

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

January 16, 1991 Hearing Room 343
3:00 P.M. State Capitol
 Salem, OR

Tapes 1 - 2

Organizational Meeting
Adoption of Committee Rules
1989 Major Economic Development Legislation

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR
 SEN. JEANNETE HAMBY
 SEN. JIM HILL
 SEN. PEG JOLIN
 SEN. EUGENE TII IMS

MEMBERS EXCUSED: SEN. BILL BRADBURY

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER
 TAMIRA MILLER, POLICY ANALYST
 JERI CHASE, OFFICE MANAGER

WITNESSES:

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 1, SIDE

A

000 CHAIR FAWBUSH convenes the meeting at 3:10 p.m.

Adoption of Committee
Rules

005 CORTRIGHT summarized Committee Rules (EXHIBIT A).

011 Motion: CHAIR FAWBUSH moved adoption of the Committee Rules (EXHIBIT A).

Vote: There being no objection, the Committee Rules are adopted.

Committee Organization

015 CHAIR FAWBUSH: Explains that Senate and House Committees are meeting separately due to other scheduling conflicts. The Chairs are meeting together and talking about trying to arrange additional joint meeting times.

031 CHAIR FAWBUSH: Major opportunities for the Committee in three areas: 1) forest industry
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package; 2) reworking of lottery funds; 3) workforce.

049 SEN. J. HILL: What is meant by "reworking of the lottery dollars".

052 CHAIR FAWBUSH: We have reviewed a "what if" scenario with EDD this past few months. They will
 be presenting this to the Committee. There should be a fair amount of flexibility to develop a legislative
 proposal, in conjunction with EDD, for the expenditure of \$58 million in lottery funds for economic
 development.

068 SEN. J. HILL: Does that imply that lottery funds will not be used for the same types of programs they have been used for in the past?

070 CHAIR FAWBUSH: That depends on what the Committee wants to do. The question is, "Can you do it better? Where do you put your emphasis?" There will be a review of what has happened and an opportunity to possibly redefine it.

074 SEN. TIMMS: Are we going to have people come in and request lottery funds as in the past. This is time-consuming and raised their hopes.

096 SEN. J. HILL: Continuiq is important; I am tired of stopping-starting, etc., and reinventing the wheel.

100 Discussion continues about lottery funds.

131 SEN. HAMBY: The President of the Senate and the Governor have issued a challenge to think creatively.

136 SEN. JOLIN: What kind of commitment will we have from the Ways and Means Committee; what kind of relationship will there be or will this be a waste of this Committee's time, energy, and innovation.

148 CHAIR FAWBUSH: There should be a better relationship. There is agreement from the Senate President that when the major package is completed, there will be agreement with the Ways and Means Committee that it will remain intact. It will be coordinated fully with leadership before it goes to the Ways and Means Committee.

174 SEN. TIMMS: On the House side, there is only one returning Committee member. We need to be careful not to lose all continuity.

190 CHAIR FAWBUSH: We need to make the effort to meet a joint schedule.

202 Discussion continues regarding scheduling options.

198 9 Major Economic Development Legislation

255 CORTRIGHT begins presentation of 1989 Major Economic Development Legislation (EXHIBIT B).

326 CHAIR FAWBUSH: Do we have a breakdown on what the Strategic Reserve Fund has been expended on?

331 CORTRIGHT: "We are having a good deal of difficulq tracing everything in the Strategic Reserve

Fund. We don't have a complete list of all the projects. In addition, because the fund accumulates

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resources, it also earns interest and then those interest earnings become available to the fund."

CHAIR FAWBUSH: "I thought they had an expenditure limitation."

CORTRIGHT: "Apparently they have a carry forward of authoriq from the previous biennium and some abiliq to spend their interest earnings. Plus, they were given an \$18 million expenditure limitation in the budget and there was a lottery shortfall, so, in effect, any interest earnings were essentially taken and used to help reach forwards that higher spending limit."

CHAIR FAWBUSH: "So, we don't have a definitive list of expenditures or commitments?"

CORTRIGHT: "No."

346 CHAIR FAWBUSH: "Would the Committee be willing to have a letter drafted on our behalf sent to

the Department to request an update on both expenditures and commitment to the Strategic Reserve

Fund?"

SEN. JOLIN: "Yes

Continued discussion regarding Strategic Reserve Fund.

371 CHAIR FAWBUSH: "So, if there is no objection from the Committee, we will request that Joe draft

a letter to the Department requesting on a timely basis a complete breakdown of the undedicated funds

in the Strategic Reserve with a response to the Committee at the earliest possible time. I would also

point out in the letter that of all the lottery line items that we have, to date, this one has received more

controversial attention than any other line item because of the lack of specificity."

Motion/Vote: There being no objection, a letter will be sent.

385 SEN. J. HILL: "I can understand how we gave freedom to use the money, but I don't understand how

we don't account for how it is spent."

390 CHAIR FAWBUSH: "There is polite disagreement with the people managing the fund because there

is some feeling of concern for confidentiality for the things they are involved in and, frankly, it is hard

to understand whether the confidentiality exists to protect potential deals or potential commitments that

we might be concerned about. I just think that it is good to get it all out in front because if the

Governor wants the Strategic Reserve Fund, we are going to have to see what was done with the last

one. I don't see that fund surviving unless we know what happened with the last one and what the commitments are. That is an issue that we need to get over quick."

413 SEN. TIMMS: I would like to know how the fund is accessed because the Regional Business Development Officers.

424 CHAIR FAWBUSH: The fund has been used for some good projects. In order to allay concerns, we

need a complete accounting.

435 SEN. TIMMS: The means of access is also important to know.

445 CHAIR FAWBUSH: Add that to the request. It would be interesting to see how that fund is accessed.

464 CORTRIGHT: We have been told there are no available records for projects that did not receive Senate T&E Committee January 16, 1991 Page 4

funding.

470 CORTRIGHT continues presentation of EXHIBIT B.

TAPE 2, SIDE A

030 CORTRIGHT continues presentation of EXHIBIT B.

038 TAMIRA MILLER begins presentation of "Summary of Workforce 2000 Programs & Awards"

(EXHIBIT C).

093 SEN. HAMBY: Will we have evaluations on any of these programs?

096 MILLER: Staff will try to begin evaluation. Some of these programs are extremely new and evaluation will not be possible as to success; some responses will be more quantitative than qualitative.

111 MILLER continues presentation of EXHIBIT C.

130 SEN. HAMBY: There was only business/education partnership formed as a result of the funding for the business/education compact. This is a disappointment.

140 MILLER continues presentation of EXHIBIT C.

260 SEN. HAMBY: The Committee should review the report done by the Legislative Fiscal Office on job training programs.

287 CHAIR FAWBUSH: We will have that presentation when we begin review of workforce programs. Continued discussion regarding the audit and the Legislative Audit Committee.

400 MILLER begins presentation of Regional Strategies Overview (EXHIBIT D).

TAPE 1, SIDE B

030 CORTRIGHT continues presentation of EXHIBIT B.

100 SEN. HAMBY: Is it possible to evaluate these programs' effectiveness? If the outcome is-meaningful to the community.

120 SEN. TIMMS: It is hard for me to understand how the Community Initiatives Program relates with Regional Strategies and why both are necessary.

130 CHAIR FAWBUSH: There will be a suggestion to develop the Community Initiatives Program into a more basic framework for development of community leadership and infrastructure in the community to do their own planning and assessment. There is a bill to establish a Rural Institute to focus on that leadership development and long term planning and assessment. This is more basic. Designed to help people help themselves.

143 CHAIR FAWBUSH: It may be interesting to do a random sample of the community reaction to this process.

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Continued discussion regarding community leadership/development.

185 SEN. JOLIN: I am interested in expenditures for Community Facilities Fund.

203 CORTRIGHT: \$1 million was all that it received; it was distributed among three different projects.

SEN. TIMMS: One project was an Area Health Education Center Lakeview, the second project was an armory in Pendleton (for a Convention Center), and the other one went to a Museum for the Warm Springs Tribe.

225 SEN. HAMBY: I would like good evaluations on all of these projects.

235 SEN. HILL: What success was achieved as a result of SB 438?

237 SEN. TIMMS: \$100,000 went to the John Day Hospital which is experiencing big problems, that has resulted in successful recruitment.

244 SEN. JOLIN: Cottage Grove Hospital (the second largest employer within the city limits) has attracted specialists resulting in a significant improvement to that hospital. It has been a tremendous help for the hospital and the surrounding area.

278 SEN. J. HILL: Does the Medical School give scholarships as incentives for graduating and then serving in a rural area?

280 SEN. TIMMS: There is a bill for that that has never been funded. The issue is becoming national and there should be some federal assistance coming.
290 CORTRIGHT continues presentation of EXHIBIT B.

TAPE 2, SIDE B

030 CORTRIGHT continues presentation of EXHIBIT B.
050 SEN. TIMMS: The lottery shortfall hurt the Department of Geology and Mineral Industries because the service was contracted out.
060 CORTRIGHT continues presentation of EXHIBIT B.
162 CORTRIGHT begins presentation of Projected 1989-91 Quarterly Lottery Allocations (EXHIBIT E).
185 CHAIR FAWBUSH adjourns the meeting at 4:45 p.m.

Submitted by,
Jeri Chase
Office Manager
Senate T&E Committee
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EXHIBIT SUMMARY

EXHIBIT A - Committee Rules, dated 1/16/91, submitted by Joe Cortright, 2 pages

EXHIBIT B - 1989 Major Economic Development Legislation, submitted by Joe Cortright, 21 pages

EXHIBIT C - Summary of Workforce 2000 Programs & Awards, submitted by Joe Cortright, 2 pages

EXHIBIT D - Regional Strategies Overview, submitted by Joe Cortright, 1 page

EXHIBIT E - Projected 1989-91 Quarterly Lottery Allocations, submitted by Joe Cortright, 1 page