



# Legislative Bulletin



**May 29 – 31  
Ways & Means  
Education  
Subcommittee  
Higher Education  
Work session  
HR F @ 3:00pm**

**Informational Note:**  
**The Senate and House leadership have directed that all committees post agendas for hearings by **May 23**, with the exception of W&M, Rules and Revenue committees.**

**May 31 is the last day for the policy committees to hold a work session.**

## **Co-Chairs Release Revised Budget for Higher Education**

On Tuesday, May 15, the Co-Chairs of Ways and Means, Senator Kurt Schrader (D-Canby) and Rep. Mary Nolan (D-Portland) announced that their top priority in finalizing the state's 2007-09 budget would be increasing the state's investment in higher education. The co-chairs' announcement also followed the latest revenue forecast which indicated that there will be an additional \$152 million available during the upcoming biennium.

In their press release on Tuesday, the Co-chairs' referenced the statewide round of public hearings in which nearly 500 Oregonians testified in 10 cities around the state.

Schrader had this to say about those hearings:

**"Everywhere we went during our budget tour, the message was the same: find a way to get more resources into higher education," said Schrader. "Senators and Representatives heard that message loud and clear, and they have worked overtime to find ways to bolster support for community colleges and public universities."**

Schrader and Nolan proposed the following changes to rebalance their initial budget which was released in March:

### **Oregon University System:**

- General Operational Support up \$8 million
- Statewide Public Services up \$3 million (but \$2.5 million below the GRB)
- ETIC up \$3 million (but \$7 million below GRB)
- \$1 million in "other specified enhancements" for the OUS Rural Access Initiative, PSU's Oregon Solutions program and the OSU Institute for Natural Resources.

The revised co-chairs' budget for the OUS operating budget remains \$14 million below the GRB.

### **Capital Construction**

Debt Service/Building repair up \$25 million supporting roughly \$200 million in capital construction and renovation projects (but the overall capital budget remains about \$113 million below the GRB).

The co-chairs have proposed \$19.1 million in General Fund for capital construction – transferring that amount from proposed lottery bonds. Some legislators have voiced concerns over the state's exposure to long term capital costs and that is why they have used cash rather than borrowing to pay for construction and deferred maintenance.

### **Community Colleges**

Community College Support Fund up \$35 million (\$10 million above the GRB)  
Health Care Programs up \$2 million (but overall budget for other specified programs is \$1.13 million lower than the GRB)

### **Uncertainties**

There are some continuing uncertainties on other budget items that affect universities. For example, there is no word on how the co-chairs will deal with the issue of the \$19 million they eliminated in March from the Oregon Innovation recommendations for ONAMI, wave energy, drug discovery and development and sustainability.

### **Legislation waiting in Ways and Means**

The OUS and OSA continue to advocate for passage of HB 2198, HB 2199 and SB 152, which were approved by the House Revenue Committee and Senate Revenue Committees respectively and all three are waiting in Ways and Means for hearings. These three Board-advanced legislative concepts are critical for the OUS to accomplish many of the administrative efficiencies identified as necessary to meet the State Board's objectives of growing dynamic, responsive and sustainable public universities.

## Bills of Interest

### **SB 365: Mon 5/21 1pm HR D**

Requires college textbook publishers to provide prospective adopters of particular textbook or set of textbooks with specified information regarding products.

### **HB 2891: Mon 5/21 3pm HR B**

Requires Employment Relations Board to certify labor organization as exclusive representative of employees if board finds that majority of employees in unit appropriate for bargaining have signed authorizations designating labor organization specified in petition as employees' bargaining representative and that no other labor organization is currently certified or recognized as exclusive representative of employees in unit.

### **SB822: Tue 5/22 1pm Rm 357**

Requires public employer to provide preference to veteran or disabled veteran who completes initial application screening, application examination or civil service test to establish eligibility for civil service position and to appoint veteran or disabled veteran to civil service position if results of veteran's or disabled veteran's application examination is equal to or higher than application examination results of person who is not veteran or disabled veteran.

### **SB 951: Mon 5/21 1pm HR D**

Directs community colleges and state institutions of higher education to adopt plans to encourage students to register to vote and to vote in elections.

### **HB 2258: Wed 5/23 3pm HR B**

Requires that employer, if employer has notice that employee has not been paid full amount employee is owed on regular payday, pay employee unpaid amount within specified timelines after employer has notice of underpayment.

## Executive Summary – Oregon Economic Forecast

**Following are highlights from the Executive Summary document. For a complete version please visit:**

**[www.oregon.gov/DAS/OEA/index.shtml](http://www.oregon.gov/DAS/OEA/index.shtml)**

With the first quarter growth of 2.8 percent, Oregon has seen 15 consecutive quarters of job gains. In fact, the first quarter marks the first up-tick in the job growth rate since the first quarter of 2006. The job gains have been slowing in 2006. The rate of cooling in the job market was remarkably rapid in the fourth quarter with only 0.4 percent growth. Despite this surprisingly good growth in the first quarter, the rest of 2007 will see a subdued growth.

OEA forecasts employment to rise by 1.3 percent for 2007, a sharp deceleration from 2005 and 2006. The job growth in the second quarter of 2007 is projected to be 0.3 percent, sharply down from 2.8 percent growth in the first quarter. This is because OEA continues to assume that the first half of 2007 will see a much subdued growth on average. It is expected that the industries that posted strong gains in prior quarters will go through some correction.

The computer and electronic products industry, which contains semiconductors, will show a slow decline in jobs during the forecast horizon. The job outlook is uncertain, with a decline of 2.6 percent in 2007 but a small rebound in 2008.

Health services grew even during the recession. The robust growth continues in this sector with a 2.4 percent increase in 2007, followed by an increase of 2.6 percent in both 2008 and 2009. Population growth in Oregon is expected to be higher than the U.S. average, but slower than the growth experienced in the mid-1990s. Growth will be slightly higher than during the recession over the next three years, with increases of 1.4 to 1.5 percent for each year.

#### **Revenue Forecast:**

Total General Fund revenues will equal \$12,825.6 million for the current biennium, an increase of \$92.3 million from the prior forecast. Including the beginning balance of \$308.5 million, total resources for the biennium are \$13,134.1 million, just short of \$1.5 billion over the 2005 Close of Session forecast.

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House Bill 2707, passed by the 2007 Legislature and signed into law by Governor Kulongoski, effectively rescinds the 2005-07 corporate kicker rebate and directs the majority of the surplus, currently projected at \$334.2 million, into the Oregon Rainy Day Fund.

Total General Fund revenues will amount to \$12,973.5 million for the 2007-09 biennium, an increase of \$306.7 million over the March forecast. The primary factor driving this change is the suspension of the 2005-07 corporate kicker surplus rebate. The kicker law would have resulted in a projected credit for tax year 2007 of \$334.2 million. Including the projected beginning balance of \$1,490.2 million, total available resources will equal \$14,463.7 million.

Two additional adjustments are necessary to reflect net resources available to the Legislature for appropriation. First, short-term borrowing of Tax Anticipation Notes for cash flow purposes, owing primarily to the distribution of nearly \$1.2 billion in personal kicker refunds in November 2007, results in expected financing and interest costs of \$57.3 million. This figure is \$7.0 million lower than projected in the March forecast due to the improved revenues outlook. Second, House Bill 2707 directs that the majority of the actual 2005-07 corporate income tax surplus above and beyond the 2005 COS forecast, be transferred to the Oregon Rainy Day Fund. This transfer is currently projected to equal \$309.4 million. Including these adjustments, net available General Fund resources will amount to \$14,097.0 million and increase of \$96.6 million over the prior forecast.

The current projection for lottery earnings in 2007-09 is \$1,316.2 million, an increase of \$76.6 million from the March 2007 forecast.



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## OUS LEGISLATIVE NEWSLETTER

The Government Relations office of the Chancellor's Office will be sending you this electronic newsletter about important events of the past week in Salem and things to come in the days ahead. The newsletter will be published every Friday at 4:00 p.m. throughout session. If you wish to suggest items for inclusion or comments on coverage of issues affecting OUS interests at the Legislature, please feel free to e-mail or phone the Salem Government Relations office.  
([mary\\_robinson@ous.edu](mailto:mary_robinson@ous.edu), 503-373-7490).

## BILLWATCH AVAILABLE FOR TRACKING

A comprehensive OUS bill tracking system called BillWatch, has been developed to record information about bills affecting the OUS, and to track their progress through the legislative process. BillWatch is designed to be used by members of the Oregon State Board of Higher Education, Chancellor's Office staff, campus leadership and OUS advocates. BillWatch is a secure system and users must obtain a user name and password from the Office of Government Relations to use this service.

Subscribing to BillWatch allows users to subscribe and designate particular bills of interest or to provide a broader search of all legislation. A second benefit of subscribing is notification: upon subscribing to a particular bill, users will receive automatic email notification when action is taken on the bill, e.g., hearings scheduled, amendments engrossed, etc. To request access, go to <http://billwatch.ous.edu/>. From there, choose *Request an Account*. Your request should be processed within 24 hours. An electronic users guide is available by clicking on HELP at the BillWatch main login menu.

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