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PUBLIC HEARING & WORK SESSION
HJR 15A & HB 2491A
TAPES 036-037, A/B

SENATE COMMITTEE ON GOVERNMENT
FINANCE AND TAX POLICY

FEBRUARY 16, 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
Sen. Eugene Timms

Witnesses:

William Nessly, Oregon Department of Justice
Rollie WiSB rock, State Treasurer's Office
Cindy Hunt, Legislative Counsel
Greg Chaille, Oregon Community Foundation
Doug Collins, Oregon State Scholarship Commission

Staff:

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

TAPE 036 - SIDE A

005 Chair Phillips -calls the meeting to order at 1:00 pm
-MOVES TO RECONSIDER VOTE WHICH PASSED HJR 15A AS AMENDED OUT OF COMMITTEE
TO SENATE FLOOR ON 2/15/95
-discussion
ROLL CALL VOTE: MOTION PASSES 5-0
AYE: SENATORS HARTUNG, PHILLIPS, TIMMS, TROW, & WALDEN EXCUSED: GOLD
WORK SESSION HJR 15A AS AMENDED
025 William Nessly -Oregon Department of Justice (assigned to Office of State

Treasurer)

-focuses remarks on (A8) amendments (Exhibit A) which resulted from
combined approved amendments of the previous day's committee meeting
055 -cites precedent for exception of investments in Common School Fund,
Public Employees Retirement System and Industrial Accident Fund
054 Chair Phillips -states appropriate motion for committee to remove (A8)
amendments from HJR 15A and insert (A12) amendments (Exhibit B)

070 Rollie WiSB rock -State Treasurer's Office
 -states that (A12) amendments address all concerns discussed and provide oversight, accountability and technical ability to invest in order to provide highest return for the endowment fund

093 Sen. Trow -asks whether State Treasurer will have jurisdiction over main endowment fund and control investments

070 WiSB rock -bill allows legislative direction to the Treasurer (through the Oregon Investment Council) to invest and manage fund dollars before they are passed forward
 -discussion about flow of dollars to Scholarship Commission and Oregon Community Foundation

141 Chair Phillips -accepts motion from Senator Walden to REMOVE (A8)
 AMENDMENT FROM HJR 15A AND RE-INSERT (A12) AMENDMENT
 THERE BEING NO OBJECTION, THE CHAIR SO ORDERS

150 Chair Phillips -accepts motion from Senator Walden TO MOVE HJR 15A AS AMENDED TO THE SENATE FLOOR WITH DO PASS RECOMMENDATION
 -discussion

155 Chair Phillips ROLL CALL VOTE: MOTION PASSES 4-2
 AYE: SENATORS HARTUNG, PHILLIPS, TIMMS, & WALDEN
 NAY: SENATORS GOLD & TROW

151 Senators Gold & Trow state intent to file minority report

165 Chair Phillips -states that minority report must be filed within 24 hours
 -bill to be carried to floor by Senate President Smith

PUBLIC HEARING HB 2491A

180 Chair Phillips -reviews status of implementation legislation and work by legislative counsel and treasury

215 Cindy Hunt -Legislative Counsel
 -refers to (A2) Proposed Amendments to HB 2491A(Exhibit C) and flow chart of Proceeds from sale of Lottery Tickets (Exhibit D) which traces process for flow of money

230 -discusses page one of (A2) Amendments (Exhibit C)

240 Bill Nessly -Treasurer's Office
 -answers questions about language and allocation

270 Hunt -continues with explanation of sections 3 and 4 of (A2) amendments to clarify how State Treasurer could invest funds

300 -questions about source of funds to pay administrative costs

330 -continues at page 5
 -continues at page 6, section 6, requiring the State Scholarship Commission to submit an annual report to the legislative assembly

385 Chair Phillips -speaks to the issue of separation of public and private education funds

401 Hunt -continues at page 7 of (A2) amendments

TAPE 037 SIDE A

006 Rollie WiSB rock -Chief of Staff, Oregon Treasury
 -states his understanding that Scholarship Commission would negotiate administrative costs as part of a contract agreement with Oregon Community Foundation

024 Bill Nessly -Attorney General's Office
 -explains that amendments to HJR 15A provide that moneys in endowment fund shall be invested as provided by law, and HB 2491A is the vehicle which governs that investment
 -discussion and questions about established process of control, private donation to endowment fund, matching funds, recovering cost of managing funds, frequency of fund allocation, and flexibility in resource distribution

091 Sen Gold -asks Cindy Hunt about rights of the legislative assembly beyond just receiving the report

127 Chair Phillips -explains use of standard "boiler-plate" language for reporting

140 Hunt -concurs with Chair's explanation and adds that Scholarship Commission would report each year
 -questions and discussion about distribution of money within parameters of the agreement between State Scholarship Commission and the Oregon Community Foundation, responsibilities for administration of grant fund as well as

scholarship fund

196 Greg Chaille -President, Oregon Community Foundation
-speaks about importance of public/private partnerships
219 -states that partnership between Scholarship Commission and OCF would be

consistent with OCF efforts through the years

-envisioned creation of a citizen advisory group to oversee administration
of this program who would be empowered to oversee terms of OCF agreement
with the Scholarship Commission

264 Sen Gold -asks about functions of the Scholarship Commission
-questions and discussion about legal authority regarding public education
that pertains to programs, and grant functions to school districts and
community colleges

361 Sen. Gold -states need for more advice from State Department of Education

before proceeding with committee action

376 Chair Phillips -explains advantages of using an existing entity to
facilitate a public/private partnership leveraging public moneys
-outlines measure to be placed before voters, and gives opinion about
advantage of endowment opportunity as an "imaginative, visionary concept"
which dedicates money toward education

TAPE 036 SIDE B

005 Sen Gold -asks for clarification about percentages dedicated to
scholarships as well as grants

015 Chair Phillips -provides additional opinion of legislation to establish
public/private partnership mechanisms for education and states intent to
"move forward on this expeditiously"

047 Sen. Gold -states intend to originate amendment to define percentages of
fund allocation

051 Chair Phillips -directs committee's attention to allotment issues and
whether transfers of money are subject to expenditure limitations normally
addressed by Ways and Means

-discussion about allotment of appropriations which maximize fund earnings,

and consistency with on-going policy and statutory requirements

080 Sen Trow -suggests moving money on quarterly rather than yearly basis
-discussion about checks and balances through audit procedures

139 Rollie WiSB rock -speaks about options for flexibility of allocation which

do not need to be determined in statute

165 Sen Walden -states opinion for the record that the focus should be on
building earnings rather than frequent transfer of earnings

170 Sen Hartung -asks about a response for the record as to how private gifts

find their way into the scholarship fund mix/allocation

180 Greg Chaille -Oregon Community Foundation

-describes Partnership for Scholarship Program which, through agreement
with the Scholarship Commission, would operate the application and
selection processes

-program would not duplicate work of the Commission, but takes advantage of

Commission data base on students and processing of scholarship applications

-OCF is trying to create "in the perception of the citizens of Oregon" one
fund that is for Oregon students

204 -discussion continues regarding fund accounting, leveraging of private
money, and program reporting

250 Chair Phillips -asks for the record if adoption of (A2) amendments
address concerns of State Treasurer and State Scholarship Commission

260 Rollie WiSB rock -affirms for the record that fiduciary and oversight
concerns have been addressed in the amendments as presented

287 Sen Gold -expresses concern about not rushing process of completing
discussion on HB 2491A

307 Chair Phillips -asks Senator Gold to articulate what amendments she might

anticipate

316 Sen Gold -states reasons for request of additional time to research
statutes and have consultations in order to make "reasoned decision"

-requests delay of action until the next committee meeting, with special

need to review Senate President's intent about percentages of allocation
377 Sen Trow -supports Senator Gold's request for additional time, and asks
Chair for that consideration

395 Chair Phillips -states opinion that functionary and administrative issues

have been addressed

Chair Phillips -conceptual amendments may be presented by committee members,

but Chair's intent is to move forward on legislation

TAPE 037 SIDE B

019 Sen Gold -refers to the intent of Senate President Smith's presentation
of February 14, 1995 regarding 75% income for grants program and 25% income

for scholarship program (page 4, line 8)

-states that nothing currently in (A2) amendment assures intent of Senate
President

045 Sen Walden -states that he is "more inclined to leave it up to these
folks to decide" and "would rather give them the trust and local
flexibility to do what's right"

056 Chair Phillips -assures Senator Gold that HB 2491A can be followed up with

a bill to clearly delineate specificity of endowment fund and pledges
cooperation of the Senate President and himself

-encourages Senator Gold to make conceptual amendment if desired
-discussion about technical aspects of bill and its purpose as enabling

legislation

088 Sen Trow -states minority role as encouraged by the Senate President, and

asks Chair's courtesy to Vice Chair's request for one more day of
consideration on this bill

095 Chair Phillips -responds that bill would then be delayed until 2/21/95,
but expresses willingness to accept "any motion at any time"

106 Sen. Walden MOVES ADOPTION OF (A2) AMENDMENTS INTO HB 2491A

113 Sen. Trow -supports amendments but believes that Senator Gold be given
the opportunity to propose additional amendments

-discussion about contractual relationship between State Scholarship
Commission and Oregon Community Foundation, further specificity of
roles/responsibilities of Scholarship Commission through other legislation,

magnitude of dollars expected in education endowment fund, and

responsibility/accountability of legislators for direction of expenditures

238 Sen. Gold -questions legislative counsel about (A2) amendment parameters
for grants or scholarship programs

265 Chair Phillips -ACCEPTS MOTION FROM SEN. GOLD FOR CONCEPTUAL LANGUAGE TO
AMEND SEN. WALDEN'S PREVIOUS MOTION BY INCLUDING SCHOLARSHIP COMMISSION
PARAMETERS THAT THE GRANTS PROGRAM AFFECT PRE-KINDERGARTEN THROUGH HIGH
SCHOOL AND THE SCHOLARSHIP PROGRAM AFFECT COLLEGE AND UNIVERSITY

276 Chair Phillips -CALLS FOR OBJECTIONS TO SEN. GOLD'S REQUEST FOR INSERTION

OF CONCEPTUAL LANGUAGE: SENATORS TIMMS, WALDEN & PHILLIPS

-THERE BEING THREE OBJECTIONS, SENATOR GOLD'S MOTION FAILS

290 Chair Phillips -HEARING NO OBJECTION TO SENATOR WALDEN'S MOTION THAT (A2)

AMENDMENTS BE INCORPORATED INTO HB 2491A (TAPE LOG 037 SIDE B - 106) THE
CHAIR SO ORDERS

292 Sen. Walden -MOVES APPROVAL OF HB 2491A WITH (A2) AMENDMENTS TO THE SENATE

FLOOR WITH A DO PASS RECOMMENDATION

294 Chair Phillips -ROLL CALL VOTE: MOTION PASSES 4-2, SENATORS VOTING AYE:
HARTUNG, TIMMS, WALDEN & PHILLIPS

VOTING NAY: TROW & GOLD

302 Chair Phillips -will carry bill on Senate floor

305 Senators Trow & Gold -state intent of filing minority report

307 Chair Phillips -states that minority report must be filed with staff
within 24 hours

-adjourns meeting at 2:44 pm

Janice DeVito
Committee Assistant

Kimberly Taylor James
Office Manager

Exhibits Summary:

- A. HJR 15A, Scherzinger, Proposed (A8) Amendments, 2/16/95 (JB/dc)
- B. HJR 15A, Scherzinger, Proposed (A12) Amendments, 2/16/95 (JB/hk)
- C. HB 2491A, Scherzinger, Proposed (A2) Amendments, 2/16/95 (CH/lg)
- D. HB 2491A, Scherzinger, (A2) Proceeds from sale of Lottery Tickets chart,

2/16/95

- E. HJR 15A, Senator Johnson, Proposed (A10) Amendments, 2/16/95 (JB/lg)