

Tapes93-94, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

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

Members Present: Senator Jane Cease, Chair

Senator John Brenneman

Senator Shirley Gold

Senator Ron Grensky

Senator Bill McCoy (departed 1:20, returned 2:25)

Senator Tricia Smith (arrived 1:38)

Members Excused: Senator Joan Dukes, Vice Chair

Staff Present: Terry Drake, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

TAPE 93. SIDE A

005 CHAIR CEASE called the meeting to order at 1:16 and conducted administrative business.

WORK SESSION - SB

814

010 CHAIR CEASE presented a summary of items being addressed in the long term distribution formula. EXHIBIT 1

035 SEN. GOLD commented on a high tax rate in Gillium County.

057 TERRY DRAKE responded that school districts in small rural areas with special assessed values tend to have higher tax rates. The example of Perrydale School District was addressed.

072 SEN. GOLD asked if the problem of high tax rates in small rural areas can be addressed among the issues being considered in SB 814.

075 TERRY DRAKE commented that a policy decision of a state funded school system will eliminate the local revenues and tax rate issues.

090 CHAIR CEASE pointed out that the data is available to include in a funding formula items that relate to local wealth, contribution, and ability.

095 SEN. GOLD explained that the small districts with the high tax rate are having difficulty providing government services.

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100 TERRY DRAKE commented on a policy decision being whether to incorporate the 5 dollars into a state wide property tax or is there a local option on the 5 dollars which raise the question of differential revenues.

108 CHAIR CEASE felt a 5 dollar state school property tax would remove the problem from the distribution issue. Further ways of addressing the issue will be done during another work session.

117 TERRY DRAKE presented a document listing the weighting systems based on grade level differences being used in other states.

Reference was made to the weighting system in Arizona.

EXHIBIT 2

163 TERRY DRAKE explained the Delaware system which uses a weighting system based on per instructional unit.

175 TERRY DRAKE continued addressing funding based on grade level differences as depicted in EXHIBIT 2.

189 Discussion and questions continue regarding the grade level differences in the various states given in Exhibit 2. It was pointed out that Oregon currently does not have a grade level weighting system but did prior to 197 8.

238 TERRY DRAKE explained that states using a weighting system usually have a U shaped curve with greater amounts of money going to the primary and secondary grades.

255 TERRY DRAKE discussed the historical outlook of Oregon's distribution of funds which changed in 1977.

309 Discussion and questions follow regarding grade level differential. It was pointed out that the weighting system is to determine distribution and not expenditure.

333 TERRY DRAKE listed the categories of districts including Union High, K-12, Elementary and explained there is an expenditure differential among the categories. What is currently being spent in Oregon would come up with a weighting system of 1.25. Questions are interspersed. EXHIBIT 3

400 CHAIR CEASE asked the committee if the intent was to include a formula having a grade level differential.

417 SEN. GOLD was interested in addressing the issue because of the desire to provide more weight for the lower grades.

430 SEN. BRENNEMAN was interested in hearing what the public had to say with regard to the issue.

436 TERRY DRAKE discussed what observed differentials the committee would want to include in a funding formula and what the needs are of the different grade levels.

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025 Discussion and questions follow regarding necessary data to develop a funding formula using grade level differential as a factor. Reference was made to weighting systems in other states. EXHIBIT 2

046 CHAIR CEASE assumed there is an efficiency cost in the K12 that is not present in the separate costs of the Union High and Elementary category.

055 TERRY DRAKE explained the expenditures can not be directly linked to a measured need.

060 CHAIR CEASE asked for a characterization of the Union High and Elementary districts in terms of size and value.

065 SEN. GOLD pointed out bills are currently in other committees mandating the consolidation of Union High and Elementary schools.

068 TERRY DRAKE would think that a weighting on K-12 will have little impact on how the money is proportionately distributed compared to the current system.

075 Discussion and questions follow regarding the distribution of funds for non unified districts as compared to consolidation.

096 SEN. GOLD commented on placing something in statute that weights the grades would raise the question of determining how the funds should be spent.

128 STEVE BENDER presented an outline listing issues involved when using performance as a basis for funding schools. The question is whether the amount of funds a school receives should be based on a measure of student performance. Kentucky was used as a baseline in obtaining the presented data. Three main categories were addressed when using performance as a basis for funding. EXHIBIT 4

150 STEVE BENDER discussed Measurement criteria which is the first category under performance. Reference is made to EXHIBIT 4.

226 STEVE BENDER addressed the second category which is the Criteria to use in the funding formula based on performance. The criteria used will be determined after the measurement of performance is decided on. Kentucky

uses the improvement based criteria which was explained.

312 Discussion follows regarding performance criteria. Reference is made to the Benchmark system.

334 STEVE BENDER discussed the financial reactions to performance of the school systems. Kentucky was used as an example of providing a financial bonus for schools that are doing well and also have a program to provide more money to help districts who are not doing well.

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394 STEVE BENDER discussed how schools in Kentucky, not meeting the performance requirements, must come up with a school improvement plan.

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B

024 STEVE BENDER explained how Kentucky deals with school districts that have a poor performance level.

040 STEVE BENDER continued discussing Kentucky's funding formula regarding performance.

058 CHAIR CEASE asked what Oregon would need before using performance as an element in funding. Reference was made to standardized testing.

070 SEN. GOLD referred to last session began working on a system of standardized testing and necessary data should be available.

081 CHAIR CEASE asked if the committee wanted to direct staff to begin gathering data and adopt language concerning performance criteria.

086 Discussion and questions follow regarding using performance as a funding factor in SB 814. Reference is made to including a policy of intent which will be addressed in the future.

115 SEN. GOLD questioned how Kentucky evaluates performance. Kentucky's program was further addressed.

166 TERRY DRAKE discussed using teacher characteristics in a funding formula pointing out how large urban school districts tend to have more experienced and educated teachers.

202 TERRY DRAKE presented and discussed the Minnesota formula for funding based on teacher characteristics. The state wide average for the teaching position is included in the weighting formula. It was pointed out that the weighting is site specific. EXHIBIT 5

256 TERRY DRAKE commented that the teacher differential could be factored into an ADM (Average Daily Membership) weighting.

273 SEN. SMITH asked how the teacher weighting could be developed with the lack of regional cost of living figures. Sen. Smith also questioned the benefit of addressing teacher characteristics in a funding formula.

Discussion follows.

300 TERRY DRAKE referred to the differences of cost distribution across the state in purchasing teacher services.

305 Discussion and questions follow with reference to salaries.

328 SEN. GRENSKY asked if it was legally possible to have state wide collective bargaining. Discussion follows regarding current policy of salary bargaining.

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360 CHAIR CEASE discussed the differing costs in school districts with regard to teacher differentials. Information has been presented in which district" can be categorized with regard to work force and salary. The question is can the data be used in a funding formula.

384 SEN. SMITH felt since cost of living data is not available, using teacher characteristics in a funding formula can be questionable.

410 Discussion and questions follow using teacher characteristics in a funding formula.

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B

007 CHAIR CEASE commented that the committee does not appear to favor addressing teacher characteristics in a funding formula. Terry Drake was asked to present an analysis of the characterizations of the higher experienced districts.

021 CHAIR CEASE reviewed the various issues that are currently being written into a formula listed in EXHIBIT 1.

032 TERRY DRAKE reviewed the issue of grade level and would characterize the distribution of expenditures in terms of grade level differential.

040 CHAIR CEASE conducted administrative business.

048 TERRY DRAKE referred to the individual components being addressed in the funding formula and explained the local revenue component has not been addressed. The decision needs to be made of what will be done with the local revenue.

066 CHAIR CEASE adjourned the meeting at 2:45.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

- 814 1. SB 814 Summary, Sen. Cease, 4/1/91 - SB
- 814 2. Grade Level Differences, LRO, 4/1/91 - SB
- 814 3. Blackboard Illustration, LRO, 4/1/91 - SB
- 814 4. Performance Criteria, LRO, 4/1/91 - SB
- 814 5. Blackboard Illustration, LRO, 4/1/91 - SB

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