

Tapes180-181, (A\B)

Work Session: SB 814

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

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

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair (arrived 1:32)

Senator John Brennehan (arrived 1:10)

Senator Shirley Gold

Senator Ron Grensky

Senator Bill McCoy

Senator Tricia Smith

Staff Present: Jim Scherzinger, Legislative Revenue Officer

Steve Bender, Legislative Revenue Office

Terry Drake, Legislative Revenue Office

Mary Ann Zimmermann, Committee Assistant

Witnesses Present: John Marshall, Oregon School Board Association (OSB A)

Wilma Wells, Confederation of Oregon School Administrators (COSA)

Rick Burke, Department of Education, (DOE)

John Danielson, Oregon Education Association (OEA) Ozzie Rose, COSA

TAPE 180 SIDE A

005 CHAIR CEASE called the meeting to order at 1:17 and conducted administrative business.

WORK SESSION - SB

814

038 STEVE BENDER presented SB 814-6 (EXHIBIT 1) and explained minor changes in the first four Sections of the amendments as compared to SB 814-4 (EXHIBIT 5) amendments.

060 STEVE BENDER presented and discussed a proposed amendment from OSB A. It was clarified that the title should read "Proposed Amendments to SB 814-6." EXHIBIT 2

089 JOHN MARSHALL explained the transportation services in the proposed amendments in EXHIBIT 2 refer to handicapped preschool children which is a Federal mandate. In prior statute the approved transportation did include preschool handicapped but SB 814 does not include the mandatory transportation.

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118 WILMA WELLS explained which youngsters are served in the early intervention program.

129 SEN. GOLD referred to the request of the comparison between SB 120, HB 356 5 and SB 814 in relation to the goals of the bills. There may be further amendments brought before the committee.

151 CHAIR CEASE referred to Section 3 of HB 3565 and Section 2 of SB 120 which are to be addressed in SB 814, noting the intent is to make the goals consistent.

160 STEVE BENDER explained Section 3 of HB 3565 is found in Section 1 of SB 814 -6 amendments.

166 STEVE BENDER referred to page 5, of SB 815-6 and explained the clarity changes. EXHIBIT 1

198 STEVE BENDER referred to Page 7, Subsection 8 dealing with the transportation grant and explained the added language beginning on Page 7, Line 26 which clarifies how much money school districts will receive.

241 STEVE BENDER explained Section 5, Page 8, EXHIBIT 1 which specifies the programs to be funded by the state in addition to the State School Fund distribution.

315 SEN. GOLD questioned the cost of living Line 20, Page 5 and was concerned because nothing will happen with regard to the cost of living factor for two years.

345 Discussion follows regarding the cost of living data being gathered. It was noted that if something was done before the 67th Legislative Session it would not be able to be reviewed before it went into effect and that is why the cost of living factor is not addressed for two years.

393 SEN. GOLD felt the cost of living factor could be addressed sooner because the rule making authority could be delegated to the DOE with a review in the 67th Legislative Session.

414 Discussion follows regarding the cost of living factor.

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A

007 SEN. DUKES wanted to include in the formula only those issues that relate to schools and eliminate the others. Cost of living is not a big enough factor to include in the funding formula.

030 Discussion follows regarding the inclusion of the cost of living factor in the School Funding Formula (SFF).

060 SEN. GOLD addressed school stability in relation to rural areas in

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which there is a turnover of student population and questioned the adjustment of school districts to allow for the turnover.

076 CHAIR CEASE referred to the one-year lag of declining enrollment. Discussion follows regarding the counting of student enrollment.

092 SEN. SMITH referred to Section 11 of SB 814-6 which would address the issue of declining enrollment. It was decided to hold off on the discussion until the entire bill is presented.

114 STEVE BENDER discussed Section 6 of SB 814-6 which requires reports to the Interim Revenue Committee so the data will be available for the 67th Legislative Session. The issues are listed in EXHIBIT 3.

154 STEVE BENDER presented and explained Section 7, SB 814-6 which requires schools to provide transportation to those students whose cost are imburseable through the State School Fund.

168 SEN. SMITH asked if the early intervention that is already required by statute will be applicable to Section 7 as well as the proposed amendment by OSB A regarding Section 2, Page 2 of EXHIBIT 1.

188 CHAIR CEASE asked if Section 7 pertains to the definition of approved transportation costs in Section 2 and felt it was important to have the language included that the students required to be transported for health and safety reasons. Discussion follows and reference is made to urban districts needing safety clarification rather than how far the students live from the school.

227 SEN. SMITH questioned the DOE adopting standards by rule when the interpretation is not clear regarding transportation for health and safety reasons. Section 7, EXHIBIT 1

241 RICK BURKE did not feel the statutory criteria in SB 814 could be addressed by rule. The DOE is waiting for language that will address the issue of imburseable costs.

260 SEN. GOLD referred to Page 9, Lines 23-25 and felt the issue is much

larger than migrant families but deals with student stability and broader language should be included rather than "migrant families".  
282 TERRY DRAKE suggested the terminology " appropriate additional weights given for students with high mobility including, but not limited to migrant families."  
290 STEVE BENDER presented and discussed Section 8, SB 814-6, EXHIBIT 1 which allow the State Board of Education to rule on the distribution of funds to community colleges. It was noted that this is similar in SB 815A.  
306 STEVE BENDER pointed out that the rule making authority to the State Board of Education is a permanent provision regarding community colleges.

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317 STEVE BENDER explained Section 9 which limits the state obligation on replacement funding for schools under Measure 5. Section 9 also specified that the replacement obligation is to be met through the State School Fund (SSF) distribution.

345 JIM SCHERZINGER noted a correction on Line 8, Page 10, EXHIBIT 1 because the community college system support fund was not included. Insert the words "and the Community College System Support Fund".

362 CONSENSUS CHAIR CEASE noted no objection to insert the words "and the Community College System Support Fund" after the word "Fund" in Line 8, Page 10, EXHIBIT 1

367 STEVE BENDER discussed Section 10, SB 814-6 which limits replacement funding of ESD's (education service districts) to 6 percent annual growth. EXHIBIT 1

TAPE 180 SIDE B

025 JIM SCHERZINGER explained the provision in Section 10, EXHIBIT 1 is saying that the ESD's cannot reduce the share of money that is going out to districts. There is an incentive to ESD's to give less money to the district and spend it on ESD programs because any losses incurred by the districts will be made up by the State.

044 STEVE BENDER explained Section 11, 12, and 13 which deal with making the changes needed in the definition of necessary small schools to transfer funding to the new formula. The Basic School Support Fund (BSSF) is revised in statute regarding timing of reports and the distribution of funds to apply to the SSF distribution. EXHIBIT 1

075 STEVE BENDER explained that since the new SFF is an imbursement rather than a reimbursement the figures will be based on projections by the school districts except for adjustments explained in Section 12 and 13. EXHIBIT 1

109 STEVE BENDER addressed Section 12 which allows for adjustment of projections throughout the school year. It was noted that the December enrollment is generally greater than the June enrollment figures. EXHIBIT 1

185 SEN. DUKES questioned the districts with a larger number of students than projected in September, but the figures are not turned in until December. Discussion follows regarding districts receiving payments sooner if their ADM (Average Daily Membership) is larger than projected because the money is needed at that time. It was decided to address the issue after going through the bill.

240 STEVE BENDER explained Section 13, Page 12 which provides for an adjustment due to errors in the projected student enrollment. The adjustments are not made until the following year because due to waiting for the actual figures of school enrollment that come in June. EXHIBIT 1

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283 STEVE BENDER explained Section 14 which amends ORS 327.075 dealing with necessary small schools.

301 STEVE BENDER discussed Section 15 which amends ORS 327.094.

309 STEVE BENDER addressed Section 16 which removes old statutes and inserts the new language in the SFF.

322 STEVE BENDER explained Section 17 which amends ORS 327.125.

327 STEVE BENDER discussed Section 18 amending ORS 327.137.

331 STEVE BENDER addressed Section 19 which amends ORS 321.317.

335 STEVE BENDER discussed Section 20 and explained corrections: after "budget" delete the comma and remainder of Line 7 and also delete Lines 8 and 9. EXHIBIT 1, Page 18

372 CONSENSUS CHAIR CEASE noted no objection to remove the language in Lines 7, 8, and 9 as stated by Steve Bender.

375 STEVE BENDER explained Section 21, 22, 23 are clean-up amendments. Reference was made to the deletion of lines 24-27 of Page 22 with a question of why the language is being removed and also questioned the same language being removed on Page 25.

420 STEVE BENDER addressed Section 24, Page 25, EXHIBIT 1 which is not affecting the sunset in Section 3, Chapter 493, Oregon Laws 1989.

TAPE 181 SIDE

B

005 STEVE BENDER discussed Section 25, Page 25 dealing with the early intervention programs. EXHIBIT 1

006 TERRY DRAKE pointed out the Ways and Means Committee may be addressing the early intervention program outside of the School Fund.

014 STEVE BENDER addressed Section 26, Page 26, EXHIBIT 1.

018 STEVE BENDER discussed Section 27 and 28 on Pages 27-29. EXHIBIT 1.

022 STEVE BENDER discussed Section 29 which repeals the Basic School Support Fund statutes.

030 STEVE BENDER explained Section 30 which abolishes the BSSF and transfers any remaining money to the SSF.

033 STEVE BENDER explained Section 31 which authorized Legislative Counsel to change words designating the BSSF to the SSF where relevant.

036 STEVE BENDER addressed Section 32 which makes the Act operative on June 30, 1992.

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040 TERRY DRAKE explained the reason for the removal of the language on Pages 22 and 25 is because the language was being moved for a reordering of the language in the statute.

047 CHAIR CEASE conducted administrative business.

056 JOHN DANIELSON testified with the concern of lack of funds and questioned if the proposed formula in SB 814 is what the people of Oregon really wanted with the passage of Measure 5. The six "best" districts in the State were addressed as losing substantial amounts of money under SB 814 and addressed the concern of lowering the standard of education in certain areas of the state.

093 OZZIE ROSE recommended not to move SB 814 until it is known how much money is available for school distribution.

107 SEN. SMITH asked what would be the alternative if the Ways and Means Committee does not give enough money for SB 814.

113 OZZIE SMITH responded that there are enough concerned individuals in the Capital building that the money issue will be worked out before the end of the 66th Legislative Session.

115 SEN. GOLD pointed out that Ways and Means Committee is waiting to act until the Revenue and School Finance Committee expresses the financial need for school distribution.

120 OZZIE ROSE presented changes that would improve SB 814: 1) include the preschool children, ages 3-5, in the student count; 2) pursue the cost of living adjustment. Reference is made to Ohio where an adjustment is made to the cost of living based on average salaries paid in areas;

138 SEN. GRENSKY questioned the cost of living factor being considered through the employment division because salaries will vary depending on the industry in a particular area and not what the income or cost of living is.

150 OZZIE ROSE continued presenting recommended changes for SB 814: 3) alter the weighting of the elementary districts to a .9 within the Union High areas with the Union Highs receiving a 1.2 weighting; 4) develop a stability or turnover factor within the formula; 5) Include early intervention services in the transportation portion of the formula (EXHIBIT 2); 6) change the small school correction from 100 students to 250; 7) Lastly the bill should not be passed until the available funding is known.

197 JOHN DANIELSON did not think the current Oregon economy justifies any school district to lose money during the second year. Suggestions were presented to alleviate the concern of districts losing money. Reference was made to the simulation runs depicted in EXHIBIT 4.

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212 SEN. GRENSKY commented on the arguement for not cutting those districts that are losing money from SB 814 because they are quality districts. The other side of the coin is those districts that are spending substantially less are not providing quality education.

229 JOHN DANIELSON responded there are large increases being presented to the underfunded districts. The question was raised of the objective being excellence or mediocracy for all students.

257 CHAIR CEASE conducted administrative business and adjourned the meeting at 3:03.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

#### EXHIBIT SUMMARY

1. Proposed Amendments SB 814-6 (LC 2994), 6/4/91 - SB 814
2. Proposed Amendments SB 814-6, OSB A, 6/4/91 - SB 814

3. Outline of SB 814-4 Amendments, LRO, 6/3/91 (See Senate Revenue Committee meeting 6/3/91 - SB 814)
4. Long Term School Finance Distribution Simulation Run #11, LRO, 5/31/91 - SB 814
5. Proposed Amendments 814-4 (LC 2994), 6/3/91 (See Senate Revenue Committee meeting 6/3/91, EXHIBIT 2 - SB 814)

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