. 059 REP. HOSTICKA explained the B6 amendments would allow districts to get up to the cap. 065 Discussion and questions follow regarding replacing the cap. 071 CHAIR JONES asked for clarity if the proposal on replacement dollars would be redistributed within the replacement \$167 if a district gets additional authorization then a larger share of the \$167 could be obtained. 072 GREG MCMURDO acknowledged what Chair Jones just explained was correct. 089 REP. HOSTICKA questioned the coalition proposal and discussed the coalition proposal with comparison to the SB 550-B6 proposal. 104 TERRY DRAKE referred to the coalition proposal and the impact is felt by districts that are over \$15. The total amount of replacement remains the same but the share received by the various districts would be reshuffled. 116 REP. HOSTICKA expressed concern in encouraging districts to go out and get the largest levy passed to increase the share of the state's distribution 125 GREG MCMURDO suggested addressing the amendments SB 550-B6 under SB 815 rather than SB 550.

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Page 9 127 REP. HOSTICKA pointed out that the May levy deadline is March 21. 136 CHAIR JONES clarified that the state's replacement requirement is not impacted by what is done in the May election. 140 TERRY DRAKE replied that SB 815 will not effect the state's requirement. 158 REP. HOSTICKA explained the dilemma is districts feeling the need to seek a May levy in order to receive more replacement dollars and that is why the proposed amendment SB 550-B6 should be supported. 163 CHAIR JONES referred to the decision is whether to use the May or June election as a criteria for distributing the dollars and the responsibility of the state remains the same. 169 TERRY DRAKE pointed out any time period can be established to recognize changes in levy authority. 173 REP. HOSTICKA addressed the issue of pressure on the districts in reference to elections. 182 CHAIR JONES clarified what the adoption of SB 550-B6 would entail. 183 MOTION REP. BURTON moved amendments SB 550-B6 be adopted. 184 VOTE In a roll call vote the

motion failed. (4-4) AYES: Representatives Burton, Nelson, Whitty, Hosticka. NAYS: Representatives Clarno, Parkinson, Schoon, Jones. Representative Clark was excused. 195 MOTION REP. BURTON moved SB 550 to the floor with a do pass recommendation. 200 VOTE In a roll call vote the motion passed (8-0). Representative Clark was excused. 215 CHAIR JONES adjourned the meeting at 11:34.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor Office Manager

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EXHIBIT SUMMARY 1. Written Testimony, Senator Jane Cease, 3/15/91 - SB 815 2. Written Testimony, JoAnna Susan Hicks, 3/15/91 - SB 815 3. Written Testimony, Nicole Matarelli, 3/15/91 - SB 815 4. Proposed Amendments, COSA/OSB A/OEA/Supt. Public Instruction, 3/15/91 - SB 815 5. Written Testimony, Darlene Trahern, 3/15/91 - SB 815 6. Written Testimony, Superintendent Ashland Schools, 3/15/91 SB 815 7. Written Testimony, Superintendent Central School District 13J, 3/15/91 - SB 815 8. Written Testimony, Superintendent Klamath County Schools, 3/15/91 - SB 815 9. Written Testimony, Roseburg Public Schools, 3/15/91 - SB 815 10. Written Testimony, Superintendent Newberg Schools, 3/15/91 - SB 815 11. Written Testimony, OSEA, 3/15/91 - SB 815 12 Proposed Amendments, SB 550-5 (LC 2819), LRO, 3/15/91 - SB 815 13 Proposed Amendments, SB 550-B6 (LC 2819), Rep. Hosticka, 3/15/91 - SB 815 14. Staff Measure Summary, LRO, 3/15/91 - SB 550-B 15. Revenue Analysis, LRO, 3/15/91 - SB 550-B 16. Senate Bill 815 Major Policy Summary, LRO, 3/15/91 - SB 815 17 Revenue Analysis, LRO, 3/15/91 - SB 815-A 18 School Finance Simulation (Majority Report), LRO, 3/15/91 - SB 815

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