

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Be Adopted
Vote:	6 - 3 - 0
Yeas:	Barnhart, Dembrow, Holvey, Hoyle, Jenson, Garrett
Nays:	Berger, Hicks, Kennemer
Exc.:	0
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	6/26, 6/27

WHAT THE MEASURE DOES: Proposes amendment to Oregon Constitution to finance corpus of Oregon Student Opportunity Fund. Allows use of moneys for lawful purpose if emergency is declared by Governor and use is approved by four-fifths of Legislative Assembly members present in each chamber and if Legislative Assembly has approved plan to replenish Fund on appropriate terms. Allows use of all or portion of moneys in fund to pay principal of, interest on and premium on indebtedness incurred under measure provisions if emergency is declared by Governor and use is approved by four-fifths of Legislative Assembly members present in each chamber. Refers proposed constitutional amendment to people for approval or rejection at next regular general election.

ISSUES DISCUSSED:

- The Opportunity Student Opportunity Fund
- Opportunity Grant assistance to students
- Current state bonding obligations
- Funding of post-secondary education
- Implementation mechanisms in Senate Bill 11 (2013)
- Endowment that could be used for student aid program
- Student debt
- Rate-of-return assumptions
- Debt service on bonds
- Potential impact of current interest rates on decisions related to indebtedness
- Bond market competition
- Timing of resolution

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Student Opportunity Fund is an initiative to create a constitutionally-dedicated permanent fund that will be invested to generate income for the purpose of investing returns in student aid grants, in the short-term, and investing in areas including such as Science, Technology, Engineering, and Mathematics (STEM), vocational training, and other workforce development programs in the long-term.

The Fund would be created by issuing General Obligation Bonds in 2014. Subsequent bond issues would be made each year until the Fund reaches its goal of producing revenue needed to fully fund the unmet needs of Oregon students for two years of their post-secondary education. The Fund anticipates an issue of \$500 million in the coming biennium and continuing smaller (and declining) contributions over the next 30 years.

Senate Joint Resolution 1-A is a proposed constitutional amendment to the Oregon Constitution to finance the corpus of Oregon Student Opportunity Fund. The measure is linked to Senate Bill 11 (2013), which provides a mechanism to implement the constitutional change if SJR 1-A is enacted. The combined measures would allow the state to create a fund to finance Oregon Student Opportunity Fund.

6/28/2013 11:10:00 AM

This summary has not been adopted or officially endorsed by action of the committee.