

Government Relations Update

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Congressional updates

With Congress back in session this week, the Senate is scheduled to continue consideration of the Interior and Environment Appropriations bill. The House plans to consider a short-term Continuing Resolution to provide ongoing funding for federal programs through the Fall as the federal fiscal year closes at the end of September.

Budget and Appropriations

This week the House is considering a continuing resolution (CR) that will fund federal government operations beyond the September 30th end of the 2009 fiscal year. The Senate will likely take up the measure next week. The CR will likely fund the government through the fall, while Congress completes work on individual spending bills before the end of the calendar year.

Congress had intended to pass all 12 spending bills before the end of September, but the Senate has only passed five bills: Agriculture, Energy & Water, Homeland Security, Legislative Branch and Transportation HUD. The House has passed all 12 bills. House leadership has announced that they intend to appoint conferees for the five Senate-passed measures this week. The Senate has already appointed conferees for the five bills. The conference committees are expected to meet later in September.

This week the Senate continues to consider the Interior and Environment Appropriations bill.

Policy Updates

Health Care Reform

Health Care remains the top priority for the President causing all other major legislation to continue on hold until work on health care reform is completed.

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HR 3200, the America's Affordable Health Choices Act, was introduced by the House in mid-July. Last week Senate Finance Chairman Max Baucus (D-MT) released his draft health care reform bill called the America's Healthy Future Act. The Senate Finance Committee meets this week to begin marking up the legislation, which has not yet been assigned a Senate bill number.

Proposed financing provisions floated months ago that would affect higher education include a modification to the FICA tax exemption for student workers. That provision was not included in the Senate Finance package. Had it been included it would have applied federal taxes to student workers, who are typically low wage earners.

Student Aid

Last week the House passed HR 3221, the Student Aid and Fiscal Responsibility Act, by a mostly party-line vote of 253-171.

HR 3221 will eliminate the Federal Family Education Loan Program (FFELP) and convert such loans to the Direct Lending program managed by the federal government. According to estimates from the Congressional Budget Office, making this shift will generate \$87 billion in savings over the next 10 years. Because OSU is already a direct lending institution, current and future OSU students will not be affected by the shift. However, as outlined in the last update, all students are expected to benefit from the bill because it would invest the estimated savings directly in students and families by:

- Investing \$40 billion to increase the maximum annual Pell Grant scholarship to \$5,550 in 2010 and to \$6,900 by 2019. Starting in 2010, the scholarship will be linked to match rising costs-of-living by indexing it to the Consumer Price Index plus 1 percent;
- Investing \$3 billion to bolster college access and completion support programs for students;
- Strengthening the Perkins Loan program, a campus-based program that provides low-cost federal loans to students;
- Keeping interest rates low on need-based federal student loans by making the interest rates on these loans variable

beginning in 2012. These interest rates are currently set to jump from 3.4 percent to 6.8 percent in 2012;

- Simplifying the Free Application for Federal Student Aid (FAFSA) form; and more.

While the higher education community largely supports the bill, there are at least two provisions that raise concerns:

- The Perkins Loan program provisions could obligate institutions either to pay interest on behalf of their student borrowers while they are in school or to pay new participation fees.
- Also of concern is the proposed College Access and Completion Innovation Fund, which is intended to help achieve the President's goal of increasing the number of college graduates. Only 25 percent of the available funding (\$3 billion total over five years) would be available for competition among higher education institutions. States would retain the majority of funding, and to be eligible for grants, states would have to develop rigorous statewide longitudinal data systems, which could give states major new regulatory control over public colleges and universities. (The original proposal included private institutions, but the House exempted them in its final bill.)

The higher education community is working with the Senate Education Committee to modify these provisions. The Senate is expected to release its bill later this month.

FY2011 Budget (Oct 2010 - Sept 2011)

While the OMB and federal agencies continue to work on their FY11 federal budget proposals, OSU has also started to put together our own FY11 agenda. On September 14 we sent out a solicitation to college leadership requesting proposals for OSU's 2010 (FY11) federal agenda. All proposals for the agenda must be submitted through the appropriate deans' offices and are due to OSU Government Relations by October 16.

Tax Extender Legislation

According to media reports, the House Ways and Means Committee is beginning work on a tax bill to extend several business and other tax provisions that are scheduled to expire at the end of December. Included in the package are the IRA charitable rollover and the tuition tax deduction. A potential package may include other provisions that address the estate tax which is currently set to sunset in 2010. If Congress does not act, the estate tax will return in 2011 with a tax rate higher than the current level. As an alternative, Congress may renew the tax for 2010 --and as a compromise -- lower the rates for 2011 and beyond. As yet, no decisions have been made.

Climate Change

While the House passed HR 2454, the American Clean Energy and Security Act of 2009, in June, the Senate committees continue to slog ahead on legislation that may or may not be introduced in late September.

Upcoming Event

OSU Government Relations will host an open briefing titled "The Appropriations Process and Federal Funding Trends" on Wednesday, October 7th at 2:00 PM in the LaSells Agriculture Production room for individuals interested in learning more about recent funding trends.

Recent congressional visits

Tyler Frisbee, legislative aide to U.S. Representative Earl Blumenauer, visited OSU on September 4th. Frisbee, based out of Blumenauer's Washington, DC office, handles education and agriculture issues. During the visit, OSU Financial Aid Director Doug Severs briefed Frisbee on OSU's federal financial aid statistics and priorities. OSU Extension Associate Director Deborah Maddy and Beth Emshoff, Extension's metro specialist, discussed OSU's services in the Portland-metro area. Frisbee also spent time with Sonny Ramaswamy, the new Dean of OSU's College of Agricultural Sciences, along with Ag Science faculty members Russ Karow, Anita Azarenko, Jim Myers and Alex Stone. The group visited Gathering Together Farm in Philomath to see how ongoing USDA appropriations projects targeted to the Crop and Soil Science and Horticulture Departments benefit local farms. OSU has partnered with Gathering Together Farm to conduct on-farm organic cropping systems research.

Jon Pugsley, Benton County district aide to U.S. Representative Kurt Schrader, visited OSU on September 17th. College of Forestry Dean Hal Salwasser along with Steve Tesch and Tom McLain briefed Pugsley on ongoing appropriations priorities, including Wood Utilization Research and the Oregon Watersheds Research Cooperative. Pugsley also visited the Microproducts Breakthrough Institute (MBI), OSU's branch of the Oregon Nanoscience and Microtechnologies Institute (ONAMI). ONAMI President and Executive Director Skip Rung and Mechanical Engineering faculty Rich Peterson and Brian Paul discussed ongoing Department of Defense research with commercial applications and related spin-out companies and concluded with a tour of the MBI facility, located on the Hewlett-Packard Corvallis campus.



Left to right: Anita Azarenko, congressional aide Tyler Frisbee, Russ Karow, Alex Stone and Jim Myers discuss on-farm organic cropping systems research at Gathering Together Farm in Philomath.



State updates

Governor establishes a “Reset Cabinet”

Following through on a speech he delivered to the Portland City Club last spring, on September 3rd, Governor Kulongoski named a special cabinet to restructure state government. According to the release, and the executive order that created the cabinet, it “will develop a list of options for restructuring government to ensure effective and sustainable delivery of vital services, including education, human services and public safety.”

The step follows a May speech before the Portland City Club in which he called for a special cabinet to “examine the structure of state government in the context of limited state revenues, restrictive state mandates and diminishing resources from the federal government.” Seven members comprise the Cabinet, including:

- **Bruce Goldberg**, Director of the Oregon Department of Human Services
- **Max Williams**, Director of the Oregon Department of Corrections
- **Lane Shetterly**, Attorney, Irick, Shetterly & Ozias
- **Dave Yaden**, Member of the Higher Education Board
- **Cory Streisinger**, Director of the Oregon Department of Consumer and Business Services
- **Doug Stamm**, Executive Director of the Meyer Memorial Trust
- **James Sager**, Assistant Superintendent, **Northwest Regional Education Service District** (former education policy advisor to the Governor.)

The Cabinet will establish subcommittees chaired by the cabinet members. The subcommittee members will also be appointed by the Governor and will focus on education, human services and public safety.

The effort is aimed to “create efficiencies, improve outcomes and stabilize existing revenue streams.” It will also consider existing state and federal mandates, including

the sentencing and incarceration of prisoners, limitations on collecting local revenues and the escalating burden of federally-mandated responsibilities for human services.

The special cabinet will develop options for restructuring government in the face of limited state revenues.

The Cabinet will provide to the Governor preliminary findings and recommendations relevant to the 2010 special session of the Legislature by February 1, 2010. A final written report of findings and recommendations is due June 30, 2010 and will serve as the basis for the Governor’s Recommended Budget for the 2011-2013 biennium.

How the Governor’s efforts will affect higher education or the array of state functions in which OSU is engaged has yet to be determined. Whatever recommendations and changes the Cabinet recommends will have to become priorities for the Governor who succeeds Kulongoski in January 2011.

For more information:

- **Governor’s release**
- **Governor’s Executive Order**
- **Salem Statesman Journal coverage**

County Commissions act to fill legislative vacancies

Democratic party organizations and County Commissioners are moving forward to fill three vacancies created by legislative re-shuffling.

- Lane County Commissioners this week selected Val Hoyle to replace Chris Edwards in House District 14. Hoyle, who worked last session as a legislative aide to Sen. Floyd Prozanski (D-Lane, Douglas and Coos Counties), will serve the remainder of the term which expires in January 2011.
- Washington and Multnomah County Commissioners have chosen Margaret Doherty to replace Larry Galizio in House District 35. Doherty is a member of the Tigard Planning Commission and owns a florist business. She has also worked as a labor consultant for the Oregon Education Association. Here are links to a story in the **Oregonian** and **Speaker Dave Hunt's welcome message**.
- Multnomah County Democrats have recommended three finalists to fill the vacancy created by Margaret Carter's departure from the Senate to take a job with DHS. The finalists include State Rep. Chip Shields, former State Rep. Joann Bowman, and Karol Collymore, an aide to Multnomah County Commissioner Jeff Cogen. Shields garnered the most votes among party participants, and appears to be the favored candidate when the County Commission meets later this week. As the Multnomah County Commissioners weigh the decisions, the Oregonian offered two views of Carter's replacement: **Replacing Margaret Carter** and **Should Race Matter**.

Anti-tax activists plan to file signatures on Friday

Those who are following efforts to repeal the \$733 million tax package passed by the legislature last session will not be surprised this Friday when the opponents of the package file a sufficient number of signatures to throw the matter to the voters for a January 26, 2011 referendum. Opponents of the taxes need 55,179 valid signatures to refer the two tax measures approved last session.

The fight over the taxes is being characterized as a battle between public labor unions which support the taxes and business interests which have raised over \$1 million to repeal them.

Gubernatorial candidates start lining up

Over the last month the slate for Democratic and Republican candidates has grown to include three Republicans and two Democrats with at least two more Democrats possibly in the wings. Republican candidates include, **Allen Alley**, **Jason Atkinson**, and **John Lim**. Alley, who ran unsuccessfully for State Treasurer in 2008 recently completed a cross-state walk from Baker City to Portland. Atkinson, a three-term State Senator from Central Point, ran unsuccessfully for the Republican nomination for Governor in 2006. Lim has served in both the Senate and House and was defeated last year to retain his Gresham House seat.

Democrats now include **John Kitzhaber** and **Bill Bradbury** who are now working to line up endorsements and contributions. (Former Governor Barbara Roberts has endorsed Bradbury while Attorney General John Kroger has thrown his support behind Kitzhaber.) Possible candidates include US Rep. **Peter DeFazio** (Eugene) and Clackamas County Commissioner **Lynn Peterson**. If DeFazio opts into the race, there will be a long list of candidates lining up to replace him in Oregon's 4th Congressional district which has a broad reach, including Lane, Linn, Douglas, Coos, Curry, Josephine, and Benton Counties (including much of Corvallis).

Mark your calendar

On Friday, September 25th, Speaker of the House Dave Hunt (D-Clackamas County) deliver remarks at the ground breaking for the Linus Pauling Science Center on the OSU campus. During the 2007 legislative session, as Majority Leader, Hunt played a pivotal role in gaining legislative approval of \$31 million in state bonds that were used to match private donations for the building. The ground breaking ceremony is scheduled to begin at 4:00 PM at the construction site near Withycombe Hall.

Pendleton Round Up

draws OSU supporters, alumni



OSU President Ed Ray with State Rep. Bob Jenson (R-Pendleton), State Treasurer Ben Westlund, and former Treasurer Randall Edwards

Last week a wide range of OSU supporters and alumni joined President Ed Ray at the 99th Pendleton Round Up. A Thursday evening dinner that included remarks by OSU Basketball Coach Craig Robinson, drew a number of political luminaries, including State Treasurer Ben Westlund, Attorney General John Kroger, and a herd of legislators, including Sen. Dave Nelson (R-Pendleton), Rep. Bob Jenson (R-Pendleton), Rep. Brian Clem (D-Salem) and Rep. Jefferson Smith (D-Portland). US Rep. Greg Walden (R-Hood River) stopped by for a chat with OSU leaders during the KUMA Coffee Hour on Friday morning.



College of Agricultural Sciences Dean Sonny Ramaswamy and State Rep. Brian Clem (D-Salem)



US Congressman Greg Walden decked out in an OSU scarf



State Rep. Bob Jenson with OSU Basketball Coach Craig Robinson



OSU President Ed Ray and UO President Richard Lariviere on KUMA radio with host Tom Melton