

WORK SESSION ON SB 1056

TAPES 141 - 142 A/B

SENATE REVENUE COMMITTEE

MAY 7, 1997 - 9:00 A.M. - HEARING ROOM B - STATE CAPITOL BUILDING

Members Present: Sen. Ken Baker, Chair

Sen. Neil Bryant, Vice Chair

Sen. Joan Dukes

Sen. Verne Duncan

Sen. Tom Hartung

Sen. Randy Leonard

Witnesses: Sen. Ginny Burdick, District 6, Portland

Andy Clark, Associate Director of Government Relations for

Chancellor's Office

Roy Love, Retired Director of Athletics, Portland State University

John Carey, Director of Athletics, Western Oregon University

Loren Remy, 1965 Graduated of Portland State, Portland

Steven Brenner, Professor of Business Administration, Portland State

Staff: Richard Yates, Economist

Carol Phillips, Committee Assistant

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TAPE 141, SIDE A

005 Chair Baker Opened meeting at 9:12 a.m.

OPENED PUBLIC HEARING ON SB 1056

027 Richard Yates Discussed Exhibit A - Fiscal Impact Statement; Exhibit B - Staff Measure Summary; Exhibit C - Revenue Impact Statement.

033 Sen. Ginny Burdick Stated she is a co-sponsor of SB 1056. Currently Sports Action Lottery funds are distributed based on athletic conference membership. SB 1056 would revise the distribution of Sports Action Lottery funds and create a new formula based upon equity. Current distribution of funds leans heavily toward universities who participate in highly competitive athletic conferences. Allocation of funds is not based upon overall athletic participation or number of enrolled students. Students who wish to participate in athletics at Portland State University, Western Oregon University, and Southern Oregon University get "the raw end of this deal" because these schools are in less competitive conferences their athletic programs are short-changed and the schools are not receiving their fair share.

048 Sen. Burdick Stated that at stake in 1996 was more than \$2.8 million dollars which is a large sum and makes a difference to student athletes. SB 1056 equitably funds student athletes statewide.

057 Andy Clark Stated that at the hearing on 4/30/97 several questions were raised about Sports Action Lottery formula distribution. Compiled information for Members to widen the debate somewhat and assist Members in understanding more about what SB 1056 proposes in regard to individual campuses and what the intent of the legislation is. If the intention of the bill is a funds shift, SB 1056 as it stands is sufficient. If the intention is to fund gender equity and if the issue is gender equity, Clark would like to discuss that aspect. Exhibit D - Response to Member Questions is 74 pages in response to four or five specific questions Members had regarding Sports Action Lottery dollars, about the way decisions are made in the state's system of higher education, and also athletic department budgets of each institution of higher learning. Feels the most important issue is Title IX requirement that campuses are required by law to follow.

085 Sen. Leonard Asked why Clark refers to this as a gender equity issue.

086 Clark Responded he has done so based on testimony before this committee on 4/30/97. University of Oregon and Oregon State stated they would not be able to meet their gender equity goals unless they are able to utilize more revenue from Sports Action Lottery dollars. Given that 50% of those dollars are to be used to support women's

athletics in non-revenue generating sports, thinks it is a key element of the discussion.

- 099 Sen. Leonard Stated he saw it as a red herring thrown out to try to bring attention to something that might "push the Committee's button". The current statute does not refer to gender equity with respect to distribution of dollars currently. Has asked Oregon State System of Higher Education ("OSHHE") and the institutions to provide him with the specific objective criteria used to distribute the dollars and has gotten nothing except the gender equity issue. He is not "biting".
- 110 Clark Stated he understood; and when he gets to that section of the Sports Action Lottery which includes all memoranda from 1989 to present he will speak about the funding distribution formula.
- 113 Sen. Dukes Disagreed with Sen. Leonard and said that gender equity was an issue when Sports Action Lottery was created. The proponents originally wanted to bring in money for more football and basketball scholarships, but the legislature was not receptive to that. There was enough pressure to go ahead with the football and basketball scholarships, but the legislature wanted to address women's athletics.
- 128 Clark Exhibit D - Oregon State System of Higher Education Response to Member Questions. Discussed aspects of the 74-page exhibit. Exhibit E - Equity in Athletics Disclosure Act - 87 pages. Questions and discussion interspersed.
- 233 Clark Stated that the National Collegiate Athletics Association ("NCAA") is a voluntary association which governs athletics, and is the key organization to do so in the United States. In 1994 NCAA incorporated principle of gender equity into its constitution. NCAA established an athletic certification program to ensure that Division I programs are credited in a manner the same as academic programs. In 1994 introduced the following sports to help meet gender equity goals: archery, badminton, bowling, ice hockey, rowing or crew, squash, synchronized swimming, team handball, and water polo.
- 254 Clark Referred back to Exhibit D. Chronology of Athletic Funding and Major Policy Issues 1975-1992. Said a lot of changes have occurred since 1992. Stopped at 1992 in his example because Measure 5 kicked in and the feeling about athletics in the state system did not change, but the priorities changed insofar as legislative response and the work of the board. The board has been trying to "keep the ship together" and athletics is a part of that.
- 273 Chair Baker Asked what Measure 5 has to do with higher education?
- 275 Clark Blamed Measure 5 for reductions in higher education.
- 276 Chair Baker Said there may have been a reduction to budgets, but Measure 5 had nothing to do with that. People want to blame Measure 5 for everything.

200 Clark Read and discussed Exhibit A - pages 2, 3, 5, 6, 7, 8, 9, and 10.

432 Chair Baker Asked when the proportioned divisions on lottery proceeds was implemented, or last changed.

437 Clark Answered it was last changed June 14, 1990. Referred to Exhibit D page 29.

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030 Sen. Leonard Asked a question about No. 5 on page 29.

041 Chair Baker The letter in question from David Dix, Majority Leader in January 1990, says in part, "I am greatly concerned by reports that revenues generated by the Lottery's "Sports Action" game are to be distributed according to a formula that would give equal funds to the University of Oregon, Oregon State University, and Portland State University." This implies there was a formula that would have made a different distribution than what was eventually adopted.

048 Clark Stated that the State Board, in consultation with the campuses, made the decision that... (did not finish sentence).

049 Sen. Leonard Asked what date the formula was adopted.

050 Clark Answered June 14, 1990.

050 Sen. Leonard Pointed out that date was five months after David Dix sent the above-referenced letter in which he lobbied that the formula not be equal, and ended the letter with a request to personally discuss matter with the Chancellor of University of Oregon. Five months after the Majority Leader of the House asked that the funds not be distributed equally, the formula appears to have been miraculously changed to reduce funding to Portland State University.

058 Sen. Leonard Asked Clark how could he not get the impression that women's athletics at Oregon State and University of Oregon are more important than women's athletics at Portland State. Each school has an athletic program, and each of them has the same requirement under Title IX, but for some reason Clark seems to be more concerned about the women's athletic program at U of O and Oregon State than at Portland State.

061 Clark Responded that he did not make a comment as to being more concerned about women's athletics at U of O and Portland State than at Portland State.

Sen. Pointed out that Clark is opposed to SB 1056 for the reason of the requirements of Title

063 Leonard IX.

065 Chair
Baker Interjected that he does not believe Clark is opposed to the bill.

065 Sen.
Leonard Said that Clark's summary statement says, "SB 1056 - Concerns". The Committee heard from Grattan Kerans at the meeting on April 25, 1997 that OSHEE was opposed to the bill; since Clark represents OSHEE he must be against the bill.

068 Clark Stated that was correct.

078 Clark Continued that page 38 of Exhibit D s a summary of responses to questions regarding the business plan for the allocation of those dollars and were accepted by the campuses at the time. Given legislative intent of bill and feelings of leadership at the time, this is how the funding distribution "shook out". Page 38 is also a Business Plan for the institutions and shows how they would use their Sports Action Lottery proceeds. Page 40 is Board adopted Sports Lottery options at various revenue scenarios. This formula has not changed since June 14, 1990.

102 Roy
Love Stated he was Director of Athletics at Portland State when the lottery allocations were made. Thinks Sen. Dukes earlier statement was correct in that the legislature intended the dollars be allocated to support not only revenue producing but non-producing as well at all institutions and women's sports. Formula distribution at that time was originally going to be equal for Oregon State, University of Oregon, and Portland State University and that state colleges would receive lesser amounts because at the time they were receiving state support in the form of equipment, supplies, facilities maintenance, and coaching salaries. But when final decision was made, it was different. His feeling is that the decision was made by OSHEE, rather than the legislature. The logic was that since PSU was not at as high a competitive level as U of O and Oregon State, their share of the lottery funds should be not quite a significant as the two University Division institutions.

141 Sen.
Leonard Asked Love if anyone consulted him before decision was made.

143 Love Stated as he remembers situation, final decision was a discussion with vice presidents for finances and administration at the universities. Feels per capita distribution formula is the most accurate.

154 John
Carrey Was not in current position in June 1990 but was at the school as a faculty member and coach. Stated the decision, which included Rep. Courtney, was a compromise between the requirements of PAC 10 institutions and because of divisional status of Portland State their share was reduced somewhat. Regional colleges were "sort of given a pat on the head and told "Here you go"." One difference at regional colleges is that in almost every instance coaches are involved with instruction in physical education or health education, so this is part of their total load. No one has a coaching assignment at Western Oregon

that exceeds 40% of their full FTE.

181 Loren
Remey

Has heard a lot of talk about equitable gender distribution. It is not equitable now, and don't know exactly what formula should be used to achieve it. The number of students would be one formula to follow. Suggested that Committee look at this issue carefully. If the history of Portland State is considered and how the dynamics of the state have changed, it appears obvious that a lot of support comes from the Portland Metropolitan area. Portland State has probably done more with less than any other institution in the state.

207 Steven
Brenner

Was chair of PSU's intercollegiate committee during the discussions regarding joining the Big Sky Conference. Worked on gender equity policy. Had discussions with Chancellor last April regarding fairness of Sports Action Lottery allocation. Sent letter on behalf of Intercollegiate Athletic Board regarding financial implications of move to Big Sky Conference and made it clear that things had changed since 1990. The letter continued that PSU is dedicated to gender equity and in looking at the financial dynamics were concerned that because things had changed since 1990. Had a conversation with chancellor who was supportive at that time of examining the fairness of the formula, but made no promises.

257 Sen.
Leonard

Asked Brenner what the reason was from the Chancellor that the formula was not revisited. Asked if Brenner has an opinion why formula was not revisited?

259 Brenner

Responded that the Chancellor did not say the formula would not be revisited; the Chancellor was supportive but non-committal. Institutions are loath to make changes, especially when two of the more significant institutions benefit from the status quo. Believe there is a fairer system than the one which exists today. The way it was done in the past does not apply to realities today. Would encourage senators to make sure what the correct allocation would be and make it happen, or see that the process be changed to implement satisfaction. Implementation of a process is about 90%, the rest is window dressing. Questions and discussion interspersed.

352 Chair
Baker

Adjourned meeting at 10:04 a.m.

Carol Phillips

Committee Assistant

Kim James

Office Manager

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Exhibit Summary:

A. SB 1056, Yates, Fiscal Analysis, 1 page

B. SB 1056, Yates, Staff Measure Summary, 1 page

C. SB 1056, Yates, Revenue Impact Statement, 1 page

D. SB 1056, Clark, Response to Member Questions, 74 pages

E. SB 1056, Clark, Equity in Athletics Disclosure Act, 87 pages

F. SB 1056, Clark, Formula Funding Modifications to Sports Action Lottery, 2 pages

G. SB 1056, Brenner, Written testimony dated 4/11/96, 1 page