

April 1, 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 Kelly Clark · Representative Bev Clarno Representative Mike Nelson (arrived 8:19) Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue Officer Terry Drake, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: John Marshall, Oregon School Board Association Ozzie Rose, Confederation of School Administrators TAPE 142 SIDE A 005 CHAIR JONES called the meeting to order at 8:13 and conducted administrative business. WORK SESSION - SB 815 A 019 CHAIR JONES reviewed a major difference between SB 815 and Education First Coalition proposal as additional funds from other sources (severance tax reserve fund). She requested input from the committee. 024 Questions and discussion regarding WOST (Western Oregon Severance Tax) reserve as additional revenue. 057 REP. HOSTICKA was concerned about implications of using WOST reserve in filling a gap now in terms of future obligations and impact on policy objectives (when WOST reserve account was set up). 073 Questions and discussion regarding Rep. Hosticka's concerns. 100 Questions and discussion regarding impact from long term distribution (SB 814). 116 JIM SCHERZINGER explained the purpose in 1989 when the WOST reserve account was set up was to establish a "pay as you go" system. He noted a different reserve account which deals with the "swing".

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 April 1, 1991 Page 2

127 REP. WHITTY discussed the proposal for WOST money to be placed in a state-wide pool for distribution. 130 Questions and discussion regarding original reasons for 1985 and 1989 Legislation (WOST) and Measure 5 impact. 147 REP. WHITTY pointed out that the timber industry is not concerned with consideration of using the WOST reserve fund and he supported the proposal from Education First Coalition. 57 Questions and discussion regarding funding of community colleges. 175 REP. HOSTICKA did not believe the proposal helps equity. 196 CHAIR JONES summarized issues affecting revenue projections and replacement requirement changes. She reviewed the choices before the committee. 240 REP. HOSTICKA commented that all Plan "B" proposals have \$10 million more than Plan "A" proposals. 257 JIM SCHERZINGER reviewed School Finance Simulations (5). Exhibits 1, 2, 3, 4, 5 293 Questions and discussion regarding "B" proposals and distribution of revenue. 298 Questions and discussion regarding a \$30 million loss in school finance simulation and proposed revenue from other funds (urban renewal and WOST) to fund the loss. TAPE 143 SIDE A 001 Questions and discussion continued (excess offsets). 006 Questions and discussion regarding equity program distribution. 037 REP. CLARK pointed out an argument that the state obligation may be to replace revenue on a district by district basis. 065 CHAIR JONES commented on work by Oregon Education Association regarding concerns expressed by Rep. Clark. 072 Questions and discussion regarding logic involved in district by district revenue replacement. 098 Questions and discussion regarding new levies not reflected in school finance simulations. 144 REP. BURTON was concerned about policy questions relating to WOST reserves (short term and long

term).

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 April 1, 1991 Page 3 160 CHAIR JONES commented on good policy decisions for the short term. 171 REP. WHITTY commented on what is best for all Oregon kids, meeting constitutional requirements and his support of coalition proposal. 201 Questions and discussion regarding fluctuations. 226 REP. NELSON was concerned with a large impact on remote districts and referred to School Finance Simulations. 238 Questions and discussion regarding viewing individual districts v. individual situations. 251 Questions and discussion regarding WOST reserves. 260 CHAIR JONES noted her concern of using proposed revenues to fill proposed gaps. 295 CHAIR JONES recessed the meeting at 9:05 and reconvened the meeting at 9:30. She conducted administrative business. 382 JIM SCHERZINGER reviewed SB 815 Issues. Exhibit 6 394 Questions and discussion. TAPE 142 SIDE B 009 JIM SCHERZINGER continued with review of SB 815 Issues - Equity formula. Exhibit 6 Questions and discussion interspersed. 034 JIM SCHERZINGER reviewed basic hold harmless in coalition proposal. Questions and discussion interspersed. 067 JOHN MARSHALL clarified hold harmless proposal from Education First Coalition did not recognize ADM (average daily membership). He discussed a growth factor in basic school support. He explained there was not enough money in the Coalition proposal to recognize enrollment growth in every district state-wide. 090 Questions and discussion. 133 JIM SCHERZINGER continued with review of SB 815 Issues - 6% to districts below caps. 150 Questions and discussion. 163 OZZIE ROSE pointed out the 6% growth is in the \$8 to \$9 million range.

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 April 1, 1991 Page 4 170 TERRY DRAKE discussed uncertainties in school finance simulations. 190 Questions and discussion. 199 REP. HOSTICKA questioned if there is a logical policy reason for the hold harmless proposal. 204 OZZIE ROSE addressed Rep. Hosticka's question and pointed out small districts where a small change in enrollment has a large impact. 225 Questions and discussion regarding enrollment decline (does not necessarily lower costs). 278 JIM SCHERZINGER continued review of SB 815 Issues Severance tax reserves. Exhibit 6 290 Questions and discussion regarding start of an equalization process. 310 Questions and discussion regarding a change in the state obligation and impact from offsets. TAPE 143 SIDE B 004 Questions and discussion regarding projected revenue from WOST offsets. 060 Questions and discussion regarding policy issues behind WOST reserve account. 109 Questions and discussion regarding WOST reserves not needed in the future. ' 116 JIM SCHERZINGER explained Measure 5 created a state financed school system. The purpose of the WOST fund was to give more certainty to local districts about amount offset against local levy. In a practical manner the state is the balancer for these districts and not local sources. 133 Questions and discussion regarding two year allocation of WOST reserves. 146 Questions and discussion regarding offset proposal and use as a local resource. 170 CHAIR JONES reviewed remaining issues for SB 815 and addressed an issue in Harney County. 207 CHAIR JONES adjourned the meeting 10:20.

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 April 1, 1991 Page 5 Linda Leach, Committee Assistant Kimberly Taylor, Officer Manager EXHIBIT SUMMARY 1. School Finance Simulation Run # SB 815 - A, corrected to exclude bonds, LRO, 3/29/91 - SB 815 2. School Finance Simulation Run # Coalition - A, corrected to exclude bonds, LRO, 3/29/91 - SB 815 3. School Finance Simulation Run # SB 815 - B with \$20.3 million severance tax reserve, corrected to exclude bonds, LRO, 3/29/91 SB 815 4. School Finance Simulation Run # Coalition - B with \$20.3 million severance tax reserve, corrected to exclude bonds, LRO, 3/29/91 SB 815 5. School Finance Simulation Summary, Run # SB 815 and Coalition Comparisons, LRO, 3/29/91 - SB 815 6. SB 815 Issues, LRO, 4/1/91 - SB 815

.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.