

**SENATE SPECIAL COMMITTEE ON BUDGET – 2005 SESSION
EDUCATION SUBCOMMITTEE**

TAPE LOG

**Date: June 14, 2005
Tapes: 9, 10**

This tape log summarizes committee proceedings. For complete content and intent, please refer to tapes.

Tape / Counter	Speaker	Comments
Members Present: Senator Devlin, chair; Senators Gordly, Nelson, Walker, Whitsett,		
Members Excused:		
TAPE 9A		
003	Chair Devlin	Calls the meeting to order at 1:15 p.m. Opens a Work Session on SB 5603 – Department of Higher Education – Operations. (Exhibit #1, Senate Bill 5603). (Refer to Senate Bill 5513 for prior exhibits).
SB 5603 – DEPARTMENT OF HIGHER EDUCATION – OPERATIONS WORK SESSION		
012	Steve Bender, Legislative Fiscal Office (LFO)	Refers to (Exhibit #2, Memorandum from Steve Bender), (Exhibit #3, Senate Bill 5513), (Exhibit #4, Legislatively Adopted Performance Measures, 2005-07), (Exhibit #5, Work Session Action Report) . Explains that they will be working on only one of the Higher Education bills today regarding Operations.
032	Steve Bender	Discusses SB 5513 (Exhibit #3) and points out the information that shows how the department's budget is organized and structured. Comments on the appropriations within the bill which are found in Section 1 of the bill. Discusses Section 2 regarding the Other Fund appropriations.
086	Sen. Whitsett	Comments about the lesser amount of funds in the Extension Service within the Other Funds area. Asks what the other funds in Extension Service are and where did the money go.
092	Steve Bender	Responds how the Extension Service is funded in cooperation with the State, Federal and Counties. Comments on the decline in funds from those other sources.
112	Sen. Whitsett	Asks where the decline came from specifically.
114	Steve Bender	Indicates he will need to look for the information.
117	Nancy Heiligman, Assistant Chancellor for Budget and Financial Policy, Oregon University System	Replies that one is federal funds which are declining slightly and also the fund balance for the Extension Service.
127	Chair Devlin	Clarifies that there was a portion that had been retained historically and it is declining.
130	Nancy Heiligman	Agrees and indicates it was planned as a phase down in this biennium.
133	Sen. Whitsett	Asks if the Chair understands that.
135	Steve Bender	Indicates that the other funds that were approved in the 03-05 level were not supportable on a long term basis because the revenue was less than the 27 million dollars.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
144	Sen. Whitsett	Confirms that in the 03-05 biennium there was deficit spending going on.
145	Steve Bender	Agrees and then elaborates.
159	Sen. Whitsett	Indicates that the projected budget this year would be a continuation of the phase down.
163	Nancy Heiligman	Believes the program is at a sustainable level at this point.
172	Bill McGee, Dept. of Administrative Services	Makes a clarification that it was a correction to the essential budget level.
178	Sen. Whitsett	Indicates he believes he understands it.
182	Steve Bender	Refers the committee members to the memorandum (Exhibit #2) discussing the figures in the Operating Budget Totals charts.
197	Steve Bender	Reviews the first recommendation in Exhibit #2 titled "Package 801 – LFO Analyst Adjustments.
205	Sen. Nelson	Clarifies that it isn't actually a reduction. Comments on the attorney general rate; informs that it represents approximately a 12% increase. Asks what a savings it would be if it were only a 5% increase.
215	Chair Devlin	Responds that in this budget the reduction would be approximately \$121,000.
233	Sen. Nelson	Indicates he would choose the students rather than paying attorneys more money.
238	Steve Bender	Confirms that the entire memo discusses changes to the Governor's Recommended Budget.
257	Steve Bender	Reviews the LFO recommendation #2 which is Package 802 – Ways and Means Adjustments. Informs that LFO recommends that the Subcommittee increase the Lottery Funds expenditure limitation by \$182,345 and also that the Subcommittee acknowledges the following beginning balance and revenue revisions: reduce the beginning balance by \$56,399 and increase Lottery Fund revenue by \$558,741 to reflect revised revenue projections.
286	Sen. Walker	Comments about a bill on Sports Action Lottery.
290	Chair Devlin	Indicates that the bill is in the Senate and hasn't come to the floor.
292	Sen. Walker	Believes it was created by constitution.
294	Steve Bender	Responds he believes it was statutory.
300	Sen. Walker	Asks if the bill passes how that would impact this budget.
302	Steve Bender	Replies that an adjustment would have to be made to the Higher Education Budget.
306	Sen. Walker	Understands what he is saying. Asks should the measure pass would that be done by the Emergency Board.
313	Chair Devlin	Comments about the adjustments that would be done to modify the budget.
321	Sen. Walker	Asks if it makes it revenue neutral.
323	Chair Devlin	Responds he doesn't know if it does that and then elaborates.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
327	Sen. Walker	Comments about bringing economic development into the state.
332	Steve Bender	Begins discussing the next recommendation.
334	Sen. Whitsett	Refers to Services and Supplies and Special Payments and asks which of those are the athletics and which are graduate tuitions.
341	Steve Bender	Responds that the Services and Supplies are the athletic programs and the Special Payments are the graduate student scholarships.
346	Steve Bender	Reviews the LFO recommendation #3 titled "Package 811 – Technical Adjustments".
401	Sen. Gordly	Notes that the loud noise was the 1:45 p.m. "planned" fly-over.
405	Steve Bender	Indicates that the revenue figure would be adjusted to show the revenue that would be collected.
415	Chair Devlin	Confirms that the positions were already there.
418	Steve Bender	Explains that the positions are dealt with differently in Higher Ed than in other State agencies.
429	Steve Bender	Discusses the third technical adjustment to correct the distribution of state government service charge payments. Refers to the table in the middle of page 3, Exhibit #2 titled "State Government Service Charges".

TAPE 10A

012	Steve Bender	Covers the LFO recommendation #4 titled "Package 101 – Enrollment Growth.
024	Steve Bender	Discusses Package 102 – More, Better, Faster noting that LFO is recommending the package be approved with modifications.
038	Sen. Walker	Confirms he didn't mean a K-12 system.
039	Steve Bender	Agrees he meant K-16 student data system.
058	Steve Bender	Reviews the corresponding Budget Note.
065	Chair Devlin	Notes that they approved a similar Budget Note in the Dept. of Education budget.
068	Sen. Gordly	Asks what the direction to the University System is regarding when they are to make the report to the E-Board.
071	Steve Bender	Replies that there isn't a specific date but they would have to come before the 12/1/06 meeting. Expects that they would come forward earlier so they can begin development of the project.
083	Sen. Gordly	Asks what the understanding and intent is of the University System regarding when they would make the report.
088	George Pernsteiner, Acting Chancellor of the Oregon University System	Explains that the Higher Education portion could be brought probably in the early fall this year.
094	Sen. Gordly	Asks if we have the same understanding from the other partners.
097	Chair Devlin	Believes they would be proceeding in a similar timeframe. Agrees to ask them in writing.
104	Sen. Gordly	Agrees that she would prefer that.
107	Sen. Walker	Indicates that if they are still here in the early fall they wouldn't have to come before the E-Board.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
109	Chair Devlin	Questions whether that would be an advantage.
113	Steve Bender	Reviews the LFO recommendation #6 titled "Packages 103/201/301/401 – Faculty Recruitment and Retention.
129	Sen. Nelson	Comments that public testimony indicated that a million dollar is inadequate. States he has an issue with this package as well. Believes they should be putting in 10 million there.
135	Steve Bender	Reviews the corresponding budget note.
140	Sen. Gordly	Notes in looking back at the University System presentation and what they were told about this package. Indicates that they have a 6 year plan to bring compensation to an average within institutions. Believes there is still a structural problem.
153	Chair Devlin	Plans to share the information he has requested from the Chancellor on faculty retention and recruitment.
158	Sen. Gordly	Indicates that the Legislature hasn't been providing adequate funds, which is the problem that they are having.
164	Chair Devlin	Thanks Sen. Gordly and knows that Sen. Nelson would like to speak about natural resources as well.
167	Sen. Walker	Asks if this package will actually increase faculty salary. Doesn't believe it could.
170	Chair Devlin	Confirms that the dollars are relatively insignificant in comparison to the need and then elaborates.
193	Steve Bender	Reviews the LFO recommendation item #7 titled "Package 108 – Fee Remission Cap. Notes that LFO recommends approval with modifications.
233	Sen. Whitsett	Clarifies that he is saying that the graduate fee remission will be retained and enlarged.
238	Steve Bender	Agrees.
239	Sen. Whitsett	Clarifies what the undergraduate fee will do.
242	Steve Bender	Explains what LFO is recommending.
248	Steve Bender	Moves to recommendation #8 titled "Package 109 – Certificates of Participation.
255	Steve Bender	Reviews Package 116 – Certificates of Participation Debt Service.
269	Sen. Nelson	Indicates that he needs to leave and if he was here he would be a no vote on the budget.
274	Chair Devlin	Indicates that before the process is over he hopes they can get a budget that he would be able to vote yes on.
276	Sen. Nelson	Notes he just can't support the budget the way it is.
283	Steve Bender	Reviews recommendation #10 titled "Package 110 – OSU Natural Resources Institute. Indicates LFO is recommending denial.
293	Sen. Walker	Doesn't recall the information provided earlier.
294	Steve Bender	Responds that he doesn't believe it was discussed in the earlier presentation and then elaborates.
307	Chair Devlin	Points out that the House approved the OUS budget and this item is approved in that budget.
313	Sen. Gordly	Asks what the impact of the denial would be.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
316	Nancy Heiligman	Indicates that it would represent a reduction from this biennium of \$250,000 and would impact the ability to provide policy and research reports to various state agencies.
325	Sen. Gordly	Asks which agencies they are speaking about. Asks if there are other options for those agencies.
331	Nancy Heiligman	Replies that she doesn't have that type of detail.
335	Thayne Dutson, Director Oregon Agricultural Experiment Station, Oregon State University	Explains that their scientists work with the institute and provides data for state agencies like the Watershed Enhance Board, etc.
360	Chair Devlin	Indicates that this is version 2 of the OUS budget and there will be a version 3 and he thinks that there will be an understanding reached on this budget item.
368	Sen. Gordly	Clarifies that the \$250,000 is part of an existing budget that supports the Natural Research Institute.
371	Nancy Heiligman	Indicates that the funding wasn't included in the OUS budget in the current biennium.
381	Sen. Gordly	Asks if that would totally de-fund the institute or are there other funds to allow the work to be carried forward.
387	Nancy Heiligman	Indicates that it would severely limit and restrict their operations.
394	Sen. Gordly	Indicates that it would be another impact.
397	Bill McGee, Dept. of Administrative Services	Explains that it is continuing in the same funding level.
403	Steve Bender	Covers recommendation #11 titled "Package 112 – Forest Research Laboratory Expenditure Limitation Increase.
TAPE 9B		
007	Steve Bender	Comments on HB 2122 which would deal with the sunset and informs that the House passed that bill in an earlier meeting today.
018	Steve Bender	Reviews recommendation #12 which is Debt Service on PSU City Tower (Package 117).
036	Steve Bender	Moves to Package 813 – Program Reductions noting that LFO is recommending approval. Discusses the five areas where the program reductions are proposed to be implemented.
067	Sen. Gordly	Asks Mr. Bender to draw the connection between the fee remission decision and the earlier fee remission cap decision in Package 108.
072	Steve Bender	Responds that there is no direct relationship and then elaborates.
088	Steve Bender	Continues his overview of the Program Reductions under Package 813 discussing the Campus Public Service Programs.
102	Chair Devlin	Discusses what the Senate Co-Chair had previously planned. Believes some details may still need to be worked out.
108	Steve Bender	Comments on a difference between Exhibit #2 and his draft memo.
113	Sen. Walker	Believes the dispute resolution program is split.
114	Steve Bender	Agrees she is correct.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
119	Sen. Walker	Indicates that they have a bill that needs to move.
122	Steve Bender	Continues his explanation of Package 813 reviewing the fourth reduction which would reject a fund shift from Other Funds to General Fund in the GRB for funding Information Technology purchases.
149	Sen. Whitsett	Clarifies that rather than spending current money they are going to borrow it.
151	Steve Bender	Responds yes.
152	Steve Bender	Covers the last reduction within Package 813 which would reduce general fund support for the Oregon Joint Schools of Professional Business.
159	Steve Bender	Covers recommendation #14 titled "Package 814 – Program Restorations". Explains the restorations are being made to the following four programs: <ul style="list-style-type: none">• Education and General Services for undergraduate education• Education and General Services – increase general fund by an additional \$4,900,000 to support costs associated with enrollment growth.• Agricultural Experiment Station• Extension Service
197	Sen. Whitsett	Asks Mr. Bender to be more specific on the Extension Service. Asks how it would restore their budget.
204	Steve Bender	Replies that the budget would not allow them to continue all of their work and it is not a full restoration.
225	Sen. Whitsett	Clarifies that it would continue to decrease the number of FTEs and funding.
227	Steve Bender	Agrees. Reviews Package 815 – Tuition and Fee Rate Adjustments. Informs that approval of the package would allow average tuition and resource fee increases for resident undergraduate students to be limited to 3% the first year of the biennium and 3% the second year.
270	Sen. Whitsett	Asks Mr. Bender to compare the Opportunity Grants to what is in the House Budget currently.
274	Steve Bender	Indicates that the House Budget doesn't have the addition in it for the Opportunity Grant and then further explains the differences in the House budget.
281	Steve Bender	Discusses the corresponding Budget Note to Package 815 found at the top of page 8 in Exhibit #2. Reads the LFO recommended Budget Note into the record.
326	Chair Devlin	Informs that they have reviewed the first 15 recommendations and agrees to accept a motion to approve all the Packages with the corresponding budget notes.
332	Sen. Gordly	MOVES to approve all 15 of the LFO recommended Packages including any budget notes.
333	Sen. Walker	Thanks Mr. Bender for the last Budget Note and for including the energy surcharge fee.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
340	Chair Devlin	Comments on having a more efficient Oregon State University in a couple of years.
344	Sen. Whitsett	Indicates he won't be able to support the budget at this time and then elaborates. Comments on the dismantling of the Extensive Service and indicates that it is an essential service in his district.
379	Chair Devlin	Indicates he respects his positions.
382	Sen. Walker	Comments about the addition of the extra money in the Oregon Opportunity Grant. Asks if the House took their money and put it into the Oregon Opportunity Grant.
392	Steve Bender	Explains that they put it in different areas and then elaborates about the additional fee remissions based on need.
407	Chair Devlin	Explains that the Senate allocated the savings to undergraduate education and the remainder to the Oregon Student Assistance Commission's budget.
418	Sen. Gordly	Comments on Sen. Whitsett's recent comments. Believes it was an important observation on his part. Discusses funding in general.
TAPE 10B		
013	Sen. Gordly	Indicates that this budget provides another example of just how inadequate all of their budgets are going to be in this Session because of the inadequacy of the revenue system. Thanks Mr. Bender for his thorough and detailed analysis of the budgets.
032	Chair Devlin	Vote: 3 – 1– 1 Ayes: Senators Gordly, Walker, Chair Devlin No: Senator Whitsett Exc.: Senator Nelson Declares the motion CARRIED .
037	Chair Devlin	Moves to the performance measures.
039	Steve Bender	Refers to Exhibit #4 on the performance measures. Comments on the items that do not have targets.
060	Chair Devlin	Indicates that they have 5-6 minutes remaining.
062	Steve Bender	Continues discussing the performance measure targets. Comments on the number of performance measures that are being recommended that indicate that they "Delete, keep internally".
098	Sen. Gordly	Comments on the third item on page 1 in Exhibit #4 and provides her thoughts on how they go forward. Indicates that there are challenges there that need to be addressed. Comments that they do need a way to measure their progress. She wants to see any legal opinions in writing regarding the constraints.
151	Chair Devlin	Asks the Chancellor to consider that an official request.
154	Sen. Walker	Indicates she didn't see any performance measures on sexual harassment. Also discusses adding something about faculty diversity.
162	Chair Devlin	Believes that they will get another shot at this budget and agrees to forward their comments to the chair. Agrees to accept a motion to approve recommendation #16.

Date: June 14, 2005

This tape log summarizes committee proceedings. For complete content and intent, please refer to the tapes.

Tape / Counter	Speaker	Comments
168	Sen. Gordly	MOVES to accept the LFO recommendation #16 on performance measures.
171	Chair Devlin	Asks for any discussion.
173	Sen. Gordly	Refers Sen. Walker to page 4 in Exhibit #4, on the next to last performance measure, and asks if that is what she is looking for.
177	Sen. Walker	Agrees but doesn't see anything on sexual harassment.
180	Chair Devlin	Agrees to make some inquiries about that.
187	Chair Devlin	Vote: 4 – 0 – 1 Ayes: Senators Gordly, Walker, Whitsett, Chair Devlin Exc.: Senator Nelson Hearing no objections, declares the motion CARRIED . Stands at ease. Reconvenes.
193	Chair Devlin	Agrees to accept a motion.
198	Sen. Gordly	MOVES to recommend to the Full Senate Special Committee SB 5603 as amended and modified by the LFO recommendations including the budget notes and including the performance measures.
200	Chair Devlin	Vote: 4 – 0 – 1 Ayes: Senators Gordly, Walker, Whitsett, Chair Devlin Exc.: Senator Nelson Hearing no objections, declares the motion CARRIED . Notes that Monday or Tuesday they will consider 4 bills all in the same committee hearing. Two are of some controversy. Believes that they will be relatively short hearings.
218	Sen. Whitsett	Asks for some idea on the bills.
220	Chair Devlin	Comments on the 4 bills. Adjourns the meeting at 3:05 p.m.