



OREGON HOUSE REPUBLICANS

## *Research Briefing*

July 3, 2008

### **DEMOCRATS' OEGB: TAKING DOLLARS OUT OF THE CLASSROOM**

*Republicans, School Districts Warned OEGB Would Increase Costs to Oregon Schools*

#### *The Oregonian Today Reports on Consequences of New Bureaucracy*

“A new mandatory statewide health insurance pool for school employees was championed as a way to save money, but some school districts expect it will actually cost them more next year.”

“The law passed in 2007 with promises of saving money on insurance for health, dental, vision and pharmacy coverage, meaning more money for the classroom, lower class sizes and student programs.”

“But some districts -- such as Lake Oswego and Parkrose -- are finding that being forced into the new pool is more expensive beyond the annual rate increases they were already expecting.”

“The shift could cost Lake Oswego schools about \$140,000 more next year, said Stuart Ketzler, the district's finance director.”

“In the Parkrose district, the increase could amount to \$100,000 to \$135,000 more, said Berry, the schools consultant.”

“‘Is OEGB a good thing for Parkrose? Our answer is no,’ said Mary Larson, the district's director of budget services and operations. ‘Are we disappointed with the rates? Yes. Are there some positives to OEGB? I guess we'll see in the future.’”

“Larson said her district's claim history and business relationships enabled it to negotiate lower prices directly with health care providers. Being thrown into the larger pool washed away those savings, she said.”

[\(Insurance Pool Could Cost Some School Districts More, The Oregonian, Maya Blackmun, 04/03/2008\)](#)

#### **Flashback: The Debate on SB 426**

*Statesman Journal, Feb. 2, 2007*

“In a party-line vote, the Senate Education Committee agreed Thursday to lump school employees into a single pool for health benefits, similar to what's done for state workers.

“Gov. Ted Kulongoski, Democrats and educator unions say the measure will save tens of millions of dollars per year.

“Republicans and school district officials say it will do the opposite.

“Thursday's debate, featuring dueling studies, mirrored arguments made in 2005, when the proposal passed the Senate but died in the House. This time, with Democrats in control of both chambers, the bill has brighter prospects.

“Backers, citing a 2005 Michigan study, say Oregon schools could save \$54 million per year under SB 426.

‘Everybody knows that if you buy in bulk, you save money,’ said Larry Wolf, the president of Oregon Education Association, the large teachers union.

“But school administrators say they already get the benefits of pooling workers via a plan offered by the Oregon School Boards Association.

“Craig Roessler, the Silver Falls school superintendent who sits on that plan's board, said SB 426 would cost his district nearly \$1 million per year more, or the price of paying 12 to 13 teachers.” (Committee Votes to Create a Health-Benefit Pool for Schools, *Statesman Journal*, Steve Law, 2/2/2007)

**Register-Guard, March 14, 2007**

“Rep. Arnie Roblan, D-Coos Bay, the bill's chief carrier during the floor debate, said it took simple common sense to understand how the plan would save taxpayer dollars.”

“Everyone knows that when you buy in bulk, you save money," he said. "And when you pool your money together to make a purchase, you get more bang for your buck. That's the principle behind this bill.”

“Rep. Susan Morgan, R-Myrtle Creek, said school boards and administrators were the best sources of advice on whether the bill would save or cost taxpayers more money. She said it was a mistake to ignore the technical problems they've pointed out in the bill.”

““It is very clear we are stuffing this bill down the throats of the school boards and the school districts and the community colleges of the state of Oregon,' Morgan said.”

(Health Benefit Consolidation Bill for School Districts Clears House, *Register-Guard*, David Steves, 3/14/2007)