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WORK SESSIONS HJR 15A & HB 2491A
BILL INTRODUCTION LC DRAFT 895
TAPES 031-032, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

FEBRUARY 14, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
Sen. Shirley Gold, Vice Chair
Sen. Tom Hartung
Sen. Cliff Trow
Sen. Greg Walden (excused 2:15 pm)

Excused: Sen. Eugene Timms

Witnesses: Sen. Gordon Smith, State of Oregon, Senate President
Sally McCracken, Oregon Community Foundation
Susan McLoughlin, Oregon Community Foundation
Doug Collins, Scholarship Commission
Steve Marks, Governor's Senior Policy Advisor
Rollie WiSB rock, State Treasurer's Office
Steve Caputo, Oregon Lottery

Staff: James Scherzinger, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Janice DeVito, Committee Assistant

TAPE 031 - SIDE A
005 Chair Phillips -calls the meeting to order at 1:10 pm and comments on agenda
014 James Scherzinger -presents brief staff overview of HJR 15A which changes dedication of lottery money to include education, and HB 2491 which further defines education and education development
WORK SESSION HJR 15A
024 Sen. Gordon Smith -State of Oregon, Senate President
-describes Oregon Education Endowment as stated in prepared written remarks
(Exhibit A)
-endowment will be cooperative effort between State Scholarship Commission

and Oregon Community Foundation
098 -begins description of grants program which will benefit students in
kindergarten through high school
120 Smith -outlines scholarship program for merit and need-based Oregon
residents
135 -gives rationale for the Oregon Education Endowment
181 Chair Phillips -clarifies that this measure is only guarantee that 15% of

net lottery revenue will be dedicated to education
-committee questions and discussion about demand on financial resources,
public policy about the principle of saving and its inclusion in the
constitution, and \$3 billion as a goal for the education trust fund
240 Smith -states this bill is constitutional beginning of education funding
process, to be followed by statutory legislation
270 -committee discussion about foundation concept, whether Oregon Education

Endowment Fund and percentage would be stated in the constitution,
accountability, regional strategy for education, and legislative oversight
377 Smith -believes that the lottery is the wrong way to fund education and
is an unstable funding source
-the proposed legislation would convert lottery funds into a stable system
which "gets education less dependent on the rackets"
380 Sen. Trow -agrees with the concept of education trust fund but sees
difficulties in finding money to match just general fund commitments
-suggests improvement of student need grants in all levels of education
-sees potential problem that this bill locks up funds that could be used
for "a lot of other good ideas"
462 Smith "I don't know that we'll ever have enough bucks to go around for as

much legitimate human need as there is out there - I'm just trying to
channel these dollars in a way that I think serves our interests, serves
the direction the people have mandated that we go and does it in a more
responsible way - in a way that's unique for government, and that's to
save"

TAPE 032 SIDE A

022 Chair Phillips -states opinion that this bill is a step forward, and may
be the only fund that "we actually have a report card on"
030 Sen Gold -expresses concern about accountability of agency that would
administer endowment
042 Sally McCracken -Board Chairman, Oregon Community Foundation
Susan McLoughlin -Program Officer for Scholarships and Education, Oregon
Community Foundation
Doug Collins -Executive Director, State Scholarship Commission (introduces
Cheryl Kirchhoff and Jim Beyer, also of Scholarship Commission)
McCracken -presents position and written testimony from Oregon Community
Foundation (Exhibit B)
-explains cooperative relationship with State Scholarship Commission
-discussion and questions about precedent of statutory approval to
administer private scholarship programs granted by the previous
legislature, public/private partnerships, and role of advisory committee
201 -continuing discussion of Oregon Community Foundation's relationship
with public and private sectors, accountability, and contribution program
308 Chair Phillips -summarizes three issues to be addressed by the committee:
1. specific language for HJR 15A that will dedicate not less than 15% of
funds to the Oregon Education Endowment Act
2. amendment language from the State Treasurer's office
3. look at amount of money which goes to lottery in the form of 84% and
whether it should be reduced - is anything to be gained by changing
dedication?
-brief discussion of bill schedule
371 Steve Marks -Governor's Office
-presents written testimony stating Governor Kitzhaber's support of HJR 15 &

HB 2491 (Exhibit C)

-proposes amendment to HB 2491, and states Governor's position that
endowment fund not be made a part of the Oregon Constitution at this time

TAPE 031 SIDE B

017 -questions and discussion about defining education as primary

beneficiary, constitutional dedication, need to promote issue, and public support

123 Sen. Hartung -states opinion that this bill would be a step toward restoring public credibility of legislature, and that people should have an

opportunity to dedicate funds "to save for a specific program for a quality

product"

164 Rollie WiSB rock -State Treasurer's Office
-distributes written proposed amendments to A-Engrossed HJR 15 (Exhibit D)
-goal of recommended amendment is to protect existing bond obligations and

legislature's capacity for leveraging lottery dollars for other purposes

206 -questions and discussion

219 Steve Caputo -Oregon Lottery
-answers questions about profit margin on traditional games and video poker

and expresses concern about long term impact of Indian gaming

-questions and discussion about competition, statute that governs lottery administrative expense, contingency reserve, and reporting requirements

346 Chair Phillips -direction to staff regarding invited testimony

-discussion about consideration of changing percentage of lottery profit

received by state

TAPE 032 SIDE B

WORK SESSION HB 2491A

008 Scherzinger -gives staff overview of HB 2491A
-discussion and questions about parameters of scholarship and grant program, definitions, and parallels between HB 2491 and HJR 15A

115 Chair Phillips -directs staff regarding invited testimony

BILL INTRODUCTION LC DRAFT 895

180 Sen. Trow MOVES INTRODUCTION OF DRAFT LC895 AS A COMMITTEE BILL

182 Chair Phillips THERE BEING NO OBJECTION THE CHAIR SO ORDERED

-adjourns meeting at 2:45 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. HJR 15A, Smith, The Oregon Education Endowment, 2/14/95
- B. HJR 15A, McLoughlin, The Oregon Community Foundation prospectus
- C. HJR 15A and HB 2491, Marks, Testimony of Governor's Senior Policy Advisor, 2/13/95
- D. HJR 15A, Scherzinger, Proposed (A6) Amendments to HJR 15A, 2/13/95, (JB/lg)
- E. LC895 Draft, Walden, 7/14/94 (DJ/dc)
- F. HJR 15A, Yates, Revenue Impact Analysis 1/30/95
- G. HJR 15A, Yates, Staff Measure Summary, C. Epley
- H. HJR 15A, Yates, Fiscal Analysis of Proposed Legislation, M. Fusak, 1/27/95
- I. HJR 15A, Yates, Example of Lottery Dedication to the Endowment Fund, LRO 2/14/95
- J. HJR 15A, Beyer, Oregon State Scholarship Commission Report on the 1991-93 Biennium
- K. HJR 15A, Beyer, Oregon State Scholarship Commission Status Report: Student Financial Aid in Oregon 1995
- L. HB 2491A, Yates, Fiscal Analysis of Proposed Legislation, M. Fusak, 1/27/95
- M. HB 2491A, Yates, Revenue Impact Analysis 1/30/95
- N. HB 2491A, Yates, Staff Measure Summary, C. Epley