

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

TAPE LOG

**Date: May 23, 2005
Tapes: 2B, 3, 4A**

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 2B		
003	Chair Devlin	<p>Calls the meeting to order at 3:08 p.m. Opens a Work Session on SB 5584 – Oregon Student Assistance Commission. Explains that they won't be moving the bill today until they settle the agreement on the Opportunity Grant. Requests that Mr. Bender briefly discusses what the House subcommittee approved today.</p> <p>SB 5584 – OREGON STUDENT ASSISTANCE COMMISSION WORK SESSION</p> <p>(Refer to SB 5584 for prior exhibits).</p>
015	Steve Bender, Legislative Fiscal Office (LFO)	Explains what the House Special Committee approved earlier today. Explains the decision they made on the Opportunity Grant.
025	Chair Devlin	Comments that their version of the budget didn't actually increase the amount of the grants.
028	Steve Bender	Agrees.
032	Chair Devlin	Explains they also adopted an additional Budget Note that he has heard about already.
035	Steve Bender	Discusses the additional Budget Note and indicates that it is not included in their recommendation today.
040	Chair Devlin	Asks if there are any questions.
042	Sen. Nelson	Indicates that he always supported the Governor's budget.
046	Chair Devlin	Explains that the House approved the House's version of the budget. Indicates that they won't pass the budget out today so that issue won't be settled right now.
056	Sen. Nelson	Comments about the tuition freeze and opportunity grants and enrollment growth. Asks if his information is correct.
061	Chair Devlin	Believes that there might even be a fourth leg to the stool but believes he is pretty accurate.
069	Steve Bender	Indicates eventually they won't have any budgets left.
071	Chair Devlin	Asks Mr. Bender to review his documentation.
077	Sen. Walker	Indicates that this is the second time today that Mr. Bender has to go through the lengthy discussion. Comments on the waste of time issue.
083	Chair Devlin	Comments about the three budgets out there.
085	Sen. Gordly	Appreciates Sen. Walker's comment and wants to be identified with her concern. Explains not knowing what the decision making process looks like that leads to determining the Opportunity Grant

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		number. Encourages that there be as much transparency as possible in discussing and deciding what the number will ultimately be and how it has been arrived at. Wants it to be transparent for the public who need a heads up and might want to weigh in on how they are making a decision.
103	Chair Devlin	Replies that he isn't always at the center of the discussion.
109	Steve Bender	Indicates the House and Senate budgets are identical.
112	Chair Devlin	Believes there is still work to be done.
113	Sen. Gordly	Explains she wants to see an increase in the Opportunity Grants or beyond since more funds have been identified.
118	Sen. Walker	Comments on the tuition freeze and doesn't believe it would be equal across the board. Asks if in the House budget whether they considered that.
124	Steve Bender	Replies that would be in a different budget.
125	Sen. Walker	Asks if there was any discussion about that.
126	Steve Bender	Responds about the earlier meeting.
131	Sen. Walker	Indicates that plays into her decision.
133	Chair Devlin	Asks Mr. Bender to begin his presentation.
136	Steve Bender	Refers to the Memorandum from Steve Bender, Legislative Analyst, dated May 23, 2005 (Exhibit #1). Explains the types of issues that his memorandum covers. Also refers to (Exhibit #2, Senate Bill 5527), Legislatively Adopted Performance Measures, 2005-07 (Exhibit #3), Student Assistance Comm, Oregon, Work Session Action Report (Exhibit #4), Performance Measure Data Summary (Exhibit #5), and Personal Services Cost Increases in the OSAC Budget (Exhibit #6).
187	Steve Bender	Discusses SB 5584 which is the blank bill for the Oregon Student Assistance Commission (Exhibit #7). Explains that the details of the Bill that they approve is put into a Budget Report which will provide the details. .
238	Steve Bender	Covers the first LFO recommendation which is Package 202 titled the "ASPIRE Program". Explains the ASPIRE Program and indicates that it is entirely funded by Other Funds. Explains that LFO is recommending approval of the package with modifications. Refers to Exhibit 4 on page 6 of 15 which lays the information out in more detail. Discusses the reason why the agency proposed the adjustment. Explains that passing the Package would allow the agency to continue the program as it is currently. Informs that if donations turn out to be more than expected they can come before the Emergency Board with a request to spend the donations.
315	Sen. Walker	Asks if the Emergency Board has the authority to add a position as well,
317	Steve Bender	Responds yes.
320	Sen. Whitsett	Asks Mr. Bender to explain the discrepancy.
322	Steve Bender	Defers to the Agency.
325	Margie Lowe, Director Oregon Student Assistance	Replies that the agency put the budget together it was dealing with the student loan program and the staff was mainly directed at managing the cash flow issues within the agency. Explains why they

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	Commission	see the revised budgets in front of them.
351	Steve Bender	Asks the chair if he would like him to move to item #2 in Exhibit #1.
356	Chair Devlin	Responds yes.
357	Steve Bender	Covers the Oregon Financial Aid Exchange (OFAX) (Package 300). Indicates that LFO is recommending approval.
382	Chair Devlin	Indicates that he will ask for a motion to approve the LFO recommendations after reviewing all of them.
389	Steve Bender	Reviews the LFO recommendation #3 which refers to Package 801 (LFO Analyst Adjustments). Explains the two adjustments that will be found in most budgets. Discusses the over-funding of PERS contributions in all budgets and thus explains the need for the adjustment.
TAPE 3A		
012	Steve Bender	Indicates that they put all of the reductions for the Attorney General in Package 811.
015	Steve Bender	Reviews the fourth item in Exhibit #1 which is Package 802, Ways and Means Adjustments. Explains the three adjustments that LFO is recommending within the package. Comments on the LEAP program and the SLEAP program. Indicates that LFO recommends that the Subcommittee reduce Federal Funds expenditure limitation by \$1,051,930.
060	Steve Bender	Explains that the agency can come before the Emergency Board if needed.
064	Sen. Walker	Asks when Congress will finally approve the budgets.
066	Steve Bender	Responds that it varies.
067	Sen. Walker	Comments that it varies so it could be in the Fall, etc.
070	Steve Bender	Indicates that it would most likely be in the Fall. Explains the LFO recommendation which would be to allow the agency spend every dollar received from the Federal program.
079	Sen. Gordly	Notes that it is important that they communicate to their Congressional delegation about the loss and demise of these programs. Believes it may have already been expressed by others in their body. If not, she would recommend it be expressed.
098	Chair Devlin	Agrees to discuss it and see what form it would take. Doesn't know if there would be agreement within the committee. Discusses the larger issue which is about Pell grants in general. Believes it has more significant impact that these two programs.
108	Sen. Gordly	Indicates that there is a whole list of programs that are affected. Comments about fighting in a war and is aware she is making a political statement.
115	Chair Devlin	Believes it would be up to individual Senate members whether they would want to sign on. Comments on the elimination of the Pell Grant.
123	Steve Bender	Moves to the top of page 3 in Exhibit #1 discussing the recommended expenditure limitation in lottery funds and make a general fund appropriation for the Opportunity Grant. Explains the LFO recommendation so the additional funds could be used.
168	Sen. Walker	Asks if that would be "found" money.

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169	Steve Bender	Replies it would be additional resources that were not anticipated.
173	Sen. Walker	Asks if that is the purpose of the fund.
174	Steve Bender	Explains that is the purpose of their recommendation.
179	Chair Devlin	Asks him to review Package 811.
180	Steve Bender	Covers Package 811, Operations Expenditures Reductions. Indicates that LFO is recommending approval of the package. Refers to the table found on page 3 under Services and Supplies in Exhibit #1. Indicates that the other component involves reductions in the Personal Services costs. Explains that there is more detail on page 4 in Exhibit #1 regarding the reduction of FTE.
249	Chair Devlin	Asks if it would be fair to say that they are actually in the process of evaluating the direction that the agency is going because of their major transition over the last year. Asks if the director wants to comment on the agreement.
254	Margie Lowe	Replies that the modifications that are being recommended were largely initiated by the Student Assistance Commission staff. Indicates that they want their resources mainly to be directed at aiding students.
271	Steve Bender	Covers the three remaining recommendations that don't deal with expenditures. Reviews item #6, Revenues and Fund Balances. Indicates that LFO is looking for an acknowledgment that the information has been presented to them so it can be included in the Budget Report. Also discusses the beginning balances that will be increased or reduced depending on the program.
344	Chair Devlin	Believes they previously explained why the funds aren't going to be there because essentially the funds were never actually there.
351	Sen. Whitsett	Indicates that he is having difficulty following his accounting.
353	Steve Bender	Explains that there was a balanced built up in the ASPIRE program accounts and then elaborates.
372	Chair Devlin	Indicates that they counted what they believed that they would receive in donations and grants.
377	Margie Lowe	Comments that the higher amount was put in with an idea that maybe some day it would be realized but it never got anywhere close to the projected figure. Believes their focus was on the loan program.
396	Sen. Whitsett	Indicates that in the private sector it would be a criminal action.
399	Chair Devlin	Responds it would be like presenting assets that you did not have. Believes in this case that the agency's focus was on the loan program and the numbers were put in because someone anticipated that It would possibly be the maximum they could receive.
417	Margie Lowe	Clarifies what she believes the number reflected.
429	Bill McGee, Dept. of Administrative Services	Comments that there was some inexperience in the budget staff when this occurred. Indicates that it was a mistake that they caught and the situation won't reoccur.
TAPE 4A		
008	Steve Bender	Discusses item #7, JOBS Plus Program. Explains that LFO is recommending a Budget Note. Reads the Budget Note into the record.

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033	Sen. Whitsett	Asks within the 9-1/2 million dollars that have been collected over the years for that program he understands that 2.6 million is allocated to DHS for administrative costs. Asks why it is.
038	Steve Bender	Replies that the benefits were not claimed and therefore available for other purposes. Indicates that some of the non-claimed funds have been rolled over into the Opportunity Grant as well. Discusses the potential problem of using funds for other purposes when not used by the clients.
063	Sen. Gordly	Asks if there is a similar note on the DHS budget.
064	Steve Bender	Agrees that they will be recommending that.
065	Sen. Gordly	Comments that there is an additional exploration that needs to take place which is removing the program from DHS and putting it into the Oregon Student Assistance Commission.
072	Chair Devlin	Replies that the Budget Note is the first step to put the agency on notification that they are looking at it very carefully and then elaborates about transferring a function between agencies.
081	Sen. Whitsett	Asks if it was the first time in the 03-05 biennium that a transfer of funds to the DHS administration occurred.
087	Steve Bender	Agrees to find out from his colleague that does the DHS budget.
089	Chair Devlin	Explains that it wouldn't surprise him if it was but agrees to get him that answer.
092	Sen. Whitsett	Believes it was about 9-1/2 million in rough figures that was collected and only believes \$750,000 was transferred to the actual individuals it was intended for.
099	Sen. Gordly	Indicates that the Budget Note does say that the two agencies would look at suggested statutory changes. Believes they should specifically look at the possibility of shifting the program from DHS to the Oregon Student Assistance Commission.
109	Chair Devlin	Doesn't believe that there would be any problem to include that in the record of the Budget Report.
122	Sen. Gordly	Indicates that they have heard that the dollars get used for other purposes outside of education.
124	Chair Devlin	Asks Mr. Bender to discuss the performance measures.
131	Steve Bender	Refers to Exhibit #3 which will ultimately be included in the Budget Report once they have been approved by the committee. Comments on the deletions and additions.
150	Chair Devlin	Asks if there are measures in the Oregon Progress Board that will still report on some of these issues.
159	Margie Lowe	Responds that she isn't sure what the Progress Board's performance measures are. Believes they are very broad and that they don't have a more detailed recommendation.
169	Sen. Gordly	Asks whose recommendation it was to delete the first performance measure.
171	Margie Lowe	Replies that it was their understanding from a 2003 Budget Note that the Legislative body didn't want to use that measure again and then elaborates. Explains that their commissioners wouldn't have any objections to continuing to measure it.

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179	Sen. Gordly	Indicates that she would object to deleting that goal.
180	Chair Devlin	Comments that the question is whether they have any ability to reach the goal.
183	Sen. Gordly	Explains that it is still a measurement of their progress. Believes the goal needs to remain as a target and doesn't understand why they would want to have it removed.
190	Chair Devlin	Believes that she may have the same response on Goal 1b.
192	Sen. Gordly	Agrees.
197	Margie Lowe	Explains that these are measures that Oregon is monitored on internationally.
205	Chair Devlin	Indicates that they will go through all the performance measures and not actually approve them at this time. Agrees to take up the issue with the chairs.
226	Steve Bender	Discusses the Agency Goal #3.
242	Steve Bender	Moves to page 2 of Exhibit #3 discussing the number of added performance measures. Explains that he doesn't recall the programs which are under the "Number of degree validation cases resolved by ODA" performance measure.
283	Alan Contreras, Administrator, Office of Degree Authorization	Explains that it refers to the proposed new programs at public institutions and then elaborates.
293	Steve Bender	Asks if the numeric target is zero should the percentage target also be zero.
297	Alan Contreras	Replies that they tried to come up with a way of recognizing that the communication between sectors would be so good that they would never have a case that would have to go through the complex process. Indicates that it used to be a major issue but now doesn't come up very often.
326	Steve Bender	Expresses some concern with the inconsistency of having zero for one and 2% for the other.
332	Alan Contreras	Agrees he would be comfortable with that but they won't see more than one or two per year.
334	Chair Devlin	Agrees to explore the issue some more before they come back to it.
340	Steve Bender	Reviews Performance Measure #12.
376	Margie Lowe	Responds that she has had the benefit of having in another agency a lot of experience in negotiating and hitting targets for performance measures and then elaborates. Discusses the 25 cent cost per look up to obtain data outside of Oregon to comply with proposed performance measure #12.
430	Chair Devlin	Explains that is something that they would have to explain to the audits committee.
437	Margie Lowe	Comments about expending more money on research.
TAPE 3B		
006	Steve Bender	Discusses proposed measure #13.
029	Chair Devlin	Explains that there is a general recognition that OSAC will be dealing with the Audit Committee in the interim. Discusses the

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		transition that the agency is going through. Indicates that they will have more discussion on the performance measures before they preliminarily adopt them.
043	Steve Bender	Covers proposed performance measure #14 and #15.
054	Sen. Whitsett	Comments that in order for it to be meaningful they would need to know how many students actually entered the community college with the desire to get an Associates Degree and how many entered for a vocational purpose to just get a job skill.
066	Steve Bender	Covers the proposed performance measure #16 and #17. Discusses the source of the information for the proposed performance measure #17.
094	Steve Bender	Comments on the last measure which is the standard customer service measure that is being added to all State agencies.
096	Chair Devlin	Explains what they hope to do today and indicates that they are not moving the budget out or acting on Package 200 or the performance measures. Requests a motion to approve the recommendations in Mr. Bender's memo with the exception of recommendation 8.
106	Sen. Gordly	MOVES to approve the recommendations in Mr. Bender's memo dated May 23, 2005 with the exception of recommendation 8 the approval of the performance measures as attached.
107	Sen. Whitsett	Declares a potential conflict of issue as he has a daughter of college age.
110	Chair Devlin	Vote: 5 – 0 – 0 Hearing no objections, declares the motion CARRIED .
113	Steve Bender	Informs of the other items on their agenda tomorrow.
120	Chair Devlin	Indicates that the health licensing budget will be before them tomorrow and will consider approval of the existing health licensing office. Comments about funding the school lunch program. Closes the work session on SB 5584. Explains all the items on the agenda tomorrow will be action items. Notes that Sen. Walker will not be in attendance tomorrow. Requests the remaining committee to be in attendance tomorrow.
147	Chair Devlin	Adjourns the meeting at 4:50 p.m.