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Subject: [OSU Supporters] February 2008, seats in flux, and shorts
Date: Thursday, October 25, 2007 11:07:51 AM
Attachments: ATT26880194.txt

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I. What's in line for the February "Supplemental" Session?

As reported last time, one of the primary goals legislators sought to achieve last session was to demonstrate that they could get in, get the job done, and get out in a reasonable period of time. And if you listen to the emerging campaign rhetoric -- that is precisely what the Democrats are claiming they did. While the June 28th adjournment was aided significantly by an unexpectedly bright May revenue forecast that enabled legislators to solve a number of otherwise intractable budgetary challenges -- the long term goal for legislative leaders is to continue to move to annual sessions, as was recommended last year by a special interim commission on the legislature.

To further the move to annual sessions, legislators agreed last session to dip their toes into the water with the concept of a short "supplemental" session, slated for February 2008. The purpose for this session would be to make mid-course budget corrections and to deal with emerging policy issues. Those who favor annual sessions hope that by being successful again in "getting in, getting done, and getting out" in 28 days, maybe voters would warm to the idea of annual sessions and approve a constitutional amendment that might be referred to them by the 2009 Legislative Assembly.

Of course, to be convincing, legislators actually have to get something done in less than a month of business. With 90 legislators thinking up pet projects, one of the most significant challenges facing leadership with an extremely short and rigid schedule is to have an effective gate control. Hoping to manage the process, House and Senate leaders have established a number of ground rules.

In the Senate, President Peter Courtney has armed each Senator with one (1) legislative concept, which must be provided to Legislative Counsel for drafting no later than November 15th. The total number of allowable bills in the Senate is 50 – leaving interim committees with 20 bills for consideration.

In the House, Speaker Merkley has established a special policy committee designated to develop bills for consideration. There will be no bills introduced by individuals in the 60 member House.

Meanwhile House and Senate Committees are holding meetings, some jointly, that may give a hint at possible legislative concepts for February. Issues that can be gleaned from agendas include:

- Addressing the emerging mortgage crisis and affordable housing in Oregon
- Tweaks to the way the kicker is distributed to address various impacts on interest and tax receipts
- Providing services to Oregon veterans returning from the Iraq war

Two other issues are also likely:

- IF Measure 50 passes -- the measure that would use a cigarette tax to fund a health program for children -- legislators may consider implementing legislation
- Legislators may also consider legislation that would establish mandatory sentences for repeat property crime offenders. By taking deliberative action in February, the legislature would seek to forestall support for an initiative currently being circulated by former gubernatorial candidate Kevin Mannix that would create mandatory sentences for those who commit property crimes. That measure is predicted to have a massive impact on the general fund budget as it would increase the number of prisoners and the facilities necessary to house them.

Implications for Higher Education: We currently do not anticipate any specific bills aimed at Oregon's public universities. However as we head into the February session, there are at least four areas that could capture legislative attention:

1. Changing revenue forecasts. No one expects the December forecast to show a sharp increase, so it's not necessary to describe that scenario. (Any increase in the December forecast would be subject to the kicker, so there is little or no likelihood that additional funds will be made available in February.) Nevertheless, like moths to flame, whenever the legislature is in session, lobbyists are impelled to create numerous reasons for spending money on something. Further, in the rush to get out before July, some interests believe that promises for funding were broken and need to be rectified. But the funding queue reminds me of a month's worth of laundry in the two story laundry chute in our 1920 era house. Just try opening up the door to pull out that one pair of dirty socks without the weight of all the other items pushing the whole load out . . .

   The more likely scenario is that revenues will continue flat or fall. A flat forecast means nothing will happen, but if the economy hits a free fall, the February session could result in legislators having to cut budgets. While some legislators may not be interested in tapping into the newly created rainy day fund, there are many others who didn't get to spend funds during the 2007 session in order to provide a larger ending fund balance and the rainy day fund. They will argue that now is the time to tap into the fund.

   The Oregon Office of Economic Analysis which conducts the forecasts has moved the March 2008 forecast up two weeks to mid-February in order to give

the Legislature an opportunity to take action in February in the event there are significant changes.

2. Tuition Interest. In the closing weeks of the 2007 legislative session members of the Joint Ways and Means Education Subcommittee made a concerted run on providing Oregon's public universities with the interest derived from student tuition deposits. While the effort was not successful due primarily to opposition from the Ways and Means co-chairs and the Legislative Fiscal Office, legislators agreed to conduct a study of the issue, with a report due to be completed before February. Nevertheless, getting the issue ripe and ready for a 30-day session will be extremely difficult.

3. Student Financial Aid. When the legislature adopted the "shared responsibility model" last session, members of the education subcommittee raised a series of questions regarding its implementation. They will likely seek additional information regarding the degree to which students will take advantage of the expanded program, the potential increase costs due to increased demand, and whether the program will meet the July 2008 implementation date. Since campus financial aid awards are made in the early spring, the July 2008 date is actually much sooner. Given the fair degree of angst in the financial aid community regarding the SRM, it would not be a surprise to see legislative inquiries leading into, and during, the February session.

4. Campus Allocations. In the course of the discussions regarding the increased funding the legislature provided for higher education, some members of the Ways and Means Education Subcommittee took a keen interest in how the funds would be distributed among the individual campuses. While they ultimately did not adopt language mandating how the funds would be distributed, legislators who care about rising enrollments on some campuses, and those who care about revenue stability on other campuses, may use the February session to address perceived inequities among the campuses. Already State Senator Vicki Walker (D-Eugene) has voiced her concern over the University of Oregon being funded “the least per student”.

Last session, the Oregon University System and the campuses asserted that decisions regarding the distribution of funds were best left to the State Board of Higher Education and should not be subjected to legislative tinkering. While the Ways and Means Committee did not engage in making direct apportionments among the campus, it is reasonable to assume that legislators will continue to engage in the issue of campus allocations.

II. Legislative seats in flux

Although the next general election will not occur for over a year, there is already a great deal of flux anticipated as a number of Senators and Representatives run for other offices, resign, and announce retirements. Most of the political attention is on the House due to a higher degree of turnover and a narrow margin of control.

In the Senate . . . The Senate is relatively easy to predict. With half the body up for

elections -- 15 seats -- most pundits expect the Democrats to retain their significant margin of control. Of the 15 seats, Republicans and Democrats each hold seven, with the remaining seat technically an Independent, currently held by Sen. Avel Gordly of NE Portland. Most of the attention is currently on four open seats:

- Gordly has announced her retirement
- Kate Brown (SE Portland) is running for Secretary of State;
- Ryan Deckert (D-Beaverton) has taken the reins of the Oregon Business Association; and
- Ben Westlund (D-Deschutes County) is running for State Treasurer.

Given the voter registration edge in each of the open districts, Democrats are expected to hold onto three of these seats, while the Republicans are expected to regain Westlund's seat. (Westlund was last elected to that seat as a Republican but morphed into an Independent and then to a Democrat over his four-year term.)

If these predictions hold, the margin during the 2009 session in the Senate will be 18 Democrats and 12 Republicans.

In the House . . . Most political pundits expect the House to remain in control of the Democrats, who currently have a 31-29 margin. With all 60 seats up for election, the primary question is whether the Democrats will increase their margin to 36 which -- if they are unified -- would give them the ability to pass revenue measures without needing any Republican votes. (On the other hand, some pundits observe that even if the Democrats do not reach the magic 36, there are a number of moderate Republicans currently in the House who might be swayed to vote for the right revenue measure.)

Depending on how an "open seat" is defined, there will be at least 13 open seats in next November's election, 9 belonging to Republicans and 4 belonging to Democrats. Included in my definition of "open seats" are those seats where an appointed member is running for the first time. Two House Republicans have been appointed since the last election, and so technically are facing voters for the first time: John Huffman – The Dalles, and Vic Gilliam – Molalla/Silverton.

The remaining open seats include:

- District 2: Rep. Susan Morgan, R-Myrtle Creek (retiring)
- District 24: Rep. Donna Nelson, R-Yamhill County (may be reconsidering an earlier announcement regarding her retirement)
- District 38: Rep. Greg Macpherson, D-Lake Oswego (running for Attorney General)
- District 39: Rep. Wayne Scott, R-Canby (retiring)
- District 42: Rep. Diane Rosenbaum, R-SE Portland (running for Sen. Kate Brown's seat in the Senate)
- District 45: Rep. Jackie Dingfelder, D-NE Portland (running for Sen. Avel Gordly's seat in the Senate)
- District 47: Rep. Jeff Merkley, D-NE Portland (running for US Senate)
- District 49: Rep. Karen Minnis, R-Gresham (retiring)

- District 60: Rep. Tom Butler, R-Ontario (retiring)

Making predictions in a presidential election year regarding the make up of the Oregon House is fraught with danger. It is far too early to make any sense of how many seats may change hands. The one thing we do know is that the House will have a new Speaker given Merkley's decision to run for Senate.

If you are interested in a complete run down of all the seats and the candidates who have filed for them, send me an e-mail.

III. Shorts

November 6 Special Election: Ballots were to be mailed by October 23rd. If you have not received your ballot, contact your local elections office. In Benton County: http://www.co.benton.or.us/admin/elections/

In other counties: http://www.sos.state.or.us/elections/other.info/clerk.htm

All ballots must be submitted prior to 8:00 PM on November 6, 2007. POSTMARKS DO NOT QUALIFY. If mailing, put your ballot (complete with the necessary postage) in the mail by Thursday, November 1. For ballot drop off locations in Benton County, here is a link: http://www.co.benton.or.us/admin/elections/dropsites.php

(For ballot information in other counties, use the link above.)

Jeff Merkley on campus: On Tuesday, October 30, Oregon House Speaker Jeff Merkley will be on the OSU campus, hosting a town hall forum in the Memorial Union, Room 109 from 12:00-1:00. Merkley, a Democrat, is running for US Senate, the seat currently held by Republican Gordon Smith. Please note, as a service to the campus, I will strive to provide information regarding all campus visits open to the public by any candidates running for public office, regardless of party.

Questions, comments, concerns? Give me a call.

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