

PUBLIC HEARING AND WORK

SESSION ON SB 774 AND SB 1056 TAPES 131 - 132 A/B

SENATE REVENUE COMMITTEE

APRIL 30, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair (left meeting at 9:40 a.m.)

Sen. Joan Dukes (left meeting at 9:21 a.m.)

Sen. Verne Duncan

Sen. Tom Hartung (left meeting at 9:40 a.m.)

Sen. Randy Leonard

Witnesses: Stephen Smith, Oregon Chapter, American Fisheries Society

Kent Weiser, Associate Athletic Director, Oregon State University

Kirk Bailey, Director of Legislative Relations, University of Oregon

Greg Goracke, Associate Athletic Director, Oregon State University

Jon Carey, Director of Athletics, Western Oregon University

Chris Groener, Associated Students of Portland State University

Bruce Stern, Chair of Intercollegiate Athletics Board, Professor of

Business Administration, Portland State University

Ann McCoy, Associate Athletic Director, Senior Women's

Administrator, Portland State University

Kevin McCann, Director of Community and Government Relations,

Oregon State University

Staff: Brian Reeder, Economist

Richard Yates, Economist

Carol Phillips, Committee Assistant

-

TAPE 131, SIDE A

005 Chair Baker Opened meeting at 9:06 a.m.

OPENED PUBLIC HEARING ON SB 774

016 Stephen Smith He reviewed the (-1) Amendments to SB 774 and has no objection to their content. Feels they reflect the issues raised at the last hearing of this bill. These Amendments combined with those discussed at an earlier meeting are acceptable to the American Fisheries Society.

CLOSED PUBLIC HEARING ON SB 774

OPENED PUBLIC HEARING ON SB 1056

047 Kent Weiser Sees that proposed legislation reallocates sports lottery funding based on student enrollment. Concerned about correlation drawn between athletic department size as it relates to full-time equivalency. Some schools have larger enrollments and smaller athletic departments and vice versa. Feels current system had a lot of thought go into it before implementation, feels it has served the state well, and should not be changed.

060 Chair Baker Asked Weiser if the formula should be static and never change.

061 Weiser Stated he had not given that any thought and did not have an answer.

063 Chair Baker Suggested Weiser give it some thought and come back to the Committee when he had a response.

- 064 Greg
Goracke As Goracke reviewed SB 1056 he tried to determine who would be the biggest sufferers regarding the proposed reduction to OSU. Biggest losers would be women's athletics and non-revenue sports.
- 076 Sen.
Leonard Asked if Goracke considered women's athletics at Portland State to be as important as women's athletics at Oregon State.
- 079 Goracke Did not say one was more important than the other. Would encourage an opportunity to work toward benefit for everyone.
- 095 Sen.
Leonard Advised Goracke that Oregon State gets one-third of all Sports Action Lottery funds, while Portland State gets only 17 _%.
- 098 Sen.
Duncan Asked why women's athletics suffer more of a reduction than men's sports if the reduction is to be equitable.
- 101 Goracke Stated all sports would suffer loss in the long run if funding was reduced. As it is now with Sports Action Lottery funding, OSU can provide additional enhancements to sports.
- 107 Sen.
Dukes Asked how many women's and non-revenue raising sports does OSU have and how many people participate in those sports.
- 109 Weiser Answered there are eight women's and five men's non-revenue sports participated in by approximately 475 to 485 student athletes.
- 128 Sen.
Dukes Asked Kirk Bailey the same question.
- 129 Kirk
Bailey Did not have the answer because Athletic Department personnel could not attend this meeting. Believes the numbers would be approximately the same as OSU's. Bailey will get that information for the Committee within 24 hours.
- 135 Sen.
Bryant Asked if U of O and OSU could get additional funding from other sources for their athletic programs. Stated that PAC 10 schools share in television revenues and Bowl revenues which go directly into athletic budgets. Smaller universities don't have that opportunity. Asked if that was a consideration when dollars are divided regarding Sports Action Lottery
- 146 Goracke Answered yes, OSU receives substantial television money, Bowl revenue, etc. for their athletic program. PAC Ten revenue is first, gate receipts second, and Sports Action funding third.
- Sen. Added that the larger schools probably have booster-type clubs that help provide funding and those funds probably go into athletic budgets. Believes that is an important consideration in working through this bill. Asked Goracke if he thought what was being

- 157 Bryant proposed in this bill is unfair; but it also seems unfair to Sen. Bryant that what has been done in the past seems a bit arbitrary. All sources of funding must be considered before a relevant decision can be made.
- 177 Weiser Regarding PAC Ten allocation of funds, it is correct that being a member of the PAC Ten provides opportunities for additional revenue. But the other side of that is that to be a member of that conference requires certain scheduling and travel, the cost of which impacts all the teams. They do share in additional revenue, but also have additional expenses.
- 190 Sen. Leonard Asked Weiser if he was aware that this past year PSU has begun process to be included in the Big Sky conference and that they, too, will be faced with increased expenses associated with that.
- 211 Chair Baker Will bring SB 1056 back next week for further discussion.
- 223 Sen. Duncan When this is brought back would like more detail on the history and rationale for distribution formula.
- 229 Sen. Leonard Stated that at the time the formula was devised two senators from Eugene were involved, and that was the rationale.
- 233 Sen. Hartung Page 2 line 12 of the bill states that "All additional money to the State Scholarship Commission for the need grant program." Asked to see the figures of what money has gone to that program. Believes the need grant program would be an appropriate place to redistribute funds if there are going to be big cutbacks
- 243 Bailey In response to Sen. Bryant's point about being involved in any particular conference, stated that being a member of the PAC Ten brings benefits, but it also has costs associated with it. As an example, in the year when U of O went to the Rose Bowl the athletic department broke even, despite television and other revenues.
- 276 Jon Carey Exhibit A - Written testimony. The revenues derived from the Sports Action Lottery are significant to the operation of the athletic program as WOSU. Funds provide salaries for assistant coaches, are used for talent grants, and augmenting travel, special projects, facility upgrades, maintenance, etc. of facilities that are not possible with any other revenue source. WOSU is in the process of moving from NAIA to NCAA Division II affiliation, from which Portland State is leaving. There will be increased costs for more travel, scholarship funding, etc.
- 314 Carey One of their concerns with existing statute is that there appears to be no way to accommodate for change in level. They will affiliate with the Pacific Northwest conference which will require travel to Alaska and Northern California. Feels it will positive for WOSU. Here only to speak for the benefits that would be enjoyed by

Western Oregon; not here to talk against other schools. 90% of their 300 athletics are from Oregon.

335 Chris Groener Exhibit B - Read written testimony.

437 Ann McCoy Portland State University is in its first of two years of compliance moving up to Division I. PSU is a full member of the Big Sky Conference as of this year. PSU has approximately 320 student athletes now, of which 110 are women. Expense involved in this move is still being assessed. Members of Big Sky include Cal. State Northridge, Cal. State Sacramento, Portland State, Idaho State, Northern Arizona, University of Montana, Montana State, and Eastern Washington.

TAPE 132, SIDE A

036 McCoy Anticipating expenses to go up a minimum of \$300,000 per year because of this move. Recently added men's basketball back to PSU.

044 Sen. Leonard Asked if McCoy was familiar with current distribution formula. Asked if their distribution formula has changed, now that PSU has moved up a conference.

050 McCoy Understands the distribution then and now is a process of evolution. Does not know why formula has not been adjusted in the past. PSU places a high importance in women's athletics. Feels their athletics programs are just as important as those at U of O or OSU.

065 Chair Baker Asked McCoy her impression of the other schools (Western, Southern, Eastern, OIT) athletic programs.

069 McCoy Stated that her opinion is that anything an individual school within a state system can do to improve itself helps the system. Any move to a higher conference is beneficial to the state system as a whole.

097 Sen. Leonard Asked McCoy if she felt that since these are tax dollars being distributed from the state, should the state ought to have in its criteria the level of effort being made by individual institutions to generate further funds to support its programs?

100 McCoy Personal opinion is that she would want to know what an individual school was doing to increase its funding on its own aside from tax dollars or lottery dollars.

109 Chair Baker Believes it was a courageous move to join Big Sky Conference because of the increased expense.

118 Kevin McCann Asked athletic department people to come today to articulate to the Committee what this different formula would impose in the way of impact on OSU. Wanted to clarify position in revisiting formula. It may be time to do this. Wants to find solution that allows

everyone to get more money. But wants to do that without penalizing OSU and U of O in the short run.

148 Sen. Leonard His view is that this distribution formula is not unlike distribution formulas for support of public schools in the 1950s which took moneys gladly from inner-city and minority neighborhoods and redistribute that money gladly to wealthy white schools. Does not see this formula any different from that. Inner-city youth have little choice where they can go to a university, and they are thankful they have one like PSU available. Believes current system was devised to give two-thirds to the two largest universities.

162 Chair Baker Will bring SB 1056 back Wednesday, May 7 for further consideration.

167 Chair Baker Adjourned meeting at 9:45 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

-

Exhibit Summary:

A. SB 1056, Carey, Written testimony dated 4/30/97, 2 pages

B. SB 1056, Groener, Written testimony dated 4/30/97, 2 pages

C. SB 774, Reeder, (-1) Amendments (BS/ps) 4/29/97, 2 pages