

SENATE REVENUE COMMITTEE
JUNE 24, 2003 1:00 PM STATE CAPITOL BUILDING

Members Present: Senator Ryan Deckert, Chair
Senator Ted Ferrioli, Vice Chair
Senator Tony Corcoran
Senator Charlie Ringo
Senator Bruce Starr

Members Excused: Senator Lenn Hannon

Witnesses Present: Ted Kulongoski, Governor
Mardi Saathoff, Counsel, Governor's Office
Lynn Lundquist, Oregon Business Association
Richard Jarvis, Chancellor, Oregon University System
Cam Preus-Braly, State Board of Education
Andrea Henderson, Oregon Community College Association
Joanne Beilke, Oregon Community College Association
Bob Silverman, President, Mt. Hood Community College
Danielle McNeil, Oregon Student Association
John Wycoff, Oregon Student Association
Andrea Meyer, American Civil Liberties Union of Oregon
Vikki Weitz, President, Chemeketa Community College Faculty
Rob Wagner, American Federation of Teachers - Oregon
Harvey Mathews, Associated Oregon Industries
Rylee Keys, Oregon Community College Student Association
Brian Ruzicka, Oregon Community College Student Association
Scott Bolton, Oregon Independent Colleges Association
Laurie Wimmer Whelan, Oregon Education Association
Ronald Fabricante, Oregon Community College Student Association
Tricia Smith, Oregon School Employees Association
Jerry Watson, Portland Community College Student
Kathleen Hynes, Oregon Student Assistance Commission
Alan Scharn, Oregon Memorial Fund Board
Bill McGee, Department of Administrative Services

Staff Present: Paul Warner, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Tara Lantz, Committee Assistant

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003 Chair Deckert Calls meeting to order at 1:06 pm.

OPENS PUBLIC HEARING ON SB 644 AND SJR 28

014 Steve Meyer Explains SJR 28-5 amendments (Exhibit 1) which proposes an amendment to the Constitution to create the Access Scholarships for Education Trust to help provide access to undergraduate post-secondary education based on financial need. Refer to staff measure summary (Exhibit 2). Explains SB 644-6 amendments (Exhibit 3) which establishes the Higher Education Student Tuition and Fees Fund. Refer to staff measure summary (Exhibit 4). Points out that SB 644 has a subsequent referral to the Ways and Means Committee.

049	Sen. Corcoran	Asks where the money from the interest currently goes.
051	Meyer	Responds that it currently goes into the General Fund. Continues explanation of amendments.
062	Sen. Corcoran	Asks if there is criterion for who would receive assistance from the tuition and fees fund.
064	Meyer	Responds that it is limited to Oregon residents who graduate from an Oregon high school or have their GED or meet the qualifications of home schooling and that it is based on financial need.
075	Sen. Corcoran	Asks if there has been discussion on the volume of the assistance per student.
077	Meyer	Responds negatively.
078	Sen. Deckert	Asks if there is an income cutoff.
079	Meyer	Responds negatively.
081	Sen. Ringo	Asks what part of the SJR 28 requires a constitutional amendment.
082	Meyer	Responds that counsel can answer that but he believes it could all be done in statute.
097	Ted Kulongoski	Testifies in support of SJR 28 and SB 644. States that the funding sources are just proposals and he is open to other suggestions. Discusses current problems with the cost of higher education in Oregon. States that he wants the language embedded in the constitution so that it is protected and permanent. Explains that the grants include private non-profit schools because he wants students to make their own decisions and wants increased competition to promote higher quality in the Oregon University System. Clarifies that the private non-profit schools will also contribute to the corpus of the fund. Refer to verbatim written testimony (Exhibit 5).
257	Sen. Corcoran	Expresses concern about the content of the bill and asks where the reference to private institutions providing money is in the bill.
264	Mardi Saathoff	Responds that there are two provisions and points to paragraph 1, section 9 and section 5, which state that the land trust may contract with private institutions.
276	Sen. Corcoran	Asks if it is mandatory to contract with private institutions.
277	Saathoff	Responds negatively.
287	Sen. Corcoran	Expresses concern that the money is coming from the General Fund. Asks what provisions have been put in place to make up for the losses.
293	Kulongoski	Responds that the interest on higher education and the community college support fund currently goes into the general fund and does not to the universities and community colleges. Gives a figure of between \$12 and \$18 million that would have gone to the general fund from income taxes on capital gains. Recognizes that money should not just be shifted around, but states that this program is making a commitment to higher education and takes access out of the political debate.
376	Sen. Corcoran	Asks why the grants are not vouchers.

382 Kulongoski Responds that you can call them whatever you want to but that it is an opportunity for students to make their own choices, whether that be a religiously affiliated school or not.

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009 Sen. Deckert Discusses bill he sponsored last session that was similar and states that he came to the conclusion that funding quality and Opportunity Grants is the best way to go.

030 Kulongoski Responds that this was modeled from the HOPE grants in Georgia and discusses the differences in this proposal. States that he is a strong supporter of the Opportunity Grants and that this is not meant to “take them off the field” but rather to dedicate funding to the access issue.

085 Saathoff States that she is willing to answer any question and points out that some of the witnesses have time issues and need to testify first.

096 Lynn Lundquist Testifies in strong support of the Access Scholarship amendments because higher education does not usually get fair treatment. States that access is very important to the economic development of Oregon and that businesses will be contributors.

147 Sen. Ringo Asks for a breakdown of where the money is coming from.

157 Saathoff Details all of the funding sources.
Questions and answers interspersed.

199 Sen. Ringo Asks how need will be considered.

202 Saathoff Responds that the Governor is proposing to look at a graduated need base.

218 Sen. Ringo Asks when the criteria would be determined.

220 Saathoff Responds that the Land Board could adopt rules for how the money is distributed.

231 Richard Jarvis Testifies in support for the Governor’s proposal because it helps students gain access to the university system and improves Oregon’s status as having unaffordable higher education. Recommends a flat grant approach to distribute funds to serve more students. Refer to written testimony (Exhibit 6).

287 Sen. Deckert Asks what other states would consider the best way to improve access.

291 Jarvis Responds that state funded need based aid is the best option.

294 Sen. Deckert Asks if he sees that as the opportunity grant or this proposal.

295 Jarvis Responds that he sees this proposal as adding potential.

297 Sen. Ringo Asks what this allows that the opportunity grant does not allow.

300 Jarvis Responds that it gives a guaranteed source of funding that is not vulnerable to budget strains.
Discussion follows.

320	Cam Preus-Braly	Expresses appreciation for the acknowledgement that funding student access to quality post-secondary education is important, but expresses concern over the requirement to graduate from an Oregon high school and the possibility that community colleges would not get a proportionate share of the state's financial aid. Refer to written testimony (Exhibit 7).
361	Sen. Deckert	Asks if there are any other states that include private schools in their grants.
364	Preus-Braly	Responds that the only one she is aware of is Illinois.
390	Andrea Henderson	Expresses appreciation for the attempt to increase access but expresses concern that this doesn't take access out of the discussion. States that there are many other considerations to access such as availability and location. Expresses concern that there is no more room in community colleges and not enough funding for the amount of courses and professors needed.

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032	Sen. Ringo	Points out that it was stated earlier that the legislature couldn't require private institutions to contribute to the fund and that it would have to be negotiated based on students taking advantage of the scholarships.
035	Henderson	Responds that they would like it to be clear in the Legislation that private institutions need to contribute to the corpus before they can receive benefits.
042	Joanne Beilke	Testifies against the Access Scholarship proposal as written because by taking money from tuition to apply to anything other than operating costs, there is not going to be enough spots in community colleges and the education won't be high quality.
058	Sen. Deckert	Asks if the amendments take away the concern.
059	Beilke	Responds that they probably can.
060	Bob Silverman	Testifies against the Governor's proposal as written because you cannot take access of the table and maintain quality at the same time. States that this will not work because the funding does not come from new money.
135	Danielle McNeil	Testifies in support of finding a solution to the shortfall in funding for need-based aid, but expresses concern that the trust has no connection to the Opportunity Grant program and that there is no direct link between private colleges putting money in and getting money out. Refer to written testimony (Exhibit 8).
193	Sen. Deckert	Asks how McNeil feels about the Governor's argument that by creating the visibility of a constitutional amendment, it would trump anything that could be done on the Opportunity Grant.
212	John Wycoff	Responds that it is a compelling argument, but the concerns come in the mechanics of setting up the Trust.
211	Andrea Meyer	Testifies against the amendments because they include private religiously affiliated schools, which violates that constitution. Questions and answers follow.
232	Sen. Ringo	Points out that this is a Constitutional amendment.
234	Meyer	Responds that it would still be in conflict with article 1, section 5 and there

would be an argument over which takes precedence.

Discussion follows.

- 293 Vikki Weitzl Testifies against the access scholarship program because gaining access does not just mean more money. Explains that many students do not have the opportunity to attend higher education because there are is no room and not enough courses.
- 355 Rob Wagner Supports providing access to students but expresses concern for siphoning off more money from the general fund when higher education funding has dropped off more than in any other state, for putting the language in the Constitution, and for the funding sources. Refer to written testimony (Exhibit 9)

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- 017 Harvey Mathews Testifies in support of the access grants because higher education funding has dropped by 50% over the last five years while enrollment has increased by over 80% and because Oregon has the highest unemployment and needs an educated population. Refer to written testimony (Exhibit 10).
- 048 Sen. Starr Asks if there has been a significant change made from the -4 amendments to the -5 amendments.
- 050 Mathews Responds that the only change has been made to community colleges.
- 052 Sen. Starr Asks if this is not in direct conflict with other AOI initiatives as it relates to the capital gains tax.
- 055 Mathews Responds that they are willing to entertain the idea of directly fund a program such as this with capital gains.
- 060 Sen. Deckert Asks how enthusiastic and supportive the members of AOI are about this proposal.
- 068 Mathews Responds that AOI's boards are very supportive of having taxes directly fund specific programs and are very concerned about the access to higher education.
- 073 Rylee Keys Testifies against the access scholarship proposal because it does not improve the situation in higher education at this time due to budget cuts. States that community colleges are above capacity at this time and that problems are not just limited to a student's ability to pay. Offers support for the Opportunity Grant program.
- 112 Sen. Deckert Asks how the access scholarship program differs from the opportunity grant program.
- 115 Keys Responds that the opportunity grant is a good program that they would like to see modifications of to increase access.
- 120 Bryan Ruzicka Testifies against the access scholarships because while low income students need access, they also need services once they gain it. Offers support for increased funding of the Opportunity Grant program.
- 179 Scott Bolton Offers support for addressing the college access problems in Oregon and discusses factors that should be considered in the decision. Refer to written testimony (Exhibit 11).

Questions and answers interspersed.

- 222 Laurie Wimmer Whelan Testifies in support of increasing access and an endowment fund, but expresses concern with this proposal over the money going to private institutions and with taking money from the General Fund for a new program.
- 304 Ronald Fabricante Offers support for increased funding for the Opportunity Grant program and testifies against the access scholarship proposal because it does not improve the quality of education or increase access due to overcrowded schools.
- 381 Tricia Smith Registers serious concerns with the amendments as drafted because the funding sources are taking money from community colleges and the General Fund for new programs, at a time when there is not enough money for current programs. Expresses concern that the Land Board would control the trust.

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- 042 Sen. Deckert Declares that community colleges need a dedicated funding source.
- 051 Smith Responds that the greatest advocates for community colleges have been the Legislators and that the current problem is that there is not a will to fund all critical services in the state.
- 064 Jerry Watson Testifies that this bill would not help him and many other Oregonians that are adults and did not graduate from Oregon high schools.
- 101 Sen. Deckert Asks if the increase in tuition has had an effect on the campuses.
- 103 Watson Responds that it will have an effect in the fall when students are not able to register for school.
- 110 Dan Davis Testifies that he knows several students that will not be able to return to school because of tuition hikes and that many students will have to attend school longer because of a decrease in classes.
- 138 Kathleen Hynes Discusses the overlapping benefits of the Student Assistance Commission with the Oregon Public Safety Officers Memorial Program which was discovered by a workgroup. Explains that the -1 amendments eliminate the benefits given by the Student Assistance Commission.
- 158 Alan Scharn Testifies that the -1 amendments streamline the benefits for children of deceased public safety officers. Refer to written testimony (Exhibit 12).
- 178 Sen. Deckert Asks why this amendment is coming so late in the session.
- 182 Bill McGee Responds that the timing of the workgroup was the reason for using this bill as a vehicle.
- 192 Sen. Deckert States that they will make a decision on whether the bills will move and then replace the bill with the amendment if they do not pass.
- 201 Scharn Responds that they have amendments that have not been passed out and they have one small change to make.

Discussion follows.

CLOSES PUBLIC HEARING ON SB 644 AND SJR 28

Tape Log Submitted by,

Tara Lantz, Committee Assistant

Exhibit Summary:

1. SJR 28, Ted Kulongoski, Proposed SJR 28-5 Amendments, 3pp.
2. SJR 28, Steve Meyer, Staff Measure Summary, 1p.
3. SB 644, Ted Kulongoski, Proposed SB 644-6 Amendments, 3pp.
4. SB 644, Steve Meyer, Staff Measure Summary, 1p.
5. SJR 28, Ted Kulongoski, Written Testimony, 3pp.
6. SJR 28, Richard Jarvis, Written Testimony, 2pp.
7. SJR 28, Cam Preus-Braly, Written Testimony, 2pp.
8. SB 644, Danielle McNeill, Written Testimony, 2pp.
9. SB 644, Rob Wagner, Written Testimony, 1p.
10. SB 644, Harvey Mathews, Written Testimony, 1p.
11. SB 644, Scott Bolton, Written Testimony, 4pp.
12. SB 644, Alan Scharn, Written Testimony, 2pp.
13. SB 644, Dave Frohnmayer, Written Testimony, 1p.