

# HOUSE COMMITTEE ON GOVERNMENT EFFICIENCY

May 15, 2001  
8:30 AM

Hearing Room D  
Tapes 72, 73, 74

**MEMBERS PRESENT:** Rep. Jerry Krummel, Chair  
Rep. Chris Beck, Vice-Chair  
Rep. Patti Smith, Vice-Chair  
Rep. Alan Brown  
Rep. Bill Garrard  
Rep. Jim Hill  
Rep. Jeff Kruse  
Rep. Steve March  
Rep. Carolyn Tomei  
Rep. Kelley Wirth

**MEMBER EXCUSED:** Rep. Deborah Kafoury

**STAFF PRESENT:** Matt Wingard, Committee Administrator  
Pamela Johansen, Committee Assistant

**MEASURE/ISSUES HEARD:** SB 13A Work Session  
SB 14A Work Session  
SB 15A Work Session  
HB 2850 Work Session  
HB 3847 Work Session  
HB 3659 Public Hearing

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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.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 72, A		
002	Chair Krummel	Calls the meeting to order and opens a work session on SB 13A.
		<b><u>SB 13A WORK SESSION</u></b>
004	Rep. Hill	<b>MOTION:</b> Moves to ADOPT SB 13A-2 amendments dated 5/11/01 (EXHIBIT A). <b>VOTE:</b> 6-2-1-2 <b>AYE:</b> 6 - Garrard, Hill, March, Tomei, Wirth, Krummel <b>NAY:</b> 2 - Kruse, Smith P. <b>EXCUSED:</b> 1 - Kafoury <b>ABSENT:</b> 2 - Beck, Brown
	Chair Krummel	<b>The motion Carries.</b>
013	Rep. Hill	<b>MOTION:</b> Moves SB 13A to the floor with a DO PASS AS AMENDED recommendation. <b>VOTE:</b> 6-2-1-2 <b>AYE:</b> 6 - Garrard, Hill, March, Tomei, Wirth, Krummel <b>NAY:</b> 2 - Kruse, Smith P. <b>EXCUSED:</b> 1 - Kafoury <b>ABSENT:</b> 2 - Beck, Brown
018	Chair Krummel	<b>The motion Carries.</b>

020 Chair Krummel

**REP. WIRTH will lead discussion on the floor.**

Closes the work session on SB 13A and opens a work session on SB 14A.

**SB 14A WORK SESSION**

024 Rep. Hill

**MOTION: Moves to ADOPT SB 14A-4 amendments dated 5/11/01 (EXHIBIT B).**

**VOTE: 7-1-1-2**

**AYE: 7 - Garrard, Hill, March, Smith P., Tomei, Wirth, Krummel**

**NAY: 1 - Kruse**

**EXCUSED: 1 - Kafoury**

**ABSENT: 2 - Beck, Brown**

026 Chair Krummel

**The motion Carries.**

029 Rep. Hill

**MOTION: Moves SB 14A to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.**

**VOTE: 7-1-1-2**

**AYE: 7 - Garrard, Hill, March, Smith P., Tomei, Wirth, Krummel**

**NAY: 1 - Kruse**

**EXCUSED: 1 - Kafoury**

**ABSENT : 2 - Beck, Brown**

034 Chair Krummel

**The motion Carries.**

036 Chair Krummel

Closes the work session on SB 14A and opens a work session on SB 15A.

**SB 15A WORK SESSION**

039 Rep. Hill

**MOTION: Moves to ADOPT SB 15A-9 amendments dated 5/15/01 (EXHIBIT C).**

**VOTE: 8-0-1-2**

**AYE: 8 - Garrard, Hill, March, Kruse, Smith P., Tomei, Wirth, Krummel**

**EXCUSED: 1 - Kafoury**

**ABSENT: 2 - Beck, Brown**

040 Chair Krummel

**The motion Carries.**

042 Rep. Hill

**MOTION: Moves SB 15A to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.**

**VOTE: 8-1-1-1**

**AYE: 8 - Brown, Garrard, Hill, March, Smith P., Tomei, Wirth, Krummel**

**NAY: 1 - Kruse**

**EXCUSED: 1 - Kafoury**

**ABSENT: 1 - Beck**

043 Chair Krummel

**The motion Carries.**

044 Chair Krummel

Closes the work session on SB 15A and opens a work session on HB 3847.

**HB 3847 WORK SESSION**

049 Rep. Hill

**MOTION: Moves HB 3847 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Ways and Means.**

**VOTE: 8-0-2-1**

**AYE: 8 - Brown, Garrard, Hill, March, Smith P.,**

**Tomei, Wirth, Krummel**  
**EXCUSED: 2 – Kafoury, Kruse**  
**ABSENT: 1 - Beck**

**050** Chair Krummel  
055 Chair Krummel

**The motion Carries.**  
Closes the work session on HB 3847 and opens a work session on HB 2850.

**HB 2850 WORK SESSION**

074 Matt Wingard  
085 Rep. Hill

Gives an overview of HB 2850 with amendments.  
Addresses the handwritten changes on the –2 amendments  
**(EXHIBIT D).**

088 Wingard

Comments there was an error when the amendments were numbered and should read –2 not –1. States the committee should have the corrected amendments before the end of this meeting.

**098 Rep. Hill**

**MOTION: Moves to ADOPT HB 2850-2 amendments dated 5/14/01 (EXHIBIT E).**

106 Michelle Deister

League of Oregon Cities. Discusses the changes in the –2 amendments.

135 Rep. Garrard

Asks if any counties are participating.

138 Michelle Deister

Responds counties were approached and chose not to participate at this time.

141 Rep. Garrard

Asks for reasoning behind that decision.

145 Michelle Deister

Comments she cannot speak for the counties or their choice to decline.

154 Rep. Wirth

Asks if previous concerns were addressed in the –2 amendments.

155 Deister

Comments the –2 amendments should clarify the issues that were brought forward previously.

**VOTE: 9-0-1-1**

**AYE: 9 - Brown, Garrard, March, Hill, Kruse, Smith P., Tomei, Wirth, Krummel**

**EXCUSED: 1 - Kafoury**

**ABSENT: 1 - Beck**

169 Chair Krummel

**The motion Carries.**

171 Rep. Hill

**MOTION: Moves HB 2850 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.**

176 Rep. March

Comments he would like to send to Ways and Means without recommendation.

184 Rep. Garrard

States he will be voting no with or without a recommendation.

**VOTE: 7-2-1-1**

**AYE: 7 - Brown, Hill, Kruse, Smith P., Tomei, Wirth, Krummel**

**NAY: 2 - Garrard, March**

**EXCUSED: 1 - Kafoury**

**ABSENT: 1 - Beck**

**194 Chair Krummel**

**The motion Carries.**

197 Chair Krummel

Closes the work session on HB 2850 and opens a public hearing on HB 3659.

**HB 3659 PUBLIC HEARING**

206 Wingard

Gives overview of the bill.

206 Greg Leo

Oregon Parents for Affordable Child Care (OPACC). Testifies in support of HB 3659. Submits and refers to written testimony **(EXHIBIT F)**. Comments this bill would correct some

		problems private childcare providers believe are critical to the efficient and sustainable operations of over 700 Child Care Centers in Oregon.
271	Jim Blackwell	Child Care Center, Director. Testifies in support of the bill. Comments the childcare industry has attempted to participate in the process but has been eliminated from the rules process. States they are here today to ask for relief from proposed rules that add to the complexity of an already difficult business. Discusses the difficulty in regard to staffing issues.
358 360	Rep. Garrard Blackwell	Asks who will be sitting on the review board. Comments they have aborted the panel idea and opted to stay within the department for a review. Gives the details of the review process.
381	Jumbo Fernando	Owner, Child Care Center. Discusses the necessity of the review board. Expresses frustrations with current procedures and lack of communication from the department in regards to disputes.
<b><u>TAPE 73, A</u></b>		
023	Rep. Hill	Asks what type of problem occurred in the toddler room.
028	Fernando	Responds that a teacher who has held that position for 4 years was now deemed unqualified by a new certifier from the department and the center was written up for non compliance.
040	Rep. Hill	Speaks to the -2 amendments and the standards for demonstrable risk of injury or death ( <b>EXHIBIT G</b> ).
051	Leo	Comments that the standard should be about health and safety not subjective judgement made by certifiers and that is all too often the case.
063	Rep. Hill	Comments this is a crucial time and there is still work that needs to be done.
067	Leo	States they are asking to be consistent with the standards of the childcare certification process to the existing and recognized public and safety organizations.
081	Rep. Hill	Asks which types of childcare facilities does the Employment Division regulate.
083	Blackwell	Responds the department certifies both in-home and licensed centers of 12 or more children.
088	Leo	States they are primarily addressing private childcare centers that operate within the communities all over the state.
095	Rep. Hill	Asks if they have an idea of fiscal impact on the -2.
101	Leo	Comments they have tried to avoid a fiscal impact and this would be within the normal business of the department.
106	Rep. Hill	Asks what model have they used.
110	Leo	Responds that for safety purposes the amendments require facilities to track daily on paper each student who is in attendance in each room. Addresses the problems and public access to records of any facility violations.
123	Rep. Hill	Asks for clarification on the fines and violations section in the amendments.
138	Leo	Expresses that they are trying to avoid hearsay or unsubstantiated complaints from disgruntled employees.
165	Rep. Smith P.	Asks if he was given any reason why the department did not respond to his inquiries.
170	Fernando	Responds that he was never given a reason for the lack of communication and did not receive any return call from Linda Stearn until after he contacted Rep. Witt for help.

181	Rep. Smith P.	Asks did she explain why she failed to acknowledge his inquiries.
183	Fernando	States Linda Stearn told him that she was busy and could not respond. Comments it was 3 1/2 months of frustration and harassment.
182	Chair Krummel	Asks what basis was given for not accepting the teacher who was in the position for 4 years.
190	Fernando	Comments in the certifiers opinion the teacher did not have the proper credentials.
205	Rep. Wirth	Asks if the section defining crib space could be clarified.
212	Blackwell	Gives details of how crib space is currently viewed and new regulations for calculating crib space.
226	Rep. Wirth	Comments childcare is a different type of business with a unique clientele and should be treated differently.
237	Leo	Responds the parents are ultimately the final word. States these are responsible business owners in a low margin business doing a very important activity and are unwilling to practice in an unsafe manor.
264	Rep. Wirth	Asks what is the average hourly pay for childcare employees.
288	Blackwell	Responds without experience they would begin at minimum wage and those with more expertise could expect to make no more that \$9.00 or \$10.00 dollars an hour.
311	Rep. Wirth	States she believes there are ways to hold down costs other than low wages.
314	Leo	Comments they are very concerned with attracting and retaining good childcare providers. Overhead costs and margins take a large bite out of the ability to increase wages.
328	Ted Kalory	Owner, Child Care Facility. States that his regulator told him that he would have one opportunity to state his view, but it would not change anything. Says that during a meeting to voice objections the department's message was clear to close infant rooms. Discusses overhead and costs of the childcare industry. Addresses the student -teacher ratio and teacher qualifications.
<b>TAPE 72, B</b>		
071	Rep. Hill	Asks how long have the rules been in place on ratios.
077	Kalory	Responds about 8 years.
093	Rep. Hill	Discusses different ways to enhance the appeal process.
181	John DeGroat	Owner, Learning Tree Day School. Comments many years ago when an issue occurred all facets of the industry were brought together as a unified force to attack and solve the problem until everyone was satisfied. States today that is not done, for some reason the private sector which serves almost 50% of the children in Oregon was excluded from making or having any input into making these rules. Says that raising rates will only cause parents to seek substandard daycare.
288	Ammie Mack	States they would not be here if they had received any cooperation from the state departments. Comments they are asking for support for this bill.
307	Rep. Garrard	Asks what does he charge for a franchise fee.
311	DeGroat	States that it is not a franchise fee but a licensing agreement. Explains the details of the licensing agreement process.
329	Kalory	Comments his franchise fee is 6% of the gross, 1 1/2% advertising, plus supplies and curriculum.
340	Marc Overbeck	Interim Executive Officer, Oregon Commission for Childcare.

397	Rep. Hill	Testifies in opposition of the bill. Comments that an open forum was extended to the industry to express their views. Expresses disappointment that OPACC feels they have not been heard. Asks for the reasoning behind the rule change in crib space.
<b><u>TAPE 73, B</u></b>		
017	Linda Stearn	Oregon Employment Department, Childcare Division. Testifies in opposition of the bill. Submits and refers to written testimony. Comments there was a broad based committee that worked for over 2 years to come up with recommendations on what the rules should entail. States there was much discussion in regards to square footage and getting up to 50 square feet per child.
035	Rep. Hill	Asks what benefit would be gained to allot 50 square feet per child.
043	Stearn	Comments that research has shown that children need the ability to roam around and explore their environment.
060	Rep. Hill	Asks if there was any discussion to the fact that by enacting this rule, they would seriously reduce the capacity of existing facilities.
099	Stearn	Responds they did look at the fiscal impact it would have and now there are exceptions for those who were in existence when the rule went into effect. States that the department felt the 50 square feet per child was a good compromise.
074	Rep. Hill	Comments this compromise would cut out significant capacity from the present system.
099	Stearn	Explains if a crib is off the floor, then space underneath can be counted in the square footage. Comments that this should not cause a big impact.
120	Rep. Kruse	Asks how high does a crib need to be to consider it crawl space.
125	Stearn	Comments the rules do not establish that kind of detail. States if the provider can show children use that space to crawl underneath the crib then it will be counted as square footage.
129	Rep. Hill	Asks for the impetus to change and implement new rules.
138	Stearn	The decision was never made to increase the square footage to 50 feet.
143	Rep. Hill	Addresses the inconsistency of applying the rules.
180	Stearn	Comments there are several organizations including the American Academy of Pediatrics and the Public Health Administration that published a document called "Caring For Our Children" which gives standards and guidelines for out-of-home childcare. Says this has become the main center of attention for the rules process.
190	Rep. Hill	Asks if this publication is specified as a standard to establish rules.
196	Rep. Wirth	Comments that lack of consistency in regulation should be kept as the main focus and the change in how childcare is regulated remain a totally separate issue.
227	Rep. Garrard	Compares the childcare issue to the Endangered Species Act. Comments the Federal government is establishing a rule and not taking into consideration the economic effect on the community. States the department needs to become far more sensitive to the problems the childcare facilities are dealing with on a daily basis.
243	Rep. March	Asks for clarification of licensing and registration.
264	Tom Olsen	Responds there are two types of licenses administered by the Childcare Division. States one is certification, this is for larger

267	Chair Krummel	centers and registration is for family childcare ( <b>EXHIBIT H</b> ). Asks if the certifiers are aware of the existing grandfathered facilities.
275	Olsen	Comments they are aware of those cases and receive ongoing training in the rules process. States they do try to be as inclusive as possible and did invite Center Directors from the Oregon Association of Child Care to participate on the committee. States that by having the representatives of the industry on the panel they felt childcare facility owners would be represented.
326	Rep. Tomei	Asks if they held any public meetings during the drafting of these rules.
330	Olsen	Responds that 3 public meetings were held.
346	Rep. Tomei	Asks if they allowed written testimony for those who could not be in attendance.
348	Olsen	States they did accept written testimony and extended the comment period for over 2 months to get as much feedback as possible. Comments that individual visits were arranged with the owners of profit care center organizations to get their input.
341	Overbeck	Employment Department, Child Care Commission. Testifies in opposition of the bill. States the Commission views this bill as a step backwards. Adds that he speaks for the commission as a whole in opposing the bill. Expresses disappointment that OPACC felt their views were not heard.
<b>TAPE 74, A</b>		
021	Merrily Haas	Executive Director, Oregon Association for the Education of Young Children (OAEYC). Testifies in opposition of the bill.
048	Hilda Welch	Submits and refers to written testimony ( <b>EXHIBIT I</b> ). Public Policy Coordinator, (OAEYC). Testifies in opposition of the bill. Submits and refers to written testimony ( <b>EXHIBIT J</b> ). States this industry is filled with many well meaning individuals who are trying to do good work but are untrained or poorly trained. Comments the industry needs support and not statutes.
083	Chair Krummel	Asks if the government subsidizes childcare in other countries.
089	Welch	States that we are the only industrialized country that puts the majority of childcare costs on to the backs of parents.
094	Chair Krummel	Asks if schools open childcare facilities would they be held to the same standards as other childcare providers.
104	Welch	Comments she is not qualified to answer that question. States that recent research has shown that in Washington County 43% of students entering school all of whom were previously in childcare showed they were not prepared to enter public schools.
133	Haas	States that OAEYC believes that if public schools provide childcare they should come under the same rules as childcare facilities and providers. Says that many schools who offer childcare will contract out to profit and not-profit and those programs must be licensed by the state.
147	Chair Krummel	Comments that a bill has been introduced that will allow school funding to start for a child at the age of 5. Asks if they would be in support of that bill even if the schools may have to contract that service out.
157	Welch	Responds that it is important to recognize the difference between a child of 3 and a child of 5. Says that provisions will need to be made to accommodate those special needs.
175	Chair Krummel	Closes the public hearing on HB 3659 and adjourns the meeting

at 10:39 am.

Submitted By,

Reviewed By,

Pamela Johansen,  
Committee Assistant

Matt Wingard,  
Committee Administrator

**EXHIBIT SUMMARY**

- A – SB 13-A2 proposed amendments, Staff, 1p.**
- B – SB 14-A4 proposed amendments, Staff, 1p.**
- C – SB 15-A9 proposed amendments, Staff,**
- D – HB 2850-1 proposed amendments, Staff, 5pp.**
- E – HB 2850-2 proposed amendments, Staff, 5pp.**
- F – HB 3659, written testimony, Greg Leo, 2pp.**
- G – HB 3659-2 proposed amendments, Staff, 8pp.**
- H – HB 3659, written testimony, Tom Olsen for Virlena Crosley, 2pp.**
- I – HB 3659, written testimony, Merrily Haas, 1p.**
- J – HB 3659, written testimony, Hilda Welch for Joann Contini, 1p.**