

Senate T&E Committee
May 22, 1991
Page
HJM17A - PH & WKS
HB 2601A - PH

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

May 22, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 125 - 128

Community Stability Act of 1991 Memorial
Sports Lottery

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR
 SEN. SCOTT DUFF
 SEN. JEANNETTE HAMBY
 SEN. JIM HILL
 SEN. PEG JOLIN
 SEN. EUGENE TIMMS

MEMBERS EXCUSED:

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

WITNESSES:REP. BILL MARKHAM, HOUSE DISTRICT 46
 REP. LIZ VAN LEEUWEN, HOUSE DISTRICT 37
 REP. RANDY MILLER, HOUSE DISTRICT 24
 SEN. BOB KINTIGH, SENATE DISTRICT 14
 SEN. RON GRENSKY, SENATE DISTRICT 25
 REP. JOHN SCHOON, SENATE DISTRICT 34
 STEVE MARKS, SENIOR LEGISLATIVE ASSISTANT TO
 SENATE PRESIDENT
 ROD HARDER, OREGON LANDS COALITION/OREGON FUR TAKERS
 JOYCE COONROD
 KAREN CLARK
 VALERIE JOHNSON, OREGON LANDS COALITION
 JIM DAVEY, DIRECTOR, OREGON LOTTERY
 REP. CARL HOSTICKA, HOUSE DISTRICT 40
 REP. MARIE BELL, HOUSE DISTRICT 41
 LARRY LARGE, VICE CHANCELLOR, OREGON STATE SYSTEM
 OF HIGHER EDUCATION
 JOHN BYRNE, PRESIDENT, OREGON STATE UNIVERSITY
 RICHARD MILLER, PRESIDENT, CONSORTIUM FOR ATHLETICS

SUE POORMAN

BOB FLAMME
BILL BYRNE, ATHLETIC DIRECTOR, UNIVERSITY OF OREGON
BARBARA WALKER, ASSOCIATE ATHLETIC DIRECTOR,
 UNIVERSITY OF OREGON
DICK KEISER, ATHLETIC DIRECTOR,
 WESTERN OREGON STATE COLLEGE
ROY LUDLAM, PORTLAND STATE UNIVERSITY
LETE DAVIS

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 125, SIDE A

000 ACTING CHAIR TIMMS convenes the meeting at 3:16 p.m.

HJM17 (Community Stability Act of 1991 Memorial) - Public Hearing

013 REPRESENTATIVE BILL MARKHAM: Presents testimony in support of HJM17. I am also speaking representing REP. CLARNO, SCHOON, DOMINY, JOSY, REPINE, WATT, PARKINSON, OAKLEY, BELL, DELNA JONES, DENNY JONES, SOWA, ROBERTS, HUGO, NELSON, SCHROEDER, NORRIS, MASON, ROD JOHNSON, MEEK, WALDEN, and others. This memorial is in support of a bill introduced in Washington, D.C., by Congressman Bob Smith. The Community Stability Act will do for people what the Endangered Species Act does for animals. We are demonstrating our intent to stand up and be counted when it comes to the management of our natural resources in Oregon. This memorial demonstrates our commitment to battered communities. This memorial will urge Congress to pass the Community Stability Act of 1991 and send an urgent message to federal law makers that management plans that ignore those who live and work in rural communities are irresponsible. We need protection for these people.

050 REPRESENTATIVE LIZ VAN LEEUWEN: Testifies in support of HJM17. The proposed amendments seem to be acceptable. It is important to quickly get our message across to the federal government.

090 REPRESENTATIVE RANDY MILLER: Testifies in support of HJM17. I have not yet seen the proposed amendments but I hope that the language passed by the House Committee in lines 17 through 23 are not deleted. That would be a mistake. I believe that there is a turn-around coming. Those in the timber industry are beginning to take steps to fight back and educate the public.

132 SENATOR BOB KINTIGH: Presents written testimony in support of HJM17 (EXHIBIT A).

157 SENATOR RON GRENSKY: Testifies in support of HJM17. Presents a letter sent to the Senate President in support of this legislation that was signed by all Senate Republican Caucus members and others (EXHIBIT B).

HB 2601A (Sports Lottery) - Public Hearing

205 REP. MARKHAM: Testifies in support of HB 2601A. Please don't dilute HB 260 1 since the Universities need those funds.

219 REPRESENTATIVE JOHN SCHOON: Testifies in support of HB 2601A. This bill is need to keep the faith of the public - those persons who played Sports Lottery because they thought the proceeds were supporting athletics.

HJM17A (Community Stability Act of 1991 Memorial) - Public Hearing

251 STEVE MARKS: Presents amendments to HJM17A (EXHIBIT C). These amendments were worked out by the Oregon Lands Coalition and the Senate President's Office and they reflect the best parts of the original memorial and also expand upon it into other areas that the Legislature is interested in.

347 CHAIR FAWBUSH: You have added some more policy statements to this memorial. How do the House members feel about that?

360 MARKS: Discussions have been held with the sponsors of the memorial and they are generally supportive of these amendments.

394 SEN. JOLIN: Page 3, subparagraph 6 (of EXHIBIT C) would request a hearing on HR1590 (Ancient Forest Reserves Act). What is that?

404 MARKS: That is REP. BENTO's legislation on management of Northwest forests. I am unclear about the specific provisions.

412 CHAIR FAWBUSH: The intent of this is that so far there has been no intent on REP. BENTO's part to visit the area. We want to assure that if he is going to hear this bill - which we cannot prevent - that he be required to hold hearings also in this area.

420 SEN. JOLIN: I want it clear for the record that I do not support the provisions of that legislation that lock up forest land. I would like to have him come out.

423 CHAIR FAWBUSH: That is strictly the intent - for him to come here and listen to our side.

425 SEN. HAMBY: I was also concerned about this language but the operative statement is "to hold "hearings".

430 ROD HARDER: Presents written testimony in support of HJM17 (EXHIBIT D).

TAPE 126, SIDE A

024 JOYCE COONROD: Testifies in support of HJM17. Submits statistical chart of wood products closures/cutbacks information (EXHIBIT E).

076 KAREN CLARK: Presents written testimony in support of HJM17 (EXHIBIT F).

150 CHAIR FAWBUSH: We already have many people out of jobs right now. We are trying to deal with both sides of this issue. We are trying to put a package together to help the individuals, the community, and the industry.

172 SEN. HAMBY: I am committed to finding the dollars for dislocated workers. Regarding some of the members that are now in the audience, I hope that when you come forth with your proposals you will realize how tight money is. I want you to imagine how I will compare intercollegiate athletics to families that are out of work.

193 SEN. JOLIN: The district that I represent will be one of the hardest districts hit by any additional land locked up.

236 VALERIE JOHNSON: Testifies in support of HJM17. Our desire is to specifically have the government of Oregon support these communities.

290 SEN. HAMBY: Maybe we should consider an amendment that would call for someone to listen to the testimony if the hearing was conducted in Oregon.

301 JOHNSON: We have worked with President Kitzhaber in development of these amendments; agree to the language contained and support them.

319 SEN. TIMMS: This is a memorial that I support. This state is in a position of being out of business because of endangered species declarations. This memorial states that people matter.

358 SEN. DUFF: Submits letter from Wallowa County (EXHIBIT F). The philosophy and theory of preservation in wilderness areas will destroy them.

411 MOTION: SEN. TIMMS MOVES the adoption of the Proposed -5 Amendments to HJM17A.

VOTE: There being no objection, the -5 amendments are adopted.

414 MOTION: CHAIR FAWBUSH MOVES that the following language be added to the adopted amendments: On Page 3, line 29, after "to" add the word "personally".

VOTE: There being no objection, the above amendment is adopted.

421 CHAIR FAWBUSH MOVES HJM17A, as amended, to the Senate floor with a Do Pass recommendation.

VOTE: Passes, 6-0. Voting AYE: SEN. DUFF, HAMBY, J. HILL, JOLIN, TIMMS, and FAWBUSH.

438 SEN. DUFF: I would like to request that the Committee send a "letter of outrage" to the U.S. Fish and Wildlife Service for their behavior in setting up a tape recorder to take testimony at their hearings today

in Creswell.

441 CHAIR FAWBUSH: We will draft a letter and send it out.

TAPE 125, SIDE B

HB 2601 (Sports Lottery) - Public Hearing

020 JIM DAVEY: I feel rewarded seeing lottery dollars being used to put people to work. Regarding HB 2601, the way the law was enacted (with backfill provision) presented us with a problem in how that message was conveyed to the public.

035 CHAIR FAWBUSH: "Well, let's talk about that for a little bit because some of us feel very much put upon because of that. If I remember correctly there was a very clear provision and a very clear understanding among all the participants last session that the only way that we would agree to do a Sports Action lottery would be if we held the first lottery whole. Does anybody have any different opinion on that?"

041 DAVEY: "I would certainly share your opinion."

042 CHAIR FAWBUSH: "So, all the discussion and the hype after we left town and after the Lottery fell short, and if it looked like a one-to-one reaction during the first year or so, all of that hype, where did that come from?"

045 DAVEY: "It obviously came from the public and people tended to focus on the money to the sports and not the provision that it may not go. I had reporters come to me afterward that went through this whole process with all of us and were there when it was passed saying, Gee, where did this come from? Whenever I had an opportunity - on the radio or whatever - to explain this, I certainly didn't point a finger back at the Legislature. I said, here were the decision these folks were making, they had prisons to fund, they had other economic development projects that were in line before this came along. I said it was a provision - certainly at the Lottery we didn't think that would ever happen, but certainly didn't try to avoid the issue that was in the law. I think the people that were playing the game were primarily people that like sports. We would refer to them as sports enthusiasts. And while they were playing the game based on professional football, you would probably find many of them at the Ducks games or the Beaver games, or the Viking games and so they were extremely - I think it was probably a question of disappointment and I would imagine as many blamed me as blamed you. I've seen a lot of names that I hadn't been called in a long time."

065 CHAIR FAWBUSH: "I have a short list of people who I know did speak out and mis-spoke themselves and who knew actually what the deal was. Some of them aren't here today."

068 DAVEY: "In hindsight I wish the lottery would have done a better job of

putting that message out, but probably 90 percent of the stuff we write about games, people go right to the price and how much they are going to win and overlook the rules of the game."

071 CHAIR FAWBUSH: "I didn't hear you mis-speak yourself. I did hear others deliberately mis-speak, misrepresent the arrangement that had been set up. If I had heard you say it, it would be a different situation."

074 DAVEY: "We think one way that we could prevent this - and I understand the money situation - is that if the proceeds did go to the athletic programs, it would do two things. The people playing the game would be a lot happier with it. There may be other people that would play the game that quit playing because they were disappointed it didn't go. There's a lot of pros and cons about whether it had an impact on the other games. Our opinion at the Lottery is that it didn't have. If you look at the raw data you could jump to that conclusion, but if you look at all the things that were going on with the dynamics of the other games, our conclusion is that this is not money that was coming out of Megabucks and going to this game - at least, we think, over 90 percent of it."

086 CHAIR FAWBUSH: "You set an estimate for the biennium . . . you set an estimate and that's what we made our cut on, Ways and Means upped it a couple of million bucks, but that's neither here nor there. The full understanding was that we hit that target. Any game that was started afresh had to backfill to that target number. That was the deal, right?"

092 DAVEY: "Yes."

093 CHAIR FAWBUSH: "So, it is immaterial as to whether or not there was an actual impact on it because we knew that would be an arguable point. We were very clear about the fact that there was a target number set and that if we were to allow Sports Action to go to a special "pot" that we haven't done for anything else, that they first had to keep everybody else whole. So we wouldn't get into to that argument. . . . I just want to be sure that everybody clearly understands that it doesn't matter. We thought we had a deal. Because most of the members that are still on this Committee today did not agree with that game. And we only did it with the clear understanding that there would be that safety valve. And then we turned around and six or nine months later we all got kicked in the teeth because people went out and misrepresented the agreement. I just want to be sure that everybody understands that in the room today. So we don't have any misrepresentation of history."

112 SEN. TIMMS: "I was here at that and I would agree with your summation other than I did support Sports Lottery. I did support Sports Lottery, but I knew there could be a problem for it to be funded. Because they came at the nth hour - Representative Dix came at that nth

hour - we were having night meetings, the last week of session and asked for a program. Which I thought was completely out of line. We had gone through the complete lottery funds. We had made up our minds where the moneys would be spent and I said no way am I going to allow lottery funds to go for Sports Lottery until all the other programs are funded, as the Chairperson has alluded to. And it didn't happen. Senator Brenneman, I remember, made the statement that, well, they put two balls in so there would be a lot more money in the pot, well that hasn't worked. It hasn't worked. Some of us believed in the Sports Lottery and what it did but we believed also that we should take care of the lottery-funded programs that we had developed - through a five month period - instead of waiting until one week before session was over and set a policy. And I think it's very easy, I got a lot of phone calls in regards to that bill. I think a lot of people were misinformed about how it took place and most of them are University of Oregon or Oregon State graduates, the people that were promoting the bill, good friends of mine and everybody else's, but I think in many cases they were sold a bill of goods. Because I have had many arguments with them about it. Whoever was lobbying the bill evidently hadn't told them the whole picture. I think it is a situation we don't want to ever get ourselves into again. I don't know how you, when you get into soft money you are always going to have those problems with lottery funds, regardless of what programs."

140 CHAIR FAWBUSH: "That's why we set it up the way we did."

150 REP. CARL HOSTICKA: Testifies in support of HB 2601. It is important that we avoid the confusion that the Sports Action distribution caused in the past and HB 2601 would do that. This time Sports Action funds would have no impact on any lottery figures that have been estimated to this point. We are at a point where we can segregate Sports Action from the rest of the lottery. There is debate that sports is a lower moral category or lower social value than other societal activities. The total experience of being in a college is what counts - not just education in the classroom - and athletics is a part of that experience. This bill restores the situation to where everyone thought it was before. HB 2601 actually reduces the amount of money transferred to the Sports Action account because it limits the revenues to the electronic games - scratch-off games with a sports theme would go to the regular lottery.

215 REP. MARIE BELL: Testifies in support of HB 2601. Using Sports Action money for college athletics is within the lottery's purpose for economic development. College athletics brings in dollars to small towns and that is definite economic development. Our revenue-producing sports are subsidizing the non-revenue producing sports. Another part of economic development is the development of people. Being able to compete makes a major difference in young peoples lives and

futures. I hope the argument concerning paying coaches with this money doesn't come up. Money invested in coaches is money invested in students. We need quality coaches. Women didn't used to be able to compete in athletics and that has now been positively changed due to Title 9; however, it has also made a big difference in funding sports. The fact of Title 9 requires more funding commitment. There are many of our young people interested in athletics (non-revenue producing) and we are driving them out of Oregon. Young people with discipline, self-control, and dedication that we should want to keep in our state. Please remember that athletics has been a window of opportunity for our young people. Many groups have used athletics for an entry into college and are able to receive degrees and participate fully in society. Economic development is more than just buildings - especially in smaller towns.

336 REP. HOSTICKA: We are talking about people from all over the state, as they attend the colleges and universities throughout the state. It affects all of the people in the state - not special interests of certain geographical areas.

349 CHAIR FAWBUSH: Several weeks ago the House and Senate Committees met jointly and made our recommendation for lottery allocation. We have also been working on a dislocated worker package - training and extended unemployment benefits. The estimates are that there will be about 13,000 dislocated workers - 7,000 of which will be timber workers - in the next two years that will need training. We have allocated \$5 million in lottery funds for those purposes and 15 million in JTPA funds. That is only 40 percent of what we need to train these people. Leadership on the House side has told me I could get that money from the General Fund. That was somewhat encouraging until the next statement was that there would be no new revenue and the bill that I have in the House Labor Committee (that would provide for \$12 million in training) will not come out because it is a "tax". How am I going to keep a promise to 7500 dislocated timber workers for training? I understand the importance of athletics - it is an important part of education. We need perspective, through, to consider all lottery activities. What would you recommend we do in light of these priorities?

410 REP. BELL: I am very sympathetic to dislocated timber workers. I would not be building any buildings or supporting new concerns. I am not real familiar with the allocations - I didn't serve on the Trade Committee.

431 CHAIR FAWBUSH: There are a lot of dollars for economic development that we allocated. Funds for sewer and water systems, small businesses, community colleges, etc. A number of things that these two committees have allocated funds for and that included \$5 million. At that time, I did not know the

House's inflexible position on benefits/training dollars.

459 REP. BELL: I would not pit people programs against each other.

460 CHAIR FAWBUSH: So you would fund them both?

462 REP. BELL: Yes. I would be looking at the water and sewer systems, small business programs . . .

470 CHAIR FAWBUSH: You would take the water system away from Cottage Grove?

472 REP. BELL: I have not reviewed this budget, but that is definitely where I would look first.

477 REP. HOSTICKA: I think this is a very unfair game to be playing. We are here to tell you what the value of the programs is. You decide whether it is on the margin or not and which programs to fund.

TAPE 126, SIDE B

029 SEN. HILL: What does MR. DAVEY think the impact is on the sports lottery of implementing Video Poker?

035 DAVEY: I think it would have very little impact of the sports lottery. I don't think it will take money away.

042 SEN. HAMBY: You previously testified that if we implement video poker, general lottery revenues will drop.

048 DAVEY: That is correct for general lottery revenues; however, our research indicates that Sports Action revenues will not be affected. The games impacted will be the ones played in bars and taverns - scratch tickets, pull tabs, etc. Probably 95 percent of Sports Action play does not take place in bars and taverns. Very few of them can even sell the game.

066 CHAIR FAWBUSH: This Committee has worked hard on the lottery allocation so that the maximum benefits are spread throughout the state. A request that will have an impact on those deliberations needs to be put in context. I don't think it is unfair to ask how to deal with a major problem like this. That is not a marginal issue, it is central. This state faces serious problems and I don't see how we can leave this session without some resolution. The lottery funds are one of the major sources of funding that can be used for these purposes.

082 REP. HOSTICKA: I agree with you on the importance of funding for the people affected by declines in timber supply but it needs to be measured against everything the state does.

090 CHAIR FAWBUSH: I agree with that. I think most people would do something first for dislocated workers than intercollegiate athletics. That is a relevant question. REP. BELL has a lot of both issues

in her district.

094 REP. BELL: I don't envy your position and I think your questions are reasonable. I have been voting consistently against any budget increases and new programs. That is what I am asking you to do.

101 SEN. TIMMS: I think the Chair has been out of line. REP. BELL has to support all the people in her district. I am in favor of the sports program and I want it to continue.

124 SEN. JOLIN: I have found it incredibly difficult this session, in the wake of Measure 5, to make these decisions. The Chair's questions seemed very legitimate to me. I am very supportive of this measure, but when we weigh our decisions I look at the district I represent as being the hardest hit in timber issues. I don't think there was anything wrong with the questions posed.

150 SEN. HAMBY: I have done an interesting analysis on counties that received lottery dollars in an effort to assure fairness throughout the state. For every dollar the public spends in general lottery funds, in Polk or Yamhill Counties, those residents only received \$.4 back. In Malheur County, for every dollar spent, \$1.48 was received back.

175 LARRY LARGE: Testifies in support of HB 2601. The Board decided in July to allow the three universities to expend some state money, through tuition, in order to balance the budgets for the current fiscal year. We are facing a several million dollar deficit. The choices are difficult, but intercollegiate athletics bring a substantial amount of money into the state.

210 CHAIR FAWBUSH: Where was the money that you recaptured from Sports Lottery income used?

228 LARGE: The first quarter was the only one which we received funds from. We made very limited commitments in advance based on anticipated revenue. The revenues were distributed according to the rules laid out in the statute. The first 12 percent went for general scholarship aid - not athletic scholarship aid. 32.5 percent went to U of O; 32.5 went to OSU; 17 percent to PSU; and four percent each to the four regional colleges - including OIT. The rules that require that half go to women's athletics and half of them go for non-revenue producing sports were also honored and reviewed.

250 SEN. HAMBY: Can the Chancellor's Office give us an estimate of how much we spend on higher education remediation programs?

259 LARGE: I do not have that information with me but I will provide you with it later.

261 JOHN BYRNE: Testifies in support of HB 2601. 69 percent of the funds were used for non-revenue producing sports. The only sports at OSU that produce revenue are the football and mens basketball programs. Dollars used for revenue sports were used for tuition repayment

for scholar athletes. We can provide you with that if you are interested. The intercollegiate athletics budget is a separate unit from the rest of the Universities' budgets.

291 BYRNE: It is important to understand the financial situation that is facing intercollegiate athletics at the Division I level in Oregon is critical. The requirements imposed by the NCAA and the Pac 10 Conference that have great value will lead us to financial crisis without a stable source of funding. This will reflect negatively on the overall image of the state of Oregon. We recognize the difficulties of the position you are in and the difficult decisions that you must make to balance needs for limited resources in the short term, mid-term, and long term.

333 CHAIR FAWBUSH: What is going to happen in the next two years - what with the cuts you have already taken and the projected 20 percent decrease next biennium? How many programs are going to be left if a source of replacement revenue is not found?

337 BYRNE: It's hard to say how much will be left. Nationally, 70 percent of the Division 1 schools are having financial difficulty. We are looking at a restructuring of intercollegiate athletics on a national level. The NCAA is focusing on two issues - cost containment and academic rigor for scholar athletes. We have been successful with the second, but not the first. The question is whether Oregon can lead the pack in that restructuring effort. The situation is very critical

365 SEN. DUFF: What could you do to restructure intercollegiate athletics - to become a national leader?

369 BYRNE: We are reducing to the absolute minimum the number of sports we are required to support. A winning season would help ensure success. However, without some stable support we will see the demise of intercollegiate athletics.

394 CHAIR FAWBUSH: The lottery revenues would only be about 5 percent of the total amount needed.

392 LARGE: We are now in a deficit position. If we are unable to sustain current conference membership, there are major out of state revenues that would decrease.

472 RICHARD MILLER: Testifies in support of favor HB 2601. The Consortium for Athletics was formed to bring forth the funding needs for higher education athletics.

TAPE 127, SIDE A

030 MILLER: Continues testimony in support of HB 2601.

063 SUE POORMAN: Testifies in support of HB 2601. People relate to their universities through sports. Athletics are important as a source of private funding for the universities. Our athletics programs are already operating at a minimum and we are forcing talented athletes in this state to attend college

elsewhere. We are having enough problems with education in this state and our PAC 10 membership is very important. It is helpful to have a conference affiliation with schools that belong to the PAC 10. The funds from the bill would dramatically help sports in our state.

137 BOB FLAMME: Testifies in support of HB 2601.

193 BILL BYRNE: Testifies in support of HB 2601. Submits "Economic Impact - University of Oregon Athletic Program" (EXHIBIT H). Approximately \$4 million per year is coming into Oregon from out-of-state and there is a payroll of almost \$4 million annually. We have serious economic problems due to the laws that require non-revenue producing sports programs. Almost \$4 million annually is spent at the University of Oregon on non-revenue producing sports that are mandated by law. To provide opportunities for women, we have had to displace opportunities for men. We would like to have revenue sources for women's sports (as they do in Washington) and that is what we could do with the funds from the Sports Action lottery.

260 CHAIR FAWBUSH: Oregon's statutory requirements for funding of women's athletic programs are not more stringent than those required by the federal government under Title IX.

270 BYRNE: Yes. But when Oregon passed its laws to agree with the federal laws, the state did not provide any additional funding. Every other state did. We would use 100 percent of the revenues from Sports Action for the non-revenue producing sports.

289 CHAIR FAWBUSH: We will consider that as an option. Currently the split is 30 percent for revenue-producing and 70 percent for non-revenue producing. We may want to review a provision to ensure 100 percent of it goes to non-revenue producing sports.

295 BYRNE: Submits "Football Economic Impact Survey" (EXHIBIT I).

306 BARBARA WALKER: Testifies in support of HB 2601.

346 CHAIR FAWBUSH: Are any scholarships given to athletes in non-revenue producing sports? Is Track a revenue-producing sport at the U of O?

349 WALKER: It brings in some revenue but not enough. There are scholarships available for non-revenue producing sports. There are seven mens' and seven womens' sports. Two of the mens' sports - football and basketball - are fully funded through revenues. Wrestling is fully funded, scholarship wise. Golf and tennis are partially funded. Track and Field and Cross Country are full funded. All of those are men. On the womens side, basketball and volleyball teams are fully funded; the softball team receives a full allotment of scholarships, track and field and cross-country receive full amount of scholarships allowed; golf and tennis are partially funded.

370 CHAIR FAWBUSH: Scholarship activity is currently adequate for the sports on hand.

372 BYRNE: Because of Measure 5, we are looking at a \$400,000 increase in expense for scholarships just to pay the increased tuition and fees next year at U of O - to keep at the same level. There will also be a five percent inflationary increase - \$600,000. That totals \$1 million in increased expenditures this next year that there will be no additional income for. Our ticket prices are among the highest in the Pac 10 Conference.

387 WALKER: We are currently competitive in the Pac 10 - with a few exceptions. We are fully funded and able to recruit highly-talented student athletes to compete. But if we don't receive some sort of funding, the only place to cut is in the scholarship area. We have to maintain the seven sports for women and men in order to retain Division I status. We need to be able to offer the full allotment of scholarships in order to remain competitive in the Pac 10.

MILLER submits EXHIBITS J through N.

405 DICK KEISER: Testifies in support of HB 2601. The small colleges have the same problems. At WOSC there are 3500 FTE student body - 8.7 percent of these participate in intercollegiate athletics. There are 11 sports currently offered. We have dropped women's tennis because of a lack of resources and will drop men's wrestling for the same reason at the end of this year. Annually we raise approximately \$12,000 to help support financial aid packages for students in need. That provides .7 percent of their tuition. We have used the Sports Action funds we receive to support coaches. We have no assistant coaches in any sport except football. The head coach is always trying to recruit volunteer coaches, which is very competitive because the public schools in the area can offer salaries for assistant coaches. Therefore, we would use our funds for assistant coaches.

TAPE 128, SIDE A

030 KEISER: Continues testimony in support of HB 2601. We have attempted to use some of the \$16,000 for student scholarship needs. We compete in District 2 NAI against private schools - four of them are state schools and others are private. This is difficult to do against the schools with more funding. Students can get more financial aid and pay less if they attend a private school, rather than a state school and this is hurting us in the recruitment process.

062 CHAIR FAWBUSH: What kind of guarantee do you have that you won't be in this same situation after receiving Sports Action funds, that they will not be used for General Fund backouts (with the current funding shortages predicted under Measure 5)?

071 KEISER: The primary funding source for our current athletic budget is through incidental fees at the

college. The Athletic budget was just cut \$30,000. There would probably be negotiations with IFC if the funds were greater.

097 CHAIR FAWBUSH: This bill is a band aid - at best; it is not a solution. It will provide some needed revenue. The big problem needs to be solved.

099 ROY LUDLAM: Testifies in favor of HB 2601. We currently sponsor 12 sports - six mens and six womens. Our program is funded by approximately \$1 million in incidental fees and \$1.4 million from generated revenues and solicited community funds. All of our sports are non-revenue producing sports - including football, although we ask football to generate all of its operating budget revenues. The funds we received from Sports Action were used for scholarships - half for men and half for women. They are critical to us. Our non-revenue producing sports do contribute a lot. Football is becoming close to being a revenue producer. By receiving Sports Action funds, our revenue would

173 LETE DAVIS: Testifies against HB 2601. A characteristic of the lottery is that it takes money from the poorest people of society. This is bad ethics.

225 CHAIR FAWBUSH: This discussion has been worthwhile. It looks like the Committee will recommend that Sports Action funds go into non-revenue producing sports. However, with Measure 5, it is not just the sports that are hurting. We have tenured professors at experiment stations that are unfunded. There are many other important issues.

272 CHAIR FAWBUSH adjourns the meeting at 5:58 pm.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Written testimony in support of HJM17, presented by Senator Bob Kintigh, 1 page.

EXHIBIT B -Letter of support of HJM17, presented by Sen. Ron Grensky, 1 page.

EXHIBIT C - Proposed -A5 Amendments to HJM17, presented by Steve Marks, 4 pages.

EXHIBIT D -Written testimony, presented by Ron Harder, 2 pages.

EXHIBIT E - Table of Wood Products Producers Closures/Layoffs, presented by Joyce Coonrod, 3 pages

EXHIBIT F - Written testimony, presented by Karen Clark, 2 pages

EXHIBIT G - Letter of support from Pat Wortman, submitted by Sen. Scott Duff, 1 page

EXHIBIT H - "Economic Impact - University of Oregon Athletic Program", presented by Bill Byrne, 1 page

EXHIBIT I - Football Economic Impact Survey, presented by Bill Byrne, 14 pages

EXHIBIT J - Issues list for HB 2601, submitted by Tami Miller, 1 page

EXHIBIT K - Letter from Kathleen Beaufait (Legislative Counsel), submitted by Tami Miller, 1 page

EXHIBIT L - Break-out of Sports Action/Lottery Revenues, submitted by Tami Miller, 1 page

EXHIBIT M - Allocation of Sports Lottery Funds, submitted by Tami Miller, 1 page

EXHIBIT N - "How Were Sports Lottery Funds Used in 1989-91", submitted by Tami Miller, 2 pages

EXHIBIT O - Memo to Committee on Survey of Sports Lottery Impact, submitted by Tami Miller, 1 page