

Tapes34-35, (A\B)  
Work Session  
School Distribution  
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 7, 1991:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair  
Senator Joan Dukes, Vice Chair  
Senator John Brenneman  
Senator Shirley Gold  
Senator Ron Grensky  
Senator Bill McCoy  
Senator Tricia Smith

Staff Present: Jim Scherzinger, Legislative Revenue Officer  
Mary Ann Zimmermann, Committee Assistant

TAPE 34 SIDE A

004 CHAIR CEASE called the meeting to order at 1:18 P.M. and conducted administrative business.  
020 SEN. GRENSKY wanted information on where the Committee is going in appropriation for basic school support.  
025 CHAIR CEASE clarified the appropriation bill was being handled in another committee in which the dollar level would be decided, but where the money is spent will be decided by this Committee.  
072 SEN. MCCOY asked about considering the various points addressed by Mr. John Augenblick in the meeting on February 6, 1991.  
078 SEN. BRENNEMAN inquired if past distribution formulas dealt with per capita income.  
084 JIM SCHERZINGER responded that it has never been a part of the formula but has been addressed.  
094 CHAIR CEASE commented on using differentiation in various parts of the state.  
104 SEN. BRENNEMAN noted various levels of incomes are within a district and per capita on a county per county basis should be addressed.  
124 SEN. DUKES suggested beginning work on a distribution formula and see how the timeline progresses.

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134 SEN. GOLD pointed out the need of deciding on potential goals and agreeing on a policy.  
143 SEN. MCCOY felt other issues should be addressed before distribution such as consolidation and transportation. It was pointed out those issues are included in the list of goals.  
150 SEN. BRENNEMAN referred to the Severance Timber Tax.  
156 CHAIR CEASE explained the Severance Timber Tax is being addressed in HB 255 0.  
163 SEN. DUKES voiced concern if additional money is not brought in by Western Oregon Severance Tax (WOST) then the tax rate should be the preWOST tax rate.  
175 CHAIR CEASE interjected that as long there is a factor of local revenue WOST will automatically be considered.  
202 JIM SCHERZINGER presented a draft of goals the Committee may consider.

EXHIBIT 1

224 JIM SCHERZINGER referred to the first goal which is Adequate Funds and the past funding process had a statistical norm calculation. Another idea could be a resource cost model.

239 SEN. SMITH commented on discomfort in the terminology of "adequate".

272 CHAIR CEASE asked the Committee to look at the goals in long range terms.

278 JIM SCHERZINGER reviewed the second goal of creating minimum disruption of the present system while dealing with Measure 5. Discussion follows.

325 JIM SCHERZINGER discussed the next goal of greater per student equity in which two general approaches are listed; equal opportunity to raise local revenue and equal spending levels.

350 JIM SCHERZINGER addressed the next goal called Adjustment for Needs listing the various needs in which districts have no control differentiating them from wants. The various needs listed in Exhibit 1 are discussed.

TAKE 35 SIDE

A

005 JIM SCHERZINGER referred to policy question number two which addressed the transportation needs of a district. EXHIBIT 2

029 JIM SCHERZINGER continued addressing the list of various needs under the goal of adjustment for needs. Reference was made to small schools.

EXHIBIT 1

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046 JIM SCHERZINGER continued reviewing the list of Adjustment for Needs. Discussion and questions are interspersed.

090 JIM SCHERZINGER referred to the list of goals with reference to consolidation.

094 JIM SCHERZINGER explained the performance of the system looking at either inputs or outputs could be a goal consideration.

102 JIM SCHERZINGER discussed the next goal of local control dealing with two areas; how much is spent and how the money is spent.

115 JIM SCHERZINGER presented another goal of State Control over school costs.

124 JIM SCHERZINGER listed other goals not addressed by Mr. Augenblick including integration with early education programs and integration with Community College programs which are affected by Measure 5.

140 JIM SCHERZINGER presented a goal unique to Measure 5 which is minimizing undesirable incentives one being levy competition and formula induced levies. These incentives need to be considered in the formula.

171 JIM SCHERZINGER continued the presentation with regard to Options listed in EXHIBIT 1. The first option is "How Many Pots?" which looks at money going to schools as a whole and how that will be split.

193 Questions and discussion follow regarding the school funds coming from the General Fund.

221 SEN. GRENSKY voiced concern in deciding on a long term formula and not being able to address future needs if there is not another source of income.

234 SEN. DUKES felt the need for deciding on a long term formula which can distribute money equitably. Discussion follows regarding formulas and the amount of funds available.

303 JIM SCHERZINGER continued by presenting other types of options for funding education. EXHIBIT 1

328 JIM SCHERZINGER referred to the five general approaches presented by John Augenblick listed on Page 2, EXHIBIT 1. These five approaches are briefly reviewed.

379 JIM SCHERZINGER referred to a list of variables to include in a formula. EXHIBIT 1, Page 2

390 JIM SCHERZINGER discussed the tools offering different mechanisms for estimating the factors in a formula.

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397 JIM SCHERZINGER continued with options other than a formula system which include state takeover eliminating control at the local level. Categorical aid and Incentive payments are also addressed.

TAPE 34 SIDE

B

000 JIM SCHERZINGER continued presenting options in terms of the Measure 5 situation including Timber Severance Tax and the County School Fund.

020 CHAIR CEASE recommended the committee read over the material given by John Augenblick in the February 6, 1991 Senate Revenue Committee meeting. EXHIBIT 2 & 3

025 JIM SCHERZINGER commented that staff would be gathering information and data relating to education systems in other states.

038 MOTION SEN. DUKES moved to begin working on a long term formula recognizing the short term will need to be addressed as the time progresses.

045 DISCUSSION

231 ORDER There being no objection, Chair Cease so ordered.

236 SEN. GOLD suggested obtaining continuing expertise information through the Education Commission of the States (ECS) to assist with developing this long range formula.

250 CHAIR CEASE felt it is necessary to understand our goals before asking for any data.

260 Discussion follows regarding obtaining necessary data.

287 CHAIR CEASE reported that the decision has been made to begin working on a long range formula.

293 JIM SCHERZINGER reviewed that the formula is driven by what the goals are and what is desired to achieve.

303 JIM SCHERZINGER explained general approaches to a desired formula could be addressed. A formula is an attempt to measure for adjusted needs therefore the needs must be identified first.

317 JIM SCHERZINGER suggested looking at policy questions and school finance issues supplied by John Augenblick. EXHIBIT 2 & 3

333 Discussion follows regarding the adjustments for the needs necessary to Oregon's situation.

344 CHAIR CEASE suggested Committee Members review material from John Augenblick dealing with Policy Questions. EXHIBIT 2

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354 SEN. DUKES suggested looking at average spending as a transition while dealing with the long range formula with the possibility of addressing outcome. Gathering information for performance funding was addressed.

393 SEN. GOLD suggested using SB 120 as a discussion tool to begin addressing the issue.

425 Discussion follows regarding gathering information relating to performance funding.

TAPE 35 SIDE

B

000 CHAIR CEASE pointed out the educational system can be legal and equitable when addressing intent to fund.

015 SEN. SMITH suggested working with the Education Committee when addressing educational needs and deciding what to fund.

038 JIM SCHERZINGER commented on the word "needs" meaning different things to different people. In the present context it is a relative term and the decision is not how much money to spend on education but deciding how much more one district needs than another.

060 CHAIR CEASE adjourned the meeting at 2:48 P.M.

Mary Ann Zimmermann, Committee  
Assistant

Kimberly Taylor, Office  
Manager

EXHIBIT SUMMARY

1. Goals & Options, LRO, 2/7/91 - School Distribution
2. Policy Questions that Might Be Addressed in Order to Achieve Major School Finance Goals, John Augenblick, 2/6/91 - (See Exhibit 3, Senate Revenue Meeting, 2/6/91 School Distribution)
3. School Finance Issues in 1990, John Augenblick, 2/6/91 (See Exhibit 2, Senate Revenue Meeting, 2/6/91 - School Distribution)
4. School District Budget Process and Fiscal Year Revenue Flow, LRO, 2/7/91 - School Distribution

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