

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

May 2, 1991Hearing Room D 4:00 p.m.Tapes 71- 72

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

MEMBER EXCUSED: Rep. Brian

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

MEASURES CONSIDERED: HB 2427 - SRI, ED-NET, Great Start, PH SB 450 - Six Person Jury for Criminal Circuit Ct. Trials, PH HB 3483 - "Tax Expenditure" Budget, PH and WS

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TAPE 71, SIDE A

005 CHAIRPERSON CLARNO: Calls the meeting to order at 4:07 p.m.. - Makes several committee announcements.

013 REP. JONES: How does SB 450 work with the previous jury issue that we have dealt with?

014 CHAIRPERSON CLARNO: This deals with misdemeanors.

015 SUSAN BROWNING, COMMITTEE ADMINISTRATOR: HB 2885, the bill the Committee passed out last week addressed circuit court civil cases. This bill deals with criminal circuit court cases, only if they are misdemeanor crimes.

019 CHAIRPERSON CLARNO: Opens public hearing on HB 2427. - Asks Ms. Norma Paulus to approach the witness table.

(Tape 71, Side A) HB 2427 - SRI, ED-NET, GREAT START, PUBLIC HEARING Witnesses:Norma Paulus, Superintendent of Public Instruction Bob Burns, Assistant Superintendent of Public Instruction Leroy Benham, Climax Portable Machine Tools, President

025 BROWNING: There are two sets of amendments (dash two which deals with the SRI program, and the dash three which addresses Teachers Standards and Practices Commission, Ed-NET and Great Start). (See EXHIBIT A and EXHIBIT B.) Discusses the amendments before the Committee.

032 REP. KATZ: These are not minor amendments. Could we deal with the dash two amendment first, before we address dash three?

035 REP. JONES: We have dash two and dash three amendments before us, you say?

036 CHAIRPERSON CLARNO: Dash two is before you, dash three is on its way.

037 REP. KATZ: This is a "gut-and-stuff."

038 CHAIRPERSON CLARNO: That is correct.

040 REP. KATZ: The Speaker told me we were not going to do that during this session.

041 CHAIRPERSON CLARNO: I didn't ask the Speaker.

042 NORMA PAULUS, SUPERINTENDENT OF PUBLIC INSTRUCTION: Introduces Bob Burns, Deputy Superintendent of Public Instruction. Madame Chair, do you know Jerry Fisher, of Hewlett Packard?

044 CHAIRPERSON CLARNO: Yes.

045 PAULUS: I want to explain an item before I begin my testimony. My staff errantly informed Mr. Fisher that I was not testifying on a bill that would move ED-NET to the Department of Education. I gather he is very opposed to that. At the time, I was unaware of the contents of your dash three amendments. If you see Mr. Fisher come into the hearing room, I hope that you afford him an opportunity to address this issue.

052 REP. DERFLER: We will tell him we are moving ED-NET, according to your recommendation.

054 PAULUS: I am prepared to address the amendment regarding the SRI program. Do you want me to address all the other items as well?

056 CHAIRPERSON CLARNO: Why don't you just address the dash two amendments, which you have before you.

057 PAULUS: I would be pleased to address them all.

058 CHAIRPERSON CLARNO: Okay. We have just received the dash three amendment, and I will pass on a copy for your review.

059 REP. KATZ: Where did the dash three amendment come from?

060 CHAIRPERSON CLARNO: The dash three includes other suggestions that have been made in other hearings. We thought we could get this in one amendment, but did not quite make it.

064 REP. KATZ: Where is HB 2427 now?

069 CHAIRPERSON CLARNO: HB 2427 is in this committee.

070 PAULUS: I have testified on the original bill.

071 REP. KATZ: No, the bill that moved SRI to the Department of Education. Is there a bill in the Legislative Assembly that does that?

072 CHAIRPERSON CLARNO: No. The dash two amendments to HB 2427 accomplish that.

075 PAULUS: I will keep my comments brief, for I know there are many people who would like to testify on this bill. - I have noted that many programs, that normally one would find in the Department of Education, have been placed in other departments. This was done because of personalities. I think if you have a program that relates to the Department of Education, then it should be in the Department of Education. - We cannot afford the duplication which exists, especially in light of Ballot Measure 5. - If you want me to deal with the high school drop-out rate, give me the Student Retention Initiative and the money that goes with it. If you want someone else to oversee that program, I want you to be very clear about that.

109 REP. CLARK: Was SRI given to the Youth Commission in an attempt to decentralize SRI?

111 PAULUS: I have no idea.

112 REP. CLARK: If I remember the rhetoric concerning the children's agenda correctly, it was to be as decentralized as possible. I wonder if that had something to do with sending SRI to the local commissions.

115 PAULUS: I know that when John Ericson was Superintendent, Governor Neil Goldschmidt was genuinely concerned about this issue but did not have much respect for the Department of Education or the Superintendent. So he concentrated his efforts in another arena. After speaking with Bob Burns, who witnessed many meetings between John Ericson and Gov. Goldschmidt, I learned Gov. Goldschmidt intended to transfer the SRI and Great Start programs to the Department of Education. I think it logically fits there.

127 REP. KATZ: I want to answer Rep. Clark's question. If I recall correctly, SRI was originally lodged in the Director's Office of the Department of Human Resources. I protested that action. I thought it belonged in the Department of Education. Unfortunately, I lost that battle. I have asked Chairperson Clarno to look at combining all these activities because they were, in fact, decentralized out into the local community. That is how we got what we have in front of us.

135 PAULUS: There are two other aspects to this. We will accept responsibility for any programs you see fit to be in the Department of Education. There is fragmentation, and I am fighting for dollars to make Rep. Katz's bill work. I strongly support that piece of legislation and see it as a critical issue. Unfortunately, there is not enough money. - The Early Intervention Program is extraordinarily successful. DHR, facing the fallout of Ballot Measure 5, decided to transfer this program to the Department of Education. We did not resist, but we face being cut off by the Fed's unless we find a way to fund that program by July. We did not get a cent when the Early Intervention Program was transferred, and the Governor's Recommended Budget does not make an allocation for it. I inherited a \$29 million dollar hole in my

budget because of Early Intervention. Thanks to the experience of many, we will be able to meet the federal mandates and save this program. But this has taken months to accomplish, and we are still short on funds. We have been told by the Governor's Office that \$13 million will be added to Education's budget. - If the Department of Education had the programs that relate to children and Early Childhood Education, we could solve some of our federal funding problems.

196 REP. CLARK: You said something that caught me off guard. The connection between the Treasurer's moratorium and ESD's - I don't understand.

199 PAULUS: Essentially, the Treasurer is saying that he will put a moratorium on further bonding, until the legislative leaders and other political leaders demonstrate that Oregon has a plan that will address Ballot Measure 5. I agree with the stop on the bonding. I support his efforts. He suggested to the leadership that one of the ways to address Measure Five is to abolish the ESD's. You might be able to do that, but we still need a regional delivery service of some kind. You can call it anything that you want. The Speaker and the President have asked me to find some sort of solution to this. As a result, I am examining what is happening in each of the counties and the ESD's roles in the counties. Those other agencies that are serving children are looking for administrative costs for running the programs. These are fragmented services, and it is costing this state a lot of money.

224 CHAIRPERSON CLARNO: As you mentioned earlier, when you have different programs going different directions, you limit what you can do federally, with matching dollars.

227 PAULUS: Yes.

228 REP. DERFLER: What do you plan on doing with the SRI programs that are in existence? I suggested that you would probably continue the present program. Is that true, or do you plan on scrapping what we have accomplished so far and going to a different program?

235 PAULUS: We are just looking at this entire issue. We have sped up the process because the Speaker and President have asked us to do so. It would vary from county to county, ESD to ESD. (Offers Malheur County as an example.)

255 REP. KATZ: When I was Chair of the Audit Committee, we wanted to do a program audit on SRI. We never got into that because there was no definition of a drop-out. Without a uniform definition and without uniform reporting from across the state, there was no way we could identify whether the program was successful or not. We really do have a problem with the program. Education had a good little bill that was sent to Ways and Means. It might get lost down there, so we might want to look into joining that bill with this bill.

270 PAULUS: The Legislature and I are making million dollar decisions based on information that might not be accurate. We do not have a collection and reporting system out there.

277 REP. KATZ: That is the bill. It needed some money and I think that is why it went down.

278 PAULUS: We will try to work on that on some volunteer arrangement. That has to be addressed.

280 REP. JONES: What you are looking at is requiring SRI to report drop-out statistics to you. I support that, and I would second the comments of Rep. Katz. These two bills belong together.

291 PAULUS: Frankly, I didn't know the bill was still alive.

292 REP. KATZ: Well, it is not. It is in Ways and Means.

295 PAULUS: Sooner or later, we will have to deal with the fragmentation of services. As far as ED-NET is concerned, I would like to tell you what I would like to do (regardless of my Deputy's strong reservations). We desperately need science courses in our schools. Oregon has some very unique sights that would make wonderful science programs. If we did them appropriately, we could market these programs nationally. I am speaking of the Hatfield Marine Science Center and the High Desert Museum. We must market these unique sites, in conjunction with the John Day Fossil Beds and the wildlife refuge in Malheur County. Sen. Hatfield is trying to put extra money in the Marine Science Center budget to develop a science program that can be used in distance learning. We think this could be marketed on channel 10, to the rest of the nation.

335 REP. KATZ: Before we get to ED-NET, I want to talk about the issue of drop-outs. Everyone knows how I feel about SRI and my priorities with regard to this program. I would hope, if this bill passes, that you would take a really close look at redirecting resources to deal with the pre- kindergarten to grade 3. If we are going to do HB 3565, its initial focus the primary school. It would be nice to know how the money is spent and to have the outcomes measured, if possible.

359 PAULUS: I agree. I would like to reiterate that the Board of Education and I hold that as our number one priority. We are looking at your bill specifically. Our thrust will be those ages.

368 REP. KATZ: More than \$2 million ought to be focused there.

369 PAULUS: I think Great Start is a good complement to that focus. The Legislature has to decide if we want these other things, and if so, where are we going to get the money. We are really struggling in Ways and Means.

378 REP. HUGO: I usually have an opinion on every bill, and I don't have an opinion on this. That is rare. - In your opinion, are the Great Start and SRI programs educational programs or social service programs, and why?

387 PAULUS: In my opinion, they are educational. I don't think the educational community has traditionally thought so. It is my impression that the educational community has tried not to be connected with early childhood, even kindergarten, because of the funding mechanism. The schools have not wanted these programs because they do not want to stretch their money any farther. - The Department of Education must be concerned with programs related to the preparation of children for the learning process. That will be our thrust. The children must be prepared to learn. We must be more involved with all of these programs. Our home economic departments must be teaching parenting and pre-natal child care. We need more and more teen health clinics and child care facilities.

444 REP. HUGO: Let me play devil's advocate for one moment. Great Start is designed to get children ready to learn. The reason we have to do this is because the social fabric of this country has failed. It seems that the means is social, and the end is better educational opportunity. Do we fund the means or do we fund the end?

459 PAULUS: I understand your point, and it is well taken. That is a very strong argument for the Great Start program. I do not, in any way, denigrate that program. It is doing good things. When push comes to shove, you have to decide what to fund. If there was enough money to solve the problems my department faces, I would not be here today.

475 REP. HUGO: The dash three amendment, on page nine, says that we shall replace "the Commission" with "Superintendent," and then lists all the programs that are out there. I cannot visualize the Department of Education doing all of the things mentioned on page nine. Are you equipped to do those sorts of things?

TAPE 72, SIDE A

034 PAULUS: We receive a lot of "Chapter One" money, federal money, and migrant children money. We want to provide a program for the whole child. We spend a lot of "Chapter One" money on large conferences to get parents involved. Now, we are going to set up a system with regional volunteer coordinators to get the parents involved with the schools. We want to stop spending money on the conferences. This program would fit right in with Great Start.

051 REP. HUGO: This is the first time I have seen the dash three amendments.

052 PAULUS: I am sorry. I have not seen the amendments at all.

053 REP. HUGO: Transferring Great Start, SRI, ED-NET, TSPC and eliminating ESD's - TSPC is in this one, correct?

055 BROWNING: Yes, it is, Rep. Hugo.

056 PAULUS: Perhaps I should make a comment on TSPC.

057 CHAIRPERSON CLARNO: That would be nice.

058 PAULUS: I have not had the occasion to visit with OEA about this issue, due to time constraints. I have received a lot of mail from people all over the state. That prompted me to look at the issue. I don't know if we can save any administrative expense, but the transfer would allow for more collaboration.

066 REP. KATZ: I am going to throw you a grenade and fight a battle that I don't really want to re-fight. When we first heard the notion of the Great Start program, we thought the resources that were dedicated for Great Start really ought to be called Head Start. We thought we really needed to get into 100% funding for this area and then go onto three and four year olds for the entire population. That would truly be a "great start."

078 PAULUS: I agree. Mr. Burns, how many children are we servicing with Head Start?

081 BOB BURNS, ASSISTANT SUPERINTENDENT OF PUBLIC INSTRUCTION: Nine hundred or so.

082 PAULUS: The Oregon Head Start program only services 979 children. Let me throw a grenade back. In addition to giving me the Early Intervention Program without one cent, I also have a pre-kindergarten program which is funded out of lottery dollars, and I find that insulting.

087 REP. KATZ: Since I do sit on that committee, I can say that the deal has been struck. You will get the Head Start money with General Fund dollars and the lottery funds will be paying for the light rail. That is a done deal!

093 PAULUS: Let me summarize this point by saying, I agree with Rep. Katz. That would be the best use of limited dollars - putting every dollar we can into the Oregon Head Start Program. The best thing nationally that has happened to us is the Head Start program. But, that only serves a fraction of the kids. - We are willing to assume responsibility for anything that will logically fit in the Department of Education. I will not be lobbying anybody for this bill. I am not lobbying for or against it. I want to go on record saying there is a problem, for we need money, coordination and collaboration. Whatever you see fit to do, we will act accordingly.

106 CHAIRPERSON CLARNO: Thank you for your testimony. I am sorry you did not receive the dash three amendment before you were asked to testify. Apparently, Legislative Counsel is overwhelmed.

120 REP. JONES: If you had the opportunity to do what you felt needs to be done, considering the fact we have limited dollars, would you far prefer that we put money in the Oregon Head Start program rather than other piece-meal programs? In other words, do one thing well?

125 PAULUS: Correct. The only caveat would concern the early intervention money. If we do not solve that problem, we lose all the federal money. It is not only the Department of Education that would lose, so would O.H.S.U., the University of Oregon and others. We would be precluded from petitioning for any other money from the federal government.

130 REP. JONES: So when you say that, you do so recognizing that we must keep the federal dollars coming for the Early Intervention program.

131 PAULUS: Correct.

132 REP. JONES: You think we would better serve children if we put all the dollars into Head Start?

133 PAULUS: Yes.

134 CHAIRPERSON CLARNO: We are very concerned about the 239 programs delivered by the 38 state agencies. Any children's programs fragmentation that we can look at and somehow resolve, is something we want to do.

138 PAULUS: I am not going to be lobbying for any of the items in this bill. I have laid this at your doorstep, and it is your decision to make. We will live with whatever you do.

142 CHAIRPERSON CLARNO: Thank you for your testimony. - We have a lot of people signed up to testify on this bill, so I will hear public testimony according to the person's geographical location. - Leroy Benham, please come forward to the witness table.

153 LEROY BENHAM, PRESIDENT OF CLIMAX PORTABLE MACHINE TOOLS INC. - CHAIRMAN OF OREGON COMMUNITY CHILDREN AND YOUTH SERVICES COMMISSION, MEMBER OF THE YAMHILL COUNTY COMMUNITY CHILDREN AND YOUTH SERVICES COMMISSION, MEMBER OF THE NEWBERG SCHOOL BOARD: - Submits and summarizes written testimony (see EXHIBIT D). Speaks in opposition to the dash two and dash three amendments.

215 REP. CLARK: I totally agree with your point of how the lack of follow-up to student absences leads to dropping out. In the interim, I run a vocational school. We teach students, who for whatever reason, have chosen not to attend community college or any other type of higher education institution. We have a policy in place where each instructor must call each student every day an absence occurs to determine why it happened. The retention rate tripled, once we implemented that policy. Only a local effort could do such a thing. That is one concern I have with moving the "Initiative" to the Department of Education. How do we work on the local level out of the Department of Education?

237 REP. KATZ: Rep. Clark, you have to tell the schools they must do these things! If you don't, they won't take it upon themselves.

241 CHAIRPERSON CLARNO: The current SRI programs do not keep statistics. Also, the DHR is not coordinating with the Department of Education on this matter. We are talking about fragmentation, duplication, and lack of coordination.

248 REP. CLARK: I think Rep. Hugo asked a very perceptive question when he asked whether this is a social or educational program. I think your testimony is that it is primarily a social program, correct?

250 BENHAM: Primarily, yes. That is true.

251 REP. DERFLER: If you transfer this program to the schools, will you lose the voluntary programs? The communities get a lot of local people involved as volunteers, doing a lot of the work. If we transfer that to the Department of Education, those will all be paid positions.

255 CHAIRPERSON CLARNO: I think the local involvement will still be there. It will be under the supervision of the Department of Education.

258 REP. DERFLER: It will depend on how it is worded. When I read the bill, that is not direction they wish to go.

259 CHAIRPERSON CLARNO: We are all very aware of what a valuable asset these commissions are in each of the 36 counties. Most of them are doing a great job. We want to perfect the system.

274 BENHAM: The data on SRI is provided to us by the Department of Education. Granted, it is not adequate information because it has not been kept for a long period of time. It also varies from county to county.

282 REP. JONES: What services do you provide with the SRI money?

284 BENHAM: It varies from county to county, depending on the specific need. The causes for dropping out are diverse, thus the solutions are also diverse.

288 REP. JONES: Tell me about your county.

289 BENHAM: We have formed a youth services team. The school districts and the social service agencies, both public and private, are involved in a cooperative throughout the county, resolved at solving the base problems that cause drop-out. We serve the kids who are in danger of dropping out, or who have dropped out. The services are tailored for each individual kid.

297 REP. JONES: I am asking for an education, not questioning your answers. Who identifies the kids? Is it the school district who identifies the children and refers them to the commission?

303 BENHAM: The resources are shared by the school districts in the county, the ESD and the social service agencies. When a counselor in the school identifies a need for prevention or intervention in a drop-out situation, that counselor can call on the services of the team.

311 REP. JONES: Who does the counselor call?

312 BENHAM: There is an office in McMinnville, the county seat. The Director of the Youth Services Team (YST) can call in the appropriate social service agency.

316 REP. JONES: How successful are you?

317 BENHAM: We are quite successful. We haven't been in existence long enough to develop convincing statistics. Our base information on dropouts is very shaky, and this adds to the problem of measuring outcomes.

322 REP. JONES: We have recognized that.

324 BENHAM: The best information is anecdotal. All members of the team can point to successes they have enjoyed. It is very difficult to get a good picture of the statewide results. We do intend to be able to do that, since evaluation and measurement is important to county planning.

331 REP. KATZ: What are the dollars used for? How are the dollars dispersed? What do they pay for?

335 BENHAM: Generally speaking, the staff people providing the services in the various service agencies capture the lion's share of the dollars.

340 REP. KATZ: Why do staff, who are charged with those duties already, need additional monies to perform their duties?

343 BENHAM: Additional staff are needed because the services that are part of the mandate for the social service agencies do not include dealing with these dropouts. This is an additional service provided by these individuals.

350 REP. KATZ: This is provided for what jurisdiction? All the children in your county?

352 BENHAM: That is correct. For all of the school districts.

353 REP. KATZ: How much do you get roughly?

354 BENHAM: I am afraid I cannot give you that information. I don't remember, and I don't have that information with me. Perhaps someone else in the audience would have that information. You have received a packet and I have been told that information is included in that packet.

361 CHAIRPERSON CLARNO: On the budget we passed out today, it was \$1.56 million for all 36 counties.

364 REP. KATZ: The reason I ask is that we have heard a lot of testimony about the Lincoln County Project, which does much more for a nominal amount.

378 CHAIRPERSON CLARNO: Mr. Benham, thank you for your testimony. Closes public hearing on HB 2427, opens public hearing on SB 450. The Chair plans on reopening the public hearing on HB 2427, after the testimony offered by Sen. Brenneman.

(Tape 72, Side A) SB 450 - SIX PERSON JURY FOR CRIMINAL CIRCUIT CT. TRIALS, PUBLIC HEARING Witness:Sen. John Brenneman

389 SENATOR JOHN BRENNEMAN: Summarizes testimony on SB 450. This bill is a cost savings suggestion offered by circuit court Judge Robert Huckleberry. - This bill passed the Senate by a vote of 23 AYE, 0 NAY. Chief Justice Edwin Peterson supports this measure and has submitted written testimony (EXHIBIT E).

438 REP. CLARK: I did not realize that we had misdemeanor cases being tried in circuit court.

446 SEN. BRENNEMAN: This happens in limited instances, where the cases are plead down.

456 REP. CLARK: I am surprised in those circumstances that the whole case isn't sent down to district court at that point. I think this bill is a good bill. I am just surprised we have this problem in the first place.

460 SEN. BRENNEMAN: In fact, Judge Huckleberry suggested that the Judiciary Committee not stop with misdemeanors. Some felonies and civil trials could be included in the six person jury scheme.

TAPE 71, SIDE B

021 CHAIRPERSON CLARNO: We took care of the civil cases in an earlier bill (HB 2885). Rep. Clark will be carrying that bill on the House floor, and we expect you to look after it on the other side of the building.

022 SEN. BRENNEMAN: Chief Justice Peterson does mention some house bills in his testimony. Your bill must be included in that list.

024 CHAIRPERSON CLARNO: If we get in a work session and need help, we will give you a call, Sen. Brenneman. Closes the public hearing on SB 450 and reopens the public hearing on HB 2427.

(Tape 71, Side B) HB 2427 - SRI, ED-NET, GREAT START, PUBLIC HEARING Witnesses:Bill Leary, Elementary School Principal Susan Sowards, Lane

County Youth Development Commission Jim Ryan, Clack. County Children and Youth Coord. Council

035 BILL LEARY, ELEMENTARY SCHOOL PRINCIPAL, KLAMATH FALLS, OREGON AND MEMBER OF THE OREGON COMMUNITY CHILDREN AND YOUTH SERVICES COMMISSION: Refers to the material found in the packet of information prepared by the Oregon Community Children and Youth Services Commission (EXHIBIT I). Discusses the work that was put into SRI in Klamath County.

104 REP. KATZ: What happens when your money runs out after the biennium?

106 LEARY: You mean previously with regard to SRI?

106 REP. KATZ: Is this a program that was running in 1989-1991?

107 LEARY: No. This would be the 1991-1993 proposal.

108 REP. KATZ: You had a 1989-1991 proposal. I think it was a night school for kids to come in and out. What happened to that program?

110 LEARY: The school district is picking that up. With the Sheltered Mainstream Program, the school district covered that with federal money they received for bilingual and migrant education funds.

113 REP. KATZ: What arrangement do you have for someone to pick this up at the end of the biennium?

114 LEARY: We are going to do such job with the Youth Services Commission that we expect to keep on rolling and grow in size. To be brief, I don't see this as an ownership issue. I see this as community liaison, something the State Department of Education cannot do in Klamath Falls. The Department of Education cannot know every kid and every problem. In our community, we can and we take action to correct the problems.

132 REP. CLARK: Your comments are very persuasive. Could you leave the Initiative with the Commission and local commissions, and involve the Department of Education with more of a technical role? Or does that happen presently?

139 LEARY: It does happen now. I personally work with the Department of Education. They have been very generous with grant money and technical assistance, especially to me and my school district. In a sense, we are all tied to the Department of Education.

145 REP. CLARK: There is a growing perception that many of the things we are doing in public schools simply are not working. Rep. Katz is spear heading some ideas on that front. I think the taxpayers are telling us that we must do a better job teaching kids. If they don't see a turn-around, they will hold the Superintendent of Public Instruction accountable. They are going to come to the Legislature and ask us what we are doing about the dropout problem. Accountability is very hard to establish with the present decentralized system. It is very hard to point the finger at someone; that is an issue that I am struggling with now.

163 LEARY: That is an interesting issue. Being in the school business, I have to be part of the answer. I do feel that we have an obligation to manage and be fully responsible for the student dropout rate. This

is a social issue, and I need to have all the parties involved in helping to correct this problem. I cannot do it myself. It is a social issue.

179 REP. CLARK: There is a shift toward a state-financed school system, and I am not sure that the voters were aware of that when they voted for Ballot Measure Five. With an increasing share coming from the Legislature, the voters will want increased accountability. To that extent, the Commission might be in the "hot seat" two years from now, five years from now.

188 CHAIRPERSON CLARNO: That is a very good comment. Rep. Derfler, do you have a question or comment?

189 REP. DERFLER: Last week, we were transferring some of the work to the county level because we didn't think the statewide agency could do a good enough job. Today, we are doing just the opposite.

194 .REP. HUGO: If you stand on the corner long enough, the same bus goes by.

196 REP. KATZ: We didn't promise you a rose garden.

197 REP. DERFLER: I guess I find that contradiction very confusing.

198 CHAIRPERSON CLARNO: You have to track very fast around here.

198 REP. DERFLER: I am wondering if we fund the counties from money which came from another direction, would that solve the problem that we have? When you read this bill, we have taken the county out of the loop. The Superintendent will be giving the money to the ESD's and so on. If we left it with the counties, maybe they would be able to solve the problems they have identified.

211 REP. JONES: I think we need to clarify whose bill this is. This is not the Superintendent's bill.

213 REP. DERFLER: I am not saying that she asked for this bill, but if you read the bill, this transfer will be occurring.

214 REP. JONES: The point I am trying to clarify is that this is the Chair's view of all of the ideas that have been brought to the Committee. No one is advocating this in totality.

219 CHAIRPERSON CLARNO: This piece is a starting point only. The dash two amendment is a starting point.

220 REP. DERFLER: We are hearing testimony from the county level. They are very concerned about this suggestion which takes those at the county level out of the loop.

221 CHAIRPERSON CLARNO: I realize that. That is why we are having this public hearing. I welcome their comments, and I want to reiterate that we have just begun this process. We have a long way to go before we come up with a bill. - I have heard from many that we have been unable to identify the problem before it ends up in social services. Currently, our families are not involved with the schools. By the time social services is aware of the problem, it is often too late.

242 REP. DERFLER: I think that is the very point they are trying to

make. The teachers do see the problem first, and they presently have a resource to which they can refer that child (the present programs).

246 CHAIRPERSON CLARNO: That is my point. Do we need social services in the loop controlling SRI, or do we need them in the loop somewhere but not directly in a controlling position? We have to find something that works better than the 239 programs that are duplicated across the board.

252 LEARY: I think we have come to know what we can and cannot do. We know that we can identify the problems, but we certainly need those relationships with the agencies to help us. The problems have become larger than we can handle by ourselves.

259 CHAIRPERSON CLARNO: Do you think it is imperative that SRI be in the Department of Human Resources versus the Department of Education?

262 LEARY: I believe it is imperative.

264 REP. HUGO: Chip Bubl is the Oregon State University agent. That is an example of how far from the traditional educational environment this program has gotten. I think this is a wonderful program. I stand with the community on this issue. I would think these programs would survive under more austere funding situations than anything the Department of Education could create. The Department of Education is not geared to function under austere funding situations.

298 CHAIRPERSON CLARNO: I have members that must leave at 5:30 p.m. and so I ask that you keep your remarks short. I am sorry to cut you both short. Please identify yourself and begin with your testimony.

306 SUSAN SOWARDS, LANE COUNTY YOUTH DEVELOPMENT COMMISSION: We are clearly opposed to any amendments that move programs from the Oregon Community Children and Youth Services Commission (OCCYSC) to traditional state agencies. We believe our current system has distinct advantages. Submits and summarizes written materials (EXHIBIT F).

317 REP. JONES: You say you have just gotten started, but you know that the nucleus of this was the Juvenile Services Commission, which is not new.

320 SOWARDS: In our county, that system completely went away and this system came in. The difference is the Juvenile Services Commission was more of a funding organization. They got together and did grants once every two years. We do advocacy, coordination of funding, and are very active in the county.

328 REP. JONES: And that varies from county to county?

328 SOWARDS: Yes. It varies radically from county to county.

331 CHAIRPERSON CLARNO: I get the impression that a lot of people think that if we move SRI, we are eliminating OCCYSC.

334 SOWARDS: You are. You are reverting us to a Juvenile Services Commission again.

335 CHAIRPERSON CLARNO: How? I don't understand that.

336 SOWARDS: You take away SRI and Great Start and all we have left is

Juvenile Services. This also affects our administrative funding which keeps some staffing alive.

339 CHAIRPERSON CLARNO: I guess I am not following. You are saying that the money comes directly out of the General Fund to the counties and doesn't go through Human Resources.

341 SOWARDS: This has nothing to do with Human Resources. It goes through the Oregon Community Children and Youth Services Commission (OCCYSC). It has nothing to do with DHR. We are not linked with DHR.

344 CHAIRPERSON CLARNO: How do you report to DHR?

345 SOWARDS: We have nothing to do with DHR. We are a separate commission.

346 REP. HUGO: Originally, SRI was to be under the Director's office of DHR. It is now under a separate commission.

348 SOWARDS: The last legislature set up a separate state commission and directed every county to set up a children and youth services commission. That is what we are.

352 CHAIRPERSON CLARNO: I think your testimony has been most clarifying. Could you summarize in the few minutes that we have left?

354 SOWARDS: I will summarize in a few minutes, but I think some of these points are not understood at all and so I would like to address them. I have provided written testimony that looks like this. (Holds up a copy of Exhibit F.) - Addresses Exhibit F. It takes a village to raise a child. This is not something that you can put back in the hands of one agency and have it work. What we are doing is different and new and it is working in our communities. That is the bottom line.

426 CHAIRPERSON CLARNO: Thank you for your testimony. Mr. Ryan, could you please keep your remarks very brief.

430 JIM RYAN, CLACK. COUNTY CHILDREN AND YOUTH COORD. COUNCIL: I will be very brief. Submits and summarizes written testimony (EXHIBIT H). I believe the first step to helping at-risk youth succeed in school is to identify their needs in a holistic approach. That is where the issue of social versus educational argument is relevant. I believe there is a very high correlation between direct and local services for the at-risk youth, and effective programs.

TAPE 72, SIDE B

060 CHAIRPERSON CLARNO: Thank you for your testimony. Closes public hearing on HB 2427 and opens public hearing on HB 3483.

(Tape 72, Side B) HB 3483 - "TAX EXPENDITURE" BUDGET, PUBLIC HEARING AND WORK SESSION Witnesses: Rep. Bruce Hugo Jim Brown, Department of Revenue

072 REP. HUGO: Discusses the origins of this bill. Addresses how this bill will benefit the work of the Revenue Committee. We want Department of Revenue to give us "actual data, after the fact," rather than projections. - This will be a very large project for the Department of Revenue (approximately \$92,000) but it will be extremely beneficial for the Legislature to know that the State of Oregon tells certain people that they do not have to pay taxes.

105 REP. CLARK: I really like this bill, for we need this information in order to make wise decisions. Behind this bill is the assumption that we have the authority and power to tax everything. We only exempt certain entities, by sovereign grace. This bill hints at that, but it doesn't say that.

120 REP. HUGO: Over the years, we have added and added and added to our state income tax. I don't subscribe to the theory that we are capable of taxing everything that is moved or is owned. We have made judgments over the years, with regards to various tax deductions (i.e. charitable contributions to churches). We do that because the church society does things that the state does not have to do. We give people credits for political contributions because we want them involved in the political process. We use our tax policy to raise money and to cause people to do things we think they should do. But, what is it costing the State of Oregon to cause people to do what we want them to do? I don't know the answer to that.

135 REP. DERFLER: I remember when we first got our computers and all these reports were generated. We finally sat down and asked ourselves about how these reports improved the function of our organization. Do you think this report would change our behavior, would it help us make better decisions? What would we gain from it?

142 REP. HUGO: I am just asking if the purpose is worth leaving this money on the table. I asked that question of the Revenue Committee and everybody just looked around and no one really knew. This report would give us a better idea. It would let us know if we really want to make this investment. Right now, we cannot make this decision because we really do not know what it is going to cost. We think we know what it is going to cost, but we really don't know.

153 REP. JONES: As we walked through the tax plans, I agreed that the Revenue Committee would look at all the tax credits and the exemptions. I wanted to go through that laborious task because I think there is a real value at looking at this issue. I am not sure that we need to spend this kind of money to do it, but Rep. Hugo and I do not disagree on the issue. It is just how we go about getting this information that we might disagree on.

173 CHAIRPERSON CLARNO: Mr. Brown, could you give us a brief comment on this issue?

175 JIM BROWN, DEPARTMENT OF REVENUE: Explains the elements of this bill. - This report would utilize the type of data we currently have at our department.

223 CHAIRPERSON CLARNO: It seems like we have done a lot of this, for example, last week?

224 BROWN: Yes.

227 REP. HUGO: The only purpose of this bill is to help the Revenue Committee.

230 REP. JONES: This bill has a referral to the Revenue Committee and that is fine with me. I would like to have it there so I can use it as a tool to decide what we really want to look at.

234 BROWN: I think it would be worthwhile if we shared this information.

235 CHAIRPERSON CLARNO: Do we have a quorum? Yes, we have four members. Mr. Brown, thank you for your comments. - Closes the public hearing on HB 3483 and opens the work session on HB 348 3.

240 MOTION: REP. HUGO moves HB 3483 to the Committee on Revenue and School Finance, without recommendation.

241 CHAIRPERSON CLARNO: Rep. Hugo moves HB 3483. Is there any comment or discussion?

245 VOTE: In a role call vote, the motion carries with all members present voting AYE.

247 CHAIRPERSON CLARNO: The work session on HB 3483 is closed and this meeting is adjourned (5:49 p.m.).

EXHIBIT LOG

Exhibit A - House Agency Reorganization and Reform - 8 pages Exhibit B - House Agency Reorganization and Reform - 54 pages Exhibit C - Steve Nelson - 1 page Exhibit D - Leroy Benham - 3 pages Exhibit E - C.J. Edwin Peterson - 2 pages Exhibit F - Susan Sowards - 7 pages Exhibit G - Susan Sowards - 5 pages Exhibit H - Jim Ryan - 2 pages Exhibit I - Steve Nelson - 23 pages

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