

Tapes 262-265 (A/B) Public Hearing: SJR 12A, SB 813B Work Session: SJR 12A, SB 813B, SB 814A

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE

June 21, 1991 8:30 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 Representative Fred Parkinson Representative John Schoon Representative Jim Whitty Staff Present: Jim Scherzinger, Legislative Revenue Officer Terry Drake, Legislative Revenue Office Dick Yates, Legislative Revenue Office Steve Bender, Legislative Revenue Office Linda Leach, Committee Assistant Witnesses Present: Senator Paul Phillips, District 4 Phil Lemman, Department of Justice (Representing Dave Frohnmayer, Attorney General) Senator John Kitzhaber, District 23 Mari Anne Gest, Oregon School Employees Association Ozzie Rose, Confederation of Oregon School Administrators Walter Koscher, Department of Education Rick Burke, Department of Education Karen Brazeau, Department of Education
TAPE 262 SIDE A 005 CHAIR JONES called the meeting to order at 8:45 and conducted administrative business. PUBLIC HEARING - HJR 12A 025 SEN. PHILLIPS summarized SJR12 as asking voters for approval to use the gas tax for parks (acquisition, maintenance, development). If approved, the Legislature must specifically authorize a gas tax to be dedicated for parks noting if authorized for the Highway Fund it could not be used for parks. PHILLIPS explained Sen. Dukes urged a limitation (no more than 2¢ per biennium) in order to get greater voter approval. The resolution has received broad support from the

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 June 21, 1991 Page 2 perspective of economic and emotional support. PHILLIPS discussed the funding needed by the Parks system. He presented a packet of supportive information, reviewed options, and noted some opponents. Exhibit 1 090 Questions and discussion (city and county opposed, did not want to drain highway fund) WORK SESSION - SJR 12A 100 MOTION REP. PARKINSON moved SJR12A to the floor with a do pass recommendation. 110 VOTE In a roll call vote, the motion was adopted (5-0). ** See Tape 263, Side A, Meter 225 for final vote. AYES: Reps. Clarno, Nelson, Parkinson, Whitty, Jones. EXCUSED: Reps. Schoon, Burton, Clark, Hosticka. PUBLIC HEARING - SB 813 B 126 PHIL LEMMAN (representing Attorney General Dave Frohnmayer) explained SB 813 is basically designed to develop procedures to encourage bone marrow donors in the life saving procedures for several illnesses that have no other cure. The bill contains several components: 1) public education through the Health Division, 2) targeting minority populations for donations, 3) directs Health Division to conduct a bone drive among State employees, 4) enacts a personal/corporate tax credit to allow people to take advantage of those programs when they do donate, and 5) allows employees to take up to a maximum 40 hours paid leave accrued through their employer. LEMMAN continued the idea is an Oregon idea, but first was enacted by Minnesota and has been adopted by several other states. 145 DICK YATES explained SB 813 allows the State Health Division to become involved in a drive to establish a pool of potential donors (goal of 10,000 potential donors) to increase the probability of finding an eligible bone marrow donor. The bill directs the Health Division to conduct a pilot program to encourage State employees to become involved

and be tested, it grants a tax credit for 25% of the bone marrow donor expense to employers who participate in the program by having their own employees to be typed, most of the set up costs are borne by the national organization. An amendment made in the Senate makes it an unfair employment practice for the employer to deny granting already accrued paid leaves of absence up to 40 hours, however, the employer can grant additional leave if the employer chooses with additional tax benefits. 230 Questions and discussion 244 DICK YATES continued his explanation. Discussion 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 June 21, 1991 Page 3 286 DICK YATES directed members attention to the Revenue Analysis of SB 813 B and noted a sunset date of 1995. Exhibit 5 308 REP. PARKINSON commented the majority of the bill is positive except language in Section 4 regarding unlawful employment which he termed as detracting from the bill. 1 334 PHIL LEMMAN responded he was not aware of any opposition in the business community to that language. Discussion TAPE 263 SIDE A 053 SEN. KITZHABER explained the Section 4 language is included because the bill is model legislation and responds to some problems in some states. He did not know the magnitude of problem in other states but clarified he would support the bill with or without that section. 070 REP. PARKINSON supported removing the unlawful practice language from the bill. Questions and discussion 094 SEN. KITZHABER clarified Section 4 is the longer process, not typing, but the transplant. 117 REP. PARKINSON & REP. BURTON supported the Section upon that clarification. WORK SESSION - SB 813B 120 MOTION REP. PARKINSON moved SB 813B to the floor with a do pass recommendation. 124 SEN. KITZHABER pointed out a typographical error in line 26. Legislative Counsel had been notified. 135 CHAIR JONES requested the committee stand at ease 9:21 9:26. 211 VOTE In a roll call vote, the motion was adopted (8-0). AYES: Reps Nelson, Parkinson, Schoon, Whitty, Burton, Clarno, Hosticka, Jones. EXCUSED: Rep. Clark. WORK SESSION - SJR12A 220 UNANIMOUS CONSENT CHAIR JONES requested unanimous consent to allow excused members to cast their vote on SJR12A. 221 ORDER There being no objection, CHAIR JONES so ordered.

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 June 21, 1991 Page 4 225 FINAL VOTE SJR12A ** Reps. Schoon, Burton and Hosticka voted AYE. Final vote (8-0). 230 CHAIR JONES conducted administrative business. 245 REP. HOSTICKA presented a gift from the Committee to Chair Jones. WORK SESSION - SB 814A 270 CHAIR JONES explained the work on SB 814 would be to review the bill section by section. 286 STEVE BENDER reviewed Section 1 which is a statement of intent including the language of HB 3565 plus some additional language. Section 2 amends the definitions used in the basic school support fund statutes and technical amendments being drafted restore the definition for net operating expenditures. Sections 3 and 4 contain the establishment of the State school fund and statutory language that describes the formula. Questions and discussion TAPE 262 SIDE B 036 STEVE BENDER continued Section 5 contained a statement of intent that the State will fund through categorical programs those programs listed. Section 6 requires the Executive Department to report in the interim the cost of education and the Department of Education to make reports regarding high mobility students (this is placeholder in formula), along with reports to assure

data collection is being updated, specifically transportation costs. Questions and discussion on placeholders 232 STEVE BENDER reviewed Section 7 mandates that school districts provide transportation and special needs. Questions and discussion 335 MARI ANNE GEST explained contracted school bus services includes depreciation of busses owned by private contractors. District-owned busses will continue under the old formula of getting 10% for ten years which requires those moneys be spent on busses. 360 Questions and discussion. 377 OZZIE ROSE noted his objection to the proposal because some busses can be run for more than 10 years and the money cannot be used elsewhere. Questions and discussion . . .

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support fund in SB 815. Section 32 allows Legislative Counsel to make revisions for the purposes of harmonizing/clarifying statutes so references to be basic school support can be changed to the school support fund. 020 STEVE BENDER continued Section 33 continues for one more year what was done in SB 815 taking the moneys in the severance tax offset guarantee accounts and distributing them. Section 34 does the same. Section 35 contains the operative date. 031 JONES directed members attention to discussion of areas the committee would like changed. 035 OZZIE ROSE brought members attention to deleted language on page 15, section 23, lines 8-10. STEVE BENDER explained the language was in the bill twice (page 14 subsection 8). 031 CHAIR JONES focussed the work of the committee on changes to be drafted by Legislative Counsel. 050 CHAIR JONES requested language be changed regarding cost of education, page 3, line 33 and 35. 055 Questions and discussion on keeping the cost of education in the formula. 094 Questions and discussion on cost of living/cost of education. 099 REP. SCHOON urged clarification of language "cost of education" 109 CHAIR JONES suggested the language be "cost of education." In Section 6, page 6, remove language referring to the Executive Department reporting on means of computing difference. Then ask that issue be a part of the Department of Education reports. 120 REP. HOSTICKA suggested language be changed from "the means" to "a means."

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. Houze Committee on v nue and School Finance June 21, 1991 Page 7 134 REP. BURTON suggested integrating subsection 2 and 3 into subsection 4. 147 CHAIR JONES noted placeholders affecting the weighted ADM, the sections being discussed refer to the target grant. Directions to staff. Discussion 173 REP. PARKINSON objected to cost of living being included in the formula before studying it. 181 REP. WHITTY discussed concerns with local revenue situation and possible "double dipping." 201 CHAIR JONES noted with no revenue replacement that cannot be dealt with in 1991. Discussion 209 CHAIR JONES gave direction to the staff. Discussion 233 MOTION REP. SCHOON moved to eliminate language on lines 32 and 33 relating to the cost of living factor and to remove line 35. The cost of education would remain in Section 6 as a interim study and as a factor the committee should consider. 242 CHAIR JONES recessed the meeting at 10:53 and reconvened at 11:06. 249 Questions and discussion clarifying Rep. Schoon's motion. 262 REP. BURTON suggested language in Section 4 as the following: -The state would fund 1992/93 school distribution which would include weights as designated in the formula. -Add a sub paragraph which would reflect a report from the Department of Education for determining the need of the placeholders and/or factors which will be applied to the state school funding distribution formula beyond this date. -The Department of Education in consultation with the Executive Department and Employment Division will determine the cost of education, high mobility, secondary programs, growth, and preschool and report to the Joint Interim Revenue Committee by a date certain. -The Joint Interim Revenue Committee will review the recommended data. 294 Questions and discussion clarifying Rep. Burton's suggestion. 300 REP. BURTON did not see a point in having placeholders with a zero value. House Committee on Revenue and School Finance June 21, 1991 Page 8 314 REP. SCHOON clarified language suggested by Rep. Burton regarding what factors the Legislature "may" or "will" want to include. He will support Rep. Burton's suggestion as a substitute motion if the intent is "may". 328 Questions and discussion regarding secondary program clarification. 346 REP. HOSTICKA believed language

should include a recommendation of factors which should be adjusted or removed. He noted that factors could be removed if so determined after a study. REP. BURTON noted acceptance of Rep. Hosticka's suggestion. 370 CHAIR JONES summarized the committee's discussion: -The school finance formula has been developed with a lack of data. -The Legislature requests the Department of Education to gather information and review specific issues including those shown in the formula in terms of their correct weighting. 390 CHAIR JONES identified areas not included in the formula, but where review is requested: cost of education, high mobility, secondary programs, pre-kindergarten, growth impact and issues affecting the cost of education. TAPB 265 SIDE A 001 Questions and discussion. 019 REP. WHITTY did not want to limit the issues for review by the Department of Education. Questions and discussion follows. 025 CHAIR JONES suggested to add language of "or any other factors appropriate to the formula". Committee members agreed. 032 REP. HOSTICKA questioned if the motion deletes lines 9, 10, 25 and 26 on page 4. 035 CHAIR JONES recommended to delete the reference to placeholders which are not reflected in the formula. 037 REP. NELSON questioned if the interim study included salary and fringe benefits. 044 CHAIR JONES acknowledged the costs as pointed out by Rep. Nelson are included in the cost of education and are also in the formula. 046 REP. BURTON suggested a date for the studies to be available. Questions and discussion follows. 078 RICK BURKE indicated the Department of Education could appear before the Joint Interim Revenue Committee one or two times by the end of 1991 (with some of the data in the formula) and probably two more

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speaker's exact words. For complete context of proceedings, please refer to the tape recording. House Committee on Revenue and School Finance June 21, 1991 Page 9 reports before the end of the summer in 1992. 085 CHAIR JONES summarized the timing of reports: The Department of Education could report on the current formula to the Joint Interim Revenue Committee by the end of 1991 and the additional factors to review in a final report by September 1992 (with interim information as requested). RICK BURKE agreed. 098 Questions and discussion. 119 REP. SCHOON agreed to allow a substitute motion for his motion. 130 MOTION CHAIR JONES moved to adopt a conceptual amendment and staff to bring back written amendments to reflect the discussion of the committee. 140 CHAIR JONES clarified the factors for study are not placeholders, the factors are areas which the Legislature requires more information to determine their relative position in the formula. Questions and discussion. 143 ORDER There being no objection, CHAIR JONES so ordered. 150 REP. HOSTICKA referred to his Proposed Amendments SB 814-A20 which limit special education to 11% of ADM (average daily membership), unless the Department of Education approves a higher number. (See Exhibit 6 from 6/18/91 House Revenue Meeting) 165 MOTION REP. HOSTICKA moved adoption of lines 3-5 of Proposed Amendments SB 814-A20, 6/17/91. 183 REP. HOSTICKA explained the proposed amendment is to assure that school districts do not over identify special ed students in order to receive additional money. The 11% amount was chosen as an average provided by the Department of Education. 188 Questions and discussion regarding examples of special education students. REP. WHITTY did not want to cause problems for school districts whose average is above 11%. 208 KAREN BRAZEAU discussed the average amount of students who are eligible for special education programs. 246 REP. PARKINSON believed Rep. Hosticka's motion could be counterproductive. 261 Questions and discussion. 290 VOTE In a roll call vote, the motion was adopted (6-1). AYES: Reps. Parkinson, Whitty, Burton, Clark, Clarno, Nelson. NAYS: Rep. Jones. EXCUSED: Reps.

Schoon, Hosticka.

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must consider in a school district's long term needs because of effects on school programs and student demographics (which could lead back to a court situation). TAPE 265 SIDE B 005 CHAIR JONES noted that SB 814 is needed for Oregon's children and provides a recognition of the state's responsibility. She looked forward to better student output and recognized the need for adequate school funding sources. 025 NOTION REP. HOSTICKA moved SB 814A as amended to the floor with a do pass recommendation, and that the subsequent referral to Ways and Means be rescinded.

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Linda Leach, Committee Assistant

Kimberly Taylor , Office Manager EXHIBIT SUMMARY 1. Packet of Information, Sen. Phillips, 6/21/91 - SJR12 2. Testimony from Association of Oregon Industries, 6/21/91 - SJR12 3. Revenue Analysis SJR12A, 6/11/91 - SJR12 4. Staff Measure Summary SJR12A, Senate Committee on Transportation, 6/21/91 - SJR12 5. Revenue Analysis SB 813B, 6/12/91, LRO - SB 813 6. Staff Measure Summary SB 813B, LRO, 6/21/91 - SB 813 7. Fiscal Analysis SB 813B, 6/12/91, LFO - SB 813 8. Staff Measure Summary SB 813A, Senate Committee on Human Resources, 6/21/91 - SB 813 9. Amendments to SB 814A, LRO, 6/21/91 - SB 814 10. Proposed Amendments SB 814 -A31, LRO, 6/21/91 - SB 814 11. Proposed Amendments SB 814-A32, LRO, 6/21/91 - SB 814

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