



# Governmental Affairs Update

June 4, 2001

University of Oregon Office of Governmental Affairs

## Table of Contents

Higher education budget taking shape .....	1
Federal appropriations .....	1
State legislation at a glance .....	2

## Higher education budget taking shape

At this point in Salem the real action is happening behind closed doors as the Governor and the legislative leadership negotiate budgets and count votes. We expect the higher education budget bill, SB 5524, to move out of the Ways and Means Committee next week.

The Governor and the Ways and Means Co-Chairs seem to be in agreement on most of the Oregon University System budget:

- 1) They agree on adding \$45 million back to the higher education base budget, as was included in the Governor's rebalanced budget released in March.
- 2) They agree on including \$17 million for enrollment increases that would support the funding model for higher education.
- 3) They agree on a four percent tuition increase each year of the next biennium (eight percent total increase) that will raise an additional \$25 million.
- 4) They are in basic agreement on the policy option packages that were included in the original budget proposals of both the Governor and the Co-Chairs, including \$7.2 million for the Central Oregon branch campus, \$20 million for engineering and computer science (\$2.5 million to the UO computer science program), and \$8 million to support the small OUS institutions.

There seems to be disagreement, however, on the amount to add back for the statewide programs, with some legislators wanting more than the Governor supports.

Putting these numbers together, the higher education budget at the moment looks like it will have a total appropriation of \$789.7 million, not including the proposed tuition increase that would generate another \$25.2 million. The 1999 legislature appropriated \$754.7

million for the OUS, which means that the '01-'03 proposed budget would be a net increase of \$35 million, plus another possible \$25.2 million from the tuition increase. In addition, we may still see a slight increase to deal with salary issues and rising energy and health care costs.

If the higher education budget passes in its current form, the total appropriation for higher education would be over \$795 million (not including the policy option packages which adds at least another \$35.2 M for Bend, Engineering/Computer Science and Small School Adjustment). The total appropriation for higher education last session was \$754 million.

### 2001-2003 Higher Education Budget (in millions)

99-01 OUS Legislatively Approved Budget	\$ 754.7
01-03 Proposed OUS Budget	789.7
Difference (net gain)	35.0
01-03 Proposed Tuition Increase (4% + 4%)	25.2
<b>01-03 Proposed Resources Above 99-01</b>	<b>\$ 60.2</b>

*continued on page 2*

## Federal appropriations

With the passage of the tax bill and budget resolution, Congress is poised to start taking up spending bills when it returns from its Memorial Day recess. However, the congressional appropriations process is typically delayed in years when a change of administration occurs. With Senator Jim Jefford's (Vermont) decision to leave the Republican Party to become an independent and caucus with the Democrats for organizational purposes, the Senate appropriations process will be further complicated.

The committees have not yet made allocations to the appropriation subcommittee chairs for the 13 spending bills. The allocations are typically taken as a sign of how difficult it will be to secure increases in budgets. The committees are also wrestling with a larger number of earmark requests than in previous years. According to a

*continued on page 2*

# Governmental Affairs Update

June 4, 2001

## **Higher education budget** *continued from page 1...*

### **Paying for the add-backs**

The Co-Chairs support using all or most of the portion of the kicker that comes from Medicaid overpayment – \$106 million. In Oregon, the Medicaid overpayment is added to the kicker.

#### **Medicaid Overpayment**

Oregon receives federal Medicaid funds to use toward the Oregon Health Plan. A current loophole allows states to keep any unused portion, and in Oregon this amount is added to the kicker. However, Congress is closing this loophole over a five year period, with states allowed to keep less and less each of the five years.

### **Capital construction budget**

The higher education capital budget bill, SB 5525, will not move until House Speaker Mark Simmons (R-Elgin) is comfortable with the funding for a building at Eastern Oregon University, which is located in his district. At this point we are optimistic that the School of Music's request for \$7.6 million in bonding authority will be included in the bill. This is the University of Oregon's top capital project this session.

## **Federal appropriations** *continued from page 1...*

Capitol Hill newspaper *Roll Call*, the number of requests is so great that committee staff have been pulled from other duties to open and catalogue requests.

The University of Oregon is working in coalition with the Association of American Universities, the National Association of State Universities and Land-Grant Colleges, and the Science Coalition to gain support for increased research funds, particularly for the National Science Foundation and the Department of Energy whose budgets are underfunded relative to the National Institutes of Health.

At this point in the process, much effort is made to secure the support of as many members as possible on "dear colleague" letters where members of Congress call on their colleagues to take some action. The Office of Governmental Affairs has been working closely with the Oregon delegation to sign "dear colleague" letters supporting Department of Energy research and increased funds for the National Science Foundation, as well as letters supporting financial aid increases and other programs to benefit students and university researchers.

President Dave Frohnmayer has joined other university presidents and chancellors in calling on Congress and the Administration to increase funds for university research. The Office of Governmental Affairs is also working with individual faculty to coordinate efforts to support better funding for research initiatives.

#### **Recent governmental affairs events**

- Senator Gordon Smith (R-Oregon) paid tribute to Pioneer Award recipient Don Tykeson last month.
- Senator Ron Wyden (D-Oregon), a graduate of the University of Oregon's Law School, was honored at a reception in Washington, DC on May 17 with Law School Dean Rennard Strickland and DC area alumni.
- Representative Peter DeFazio (D-Springfield) was part of a Lane County Chapter Alumni Association lecture series event on electricity deregulation on May 14. Rep. DeFazio, Business School Dean Phil Romero and EWEB General Manager Randy Berggren discussed deregulation and power shortages at a forum attended by more than 100 alumni and community members.
- Staff from local congressional offices joined in the May 10 dedication of the Zebrafish facilities on campus.

## **State legislation at a glance**

### **SJR 21 – Seismic Rehabilitation Ballot Referral**

On May 24 the House Revenue Committee approved SJR 21, which, if approved by the voters in the November 2002 General Election, would provide up to \$500 million in state General Obligation Bonds for the upgrading of public education facilities to meet current seismic safety standards. Of this amount, the Oregon University System could receive up to \$100 million.

### **SB 325 – Student Liability Insurance**

On May 24 the House passed SB 325 on a 41-4 vote and the measure now awaits the Governor's signature. SB 325 would extend state insurance pool coverage to OUS student interns if no commercial liability coverage is available. The measure was requested by the State Board of Higher Education to provide liability coverage for the growing number of interns in off-campus placements. The measure would become effective July 1, 2001.

### **SB 326 – Changes "State System of Higher Education" to OUS**

On May 24 the House approved SB 326 without debate or opposition. This measure puts the Oregon University System name in state statute and deletes the old

*continued on page 3*

# Governmental Affairs Update

June 4, 2001

## *State legislation* continued from page 2....

designation of the Oregon State System of Higher Education. The bill, requested by the State Board of Higher Education, now moves to the Governor's desk for his signature. The measure has an Emergency Clause that makes it effective when it is signed by the Governor.

### **SB 327 – Student Building Fee Increase**

The increase in the student building fee sought by the State Board of Higher Education in SB 327 passed the Senate on May 29 on a 25-3 vote. The measure allows an increase in the student building fee of up to \$10 per term in the 2001-2003 biennium and an additional \$10 per term in the 2003-2005 biennium. If approved by the House and signed by the Governor, the increases would permit the financing of the auxiliary capital projects in the Governor's budget, including the University of Oregon East Campus Children's Center.

### **SB 5525 – Capital Construction Budget Bill**

On May 9 the Ways and Means Education Subcommittee held its first hearing on the OUS capital budget request. At the University of Oregon's request, Representative Ben Westlund (R-Bend), Co-Chair of the full Ways and Means Committee, specifically requested that the OUS presentation include information about the UO's top capital request this session, the School of Music. Anne Dhu McLucas, Dean of the School of Music, and Chris Ramey, Director of Architecture and Planning, testified before the subcommittee. The funding measure now awaits action by the full committee.

### **SJR 17 – Technology Transfer/Equity Interest**

On May 30 the House adopted a resolution which, if approved by the voters at the Primary Election in May of 2002, would permit the OUS and its institutions to hold stock in firms engaged in the commercialization of university research. The measure, in the form of a constitutional amendment, would allow an OUS institution to accept, hold, and sell equity shares, which is presently prohibited by the Oregon Constitution. The measure now returns to the Senate for concurrence in the House amendment that moved the election date of the referral to the May Primary from the General Election of 2002.

### **HB 2342 – Small Business Development Centers**

The Governor has signed HB 2342 into law, which will allow Small Business Development Centers to operate at OUS universities.

### **HB 2656 – Budget Oversight**

On May 24 the Senate passed HB 2656 on a 25-1 vote. This measure requires state agencies to report to the Legislative Assembly if substantive changes in programs are made after the Legislative Assembly approves the agency's budget. HB 2656 was opposed by the OUS in its original form since it would have required state agencies to report to the Legislature any time that the agency "made changes in positions authorized" or "made any changes in the ways budgeted moneys will be spent." The current version of the measure requires the Department of Administrative Services (DAS) to adopt rules to define "substantive change" and requires the agency to notify DAS of the change in addition to the appropriate legislative committee. DAS is then required to notify the Speaker of the House and the President of the Senate.

*continued on page 4*



School of Music Dean Anne Dhu McLucas and Director of University Planning Chris Ramey testifying before the Ways and Means Education Subcommittee on May 9. Listening intently are (l to r) Sen. Randy Miller (R-Lake Oswego), Sen. Cliff Trow (D-Corvallis), Legislative Fiscal staff Steve Bender, and Chairman Sen. Tom Hartung (R-Portland).

# Governmental Affairs Update

June 4, 2001

*legislation at a glance* continued from page 3...

## **HB 3224 – Extended Vacancy of Public Positions**

On May 23 the House approved HB 3224 by a vote of 55-5. The bill as amended requires a state agency to report to DAS when a full-time equivalent position remains vacant for a continuous six-month period. DAS then has the authority to reduce the agency's quarterly budget allotment accordingly. The OUS would fall within the provisions of this Act. If the measure passes it could create difficulty for the system and campuses to operate because of the nature of our workforce (seasonal, part-time, adjunct). The bill now awaits action in the Senate Rules Committee.

## **HB 3358 – Oregon Progress Board**

A bill that would change the make-up of the Oregon Progress Board has passed the House and awaits a vote in the Senate. HB 3358 would add one State Representative and one State Senator to the Oregon Progress Board as voting members and would eliminate the rulemaking authority of the board. The Oregon Progress Board was created by the 1989 Legislature as an independent state planning and oversight agency to implement the state's 20-year strategic plan. The ten-member panel, chaired by the Governor, is currently made up of citizen leaders.

## **HB 3429 – Establishes Oregon Center for School Safety**

On May 17 the House passed HB 3429 on a 44-16 vote. This measure would establish a Center for School Safety to be housed and staffed by the University of Oregon's Institute on Violence and Destructive Behavior. Creation of the Center would provide a significant boost to the University and the State in efforts to attract grants and outside funds. The measure is now one of hundreds of House bills awaiting action in the Senate Rules Committee.

## **HB 3941 Early Success Reading Initiative**

A bill establishing pilot reading projects in Oregon schools still awaits action in the Ways and Means Committee. The bill, which calls on the University of Oregon to design, implement, and monitor the program, has an uphill struggle this session since it requires State funds to implement.

## **HB 3968 – Oregon Resource and Technology Development Fund**

On Friday, May 31, the House Committee on Advancing E-Government approved appropriating \$5 million for technology transfer in a "gut and stuff" of SB 273 into HB 3968. This bill now appropriates \$5 million to the Oregon Resource and Technology Development Subaccount

(ORTDS), formerly known as the Oregon Resource and Technology Development Account, within the Oregon Growth Account (OGA). The OGA Board is authorized to enter into partnership agreements with management companies to bring seed capital to emerging growth businesses in Oregon. Seed capital is defined as the "financing that is provided for the initial phase of development, refinement and commercialization of a product, process or innovation, including but not limited to facilitating technology transfers related to academic research, discoveries or developments."

## **HCR 8 – In Memoriam: Paul Olum**

House Concurrent Resolution 8 honoring the late Paul Olum has now passed the House and Senate with all "yes" votes and awaits the Governor's signature. Paul Olum served as president of the University of Oregon 1980-1989.

### **Let OGA help**

The Office of Governmental Affairs is available to assist faculty and university community members who are interested in communicating with the congressional or state legislative delegation. We can offer advice, draft letters, white papers and memoranda, arrange meetings and assist in other ways. Please call on the OGA for help.

Office of Governmental Affairs  
1292 University of Oregon  
10 Johnson Hall  
Eugene OR 97403-1292  
(541) 346-5020  
[oga@darkwing.uoregon.edu](mailto:oga@darkwing.uoregon.edu)  
<http://darkwing.uoregon.edu/~oga>

Michael Redding  
Associate Vice President  
(541) 346-5022  
[mredding@oregon.uoregon.edu](mailto:mredding@oregon.uoregon.edu)

Betsy Boyd  
Federal Affairs Director  
(541) 346-0946  
[eaboyd@oregon.uoregon.edu](mailto:eaboyd@oregon.uoregon.edu)

Tim Black  
Advocacy Director  
(541) 346-5023  
[timblack@oregon.uoregon.edu](mailto:timblack@oregon.uoregon.edu)

Karen Scheeland  
Governmental Affairs Coordinator  
(541) 346-5021  
[karensch@oregon.uoregon.edu](mailto:karensch@oregon.uoregon.edu)