

Tapes 53-54, (A\B)
Informational Meeting -
SB 814, SB 815
Bill Introduction
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 25, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair
Senator Joan Dukes, Vice Chair (arrived 1:22)
Senator John Brenneman
Senator Shirley Gold
Senator Ron Grensky
Senator Bill McCoy (arrived 1:25)
Senator Tricia Smith (arrived 1:30)

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

Witnesses Present: Ozzie Rose, Confederation of Oregon School
Administrators (COSA)

TAPE 53. SIDE A

005 CHAIR CEASE called the meeting to order at 1:20 P.M. and conducted
administrative business.

BILL INTRODUCTION

013 MOTION SEN. GRENSKY moved LC 3626 be introduced as a committee
bill. EXHIBIT 1

017 ORDER There being no objection, CHAIR CEASE so ordered.

020 MOTION SEN. CEASE moved LC 3029, LC 3173, and LC 3174 be
introduced as committee bills. EXHIBIT 2, 3, and 4.

022 DISCUSSION

024 ORDER There being no objection, CHAIR CEASE so ordered.

033 CHAIR CEASE reviewed changes in the week's agenda.

051 JIM SCHERZINGER introduced SB 815 which covers the 1991-92
appropriation of school funds.

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meetings. Text enclosed in quotation marks reports the speakers exact
words. For complete context of proceedings, please refer to the tape
recording.

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059 TERRY DRAKE explained the construction of various computer runs
presenting data on the figures to enter into this first year distribution
formula. The number used was \$607 total amount of money available this
first year.

070 Discussion follows.

093 TERRY DRAKE presented the first printout which addresses the frozen
formula \$602 million Basic School Support Fund (BSSF) and dollar for dollar
Ballot Measure 5 replacement. EXHIBIT 5

114 TERRY DRAKE presented the second printout which addresses the \$20
million special equalization grants frozen formula \$602 million BSSF and
dollar for dollar Ballot Measure 5 replacement (less \$20 million). This
printout demonstrates taking the \$20 million dollar equalization program
money out of the BSSF. EXHIBIT 6

120 TERRY DRAKE presented the third printout which addresses the \$20
million special equalization grants frozen formula \$582 million BSSF and

dollar for dollar Ballot Measure 5 replacement. This printout demonstrates taking the \$20 million dollars of equalization out of the replacement money rather than out of the Basic Fund. EXHIBIT 7

125 TERRY DRAKE presented the fourth printout which is the short term school finance simulation run summary #1. This document is a summary of the information found in Exhibit 5, 6, and 7. EXHIBIT 8

137 TERRY DRAKE used a blackboard illustration to explain the integration of Measure 5 limitations and replacement moneys used in the computer runs were based on several simulated assumptions listed. EXHIBIT 9

145 TERRY DRAKE explained the first assumption which is a 7 percent levy growth possible for all districts.

152 TERRY DRAKE introduced the second assumption which deals with the state providing replacement dollars limited to 6 percent levy growth.

160 JIM SCHERZINGER expanded on the blackboard illustration that the dollar for dollar is only up to the 6 percent levy growth. Also on an individual district basis some will get higher levy approvals than others which is an unknown at this time.

176 SEN. GRENSKY questioned the districts approving a variety of levies because the state will be replacing dollar for dollar which would never had been approved if paid out of property taxes.

184 CHAIR CEASE responded that the question will be addressed and a draft is being written to deal with levy competition.

192 Discussion and questions follow regarding the levy growth issue.

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211 SEN. DUKES asked what is the statewide growth for schools over the last two years. The response was about 7 to 8 percent per year.

225 SEN. DUKES commented on the reason the growth has been so high is because districts have been encouraged to get tax bases and to improve the amount of tax dollars spent at the local level which would level off and become lower if a long term formula contains a growth amount.

239 JIM SCHERZINGER responded with the question of what would the growth have been had Measure 5 not been enacted. The incentives are so different now that Measure 5 is here.

256 SEN. SMITH asked if it is known how many districts have a levy on the March 26 ballot. It is assumed a decision should be made by that time on how to deal with the compression issue.

270 TERRY DRAKE responded that the limitations put on by the Legislature could come after the March 26 ballot.

281 SEN. GRENSKY voiced concern in the proposed levies which are in excess of the \$15 per thousand.

288 OZZIE ROSE answered that COSA is advising districts to obtain levying authority that exceeds their current authority by 6 percent.

309 SEN. GRENSKY clarified that districts in the safety net will be advised to obtain a levy in order to receive the replacement dollars.

324 Discussion and questions follow regarding the replacement requirement of the state in relation to the levying authority.

372 SEN. DUKES suggested putting it in statute that replacement dollars will grow at a rate of _ and be distributed however the Legislature decides.

404 JIM SCHERZINGER addressed the fact that if every district got 6 percent

it would remove one incentive but there would still be a total state wide incentive.

455 Discussion and questions follow regarding the levy issue. Reference is made to the serial levy.

TAPE 54 SIDE

A

022 TERRY DRAKE continued discussing the simulated assumptions listed on the blackboard. The special equalization for low spending districts was addressed. EXHIBIT 9

045 It is clarified that the assumed figures are based on the \$602 million BSSF and the figure of 90 percent was inserted in the blank listed in Section 3 of SB 815. Discussion and questions are interspersed.

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082 TERRY DRAKE addressed the fourth assumption in EXHIBIT 9 in reference to the average expenditures per student and subtracting targeted grants ,that were approved by Legislation in the 90-91 biennium.

096 TERRY DRAKE referred to the first computer run (Exhibit 5) which offers a baseline listing the resources of the county districts including levying authority and state support. Examples on the list are explained using the simulated assumption options listed on the blackboard illustration, Exhibit 9. Discussion and questions are interspersed.

227 TERRY DRAKE referred to SB 814 which provides for money in a frozen basic formula but some money will be given to low spending districts.

245 TERRY DRAKE explained the third computer printout which offers an assimilation of SB 815. Discussion and questions are interspersed. EXHIBIT 7

280 TERRY DRAKE focused on an example listed in the computer run (Exhibit 7) and reference is made to the special equalization simulated option listed on the blackboard (Exhibit 9).

336 SEN. GRENSKY asked if any computer runs could be done to determine the net gain or loss when the relative reduction of basic school support has been factored in.

355 SEN. SMITH asked for clarity between the second and third computer runs. EXHIBIT 6 and 7

362 TERRY DRAKE explained what is being assimilated in SB 815.

377 CHAIR CEASE commented on the policy question in relation to the dollar for dollar replacement pot has no equity and the basic school support has some sense of equity in relation to growth and decline.

395 TERRY DRAKE explained that the money in Exhibit 6 draws from BSSF and Exhibit 7 draws money from replacement funds.

TAPE 53 SIDE

B

000 TERRY DRAKE explained the fourth computer run depicts a summary of the assimilated options presented on the blackboard illustration in Exhibit 9. Discussion and questions are interspersed. EXHIBIT 8

048 TERRY DRAKE presented an example of Marion County, Salem School District 24J listed in EXHIBIT 8, page 5. Salem is close to norm in the state and can be seen under the various assumption options. Discussion and questions are interspersed.

110 Discussion and questions follow regarding EXHIBIT 8.

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124 TERRY DRAKE referred back to the summary sheet pointing to a large district such as Salem 24J can come out okay in each of the options.

142 TERRY DRAKE referred to a larger district such as Portland which will be greatly affected by the limitation. The various assimilated options were addressed.

197 TERRY DRAKE offered an example of raising the target will cause the list of equalization recipients to be shortened.

204 SEN. SMITH asked how much it would take to bring every district up to the state wide average. The response was \$122 million dollars.

211 SEN. BRENNEMAN voiced interest in data similar to the third computer run in EXHIBIT 7 using another amount of dollars that could be taken out of Measure 5 replacement money.

228 SEN. DUKES asked how many districts are spending less than \$3000 per student. The response was about 15 to 20 districts. The question was then addressed of moving all districts up to the amount of \$3000 per student.

235 SEN. DUKES felt there should be a foundation amount per student which no district can fall below.

249 TERRY DRAKE explained that would be an example of a variation option for the formula in SB 815.

259 SEN. GOLD asked for clarity in the arbitrary figures chosen to obtain the equalization.

279 Discussion and questions follow regarding the figures assimilated in the SB 815 formula.

311 SEN. GRENSKY pointed out that if districts don't levy to the limit as is assumed the pot will shrink and the impact on the district replacement and equalization dollars will vary.

325 TERRY DRAKE pointed out that the figures will change in each district depending on their assessed value.

344 TERRY DRAKE addressed the blackboard illustration with reference to the assessed value growth. Discussion and questions are interspersed. EXHIBIT 9

383 JIM SCHERZINGER explained that if the distribution formula says it is based on the money lost and if more money is raised locally because value goes up then the replacement funds will be reduced.

404 SEN. GRENSKY addressed the issue of the state picking up the loss for districts that have not been up to the current levels for assessment.

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414 SEN. GOLD asked if a computer run could be done on 12 million dollars instead of 20 million for special equalization grants. Reference is made to bringing districts up to the average.

TAPE 54 SIDE

B

020 TERRY DRAKE asked the Committee for suggestions in simplifying the presentation of the various data runs. It was felt the summary runs of the data was most beneficial.

040 CHAIR CEASE adjourned the meeting at 2:49 P.M.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. LC Draft 3626, Senator Grensky, 2/21/91 - LC Drafts
2. LC Draft 3029, Senator Cease, 2/20/91 - LC Drafts
3. LC Draft 3173, AOI, 2/20/91 - LC Drafts
4. LC Draft 3174, AOI, 2/19/91 - LC Drafts
5. School Finance Simulation, LRO, 2/25/91 - SB 815
6. School Finance Simulation, LRO, 2/25/91 - SB 815
7. School Finance Simulation, LRO, 2/25/91 - SB 815
8. Short Term School Finance Simulation Run Summary, LRO, 2/25/91 - SB 815
9. Blackboard Illustration, LRO, 2/25/91 - SB 815
10. Letter from Steve Bryant, Albany, 2/19/91 - SB 441

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