

Tapes69-70, (A\B)  
Work Session: SB 814  
SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE  
March 11, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair  
Senator John Brenneman  
Senator Shirley Gold (arrived 1:13)  
Senator Ron Grensky (arrived 1:15, departed 2:50)  
Senator Bill McCoy  
Senator Tricia Smith  
Members Excused: Senator Joan Dukes, Vice Chair

Staff Present: Terry Drake, Legislative Revenue Office  
Steve Bender, Legislative Revenue Office  
Mary Ann Zimmermann, Committee Assistant

Witnesses Present: John Fairchild, Department of Education (DOE)  
Walter Koscher, DOE  
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005 CHAIR CEASE called the meeting to order at 1:10 P.M. and conducted administrative business.

006 CONSENSUS CHAIR CEASE asked if there were any objections in allowing Sen. Grensky to vote AYE on SB 437 since he was excused from the 3/7/91 meeting in which the bill was passed to the Senate Floor. (See 3/7/91 minutes for Senate Revenue and School Finance meeting.

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

BILL INTRODUCTION - LC 3957

022 CONSENSUS CHAIR CEASE asked if there was any objection to introduce LC 3957 dated 3/11/91 as a Committee bill at the request of League of Oregon Cities and Special Districts Association of Oregon. EXHIBIT 1

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

WORK SESSION - SB 814

035 TERRY DRAKE reviewed the intent of working on SB 814 by addressing individual segments of the overall formula. It was decided to begin

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with the transportation segment of the formula.

055 CHAIR CEASE requested information be supplied to the committee regarding transportation costs which was provided by the Oregon School Employees Association. EXHIBIT 9

064 JOHN FAIRCHILD read testimony providing background and current information regarding pupil transportation in Oregon. EXHIBIT 2

242 SEN. SMITH commented on adding more buses contribute to traffic

problems and suggested adding time on to the beginning of the morning.

255 JOHN FAIRCHILD pointed out other alternatives may be necessary.

260 JOHN FAIRCHILD continued reading provided testimony in Exhibit 2. Two factors were addressed including efficiency and economic impact on the state and local districts.

322 SEN. BRENNEMAN questioned the DOE policy on consolidation. It was asked if incentives for transportation should be addressed when developing a distribution formula.

340 JOHN FAIRCHILD responded that incentives have been encouraged under the current system. Discussion follows.

365 SEN. BRENNEMAN suggested encouraging greater incentives for consolidation.

381 SEN. SMITH asked if computer runs have depicted state wide transportation cost savings with respect to consolidation.

395 JOHN FAIRCHILD responded there have not been specific models run although some counties have addressed the issue but local economy and local district authority have been a concern.

406 SEN. SMITH asked if enough data was available to supply estimates regarding cost saving of consolidation in terms of transportation.

420 JOHN FAIRCHILD responded that current data was two years old and would have to be reevaluated.

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008 SEN. SMITH questioned the terminology of "distant learning." The term was explained.

018 Discussion and questions follow regarding distant learning.

036 SEN. GOLD referred to two upcoming senate bills that will be dealing with consolidation in the Education Committee.

053 WALTER KOSCHER addressed the distribution formula for the current Basic School Support Fund (BSSF). EXHIBIT 3

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086 WALTER KOSCHER referred to the figures with regard to transportation cost for the 1989-90 Basic using the current distribution formula. EXHIBIT 4

115 Discussion and questions follow regarding transportation costs for the various districts using the current transportation distribution formula.

154 WALTER KOSCHER referred to SB 2137 passed in 1989 which referred to the frozen formula. In effect some school districts are getting reimbursements based on the 1987 school year.

175 CHAIR CEASE commented there may be a need in addressing systems based on what the cost should have been.

188 WALTER KOSCHER pointed out that currently the DOE does not have the capability to cost out what the service should be. Reference was made to the wide variety of costs among the various school districts.

200 SEN. SMITH questioned the varying cost in relation to cost per student miles traveled.

206 JOHN FAIRCHILD responded to the varying cost of districts by using examples of calculating transportation costs in some districts.

230 SEN. SMITH asked if it was possible to develop a cost model that takes into account static factors among the various districts and then develop a cost per mile to develop cost beyond that base.

240 JOHN FAIRCHILD recommended addressing regular transportation first and then address other options for establishing a model. A basis can be

established but the question arises of where does the base begin because there is such a variety of differences between districts.

273 TERRY DRAKE referred to a system in Minnesota which addresses a resource cost model which needs good base data that is not currently available for the various districts in Oregon.

307 SEN. SMITH commented that transportation is an important factor in education and something must be done that could be subject to modification over time.

320 Discussion follows regarding transportation.

347 STEVE BENDER referred to a document dealing with school transportation funding options. EXHIBIT 5

375 STEVE BENDER also presented a list depicting transportation funding systems in other states. EXHIBIT 6

390 CHAIR CEASE asked if the questions to be addressed in the needs categories for a long term formula were able to be considered in relation to the information of other states. EXHIBIT 8

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393 STEVE BENDER addressed the questions in Exhibit 8.

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B

007 STEVE BENDER discussed Exhibit 5 explaining how the nine options are divided into two groups with the first dealing with formula type options while the second group are nonformula type of approaches.

010 STEVE BENDER presented the first (A) option which addresses mileage allowance in which districts are reimbursed on a per pupil per mile basis.

032 STEVE BENDER explained the B option labeled comparable district funding in which the state divides the districts into different categories. Density would be an example.

081 STEVE BENDER described the C option which deals with density adjustment in which the districts are reimbursed based on the number of students served but the calculation is adjusted. An example formula used in Arkansas is presented in Exhibit 5.

120 STEVE BENDER addressed the D option which deals with the cost prediction formula in which the school districts cost are estimated based on what transportation should cost and then be funded accordingly.

160 STEVE BENDER referred to the fourth question in the needs category in the long term formula which asks, "If the need should be adjusted for, should the adjustment be made through a formula?" It was explained that the remaining five options, E - I, would not be adjusted through a distribution formula.

168 STEVE BENDER explained the E option which deals with reimbursement for some level of approved expenditures. This is the system Oregon has been using.

178 STEVE BENDER described option F which is based on inflation adjustment rather than reimbursement. It was pointed out the Maryland example does not allow for growth but that factor could be addressed

204 STEVE BENDER explained option G labeled "equalized" reimbursement but the reimbursement is based on the property wealth of the district with the higher wealth districts getting less transportation cost reimbursement.

232 STEVE BENDER presented option H which deals with funding on a per student basis.

236 STEVE BENDER explained option I entitled complete state operation in

which the state does it all. Some examples of other states using this was addressed. It was pointed out that regional funding could be applied.

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265 SEN. SMITH asked what the difference in cost is in South Carolina which has a state operated system for funding transportation.

270 STEVE BENDER pointed out that the editor of "School Finance at a Glance" in which the information in Exhibit 6 was obtained explained that most education consultants were interested in a "linear density model" when dealing with transportation cost. Information involving the model will be presented to the committee at a later date.

301 CHAIR CEASE commented on the complexity of the transportation system in Oregon.

317 SEN. SMITH questioned the transportation system in Delaware in which the state provides the total cost of transportation.

332 SEN. MCCOY referred to option H and asked if the funding was done through a state agency. The response was through the schools.

339 SEN. GRENSKY asked if all current bus drivers in Oregon are paid by the state.

348 JOHN FAIRCHILD responded that 30 percent are private employees that are contracted by the school districts.

357 SEN. GRENSKY addressed the issue of the state involvement in the negotiation of transportation arrangements because many factors could increase or decrease the cost without being part of a formula.

390 Discussion and questions follow regarding transportation contracts. Reference was made to the transportation costs in Portland.

TAPE 70 SIDE

B

013 SEN. GRENSKY asked to address the transportation issue because the cost could be high in one district and the state equity must be addressed.

030 SEN. GOLD commented on making a decision in which local control is a factor.

039 JOHN FAIRCHILD addressed the mileage allowance as being the formula Oregon did use at one time.

047 TERRY DRAKE presented three policy issues that need to be addressed. The first option is based on the current system of reimbursement. The pros and cons of the current system was addressed. Reference was made to a blackboard illustration. EXHIBIT 7

090 TERRY DRAKE explained the second policy issue that could be addressed which is mileage/fixed formula. The pros and cons are addressed with reference to Exhibit 7.

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114 TERRY DRAKE explained the pros and cons of the third policy issue which deals with regression/resources cost model as used in Minnesota.

151 CHAIR CEASE asked if there was a way to build an efficiency factor into the formula.

163 TERRY DRAKE explained it was possible to begin with a simple formula and build in various factors making it more complex.  
175 TERRY DRAKE provided a sample formula depicted in Exhibit 7 using many variables and arriving at a predicted percentage of transportation expenditures.  
221 CHAIR CEASE addressed what the committee could deal with on the next day's agenda.  
249 TERRY DRAKE pointed out that if the committee wanted to address the third policy dealing with a regression/resource cost model research will need to begin.  
251 SEN. BRENNEMAN felt the transportation goal should be a simple system.  
264 Discussion follows regarding the direction the committee should head in making a decision with regard to a transportation formula.  
286 CHAIR CEASE adjourned the meeting at 2:58 P.M.

Mary Ann Zimmerman, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Draft LC 3957, at the request of League of Oregon Cities and Special Districts Association of Oregon, 3/11/91 - LC Drafts
  2. Written Testimony, DOE, 3/11/91 - SB 814
  3. Transportation Formula Information, DOE, 3/11/91 - SB 814
  4. BSSF Distribution, DOE, 3/11/91 - SB 814
  5. School Transportation Funding Options, LRO, 3/11/91 - SB 814
  6. State Transportation System, LRO, 3/11/91 - SB 814
  7. Blackboard Illustration, LRO, 3/11/91 - SB 814
8. Toward a Schedule for Long Term School Distribution, LRO, (see Exhibit 2 of Senate Revenue Minutes 3/6/91 - SB 814)
9. Transportation Cost, OSEA, 3/11/91 - SB 814

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