

HOUSE COMMITTEE ON EDUCATION

March 30, 1993 Hearing Room E 1:30 p.m. Tapes 40 - 42

MEMBERS PRESENT: Rep. Carolyn Oakley, Chair Rep. Jim Whitty, Vice-Chair
Rep. John Meek Rep. John Schoon Rep. Larry Sowa Rep. Sharon Wylie

MEMBER EXCUSED: Rep. Patti Milne

STAFF PRESENT: Linda Sample Brown, Committee Administrator
Carolynn Gillson, Committee Assistant

MEASURES CONSIDERED: HB 2066 - Rev. merger & union high sch.
unification proced., PUB HB 3257 - Prohib. renewal of lic., cert.
or

registration if person defaulted on student loan, PUB HB 3337 - Prohib.
renewal of cert. or shop lic. by St. Bd. of Barbers and Hairdressers for
person in default on student

loan, PUB

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

NOTE: TAPES 40A AND 41A ARE BLANK BECAUSE RECORDING EQUIPMENT
MALFUNCTIONED.

TAPE 40, SIDE A

004 REP. CAROLYN OAKLEY, Chair: Calls meeting to order at 1:37 p.m.

Public Hearing on HB 2066 John Marshall, Oregon School Boards
Association (OSB A) John Danielson, Oregon Education Association (OEA)
Pam Reid, Butte Creek School Board

JOHN MARSHALL, OSB A: Reviews materials in his handout concerning
unification (EXHIBIT A). > Explains that SB 917 (1991 session) indicated
who must unify but not

how to unify. > HB 2066 is a clarification of the options and
procedures. > Uses overhead projector to illustrate the various types
of school

districts in the state (see handout).

REP. WHITTY: It use to be when a small school district merged with a
larger school district, the tax base of the smaller school district
disappeared.

MARSHALL: Talks about the 1989 constitutional amendment which changed

that. > Continues talking about different types of school districts. > Reviews the unification procedure under ORS Chapter 335 (see handout). > Reviews the merger procedure under ORS Chapter 330 (see handout). > Gives an example of a unification election that failed. > Refers to list of unifications and mergers approved since SB 917 and

to a list of non-unified school districts.

REP. LARRY SOWA: What happens in a split district if the vote fails?

MARSHALL: Reviews the merger procedure under ORS Chapter 330.

REP. SCHOON: I am not clear on boundary changes and the Jennings Lodge situation.

MARSHALL: Talks about the Jennings Lodge boundary issue. > Citizens can file a remonstrance petition. If there are enough

signatures, an election is held in the district petitioning for the change. If it passes an election, the Boundary Board orders the change. If it does not pass, then the issue is dead for at least one year. > Reviews information in handout on the merger request or petition.

REP. SCHOON: Does the boundary board not have a choice if no remonstrance is filed?

MARSHALL: Correct. It used to be the boundary board made judgement decisions. Now it only takes care of the paperwork. > Talks about some of the decisions made because of merger requests or petitions. > Goes through highlighting the changes in the HB 2066-3 amendment

(EXHIBIT B). > Defines affected school districts. > Split school districts can watch what happens in unification process

and then choose which union high school district it wants to go with.

TAPE 41, SIDE A

CHAIR OAKLEY: Sen. Timms has introduced SB 630 which relates to the consolidation of school districts. How do these fit together?

MARSHALL: SB 630 proponents want to be exempted from unification procedures. District distance requirements must still be met.

REP. WHITTY: If there is more than one union high school within district boundaries, which one would you attend? Uses Sauvie Island School District in Portland area as an example.

MARSHALL: Talks about the options and explains there is nothing in the

bill which precludes open enrollment. > Continues reviewing the changes in Sections 2 and 3 in the -3

amendment.

CHAIR OAKLEY: Should a merger encompass a large area, who pays the existing bond debts?

MARSHALL: The union high school board may submit that question to the electors of the district. > Reviews changes for Section 4 (4) of HB 2066. CHAIR OAKLEY: Aren't several districts heavily burdened?

MARSHALL: Current law says area that voted pays for it. With a merger, part of the proposal is that the debt is absorbed by the newly created district. > Reviews the changes in Section 5(2), and Section 6(2) and (6).

REP. SCHOON: Why was the remonstrance eliminated?

MARSHALL: SB 917 precluded local decision-making by requiring that all school district be K-12 by September 1, 1996. School boards can decide what to do before the deadline. This provision would stop citizens who don't understand from killing the unification/merger.

REP. SCHOON: Don't underestimate public knowledge. Remonstrance should be left in so if there is a problem, people can have their say.

MARSHALL: OSB A would like to see the provisions removed that kill mergers and avoid the year delay.

REP. SCHOON: Reviews his concerns of taking away right of remonstrance.

JOHN DANIELSON, OEA: Unification is a type of reorganization. Both the

OSB A and the OEA have clean up amendments. > After the unification is complete, there will still be needs. One

concern is what will happen to the school employees. Assumes

reorganization of any kind will recognize employee rights. > Are service credits retained for a permanent teacher when there is a

reduction in work force? Will teacher layoffs be based on seniority or

merit? > New district should continue to provide same level of service.

PAM REID, Butte Creek School Board: Explains Butte Creek School

District 67J is one of the three split districts in Oregon. There are

100 high school students currently in Butte Creek. > Requests that split districts be allowed to continue. The district

board understands the geography and the patrons. The most fair way is

to have a ballot where patrons recommend where they want to go and draw their own lines. A smooth process requires informed democratic input. > Talks about the crowded conditions at both the north Molalla High

School campus and Silverton High School. > Provides information concerning unification for Silverton area school district (EXHIBIT C).

REP. SCHOON: What if the Board cannot make a decision?

REID: The Butte Creek School Board has until 1996 to make a decision and will be watching the Molalla School District. The Boundary Board will make the decision.

TAPE 40, SIDE B

Public Hearing 3257 and 3337 Jim Markee, Oregon Professional Cosmetologists and Oregon Barber &

Beauty Schools Brenda Hoxsey, Oregon Professional Cosmetologist Assoc. Susan Wilson, Board of Barber & Hairdressers Doug Collins, Oregon State Scholarship Commission (OSSC) Denise Gorham, OSSC Julie Gies, Oregon Nurses Assoc. (ONA) Brian Delashmutt, ONA

017 JIM MARKEE, Oregon Professional Cosmetologists and Oregon Barber & Beauty School Assn.: HB 3337 would prohibit the Board of Barbers and

Hairdressers from issuing or renewing a license for a person who is currently in default on a student loan in Oregon. HB 3257 applies the

same rules to other licensing boards. > On line 18 the phrase "or otherwise issued by a financial institution as defined in ORS 706.005" needs to be deleted. > The -1 amendments (EXHIBIT D) help accomplish the purpose of the bill. > Approaching \$70 million in defaulted loans in Oregon and the Oregon

State Scholarship Commission (OSSC) is attempting to collect those debts but could use more leverage. > One arm of government is issuing a license to conduct business and

another agency is trying to collect money from the same person. > The function of a licensing board is a policy issue. Licenses are

issued to protect the public's health, safety and welfare. > Does not find offensive licensing boards working in conjunction with

other state agencies to make sure people pay the money due to the state or federal government. > Knows of a tremendous number of hairdressers licensed by the state who are currently in default. > Barber and beauty schools are held accountable by the default rate in their school for their students. Ability of schools to obtain financial aid is dependent upon the number of previous students who defaulted on

their loans. > Board of Barbers and Hairdressers has a budget surplus and can afford the fiscal impact of the bill.

097 BRENDA HOXSEY, president of the Oregon Professional Cosmetologist Assoc: Supports the bill.

102 SUSAN WILSON, administrator, Board of Barbers and Hairdressers: Reads her testimony in support of the HB 3337 (EXHIBIT E) and refers to the HB 3337-1 amendments.

143 CHAIR OAKLEY: You feel you would need an additional staff person?

WILSON: We would need to have a sound case before we move into license revocation. It is important to have the level of staff necessary to do that.

REP. MEEK: Are you using the term "revocation" when refusing to renew someone's license?

WILSON: The -1 amendment speaks to revocation because many people don't default on their loan until after their license is issued. We need a mechanism to notify people if the Board refuses to renew their license.

REP. MEEK: What more do you need to do than what you are doing now? I don't want to put you in the police power business. MARKEE: Both my associations support this bill whether it is renewal only or both renewal and issuance. Licenses are renewed every two years. There are currently 535 or more licensed hairdressers in this state who are in default of their student loans.

202 REP. WYLIE: What is the current penalty for operating with an expired license?

WILSON: Reviews their fining system.

REP. WYLIE: Is there enough flexibility for negotiation without taking away someone's ability to make a living if they are willing to start making payments?

MARKEE: There is nothing specific in the bill to address that issue. Refers to the HB 3257-1 amendment (EXHIBIT F) which allows for working out satisfactory payments with the SSC and can apply to either bill.

Need to be careful about giving OSSC too much authority over a licensing board.

247 REP. WYLIE: What is the amount of the licensing fee?

WILSON: The practitioners license is \$35 for two years. A shop license is \$50.

REP. WYLIE: What is the average income for a practitioner who has been in business for 2 to 3 years?

HOXSEY: The average after three years is \$23,000.

REP. SOWA: Do any of the other boards or commissions you administer have power to refuse licenses?

WILSON: Not under this particular legislation.

REP. SOWA: You require one more staff person to help do this work.

Would the staff have time to work with other boards if they get the same power?

WILSON: The other three boards do not approach the same number of licensees and an additional staff person is unnecessary.

315 MARKEE: The Barber and Hairdressers Board licenses around 26,000 hairdressers in this state. Many who get their license do not practice.

342 DOUG COLLINS, deputy director, OSSC: Supports both bills because they will help them collect on student loans. As of September of 1993, the

amount of defaulted student loans was \$61,913,970. Amount of loans since 1967 is \$1.1 billion. Our default rate is 10 percent which is below the national average of 16 percent. We collect 53 percent of everything in default. > Difficult to estimate revenues that would result from these bills.

CHAIR OAKLEY: Are there groups of professionals who tend to have worse records of payment?

COLLINS: Only have data on barbers and hairdressers. Their default rate is high.

405 REP. WHITTY: The more money you collect on defaulted loans, the more you can issue to others.

COLLINS: The money we lend is from the banks. Some of the money we collect is retained for our operation and the rest goes back to the federal government.

428 DENISE GORHAM, OSSC: When the loans are in default, the federal government repays the bank. The money is not available for relending.

TAPE 41, SIDE B

004 REP. WHITTY: What good do the citizens of this state get out penalizing people to make them pay back loans in default?

COLLINS: Reviews their loan process.

REP. SCHOON: Why are you collecting instead of the federal government?

COLLINS: The federal government makes the rules. We guarantee the loans and pay them off. We are the federal agent for this program.

REP. WHITTY: If Oregon does a better job collecting these loans, and the money goes back to the federal government, then Oregon loses some of the benefits.

MARKEE: Schools located in Oregon are eligible to have their students receive federal funds based upon the default rate in that school.

038 REP. WYLIE: How much do people usually borrow for beauty school?

MARKEE: Average tuition for a 15 to 18 month program at a beauty school is \$5,000 to \$6,000.

REP. WYLIE: Why is there a higher default rate in this field?

MARKEE: I am not sure we know that. There are no statistics for other industries and professions.

078 JULIE GIES, ONA: Reviews her testimony outlining the three reasons they oppose the bill (EXHIBIT G). Talks about experience with repayment

agreements that are addressed in the HB 3257-1 amendment.

121 CHAIR OAKLEY: How many nurses are licensed in your organization?

GIES: Over 5,000. We have maldistribution of nurses in this state but not an over supply.

REP. MEEK: Do we want to train more nurses in this state? GIES: Yes, we do.

REP. MEEK: Indebtedness is one of the highest mental drains people face in today's society.

161 BRIAN DELASHMUTT, ONA: ONA supports everybody paying their indebtedness and supporting the system. There are some administrative problems in

this bill because of the way it is drafted. In the HB 3257-1 amendments, the Board has the ultimate authority of approving the payment schedule. > Talks about a situation that occurred two years ago at OHSU where

nurses were over paid by the state and then the state decided it wanted it's money back all at once. Sees potential for the same situation under HB 3257. > What is the mechanism and how it is regulated is of concern to us.

CHAIR OAKLEY: That is not the intent of this legislation.

206 DELASHMUTT: The other issue is the function or purpose of the regulatory board. Some boards and commissions are not budgeted to

administer what is in this bill.

CHAIR OAKLEY: How much does it cost to go through a complete nursing program?

GIES: Two ways to achieve licensure - a 4 year BA program or a 2 year associate degree. Cost difference is substantial and the academic degrees are different. Both can get a RN license. Most hospitals in the Portland area offer a slight pay differential for those with a BA degree.

281 REP. WHITTY: Is there a way to work this out so somebody else besides the licensing board collects on the loans?

DELASHMUTT: It is one policy issue this committee will have to work through. The Board of Nursing does not have the financial ability to take on the additional responsibility. > Is there any other way to get the same result such as garnishing wages?

REP MEEK: Money is not available to loan because no one has asked the previous borrowers to pay back their loans. People who want to have a license need to have a plan to pay back the money they owe.

375 DELASHMUTT: We would not agree with pulling a license as the ultimate threat. Also concerned about other boards funding this function.

REP. WYLIE: Can all collection efforts be paid for out of the federal funds collected?

COLLINS: Yes, they can. We would be willing to explore that with the agencies involved.

REP. WYLIE: Why not have a beefed up collection system and a state law that allows the OSSC to issue a hold to licensing board or commission on anyone who defaults on their loan? The boards and commissions stick to their original purpose and the collection is kept in one place. It could be contracted out.

453 COLLINS: It is our understanding the licensing board would run their data base of licenses due for renewal against our data base of

defaulters and match up the names. Those people would be informed to contact the OSSC and get into a payment plan before their license is renewed.

DELASHMUTT: We don't have a handle on what the task is going to incur. What is it going to cost?

480 REP. WYLIE: Could the collection program reimburse the boards and commissions for sending out the notice in lieu of a license?

COLLINS: Legally yes we can do that.

REP. WYLIE: Are you confident the funds collected would vastly outweigh the effort spent in enforcing this?

COLLINS: We would have some increased collection costs.

TAPE 42, SIDE A

004 DELASHMUTT: There needs to be the ability to appeal the payment agreement.

COLLINS: We would be happy to change the language of the amendment to require a minimum payment by administrative rule.

REP. WHITTY: What is the longest period time someone has been in default and not made payments?

COLLINS: It would be 20 plus years. Primary reason for default is not having a job.

031 CHAIR OAKLEY: Adjourns the meeting at 4:00 p.m.

Reviewed and submitted by

Carolynn Gillson Assistant

EXHIBIT LOG: A - Testimony on HB 2066 - OSB A - 13 pages B - HB 2066-3 amendment - OSB A - name - 6 pages C - HB 2066 - Pam Reid - 9 pages D - HB 3337-1 amendment - Oregon Professional Cosmetologists - 1 page E - Testimony on HB 3337 - Board of Barbers & Hairdressers - 1 page F - HB 3257-1 amendment - State Scholarship Commission - 1 page G - Testimony on HB 3257 - ONA - 2 pages