

SENATE COMMITTEE ON EDUCATION

March 26, 1991 Hearing Room 343 3:00 p.m. Tapes 46 - 47
MEMBERS PRESENT: Sen. Shirley Gold, Chair Sen. Bill McCoy, Vice-Chair
Sen. Joan Dukes Sen. Peter Brockman Sen. Ron Grensky Sen. Paul Phillips
Sen. Cliff Trow VISITING MEMBERS: Sen. Bill Kennemer Rep. Larry Sowa
STAFF PRESENT: Jan Barga, Committee Administrator Angela Muniz,
Committee Assistant MEASURES HEARD SB 917 - School District
Consolidation - PH SB 918 - School District Consolidation Study - PH SB
610 - Funding Education Frst - PH SB 1025 - Single School Districts - PH

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.

TAPE 46, SIDE A

005 CHAIR GOLD: Calls the hearing to order at 3:15 p.m.

SB 917, SB 918 - SCHOOL DISTRICT CONSOLIDATION - PUBLIC HEARING:
Witnesses: Dale Weight, 1989 Governor's Commission on School Funding Reform
Ozzie Rose, 1989 Governor's Commission on School Funding Reform

CHAIR GOLD: These bills were introduced last session by the Governor's Commission on School Finance. Presents the 1988 report from that commission (EXHIBIT A). Presents letter and article from Gina Houston and the Jennings Lodge Organization for the record (EXHIBIT B). There is invited testimony only today so the committee can learn about the consolidation subject as it relates to school funding and decide whether to pursue the topic.

063 SEN. MCCOY: SB 917 and SB 1025 have more relevance than SB 918 which is a study.

CHAIR GOLD: The witnesses are going to provide background on the two bills. They are welcome to comment on SB 1025 if they like. Wanted to have Bob Ridgley, the chair of the commission, testify also, but he is out of town. He will testify at a later date. Senate Committee on Education March 26, 1991- Page 2

076 DALE WEIGHT, Vice Chair, Governor's Commission on School Funding Reform: The commission was established to look at the whole area of school finance, and determine if there was a way to come up with an equitable, stable finance system. Broke down work into task forces dealing with specific issues. The task forces on school finance and school efficiencies developed the consolidation bills which have been reintroduced as SB 917 and SB 918. There are savings that can accrue as a result of unification and consolidation. The commission did not determine how much savings there would be, but encouraged the Legislature to create legislation requiring the consolidation and unification of school districts. When the bills failed, the commission created an incentive to districts to consolidate. The incentive did not work. Some of the issues that continue today are: -- Oregon and Washington have almost the same number of school districts with 1) similar geographies, 2) Washington has twice as many students which raises questions about efficiency. -- Reads testimony presented in 1989 from school administrators and the state board regarding the same bills (EXHIBIT C). Bigger is not necessarily better, but there are issues

where funds can be saved. It is an area that needs study. If a study is done on consolidation, it should be done by the State Board of Education because the board has the relevant data and the costs of the study will be less.

249 OZZIE ROSE, Former Executive Director, Governor's Commission on School Funding Reform: Provides background on history of the commission and its report. Commission heard testimony on both sides of the consolidation issue. Took two approaches: 1- System of union high and feeder elementary districts does not make sense educationally. Drafted bill, now SB 917, for this purpose. 2- On issue of consolidating unified districts with similarities, recommended the Office of Educational Policy and Planning do an analysis of the current structure and what criteria should be applied, now SB 918. In regards to SB 917, the commission found there were cost savings, tax equity, administrative efficiency and improved coordination with consolidation. In a study of Washington County, could not predict a substantial savings over time. In Wasco County study, did find a significant savings. The difference between the two studies is that in Washington County most of the classrooms in all the districts are full. In Wasco County there were smaller classrooms. By combining districts, it required less staff which saved money. One issue you will debate is whether the savings is substantial enough to justify unification. Albany's superintendent predicted a \$ 1 million savings (EXHIBIT C).

326 SEN. TROW: Is part of the savings the difficulties they had getting levies passed?

ROSE: The savings he listed are in reduced numbers of administrators, combine purchasing and combine use of buildings. That lead to some of the problems you mentioned with budget cutting.

SEN. TROW: They had a hard time getting levies passed. Where they ever in the safety net?

ROSE: Doesn't know if they ever where. Did get a tax base a couple of years ago. There are some economic savings. Whether they are significant enough to justify consolidation is debatable. The second issue is about equity to tax payers. One of the problems in the union high arrangement is the difference in taxing burden for different districts. For example, Canby has three feeder districts. One elementary district has a combined tax rate of \$11.78. Another elementary district has a combined tax rate of \$23.09. If they had combined the districts using the same money and same taxes, the rate would have been \$13.17. The same problem occurs Senate Committee on Education Mucle 24, 1991 ~ e 3

in all the districts. This would make some steps toward dealing with the problem in fairly distributing the costs of education. Improved coordination and articulation of programs would occur. Union high officials will tell you about the different levels of preparation of students from feeder districts. On the other side of the issue, the elementary officials will tell you that there is more parent involvement and community support for the school.

420 SEN. PHILLIPS: Putting all the commentary together, we stand to gain through consistent programming and direction in the educational system far beyond what can be measured in an economic analysis. Do the people who talk to you about better coordination and interaction recognize that value directly with unffication?

WEIGHT: The argument made for the other side is that we may not be as coordinated as other districts, but the local community involvement overweighs the consolidation issue.

PHILLIPS: You have spent a lot of time working on the issue. Doesn't buy that argument.

VVEIGHT: The commission did not buy that argument, but it was not a unanimous decision by the commission.

PHILLIPS: The community support could be short term. For the long term, it would be better to have someone work through K-12 in a logical progression, rather than with the ups and downs in this smaller district theory.

TAPE 47, SIDE A

015 ROSE: Concur, personally. The Confederation of School Administrators supported the bills last session. Anticipates they will do so again and to argue the point Sen. Phillips is making more than they argue the money side of it. One clear example of the problem of organizing the districts this way is the proportion of the districts in the safety net. The union highs are disproportionally in the safety net. It is common for people who represent elementary districts to talk about 'our' district with affection and 'that' district with disdain. Geographically 'that' district is their high school, but they don't think of it as 'their district' until their kids go to high school. So the base of support gets divided for the wrong reasons.

SEN. MCCOY: Would you comment on SB 1025. ROSE: Is an advocate of having fewer school districts. Not sure that county boundaries is the right decision. Will discuss the issue at the next meeting of COSA's legislative committee. Do have two county units in Josephine and Klamath County, but they are not true county units as you have described.

054 SEN. PHILLIPS: Is it realistic that all the process and planning will occur before 1996?

ROSE: There is a procedure in the books that lays out what we can do for unification. Yes, it is can be done in that time frame.

SEN. TROW: Which of the bills do you prefer, the one with the study or the one that calls for use to proceed?

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March 26, 1991- Page 4

ROSE: Doesn't see it as 'either/or'. The commission split the issues into the ones it thought you could do well and with good conscience. There are more issues to be addressed. Doesn't know if the Legislature has the where-with-all to take the action. If you chose to study, need to get on with the issue and make some decision. The commission thinks there is a rational reason to pass both bills.

CHAIR GOLD: Do you think Measure 5 gives us more of a right to deal with the consolidation issue?

ROSE: Doesn't know if it gives you any more of a right. There is no doubt that while trying to redistribute the sources and make sure programs are available everywhere that you move in this direction.

CHAIR GOLD: That kind of picks up on Sen. Phillips statement having to do more with the quality than with money. We could decide that that was the overriding factor. Thinks there should be some money saved.

104 WEIGHT: One of the implications of Measure 5 was that Oregonians want to get the most for the taxes they pay. As the state assumes 70% of the responsibility for public education, the citizens will continue to demand accountability from the Legislature. Measure 5 not only says do better, it says let's maximize the return on every dollar. If there are areas of efficiency that can be gained with consolidation, then seems Measure 5 asks us to look at them. The commission did split it into two issues because the unification is one that can be done by legislative direction and consolidation is an issue that needs to be studied.

CHAIR GOLD: Was asking if we had more of a right. You are saying its more of a responsibility.

WEIGHT: Perhaps 'right' or maybe 'obligation'; Not sure about the correct word, but the pressure to do something has intensified because of Measure 5.

145 NORMA PAULUS, Superintendent of Public Instruction: It is even more important after Measure 5 to address and pursue the issues of consolidation and unification. Will champion the cause publicly. Referring to SB 610: Wants to thank Sen. Kennemer and Rep. Sowa for introducing a bill that makes education the states number one priority.

SEN. MCCOY: Do you see it as good public policy for your office and the Board of Education to proceed with consolidation of school districts and ESD's? If we gave you that authority would you welcome it?

PAULUS: See that you have a bill that has the OEPP conducting the study. It should not be in that office. Logically, it belongs in the Department of Education. Yes, would take on that authority.

CHAIR GOLD: Mr. Weight also suggested that. We merely introduced the bill. Have not consulted with OEPP to see if they are willing to take this on.

SB 610 - EDUCATION FUNDING - PUBLIC HEARING: . Senate Committee on Education March 26, 1991- Page S

Witnesses: Sen. Bill Kennemer, District 12 Rep. Larry Sowa, District 26 Norma Paulus, Superintendent of Public Instruction

200 SEN. BILL KENNEMER, District 12: Presents hand engrossed version of SB 610 with amendments he has suggested (EXHIBIT D). One of disappointments in Legislature has been that one of the last bills to come out is funding for education. We talk about the importance of education in our campaigns, but we leave it to the last and the leftovers. Hope that there is more money for it then. Thinks it means we fail to make hard choices and education is used as a leverage to deliver some porkbarrel appropriations. It is a hard decision, but it will help the schools financially in making sure they have stable funding and time to plan for services. SEN. MCCOY: Has served on Ways and Means several times. The reason schools are funded last is because they would get more

if they are funded last than if they are funded up front. If that is what you are after, the bill may be more detriment to the schools. SEN. KENNEMER: That is one of the issues to look at. By letting school funding be last, the Legislature dodges the bullet on what funding should be. Must commit to how much we will spend on education.

259 SEN. TROW: It would be possible to do this. Would have to rearrange budget process and would delay everything. Are planning a two-year budget six month in advance on estimated revenues. Have quarterly estimate and the May estimate is what we balance the budget with. If did all the education budgets first, and they are big budgets, could have to go back and cut the budget later or could have more money later. That is what Sen. McCoy was referring to. It is possible to do it this way, but the way it is done now is not to undercut education. It makes more sense to do it after the May revenue estimates. Education is a large portion of the final budget. Part of the problem last session was the expenditure limitation. Put some basic school support funds in the final education bill with other things to get around the limitation. There is no intent to undercut education. Even if did do the education budgets first, could find ourselves bringing them back in May and re-doing them. 340 SEN. KENNEMER: Didn't intend infer that the Ways

and Means Committee doesn't support education. SEN. TROW: Had that issue used against him in the campaign. Gave details. SEN. KENNEMER: Didn't mean to present the issue in that way. It is a tough choice, but historically we have used education as the budget balancer. It rises and falls depending on where we are. We should make the hard choices, provide some stability and flex on some other issues later on. It is more consistent with the priorities we preach. SEN. TROW: You are talking about three budgets that make up more than half of general fund budget. We need to balance the budget, and we need to do that with the May estimates. 384 REP. LARRY SOWA, District 26: Is a co-sponsor of SB 610. Has been a strong supporter of education. Was on Ways and Means last session. The last issue the Legislature voted on last session was basic school support crammed into a 'Christmas tree' bill. People should determine Seoste Co - mittee on E ducatiwn March 26, 1991- P - e 6

their level of support for education early in the session and vote on it at that time. The superintendent sees this issue as important. It is important that we do in Salem is what the public sees as important. The public views the Legislature's stance on education poorly even though the decisions are made early. If we have additional revenue, can add it in later.

CHAIR GOLD: Norma Paulus, the superintendent, was here earlier and expressed her support for the bill. (See Page 4, Tape 47, Side A.) 447 SEN. BROCKMAN: In Section 2, subsection 2, does that envision the education committees in the Senate and House having a role in the budgetary process? REP. SOWA: The thought on that section was that it would be the Ways and Means committee. Believes that if there is any substantive change in philosophy, the bill should go through the substantive committee.

SEN. BROCKMAN: At one time the various committees did have some say over these budgets, but that practice has died. Believes that this committee and other committees that deal with agencies should have some say in the budget process.

TAPE 46, SIDE B

030 REP. SOWA: Has been in that black hole. Should let the Ways and Means Committee work on these budgets for months rather than just weeks.

Try to cram many months of work into a few weeks.

SEN. BROCKMAN: Has an interest in education and would like the opportunity to discuss the budgets without having to go to Ways and Means. REP. SOWA: That is one of the reasons for the request for annual sessions. It would give more time to review the budgets.

SEN. TROW: On his committee, invites chairs from other committees to offer comments and give advice. The black hole is not as black as you think. Is happy to have you come before committees he chairs. SEN. MCCOY: You are talking about a formal procedure where the substantive committees would do that kind of legislation. Have only tried to do that in one session - the 1983 session.

CHAIR GOLD: In deference to Rep. Bunn, has been invited to attend the hearings on the education budgets along with Rep. Carolyn Oakley who chairs the House committee. The problem is that we have other committee assignments. Will attend despite other committee hearings. Appreciates the invitation.

SB 1025 - COMMON SCHOOL DISTRICTS - PUBLIC HEARING: Witnesses: Gina Houston, Jennings Lodge Organization

085 SEN. MCCOY: Is the chief sponsor of SB 1025. Would establish a single county school district in any county of 25,000 or more people. The districts would be given until 1996 to comply with

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the consolidation requirements. If the districts do not do it themselves, the responsibility would turn to the Department of Education.

SEN. BROCKMAN: Is there anything in the bill that would preclude a union of counties joining together to total 25,000. There are a number of counties in his district that could combine to make that number.

SEN. MCCOY: Would have problems with districts east of the mountains. Most of the districts in this bill would be in the valley.

SEN. TROW: How many counties are above 25,000?

SEN. MCCOY: About two-thirds of them are.

SEN. DUKES: How do you deal with overlapping counties and districts boundaries.

SEN. MCCOY: This bill deals strictly with the county boundaries. There is no overlapping into another county.

JAN BARGEN, Committee Administrator: What was the thinking on that?

SEN. MCCOY: Felt it was the most pure, logical way to do this. The University of Illinois has done a study suggesting that the quality of education may suffer. Will distribute the information when he gets the information.

SEN. TROW: Represents part of Polk County. It has three centers of populations: West Salem, Monmouth/Independence and Dallas. How well would they get along in a single school district? It may work, but separation of those communities makes some sense. They are substantially different.

SEN. MCCOY: The bill provides for situations like that. That distinct separation will not be touched. People will not consolidate unless there is some direct interference on the way they do things.

SEN. TROW: Why not have one district and have one group of state administrators?

SEN. MCCOY: Has thought about that. You could do that and have administrative districts in the different counties.

CHAIR GOLD: Is ambivalent about the idea. Doesn't know if they are any more effective than what we have now.

BARGEN: What section deals with the unique situations in a county? It seems that applies only to the extensions. Thought you were referring to something more permanent. Would you be amiable to amendments that would make things more workable?

SEN. MCCOY: Yes, was referring to the extensions. Is open to amendments. Senate Committee on Education March 26, 1991- Page 8 . 220 GINA HOUSTON, Jennings Lodge Organization: Thinks SB 1025 is do-able. The involvement of school parents is at the school level, not the state level. Should consider the possibility of open enrollment in public schools. It would give something in return to the parents. Open enrollment would also take care of boundary quirks. Measure 11 wasn't popular with the education community because of the tax credit, but it still got some support. With respect to Jennings Lodge: Doesn't have any answers on it. It is wrong to have kids being bussed miles away to school when there are schools in another district that are closer by. Parents want their kids close to home and in the neighborhood. Explains the Jennings Lodge island. The boundaries were set before the closer schools were built. 1 318 SEN. MCCOY: Are those schools that are closer by overcrowded? HOUSTON: No. They are underenrolled. SEN. TROW: If there was somehow the children could go to the nearest school? Would that satisfy you? HOUSTON: Parents don't particularly care which district it is, just as long as it is near by. CHAIR GOLD: It's a money problem with Oregon City. SEN. TROW: Thought we passed legislation last session that allow kids to go around districts to other schools. HOUSTON: That requires two school districts to agree to let the parents chose which school their child attends. We can't get agreement. SEN. MCCOY: When the developers developed this area, they did not plan for schools. Somehow the county planning board should have foreseen these issues. HOUSTON: This area is totally developed now. SEN. TROW: What city are you a part of? HOUSTON: Milwaukie. Has tried to figure out how the island occurred. SB 118 is designed to deal with this. Any of the consolidation bills the committee is reviewing could solve the problem. 403 BARGEN: Your letter (EXHIBIT B) outlines how SB 917 could be amended to deal with that. HOUSTON: There are some other islands out there, but they are small. Many do not have children in them. Preface request to be for islands with 100 students or more. SEN. DUKES: How many islands are there in the state? HOUSTON: There are about 10 in the state. The next closest in student population has about 60 students. Jennings has 750 students.

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March 26, 1991 Page 9

SEN. DUKES: Wonder what the response would be to outlaw the islands and give the Education Department the authority to grant extensions. CHAIR GOLD: What we need is the money to buy out Oregon City. Adjourns the hearing at 4:40 p.m.

Submitted by:	Reviewed by: Angela Muniz	Jan
Bargen Assistant	Administrator	EXHIBIT LOG: A -
Report: Governor's Commission on School Funding Reform - Staff - 1.		
page. B - Testimony on SB 917, SB 918 - Gina Houston - 2 pages C -		
Information on SB 917, SB 918 - Staff - 15 pages D - Hand-Engrossed		
version of SB 610 - Sen. Bill Kennemer - 1 page		