

SENATE SPECIAL SESSION COMMITTEE ON BUDGET AND FINANCE

February 26, 2002 Hearing Room E
11:15 a.m. Tapes 1 – 2

MEMBERS PRESENT: Sen. Lenn Hannon, Chair
Sen. Roger Beyer
Sen. Peter Courtney

MEMBER EXCUSED: None

STAFF PRESENT: Susan Jordan, Legislative Fiscal Office
Ken Rocco, Legislative Fiscal Office
Patricia Nielsen, Administrative Support

MEASURE/ISSUES HEARD: Organizational meeting
HB 4028A - Public Hearing and Work Session
SB 5575 - Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 1, A		
003	Chair Hannon	Calls the meeting to order at 11:25 a.m. Opens organizational meeting.
<u>ORGANIZATIONAL MEETING</u>		
005	Sen. Courtney	Moves to adopt proposed committee rules for the Senate Special Committee on Budget and Finance for the <u>Second</u> Special Session of the 71st Legislative Assembly (EXHIBIT A).
010	Chair Hannon	Without objection, the motion is approved. Opens public hearing and work session on HB 4028A.
<u>HB 4028A – PUBLIC HEARING</u>		
015	Susan Jordan	Legislative Fiscal Office (LFO). Presents an overview of HB 4028A, which allows Oregon Liquor Control Commission (OLCC) stores to remain open on Sundays.
020	Sen. Courtney	Asks whether staying open on Sundays is mandatory or optional.
025	Jordan	Confirms it is optional.
030	Paul Cosgrove	Distilled Spirits Council of the United States. Offers to answer questions for the Committee.
035	Sen. Courtney	Asks for more information on the position of liquor store owners.

040 Cosgrove Explains that about half of store owners want to stay open on Sundays, according to a poll of the largest 40 stores.

060 Sen. Courtney Asks how many stores there are in the state.

065 Cosgrove Responds there are 237 stores, and about half want to stay open. States that nearly all sales are made in the largest 40 or 50 stores.

070 Chair Hannon Asks for additional public testimony. Seeing no additional requests for testimony, closes public hearing on HB 4028A. Opens work session on HB 4028A.

HB 4028A – WORK SESSION

080 Sen. Courtney **Moves HB 4028A to the floor with a DO PASS recommendation.**

085 Chair Hannon **Without objection, the motion is approved.** Sen. Hannon will lead the discussion on the floor. Recesses the committee at 11:32 a.m., to reconvene at 1:00 p.m. for a hearing on SB 5575, the budget disappropriations bill.

RECESS *****

110 Chair Hannon Reconvenes the committee at 1:23 p.m. Opens public hearing and work session on SB 5575.

SB 5575 – PUBLIC HEARING

125 Ken Rocco LFO. Presents overview of SB 5575, the omnibus disappropriations bill. Explains the bill is based on former SB 5574 and HB 5070, which were vetoed. Describes specific changes. Presents dash-1 amendments (**EXHIBIT B**). Refers to written analysis of dash-1 amendments (**EXHIBIT C**).

180 Gov. John Kitzhaber Testifies regarding SB 5575. Expresses concern about direction of the rebalance package. Describes the short-term and long-term problems to be addressed. Affirms the current legislature has lengthy practical knowledge to consider the problem. Explains the state’s bond rating may be negatively affected by a long-term strategy of relying on economic growth to rebalance the budget.
Expresses gratitude for taking out the 1% trigger. Expresses deep concerns about \$50 million taken out of the salary package, which may result in real program cuts by agencies because the salary package has been negotiated by contract.

250 Chair Hannon Thanks the Governor for appearing and expressing his views. Expresses willingness to continue working with the Governor’s office.

270 Governor Kitzhaber Affirms.

275 Sen. Courtney

- Comments this will be an open process. Asks for additional information about the effect on the state's credit rating.
- 310 Governor Kitzhaber Explains he has had an email from Moody's and a letter will go to the state Treasurer. Describes the expected effect on the state bond rating if the legislature balances the budget by using a strategy which relies on economic growth.
- 345 Sen. Courtney Asks about revenue forecasts for September 2002.
- 350 Governor Kitzhaber Responds he expects no change in the revenue forecast in June and September because the forecast is for the rest of the biennium. Continues that in the next few weeks the state will have income tax collections information. Predicts the economy will not improve very quickly and there will be another rebalance effort needed because of the expected increase in Department of Human Services (DHS) cases.
- 370 Sen. Courtney Asks if the legislature will be coming back in September.
- 375 Governor Kitzhaber Responds there is no information about that now.
- 390 Stan Bunn Superintendent of Public Instruction. Testifies about 4 areas of the bill:
- TESA program for computerized student testing. The \$4.8 million cut will completely kill the program, causing a serious impact on teachers and students.

TAPE 2, A

- 035 Bunn Continues, presenting impact on remaining program areas:
- Data Integrity Assurance Project. The proposed \$10.1 million cut will eliminate the possibility for the project to save \$80 million in the next ten years in costs for data assurance programming.
 - \$112 million reduction in the School Improvement Fund to come in the second year of the biennium.
 - Impact on the deaf and blind schools
- 060 Jean Mulholland Director of Special Schools, including the deaf and blind schools. Urges the committee to avoid budget cuts which will be devastating to the schools' programs.
- 090 Sen. Courtney Asks how close the schools are to closing.
- 095 Mulholland Responds they hope not to have to consider closing, but may need to eliminate sports and classroom programs.
- 100 Bob Castagna Oregon Catholic Conference. Testifies and asks for reconsideration of cuts which reduce the safety net for vulnerable poor. Refers to submitted written material **(EXHIBITS D, E)**.
- 150 Phillip Wong Ecumenical Ministries of Oregon. Describes the conference of churches before last special session. Refers to press release **(EXHIBIT F)**.

- 185 Al Soenneker Executive Director, Riverside Training Centers in St. Helens and Coast Rehabilitation Services in Astoria. Asks for return of a 2.5% cost of living increase so the centers need not cut wages. Explains the COLA would cover a 21% increase in medical care costs, not salary increases.
- 220 Jeanne Farr Vice President of Developmental Disability Services at the Albertina Kerr Center. Urges the committee to restore essential funds. Explains how caregivers provide essential services to the disabled.
- 285 Beth Burczak League of Women Voters. Expresses concern over the lack of public process provided during the special sessions, as well as the lack of notice and lack of materials. Urges the committee to consider enhanced revenue sources instead of cutting education and human resources.
- 315 Chair Hannon Describes the process which has been used.
- 350 Ozzie Rose Confederation of Oregon School Administrators. Requests reinstatement of the TESA program and the Data Integrity project. Explains how these packages allow school districts to get student information together and measure accountability. Continues that if \$112 million is cut for next year, there will be severe impact for the following biennium.

TAPE 1, B

- 010 Ms. Chris Coughlin Coalition for School Funding Now. Expresses concern about the school budgets for next year and next biennium. Testifies in opposition to SB 5575, because it is not a long-term solution.
- 045 Jane Ames Parent with children in Portland public schools. Describes specific cuts looming, such as custodial services being contracted out, closing two schools, increasing staff ratios and shortening the school year. Describes all the activities done by volunteers now.
- 105 Ralph Groener ASFCME lobbyist. Speaks against the \$50 million cut to salaries/benefits. Comments that the public must be educated about the budget. Recommends the voters take a leadership role in deciding budget cuts. Suggests that ballot measures have done damage to the state's income. Agrees with the Governor that a \$50 million cut to salaries will actually come from programs, because the salaries are set according to contract and cannot be reduced.
- 225 Chair Hannon Recesses public hearing at 2:25 p.m., to be reconvened at the call of the Chair.
- 260 (The Committee did not re-convene. Signed off 6:10 p.m.)

Submitted By,

Reviewed By,

Patricia Nielsen,
Administrative Support

Adrienne Sexton,
Administrator

EXHIBITS

- A – Proposed committee rules, staff, 1 p
- B – SB 5575, Dash-1 amendments dated 2-26-02, staff, 1 p
- C – SB 5575, Dash-1 amendments analysis, staff, 1 p
- D – SB 5575, letter to legislators, Robert Castagna, 2 pp
- E – SB 5575, press release, Robert Castagna, 5 pp
- F – SB 5575, press release, Phillip Wong, 3 pp