

Tapes159-160, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 20, 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 1:45, returned 2:20)

Senator Shirley Gold

Senator Ron Grensky (arrived 1:26, departed 1:45, returned 2:15)

Senator Bill McCoy

Senator Tricia Smith (arrived 1:23)

Staff Present: Terry Drake, Legislative Revenue  
Office

Mary Ann Zimmermann, Committee

Assistant

Witnesses Present: Rick Burke, Department of Education,  
DOE

Kenneth Jones, Legislative Fiscal  
Office

Jerry Fuller, DOE

TAPE 159 SIDE A

005 CHAIR CEASE called the meeting to order at 1:14.

WORK SESSION - SB

814

024 CHAIR CEASE conducted administrative business.

042 TERRY DRAKE presented a School Fund Formula (SFF) simulation run which  
include additional money from the severance tax reserve and also includes  
all offsets. EXHIBIT 1

067 TERRY DRAKE explained EXHIBIT 1 contains property tax revenues, state  
support, other district revenues, and offsets. The base calculation of  
whether a district does better or worse under the presented options is  
reflected in the fourth column headed "SB 815 SIM 91-92 TOTAL". EXHIBIT 1

085 TERRY DRAKE continued explaining the simulation run in EXHIBIT 1. The  
major factor in determining how a district is affected under the SFF is the  
expenditure per student in column one. Reference is made to Page 8, EXHIBIT  
1 which give the subtotals of all the columns.

107 SEN. DUKES questioned the third column headed "90-91 TOTAL". It was  
clarified that is the total of property tax plus state support revenues.

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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.

Senate Committee on

Revenue and School Finance

May 20, 1991 Page 2

131 SEN. DUKES asked if the fourth column headed "SB 815 SIM 91-92 TOTAL"  
compare the SB 814 simulations for 1992-93. Column four is an estimate of  
what each school district will receive under Measure 5 and SB 815 (the  
first year distribution formula).

150 CHAIR CEASE summarized the columns in EXHIBIT 1 with the first three  
being the per student expenditure, the tax rate for each district and the  
current year's operating fund including basic school support and property  
tax.

165 CHAIR CEASE continued summarizing columns 4-8 which compare SB 815 to  
199 2-93 under the SFF and showing the percent change. Column four gives the  
total during 1991-92 under SB 815. Column five provides the 1992-93 totals  
with the SFF and transportation while column 6 gives the total including

local resources. Column 7 provides the change from 1991-92 in dollar amounts while column 8 gives the change in percent.

177 CHAIR CEASE explained the last six columns in EXHIBIT 1 are not a full implementation in 1992-93 but a transition implementation with one-third at the formula (SFF) and two-thirds at the SB 815 status. The data in EXHIBIT 1 is more complete but the figures may change depending on the passage of local levies on May 21, 1991.

205 SEN. GRENSKY questioned the last six transition columns which have two-thirds of SB 815 and asked if the same amount of replacement revenue is being used.

215 TERRY DRAKE responded the estimated loss to Measure 5 in 1992-93 and two thirds of the \$1.092 billion is placed in the SB 815 component, which already has basic school support and replacement dollars, and 57 percent replacement for 1992-93 with the remaining money (\$350 million) going into the SFF formula. It was clarified that about \$300 million more dollars are being used during the transition year.

255 CHAIR CEASE conducted administrative business.

291 RICK BURKE presented a chart depicting the 1991-93 Grants in Aid budget. EXHIBIT 2

300 CHAIR CEASE questioned the breakdown of federal fund and General Fund in EXHIBIT 2.

300 KENNETH JONES explained that the federal funds will be addressed at a later date, the figures in EXHIBIT 2 refer only to General Fund.

310 RICK BURKE explained the Grants in Aid budget for 1991-93 as depicted in EXHIBIT 2.

385 RICK BURKE continued discussing the Grants in Aid budget in EXHIBIT 2 with reference to the reimbursement policy of the special education programs.

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Senate Committee on  
Revenue and School Finance  
May 20, 1991 Page 3

420 SEN. GOLD questioned the figures in column (o) in EXHIBIT 2.

425 KENNETH JONES explained the Grant in Aid program was out of balance because of the current services in relation to Measure 5 cuts and column (o) is a rebalancing using addbacks. Discussion follows.

TAPE 160 SIDE

A

006 RICK BURKE continued discussing EXHIBIT 2 with reference to Evaluation Services which is the end of the direct categorical grants that are related to school district operations.

018 CHAIR CEASE asked if any program listed in EXHIBIT 2 is not a reimbursement program.

020 RICK BURKE responded there are two programs: the evaluation services and the regional programs are operated on contracts along with the hospital and private agency programs. The two reimbursement programs are the Trainable Mentally Retarded (TMR) and the school district program.

026 RICK BURKE addressed the compensatory education programs as depicted in EXHIBIT 2 with reference to the Portland disadvantaged program. Discussion also includes the General Fund supported program for prekindergarten (Oregon Head Start).

053 Discussion and questions follow regarding the prekindergarten program and the distribution of funds. Reference is made to a report on Special Education. EXHIBIT 5

098 JERRY FULLER explained how funds are distributed for the Oregon Head Start program which must follow federal guidelines. Currently Oregon serves about 900 children.

107 RICK BURKE discussed the Together for Children program in EXHIBIT 2. Reference is made to the Grants in Aid programs in EXHIBIT 2 are in current statute.

158 JERRY FULLER addressed youth care centers grants which are in EXHIBIT 2.

170 RICK BURKE explained the child development specialist program.

186 RICK BURKE continued addressing EXHIBIT 2 with reference to the "All Other" grants.

198 SEN. GOLD questioned how the HB 2020 programs fit into the list in EXHIBIT 2. The response was HB 2020 is the Staff Development and Mentor program.

218 SEN. GOLD asked if testing assessment is included in the operations budget for the DOE. The response was yes.

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- Senate Committee on  
Revenue and School Finance  
May 20, 1991 Page 4

226 SEN. GOLD questioned the vocational education grant. Discussion follows with reference to leadership grants.

240 SEN. SMITH questioned the 50 percent cut in funds for the Staff Development and Mentor program (HB 2020).

245 Discussion follows regarding the reduction of funds for the various programs and how programs were identified as a balancer in the construction of the addback list.

300 SEN. GOLD questioned decision packages that might relate to categorical aid.

303 KENNETH JONES responded there are no decision packages in the Governor's recommended budget because of Measure 5 although there were many requests for the packages in the agency request budget.

316 Discussion follows regarding decision packages. Reference is made to there being no other available funds in the categorical aid department.

331 KENNETH JONES explained some areas have unmet needs and the Ways and Means Subcommittee is trying to find dollars for those needs.

355 RICK BURKE discussed the federal funds portion of the grants in aid programs with reference to a blackboard illustration. Reference was made to the possible feedback to some programs depending on the student weighting in SFF. EXHIBIT 3

TAPE 159 SIDE

B

009 SEN. MCCOY asked if an extension or limitation must be done with the state budget for the 94-142 and Special Education Chapter 1 funds. The response was they are under expenditure limitation but federal Head Start is not under limitation.

014 RICK BURKE continued explaining the federal funds with reference to the blackboard illustration. EXHIBIT 3

022 JERRY FULLER addressed the students served for Chapter 1, migrant and bi-lingual programs.

045 CHAIR CEASE explained the committee must decide on what should be done with the categorical aid programs in relation to the SFF.

052 SEN. GOLD discussed having the categorical aid items be an addition to the SFF.

065 CHAIR CEASE discussed possible language to be drafted by Legislative

Counsel to implement categorical aid funding.

077 SEN. GOLD offered help to develop language to be drafted recognizing funded activities that are beyond a foundation formula.

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Senate Committee on  
Revenue and School Finance  
May 20, 1991 Page 5

090 CHAIR CEASE asked Sen. Gold, Rick Burke, and Terry Drake to meet and draft language to bring back to the committee regarding categorical aid programs.

095 SEN. DUKES suggested an attempt to factor categorical programs into the SFF formula that pose significant differences between school districts.

101 CHAIR CEASE pointed out that some of the programs are in the SFF but the funds for the programs are separate from the money allotted to the SFF formula and replacement money.

104 SEN. DUKES suggested folding the money from the other areas into "one pot". Programs that do not show significant change between school districts should not be placed in the formula.

134 Discussion follows regarding the programs that display differences being addressed in the formula for equity reasons.

147 KENNETH JONES questioned' the categorical aid list in EXHIBIT 4.

166 SEN. GOLD addressed the time issue involved in having appropriate data for including categorical programs in the SFF formula. It was suggested to gather the data for later examination.

196 SEN. DUKES asked if a weighting number could be placed on the factors in the categorical programs.

225 KENNETH JONES cautioned placing programs in the formula in which the funds need protection. The two candidates for the SFF is the Handicapped Child Fund and the TMR program but those targeted to a contract or to a specific population which is not dispersed across the state may be better protected remaining in the Ways and Means Committee rather than in the formula.

263 SEN. DUKES asked if there are weighting factors for the Handicapped Child Fund or TMR.

268 RICK BURKE explained accumulated information includes the sum of districts excess cost claims but the formula is attempting a single weighting for all Independent Educational Program (IEP) children based on statistical information.

294 SEN. DUKES asked if the handicapped and TMR are programs under the special education weighting in the SFF.

303 RICK BURKE responded the money from Handicapped Child Fund and the TMR program was not added to the formula.

315 CHAIR CEASE asked if the additional money from the Handicapped Child Fund and TMR have to be accounted for in the specific programs.

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Senate Committee on  
Revenue and School  
Finance  
May 20, 1991 Page 6

317 The response was the program must be implemented but the money does not

have to be accounted for only in those programs.

324 SEN. DUKES asked if it was possible to remove the Handicapped Fund and TMR as a separate entity and fold the money into the formula to be compensated through the special education weighting.

342 SEN. GOLD commented on the Ways and Means Committee is always looking for money and it may be lost in another program. Discussion follows.

366 CHAIR CEASE recapped the direction of the committee is to have language drafted which will "institutionalize" the categorical aid programs. Another question is to address specific programs that are currently distributed through the DOE and fold that additional money into the SFF to be distributed through the student weighting under special education.

407 TERRY DRAKE explained the additional 1.0 weighting for special education in the SFF is about 180 million dollars and questioned the amount of money being moved around school districts due to the weighting.

420 Discussion follows regarding folding the money into one pot.

TAPE 160 SIDE

B

007 CHAIR CEASE felt the committee was nervous about combining the money into one pot.

022 SEN. GOLD compared the SFF dated 5/17/91 (EXHIBIT 4) with the formula dated 5/8/91 (EXHIBIT 6) and questioned the cost of living factor being under "other place holders" rather than "target adjustments". EXHIBIT 4, 6

036 TERRY DRAKE responded the cost of living factor was removed from the targeted adjustment because the necessary data for the cost of living component will not be available this session.

040 SEN. GOLD asked why cost of living could not be addressed.

043 CHAIR CEASE responded there is no federal system for collecting uniform data within Oregon to address the cost of living factor. There are sources for obtaining the information which could be studied during the interim. Discussion follows.

055 SEN. GOLD suggested including language that if the necessary data is available by 1992-93 then it could be addressed in the formula.

064 Discussion follows regarding the cost of living information.

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Senate Committee on

Revenue and School Finance

May 20, 1991 Page 7

085 CHAIR CEASE asked the committee for suggestions for different transition variations other than the one-third/two-thirds as illustrated in EXHIBIT 1.

091 SEN. SMITH asked for figures which would reduce the negative dollars in school districts depicted in EXHIBIT 1 to no more than ten percent.

098 TERRY DRAKE responded the cost to do that would be about 10.2 million dollars which would hold harmless districts with a loss greater than 10 percent.

103 SEN. SMITH would like to implement the first year as a transition to those districts that are experiencing large cuts.

117 CHAIR CEASE conducted administrative business and adjourned the meeting at 2:50.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Simulation Run by School District of SFF, LRO, 5/20/91 - SB 814
2. Categorical Appropriations, LFO, 5/17/91 - SB 814
3. Blackboard Illustration, DOE, 5/20/91 - SB 814
4. School Fund Formula (SFF), LRO, 5/17/91 - SB 814
5. 1990 Status Report on Special Education and Special Student Services in Oregon, DOE, (See Senate Revenue and School Finance Committee minutes of 2/13/91, Exhibit 5, - Distribution)
6. School Fund Formula (SFF), LRO, 5/8/91 - SB 814

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