

Tapes49-50, (A\B)
WorkSession
SchoolDistribution
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 20, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:19)
Senator John Brenneman
Senator Shirley Gold
Senator Ron Grensky (arrived 1:14)
Senator Bill McCoy
Senator Tricia Smith (arrived 1:18)

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

Witnesses Present: Valarie Dumas, Graduate Student from Florida

TAPE 49. SIDE A

005 CHAIR CEASE called the meeting to order at 1:10 P.M. and conducted administrative business.

014 JIM SCHERZINGER presented a list of school distribution decisions that need to be addressed by the Committee. The list is divided in two sections dealing with a First Year formula and a Long Term formula. EXHIBIT 1

028 JIM SCHERZINGER pointed out the First Year decisions are divided into two categories including K-12/ESD's and Community Colleges.

043 JIM SCHERZINGER explained how the K-12 and ESD category is divided into three subcategories offering options for school distribution including Basic School Support, Replacement Money, and a Single Formula. EXHIBIT 1

045 JIM SCHERZINGER discussed the options listed under the Basic School Support category.

073 Discussion and questions follow regarding the basic school support options for addressing a first year formula.

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092 JIM SCHERZINGER addressed the second category of decisions including Replacement Money which contain two major points including how much total replacement money to put into the formula and how it will be distributed.

102 JIM SCHERZINGER referred to HB 5009, dealing with the Basic School Support Fund appropriation, and HB 5063 which deals with the replacement money appropriation. Discussion follows regarding the appropriation of funds in these two bills.

140 Discussion and questions follow regarding HB 5063.

163 JIM SCHERZINGER explained the decisions made on HB 5009 and HB 5063 will have an effect on how school funds will be distributed.

179 Discussion and questions follow regarding the appropriation bills.

213 SEN. DUKES asserted the desire to have one education fund rather than dividing into a replacement and a basic school fund.

241 SEN. DUKES questioned the value of creating an Education for accruing interest. Discussion follows.

268 JIM SCHERZINGER continued discussing the section category of decisions under the first year formula dealing with how much total replacement money should go into a formula. Reference to limiting the 6 percent growth is addressed. Discussion and questions are interspersed.

340 SEN. DUKES asked if the tax rate per school district is estimated after offsets or would it be pre-offsets. It was clarified that the tax rate is established after the offset.

355 SEN. DUKES felt an obligation to pick up the voter approved tax rate since that is the replacement dollars as a result of Measure 5. Careful consideration needs to be taken in dealing with looking at the amount lost in relation to last year's figures.

370 Discussion follows regarding handling the definition of "amount lost" in relation to appropriation or distribution.

378 JIM SCHERZINGER continued addressing the options listed in EXHIBIT 1. Reference is made to misestimates.

403 JIM SCHERZINGER addressed the second question under Replacement Money of how will it be distributed looking at the amount lost or by a special equity fund.

TAPE 50 SIDE

A

013 JIM SCHERZINGER discussed the final major option under the K12/ESD's category which is a Single Formula with four broad options being addressed.

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047 JIM SCHERZINGER continued discussing the second area in the first year formula dealing with Community Colleges. EXHIBIT 1

054 JIM SCHERZINGER began discussing options in regard to a Long Term Formula. Reference was made to decisions already made by the Committee.

EXHIBIT 1

065 JIM SCHERZINGER presented options to consider in a long term formula. The first option discussed dealt with measurement of a flat grant. EXHIBIT

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072 JIM SCHERZINGER addressed the second option to consider in a long term formula looking at modifications or adjustment for needs.

086 CHAIR CEASE pointed out all information and data is not yet available in the various factors listed under adjustment for needs.

EXHIBIT 1.

104 JIM SCHERZINGER reviewed the modifications listed in Exhibit 1.

147 JIM SCHERZINGER presented the third category or option to consider is the equalization component within the formula. Reference is made to the \$5 dollar tax rate. Discussion and questions follow.

216 JIM SCHERZINGER continued addressing decision consideration under a long term formula with reference to tools used in the implementation of the formula. A hold harmless or transitional period should be added to the list. EXHIBIT 1

231 JIM SCHERZINGER discussed non formula options listed in Exhibit 1. Each category was discussed including state takeover, categorical aid and performance incentives.

260 JIM SCHERZINGER addressed other considerations which could affect a long term formula including the level of revenue replacement, timber severance taxes, the County School Fund and Common School Fund.

277 CHAIR CEASE suggested addressing the question of significant difference among school districts.

286 Discussion regarding the Committee's next course of action.
330 JIM SCHERZINGER informed the Committee there are three school districts in Oregon that are below the \$5 dollar tax rate.
334 CHAIR CEASE explained looking at optional factors of other states that would be used starting July 1, 1991. The need for having necessary information available was addressed.
357 SEN. DUKES reviewed adjustment modification factors with information already available to the Committee and asked how the following areas relate to formulas in other states: Special Education, transportation, necessary small schools, and growth and decline.

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000 SEN. GOLD encouraged obtaining information regarding "at risk" and non-English speaking students.
020 Discussion continues regarding obtaining information for other modification factors including grade level, and demographics.
056 TERRY DRAKE presented an overview of the Florida Education Finance Program (FEFP). EXHIBIT 2
083 TERRY DRAKE explained Florida's formula sets up a targeted program area which is adjusted for many programs allowing for disparities in children from a norm.
106 TERRY DRAKE discussed the various portions of a flow chart which depicts how the amount of State and Local FEFP dollars is determined for each school district. EXHIBIT 2
115 TERRY DRAKE presented the program cost factors which are a major component of the Florida formula. The cost factors are adopted and adjusted by the Florida Legislature. EXHIBIT 2, Page 3
142 TERRY DRAKE addressed the state support of education in relation to Oregon under the Measure 5 limitation.
152 TERRY DRAKE continued explaining the different aspects of the flow chart depicting FEFP.
161 TERRY DRAKE referred to Florida's district cost differential factor which is explained in EXHIBIT 2, Page 4.
178 Discussion involves the necessity of having applicable data to allow for the district cost differential factor.
204 TERRY DRAKE continued addressing the components in the formula reaching a subtotal of the State and Local FEFP dollars. EXHIBIT 2
245 TERRY DRAKE explained how a second subtotal called the Net State FEFP Allocation is determined. EXHIBIT 2, Page 2
271 TERRY DRAKE continued explaining the categorical program funds and special allocations arriving at the total state finance program for the state of Florida. Questions are interspersed. EXHIBIT 2
322 TERRY DRAKE summarized that the FEFP is an example of a long term formula offering a hundred or more variables. It was pointed out that many of the special allocations addressed in FEFP are funded through other departments in Oregon.
359 Discussion and questions follow regarding cost factors in FEFP.

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000 Discussion and questions continue regarding the Florida Education Finance Program. Reference was made to the Adult Education Programs.
017 VALARIE DUMAS explained the adult children in Florida are school dropouts who reenter into the educational program.
038 SEN. SMITH asked how the Florida cost factors were determined.
042 VALARIE DUMAS explained how the Florida cost factors are determined. The factors are continually readjusted annually to account for any shortfall. Inaccuracy of the district's reporting of the various cost factors was addressed.
065 VALARIE DUMAS discussed how the program cost factors and the district cost differentials in Florida are the two most important factors in determining the level of spending in a particular district.
087 Discussion continues regarding rural schools and transportation cost factors in FEFP.
101 TERRY DRAKE pointed out that the factors are a major determinant of the spending level and there are rigid restrictions on the districts individual taxing authority.
111 JIM SCHERZINGER clarified that if there is a state funding problem in Florida rather than adjusting the base student allocation the formula is adjusted.
117 VALARIE DUMAS addressed Florida's lottery funds connection to funding education.
122 SEN. GRENSKY asked how long it took Florida to come up with this plan. The time element was addressed.
142 CHAIR CEASE recapped the Committee's desire to address the identified long range factors including Special Education, transportation, necessary small schools and growth and decline. Other factors include demographics, "at risk" nonEnglish speaking students, and grade level.
160 Discussion follows regarding the long range factors. District grouping was addressed.
197 CHAIR CEASE asked the Legislative Revenue Office to prepare information regarding the various listed factors.
214 Questions and discussion follows regarding the process of working on a distribution formula and the integration of other kinds of goals.

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239 JIM SCHERZINGER made reference to available data regarding the various factors and suggested looking at different examples of funding formulas for guidance.
282 Discussion and questions follow regarding example formulas from other states. The time period in developing a formula was addressed.
310 CHAIR CEASE adjourned the meeting at 2:58 P.M.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylo , Office Manager
EXHIBIT SUMMARY

1. School Distribution Decisions, LRO, 2/20/91 - School Distribution

2. Flow Chart, LRO, 2/20/91 - School Distribution
3. HB 2550 Summary of Revenue Impacts, LRO, 2/20/91 - HB 2550

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