

Testimony on SB 930

Jim Mabbott, Executive Director – Oregon Association of Education Service Districts
Senate Education Committee
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Grant, Harney, Lake, North Central, and Wallowa ESDs are Oregon's smallest Education Service Districts (ESDs) and, like the other ESDs in the state, provide needed services to their local school districts. In 2003, the Oregon Legislature made a commitment to these ESDs and the school districts they serve in the form of \$1,000,000 service grants to each of them. This decision was made because there is a basic cost associated with providing services to students located in some of the most remote and sparsely populated areas of the state and the normal formula would not allow them the capacity to operate at an effective level.

The 2003 legislation provided no mechanism for these ESDs to keep pace with rising costs and/or inflationary erosion. Consequently, these ESDs have been flat-funded since 2003 but in prior years have had adequate ending fund balances to get them through that time period. However, now that expenses have caught up with the million dollar allocation, they can no longer afford continued flat funding. Their school districts will suffer cuts, and the students in those districts will face the consequences. All other educational entities have experienced a funding gain in 2013-15, and we assume will again in 2015-17.

SB 930 would modify the annual funding level for Grant, Harney, Lake, North Central and Wallowa ESDs, otherwise known as the Frontier ESDs. This bill would establish an updated funding level for the five ESDs, as well as index that level based on future changes in ESD funding.

SB 930 proposes a \$100,000 increase per ESD. This amount was the result of a consensus process that was ultimately supported by all 15 OAESD member districts (including two of the five Frontier ESDs: Harney and Lake), and it represents a compromise. The impact of the \$100,000 increase for the Frontiers results in a measurable reduction in funding for the largest ESDs. A larger increase was perceived to be too significant of an impact on other ESDs.

The \$200,000 for Harney and Lake would come from the other fourteen ESDs proportionally at a cost of \$.30 per ADMw. The \$300,000 for Grant, North Central and Wallowa would come out of the State School Fund at a cost to ESDs and school districts of \$.02 per ADMw. This is because those three ESDs receive local revenue that is far greater than what they would receive from the state formula – so, all dollars in excess of \$1M for each of the three ESDs is returned to the State School Fund. Under this bill, each of those three ESDs would send \$100,000 less annually to the State School Fund than they do now.

The Board Members and Superintendents of the ESDs represented by OAESD strongly and unanimously recommend the passage of this bill. It will provide ESD funding equity to those small districts within those five ESDs and solve this problem permanently. Thank you for your time and consideration.