

Tapes55-56, (A\B)  
Public Hearing  
SB 814, SB 815  
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

February 26, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair  
Senator Joan Dukes, Vice Chair (excused 1:15 to 2:00'  
Senator John Brenneman  
Senator Shirley Gold  
Senator Ron Grensky  
Senator Bill McCoy (departed 2:10, returned 2:42)  
Senator Tricia Smith

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

Witnesses Present: John Danielson, Oregon Education Association (OEA)  
David Mandelblatt, Eugene Education Association  
Ann Nice, Portland Association of Teachers  
Barbara Drageaux, Portland Association of Teachers  
Robert Worrall, Salem Education Association (SEA)  
Mari Anne Gest, Oregon School Employees Association (OSEA)  
Chris Dudley, Oregon School Boards Association (OSB A)  
Ozzie Rose, Confederation of Oregon School Administrators (COSA)  
Greg McNurdo, Department of Education (DOE)

TAPE 55, SIDE A

005 CHAIR CEASE called the meeting to order at 1:13 P.M. and conducted administrative business.

PUBLIC HEARING - SB 815 AND SB 814

019 JOHN DANIELSON commented on the appropriation level of \$602 million dollars being addressed in relation to SB 815.

026 JOHN DANIELSON read an advertisement for ballot Measure 5 which explained that the intent of Measure 5 was not to make a devastation of the school finance system. EXHIBIT 1

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040 JOHN DANIELSON addressed the concerns of the school districts if SB 815 passed and the appropriation level remained at \$602 million. It was proposed moving the level to the range of \$657 million dollars for the first year and make the determination on the second year after addressing the necessary needs in a long term formula.

084 CHAIR CEASE asked Mr. Danielson if he thought the goals presented in SB 814 addressed the criteria. The response was yes but it will be a difficult task to implement the long term formula.

098 SEN. GRENSKY questioned OEA's position in addressing the equity issue in the event more money cannot be raised.

108 JOHN DANIELSON responded political decisions will be addressed when there is a reconnection with the Federal Code. The state Constitution says the Legislative Assembly will levy the taxes that are necessary to accommodate the needs of the state. It was suggested imposing a higher level of taxation of some sort.

120 Discussion and questions follow regarding the appropriation level.  
142 JOHN DANIELSON commented on the punishment of the higher taxed districts who have reached for educational excellence. There is a shift of moving all districts toward the middle which adopts mediocracy and should be avoided.

160 DAVID MANDELBLATT addressed the impact of SB 815 on the Eugene and Bethal school districts. Distribution needs to be on a dollar per dollar basis but the \$602 million dollar proposal will cripple schools.

204 SEN. GRENSKY clarified the Revenue Committee does not set the \$602 million dollar figure and asked where the money could come from to cover the proposed \$657 million dollars.

213 DAVID MANDELBLATT proposed finding a way to obtain the money. Statements need to be made addressing the quality of Oregon education.

223 SEN. GRENSKY commented on the high spending for education in Eugene.

230 DAVID MANDELBLATT pointed out the issue is equalization upward not an attempt to bring various high paying districts down.

238 Discussion and questions follow regarding the spending levels of various districts. The need for additional revenue was addressed.

286 ANN NICE and BARBARA DRAGEAUX of the Portland Association of Teachers testified against SB 815 and advocated using the same distribution formula as in 1990-91 with adjustments for growth and inflation and moving the Basic School Support to \$657 million appropriation level.

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306 BARBARA DRAGEAUX discussed the needs of Portland Public Schools and the impact of SB 815.

349 SEN. SMITH questioned where to make the cuts to obtain the money to bring Basic School Support up to \$657 million.

375 ANN NICE responded the money can be found and during this first year the intent of Measure 5 must be fulfilled of not making education suffer under the revenue loss.

391 CHAIR CEASE addressed the legality of the equity issue.

417 BARBARA DRAGEAUX pointed out less money is coming to Portland from the state. It is important to adequately fund the needs of the children in Portland.

TAPE 56 SIDE

A

006 SEN. GRENSKY commented on Portland wanting ballot Measure 5 passed with the rest of the state paying to maintain their educational programs.

028 BARBARA DRAGEAUX pointed out that not everyone in Portland wanted the passage of ballot Measure 5.

037 SEN. GOLD commented on the problem facing the Legislature in terms of projected revenue cuts and where can the Legislature obtain the necessary money.

066 ROBERT WORRAL addressed the educational needs of the state with emphasis on Salem. It was urged to consider the \$657 million appropriation level to prevent many districts from falling to the Safety Net level.

111 ROBERT WORRAL pointed out that an alternative source of income is necessary and needs to be addressed now.

118 SEN. SMITH referred to the funding of the 1991-92 school year with the \$657 million and the problem of where the extra money is obtained.

132 ROBERT WORRAL responded that many cuts are being made but the issue is supporting schools in the way ballot Measure 5 intended.

146 SEN. GRENSKY pointed out the issue of the Revenue Committee is not what

to fund Basic School Support but how to distribute the funds. Testimony has not addressed SB 815 and SB 814 and that is what would be useful to the Committee.

162 SEN. GRENSKY asked Mr. Worrall his opinion of SB 815.

169 ROBERT WORRAL responded the SB 815 is inadequate and the most appropriate way to go is to use the 1990-91 formula while working on a long term decision.

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185 Discussion and questions follow regarding the equity issue.

196 ROBERT WORRAL felt that dealing with SB 815 and SB 814 will not support schools at an adequate level.

243 MARI ANNE GEST read provided testimony to the Revenue Committee regarding SB 815. The transportation issue was addressed. EXHIBIT 2

314 MARI ANNE GEST referred to the provided testimony regarding SB 814 which also addresses the transportation issue in the long term formula. EXHIBIT 3

350 CHRIS DUDLEY testified that the \$602 million dollar appropriation proposed in SB 815 is not enough money. Equity and SB 815 cannot be dealt with at the same time. The issue of confiscating money from one district and sending it to another was addressed.

TAPE 55 SIDE

B

004 CHRIS DUDLEY addressed the policy question before the Committee is whether to send a vehicle to Ways and Means proposing that part of the property tax replacement money be used to redistribute to other districts.

017 CHRIS DUDLEY also addressed that whatever remains of the property tax levy is identified as a local revenue source.

045 CHRIS DUDLEY referred to Portland in relation to the equity issue and felt SB 815 is not a good mechanism for funding Basic School Support during the first biennium.

036 CHAIR CEASE asked if the goals in SB 814 are adequate goals. The response was yes.

052 SEN. DUKES asked Mr. Dudley to recap the mini-formula that was addressed earlier.

060 CHRIS DUDLEY explained the proposed formula which does not move toward equity as quickly. Reference is made toward local effort. It was suggested that Mr. Dudley compare his figures with the computer run done by Terry Drake.

090 CHRIS DUDLEY addressed balancing state support and local effort.

134 SEN. DUKES discussed the problem of removing the property tax issue out of school funding.

140 CHRIS DUDLEY suggested taking property tax dollars that would be levied to budget programs to obtain equity.

151 SEN. GOLD referred to previous testimony pleading for first year money and reaching a March 1 budget deadline. SB 815 attempts to do that but the bill is not being well received in today's testimony, so

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what is suggested in reference to the March 1 deadline.

177 OZZIE ROSE testified against SB 815 and was convinced more money will be available and drop this first year formula and begin addressing the long term formula.

210 OZZIE ROSE shared information from a Texas newspaper regarding the large number of coalitions and the problem involved in trying to satisfy every district.

226 SEN. SMITH questioned if the first year formula should be "bunched" and begin working on the long term formula. The response was that is the opinion of COSA.

235 OZZIE ROSE felt the proposed figures in SB 815 do not come close to covering the current educational services.

241 SEN. GRENSKY addressed the issue before the Committee is not how much money goes into the formula but how it is to be distributed.

273 GREG MCMURDO pointed out that there is a statute requiring the Superintendent of Public Education to notify school districts of the amount of Basic School Support available which will be done based on the best available estimate.

297 TERRY DRAKE explained that historically the Superintendent of Public Education has based the estimate on the prior year appropriation level.

308 SEN. SMITH asked if the current Superintendent of Public Education would use the same method of estimating the 1991-92 budget if the Legislature does not have a figure by March 1. The response was Mr. McMurdo did not know the Superintendent's intent.

321 Discussion and questions follow regarding the Superintendent of Public Education addressing the Revenue Committee.

361 SEN. DUKES asked if the Superintendent of Public Education has an opinion on addressing the long term versus the short term formula.

388 CHAIR CEASE closed the hearing on SB 815.

BILL INTRODUCTION - LC 3625

393 MOTION CHAIR CEASE moved that LC 3625 be introduced as a Committee bill at the request of the League of Oregon Cities and the City of Portland. EXHIBIT 4

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

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TAPE 56 SIDE B

012 TERRY DRAKE reviewed the computer runs presented to the Senate Revenue Committee on February 25, 1991 which addressed the \$20 million special equalization formula. Reference was made to a blackboard illustration. EXHIBIT 9

052 SEN. SMITH questioned if the policy decision would be whether the goals should be the statewide average and to spend whatever funds are allocated for equalization to reach the goals. The other decision would be to use the money to allow all districts below the statewide average to meet the 90 percent of that average.

059 TERRY DRAKE responded that those decisions are some of the tradeoffs but the percentage can be adjusted to be within any target. Reference is made to the blackboard illustration in Exhibit 9.

075 Discussion and questions follow regarding the districts moving toward the statewide average. Reference is made toward a proportionate move toward the targeted goal.

114 SEN. DUKES asked if every district under 90 percent of the statewide average will receive some revenue. The response was yes.

117 SEN. GRENSKY asked if the lower paying districts would get halfway to the 90 percent of the statewide average.

124 TERRY DRAKE explained the linear relationship with the percentage of dollars received varies but the percentage change does not.

127 SEN. SMITH asked if a computer run could show expenditure per student at the proposed rate.

141 TERRY DRAKE presented the four computer runs depicting the school finance simulation which are based on the blackline formula seen in the blackboard illustration in Exhibit 9. EXHIBIT 5, 6, 7, and 8

152 SEN. SMITH questioned the figures in EXHIBIT 7 the replacement revenue being \$177 million rather than \$197 million.

161 TERRY DRAKE explained the \$20 million dollar is the replacement money in SB 815.

190 TERRY DRAKE presented a requested computer run which depicts a summary of the representation of SB 815. EXHIBIT 10

200 Discussion and questions follow regarding EXHIBIT 10.

225 SEN. BRENNEMAN referred to EXHIBIT 11 as not being what was requested. It was clarified that he wanted \$60 million to be shown added to the Basic School Formula at \$602 distributed on the same formula as the Basis School at \$20 million on special equalization. EXHIBIT 11

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240 CHAIR CEASE adjourned the meeting at 2:56 P.M.

Mary Ann Zimmerman Committee Assistant

Kimberly Taylor , Office Manager

#### EXHIBIT SUMMARY

1. News Article, OEA, 2/26/91 - SB 815
2. Written Testimony, OSEA, 2/26/91 - SB 815
3. Written Testimony, OSEA, 2/26/91 - SB 814
4. School Finance Simulation #2-A, LRO, 2/26/91 - SB 815
5. LC Draft 3625, 2/22/91, - LC Drafts
6. School Finance Simulation #2-B, LRO, 2/26/91 - SB 815
7. School Finance Simulation #2-C, LRO, 2/26/91 - SB 815
8. Short Term School Finance Simulation Run Summary #2, LRO, 2/26/91 - SB 815
9. Blackboard Illustration, LRO, 2/26/91 - SB 815
10. Short Term School Finance Simulation Run Summary #2-C, LRO, 2/26/91 - SB 815
11. School Finance Simulation #2-D, LRO, 2/26/91 - SB 815

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