

**HOUSE COMMITTEE ON GENERAL GOVERNMENT**

**April 11, 1997 Hearing Room D**

**1:00 P.M. Tapes 71 - 73**

**MEMBERS PRESENT:**

**Rep. Ken Strobeck, Chair**

**Rep. Dan Gardner, Vice-Chair**

**Rep. Bob Montgomery**

**Rep. Kurt Schrader**

**Rep. Liz VanLeeuwen**

**Rep. Tom Whelan**

**MEMBER EXCUSED:**

**Rep. Jim Hill**

**STAFF PRESENT:**

**Jeri Chenelle, Administrator**

**Annetta Mullins, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 2617 - Public Hearing**

**HB 3666 - Public Hearing**

**SB 27 A - Public Hearing**

**HB 2112 - Work Session**

**HB 2402 - Work Session**

**HB 2493 - 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
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<b>Tape 71, A</b>		
003	Chair Strobeck	Calls meeting to order at 1:04 p.m. and opens public hearing on HB 2617.
<b><u>HB 2617 - PUBLIC HEARING</u></b>		
004	Jeri Chenelle	Administrator, reviews provisions of HB 2617.
016	Dick Flahavan	Chief of Governmental Affairs, Selective Service System, testifies in support of HB 2617 ( <b>EXHIBIT A</b> ).
		Issues discussed:
068		* penalty if government agency should hire someone who has not registered
		* prohibition for life from federal government employment if not registered by age 26
		* draft for females
104		* school districts are concerned with policing federal law
		* whether there are federal funds for implementation
122		* whether the language in HB 2617 is the same as in other 18 states
		* procedures needed to verify registration
140		* procedures for admittance to higher education institution
158	Clayton Brown	Private citizens, testifies in support of HB 2617 ( <b>EXHIBIT B</b> ).
		Issues discussed:
201		* why private employers are not included
		* origin of selective service system
218		* process for notifying persons turning 18
		* lack of funding for advertising
274		* time required for issuance of registration number; generally 40 days
294		* penalties for failure to register of \$250,000 fine and five years in jail run for life
309		* data for states that have passed similar laws
326	Ruth Forsythe	State Director for Oregon Selective Service, testifies in support of HB 2617:
347		* system is based on fairness and equality
		* during Vietnam war criticism existed that people went to school forever and were deferred; that is no longer possible
		* the former draft boards are now called "local boards"
		* registrants with a question have the opportunity to meet with the board
		* in order to keep the system working fairly, everyone who is required to

		be registered should be registered
356		Issues discussed:
		* boards are gender balanced; the number of females will depend; the boards are structured against the zip codes by the population numbers that would be needed by the number of registrants
390	Lew Hampton	Testifies in support of HB 2167, noting that most of his testimony has been covered already.
		* makes analogy with those who sign up and those who play the lottery; those registering are attracting a probability against themselves that is greater than if there were a higher rate of compliance
400	Rep. Montgomery	Comments it is an issue of unfairness between public and private employees; it should be both ways.
<b>TAPE 72, A</b>		
006	Lt. Mike Caldwell	Deputy Director, Oregon National Guard, testifies in support of HB 2617:
		* four individuals are on the Table of Organization and are funded by federal funds
		* could do better job of outreach
		* recruiters deal with high schools
		* after someone turns 26, they cannot get into the system
		* there are no federal dollars or state dollars for advertising
		* General Rees supports the selective service and recognizes there will be some burden on public agencies and would work with agencies to make it as flexible as possible within the limited resources.
031	Rep. Schrader	Suggests a check off could be put on the tax form.
036	Rep. Montgomery	Comments a slip of paper could be given to students graduating from high school, and asks if the National Guard has personnel who could do it.
042	Caldwell	Responds they have not thought about it; and would try to make it as simple as possible to any organization, public or private; sometimes the young men don't drop the card in the mail, and this is another way to try to get them in the system to protect them against their own errors.
056	Tamara Dykeman	Legislative Director, Oregon Student Association, testifies in opposition to HB 2617; relays information provided by to her by financial aid directors:
		* to qualify for federal financial aid a male must be registered for the draft; male student at 26 who was no longer using drugs or alcohol could not get financial aid because he had not registered and therefore could not go to school
		* legislation is punitive
		* financial aid directors enforce law inconsistently among campuses

081		Issues discussed:
		* how to encourage financial aid directors to take the law seriously
084	Philip Fell	League of Oregon Cities (LOC), testifies on HB 2617:
		* there would be cost to employers for checking to make sure individuals have registered
		* feels those graduating from high school would be glad to fill out a form
103		* whether the requirement can be placed on private employers
		* notes people must pass drug test so there is precedent
		* LOC would not oppose HB 2617, but there probably will be some cost, though nominal
112	Chair Strobeck	Asks members to contact Jeri Chenelle if they have suggestions for amendments, clarifications or other ideas.
120	Rep. Montgomery	Comments this legislation is trying to fix something that is not broken based on the testimony. Suggests there may be a workable solution.
122	Chair Strobeck	Closes public hearing on HB 2617 and opens public hearing on HB 3666.
<b><u>HB 3666 - PUBLIC HEARING</u></b>		
131	Jeri Chenelle	Administrator, reviews provisions of HB 3666.
	Rep. Gardner	Testifies in support of HB 3666 and reviews amendment request to Legislative Counsel outlined in memo ( <b>EXHIBIT C</b> ).
170	Alice Dale	Oregon Public Employees Union (OPEU), testifies in support of HB 3666 ( <b>EXHIBIT D</b> ).
260	Rep. Whelan	Comments he asked a non-profit agency for and received a list of board of directors but with the addresses deleted, and when he asked for a copy of the budget was given a brochure.
272	Dale	Responds they are not subject to the public records requirement of disclosure because they are not a public agency.
277	Rep. VanLeeuwen	Comments it is not easy to get the information from public agencies either.
290	Rep. Montgomery	Asks when federal funds become state funds and when state funds become county funds.
299	Rep. Gardner	Responds the amendment would say if a state agency contracts directly with the (non-profit); it would not address the county funds.
303	Rep. Montgomery	Comments that money passed to the county becomes county money, and they contract also, but those funds would be excluded.
306	Rep. Gardner	Responds they will, but if an amendment can be written where that would not be an added cost, it would be entertained.

313	Dale	Refers to the reference to the Oregon Department of Transportation in her testimony ( <b>EXHIBIT D</b> ) and comments that while some of the dollars are federal dollars, the question is whether the state is the contracting agency. Notes that some human resource contracts are subsidized heavily by the federal government, but the funds are distributed out by the state and believes it is appropriate that the state have some oversight of the contracts.
331	Rep. Montgomery	Comments he agrees they need to provide the information. Notes that the proposed amendment would include names and addresses of all employees, and adds that those in the building now are trying to keep the names and addresses of all state employees confidential, and that he would never do anything to make them do what we are trying to stop doing.
338	Gardner	Responds that the amendments will say payroll records, but would not include, necessarily, names and addresses.
345	Rep. Whelan	Asks if the amendments would apply only to non-profits with more than 50 percent of their budget from state funds.
345	Rep. Gardner	Responds with the amendments it would apply to for-profit and non-profit and only those with 50 percent or more of their operating budget coming from the state.
362	Chair Strobeck	Comments lines 6 and 7, says "agency that receives more than 50 percent of the compensation for performance of the contract from state funds... " and doesn't say their "operating budget."
377	Rep. Gardner	Explains that is why the amendment will clarify that it is their "operating budget" which was the intent and will be corrected in the amendment.
385	Rep. Mike Fahey	Testifies in support of HB 3666:
		* has dealt with non-profit organizations for 15 years and serves on board of directors of a mental health organization
		* has no problem divulging records if money is received from any organization
		* serving on a board has a fiduciary responsibility
		* the more people looking at it, the better chance there is of having no mistakes or oversights
401		* believes intent is to be prudent; if you are giving out funds there should be accountability
408	Chair Strobeck	Asks if the mental health association is subject to audit if they have contracts from agencies.
410	Rep. Fahey	Responds it is a pass-through; state and county funds are involved and the books are audited. Adds that if he chooses to be a member of a board of directors, he has no problem if his name and address are released.
<b>TAPE 71, B</b>		
		Blue Cross/Blue Shield of Oregon, comments he has not seen the

008	John Powell	amendments and many of the concerns may be answered by the amendments.
		* Blue Cross/Blue Shield is a private, non-profit corporation; many competitors would not share that distinction
		* health insurance is already subject to review by a state agency
		* agency requires full disclosure and businesses are subject to audit
		* financial records are disclosed and available at the Insurance Division which may be covered by the amendments
		* line 8 allows requesting of records; at the insurance level it would have to be defined because it would include medical records
		* for a small insurer such as Select-Care, which doubled its size when it won a state contract, 50 percent of their income could come from the contract and be subject to this law
		* asks for an amendment that would not subject insurers to the provisions of the bill
042	Leslie Ford	Oregon Community Mental Health Association (OCMHA) and Director, Network Behavioral Health Care, a private, non-profit organization that delivers mental health and drug and alcohol services in Marion, Multnomah, Clackamas and Washington counties, testifies in opposition to HB 3666:
		* receives a mix of public and private funds and has no direct contracts with the state.
		* all in association are in a very competitive arena that is undergoing radical change including accountability
062		* over one dozen routinely scheduled audits on a variety of public funding mixes
		* audits are important, time consuming, expensive, relatively redundant, and are public domain
		* believes information should be available
082		* duplication adds to the cost of care provided
087		* information requested by HB 3666 is in the public domain and widely available to the contract holders to whom they are accountable
088	Rep. Gardner	Asks if the information would be provided to a legislator or state agency.
	Ford	Responds she has never had the request, but cannot imagine why she would not provide it; the county contract holder has the information on a monthly basis.
093	Rep. Gardner	Asks why they have a problem with the bill.
	Ford	Responds it is because the information is available and going through another reporting process adds more indirect costs to the services.
		Comments it would seem to be cost effective for the agency to spend \$10

114	Rep. Whelan	copying the budget and sending it to the legislature assuring a \$1.5 million income stream.
	Ford	Responds she would not disagree; the information is available from the Division of Mental Health or from the county.
123	Sen. Thomas Wilde	Testifies in support of HB 3666:
		* public officials represent the people who provide the money
		* it is our responsibility to make certain through statutes and various programs that the money is used as efficiently as possible
		* has requested information from a non-profit organization and has not received it
		* would prefer to put this into law to have a statute to cite
135	Jim Carlson	Oregon Health Care Association, testifies in opposition to HB 3666:
		* organization represents several hundred health care facilities across the state
		* providers do quite a bit of contracting with state primarily under the State Medicaid program, and also contracts with the Mental Health Division and Senior and Disabled Services Division
		* language in lines 6 and 7 is broad and anyone contracting with the state will probably fall under the provision
160		* has not seen a copy of the amendment; payroll records and other records will have quite a bit of information on individual employees
		* state Medicaid contracts require that if the state wants to come in and open the books for an audit, they can do it; it is standard language in the contracts
168		* nursing facility providers are required to provide detailed Medicaid cost reports on an annual basis as well as Medicare cost reports; both reports are public information
		* concerns of competition among each other
190		* records could pertain to medical records
		* HB 3666 is very broad and gives reasons for concern
		Issues discussed:
211		* audit procedures
		* competition
259	Chair Strobeck	Closes the public hearing on HB 3666 and opens the public hearing on SB 27 A.
<b><u>SB 27 - A - PUBLIC HEARING</u></b>		
261	Jeri Chenelle	Reviews provisions of SB 27 and advises the committee previously passed HB 2155.

281	Chair Strobeck	Adds the plan was that the House would pass HB 2155 and the Senate would pass SB 27 and they would be combined, but the relating to clause of SB 27 says "relating to temporary employment in state service" which might be a problem for local governments because they are not state service.
284	Paul Koch	Department of Administrative Services, Human Resource Services Division, provides background and explains provisions of SB 27 A:
344		* bill would also expand 24 month appointment for training
		* current statutes allow law clerks still in college to work longer for the Department of Justice
		* would envision this in technical programs
340		* Legislative Counsel called to ask if they could include retirees
		Issues discussed:
379		* whether students are included
		* why there is provision for a longer time for temporary people than permanent people
415		* SB 27 would eliminate the differences between classified, management service, and exempt employees, etc.
<b>TAPE 72, B</b>		
009	Fred McDonnal	Public Employees Retirement System (PERS), comments he is here only to answer questions.
	Rep. Whelan	Asks if the committee did the right thing in passing HB 2155.
020	McDonnal	Responds it make sense from an administrative standpoint to have one figure.
022	Chair Strobeck	Asks if temporary employees are part of the PERS system.
	McDonnal	Responds temporary employees are not part of the PERS system.
030	Rich Peppers	Oregon Public Employees Union (OPEU) testifies in opposition to Section 3 ( <b>EXHIBIT E</b> ).
065		Discussion is held on whether "law clerk" was left out by the amendment in the Senate.
099	Koch	Comments the intent was not to exclude the law clerk, it was to include other professional students.
112	Peppers	Agrees with Mr. Koch, and continues reading statement ( <b>EXHIBIT E</b> ).
139		Issues discussed:
		* purpose is to provide flexibility to agencies to take care of work loads; there are instances where workloads go beyond six months and there is no funding to hire a permanent person
		* temporary employees are used for emergent work loads, they are non-permanent kinds of work load issues
		* statutes do not allow for another way of hiring; it is not a substitute for

		replacing permanent employees
		* limited duration and short term employment
184	Chair Strobeck	Announces he will take under advisement the amendment on the law clerks, and consider the section on temporary employees.
185	Chair Strobeck	Closes the public hearing on SB 27 and opens the work session on HB 2402.
<b><u>HB 2402 - WORK SESSION</u></b>		
184	Jeri Chenelle	Administrator, review provisions of HB 2402 and the -1 amendments <b>(EXHIBIT F)</b> .
204	Chair Strobeck	Explains that Legislative Counsel was instructed to take out the mandatory provision on the double-sided and say they could be double-sided rather than have it be prohibited under current rules.
	Rep. Montgomery	Comments he totally concurs we should recycle paper and use double sided, but asks why not just send out a notice to people because the bill has no penalty.
221	Brad Swank	Administrator, Office of the State Court Administrator, present written statement and proposed amendments <b>(EXHIBIT G)</b> .
270	Swank	Continues presentation.
321	Rep. Schrader	Asks if there are any differences between the -1 amendments and those being proposed by Mr. Swank.
322	Swank	Responds their amendments do not establish a mandate; they apply to all government entities.
332	Chair Strobeck	Suggests the committee move the bill with the -1 amendments and have Mr. Swank present their amendments to the Senate committee which hears the bill.
339	Rep. Gardner	<b>MOTION: Moves to ADOPT HB 2402-1 amendments dated 04/03/97.</b>
355		<b>VOTE: 6-0</b> <b>EXCUSED: 1 - Rep. Hill</b>
	Chair	<b>Hearing no objection, declares the motion CARRIED.</b>
356	Rep. Gardner	<b>MOTION: Moves HB 2402 to the floor with a DO PASS AS AMENDED recommendation.</b>
360		<b>VOTE: 5-1</b> <b>AYE: 5 - Gardner, Montgomery, Schrader, Whelan, Strobeck</b> <b>NAY: 1 - VanLeeuwen</b> <b>EXCUSED: 1 - Hill</b>
		<b>The motion CARRIES.</b>

	<b>Chair</b>	<b>REP. MARKHAM will lead discussion on the floor.</b>
373	Chair Strobeck	Closes work session on HB 2402 and opens work session on HB 2493.
<b><u>HB 2493 - WORK SESSION</u></b>		
375	<b>Rep. Gardner</b>	<b>MOTION: Moves HB 2493 to the House Committee on Environment and Energy WITHOUT RECOMMENDATION as to passage.</b>
375		<b>VOTE: 4-1</b>  <b>AYE: 4 - Gardner, VanLeeuwen, Whelan, Strobeck</b>  <b>NAY: 1 - Schrader</b>  <b>EXCUSED: 2 - Hill, Montgomery</b>
	<b>Chair</b>	<b>The motion CARRIES.</b>
395	Chair Strobeck	Closes the work session on HB 2493 and opens the work session on HB 2112.
<b><u>HB 2112 - WORK SESSION</u></b>		
380	Jeri Chenelle	Administrator, reviews provisions of HB 2112 and the -1 amendments <b>(EXHIBIT H)</b> .
419	Chair Strobeck	Comments that the amendments are the result of committee discussion about property that is not owned or operated by the state, and that the language could mean natural gas lines
<b>TAPE 73, A</b>		
011	<b>Rep. Gardner</b>	<b>MOTION: Moves to ADOPT HB 2112-1 amendments dated 04/03/97.</b>
012		<b>VOTE: 4-0</b>  <b>EXCUSED: 3 - Rep. Hill, Montgomery and VanLeeuwen</b>
	<b>Chair</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
014	<b>Rep. Gardner</b>	<b>MOTION: Moves HB 2112 to the floor with a DO PASS AS AMENDED recommendation.</b>
016	Rep. Schrader	Comments he had a concern regarding over-building and the state being responsible for the cost if the community would want to have some of their infrastructure needs provided for.
020	Chenelle	Responds there are difficulties in doing that because the state cannot assume the debt for another agency.
023	Rep. Schrader	Comments it is his understanding it is commonly done, so to speak, and questions how effective the existing law or the administration is.

039	Greg Jeffrey	Finance Manager, Department of Administrative Services, comments the intention of the bill is limited to the improvements of the infrastructure that is required, and by introduction of the location of the state correctional facility into a community, the language in line 21 which says "if the director determines that financing will facilitate the construction and operation of the facility..." is what would be relied on as the limiting fact. The director would be looking to find that the extent of the infrastructure being proposed is just sufficient to handle the additional demand being created by the location of a state facility in the area.
052	Chair Strobeck	Comments that sometimes improving a sewer line on main street might facilitate, even if the part needed is only 20 percent of the project.
062	Jeffrey	Responds it is also important to recognize how DAS would be approaching this, in addition to Corrections and OIA, which is to try to keep a limit on the cost of operating the correctional facility, and that the idea of going beyond the necessary infrastructure needs are that the state would be financing and paying for would be entirely inconsistent with the effort to limit the costs.
070	Rep. Schrader	Comments he is not comfortable with the answer and suggest the Senate can address the concern.
	Chair Strobeck	Agrees and comments on the process of getting additional amendments. Adds that he is uncomfortable with the phrase "will facilitate" and would be more comfortable if it said something like "financing the infrastructure is essential to the construction and operation." Asks that it be on the record, that a note be made to the Senate, and adds that a statement will be made on the House Floor if necessary.
090	Jeffrey	Comments he does not think adding the provision to the bill would be harmful, and thinks it is consistent with the intent of the bill. Adds that the infrastructure will not be collateral to stand behind; it will also serve as fuel to limit the state's interest in expanding the infrastructure and financing.
111		<b>VOTE: 4-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b> <b>EXCUSED: 3 - Rep. Hill, Montgomery, VanLeeuwen</b>
	<b>Chair</b>	<b>The motion CARRIES.</b> <b>REP. SCHRADER will lead discussion on the floor.</b>
117	Chair Strobeck	Adjourns meeting at 3:04 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - HB 2617, prepared statement, Dick Flahavan, 4 pp**

**B - HB 2617, prepared statement, Clayton Brown, 7 pp**

**C - HB 3666, prepared statement, Rep. Gardner, 2 pp**

**D - HB 3666, prepared statement, Alice Dale, 2 pp**

**E - SB 27-A, prepared statement, Rich Peppers, 2 pp**

**F - HB 2402, HB 2402-1 amendments, staff, 1 p**

**G - HB 2402, prepared statement and proposed amendments, Brad Swank, 7 pp**

**H- HB 2112, HB 2112-1 amendments, staff, 1 p**