

OSBA Events

2013 Fall Regional Meetings

September 19-October 30

67th Annual Convention

November 14-17

OSBA Board of Directors Meeting

November 17

American Education Week

November 17-23

School Law Conference

December 4-6

Bonds, Ballots and Buildings Conference

January 10, 2014

After months of effort, schools see package pass on funding, revenue, PERS

In the middle of the third day of the Oregon Legislature's special session this month, those who had spent much of 2013 trying to reform the Public Employees Retirement System (PERS) and direct more money to schools held their collective breath.

And that's tough to do for 70 minutes.

Finally, House Speaker Tina Kotek, D-Portland, emerged from the lengthy recess with a slight smile tugging at the corners of her mouth. A few minutes later, three Democratic legislators changed their previous "no" votes to "yes," allowing House Bill 3601 to pass the House with the needed three-fifths majority.

That dramatic moment proved to be the toughest hurdle for the so-called "Grand Bargain" of bills, opening the door for four accompanying bills to be debated and ultimately passed. The package added \$100 million to K-12 schools in the 2014-15 fiscal year, made changes to state tax structure, removed new legislators from PERS and reduced cost-of-living increases for PERS retirees (see accompanying story for a complete rundown on the bills).

The PERS changes are expected to reduce the unfunded liability of the state's public retirement system by roughly \$4.6 billion. The unfunded liability earlier this year stood at about \$16 billion.

"It was critical that we flatten the curve on Oregon's long-term debts and put the brakes on how much schools are paying into PERS," says Betsy Miller-Jones, OSBA's executive director. "Oregon could not afford to continue cutting school days and increasing class sizes."

She noted that the Legislature intends that the \$100 million in new revenue be spent on hiring teachers and adding back days to school calendars. Additionally, the starting point for school funding discussions in 2015 will include that \$100 million, which pushed overall K-12 funding in 2013-15 to \$6.65 billion.

Miller-Jones said school board members across the state had made it clear that funding and PERS reform were the leading priorities for 2013. Thanks to unprecedented support from local board members through phone calls and emails to legislators, as well as personal visits and testimony, school funding increased by roughly \$1 billion from the last biennium.



The Oregon House of Representatives votes on PERS.

The missing piece of the school funding puzzle, however, was addressing runaway PERS rates. PERS rates paid by schools roughly doubled between 2009 and 2013, and were projected to continue escalating in 2015 and beyond.

OSBA introduced a PERS reform bill this year, but it was not given a hearing. Senate Bill 754 did serve as a

model, however, for many of the discussions that led to the “Grand Bargain.”

The bill package, which Gov. Kitzhaber has already signed, won't reduce PERS rates paid by employers. But it will help keep rates from rising as quickly.

Also, as OSBA Deputy Executive Director Jim Green has noted often during Fall Regional visits with local school board members (see full story in this issue of *School Leader News*), the new legislation eliminates the need for the “rate collar” contained in Senate Bill 822, the only PERS legislation passed during the regular session.

Green and others had likened the rate collar to delaying a mortgage payment, and now schools won't be facing additional debt in 2015 and beyond.

The next step for the “Grand Bargain” is an expected legal challenge from public employee unions. They have already filed suit over SB 822, and OSBA has joined in defending the lawsuit and paying legal bills.

OSBA's legal advisers have said they believe that reducing the cost-of-living increase can survive a legal challenge to the state Supreme Court. A decision by the court may take as long as two years, however.

Miller-Jones said she is thankful that Gov. Kitzhaber and legislators from both parties persevered in finding a solution that will put Oregon schools on better financial ground for years to come. She also extended thanks to OSBA's partners in the Fix PERS Now Coalition, which coalesced support for reform throughout the year through lobbying, emails and the www.fixpersnow.org website.

Most of all, she extended OSBA's gratitude to members who made sure that legislators were hearing personal stories about the effects of laying off teachers and shortening school calendars.

“We've reached a turning point,” she said. “By working together, we've created a better future for Oregon's children.”

What they said about ‘Grand Bargain’ bills

House Bill 3601 (revenue)

“This bill will help people at all levels of the economy ... people who are struggling to get their businesses off the ground.”

– Rep. Chris Harker, D-Beaverton

“This is a tax cut that is hanging an albatross around Oregon's neck ... this is a fiscal black hole.”

– Rep. Jules Bailey, D-Portland

“I'm supporting this bill ... The lesson I've learned is you do the most good for the most amount of people.”

– Rep. Julie Parrish, R- West Linn

“Oregonians won't remember much of what we say here today, but they'll remember what we do ... I'm proud to carry this bill.”

– Rep. Tobias Read, D-Beaverton

House Bill 5101 (school funding allocations)

“I want you to think of a classroom teacher who has 40 to 50 students in a class, what that does. It is important that we lower class sizes throughout the state.”

– Rep. Betty Komp, D-Woodburn

“For the first time in my experience we have major business groups lobbying to raise taxes ... Does (paying for schools) create pressure on us in 2015? Yes, but if you don't want that pressure, if you don't want that challenge, don't run again.”

– Rep. Peter Buckley, D-Ashland

Senate Bill 861 (PERS reforms)

“This represents a measured response to unprecedented losses in the PERS system. It's for the good of the state and the long-term good of the PERS system.”

– Sen. Richard Devlin, D-Tualatin

“The reality is that increasing funding alone isn't enough to provide long-term fiscal stability to schools. The cost drivers continue to siphon precious resources out of the public sector.”

– Rep. Mark Johnson, R-Hood River

“I speak in support of this bill not because it's perfect but because it's necessary.”

– Rep. Mike McLane, R-Powell Butte

The 'Grand Bargain' bills

House Bill 3601 – Modifies Oregon's corporate tax code, eliminates joint tax exemption credits for high earners, reduces senior medical deduction and creates lower tax rates for certain partnerships, “S” corporations and limited-liability companies. Increases cigarette tax, primarily to pay for mental health services. The bill is expected to raise \$189 million in new revenue during the 2013-15 biennium.

<https://olis.leg.state.or.us/liz/2013S1/Measures/Overview/HB3601>

House Bill 5101 – Appropriates \$140 million to the education program area of the state's budget.

A total of \$100 million is added to the State School Fund for 2013-15. The funds will be made available to school districts and education service districts in the 2014-15 fiscal year. In appropriating these funds the Legislature stated they are intended to hire additional teachers and/or other educational professionals to decrease class sizes and to add back days to the school year.

A total of \$15 million is appropriated to community colleges. These funds are intended to freeze or limit tuition

increases and fees for the second year of the biennium to the extent possible.

A total of \$25 million is appropriated to the Oregon University System, with direction that the money be used to reduce resident undergraduate tuition increases at the state's seven public universities.

<https://olis.leg.state.or.us/liz/2013S1/Measures/Overview/HB5101>

Senate Bill 861 – Reduces cost-of-living adjustments for Public Employees Retirement System (PERS) retirees to 1.25 percent on benefits up to \$60,000 annually and 0.15 percent on benefits greater than that. School districts and other public employers in Oregon will not see an immediate reduction in their PERS contribution rates due to the passage of this bill. However, the bill does eliminate the need for the “rate collar” that was contained in SB 822 from the 2013 regular session.

<https://olis.leg.state.or.us/liz/2013S1/Measures/Overview/SB861>

Senate Bill 862 – SB 862 was the least controversial of the five pieces of the Grand Bargain, passing the Senate 27-2 and the House 55-0. It excludes new legislators from joining PERS and creates a new retirement system for them. It also excludes increases in salary made by employers to pay for insurance coverage from the calculation of final average salary of members of the Oregon Public Service Retirement Plan, or Tier Three. It allows for the attachment or garnishment of wages of any PERS retiree convicted of a felony, limited to restitution or a compensatory fine.

<https://olis.leg.state.or.us/liz/2013S1/Measures/Overview/SB862>

Senate Bill 863 – Prevents local governments from regulating genetically modified crop production.

<https://olis.leg.state.or.us/liz/2013S1/Measures/Overview/SB863>

OSBA staff and officers ‘On the Road Again’ for Fall Regionals

OSBA's annual fall road show set its wheels in motion last month with the goal of informing members and learning from them.

By time the Fall Regionals wrap up at the end of October, OSBA staff and Board President **Terry Lenchitsky** will have logged nearly 4,000 miles in visits to 20 communities. They will have motored from Oregon's northern coast (Seaside) to the south (Medford) to the state's extreme east (Vale).

Although the school board members and administrators in attendance each bring differing views and priorities, the message from Executive Director Betsy Miller-Jones is hitting the same notes from place to place.

“We need you to work with us, talk with us, tell us what you're thinking,” she told about two dozen listeners in The Dalles on Sept. 23. “Tell us what's working and not

working. We are a member organization and we need to serve your needs.”

Lineups are in flux somewhat based on staffing demands, but nearly all the two-hour sessions include Miller-Jones, Lenchitsky, Deputy Executive Director Jim Green and Legislative Services Specialist Morgan Allen. OSBA Board members also accompany the contingent in their respective regions.

After opening night in Albany on Sept. 19, the OSBA team hit the road the following week, making stops in The Dalles, Vale and Pendleton. Then it was a return to the Willamette Valley, and then back to eastern Oregon. (See accompanying schedule for remaining regional meetings.)



Fall Regional meeting in Pendleton

The pace is so hectic that, between the parade of hotels, coffee shops and blurring highway markers, it's a bit tempting to fall into the mentality of “If It's Tuesday This Must Be Belgium,” the 1960s romantic comedy spoofing whirlwind European tours. But between the familiar local board member faces and places (Green spent summers in the Wallowas, for example, and Allen grew up in Albany), some of the visits seem more like a welcome reunion.

Attendance for Fall Regionals is the highest it has been in years, Miller-Jones said. They have attracted newcomers, such as Jennifer Pettit, who started as Jordan Valley's superintendent in July, and **Melodee Bettman**, a Jordan Valley School Board member elected this year.

Because the 2013 session – as well as the recent special session on school funding, revenue and reform of the Public Employees Retirement System – was so critical to education, much of the Fall Regional presentation encompasses legislative highlights and challenges.

“If there was one issue this Legislature talked about from Day One it was the Public Employees Retirement System,” Green told The Dalles' attendees.

Sometimes the laws that don't pass become just as important as the ones that do, Green said. At several stops he gave his legislative staff credit for pouncing on troublesome bills, and said Allen was instrumental in getting dates moved back so that districts would have data they need in designing achievement compacts.

Sometimes you get close and run into obstacles, Green said, such as OSBA's attempts to pass a bill placing a school board member on the Oregon Education Investment Board. The bill faltered after Gov. Kitzhaber made his opposition clear. But if at first you don't succeed...

"We'll come back with that one again," Green said.

Allen also presents a tutorial at each stop on how to communicate effectively with legislators. It contains three elements: become informed and know your story, contact your legislator and develop a relationship, and share your story and ask for their support.

"In my opinion no one is more qualified to talk about what is going on in schools than locally elected board members," Allen says.

Allen says the biggest difference between the 2011 and 2013 sessions is that "we had many more administrators, board members, parents and teachers testifying in Salem this year. It makes a gigantic difference."

While the OSBA team is on the road, the office work in Salem keeps coming. When she is not driving, Miller-Jones is often glued to her cellular phone, and as the special session approached Green was counting votes via phone.

As Miller-Jones does, Lenchitsky tells attendees at each stop that OSBA is there to listen.

Here's a sampling of questions and comments from various spots:

- If the court throws out the PERS legislation, how much would it cost my district?
- We need tax code reform, including a sales tax.
- We need to break down barriers between teacher standards and practices.
- During the session could you make the Legislative Policy Committee react more quickly?
- When you have board member who is really raw, what kind of training can you provide?
- OSBA has been really helpful when I've called with a question ... I'm not sure if all new board members know what you offer.
- Continue your efforts to work with transfer policies and open enrollment.
- I'm a new board member and my problem is you use a lot of acronyms and I don't have the foggiest idea what you are talking about.

Miller-Jones ensures that each session includes a word of thanks – often more than a few words – to OSBA members for their contributions.

"I hope you agree with me that we really changed the discussion this year," she said in The Dalles. "This has been a change for OSBA, and it's made us much stronger."

"Your participation strengthened us, and we need it to continue being effective. That's our job. That's what we do."



Terry Lenchitsky shares at the Fall Regional in The Dalles

Remaining 2013 Fall Regional Meeting Schedule

Date/Day	City	Counties
Oct. 16, Wednesday	Paisley	Lake
Oct. 17, Thursday	Bandon	Coos, Curry
Oct. 21, Monday	Burns	Harney
Oct. 23, Wednesday	Seaside	Clatsop, Tillamook
Oct. 24, Thursday	Redmond	Crook, Deschutes, Jefferson
Oct. 28, Monday	Roseburg	Douglas
Oct. 29, Tuesday	Medford	Jackson, Josephine, Klamath
Oct. 30, Wednesday	McMinnville	Marion, Polk, Yamhill

Keeping You in the Loop

Fall Regionals: Sharing with members

I love our Fall Regionals, which give me the chance to get behind the wheel of a car and our members the chance to get behind the wheel of our legislative plans for 2014 and beyond. It's a time to talk, and, more importantly, a time to listen.

The meetings also offer a welcome break from the office routine: winding drives through the pines in eastern and central Oregon, zipping down I-5 to Roseburg and Medford, visiting communities on the coast. It's wonderful seeing cherished places and new and familiar faces.



Betsy Miller-Jones
Executive Director

From all that I've heard from school board members as we pass the midpoint of Fall Regionals, you share our sense of being re-energized and empowered by the changes made during the 2013 legislative session and the recent special session. By working together we've turned two big corners – on school funding and reform of the Public Employees Retirement System (PERS).



Fall Regional meeting in Pendleton

The refrain I am hearing from our members is this: "We appreciate the work done by OSBA on PERS and revenue but more is needed." From Portland to La Grande and points beyond, attendance is up significantly at the regional meetings. I'm inspired by the energy and efforts of locally elected board members to continually improve education for all Oregon students.

What are they saying? Here is a sample: Capital funding for K-12 education is desperately needed to repair leaky roofs and unsafe buildings. Statewide bonding should be sought, with the state sharing costs of building repairs and new construction, as is done now with higher education. We heard one story of how the local community college spends millions on construction each year funded by the state, some of it cosmetic, while the school districts set out buckets in the library to catch rain from a leaky roof.

Funding for full-day kindergarten is another hot topic. As currently proposed, there will be no additional money for full-day kindergarten, but those districts that don't participate will lose money as the funding pie is redistributed.

Preparing students for the entire 40-40-20 vision requires funding vocational/technical programs, many of which have been dismantled during the period of defunding education. Technology infrastructure has been identified over and over as needing significant attention if we are going to prepare students for the future. With the Smarter Balanced tests, many districts will have to invest in hardware, bandwidth and Internet access just to give the required tests online.

The state school funding taskforce will begin work this fall reexamining the State School Fund formula. OSBA Board member **Bobbie Regan** (Portland Public Schools

Board) is representing us on the task force. Board members and administrators alike will be watching with keen interest. Again and again I have heard you say that the funding formula needs revision, with attention to funding special education, small and rural schools, and other issues.

Board members' voices were heard in the 2013 legislative session. They will be heard loud and clear again in 2014 and 2015. Join us in bringing your voice to Salem as we work together on the issues and decisions that shape education in Oregon!

President's Post

Let's find common ground on Common Core

Around the state and across the country, we've started to hear some rumblings about the Common Core State Standards.

Living in a rural community, I understand why folks sometimes feel as if decisions are being made far away, and we don't have enough say in what affects us. But I also know from my involvement in OSBA how much our organization values local control. One size does not fit all, and often times the policies that work for Salem or Portland are not ones appropriate for Burns or La Grande.



Terry Lenchitsky
OSBA President

When it comes to Common Core, opponents are saying that this is an attempt by the federal government to dictate what is taught in local schools. The reality, however, is that local boards still retain control over their curriculum, instruction methods and textbooks.

To help local school boards sort out the wheat from the chaff and make sound decisions, Betsy Miller-Jones, OSBA's executive director, directed her staff to prepare a guidance document on Common Core. It sets out how states, including Oregon, participated in developing the standards.

It also outlines how the state Board of Education adopted the standards in 2010, making them the foundation of the K-12 Oregon Diploma. The guidance document discusses local board responsibilities, and possible outcomes for districts that are not in compliance with the state.

The full guidance document can be found on OSBA's website at <http://bit.ly/GRyvD9>.

Regardless of how you and your community view the Common Core State Standards, I hope you will take a few minutes to look over the guidance document. We at OSBA are in this together with you, and staff members are happy to answer any questions you have on Common Core.

Peggy Holstedt, OSBA's director of Board Development and Policy Services, has taken the lead for us on Common Core. She can be reached at pholstedt@osba.org.

OSBA elections are approaching – be sure to vote

OSBA elections will be held Nov. 16-Dec. 13. Open this year are all even-numbered positions, Positions 1 and 15 on the OSBA Board of Directors and all Legislative Policy Committee (LPC) positions.

Local boards will be voting on OSBA Board and LPC representatives for each region, as well as any resolutions. Fall Regionals offer a good chance to meet the candidates.

OSBA reminds members to ask board chairs to place the election on board meeting agendas.

Election materials and a calendar can be found on the OSBA website. From the home page, click on "About OSBA" and "Election Center."



Still time to register for OSBA's annual convention

There's still time to register for our annual convention, scheduled for Nov. 14-17 in downtown Portland. The theme is GROWING OREGON'S LEADERS. The deadline to register is Nov. 8.

Things to remember:

- You'll need to decide where to stay. Currently, the Marriott Downtown Waterfront and the RiverPlace Hotel are fully booked. If you'd like a recommendation for a hotel or to see if we have other rooms available, contact us at 503-588-2800, 800-578-6722 or info@osba.org.
- If you aren't staying, parking structures and street parking are available adjacent to the Marriott.

- Traveling within Portland on public transportation is easy and convenient. Check out TriMet's website for rates, routes and schedules.

What's next:

- Get your registration done by Nov. 8.
- Learn about things to do in Portland during your free time. Travelportland.com, the city visitor bureau's site, has a restaurant guide and lots of ideas.
- Check out our new scheduling feature that allows you to create your own schedule with the workshops you want to attend. You can even download an app for your mobile device or add events to your own calendar.

Questions? Contact our event staff at info@osba.org, 800-578-6722 or 503-588-2800.

PACE meets member service expectations

Property and Casualty Coverage for Education (PACE) members appreciate the services they receive from the insurance pool and its staff, with highest ratings going to crisis management, the new PACE website and trainings and workshops. In a report to PACE Trustees at their September 30 meeting, OSBA Director of Communications Tricia Yates shared these and other results of the 2013 PACE membership survey. Yates said more than 84 percent of survey respondents are both satisfied with PACE and consider the program a value to their organization. Respondents rated PACE staff as knowledgeable, professional and polite. The biggest issues facing respondent organizations' property and casualty needs are cost, risk of litigation, risks to property and employee issues.

In other business, the trustees received an extensive investment update from PACE's new investment services company, Russell Investments. Russell Regional Director Crissie Fortmeyer and Client Executive Greg Coffey briefed the trustees on PACE's investment portfolio and provided educational information about investment styles, strategies and options.

PACE Trustees had a subsequent, lengthy discussion of methods of investing current income versus total returns. The group considered information about a 70 percent fixed income, 30 percent equity portfolio, as well as a 60 percent fixed income, 40 percent equity portfolio for PACE. After due consideration, PACE Trustee Chair Adam Stewart affirmed the group's consensus that OSBA Director of Legal, Labor and PACE Services Lisa Freiley has the authority to invest up to 40 percent in equities, as per current policy.

Finally, the trustees received an update on PACE Day, scheduled in Eugene for April 25, 2014. Staff from SDAO (Special Districts Association of Oregon) and OSBA are working to secure keynote speakers to highlight

school safety and liability reduction themes for the conference.

School Law Conference planned in Eugene

The 33rd Annual Oregon School Law Conference is scheduled for Dec. 4-6 at the Hilton Hotel and Conference Center in Eugene.

Main conference sessions include off-campus and off-duty misconduct, negotiating in difficult times, and avoiding legal issues in a school crisis. The conference is sponsored by the Confederation of Oregon School Administrators (COSA), OSBA and the University of Oregon.

More information and registration materials can be found at <http://www.cosa.k12.or.us/events/2013-oregon-school-law-conference>.

