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SENATE COMMITTEE ON EDUCATION

January 27, 1996 Hearing Room 343

3:00 P.M. Tapes 11

MEMBERS PRESENT:

Sen. Tom Hartung, Chair

Sen. Marylin Shannon, Vice-Chair

Sen. Ken Baker

Sen. Gary George

Sen. Cliff Trow

Sen. Susan Castillo

MEMBER EXCUSED:

None

STAFF PRESENT:

Jan McComb, Administrator

Shirley Spendal, Administrative Support

MEASURE/ISSUES HEARD:

Public Hearing on SB 59.

Public Hearing and Work Session on SB 62.

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 11, A		

005 Chair Hartung Calls meeting to order at 3:05. Discusses charter schools. Announces staff will contact Ted Kolderie to have him give us his model bill to do a side-by-side comparison with everyone's bills. Following this comparison we may invite Mr. Kolderie to address the committee. Opens public hearing on SB 59.

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SB 59 - PUBLIC HEARING

031 Doug Collins Executive Director of Oregon State Scholarship Commission. Jim Beyer, Grant Department, and Sherrill Kirchhoff, Private Awards Division. Submits (**EXHIBIT A**).

036 Collins Gives background on both bills. Tuition increased by 80% past 5 years. Since 1980 has increased by 243%. Median income up 98%. States student debt rising. Average debt student graduating with, \$17,000. Oregon Need Grant underfunded. Great need to look for new options. SB 59 provides a private business that would set up scholarship programs for its employees or dependents would receive a one-for-one tax credit as an incentive to develop program.

058 Collins Have 130 programs - 8 deal with dependent programs, private businesses, corporations. Want to do more such programs. Bill set at one to one. Could drop incentive to 50-50. That way the state would share the burden and you would leverage private monies.

071 Collins Difficult to estimate cost of bill. With 10 programs, impact about \$200,000 general fund tax reduction.

075 Chair Hartung Asks to hit "high spots."

076 Collins Section 2 adds to State Scholarship Commission powers and duties, eligibility. Section 3 sets time line. Section 4 deals with certification. Section 6 deals with nature of the tax credit and the eligibility. Discusses terms.

102 Chair Hartung Asks if this applies to public institutions only.

103 Collins No, definition includes "any institution." Need to give thought to the current programs provide for students who may go to school in other states and reside in other states. Discusses pros and cons of changing this to in Oregon only.

116 Chair Hartung Not having work session today as need fiscal and revenue impact studies. Asks him to return for work session.

120 Sen. Trow Asks Chair Hartung if bill has subsequent referral to Revenue

122 Chair Hartung Yes.

123 Sen. Trow

Collins Questions and discussion on tax credits for businesses.

143 Sen. George Asks would your group support if just a deductible business expense.

145 Collins Answers yes.

148 Sherrill Kirchoff States wants to comment on question of why get into this "arena." See this as way to reward students to be successful in post-secondary education.

162 Sen. Castillo States her concern if Need Grant now underfunded and competition tight, what would this do to Need Grant funding.

167 Collins Answers next bill responds to that.

170 Susan Browning Department of Revenue.

172 Browning Bill touches on tax administration issues. Language is appropriate to administer a credit but needs language to limit credit to tax liability of the taxpayer. Without that could be interpreted as refundable credit.

178 Chair Hartung Indicates will be referring to Revenue; asks her to track.

179 Browning States SB 59 provides credit to corporation as employer. It does not specify corporation must have Oregon employees or it must set a scholarship program in Oregon. Discusses interpretation.

Chair Hartung Closes public hearing on SB 59; opens public hearing on SB 62.

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SB 62 - PUBLIC HEARING:

194 Doug Collins Oregon State Scholarship Commission. Introduces Jim Beyer.

Collins SB 62 speaks to channeling funds from Oregon Teacher Corp. program which is defunct. Discusses history of program. Was targeted to attract people in top 20% of their class into teaching. A third of those people are paying back their loans. Law reads funds have to be used for Teacher Corp., but program does not now exist. Need to amend law to use monies for Need Grant program. About \$200,000 in account right now. Could fund about 200 need grants. More will "dribble in" over the next few years; have most of it already.

213 Sen. Trow Should move bill along.

Chair Hartung Closes public hearing on SB 62 and opens work session on SB 62.

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WORK SESSION ON SB 62:

219 Sen. Trow Asks if subsequent referral.

Chair Hartung States does not, no revenue impact.

220 Sen. Trow MOTION: Moves SB 62 to the floor with do pass recommendation.

222 Chair Hartung VOTE: Hearing no objection, motion CARRIED.

226 Chair Hartung Sen. Trow will carry the bill.

228 Chair Hartung Adjourned Meeting at 3:27 p.m.

Further testimony submitted on SB 59, 2 letters, as (**EXHIBIT B**).

Submitted By, Reviewed By,

Shirley Spendal, Jan McComb,

Administrative Support Administrator

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EXHIBIT SUMMARY

A - Information, Oregon State Scholarship Commission, Doug Collins, 28 PG.

B - Letters, SB 59, Dan Dutton, Matthew Rust, 2 PG.
