

**HOUSE COMMITTEE ON EDUCATION**

**April 25, 1997 Hearing Room E**

**07:45 A.M. Tapes 118 - 119**

**MEMBERS PRESENT:**

**Rep. Dennis Luke, Chair**

**Rep. Terry Thompson, Vice-Chair**

**Rep. Roger Beyer**

**Rep. Ryan Deckert**

**Rep. Bob Jenson**

**Rep. Charles Starr**

**Rep. Ron Sunseri**

**MEMBER EXCUSED:**

**STAFF PRESENT:**

**Bryan Boehringer, Administrator**

**Joan Diaz, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 3636 - Public Hearing**

**HB 3707 - Public Hearing**

**HB 2391 - Public Hearing**

**HB 2403 - Work Session**

**HJR 72 - 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 118, A</b>		

007	Chair Luke	Calls meeting to order at 7:48 a.m. Opens public hearing on HB 3636.
<b><u>HB 3636 - PUBLIC HEARING</u></b>		
	Rep. Mark Simmons	Represents district 58, testifies in favor of HB 3636 which puts a limit on salaries and benefits for school district employees. Refers to amendment concepts <b>(EXHIBIT A)</b> . <sup>1</sup> (
068	Rep. Thompson	Asks how would a small school district like Agness handle the limits on salaries, etc.
	Rep. Simmons	Responds an effort is being made to develop a formula; no hard/fast rule. Will probably be working on amendments.
	Rep. Thompson	Asks if this would create an accounting nightmare; how would an audit be conducted.
	Rep. Simmons	Responds there will be variables for each district after amendments are drafted.
104	Ozzie Rose	Legislative Representative, Confederation of School Administrators, testifies against bill. Comments it is difficult to write a bill with "one size fits all" provisions <b>(EXHIBIT B)</b> . <sup>2</sup> (
133	Rose	Responds to Chair's questions that there is a uniform accounting system but it isn't adequate. Comments the Governor has a proposal to re-develop a results-oriented accounting system for the future.
	Tricia Smith	Government Relations Specialist, Oregon School Employees Association, testifies against HB 3636 <b>(EXHIBIT C)</b> <sup>3</sup> ( as written. Comments that there needs to be a direct policy debate about whether Legislature is going to "run" local schools since Legislature funds them.
184	Laurie Wimmer	Government Relations Consultant, Oregon Education Association, testifies against HB 3636 as written <b>(EXHIBIT D)</b> <sup>4</sup> (but would be willing to work with sponsor of the bill.
	John	Director of Legislative Services, Oregon School Board Association,

197	Marshall	testifies against HB 3636 as written <b>(EXHIBIT E)</b> . <a href="#">[5]</a> (
	Chair Luke	Closes public hearing on HB 3636. Opens public hearing on HB 3707.
<b><u>HB 3707 - PUBLIC HEARING</u></b>		
230	Phil Keisling	Secretary of State, testifies regarding HB 3707 <b>(EXHIBIT F)</b> . <sup>6</sup> (Bill allows income contingency for higher education expense, allowing students to repay tuition with a fixed percentage of their annual income for up to 25 years after leaving school.
276	Chair Luke	Closes public hearing on HB 3707. Opens public hearing on HB 2391.
<b><u>HB 2391 - PUBLIC HEARING</u></b>		
	Chair Luke	Asks staff to explains the -2, amendments <b>(EXHIBIT G)</b> <a href="#">[7]</a> ( , the -3, amendments and the -4 amendments.
	Bryan Boehringer	Committee Administrator, explains the amendments which replace the bill.
	Chair Luke	Explains when bill is reheard, committee will be considering the amendments. Closes public hearing on HB 2391. Opens work session on HB 2403.
<b><u>HB 2403 - WORK SESSION</u></b>		
310	Rep. Randall Edwards	Represents district 15, testifies regarding HB 2403.
	Chair Luke	Thanks workgroup for assembling information on the bill. Workgroup members are Connie Seeley, Legislative Assistant; Philip Bentley, Policy Advisor, Office of State Treasurer; and Andy Clark, Associate Director of Government Relations, Office of the Chancellor.
354	Cindy Hunt	Legislative Counsel explains the -2 amendments to HB 2403 <b>(EXHIBIT H)</b> . <sup>8</sup> (

TAPE 119, A		
002	Hunt	Continues testimony.
	Bill Nessly	Asst. Attorney General, Treasurer's Office, explains -2 amendments.
039	Rep. Sunseri	Asks if the newly created board will receive compensation.
	Nessly	Responds the board will not be salaried; will receive a stipend of \$30/day per statute.
062	Hunt	Explains the authority of the board in section 10.
	Nessly	Responds to committee's question regarding beneficiary's age. Age will have a relationship to a payback schedule; actuaries will make projections, provide financial advice, etc.
113	Hunt	Responds to Chair's question that disclosures are explained in section 18. Continues testimony.
161	Chair Luke	Comments that this is voluntary contract with voluntary payments but after contract is signed, the payments are mandatory.
	Rep. Sunseri	Asks whether administrative charges will be larger than benefits reaped by Oregonians. Uses example of \$5000.
187	Nessly	Comments that a new agency that has staff powers will be created which would be similar to Public Employees Retirement Board.
196	Hunt	Continues explaining -2 amendments.
244	Chair Luke	Asks whether professional schools, such as beauty schools, should be listed in bill.
	Nessly	Responds those kinds of schools are not allowed by federal law to receive these kinds of tuition payments. Bill follows federal law.
261	Hunt	Comments the basic theme throughout the bill is to match it to federal law so that tax benefits can result. Continues discussing changes in the

		amendments from the original bill.
	Nessly	Responds to Chair's question that there is a possibility that account could be attached in a bankruptcy.
300	Chair Luke	Asks if contract is a lien on the estate of purchaser at time of death.
	Hunt	Responds that it is handled like any other contractual obligation. Board does have provision for lump sum payments.
343	Hunt	Responds to Chair's question that principal payments would be refunded should beneficiary not attend school, but penalty would match federal law. Penalty would be that no interest would be payable. Principal remains intact.
	Chair Luke	Asks if there is any age stipulation when beneficiary can draw on funds.
	Hunt	Responds board is given authority to set those limitations.
	Chair Luke	Asks if students are taking college courses while still in high school and graduating before age 18, can they withdraw funds.
386	Philip Bentley	Policy Advisor, Office of State Treasurer, responds further regarding time limit that assets are held.
405	Rep. Beyer	Asks if this bill is modeled after State of Florida's plan; bill appears to be "cumbersome."
	Chair Luke	Responds it guarantees tuition rates when a child is ready to go to school; the information is as detailed as any investment plan should be.
<b>TAPE 118, B</b>		
005	Rep. Beyer	Continues asking for clarification of provisions.
	Hunt	Responds that the original bill was based on Florida's model. Federal law was changed after the Florida plan. Changes incorporated into this bill; amendments have simplified the original bill.
		Associate Director, Government Relations, Oregon State System of

023	Andy Clark	Higher Education, comments on workgroup's efforts on the bill.
	Rep. Beyer	Asks questions regarding the -2 amendments. Comments on son's admittance to Oregon State University at today's dollars.
	Clark	Responds that is the goal of the bill; to prepay tuition costs.
	Bentley	Comments there are greater benefits when a purchaser invests when child is age 8, rather than age 15.
071	Rep. Jenson	Asks if the difference would only be in administrative costs.
	Bentley	Responds theoretically that is correct. Some states establish a time limit or age limit, before investor could purchase prepaid tuition.
	Bentley	Responds to committee's questions that the law requires a named beneficiary.
159	Rep. Thompson	<b>MOTION: Moves to ADOPT HB 2403-2 amendments dated 04/17/97.</b>
	Chair Luke	<b>Hearing no objection, declares the motion CARRIED.</b>
165	Rep. Thompson	<b>MOTION: Moves HB 2403 to the floor WITHOUT RECOMMENDATION as to passage AS AMENDED and BE REFERRED to the committee on Ways &amp; Means by prior reference.</b>
		<b>VOTE: 5-0</b>  <b>AYE: 5 - Beyer, Deckert, Jenson, Thompson, Luke</b>  <b>EXCUSED: 2 - Starr, Sunseri</b>
	Chair Luke	<b>The motion CARRIES.</b>
	Chair Luke	Closes work session on HB 2403 and opens work session on HJR 72.
<b>HJR 72 - WORK SESSION</b>		
	Chair Luke	Asks staff to explain bill and amendments.

	Boehringer	Discusses the -2 amendments which amends the Oregon Constitution to allow the Legislative Assembly to lend credit of the state for the higher education prepaid tuition plan. HJR 72 requires voter approval. <b>(EXHIBIT I).</b> <sup>9</sup> (
189	Rep. Thompson	<b>MOTION: Moves to ADOPT HJR 72 -2 amendments dated 04/17/97.</b>
	Chair Luke	<b>Hearing no objection, declares the motion CARRIED.</b>
	Rep. Thompson	<b>MOTION: Moves HJR 72 to the floor WITHOUT RECOMMENDATION as to passage AS AMENDED and BE REFERRED to the committee on Ways &amp; Means.</b>
	Rep. Beyer	Asks questions regarding the State borrowing money and amending constitution.
	Nessly	Responds to question by referring to section 2 of the -2 amendments.
	Chair Luke	Recesses work session on HJR 72. Opens public hearing on HJR 72.
<b><u>HJR 72 - PUBLIC HEARING</u></b>		
	Chair Luke	Asks for testimony; hearing none, closes public hearing on HJR 72. Re-Opens Work session on HJR 72
<b><u>HJR 72 - WORK SESSION</u></b>		
	Chair Luke	Asks clerk to call the roll.
		<b>VOTE: 5-0</b>  <b>AYE: 5 - Beyer, Deckert, Jenson, Thompson, Luke</b>  <b>EXCUSED: 2 - Starr, Sunseri</b>
	Chair Luke	<b>The motion CARRIES.</b>
	Chair Luke	Closes work session on HJR 72. Adjourns meeting at 9:06 a.m.

Submitted By, Reviewed By,

Joan Diaz, Bryan Boehringer,

Administrative Support Administrator

**EXHIBIT SUMMARY**

<sup>1</sup>( A - HB 3636, written materials, Mark Simmons, 2 pp

<sup>2</sup>( B - HB 3636, written testimony, Ozzie Rose, 3 pp

[\[3\]](#)( C - HB 3636, written testimony, Tricia Smith, 1 pg

<sup>4</sup>( D - HB 3636, written testimony, Laurie Wimmer, 5 pp

[\[5\]](#)( E - HB 3636, written testimony, John Marshall, 1 pg

<sup>6</sup>( F - HB 3707, written materials, Phil Keisling, 4 pp

[\[7\]](#)( G - HB 2391, proposed amendments, staff, 9 pp

<sup>8</sup>( H - HB 2403, proposed amendments, staff, 21 pp

<sup>9</sup>( I - HJR 72, proposed amendments, staff, 2 pp

J - HB 3636, submitted testimony, Bob Duehmig, 1 pg