

SB 803 - WKS SB 168A - PH SB 1076 - WKS

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 30, 1993 HRB, State Capitol 8:00 a.m. Salem, OR

Tapes 59-62

ORTDC Privatization Oregon Public Broadcasting Privatization Workforce
Lottery Allocation

MEMBERS PRESENT: SEN. JOYCE COHEN, CHAIR SEN. SHIRLEY GOLD SEN.
JEANNETTE HAMBY SEN. PEG JOLIN SEN. BILL KENNEMER SEN. JOHN LIM SEN.
CATHERINE WEBBER

MEMBERS EXCUSED: SEN. BILL BRADBURY, PRESIDENT OF THE SENATE SEN.
STAN BUNN, VICE-CHAIR

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER JERI CHASE,
OFFICE MANAGER

GUEST MEMBERS:

WITNESSES: WAYNE EMBREE, DEPUTY DIRECTOR, OREGON RESOURCE AND
TECHNOLOGY DEVELOPMENT CORPORATION MAYNARD ORME, PRESIDENT, OREGON
PUBLIC BROADCASTING BILL NESSLEY, ASSISTANT ATTORNEY GENERAL BETSY
JOHNSON, OREGON PUBLIC BROADCASTING FOUNDATION BOARD MEMBER HANS LINDE,
COMMISSIONER, OREGON PUBLIC BROADCASTING KIM DUNCAN, PLANNING AND
MARKETING, OREGON PUBLIC BROADCASTING TERESA MC HUGH, DEPARTMENT OF
GENERAL SERVICES/GOVERNOR'S TASK FORCE ON REORGANIZATION OF GOVERNMENT
J.D. HOYE, ASSOCIATE SUPERINTENDENT, DEPARTMENT OF EDUCATION DEBBIE
LINCOLN, DEPUTY COMMISSIONER, OFFICE OF COMMUNITY COLLEGE SERVICES BOB
BAUGH, MANAGER OF PARTNERSHIP DIVISION, ECONOMIC DEVELOPMENT DEPARTMENT
CAM PREUS BRALY, ADMINISTRATOR, WORKFORCE QUALITY COUNCIL

NOTE: These minutes contain materials which paraphrases and/or
summarizes statements made during this meeting. Only text enclosed in
quotation marks reports a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes.

TAPE 59, SIDE A

000 CHAIR COHEN: Convenes meeting at 8:10 a.m.

SB 803 - ORTDC Privatization - Work Session

038 WAYNE EMBREE: Presents ORTDC's response to reorganization
criteria (EXHIBIT A). Also submits ORTDC Annual Report (EXHIBIT B).

190 SEN. KENNEMER: How clearly delineated are the goals and how
accountable is the organization for its successes or failures?

200 CHAIR COHEN: There is an internal rate of return done on every portfolio that is presented to the Board and the performance and all other financial activity can be accounted for.

216 EMBREE: The Board reviews the investments rigorously from the point at which it is first brought to the board for approval and through the entire life of the investment. There is nothing built into the statute outlining an expected rate of return. We strive to achieve market rates of

return for the level of risk that we take with the state of the investment, but we are also balancing that with the charter of creating new business and industry in Oregon. We balance that using the benchmarks as a guidepost.

238 SEN. HAMBY: Presents Proposed -4 Amendments to SB 803 (EXHIBIT C). These are boilerplate language to ensure an open bid and Section 3(b) speaks to clarification of separation of funds.

258 CHAIR COHEN: These amendments need to be referred to the Attorney General who has been working on this legislation for her review.

260 NOTE: Revised Draft Criteria for Evaluating Government Reorganization Criteria is submitted by staff as EXHIBIT D. Discussion about responses to criteria.

291 EMBREE: I can provide you with sections from current statutes that does not change by SB 803.

300 CHAIR COHEN: Refer us to language in SB 803 that responds to Questions 6 and 7.

300 EMBREE: Overviews purpose of ORTDC contained in SB 803 (Page 4, Section 4, Line 21). Section 5 describes the Board's powers and purpose. Section 8 are the requirements that the Board of Directors provide for an annual audit that is provided to the Division of Audits and that the Division of Audits also has the authority to audit the organization if necessary, that the Board will have powers as provided by the Legislature, and that an annual report will be presented. Section 12 specifies the activities of the ORTDC Fund and states that the Board is responsible for approving investments. Section 13 addresses applied research investments standards. Those elements would not be changed by SB 803 from existing statutes governing ORTDC.

407 CHAIR COHEN: We will have the Attorney General's Office review the Proposed -4 Amendments and offer their advice.

SB 168 - OPB Privatization - Public Hearing

435 MAYNARD ORME: Begins presentation in support of SB 168A. Submits Portfolio on OPB (EXHIBIT E).

448 BILL NESSLEY: Presents SB 168A Proposed -3 Amendments (EXHIBIT F).

TAPE 60, SIDE A

030 NESSLEY: Continues presentation of EXHIBIT F.

Committee discussion.

066 BETSY JOHNSON: Testifies in support of SB 168A.

104 SEN. HAMBY: Please address the concerns about public members being eliminated from participation on the board.

ORME: Originally our combined Executive Committees - the Commission and Foundation - requested that the Governor appoint five members to the new board; the Governor has chosen to not do that and that is how it stands. We would still like to have public members and it is still in our bylaws.

JOHNSON: That issue has been considerably discussed and there is commitment to do that.

SEN. KENNEMER: Is the support of your board unanimous?

JOHNSON: Yes.

129 SEN. LIM: As long as the state is funding of \$5.5 million per biennium, I don't think this is privatization.

137 ORME: This is a partnership between federal, state, and private entities. Many states who do not own the public broadcasting entities licenses still support it with their funds.

ORME: Licenses are not for sale. They are transferred - applied for, not bought or sold.

155 CHAIR COHEN: Why should we not just leave it the way it has been?

ORME: We are at the very bottom of state support of the 20 states that are state licensed. We have been told whenever we ask for funding that we need to do it on our own and that is what we have done. We must develop other sources of revenue to survive. We have chosen to get more into the product development business as a means to do that with a goal of selling that product to develop net revenue to survive. If OPB is left the way it has been, we need some dispensation from some of the rules so that we can be more entrepreneurial that is currently possible.

188 ORME: Continues testimony in support of SB 168A. Overviews OPB.

NOTE: Staff Measure Summary from the Senate Education Committee distributed by Bridget Bailey as EXHIBIT G.

255 HANS LINDE: Presents testimony in support of SB 168A.

410 SEN. HAMBY: I am supportive of the public membership being appointed by the Governor, required in statute - not merely in the bylaws, since this reinforces the partnership between public and private entities.

410 CHAIR COHEN: We can have amendments prepared to address this in work session.

444 KIM DUNCAN: Presents testimony regarding benchmarks that OPB

addresses (from OPB Response to Draft Criteria for Government Reorganization - EXHIBIT H).

TAPE 59, SIDE B

030 DUNCAN: Continues presentation of benchmarks portion of EXHIBIT H.

032 CHAIR COHEN: Why should we believe that a private, independent board would continue to meet these benchmarks when their main mission will be to keep the organization financially solvent.

036 DUNCAN: The terms of our federal license require us to run an educational program.

039 CHAIR COHEN: "Education" can be done in sorts of ways; that doesn't mean the benchmarks have to be involved.

DUNCAN: That is right; we can do a lot of different kinds of things. This is what we have elected to do when we seek funding.

047 CHAIR COHEN: This committee could and should tie the \$5 million in state funding to specific outcomes and benchmarks.

048 ORME: Currently, the way the budget is constructed, the state's portion goes for three things . . .

050 CHAIR COHEN: We can change that if we want to make it specific. We are being asked for lottery funds to replace general funds and we will be able to clarify that.

056 ORME: I think that it is critical to balance how expenses are appropriated. It is not just education, network services also need to be provided.

060 CHAIR COHEN: We need some specific language so people know what this funding will do.

065 ORME: The partnership is critical; we cannot do it without state support.

070 DUNCAN: Continues presentation of benchmarks in EXHIBIT H.

089 DUNCAN: Begins presentation of criteria section of EXHIBIT H.

240 SEN. LIM: How do other states' stations operate - Washington, California, etc.

244 ORME: In Washington, most of them are 503C types of stations - there is one University station. In California, there is a wide mix. On the East Coast, stations receive substantial funding from state government.

264 SEN. LIM: Continuance of funding is a problem for the state. Do you have any plan in the future to become fully independent and self-financing.

ORME: Yes. State support has declined over the past few years and we expect that to continue.

279 DEBBY HINTON: I can respond to specific questions about cost savings.

282 SEN. RASMUSSEN: I am generally supportive of the organization and the bill. I think the public member aspect needs to be reviewed and we also need a discussion of targeting funds.

294 CHAIR COHEN: Return with further information on how the funds will be expended.

309 TERESA MC HUGH: This is a piece of the Governor's Reorganization package.

314 CHAIR COHEN: The Governor needs to be advised that this committee seems to feel that Gubernatorial appointments to the Board are important.

SB 1076 - Workforce Lottery Allocation - Work Session

357 CORTRIGHT: Overviews chart on SB 1076 (EXHIBIT I).

TAPE 60, SIDE B

030 CORTRIGHT: Continues overview of EXHIBIT I.

Committee discussion.

TAPE 61, SIDE A

030 Continued overview of EXHIBIT I and committee discussion.

TAPE 62, SIDE A

030 Continued overview of EXHIBIT I and committee discussion.

130 CHAIR COHEN: Adjourns meeting at 10:35 A.M.

Submitted by,

Jeri Chase

EXHIBIT SUMMARY

EXHIBIT A - SB 803, ORTDC Criteria for Government Reorganization, submitted by Wayne Embree, 2 pages

EXHIBIT B - SB 803, ORTDC Annual Report, submitted by Wayne Embree, 8 pages (oversized)

EXHIBIT C - SB 803, Proposed -4 Amendments to SB 803, submitted by Sen. Jeannette Hamby, 3 pages

EXHIBIT D - SB 168A, Draft Criteria for Government Reorganization, submitted by Joe Cortright, 2 pages

EXHIBIT E - SB 168A, Portfolio Presentation on OPB, submitted by Maynard Orme, 20 pages

EXHIBIT F - SB 168A, Proposed -3 Amendments to SB 168A, submitted by Bill Nessler, 1 page

EXHIBIT G - SB 168A, Staff Measure Summary from Senate Education Committee, submitted by Bridget Bailey, 1 page

EXHIBIT H - SB 168A, OPB Response to Draft Criteria for Government Reorganization, submitted by Kim Duncan, 10 pages

EXHIBIT I - SB 1076, Chart, submitted by Joe Cortright, 1 page