

HOUSE COMMITTEE ON EDUCATION

January 20, 1997 Hearing Room E

08:15 AM Tapes 4-6

MEMBERS PRESENT:

Rep. Dennis Luke, Chair Luke

Rep. Terry Thompson, Vice-Chair

Rep. Roger Beyer

Rep. Ron Sunseri

Rep. Charles Starr

Rep. Ryan Deckert

Rep. Bob Jenson

MEMBER EXCUSED:

STAFF PRESENT:

Bryan Boehringer, Administrator

Joan Diaz, Administrative Support

ISSUES HEARD:

Prepaid Tuition

Overview of Higher Education

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 4, A		
002	Chair Luke	Opens meeting at 8:15 am. Welcomes speaker from Oregon State Assembly.
<u>PREPAID TUITION OVERVIEW</u>		
	Rep. Bill	State Representative supplies information regarding Prepaid Tuition

	Markham	Plan. Has a bill pending this session on this subject.
	Chair Luke	Recognizes Director of Government Relations, Oregon State System of Higher Education (OSSHE)
HIGHER EDUCATION OVERVIEW		
	Gratton Kerans	Director of Government Relations, Oregon State System of Higher Education (OSSHE) distributes 1997 edition of legislator notebook to be used as a reference. In response to Chair Luke's question, tuition received only represents 40% of the cost.
175	Chair Luke	Introduces Associate Director of Government Relations, Office of the Chancellor; Director of Special Services, Oregon State Scholarship Commission; and Policy Advisor, Office of State Treasurer.
PREPAID TUITION OVERVIEW		
	Andy Clark	<p>Associate Director of Government Relations, Office of the Chancellor, presents highlights: (EXHIBIT A)</p> <ul style="list-style-type: none"> * Cost of college outpacing family income * Increasing levels of student debt * Declining financial aid * A good option for families without savings * Geared toward middle class families * Not exempt from federal taxes; levied at time of disbursement * Exempt from local and state taxes * Buy tuition with today's money for tomorrow's tuition cost * State needs to market program * Simple, flexible program
	Clark	Responds to question on refunds. Strict conditions on refunds. Can be returned to the family with a small penalty.
TAPE 5, A		
		Responds to committee questions:

003	Clark	<ul style="list-style-type: none"> * where prepaid tuition program is "housed" * what is the advantage to parents? * value of tuition at a later date
150	Tom Turner	<p>Director of Special Services, Oregon State Scholarship Commission, presents highlights: (EXHIBIT B & C)</p> <ul style="list-style-type: none"> * Plan has to be established & maintained by a state agency * Must provide that individual can purchase on behalf of a beneficiary * Must impose penalty on program withdrawals * Prohibits "excess contributions" * Investments are directed by the state <p><i>(See resolution of federal tax issues on Exhibit B).</i></p>
	Chair Luke	Indicates Oregon Statute states one legislature cannot commit another legislature to spending programs.
	Turner	Discusses State of Florida's success with prepaid tuition program which has a large budget for marketing.
260		Discusses federal "financial needs analysis" as it relates to parental savings and other contributions to student's education.
	Rep. Thompson	Asks how do other states handle deficit in payment?
	Turner	Responds Ohio is selling units smaller than 100% tuition.
	Chair Luke	Recognizes Policy Advisor, Office of State Treasurer.
TAPE 4, B		
	Philip Bentley	Policy Advisor, Office of State Treasurer, reports on the ability of the state to pool prepaid monies into a trust fund and professionally manage those funds. Success depends on the fund to outpace cost of tuition. (EXHIBIT D) See page 3 for 10-year college tuition and fee analysis. Fund is backed by "full faith and credit backing of the state." Percentage of tuition increases in Oregon has been higher than

		private colleges.
175	Bentley	Discusses investment criteria, Oregon Baccalaureate Bond Program (ORBAC), prepaid college tuition contract.
	Rep. Thompson	Comments ORBAC bought at a discount. Matures at \$5,000. You may pay \$2-\$3000 depending on the years. Works like a savings bond. Not intended to be a full college savings vehicle. Has a fixed rate of return.
	Chair Luke	Comments we don't have a bill to deal with this. Excellent resources presented here; suggest working with other representatives to draft bill.
	5 minute recess	
<u>HIGHER EDUCATION OVERVIEW</u>		
316	Chair Luke	Introduces Chancellor, Oregon State System of Higher Education.
	Joseph Cox	Chancellor, Oregon State System of Higher Education, presents highlights: <ul style="list-style-type: none"> * There are 60,000 students on seven campuses. * Enroll 72% of all the students enrolled in 4-year programs in Oregon. 75% of graduating H.S. seniors who went to an Oregon 4-year school, attended one of OSSHE institutions. * Tuition has jumped by approximately 100% since 1987. * Tuition has increased as general funds went down due to Measure 5. * Tying state together electronically, lacking "bricks and mortar" * OSSHE Enrollment statistics in 1995-96 * Seven distinct, different institutions of higher learning yet function as a single state university.
TAPE 5, B		
	Cox	Introduces the four university/college presidents in attendance: President of University of Oregon; President of Western Oregon State College; Executive Vice President of Oregon State University and the President of Oregon Institute of Technology.

75	Dave Frohnmayer	<p>President, University of Oregon, presents highlights: (EXHIBIT E, F)</p> <ul style="list-style-type: none"> * Major research university * Won first prize in the country for best computer network * If a corporation, the university would be the 4th largest in the State. * U of O is the only Oregon university that is a member of the Association of American Universities * Ranks among top 20 most politically active campuses * Small class size
187	Betty Youngblood	<p>President, Western Oregon State College, presents highlights:</p> <ul style="list-style-type: none"> * Noted for Teacher Education Program * Oregon's first normal school * National leadership in research and policy development * Division of Teaching Research, in early childhood education * Grant of \$9M for National Center of Education for Deaf and Blind * Provides educational opportunities via satellite operations across US * Liberal Arts Education, Oregon Military Academy, Public Safety Academy, Criminal Justice Program
283	Roy Arnold	<p>Provost & Executive Vice President, Oregon State University, presents highlights:</p> <ul style="list-style-type: none"> * Heritage as a land grant university * Foundation in liberal arts & sciences, engineering and selected professional programs such as Pharmacy and Veterinary Medicine * Carnegie Research One University (major research university) * Agricultural Experimental Station and Forestry Research Laboratory funded in OSSHE budget
TAPE 6, A		
		<p>President, Oregon Institute of Technology, presents highlights:</p>

004	Larry Wolf	<p>* Celebrating 50th anniversary</p> <p>* Campus in Klamath Falls but mission is statewide serving approximately 2,000 students.</p> <p>* Offers primarily Bachelor Degrees; specifically engineering disciplines; health technologies, and industrial management</p> <p>* Master's Degree in Computer Engineering Technology</p>
87		Responds that Klamath Falls Community College is a separate institution. Being constructed near Oregon Institute of Technology. Cooperative activities between community college and higher institution.
	Rep. Sunseri	Questions the transferability of community college credits to university.
	Arnold	Invites community college presidents to respond to that. Oregon Transfer Degree now in its 3rd year. Students who follow that program have had no problem.
	Chair Luke	Indicates bill will be introduced; holding a hearing on this issue this session.
215	Chair Luke	Indicates committee will be looking at transferability of credits issue. Adjourns meeting at 10:20 am

Submitted By, Reviewed By,

Joan Diaz, Bryan Boehringer,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Factors Leading to Prepaid Tuition Programs, written materials, Andy Clark, 7 pp

B - Background on State Pre-Paid Tuition Programs, written materials, Tom Turner, 2 pp

C - Helping Families Help Themselves, written materials, Tom Turner, 12 pp

D - Prepaid Tuition Program, written materials, Philip Bentley, 6 pp

E - University of Oregon, written materials, Dave Frohnmayr, 15 pp

F - University of Oregon, written materials, (booklet) Dave Frohnmayer, 18 pp