

Tapes161-162, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 21, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator John Brenneman (arrived 1:34)

Senator Shirley Gold

Senator Ron Grensky (arrived 1:25)

Senator Bill McCoy

Senator Tricia Smith

Members Excused: Senator Joan Dukes, Vice Chair

Staff Present: Steve Bender, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

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

Ozzie Rose, Confederation of School Administrators (COSA)

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005 CHAIR CEASE called the meeting to order at 1:14 and conducted administrative business.

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011 STEVE BENDER presented a printout of base data that was used in the district runs for 1990-91 which depict differences in the various factors that are being addressed in the SB 814 SFF. EXHIBIT 1

045 Discussion and questions continue regarding EXHIBIT 1

077 SEN. SMITH asked when the 1990 census data would be available. The response was the information should be available in time for the 199394 distribution year.

088 SEN. GOLD questioned the figures of the small schools in EXHIBIT 1. A review was presented.

102 SEN. SMITH questioned the projected June 1993 Average Daily Membership (ADM) figures. EXHIBIT 1

113 STEVE BENDER explained the total enrollment between 1986-1990 was compared to figures of the statewide enrollment growth. The projections between the 1990-93 figures from the DOE and the relationship of the growth between the state and individual district growth was how the projections were determined in EXHIBIT 1.

T ~ as. 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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139 CHAIR CEASE questioned if the projected growth in EXHIBIT 1 was different from estimated projections in past years.

161 WALTER KOSCHER responded that projections have always been done with statewide totals and not on a district by district basis.

172 CHAIR CEASE requested ideas for variations on how the SFF would operate, one being the formula would begin in the 199293 school year. A variation was presented by phasing in 1/3 formula and 2/3 old system.

187 CHAIR CEASE recapped a variation presented by SEN. SMITH providing a transition to districts losing more than 10 percent.

192 SEN. GRENSKY suggested revisiting the student weightings and would like more information on English as a Second Language (ESL) component of the formula. Discussion follows.

213 SEN. GRENSKY questioned the fairness of the transportation grant in terms of capitalization or start-up costs for those districts that have curtailed or reduced busing. A concern for the transportation estimate was expressed.

231 SEN. GOLD questioned the necessary small schools weighting and would like to address the cost factor involved.
278 CHAIR CEASE requested the DOE to address attending local small school as opposed to attending a neighboring larger school.
285 SEN. GOLD suggested the 1.2 weighting for K-3. Another approach is to have no weighting with a sunset placed on the hardship situations of Union High Schools to be revisited at a future date.
310 SEN. GOLD recommended the possibility in the formula of inserting early childhood as an additional factor.
323 SEN. GRENSKY questioned the funding for early intervention not coming under the basic school support. Discussion includes the funds would need to be added from the categorical grants and not subtracted from the total dollar figures.
354 SEN. GOLD questioned the cost of living factor in the formula.
384 OZZIE ROSE discussed the confusion of the percentage of replacement dollars in the three year transition with reference to EXHIBIT 2.
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003 OZZIE ROSE expressed concern in the length of the transition period. SB 815 is suppose to cover the transition year and SB 814 is displaying more transition years carrying carries through the next biennium.

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019 OZZIE ROSE discussed the merit to use the formula as designed and then cap the amount a district can grow at 25 percent or loose at 5 percent.
033 OZZIE ROSE explained how the districts were affected by the suggested caps in EXHIBIT 2. Of the 81 school districts which have a growth in excess of 25 percent, 55 are elementary districts which strengthen the concept to do away with weighting on grade level distribution.
057 SEN. GRENSKY questioned the distribution because Grants Pass is predominately retirees.
065 OZZIE ROSE responded the argument is not per capital but based on proportion of students.
069 OZZIE ROSE addressed the Union Highs which do not have the ability to spread cost over twelve grades causing the cost to be higher. Until unification happens the Union Highs will be penalized under the proposed formula.
084 OZZIE ROSE recommended to do away with the grade level weighting in the formula except for the 1.2 weighting for Union Highs.
100 OZZIE ROSE felt the 2.0 weighting is too high a factor for the ESL and recommended a 1.5 weighting instead.
106 OZZIE ROSE discussed the small school unification issue would tie in with the recommended weighting for Union Highs.
111 OZZIE ROSE addressed the categorical aid approach to early childhood education and recommended an addition to the formula with a reference to other sources of funds. The possibilities would be visible in the formula without creating inequities from using the student weighting.
125 CHAIR CEASE asked how the figures for funding the early childhood education programs are derived.

131 OZZIE ROSE responded the early childhood programs could be a placeholder in the formula and then statutorily reference the program when distributing the funds.

142 Discussion and questions follow regarding the statutory referencing with regard to fund distribution.

165 OZZIE ROSE discussed the Union High issue with reference to EXHIBIT 2 and half are losers under the proposed formula.

176 SEN. BRENNEMAN asked if there is a correlation between the unified districts that are losing funds under the proposed formula.

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182 OZZIE ROSE responded the Union Highs that gain are the low spending districts and the losers are the small districts with high per student expenditures.

184 SEN. BRENNEMAN clarified the recommendation by COSA is to eliminate the grade level weighting except for the Union Highs which will receive a 1.2 weighting.

195 Discussion follows regarding Union Highs.

212 SEN. BRENNEMAN suggested giving disincentives to the elementary schools instead of rewarding the Union Highs. The extra money going to the feeder elementary schools should go to the Union Highs instead. Discussion follows.

242 SEN. GOLD questioned the timeframe of the suggestion of compensating districts for losses or gains over a certain percentage.

254 Discussion and questions follow regarding implementing SB 814 for the one year in the biennium after SB 815 and the 1993 Legislative Session would correct any aberrations that would be derived from SB 814.

319 SEN. GRENSKY commented on the aberrations are created because of the assumption that 300 million more dollars will be spent than is currently. The concern would be more on the downside to districts not receiving enough money.

349 OZZIE ROSE responded that 1993 and 1995 are two different years and it is an aberration to remove money from an existing body that is functioning. The argument is to implement the new formula that by policy distributes money on a per student basis. If half the revenue is lost there may have to be a change in how schools are operated.

376 SEN. GRENSKY opposed setting a cap on the amount lost or gained by each district as recommended by COSA.

392 OZZIE ROSE suggested implementing the formula with "stop loss points" that are sunsetted on July 1993.

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003 SEN. GRENSKY requested the reasoning behind the percentages chosen for the "stop loss points" that are implemented in the formula.

012 SEN. SMITH commented on there being winners and losers in any formula and the implementation should not be put off any longer.

024 OZZIE ROSE addressed the difficulty in immediately implementing a new system. Reference is made to Woodburn School District.

046 OZZIE ROSE reviewed the recommended cap is 5 percent loss and 25 percent gain.

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048 SEN. SMITH asked if the recommendation is for one year or forever.

054 OZZIE ROSE responded to implement the recommendation for one year and 1993 will probably deal with a new revenue source.

058 SEN. GOLD commented on school finance has been an ongoing topic since the mid 1950s. Measure 5 has forced us to pay attention to what has been an inequitable system but the problem can not be solved that easily.

075 SEN. SMITH feels an equitable product has to be reached sooner or later and would just as soon do it now.

088 CHAIR CEASE asked for any other variations or suggestions to add to the SFF formula.

094 CHAIR CEASE conducted administrative business and adjourned the meeting at 2:18.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. School Finance Simulation Base Data 90-91, LRO, 5/21/91 - SB 814
2. SFF Draft Simulation, LRO, (See Senate Revenue and School Finance Committee Minutes for 5/20/91, Exhibit 1, - SB 814)

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