

**SPECIAL SESSION 2002**  
**SENATE BUDGET & FINANCE COMMITTEE**  
**TAPE LOG**

**Date: 2-28-02**  
**Tapes 3-4**

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

Tape / Counter	Speaker	Comments
<b>Members Present:</b> Senators Lenn Hannon, Roger Beyer, Margaret Carter, Bev Clarno, Peter Courtney, John Minnis, Cliff Trow		
<b>Members Excused:</b> None		
<b>TAPE 3, A</b>		
003	Chair Hannon	Calls the meeting to order at 3:15 p.m. Opens a public hearing on HB 4029-A.
<b><u>HB 4029-A – PUBLIC HEARING</u></b>		
005	John Britton, Legislative Fiscal Office (LFO)	Presents an overview of HB 4029-A ( <b>EXHIBITS A, B</b> ), which reduces adult dental benefits under the Oregon Health Plan.
010	Sen. Trow	Asks about temporary and long-term savings under the measure.
015	Britton	Explains the measure saves \$6.1 million in the General Fund. Describes how the savings might be carried on. Says that the department must manage its budget carefully and expand slowly.
040	Chair Hannon	Closes the public hearing and opens a work session on HB 4029-A.
<b><u>HB 4029-A – WORK SESSION</u></b>		
050	Sen. Courtney	<b>MOTION: Moves HB 4029-A to the floor with a DO PASS recommendation.</b>
055	Sen. Trow	Advises he will vote yes on the motion but may not support the measure on the floor of the Senate.
058	Chair Hannon	<b>VOTE: 6-0-1</b> <b>EXCUSED: 1 – Carter</b> <b>Hearing no objection, declares the motion CARRIED.</b>
		<b>SEN. COURTNEY will lead discussion on the floor.</b>
060	Chair Hannon	Closes the work session on HB 4029-A and opens a public hearing on HB 4030.
<b><u>HB 4030 – PUBLIC HEARING</u></b>		
065	Larry Niswender, LFO	Presents an overview of HB 4030 ( <b>EXHIBITS C, D</b> ), which transfers money from the 9-1-1 telecommunications system.
070	Hasina Squires, Special Districts Association of Oregon (SDAO)	Testifies in opposition to HB 4030. Acknowledges the difficulty in balancing the state's budget, but urges the committee not to pass the measure. Asserts that the 9-1-1 tax was created for a specific purpose and should not be diverted. Expresses concern that the measure may create a precedent for similar action in the future.

100 Chair Hannon Closes the public hearing and opens a work session on HB 4030.

**HB 4030 – WORK SESSION**

105 Larry Niswender, LFO Lists where the expenditures are anticipated to come from.

110 Sen. Trow Inquires whether legal action may be taken if the money is transferred.

115 Niswender Answers that he is uncertain.

120 Sen. Trow Inquires whether legal opinion was sought from counsel.

125 Niswender Replies affirmatively, adding that there are precedents for such a transfer.

127 **Sen. Beyer** **MOTION: Moves HB 4030 to the floor with a DO PASS recommendation.**

128 **VOTE: 6-0-1**  
**EXCUSED: 1 - Sen. Carter**  
**Chair Hannon** **Hearing no objection, declares the motion CARRIED.**

**SEN. BEYER will lead discussion on the floor.**

130 Chair Hannon Closes the work session on HB 4030 and opens a public hearing on HB 4035.

**HB 4035 – PUBLIC HEARING**

140 Larry Niswender, LFO Presents overview of the bill (**EXHIBITS E, F**), which makes program changes. Notes that the –3 amendments (**EXHIBIT G**) have been submitted for the committee's consideration.

170 Chair Hannon Closes the public hearing and opens a work session on HB 4035.

**HB 4035 – WORK SESSION**

180 **Sen. Courtney** **MOTION: Moves to ADOPT HB 4035-3 amendments dated 2/27/02.**

182 **VOTE: 6-0-1**  
**EXCUSED: 1 – Carter**  
**Chair Hannon** **Hearing no objection, declares the motion CARRIED.**

185 **Sen. Courtney** **MOTION: Moves HB 4035 to the floor with a DO PASS AS AMENDED recommendation.**

187 **VOTE: 6-0-1**  
**EXCUSED: 1 - Carter**  
**Chair Hannon** **Hearing no objection, declares the motion CARRIED.**

**SEN. MINNIS will lead discussion on the floor.**

195 Chair Hannon Closes the work session on HB 4035 and opens a public hearing on HB 4036.

**HB 4036 – PUBLIC HEARING**

205 Sue MacGlashan, LFO Presents an overview of HB 4036 (**EXHIBITS H, I**), which affects the School Improvement Fund.

215 Chair Hannon Asks whether the measure includes language related to disappropriation from Education Service Districts (ESDs).

220 MacGlashan Clarifies that the language in question is in a different measure.

225 Ozzie Rose,  
Confederation of Oregon  
School Administrators  
(COSA) Testifies that the interested parties would appear to be satisfied  
with the measure.

230 Sen. Trow Inquires about language related to flexibility of spending.

235 MacGlashan Elaborates on flexibility of spending.

250 Sen. Trow Asks if the reading requirement has been eliminated for the  
2003-05 biennium as well.

252 MacGlashan Replies affirmatively.

255 Sen. Trow Remarks that he cannot support the measure in its current  
form.

260 Chair Hannon Closes the public hearing and opens a work session on HB  
4036.

**HB 4036 – WORK SESSION**

265 **Sen. Beyer** **MOTION: Moves HB 4036 to the floor with a DO PASS  
recommendation.**

268 Sen. Carter Advises she will vote no, citing the need for greater  
accountability.

270 **VOTE: 4-3**  
**AYE: 4 - Beyer R, Clarno, Minnis, Hannon**  
**NAY: 3 - Carter, Courtney, Trow**  
**Chair Hannon** **The motion CARRIES.**

**SEN. CLARNO will lead discussion on the floor.**

282 Chair Hannon Closes the work session on HB 4036 and opens a public  
hearing on HB 5081-A.

**HB 5081A – PUBLIC HEARING**

285 Robin LaMonte, LFO Presents overview of the bill (**EXHIBITS J, K**), which affects  
lottery fund allocations.

295 Chair Hannon Closes the public hearing and opens a work session on  
HB 5081-A.

**HB 5081A – WORK SESSION**

315 **Sen. Courtney** **MOTION: Moves HB 5081-A to the floor with a DO PASS  
recommendation.**

322 **VOTE: 7-0**  
**Chair Hannon** **Hearing no objection, declares the motion CARRIED.**

**SEN. TROW will lead discussion on the floor.**

330 Chair Hannon Outlines the schedule for the evening committee hearing.  
Declares the meeting to be in recess until 6:30 p.m.

-----**RECESS**-----

335 Chair Hannon Reconvenes the committee at 6:33 p.m.

**SB 5575 – PUBLIC HEARING**

352

Ken Rocco, Legislative  
Fiscal Officer

Provides an overview of SB 5575 (**EXHIBITS L, M**). Presents copies of the –4 amendments (**EXHIBIT N**) for the committee's consideration and says the amendments replace the bill. Indicates that the amended measure anticipates \$464 million in budget reductions, including adjustments by the Emergency Board (E-Board) and lottery bond calculations. Reviews the changes the –4 amendments make to SB 5575.

**TAPE 4, A**

- 010 Rocco Continues reviewing the changes that the –4 amendments make to the measure.
- 028 Ruby Houghton, Cure Oregon Provides information regarding the state's health network. Asserts that the state's entire health care system is becoming unstable and unable to serve vulnerable Oregonians. Notes the reduction in the funding and asks that it be restored.
- 067 Nan Heim, Oregon Rehabilitation Association Oregon Rehabilitation Association. Expresses concern regarding the elimination of the COLA for her program. Describes the services provided and the population served. Employees are low paid and the loss of the COLA will threaten quality of care and threaten the gains made with regard to employee turnover.
- 090 Sen. Carter Asks if it would still be possible to attract federal funds if a portion of the state funding was provided.
- 094 Heim Replies affirmatively, adding that federal funds are provided at a ratio greater than 1:1.
- 108 Kate Dickson, Oregon Department of Education (ODE) Expresses concern regarding the reductions in both the state school fund and ODE's budget. Discusses the reductions for assessment in the revised budget, saying it will hinder student assessment. Comments that in a few years technology will be available to offer testing via the internet, which will drastically improve the process and eliminate tedious record keeping. Submits that investment now will save money in teacher time and paperwork later. Requests that the committee reconsider the reduction.
- 151 Janet Hogue, Executive Director, Beaverton Education Foundation States that her daughter chose to attend college out-of-state because Oregon has not invested sufficiently in higher education. Comments on the budget decisions that have been made during the past decade and the effect of budget reductions on the Beaverton School District during a period of student growth.
- 203 Hogue Continues to discuss the effects of inadequately funding education and asserts that students who have passed through Oregon's schools during the past decade have suffered as a result. Wonders how reductions could have occurred during a boom economy. Decries the tax system as unbalanced. Laments the decision to provide tax breaks rather than create a rainy day fund. Argues that the initiative process has injured the state.
- 251 Hogue Opines that there is no longer enough money in the state budget to fund necessary programs and says action must be taken to raise revenue. Recalls that a personal surcharge was raised during the downturn in the early 1980s. Suggests postponing the implementation of Ballot Measure 88 (2000). Requests that a bipartisan commission be created to revise the tax system.
- 303 Hogue Reiterates that if the state wishes to continue to provide high levels of service it must find new ways to pay for them. Acknowledges that taxes are high but says they need to be because they are currently the only sources of revenue.

**HB 5575 WORK SESSION**

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347 Chair Hannon Asks staff to explain the increase in cost of living adjustment (COLA).  
363 Rocco Explains the COLA adjustment referred to by witnesses.  
370 Chair Hannon Asks whether other providers have been forced to do without commensurate pay increases.  
385 Rocco Addresses the issue of student assessment. Says the reduction of \$5.5 million for assessment might be offset by federal funds, or that it could be covered by an allocation by the E-Board.

**TAPE 3, B**

004 Sen. Trow Acknowledges the effort that has gone into making the selective cuts, but says he cannot support them and will vote no. Argues that the state could raise revenue if it had the will to do so.  
008 Sen. Beyer **MOTION: Moves to ADOPT SB 5575-4 amendments dated 2/28/02.**  
010 **VOTE: 5-2**  
**AYE: 5 - Beyer R, Clarno, Courtney, Minnis, Hannon**  
**NAY: 2 - Carter, Trow**  
Chair Hannon **The motion CARRIES.**  
012 Sen. Beyer **MOTION: Moves SB 5575 to the floor with a DO PASS AS AMENDED recommendation.**  
018 Chair Hannon Expresses frustration with the lack of available revenue sources. Says that until Oregonians get angry enough to pay for state services it will not be possible to do so. Acknowledges the need for new, permanent and long-term revenue.  
**VOTE: 5-2**  
**AYE: 5 - Beyer R, Clarno, Courtney, Minnis, Hannon**  
**NAY: 2 - Carter, Trow**  
Chair Hannon **The motion CARRIES.**  
046 Chair Hannon Adjourns the meeting at 7:10 p.m.

**EXHIBIT SUMMARY**

- A – HB 4029, staff, 4 pp.
- B – HB 4029, staff measure summary, staff, 2 pp.
- C – HB 4030, staff, 5 pp.
- D – HB 4030, staff measure summary, staff, 1 p.
- E – HB 4035, staff, 5 pp.
- F – HB 4035, budget report and measure summary, staff, 3 pp.
- G – HB 4035, -3 amendments, staff, 1 p.
- H – HB 4036, staff, 1 p.
- I – HB 4036, staff measure summary, staff, 2 pp.
- J – HB 5081, staff, 4 pp.
- K – HB 5081, budget report and measure summary, staff, 4 pp.
- L – SB 5575, staff, 16 pp.
- M – SB 5575, -1 amendments, staff, 1 p.
- N – SB 5575, -4 amendments, staff, 22 pp.