

House Committee on Agency Reorganization and Reform March 19, 1991 -
Page

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.

HOUSE COMMITTEE ON AGENCY REORGANIZATION AND REFORM

March 19, 1991Hearing Room D 3:30 p.m.Tapes 41 - 42

MEMBERS PRESENT:Rep. Clarno, Chair Rep. Hugo, Vice-Chair Rep. Katz
Rep. Derfler Rep. Jones Rep. Clark Rep. Brian

VISITING MEMBER:Rep. Eldon Johnson Rep. Bill Markham Rep. Sam Dominy
Rep. Bill Dwyer

STAFF PRESENT: Susan Browning, Committee Administrator Scott
Kaden, Committee Assistant

MEASURES CONSIDERED:HB 2712 - Higher Education Compensation, PH HB 2868
- Higher Education Line-item Budget, PH

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.

TAPE 41, SIDE A

006 CHAIRPERSON CLARNO: Calls the meeting to order at 3:32 p.m..
Introduces to the committee the budget note on out-of-state travel.

014 REP. DERFLER: I would like to see the Governor come up with some
criteria on out-of-state travel, so that there is some control on it
emanating from the Executive Department.

018 CHAIRPERSON CLARNO: Susan has received a call from Marjorie Lowe
(Executive Department) and she would like to come back to us with some
additional information. She is scheduled for April 4th. Perhaps we
could have her comment on this matter.

022 REP. DERFLER: Sure. I would like them to come up with criteria to
determine who can participate in out-of-state travel.

024 CHAIRPERSON CLARNO: We know that we cannot ban out-of-state travel.
There are many reasons for travel that are absolutely necessary.

026 REP. DERFLER: I thought Bob Bothman had the best suggestion. They do have criteria established for determining the appropriateness.

027 CHAIRPERSON CLARNO: He seemed very organized on this issue and I was impressed with his testimony.

035 REP. DERFLER: I see that our recommendations ask for a cut of 50%. I think that would be inappropriate because we do not know what is needed and what is not needed. We need criteria instead.

037 CHAIRPERSON CLARNO: You feel requiring criteria would be more appropriate than recommending a 50% cut now?

038 REP. DERFLER: Yes. I wouldn't be willing to say that we should cut travel by 50% because I don't know how much of the travel is absolutely necessary.

039 CHAIRPERSON CLARNO: The concern I have is that we must get Ways and Means some recommendations, as they are reviewing agency out-of-state travel budgets.

044 REP. DERFLER: I think we should send criteria for out-of-state travel instead.

046 REP. JONES: I would not be supportive of the 50% cut because I don't know if that is correct. I would like to see criteria or if they do have criteria, they should work on reinforcing their system. If they are not using their criteria, then Ways and Means should be asking some questions. I am not comfortable about giving Ways and Means a particular amount without anything to back it up.

057 CHAIRPERSON CLARNO: Would the committee rather not make any recommendation at this point? Rep. Johnson, do you have to go?

059 REP. ELDON JOHNSON, CHIEF SPONSOR OF HB 2868: No. I would like to comment on that issue.

060 CHAIRPERSON CLARNO: Please come up and join us on the dias. The concern that I have is that Ways and Means is reviewing budgets right now. They would like some guidance from this committee as to how we feel about out-of-state travel, especially after the testimony that we have received. If the committee decides not to give a recommendation, then that is fine.

064 REP. JOHNSON: The question that I have is about different categories of travel. Is there a differentiation made between out-of-state travel for programs versus travel for executives? Some programs, like CSD, require picking up people from other states or delivering people to other states. Corrections is another area that has travel which is necessary. I don't know if that travel is defined separately or not.

071 CHAIRPERSON CLARNO: It is not, according to Theresa McHugh, who testified on behalf of the Executive Department. There doesn't seem to be a stronger policy (or criteria) available for the various departments. Of course, we do not want to ban all out-of-state travel, but we drafted the bill in that fashion out of necessity. It is very difficult to review each agency and determine what travel is necessary, or not.

081 REP. JOHNSON: I think Ways and Means is in a position to ask those questions, as they go through the individual department budgets. But I would hope that you wouldn't cut the budgets to the point where the agencies couldn't meet their missions, specifically CSD and Corrections.

085 REP. DERFLER: I'd like to see Executive Department provide us with criteria with the goal of trying to reduce out-of-state travel by 10 or 20%.

090 REP. JONES: I would like to amend the bill to include that criteria. We shouldn't train out of town when you do not need to. We must formulate a check-list, which would be consulted before travel is approved. We need to make the managers responsible for managing their budget. If their budget is tightened, then they might look twice before making certain decisions.

103 CHAIRPERSON CLARNO: I agree with you. I think the budgets do need to be tightened. I just wanted to give Ways and Means some sort of guidance. What do you think, Rep. Clark?

126 REP. DERFLER: I feel it would be best to provide guidelines and then make it a requirement to, say, satisfy four of the six guidelines.

128 CHAIRPERSON CLARNO: Rep. Jones and Rep. Derfler are uncomfortable with the 50% reduction now included in the committee's Ways and Means budget note. Rep. Clark, what do you think?

132 REP. CLARK: I have given this issue some thought, and I think it would be a good idea to set up a priority system where each agency is given certain numbers of points and they must prioritize their travel and assign points. Unfortunately, there is not enough money to fund everything. But this system would allow the agency the ability to choose. I am not certain as to how that system would work, but I think that is the only way to succeed on this issue.

145 CHAIRPERSON CLARNO: Thank you for your comments.

146 REP. JONES: I think the criteria should include one question - "What is the detriment to the agency if the travel does not occur?"

154 CHAIRPERSON CLARNO: I must apologize to members in the audience. We have changed the order of the agenda and will be hearing HB 2868 first. Once Rep. Johnson has testified on HB 2868, I will go immediately to HB 2712. - If it is all right with the committee, I will take out the 50% reduction recommendation and send the rest of the budget note to Ways and Means. After the April hearing on the criteria, we will send additional material to Ways and Means.

(Tape 41, Side A) HB 2868 - HIGHER EDUCATION LINE-ITEM BUDGET, PUBLIC HEARING Witnesses:Rep. Eldon Johnson

163 REP. JOHNSON: I appreciate the opportunity to appear before this committee to present HB 2868. - Purpose of the bill is to shed a bit of sunlight on the rumors on Higher Education. - We want a line-item budget in order to open up the system so that we can see how the State System of Higher Education is spending over \$500 million. - We need to clear up rumors surrounding Higher Education. A clear, open review and analysis by Legislative Fiscal would help the situation. - Reference to EXHIBIT A.

234 REP. DERFLER: It really bothers me that we need this bill to get certain information. Don't they have to prepare a budget if they are going to ask for money? Isn't this budget available to you?

237 REP. JOHNSON: Budget data is not in the format that I believe it should be. What we are getting is not what we need. It is very hard to get a clear assessment on how their system works. For me, this is an educational process, and I don't intend to do anything beyond.

248 REP. DERFLER: When you ask for it, you don't get the information?

249 REP. JOHNSON: I am not saying that we couldn't get it today. The present environment is better, but I want it to be a matter of statutory process. I think Higher Education should be run like DHR, Transportation, and various other departments.

266 REP. JONES: Rep. Johnson, you may not have had the opportunity to see the material that staff has prepared for us. It appears that each institution within Higher Education prepares its budget in a line-item format. Are you aware of that?

269 REP. JOHNSON: I have requested to see them, but they haven't been given to me.

271 REP. JONES: Apparently, they are prepared at each institution in a line-item format. In fact, they then are aggregated in a systemwide budget without the detail. The Fiscal Impact Statement suggests that considerable funds will be needed to acquire a system which will prepare the budget in line-item format. Do you serve on the Ways and Means Education subcommittee?

281 REP. JOHNSON: I do.

282 REP. JONES: Have the institutions' line-item budgets been requested? Have they failed to provide them?

284 REP. JOHNSON: I don't believe the Chair has specifically requested those. We have only had an overview by the Chancellor, and they are not scheduled for hearing until March 27th.

288 CHAIRPERSON CLARNO: Would you like to testify on this bill. Rep. Markham?

289 REP. MARKHAM: I think what Rep. Johnson is asking for is long overdue. It is difficult to play the numbers game with Higher Education. Certain Chancellors will stonewall you if you ask a difficult question. Under our current Chancellor, we have seen improved cooperation, especially with regard to the new vice-chancellor and Mr. Roger Bassett. It is time for a change.

328 CHAIRPERSON CLARNO: Thank you for your comments.

336 REP. BRIAN: I have been working with the Chancellor and his staff, and they have been very helpful. This is a difficult area to get hard numbers. Without going into a great deal of detail, I feel this bill is a necessity. I don't see any reason for any state agency being exempt from the line-item budget format.

352 REP. DERFLER: Do they not use standard accounting practices? Is that why we cannot get solid numbers?

355 REP. JOHNSON: I apologize for not being able to answer that question. I selected the University of Oregon to study because they have the best data base in the entire system. -If light is shed on the process, the system will function better.

369 CHAIRPERSON CLARNO: Both Higher Education and Executive Department are here to answer questions that we may have. We have already heard about the State of Oregon's accounting system problems, and I think that adds to a lot of the problems that we have today.

375 REP. KATZ: Rep. Johnson, I've been there. You may get some information that you want, but the real issue is what kind of outcomes are occurring in the institutions? Nobody really has that information. What you are looking at is all the inputs going into the system, but no one is asking about the output. We don't know that, and until you get that answer, you won't be satisfied with any information that you get.

395 REP. JOHNSON: If this committee would be willing to take the time to do that, I think it would serve as an important ingredient. We are spending so much money, and the outcomes are not being recorded.

401 REP. KATZ: You weren't even willing to deal with the outcomes of K-12 until last legislative session and now I understand you want to take that money out. The whole issue of assessment is absolutely critical. It is critical to K-12, community colleges, and the State System of Higher Education. It isn't that we can't get them, we can do it.

410 REP. JOHNSON: I agree with you on that issue. To know whether your program is working, you have to know the outcomes. That is something that is not occurring in many, many programs, but it is beginning to happen in some areas.

428 REP. DERFLER: What you are asking for in this bill is really different from what you are really after.

430 REP. JOHNSON: I think that is true. When I put in the bill, I didn't really know enough about the process to know the right questions to ask. I will be candid; I am learning much every day.

434 REP. KATZ: You will get press but you're not going to get what you really looking for. You will get buried with information, but you won't be able to make any sense out of it. You might be able to slash something here or there, but it will reappear five or six years down the road. What you really need to do is to establish some means of measuring. If you can get that done this session, then you will feel better about what is going on.

456 REP. BRIAN: I agree with our need to measure outcomes. But under the rationale just presented, why should we get into any budget detail with any agency if we just give out pots of money and ask them to bring back outcomes. I guess we could cut back our Ways and Means process substantially if we did that.

465 REP. KATZ: No, don't misunderstand me. I didn't say that you shouldn't go through a budget process. But if you get into this kind of detail, you won't be able to get a handle on the material.

TAPE 42, SIDE A

030 REP. JOHNSON: I thought working with Legislative Fiscal could help us interpret this information. As legislators, I don't think any of us have the skills necessary to conduct assessment. I am working with the UO in order to get a good education, to learn more about the system. I want to help Higher Education work better and enjoy a more positive reputation. Community colleges are universally accepted as good investments, but there are a lot of questions by people who are not sold on Higher Education.

035 REP. CLARK: The mission of the community colleges is so different that it can be measured in terms of investment. I talk to students who come into my vocational school about investment. They are able to say, I will be in school for this period of time, and then I will be placed in a job with a salary range between this and that. That is a pretty good tool, and you can see the trade-offs. I am not sure you can do that with a degree in sociology or literature from the University of Oregon. I am not disagreeing with what you are saying, but I am saying that is not quite as measurable and that may feed some of the perception. I just don't think you can measure Higher Education as you would a Community College.

048 REP. JOHNSON: There is a difference. Higher Education students have totally different goals. I can look at my children for good examples of that.

056 CHAIRPERSON CLARNO: I think it is very frustrating to go through this process. We are responsible to taxpayers who are paying the \$500 million dollar bill. We have found that finding answers is very difficult and frustrating. I think your bill will make people aware of how frustrating it is, as legislators, to not be able to find answers and not be able to understand whether or not we are getting what we should for the taxpayers' dollars.

066 REP. JOHNSON: In all fairness, Chancellor Bartlett has been very supportive of all of my requests. I really have nothing negative to say about the current administration.

072 REP. DERFLER: If you had this information, what changes would you like to make? What is your goal?

075 REP. JOHNSON: I think we are entitled to know how efficient the various institutions are, based on some standards and comparisons to other institutions of comparable size. The rumor mill says that we have professors who don't teach any classes, some who may teach one class a week, some who may teach three, and some who may be doing research. We need to be able to make an assessment.

092 CHAIRPERSON CLARNO: Due to time constraints, we are going to have to move onto the other bill. In April, we are going to have a work session day and deal with several bills.

095 REP. JOHNSON: I will work with your staff and propose some amendments, now that I have a better feel for what I want.

096 REP. KATZ: The policy issue is that, if you want to be a research and development institution, you need to allow your faculty to do research and development. The question is the quality, and if, in fact, they are actually doing the research. You also might suggest that

faculty do a bit more teaching than they are doing today.

101 REP. JOHNSON: That is exactly where I am coming from. I completely agree with you.

103 CHAIRPERSON CLARNO: Thank you for your comments. Rep. Dwyer, would you like to comment on HB 2868?

113 REP. BILL DWYER: I think the necessity of this bill outweighs the expense. I think we ought to be able make sense out of these budgets without being deluged with paper.

120 CHAIRPERSON CLARNO: Closes the public hearing on HB 2868. Opens the public hearing on HB 2712.

(Tape 42, side a) HB 2712 - HIGHER EDUCATION COMPENSATION, PH
Witnesses: Rep. Sam Dominy Rep. Bill Dwyer

127 REP. SAM DOMINY: - Explains the elements of the bill. We are trying to find a way to determine exactly how much the administrators are compensated. When I made inquiries, I received a printout that is in the aggregate. I made further inquiries and learned that it is very difficult to determine what the Chancellors and Vice-Chancellors are paid.

180 REP. DWYER: Somewhere, we have to know the bottom line on the pay and perks for the job or jobs they do. They use a lot of statistics to show that they are poorly paid. But we must know all of the perks, including people who are provided to help string Christmas lights. We need some format so that we know the cumulative total. We need full disclosure, and I support this concept.

206 REP. DERFLER: You find that information is not available?

207 REP. DWYER: It may be available. But you cannot find it within one document. You have to be Sherlock Holmes to find the information. This is a citizen legislature. We shouldn't need a budget analyst to find out what is the bottom line.

217 CHAIRPERSON CLARNO: I can respect those comments, especially from previous experience.

225 REP. MARKHAM: We need some daylight on this issue. I have passed on information to you that was provided by Roger Bassett. What intrigued me on this issue was the bill concerning the conflict of interest with regard to the University of Oregon.

240 REP. DERFLER: Who negotiates the contracts, with regard to the Chancellor's Office?

241 SUSAN BROWNING, COMMITTEE ADMINISTRATOR: Within your packet, you will find a staff measure summary on HB 2712. The State Board of Education determines the compensation for unclassified positions, and those include administration and academic staff.

247 REP. DERFLER: They certainly are aware of these figures, if they do the negotiations?

248 BROWNING: Correct. The Board routinely reports the compensation of the Chancellor, Vice-Chancellors and the Presidents and Vice-Presidents

of all the institutions. Roger Bassett would have more information on this matter.

256 REP. DERFLER: That information would be available to anyone who would like to get the minutes of the July meeting.

257 BROWNING: I believe it would be, but it is not for the same number of positions that this bill discusses. This bill goes beyond those positions that I have mentioned.

261 CHAIRPERSON CLARNO: Thank you for your time, Rep. Dominy. We plan on scheduling a work session for this bill later in April. - Closes the public hearing on HB 2712 and reopens the public hearing on HB 286 8. Introduction of T.K. Olson.

276 T.K. OLSON: Thank you. I am here at the invitation of your staff. For those of you not familiar with my background, I was for 13 years the Director for the Educational Coordinating Commission (now the Office of Educational Policy and Planning.) - Submits and summarizes written testimony. See EXHIBIT B.

TAPE 41, SIDE B

223 CHAIRPERSON CLARNO: Thank you, Mr. Olson, for your testimony. Please provide me a copy of your testimony so that I may forward it to the Ways and Means Committee.

230 REP. JONES: It is so nice to have you testify in front of our committee.

231 OLSON: Thank you.

232 REP. BRIAN: I am sorry that I missed some of your comments, but I think I can safely make one observation. The desire for line-item detail is inversely proportional to the confidence one has in the level of financial management. When anecdotes pop up and we don't have the facts, they begin to serve as a representation of the whole system because you don't know otherwise.

250 OLSON: Sometimes the Board and the staff are not geared to answer the Ways and Means questions. I have had a lot of experience in trying to elicit information from Higher Education. Personalities and personnel do play an important role in the dissemination of information. In the past, Higher Education held their cards very secretively. Currently, I don't think it is a matter of them wanting to be secretive. Revealing salaries is not a good thing because it makes life difficult in the real world of campus life. It kills good will and collegiality. Certain requests require prices to be paid by others. This is why they are not always keen on providing this information instantly. That is the price that we have to pay for public disclosure.

305 REP. BRIAN: I appreciate the cooperation of the Chancellor's Office to date. Sometimes they do have a difficult time responding. I would like to make it less difficult for the System to report, and I don't care about the loss of goodwill between professors. We have to look at the nuts and bolts.

332 OLSON: This is an educational process which works both ways. The State System is learning much from you, as you are learning about them. They are not deliberately trying to con you. The means for reporting was

satisfactory in the past, and they just operate business as usual. I am sure they can and will change their reporting mechanism if you ask them to do so. - I hope my comments have been helpful.

350 CHAIRPERSON CLARNO: Your comments have been very helpful. We appreciate your time and testimony.

356 REP. KATZ: We made this change a few years back. The Educational Coordinating Commission was under the Legislature. Whenever we needed information, all we had to do was pick up the phone and call T.K. Olson. During Governor Goldschmidt's administration, we moved this organization. It may be wise to rethink the location of the Office of Education Planning. We might want to move it back to into the Legislature, before it disappears completely.

370 CHAIRPERSON CLARNO: Thank you, Rep. Katz. - Explains the lack of members (Judiciary Committee voting). - Adjourns the meeting (4:55 p.m.).

EXHIBIT LOG

Exhibit A - Rep. Eldon Johnson - 1 page Exhibit B - T.K. Olson - 7 pages
Exhibit C - Susan Browning - 16 pages

Submitted by:

Reviewed by:

Scott Kaden

Susan M. Browning