

**HOUSE COMMITTEE ON STUDENT ACHIEVEMENT AND SCHOOL
ACCOUNTABILITY**

January 18, 2001
8:30 AM

Hearing Room E
Tapes 7 - 8

MEMBERS PRESENT: **Rep. Vic Backlund, Chair**
 Rep. Tootie Smith, Vice Chair
 Rep. Phil Barnhart
 Rep. Bill Morrisette
 Rep. Donna Nelson
 Rep. Mary Nolan
 Rep. Bruce Starr
 Rep. Cliff Zauner

MEMBER EXCUSED: **Rep. Elaine Hopson, Vice Chair**

STAFF PRESENT: **Janet Adkins, Committee Administrator**
 Paula Merritt, Committee Assistant

MEASURE/ISSUES HEARD: **Informational Meeting**
 HB 2198 Public Hearing and Work Session
 HB 2125 Public Hearing and Work Session
 HB 2124 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.

TAPE/#	Speaker	Comments
TAPE 7, A		
003	Chair Backlund	Called the committee to order at 8:30 a.m.
<u>INVITED TESTIMONY</u>		
<u>OREGON UNIVERSITY SYSTEM OVERVIEW</u>		
005	Dr. Joseph Cox	Chancellor, Oregon University System. Submits and reads from written testimony (EXHIBIT A).
100		Continues reading from written testimony.
200		Continues reading from written testimony.
300		Continues reading from written testimony
TAPE 8, A		
004	Cox	Continues to read from written testimony. Comments that the challenges of the budget are with balancing access and cost. Comments on increases. States that he is not in favor of double-digit tuition increases.
047	Rep. Morrisette	Comments on the need for suggestions and recommendations from Dr. Cox's advisors.
058	Cox	Responds that they use consultants across the country. Comments that their goal is to fund at an average of their peers.
079	Rep. Morrisette	Comments on the issue of higher salaries in Oregon and asks Dr. Cox to explain why.
095	Cox	Responds that he had scheduled interviews with 10 interested potential chemist positions and most all have called to withdraw

		their interest and gone elsewhere. Notes that this is a major problem.
100	Rep. Smith	Asks about the 4% tuition increase and has there been studies done to see if this would keep students out of college.
109	Cox	Responds that tuition increases in Oregon have more elasticity than any other state but he is unsure why this is.
140	Rep. Smith	Comments on the Governor's budget and asks what major cutbacks would be implemented.
145	Cox	Responds that he does not have an answer at this time.
150	Rep. Morrisette	Asks about the use of federal monies.
155	Cox	Responds that they are dependent on research dollars and funds are for special purposes.
166	Rep. Smith	Comments on the new President's effect on education issues. Asks if he sees more dollars for education.
169	Cox	Responds that he does not anticipate a great deal of dollars.
172	Rep. Nolan	Comments on the mechanics of dealing with an unpredictable shift in enrollment and the ability to plan. Asks what kind of competitive atmosphere this creates.
190	Cox	Responds that when we move to this budget model the system must maintain a reserve to deal with the settling of the shift and that each campus is maintaining a reserve for this.
260	Chair Backlund	Asks if the funding model would be jeopardized
262	Cox	Responds that he is not prepared to give up this model.
265	Chair Backlund	Comments on the uniqueness of this funding model.
	Cox	Responds that they get many calls to talk about it nationally. States it is unique to only a few states.
294	Rep. Barnhart	Comments on the Governor's budget to fund changing faculty salaries and concerns.
311	Cox	Responds that this is difficult and the dependency is on the state increase.
327	Rep. Barnhart	Asks when this would take effect.
335	Cox	Responds that he does not know but tuition will not get resolved until March or April.
363	Chair Backlund	Opens public hearing on HB 2125.

HB 2125 - PUBLIC HEARING
TAPE 7, B

003	Randall Edwards	State Treasurer. Submits and reads from written testimony and provides handouts related to the Education Savings Plan. (EXHIBIT B).
070	Rep. Nolan	Comments on the taxpayers accrued earnings.
078	Edwards	Responds that the federal law stipulates that it cannot be used for non-educational purposes without penalties.
091	Rep. Nolan	Asks if all loopholes have been looked at.
098	Edwards	Responds that it has been done.
100	Chair Backlund	Closes public hearing and opens work session.

HB 2125 - WORK SESSION

110	Rep. Smith	MOTION: Moves HB 2125 to the floor with a DO PASS recommendation and BE REFERRED to the committee on School Funding and Tax Fairness/Revenue by prior reference.
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VOTE: 7-0

AYE: 7 - Rep. Barnhart, Rep. Morrisette, Rep. Nelson, Rep. Nolan, Rep. Smith, Rep. Zauner, Chair Backlund
EXCUSED: 2 - Rep. Hopson, Rep. Starr

120 **Chair Backlund**
125 Chair Backlund

The motion Carries.

Closes work session on HB 2125 and opens public hearing on HB 2124.

HB 2124 - PUBLIC HEARING

160 Edwards
180 Michael Parker

219 Parker
225 Rep. Barnhart
250 Parker
267 Rep. Smith
268 Parker
269 Janet Adkins
270 Parker

Continues to read from written testimony.
Director, Oregon State Treasurer's Office (see Exhibit B). Reads from Edwards' written testimony.
Continues reading from written testimony.
Comments on specific changes
Responds that the last change will be taken out of the rules.
Asks about number 3 on bill.
Responds that this change clarifies the language.
Comments on section 5, line 42 of the written testimony.
Responds that the plan will only accept cash vs. property or other assets.

271 Rep. Nelson

Comments on how the plan is administered in regards to the liability.

290 Parker

Responds that it is set up like a savings plan and there are choices of options from conservative to aggressive but these are not guaranteed.

321 Rep. Nelson

Comments on whom assumes liability.

338 Parker

Responds that this rests with the board.

340 Rep. Nelson

Comments on the possibility of an insurance program.

346 Parker

Responds that there is no policy at this time and the board would oversee the program. States that FDIC monitors it.

350 Chair Backlund

Comments on the access of checking balances.

353 Parker

Responds that this is possible.

392 Rep. Nolan

Comments on the options of participants selecting funds of choice.

398 Parker

Responds that this is an option.

404 Rep. Nelson

Comments on the option of buying without risk.

TAPE 8, B

005 Edwards

Responds that in the case of bankruptcy, he does not have an answer at this time

014 Rep. Barnhart

Comments on investment vs. custodial risks.

032 Edwards

Responds that he will get back to the committee with these answers.

050 Chair Backlund

Closes public hearing and opens work session.

HB 2124 - WORK SESSION

051 Rep. Zauner

MOTION: Moves HB 2124 to the floor with a DO PASS recommendation and BE REFERRED to the committee on School Funding and Tax Fairness/Revenue by prior reference.

VOTE: 7-0

AYE: 7 - Rep. Barnhart, Rep. Morrisette, Rep. Nelson, Rep. Nolan, Rep. Smith, Rep. Zauner, Chair Backlund

EXCUSED: 2 - Rep. Starr, Rep. Hopson

058 **Chair Backlund**

The motion Carries.

062 Rep. Smith

Comments on the process of voting.

063 Adkins

Clarifies the voting procedure.

065 Chair Backlund

Closes work session on HB 2124 and opens public hearing on

HB 2198.

HB 2198 - PUBLIC HEARING

100	Dan Bernstine	President, Portland State University (PSU). States his support of HB 2198. Submits and reads from written testimony (EXHIBIT C).
018	Chair Backlund	Asks if other schools have done something similar.
079	Bernstine	Responds that the University of Oregon did last year.
124	Chair Backlund	Asks if there is a downside to this.
	Bernstine	Responds that there is not.
136	Rep. Nelson	Comments on the costs.
	Bernstine	Responds that there is no cost at all and that this will allow PSU to seek legislative support in their programs.
151	Rep. Nelson	Comments on the statutory position.
160	Bernstine	Responds that they look for programs that have achieved a level of national recognition and the greatest potential for legislative support. States there will be no budget impact.
174	Chair Backlund	Closes public hearing and opens work session

HB 2198 - WORK SESSION

176	Rep. Starr	MOTION: Moves HB 2198 to the floor with a DO PASS recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED.
		VOTE: 7-0
		EXCUSED: 1 - Hopson

178	Chair Backlund	Hearing no objection, declares the motion CARRIED.
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110	Rep. Morrisette	MOTION: Moves HB 2198 be PLACED ON THE CONSENT CALENDAR.
		VOTE: 7-0
		EXCUSED: 1 - Hopson

112	Chair	Hearing no objection, declares the motion CARRIED.
114	Chair Backlund	Closes work session on HB 2198 and adjourns committee at 10:10 a.m.

Submitted By,

Reviewed By,

Paula Merritt,
Committee Assistant

Janet Adkins,
Committee Administrator

EXHIBIT SUMMARY

- A – Invited Testimony, Oregon University System Overview, written testimony, Dr. Joseph Cox, 16 pp**
- B - HB 2124 and HB 2125, written testimony, Randall Edwards, 39 pp**
- C - HB 2198, written testimony, Dan Bernstine 2 pp**