

Tapes 91-92, (A)

Work Session SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

March 29, 1991 1:00 PM Hearing Room A State Capitol
Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair

Senator John Brenneman (departed 2:25)

Senator Shirley Gold

Senator Bill McCoy (arrived 1:45, departed 1:55)

Senator Tricia Smith

Members Excused: Senator Ron Grensky

Staff Present: Steve Bender, Legislative Revenue
Office

Mary Ann Zimmermann, Committee

Assistant

Witnesses Present: Paul Warner, Executive

Department

TAPE 91. SIDE A

005 CHAIR CEASE called the meeting to order at 1:29 and conducted administrative business. Students from Faith Bible Christian School in Aloha, Oregon were welcomed.

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029 STEVE BENDER presented information dealing with district cost differentials which are factors beyond the control of local school districts and do not relate to characteristics of the individual students.

EXHIBIT 1

050 STEVE BENDER discussed the differential with relation to local cost of living.

065 STEVE BENDER explained how the cost of living would be considered in relation to funding schools. Florida calculates local cost of living into a school funding formula. Discussion follows regarding the Florida Funding system with relation to Exhibit 1.

100 STEVE BENDER indicated that if Oregon wanted to include a cost of living factor in a funding formula, the state would have to calculate the price indexes.

104 STEVE BENDER addressed the comments listed in Exhibit 1 which relate to using the local cost of living as a funding factor for schools. It was pointed out that Oregon does not make adjustments for cost of living.

These minutes paraphrase and/or summarize statements made during this 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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135 SEN. BRENNEMAN asked if Florida included wages in the cost of living factor.

145 STEVE BENDER addressed the equitable issue dealing with a cost of living factor in the larger urban districts. The problem of equity becomes greater as the state has more control of funding.

175 Discussion follows regarding using a cost of living adjustment in a funding formula. Reference is made to the wages in the various districts.

205 SEN. DUKES questioned addressing other issues dealing with education such as teacher costs rather than cost of living which is an uncontrollable

area.

230 CHAIR CEASE assumed the committee would not be able to use a cost of living factor this session.

239 PAUL WARNER explained it would be a critical factor in adjusting school funding. Reference was made to Mississippi cost of living index. It was pointed out there are no comprehensible price indexes done for the state of Oregon. The way to determine a price index was explained.

297 SEN. BRENNEMAN asked if tourism and recreational factors are addressed in the cost of living factors. Reference was made to the high cost of housing along the Oregon Coast.

317 PAUL WARNER explained the problem of housing data is only available in the decennial census.

331 CHAIR CEASE reported data will have to be obtained if a cost of living factor is to be used in a funding formula.

342 SEN. BRENNEMAN feels it is an important factor and should be further addressed.

349 CHAIR CEASE asked the Executive Department to obtain further data.

358 PAUL WARNER pointed out a wide variance in indexes between different counties in the state of Mississippi.

373 STEVE BENDER discussed the state of Texas which uses a "cost of Education Index" (CEI) with reference to cost of labor. The five cost factors listed on Page 2 were addressed. EXHIBIT 1

TAPE 92. SIDE

A

023 STEVE BENDER continued discussing the Texas funding formula with reference to the five cost factors which are depicted in a chart. EXHIBIT 1, Page 3.

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067 STEVE BENDER presented the mathematical way Texas calculates adjustment for Diseconomies of Scale Variations which is depicted in a Graph. EXHIBIT 1, Page 3-4.

091 SEN. SMITH questioned the districts that voluntarily wish to remain small are not addressed in Texas. It was pointed out that Texas chooses to encourage districts to remain small.

112 STEVE BENDER explained the Texas funding formula currently under discussion has not yet become law.

127 STEVE BENDER presented information relating to small district costs without merger disincentives. EXHIBIT 1, Page 5

160 STEVE BENDER discussed the funding formula in Oklahoma as compared to Texas with reference to district cost differentials. Reference is made to EXHIBIT 1, Page 5.

203 STEVE BENDER presented and discussed a chart depicting the Oklahoma Sparsity-Isolation Calculation which is another factor addressed in the state of Oklahoma. This gives districts in sparse areas the incentive to consolidate but not in large urban areas. EXHIBIT 2, Page 7

298 STEVE BENDER explained Oregon does not provide direct additional funding to school districts with small enrollments or sparse population. However the permanent Basic School Support Fund distribution does grant additional funding to districts with small and necessary schools.

338 STEVE BENDER presented another element that some school funding systems address which is growth and decline in student enrollment. Explanation and factors relating to growth/decline of student enrollment was presented in

Exhibit 1, Page 8.

TAPE 91 SIDE B

009 STEVE BENDER explained how Oregon fund districts with declining enrollment with reference to Exhibit 1, Page 8.

025 STEVE BENDER discussed Iowa's system for compensation of declining enrollment which was suggested by Dr. John Augenblick. An example of an Iowa School district's adjustment for declining enrollment was presented and explained. EXHIBIT 1, Page 9

115 Discussion and questions follow regarding Oregon's declining enrollment.

125 SEN. DUKES questioned growing enrollment of districts.

138 STEVE BENDER addressed Oregon's Basic School Support system for growing student enrollment. Other states do provide additional funding for growing districts. Reference is made to the system in Florida.

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159 SEN. SMITH asked if states have a standard rate for class size and how is allocation for growth addressed.

165 Discussion and questions follow regarding dealing with additional growth in districts. Reference is made to the difference in addressing capital cost to student enrollment. Oregon does not consider capital costs in their distribution formula.

202 STEVE BENDER pointed out that as enrollment grows in a district it will be given additional costs until it reaches the amount paid to the larger districts. This is different than the declining growth principle.

244 CHAIR CEASE questioned if the committee wants to change the current growth and decline system in Oregon.

250 CHAIR CEASE adjourned the meeting at 2:44 P.M.

Mary Ann Zimmermann, Committee
Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. District Cost Differentials, LRO, 3/29/91 - SB 814

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