

Tapes98-99, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

April 4, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair (arrived 1:47)

Senator John Brennehan (arrived 1:20)

Senator Shirley Gold (arrived 1:24, departed 2:55)

Senator Ron Grensky (arrived 1:21)

Senator Bill McCoy

Senator Tricia Smith (arrived 1:20)

Staff Present: Terry Drake, Legislative Revenue Office

Steve Bender, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Giles Parker, Superintendent Coos Bay

John Danielson, Oregon Education Association

Walter Koscher, Department of Education (DOE)

John Marshall, Oregon School Boards Association (OSB A)

Alan Tresidder, OSB A

Wilma Wells, Confederation of Oregon School Administrators

TAPE 98. SIDE A

005 CHAIR CEASE called the meeting to order at 1:18 as a subcommittee until a quorum was reached at 1:20. Administrative business was conducted.

WORK SESSION - SB

814

015 TERRY DRAKE presented a computer run explaining the development of a transportation formula. EXHIBIT 1

035 TERRY DRAKE used a blackboard illustration while describing the development of the transportation formula in Exhibit 1. EXHIBIT 2

075 TERRY DRAKE explained the reason for including an area variable in the transportation formula which predicts 96 percent of the variation in expenditures.

113 TERRY DRAKE continued discussing the transportation components including area, route miles, and density.

116 TERRY DRAKE referred to the runs in EXHIBIT 1 giving a simulation of the transportation formula distribution.

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127 TERRY DRAKE discussed the small districts which have an inefficient transportation system. Therefore an example minimum cost (\$50,000) was given as a hold harmless.

148 SEN. GRENSKY questioned how the 1990-91 distribution illustrated in Exhibit 1 could be reached in districts that currently do not have transportation such as Josephine County.

160 TERRY DRAKE explained the figures in EXHIBIT 1 are the estimated costs for transportation that was submitted to the Department of Education.

170 Discussion continues using Josephine County as an example of how the transportation formula works in Exhibit 1.

192 SEN. BRENNEMAN questioned the figures on District Coos Bay 9 because there is no busing in the district.

203 GILES PARKER explained the expenditures in the runs relate the Special Education costs for transportation which is required. The cost in Coos Bay would be over a million dollars if transportation were provided to all

students.

210 TERRY DRAKE explained how the formula would give money to Coos Bay because the route mile component of the formula would rise if transportation were provided to all students.

225 SEN. GRENSKY questioned comparing the current expenditures for districts not having busing which is irrelevant when attempting to get every child to school.

240 TERRY DRAKE explained the next step in the process is to ask every district what the figures would be to have full transportation for all students. The simulation would then be rerun based on those figures.

259 SEN. SMITH asked for differences between the current formula and the proposed formula because there is a loss of funds to some of the larger districts.

270 TERRY DRAKE explained the current formula is a proportionate reimbursement system and the proposed formula is based on what the system should cost on a statewide basis and distribute funds accordingly.

280 Discussion continued regarding the high cost transportation districts. Reference is made to the 33 percent loss of funds in Medford with the proposed transportation formula.

333 SEN. SMITH asked for suggestions in assisting districts to resume transportation if payment is based on their prior activity.

341 TERRY DRAKE explained the runs in Exhibit 1 used prior transportation activity to develop the relationship and districts

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currently not having transportation will receive money because it will be based on route miles instead of reimbursement.

374 SEN. GRENSKY clarified the formula is based on density and the runs in Exhibit 1 use the number of children currently being bused therefore the density figures will go up when transportation is provided to all students.

403 SEN. SMITH referred to the discussion in Special Education and asked why a special education variable for transportation was not included.

420 TERRY DRAKE explained there is little change because of the even distribution of special education children.

TAPE 99 SIDE

A

010 Discussion continued regarding transportation of special education children. Reference is made to including a special education variable in the transportation formula.

022 TERRY DRAKE pointed out that the variables may not want to be funded at 100 percent but consider proration.

027 TERRY DRAKE clarified that the figures in Exhibit 1 are based on approved costs for the districts.

033 SEN. BRENNEMAN asked when the existing formula for transportation was derived with reference to the 60 percent of cost.

046 JOHN DANIELSON explained the formula was based on the passage of the Basic School Support Fund in the 1940s.

049 SEN. BRENNEMAN suggested using the current formula but raise the percentage of reimbursement.

062 TERRY DRAKE discussed the option of raising the current reimbursement but addressed the cash flow problem of some districts reinstating transportation.

070 SEN. GRENSKY raised the question of addressing the issue of mandatory use of funds for transportation.

074 SEN. GRENSKY questioned the current route miles being used in the formulas. The route miles in Exhibit 1 will be considerably different when every child is bused.

089 SEN. GRENSKY also questioned the adjustment of numbers to arrive at the 96 percent variable.

092 TERRY DRAKE explained regression analysis and coming up with the best combination. Discussion follows.

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111 SEN. GRENSKY did not want an artificial assumption and placing a large value of one of the three variables in the formula.

123 CHAIR CEASE asked for figures from districts currently without transportation and how much it would cost to bus every elementary child over one mile and every secondary child 1.5 miles.

139 Discussion continues regarding the adjustment of variables. Reference is made to the same level of services across all districts.

154 SEN. GRENSKY questioned the impact on districts currently without a transportation system.

179 CHAIR CEASE pointed out that the figures in Exhibit 1 do not include the number of children not being bused.

183 WALTER KOSCHER explained the number of children not being bused is not easily available with respect to living between one and two miles.

207 SEN. GRENSKY asked if a representative sampling could be obtained of various sized districts across the state that has the necessary data available.

226 CHAIR CEASE suggested obtaining data from districts not having full transportation systems. Discussion follows.

242 WALTER KOSCHER explained the job involved in obtaining the data.

250 Discussion follows regarding getting the information of a sampling of districts across the state.

257 CHAIR CEASE discussed identifying the cost and the need to determine the funding therefore the rationale will be present to ask for additional funds.

264 SEN. BRENNEMAN commented on the effect of districts upkeep on the transportation equipment.

272 GILES PARKER explained that most school districts could provide the necessary figures for the cost of an imaginary transportation system based on the plans if last year's levy had passed.

300 GILES PARKER addressed the transportation formula using a blackboard illustration. EXHIBIT 3

329 SEN. SMITH asserted that school districts should generally know how much their transportation would cost. The response was it should be easily available.

348 SEN. BRENNEMAN asked how many districts have a leasing contract for their transportation system. The response was that 33 percent of services across the state are contracted out.

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358 JOHN DANIELSON discussed transportation having more impact than the academic elements in a curriculum. An historical review of the school budget was presented. Transportation being a top priority was addressed.
TAPE 98 SIDE B

019 TERRY DRAKE discussed the direction of the committee of either generating data for a new formula or another alternative is a cost based reimbursement formula.

029 SEN. GRENSKY felt the transportation issue must have a starting point and commented on factoring in the start up cost involved for those districts currently without a transportation system. It was clarified that the proposed formula does not address capital cost.

038 SEN. SMITH supported obtaining a transportation cost model for districts across the state. Also districts should be approached for obtaining the necessary cost information.

050 Discussion follows regarding the committee's position in terms of transportation.

064 SEN. GRENSKY expressed concern in having a fallback position factored in because of not having the necessary funds to support the final formula.

109 STEVE BENDER referred to a generalized foundation plan formula which is a weighting scheme for growth/decline, special education, poverty-"at risk" students and small schools. EXHIBIT 4

119 STEVE BENDER presented a formula type approach for addressing the poverty/"at risk" component which is only being used to determine how the funding is being distributed and not the total size of the distribution.
EXHIBIT 5

130 SEN. GRENSKY questioned knowing the total size of the distribution.

132 STEVE BENDER explained the total amount is the appropriation and the formula addresses the way appropriation will be distributed.

139 Discussion follows regarding the process of developing a formula and the question of how much money will be available will then be rationed into the formula depending on the appropriation.

164 TERRY DRAKE explained the formula is based on number of students. Discussion deals with the process for developing a funding formula.

198 STEVE BENDER explained the problem is to determine how many children fall into the "at risk" category. The suggested formula provides the data for determining the number of children. EXHIBIT 5

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213 STEVE BENDER discussed the "at risk" formula in EXHIBIT 5.

236 Discussion follows regarding using poverty as the "at risk" component.

245 STEVE BENDER explained the different components in the poverty/"at risk" formula. Discussion and questions are interspersed. EXHIBIT 5

375 STEVE BENDER clarified the formula in Exhibit 5 is an attempt to estimate the number of poverty children on an annual basis because the census only provides the information every ten years.

385 SEN. SMITH asked what the income criteria is for determining the poverty level.

395 STEVE BENDER addressed the factors for determining poverty level.

415 SEN. DUKES asked if there are national statistics for the number of poverty children that are not in school. Discussion follows regarding the

proportion of poverty students attending public school in the districts in which they reside.

TAPE 99 SIDE B

015 SEN. GRENSKY asked if other states were reviewed that have "at risk" weights built into a formula. The response was no.

027 STEVE BENDER explained how the current poverty level figures are determined.

037 SEN. SMITH felt the federal poverty level is very low and questioned the possibility of setting a different level to avoid missing many children.

048 STEVE BENDER explained that an in-state agency could calculate a certain percentage of the national poverty level.

059 TERRY DRAKE discussed the development of poverty data by school district. Reference was made to an alternative data source based on income using the income tax return analysis.

083 CHAIR CEASE asked for the figures by school district based on income level. Discussion follows.

092 Discussion follows regarding using poverty as a factor for "at risk" students. It was pointed out that low income does not necessarily mean children are "at risk".

117 SEN. GOLD commented on the definition of "at risk" explaining they could come from any type of family not necessarily from a poverty family. Discussion follows.

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140 ALAN TRESIDDER proposed a double weighting for special education. A strong regional program system as well as the creation and appropriation of an extraordinary handicapped fund would be outside of the base formula.

170 WILMA WELLS explained the programs that would be included in the special education portion of the formula.

187 TERRY DRAKE presented a generalized Foundation Plan Formula explaining how different components can fit into a formula. EXHIBIT 4

203 TERRY DRAKE explained a target needs to be developed and Exhibit 4 uses the example of \$5000 with a proration factor and a student weighting of the various needs. Reference is made to the transportation and "other revenues" component of the formula.

238 Discussion continued regarding the Foundation Plan Formula.

246 SEN. GRENSKY asked how the local tax reduction will be computed.

251 TERRY DRAKE explained in 1991-92 the local property tax reduction will be \$12.50 times the assessed value of the district.

264 Discussion follows regarding the calculation of various districts and eventually the local property tax will be the same all over the state.

277 CHAIR CEASE pointed out that the five dollar cap will be a future decision.

283 CHAIR CEASE adjourned the meeting at 3:04.

Mary Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Simulated Transportation Formula Distribution, LRO, 4/4/91 SB 814
2. Blackboard Illustration, LRO, 4/4/91 - SB 814
3. Blackboard Illustration, Giles Parker, 4/4/91 - SB 814
4. Generalized Foundation Formula, LRO, 4/4/91 - SB 814
5. School Distribution Formula Poverty/At Risk Component, LRO, 4/4/91 - SB 814

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