

Tapes157-158, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 16, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair

Senator John Brenneman

Senator Shirley Gold (arrived 1:50)

Senator Ron Grensky (arrived 1:45)

Senator Bill McCoy

Senator Tricia Smith (arrived 1:45)

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

Witnesses Present: Jerry Fuller, Department of Education (DOE) Walter
Koscher, DOE

Rick Burke, DOE

Ozzie Rose, Confederation of Oregon School Administrators (COSA)

Karen Brazeau, DOE

Kenneth Jones, Legislative Fiscal Office

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005 CHAIR CEASE called the meeting to order at 1:40 and conducted
administrative business.

WORK SESSION - SB 814

027 TERRY DRAKE presented a review of the school fund formula (SFF). The
formula is a foundation program which is fully equalized on a per student
basis. The divergent from the general equalization takes place in the
weighted average daily membership (ADM). The components using the ADM
weighting were presented. EXHIBIT 1

057 TERRY DRAKE discussed the special education factor which has been
approved a double weighting by the committee.

074 TERRY DRAKE discussed the "at risk" factors of the SFF which is broken
into two components of poverty and English as a Second Language (ESL).

088 SEN. GRENSKY questioned the extra weighting of ESL which should have a
lower ADM as the students work through the education system.

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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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105 JERRY FULLER explained the ESL is a specific program and there is
difficulty to assess the proficiency to understand instruction in English.
It was pointed out that the population of ESL students is growing with
emphasis on Spanish.

136 Discussion and questions follow regarding the ESL program.

157 TERRY DRAKE continued addressing the "at risk" category with reference
to the poverty component.

182 TERRY DRAKE discussed the grade level weighting in the SFF with
reference to EXHIBIT 1. It was explained that this component is evenly

weighted on both ends of the spectrum and therefore has little financial impact.

200 CHAIR CEASE clarified how the grade level figures represent the middle range of the curve. The committee will need to address the rationale for establishing the grade level factor in the SFF.

223 SEN. GOLD recapped the suggestion to have a 2.0 weighting for the K-3 grade level.

232 SEN. DUKES questioned grade level weighting because the impact is not great enough on any particular school district to make a difference.

239 SEN. GOLD wanted clarity in the small schools component of the SFF with an explanation of the "necessary" school. EXHIBIT 1

268 TERRY DRAKE explained the definition of a "necessary" school that is in existing statute. Discussion included the old system prior to the frozen formula which is now being changed to an Average Daily Membership (ADM) system. Reference is made to the criteria of a small school being under 100 ADM.

311 Discussion and questions follow regarding the small school weighting in the SFF. It is clarified that the small school component relates to an individual school and not a district.

350 TERRY DRAKE addressed the declining enrollment factor in the SFF which is similar to the current system based on a oneyear delayed payback system.

367 SEN. GRENSKY questioned districts that are rapidly growing and the affects of the ADM weighting.

381 TERRY DRAKE responded the system is driven off the average ADM over the school year with the ADM being adjusted throughout the year.

398 SEN. GRENSKY explained there are rapidly growing school districts that are not receiving enough money to cover the ADM.

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400 Discussion follows regarding the five payments to the school districts throughout the year.

411 WALTER KOSCHER explained the corrections for the numbers in ADM are made in May and are only for the decrease in enrollment. If a district has underestimated the ADM then the carry over is to July of the next year.

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008 SEN. GRENSKY recommended the declining enrollment component of the SFF should adjust for growth on the last payment and not wait for the following school year.

015 SEN. DUKES asked if the correction for student enrollment could be made earlier than May.

027 WALTER KOSCHER responded it would be possible but the actual ADM calculation is not available until April but a reestimate could be submitted sooner from the districts.

031 Discussion follows regarding the sudden growth of ADM should be compensated when the money is needed instead of waiting until the following year for the adjustment.

046 SEN. SMITH questioned the revenue allocation to cover the student growth without going into the next year's budget.

059 TERRY DRAKE reviewed the two midyear adjustments would not effect the next years budget and a problem would arise if there was an extensive ADM increase in the spring.

075 SEN. SMITH questioned having enough money in the allocation of the SFF to compensate for the growth in student enrollment in the same year that it

occurs.

078 RICK BURKE responded more money will not need to be appropriated because most of the movement will be around the state and therefore be within the school fund. The payment timing system may have to be reevaluated.

098 SEN. GRENSKY questioned the districts that have grown so quickly there is not sufficient buildings.

105 Discussion follows regarding the cost of new buildings is related to capital bonds and not the SFF.

109 SEN. GOLD commented on a change in the educational system to allow for growing districts with reference to using portable buildings, special sessions, or year round schools.

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120 OZZIE ROSE discussed new schools can be built with capital bonds but the problem is the operating cost of opening a new school which is not included in the bond.

134 SEN. DUKES commented on the bonding definition in HB 2550A is broad enough to include operation costs.

143 TERRY DRAKE explained a timeline will be developed for distribution with suggested options for addressing the growing student enrollment.

151 SEN. SMITH requested a list of the unresolved issues in terms of specific language that should go into SB 814.

157 SEN. DUKES suggested a motion to include pre-K in the categorical aid list in the SFF.

166 Discussion follows regarding issues to be addressed in the categorical section of the SFF.

173 SEN. GOLD questioned the intent of the categorical aid component and how it works into the SFF. It was requested to have the fiscal office address the categorical aid issues.

198 TERRY DRAKE continued addressing the SFF with regard to the transportation grant. It was pointed out that not all of the school districts have provided the necessary transportation data so estimates have been made. EXHIBIT 1

218 TERRY DRAKE explained a 70 percent imbursement grant for transportation has been provided in the SFF.

236 Discussion follows regarding school districts not providing the necessary data.

247 OZZIE ROSE commented that many small districts do not have administrators and that may be a reason why all the districts have not provided the transportation data.

267 SEN. GRENSKY clarified by time the 1992-93 school year gets funded the data will be available but questioned the districts that have curtailed or reduced the busing.

282 TERRY DRAKE responded the districts were asked what the cost would be at a full service level and what would be adjusted expenditures in the current budget to meet the criteria for the approved transportation.

284 SEN. GRENSKY asked if the calculation included the purchase of buses. It was clarified that the transportation figures in EXHIBIT 1 do not relate how the districts arrived at the approved transportation costs.

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303 CHAIR CEASE addressed the policy question before the committee is to decide on funding a certain percentage based on the figures provided by the school districts.

308 TERRY DRAKE explained the total amount of estimated transportation costs under the 1 and 1.5 mirage criteria for 1992-93 was about \$100 million dollars.

314 SEN. GRENSKY asked how much of the basic school support formula went for transportation during the 1991-92 school year. The response was about \$48 million went for transportation.

330 TERRY DRAKE discussed how the transportation figures were derived from the data. It was clarified that the \$100 million is an arbitrary number to set the formula runs in EXHIBIT 1.

348 SEN. GRENSKY clarified that currently the state reimburses 57 percent of the actual cost of transportation which cost \$48 million dollars. Using the estimates provided by the school districts the state will be paying about \$72 million dollars based on the 70 percent cost of transportation.

360 Discussion and questions follow regarding the transportation issue.

375 SEN. GRENSKY urged the transportation aspect of the formula would go strictly for transportation and not be used for other programs.

389 CHAIR CEASE commented the direction of the committee was to have language drafted to include transportation in the SFF.

400 SEN. GOLD voiced concern to have an expenditure per student that allows for equity.

425 CHAIR CEASE explained the "adjusted target" component of the SFF in EXHIBIT 1 allows for equity and will need to be addressed by the committee.
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B

018 Discussion follows regarding equity being addressed in the SFF.

023 TERRY DRAKE explained the difficulty in accurately providing expenditure per student after the formula is in place. It could be provided with a potential for error.

028 SEN. GOLD asked for something to approximate the issue of equity.

034 SEN. BRENNEMAN commented on the proposed formula coming close to achieving equity.

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039 SEN. BRENNEMAN suggested transportation costs per student should have a target in the formula such as 90 percent. This would compensate for future costs because at 70 percent there may be a dropoff of some districts.

054 Discussion follows regarding the amount of money to operate the formula and where the figures in EXHIBIT 1 were derived. The figures are not available for the total level of funds.

091 RICK BURKE addressed the categorical grants in aid to school districts with reference to a blackboard illustration. EXHIBIT 2

106 RICK BURKE discussed the General Fund and Federal Fund supported programs and presented policy issues before the committee regarding the distribution of funds. EXHIBIT 2

114 RICK BURKE discussed the General Fund with reference to the Handicapped Child Fund which has a 30 percent excess cost reimbursement. The trainable mentally retarded (TMR) and Oregon "PreK" (Head Start) program and the early intervention program were also addressed.

144 RICK BURKE continued explaining EXHIBIT 2 with reference to the Federal Funded programs.

147 JERRY FULLER explained how the Federal money is distributed for Chapter 1 and educationally disadvantaged.

157 JERRY FULLER discussed the migrant and bilingual factors under the federal funds category in EXHIBIT 2.

170 KAREN BRAZEAU explained how the federal funds are distributed for Special Education EXHIBIT 2.

178 RICK BURKE discussed the funding of the federal Head Start program.

201 SEN. DUKES questioned the General Funded programs in EXHIBIT 2 may be in budgets that have already been approved.

208 KENNETH JONES explained the categorical budgets, which are separate appropriations, are currently in the Ways and Means committee.

210 Discussion follows regarding the Ways and Means Committee delaying action on the categorical aid grants until action has been complete on second year basic school support.

226 SEN. DUKES recommended not having so many "pots" to pull money from.

233 KENNETH JONES commented on the excessive paperwork being eliminated if the Handicapped Child Fund and TMR programs were placed in formula allocation. The cost of administering the programs is a

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concern to the fiscal office. Any program that claims money against the Basic School Support Fund on a per student basis is allocated before all other Basic allocations are made. Not having that happen is a policy issue before the Revenue Committee.

259 SEN. GOLD requested the categorical grants in aid to school districts listed in EXHIBIT 1 be included in information from Legislative Fiscal Office regarding the amounts of money in the Governor's Budget for categorical aid.

272 CHAIR CEASE conducted administrative business and adjourned the meeting at 2:57.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager
EXHIBIT SUMMARY

1. School Funding Formula, LRO, 5/16/91 - SB 814
2. Blackboard Illustration, DOE, 5/16/91 - SB 814
3. Final Allocation Chapter 1, DOE, 5/16/91 - SB 814
4. Federal Allocations, DOE, 5/16/91 - SB 814
5. 1990-91 T-VII Bilingual Education Programs in Oregon, DOE, 5/16/91 - SB 814
6. Chapter 1 Charts, DOE, 5/16/91 - SB 814
7. Oregon Economic Indicators, May, 1991 - Reading Material - Miscellaneous

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