

Legislative Interim Committee Now Moving Toward End of Two-Year Study

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The biggest of many jobs handed to the Legislative Interim Committee on Education by the 1959 Legislature was to bring in a "long-range" policy of financing public education... defining state and local responsibilities and suggesting specific revenue and distribution programs.

The committee is now moving toward the end of its two-year study. Its recommendations, some already firm, others still being worked on, would if approved by the legislature, make major changes in the state's school support role.

Committee legislation, some of it now being drafted, would affect every school district in the state. In dollars, the proposals have to do, through the state's Basic School Fund and local taxes, with statewide school operational costs of \$145,000,000, and conservatively estimated to increase \$50,000,000 in the next six years.

Public Confusions

Ever since 1947 when the Basic School Fund was set up to shift part of the school load from property to income taxes, public confusions about the school support process have been compounding. Educational and fiscal semantics have done their part to persuade many citizens who should be knowledgeable on the subject, that school finance is beyond laymen's comprehension.

Distribution Formula

Equalization... "Flat Grants"... "Equalized Flat Grants"... "Key District Plan"... Current Operating Expenditures... Total Operating Expenditures... Foundation Program... These and other terms have become in the public mind, a kind of gobble-gook of state school finance. Some of the tagline titles at times have become battle cries as legislators, educators and citizens wrangle over amounts of appropriations and conflicting local demands.

Without going into the present involved process of collecting and distributing the state Basic School Fund, there are some definitions and distinctions of terms and of purpose that should help the public appraise to argue or endorse the school legislation that will make news when the legislature convenes next January.

First Distinction

The first, and key, distinction is that committee proposals deal with two entirely separate parts of the state school finance program. The first part is the Basic School Fund itself, the total money "pot" that the legislature appropriates from state general fund receipts. Second is the distribution formula, the method and purposes involved in distributing the Fund among local districts. These two processes have always been separate. Yet their confusion is the commonest booby-trap to understanding how Oregon's schools are financed.

On the first part of this state finance process then, the Basic Fund itself, the committee has firm recommendations. On the second part, the distribution formula, the committee has arrived at a purpose and general plan. Details and the mechanics necessary to put the new formula into effect, including perhaps the submission of a constitutional amendment to the people, are being worked out with state finance and education officials.

THE BASIC FUND

These are the recommendations of the committee that would change the Basic Fund itself:

1. That the annual amount of the Fund should be increased until it approximates 5 per cent of the total of statewide operational school district costs.

2. That this percentage goal be written into the law with the amount based on actual expenditures. (Size of the Fund now is not based on any percentage of school costs. It is an arbitrary amount set by each legislature. This year it is \$105 per census child, or about \$55,000,000. This is approximately 36 per cent of operational costs.)

The proposal is that the 50 per cent goal be reached in steps beginning with an increase to approximately 42 per cent or \$80,500,000 next year, and reaching 50 per cent or about \$90,000,000 in 1965-66.

Second Preceding Year

Because of the time necessary for collecting and auditing budget and enrollment figures, the Fund amount would be based on operational expenditures of the second preceding year.

Inevitably rising school costs and Oregon's over-loaded property tax structure are the committee's principal reasons for shifting more of the education budget to the state income tax level. The most conservative estimates, based on enrollment forecasts and inflation, show that Oregon's total school bill (including capital outlay to which the state does not contribute) will increase by \$50,000,000 and approach \$224,000,000 by 1966-67.

Property taxes which now carry 65 per cent of Oregon's school costs have reached what the committee believes are near confiscatory levels in some urban districts. They are seriously cutting into the tax resources needed to support other local government services.

Basing Size of Fund

Basing size of the Basic Fund on statewide operating costs would substitute for the arbitrary - and thoroughly confusing - per-census-child amounts which have always been used to designate the size of the Basic School Fund. This statistical device - currently it is "\$105 per-census-child" - isn't related to anything. Census children 4-19 years do not all attend public schools, and \$105 has nothing to do with the amount any district gets from the state, yet many in

Oregon believe this is the amount school districts get from the state.

It is important to remember in considering state school finance that the committee plan to make the size of the Basic Fund approximate 42 per cent, and later 50 per cent of operational costs only specifies for the state as a whole the general proportion of state-level to local-level support. It does not mean that districts get 42 or 50 per cent of their operational budgets.

What the districts get is determined by the distribution formula. And, under the proposed new "Equalized Flat-Grants Formula," the determinant is the "Foundation Program" cost.

THE DISTRIBUTION FORMULA

The formula proposed by the interim committee meets one of the 1959 legislature's requests in that it is infinitely simpler than the present almost impossibly complicated distribution procedures.

However, the plan that will go to the legislature next January represents a radical change in the governing principle of state-level school support.

Oregon's distribution formulas have long included the concept of "equalization" by providing extra funds to districts that qualify on various standards as having special "need." But the major part, currently about 80 per cent, of the Basic Fund has been distributed in flat grants - so much per child in school, regardless of varying district needs and resources.

Equalize Tax Effort

The new formula which has become known as the "Equalized Flat Grant Plan," now proposes that all - not a percentage - of the Basic Fund be used to equalize tax effort among the counties. It would support that statewide equalization of school taxes, though only up to a minimum school cost level. All district costs above that minimum or "Foundation Program" level would be borne by the districts.

"The Foundation Program" (sometimes called "Basic Program") is another easily misunderstood term in the school finance vocabulary. It is a term for a somewhat arbitrary amount of money - officially now the amount is \$264 - that is set by the legislature and state department of education as the per-child, per-year cost to a district of

a minimum educational program.

The Foundation Program should not be confused with the actual operating expenditures of schools. While there are some districts whose per-child operating costs are less than the present \$264 foundation program level, most spend a great deal more - up to \$950 per student in the very small high schools, and an average of \$345 in larger unified districts.

Important Change

An important change included in the new formula is a prospective increase in the foundation program to an estimated \$315 per child by 1961-62. The amount would be tied to actual minimum school program costs, and an escalator provision would insure its changing as school costs change.

This is the intent of the "Equalized Flat Grant" formula: To guarantee that each district shall have the foundation program (\$315 multiplied by the number of students) from a combination of State Basic Funds, whatever non-property tax resources it has such as a share in receipts from O and C lands and federal forest fees, and the application of a uniform tax millage in each county.

The formula does not say the state will provide the full \$315 Foundation Program; it says state funds will make up the difference after receipts from a uniform property tax levy plus other non-property resources are counted in.

The effect intended is that every district shall be able to buy \$315 worth of education per child for the same property tax effort. Equalization would be at the county level, with the counties receiving the funds and dispersing them to the districts in flat grants. The amount a district would receive would be limited to its actual expenditures for operational purposes - if this amount is less than the foundation program.

Conflicting Factors

There are a good many conflicting and controversial factors to be worked out if the committee's proposed formula is inaugurated. Some are legal. The levy of a uniform minimum school tax millage in all counties runs into the 6 per cent limitation. This makes a vote of the people necessary and the committee will perhaps pro-

pose a constitutional amendment to the legislature. The guaranteeing of the foundation program to every district and the imposition of the uniform millage would cancel out the Rural School Law which, since 1947, has permitted counties to equalize 50 per cent of school district tax levies for operational purposes.

The requirement that a percentage of O and C land receipts which 18 counties get from the federal government in lieu of taxes, go into the county "pot" that makes up the foundation program, is controversial. The O and C payments last year totaled \$16,000,000. The interim committee recently compromised on its earlier insistence on 25 per cent for schools, and settled for 12 1/2 per cent.

Tax-Equity Principle

However valid the tax-equity principle of the proposed formula may be, its reception by school people and legislators, as a practical matter, will be influenced by the formula's dollars and cents effect on individual districts.

Who stands to lose? And, since there are a good many districts which are getting enough now through a combination of the Rural School District and state aid to support their schools with small or in some cases, no local taxes, there are bound to be losers.

Determination of the district-by-district effect of the

formula is one of the many aspects of its school survey job that will occupy the interim committee in the time that remains before the January legislature.



PLANS DISTANCE SWIM - Florence Chadwick, 42, holder of 11 swimming records, holds a map of Ireland at New York as she tells newsmen she has found a new sea to conquer - the Irish Sea. She said that she hopes to swim from Northern Ireland to Scotland some time between Sept. 13 and 17. (UPI Telephone)

NO CONGO INSURANCE

London-(UPI)-Because of the "chaos" in the Congo, the British General Post Office announced that letters and packages mailed to the new African republic cannot be insured beginning today.

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A fashion inspiration... Penney's luxurious permanently pleated skirt in the finest of worsted wools. Beautiful rainbow stripe effect. Reverses for 2-color look.

THE BASIC FUND
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