

Tapes178-179, (A\B)

Public Hearing: SB 1097A

WorkSession:SB 1097A,SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

June 3, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair (arrived 1:25)

Senator John Brenneman

Senator Shirley Gold

Senator Ron Grensky (arrived 1:25, excused from 1:35 to 1:45)

Senator Bill McCoy

Senator Tricia Smith

Staff Present: Terry Drake, Legislative Revenue Office

Steve Bender, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: William Voelker, Oregon Department of Forestry

Ozzie Rose, Confederation of Oregon School Administrators (COSA)

TAPE 178 SIDE

A

005 CHAIR CEASE called the meeting to order at 1:22 and conducted administrative business.

PUBLIC HEARING AND WORK SESSION - SB

109 7A

018 TERRY DRAKE-presented an overview of the State-managed forestlands with reference to ORS Chapter 530.110.

040 TERRY DRAKE explained SB 1097A that if there is a substantial amount of money in excess of what the forester will need for their approved budget level then the extra money will go back to the local governments.

059 SEN. DUKES explained there is a complex formula for distribution of forest funds with an excess placed in a subaccount. SB 1097A allows this extra subaccount to refer the extra money back to the counties.

114 WILLIAM VOELKER testified in support of SB 1097A and the extra money from the subaccount will revert back to the counties and local taxing districts. EXHIBIT 1

130 Discussion follows regarding the forest land revenues.

These minutes paraphrase and/or summarize statements made during this 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

June 3, 1991 Page 2

140 MOTION SEN. DUKES moved SB 1097A to the floor with a do pass recommendation.

145 DISCUSSION

160 VOTE In a roll call vote the motion passes (5-0). AYES: Senators Gold, Smith, Brenneman, Dukes, Cease. Senators Grensky and NcCoy were excused. Senator Dukes will carry the bill on the floor.

WORK SESSION - SB 814

173 STEVE BENDER presented SB 814-4 amendments. EXHIBIT 2

180 CHAIR CEASE discussed the options before the committee on how to address SB 814.

201 STEVE BENDER presented an outline of SB 814-4 amendments. It was noted that the amendments entirely replace the original bill language. EXHIBIT 3

206 STEVE BENDER also presented an updated School Fund Formula (SFF).

EXHIBIT 4

216 STEVE BENDER explained the SB 814-4 amendments Section by Section with reference to EXHIBIT 3. Section 1 was addressed dealing with the statement of legislative intent.

243 STEVE BENDER addressed Section 2 of SB 814-4 dealing with the definitions used in the SFF statutes. Reference is made to the definition of "approved transportation costs."

278 SEN. GOLD questioned how closely Section 1 of SB 814-4 relate to SB 120 and HB 3565 which are currently in other committees.

285 STEVE BENDER explained the parallels between the bills.

289 STEVE BENDER discussed Section 3 of SB 814-4 which deals with establishing the State School Fund. EXHIBIT 3

314 STEVE BENDER explained Section 3 of SB 814-4 dealing with the general purpose grant.

331 SEN. GRENSKY questioned the terminology "district weighted average". It was clarified that the "district weighted average" is the same thing as the Average Daily Membership (ADMw) which is the ADMs of the districts with whatever student weighting is applied.

356 STEVE BENDER referred to Page 5, EXHIBIT 2 dealing with target grants. Reference is made to the teacher experience and the cost of living factors.

These minutes paraphrase and/or summarize statements made during this 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
June 3, 1991 Page 3
TAPE 179 SIDB A

010 STEVE BENDER reported the cost of living factor will not be addressed in the 1992-93 school year but is serving as a placeholder until more data is collected by the Executive Department. Line 16, Page 5 EXHIBIT 2

025 STEVE BENDER discussed the calculation of the funding percentage of the target grant portion of the SFF. Line 11, Page 5, EXHIBIT 2

039 STEVE BENDER explained how the weighted additional average daily membership (ADMw) will be computed beginning on Line 21, Page 5-6, EXHIBIT 2. The additional weighting for special education, English as a Second Language (ESL), Union High Schools, and small schools was addressed.

085 STEVE BENDER discussed the small school weighting.

105 STEVE BENDER explained there is a placeholder in the formula for migrant students to be weighted when more data is available.

118 STEVE BENDER addressed the poverty level issue in Line 6, Page 6, EXHIBIT 2 which explains how the numbers of poverty children are determined. Adjustment of the count was addressed. It was noted that these figures are determined in the same way that Chapter 1 figures are currently being calculated.

207 STEVE BENDER noted Line 26, Page 6 is the end of the weighting calculation portion of the SFF. EXHIBIT 2

231 STEVE BENDER continued addressing Section 4 of SB 814-4 with reference to the transportation grant as presented in Line 27, Page 6, EXHIBIT 2. The transportation grant is the next component of the SFF formula as seen in EXHIBIT 4.

246 STEVE BENDER discussed the local revenues that will be subtracted from the amount of the grant from the State School Fund with reference to Page 6-7 of EXHIBIT 2.

279 STEVE BENDER explained lines 13-16, Page 7, EXHIBIT 2 dealing with the ORS 530 monies and the amount of equalization money in education service districts (ESDs) (334.400). These would both be subtracted from what the districts would receive from the State School Fund.

295 It was noted that Section 4 in SB 814-4 is the end of the formula portion of the bill.

300 SEN. DUKES questioned the \$25 dollar figure for the teacher experience component of the SFF.

311 TERRY DRAKE explained how the \$25 dollar figure was derived in the

teacher experience component in SB 814-4 with reference to a blackboard illustration. EXHIBIT 5

These minutes paraphrase and/or summarize statements made during this 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
June 3, 1991 Page 4

389 SEN. DUKES questioned why Union Highs were addressed in the formula.
396 CHAIR CEASE explained how the Union High weighting was suggested as an incentive for consolidation. There is no weighting on grades K12 but only on Union Highs and only for one year.
415 SEN. DUKES asked what could be accomplished with the Union Highs for only one year.
420 OZZIE ROSE responded that as long as the Union Highs exist some adjustment will need to be made because their programs are more expensive by structural demands. The issue of having a sunset in 1993 is because it will need to be readdressed.

TAPE 178 SIDE

B

025 TERRY DRAKE noted that the simulation runs (EXHIBIT 6) allocate about \$4000 dollars as the targeted figure in the SFF and a district that loses two/tenths weighting is about \$800 dollars per student.
027 SEN. GOLD pointed out the extra weighting on a K-3 would encourage the small schools to remain segregated instead of considering consolidation.
041 SEN. DUKES questioned terminology in Line 30, Page 5, EXHIBIT 2.
052 SEN. DUKES questioned the children age 5-18 in line 6, Page 6 and suggested to more clearly define the poverty students by addressing the figures of the students who are not enrolled in schools.
069 SEN. DUKES asked if it is more expensive to educate students who are in foster homes.
074 STEVE BENDER responded this is the calculation used by Chapter 1.
079 SEN. DUKES voiced concern in having too many factors included in the SFF and questioned having foster homes included in the formula because it does not contribute to the cost of education.
085 SEN. DUKES referred to Line 30, Page 6, EXHIBIT 2 and asked if the offsets were severance taxes.
089 SEN. DUKES voiced concern in subtracting offsets from districts that are not adequately funded to begin with and have been receiving timber offsets and now that will be removed.
119 Discussion follows regarding the loss of money from districts. Reference was made to the equity of those districts that are not near the \$4000 per student.
149 SEN. SMITH questioned Line 14, Page 5 and asked how the blank will be determined for the target grant component. EXHIBIT 2

These minutes paraphrase and/or summarize statements made during this 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
June 3 1991 Pages

180 TERRY DRAKE responded with an explanation of how the simulation runs

are assuming an appropriate average currently being spent by the districts with a nine percent allowance for inflation.

194 SEN. SMITH voiced concern in placing a number in the space and saying this is how much it costs to educate a student in Oregon.

212 CHAIR CEASE felt this number will be readdressed each biennium.

220 Discussion follows regarding the meaning of the number that will be placed in the blank on Page 5, EXHIBIT 2.

224 SEN. SMITH questioned the placeholder for migrant children and felt the same holds true for homeless children and asked if homeless children could be considered part of a migrant family.

239 STEVE BENDER responded that the way migrant is addressed in the bill it would not include homeless children.

250 Discussion follows regarding homeless families.

259 SEN. SMITH referred to Line 6, Page 6, EXHIBIT 2 dealing with the adjusted annual enrollment of poverty children and asked how major economic changes would be addressed within a district if the figures are based on a ten year census.

293 STEVE BENDER explained there are other ways to determine the poverty level using more current data such as the free lunch program but there are shortcomings because these programs must be applied for and will not be reflective of an accurate count. There is the tradeoff of obtaining more recent data versus reliable data.

335 SEN. SMITH questioned the terminology of "approved" transportation and also the capital costs involved in transportation. It was asked how there would be an assurance that money is available for bus replacement costs.

366 TERRY DRAKE commented on what would be included in approved transportation costs with reference to the ten year amortization on capital equipment. There is a cost component that would be reimbursed for replacement in the SFF.

378 SEN. SMITH asked to address the capital replacement for busing and requested a fund be established to be used only for busing costs.

408 SEN. GRENSKY referred to Page 5, Line 9 and asked if the "statewide target" was the same as "target grant". The response was they are different.

440 SEN. GRENSKY noted that the blank in Line 14, Page 5 is not a blank but a defined term "statewide target grant" and the number may go up or down but it will always be the statewide target with the adjustments.

These minutes paraphrase and/or summarize statements made during this 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

June 3, 1991 Page 6

TAPE 179 SIDE B

016 SEN. GRENSKY asked if a child could be added in twice under the poverty section (i-iii), Page 6. EXHIBIT 2

034 STEVE BENDER responded it is possible.

044 Discussion follows regarding using the 1990 census and address the language in the bill so children are not counted twice. Reference is made to Chapter 1 distributes funds based on schools rather than districts.

087 SEN. GRENSKY questioned the transportation grant and noted "approved" transportation costs does not tell how much money was being received for busing.

104 TERRY DRAKE responded the current system gives a good idea of how much money goes toward transportation.

114 SEN. GRENSKY questioned the districts that have curtailed transportation.

115 It was clarified that the transportation figures are based on the projected costs of each districts. Discussion follows.

142 SEN. GRENSKY referred to the local revenues removed from the simulation runs (EXHIBIT 6) and asked if the federal forest reserves have been deleted based on what the harvest is believed to be.

150 TERRY DRAKE responded that the federal forest reserves have been removed. The state forest revenues were also addressed.

160 SEN. GRENSKY questioned the offsets which historically have been in lieu of property tax and questioned the reason for penalizing a district by deducting the amount of federal forest receipts they receive from their state distribution.

178 SEN. GOLD had a question regarding Section 5, Page 8, EXHIBIT 2. IT was noted that Section 5 is incorrect and will need to be rewritten.

200 SEN. GOLD referred to Section 4, Page 3, Line 16 and questioned the cost of living factor shall be as determined by law. It was noted that information was to be made available by summer and asked what the status was regarding that data.

210 CHAIR CEASE responded that the information was to be how the data could be better gathered not that the information would be available.

216 SEN. GOLD explained that the way it is written nothing will happen regarding cost of living for two years and suggested addressing the issue now, with the possibility of leaving it to rule procedures of the Department of Education.

These minutes paraphrase and/or summarize statements made during this 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
June 3, 1991 Page 7

226 SEN. GOLD addressed school stability.

240 SEN. GOLD referred to Section 1, Page 1, and requested a comparison of SB 814-4 to HB 3565 and SB 120 to make sure the goals are comparable.

258 SEN. GOLD referred to a HB 2424 dealing with the Common School Fund earmarking ages 3-8. This issue has pertinence to the categorical aid portion of the formula.

274 SEN. GOLD questioned the suggestion from Ozzie Rose. (See minutes from Senate Revenue Committee meeting on 5/21/91).

290 CHAIR CEASE conducted administrative business.

301 SEN. GOLD requested to have the amendment drafted to include the suggestions by Ozzie Smith.

318 CHAIR CEASE adjourned the meeting at 3:10.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager
EXHIBIT SUMMARY

1. Written Testimony, Department of Forestry, 6/3/91 - SB 1097A
2. Proposed Amendments SB 814-4 (LC 2994), 6/3/91 - SB 814
3. Outline SB 814-4, LRO, 6/3/91 - SB 814
4. School Fund Formula (SFF), LRO, 6/3/91 - SB 814
5. Blackboard Illustration, LRO, 6/3/91 - SB 814
6. Simulation of Long Term School Finance, LRO, 5/30/91 - SB 814
7. Staff Measure Summary, Peter Green, 6/3/91 - SB 1097A
8. Fiscal Analysis, LFO, 6/3/91 - SB 1097A
9. Tax Rates by County, LRO, 6/3/91 - SB 814

10. SB 815 Simulation Runs, LRO, 5/30/91 - SB 814

These minutes paraphrase and/or summarize statements made during this

meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.