

# Senate Bill 11

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes State Treasurer to issue Article XI-R bonds, in addition to and not in lieu of biennial budget authorization for bond issuance, to finance corpus of Oregon Student Opportunity Fund.

Establishes program to provide financial assistance to Oregon students pursuing post-secondary education, including technical, professional and career training.

Establishes Oregon Student Opportunity Fund and continuously appropriates earnings on moneys in fund to \_\_\_\_\_ to support program. Establishes Article XI-R Bond Fund and Article XI-R Bond Administration Fund and continuously appropriates moneys from funds to \_\_\_\_\_.

Takes effect only if Senate Joint Resolution 1 (2013) is approved by people at \_\_\_\_\_ election. Takes effect on effective date of constitutional amendment proposed in Senate Joint Resolution 1 (2013).

## A BILL FOR AN ACT

1  
2 Relating to establishment of a student opportunity fund; creating new provisions; amending ORS  
3 293.115 and 293.701; appropriating money; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. The Legislative Assembly finds and declares that a trust fund for the sup-**  
6 **port of a program designed to meet the financial needs of Oregon students for up to two**  
7 **years of post-secondary education, including technical, professional and career training, can**  
8 **be created by an investment of resources over a 30-year period to build the corpus of the**  
9 **trust fund.**

10 **SECTION 2. As used in sections 1 to 7 of this 2013 Act:**

11 (1) "Article XI-R bonds" means general obligation bonds or other general obligation  
12 indebtedness issued or incurred under the authority of Article XI-R of the Oregon Constitu-  
13 tion.

14 (2) "Bond administration fund" means the Article XI-R Bond Administration Fund es-  
15 tablished in section 7 of this 2013 Act.

16 (3) "Bond fund" means the Article XI-R Bond Fund established in section 6 of this 2013  
17 Act.

18 (4) "Bond-related costs" means:

19 (a) The costs of paying the principal of, the interest on and the premium, if any, on Ar-  
20 ticle XI-R bonds;

21 (b) The costs and expenses of issuing, administering and paying Article XI-R bonds in-  
22 cluding, but not limited to, redeeming Article XI-R bonds and paying amounts due in con-  
23 nection with bond insurance, other credit enhancements and the administrative costs and  
24 expenses of the State Treasurer and the \_\_\_\_\_, including costs of consultants or advisers  
25 retained by the State Treasurer or the \_\_\_\_\_ for the purpose of issuing, administering or

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 paying Article XI-R bonds;

2 (c) Capitalized interest on Article XI-R bonds;

3 (d) Costs of funding reserves for Article XI-R bonds, including costs of surety bonds and  
4 similar instruments;

5 (e) Rebates or penalties due the United States Government in connection with Article  
6 XI-R bonds; and

7 (f) Other costs or expenses that the \_\_\_\_\_ determines are necessary or desirable in  
8 connection with issuing, administering or paying Article XI-R bonds.

9 (5) "Student opportunity fund" means the Oregon Student Opportunity Fund established  
10 in section 5 of this 2013 Act.

11 **SECTION 3.** (1) The State Treasurer, with the concurrence of the Director of the Oregon  
12 Department of Administrative Services, may issue Article XI-R bonds as provided in sections  
13 1 to 7 of this 2013 Act, subject to the limit on bond issuance established for the particular  
14 biennium pursuant to ORS 286A.035 and at the request of the \_\_\_\_\_, for the purpose of fi-  
15 nancing the corpus of the Oregon Student Opportunity Fund established in section 5 of this  
16 2013 Act, the earnings of which shall be used to support a program to provide financial as-  
17 sistance to Oregon students pursuing post-secondary education, including technical, profes-  
18 sional and career training, plus an amount determined by the State Treasurer to pay  
19 estimated bond-related costs.

20 (2) The State Treasurer shall transfer the net proceeds of Article XI-R bonds issued for  
21 the purpose described in subsection (1) of this section to \_\_\_\_\_ for deposit in the Oregon  
22 Student Opportunity Fund established under section 5 of this 2013 Act.

23 (3) Article XI-R bonds are a general obligation of the State of Oregon and must contain  
24 a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and  
25 the premium, if any, on the Article XI-R bonds. The State of Oregon shall pledge its full faith  
26 and credit and taxing power to pay Article XI-R bonds, except that the ad valorem taxing  
27 power of the State of Oregon may not be pledged to pay Article XI-R bonds.

28 **SECTION 4.** The \_\_\_\_\_ shall establish, by rule, and administer a student opportunity  
29 program. The purposes of the program are to:

30 (1) Provide assistance to meet the financial needs of Oregon students for up to two years  
31 of post-secondary education, including technical, professional and career training, provided  
32 by an educational institution as defined in ORS 348.105.

33 (2) Identify or develop incentives and opportunities to improve on-time graduation rates  
34 for post-secondary education programs, including technical, professional and career training  
35 programs.

36 (3) Identify or engage opportunities to leverage moneys in the Oregon Student Opportu-  
37 nity Fund established in section 5 of this 2013 Act with private sector funds to benefit Oregon  
38 students.

39 (4) Encourage student participation in educational initiatives designed to improve student  
40 performance in science, technology, engineering and mathematics.

41 (5) Encourage, in consultation with the Bureau of Labor and Industries, development of  
42 apprenticeship and vocational training programs.

43 **SECTION 5.** (1) Pursuant to Article XI-R, section 3, Oregon Constitution, the Oregon  
44 Student Opportunity Fund is established, separate and distinct from the General Fund. The  
45 student opportunity fund consists of:

1 (a) Proceeds of Article XI-R bonds that were issued for the purpose of financing of the  
 2 corpus of the fund, the earnings of which shall be used to support a program to provide fi-  
 3 nancial assistance to Oregon students pursuing post-secondary education, including techni-  
 4 cal, professional and career training; and

5 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
 6 in the fund.

7 (2) Moneys in the student opportunity fund may be invested as provided in ORS 293.701  
 8 to 293.790. Earnings on moneys in the fund must be credited to the fund.

9 (3) Declared earnings on moneys in the student opportunity fund are continuously ap-  
 10 propriated to \_\_\_\_\_ to support the student opportunity program established in section 4  
 11 of this 2013 Act. Declared earnings may also be used to pay the principal of, the interest on  
 12 and the premium, if any, on bonds authorized by Article XI-R, section 1, Oregon Constitu-  
 13 tion.

14 **SECTION 6.** (1) The Article XI-R Bond Fund is established in the State Treasury, sepa-  
 15 rate and distinct from the General Fund. The bond fund consists of:

16 (a) Capitalized or accrued interest on Article XI-R bonds;

17 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
 18 in the bond fund; and

19 (c) Reserves established for the payment of Article XI-R bonds.

20 (2) Moneys in the bond fund may be invested as provided in ORS 293.701 to 293.820.  
 21 Earnings on moneys in the bond fund must be credited to the bond fund.

22 (3) Moneys in the bond fund are continuously appropriated to \_\_\_\_\_ for the purpose  
 23 of paying, when due, the principal of, the interest on and the premium, if any, on outstanding  
 24 Article XI-R bonds.

25 (4) \_\_\_\_\_ may create separate accounts in the bond fund for reserves and debt service  
 26 for each series of Article XI-R bonds.

27 **SECTION 7.** (1) The Article XI-R Bond Administration Fund is established in the State  
 28 Treasury, separate and distinct from the General Fund. The bond administration fund con-  
 29 sists of:

30 (a) Proceeds of Article XI-R bonds that were issued to pay bond-related costs; and

31 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
 32 in the bond administration fund.

33 (2) Moneys in the bond administration fund may be invested as provided in ORS 293.701  
 34 to 293.820. Earnings on moneys in the bond administration fund must be credited to the bond  
 35 administration fund.

36 (3) Moneys in the bond administration fund are continuously appropriated to \_\_\_\_\_ for  
 37 payment of bond-related costs.

38 (4) \_\_\_\_\_ may create separate accounts in the bond administration fund.

39 **SECTION 8.** In addition to and not in lieu of any other amounts authorized, as provided  
 40 by ORS 286A.035, for issuance of general obligation bonds during the biennium beginning July  
 41 1, 2013, the State Treasurer may issue general obligation bonds pursuant to Article XI-R,  
 42 section 1, Oregon Constitution, and sections 1 to 7 of this 2013 Act in an amount not to ex-  
 43 ceed \$500 million for deposit in the Oregon Student Opportunity Fund established in section  
 44 5 of this 2013 Act.

45 **SECTION 9.** ORS 293.115 is amended to read:

293.115. The following moneys shall be separate and distinct from the General Fund:

(1) Moneys paid into the State Treasury for fiduciary purposes and moneys that are in trust funds, as defined in ORS 291.002.

(2) Moneys by law directed and required to be placed by the State Treasurer to the credit of:

(a) The Agricultural College Fund principal and the interest accruing from the investment thereof.

(b) The Burbank Trust Fund and the interest accruing from the investment thereof.

(c) The Common School Fund and the interest accruing from the investment thereof.

(d) The Industrial Accident Fund under ORS 656.632 and the interest accruing from the investment thereof.

(e) The Consumer and Business Services Fund under ORS 705.145 and the interest accruing from the investment thereof.

(f) The Workers' Benefit Fund created in ORS 656.605 and the interest accruing from the investment thereof.

(g) The University of Oregon Villard Endowment Interest Fund.

(h) The Oregon Commercialized Research Fund created by ORS 284.725 and the interest accruing from the investment thereof.

(i) The Oregon Innovation Fund created by ORS 284.720 and the interest accruing from the investment thereof.

**(j) The Oregon Student Opportunity Fund established in section 5 of this 2013 Act and the interest accruing from the investment thereof.**

(3) All sums received by the state from the federal government from forest reserves, rentals, sales of timber and other sources from forest reserves, under ORS 293.560 and the interest accruing from the investment thereof.

(4) All sums received from the five percentum of sales of public lands and apportioned under ORS 272.085 and the interest accruing from the investment thereof.

(5) All sums received from the federal government under ORS 293.565 to 293.575 under Mineral Leasing Act, federal Flood Control Act and the Taylor Grazing Act and the interest accruing from the investment thereof.

(6) Any other funds or accounts created by law that are not specifically established in the law creating them as funds or accounts in the General Fund.

**SECTION 10.** ORS 293.701 is amended to read:

293.701. As used in ORS 293.701 to 293.820, unless the context requires otherwise:

(1) "Council" means the Oregon Investment Council.

(2) "Investment funds" means:

(a) Public Employees Retirement Fund referred to in ORS 238.660;

(b) Industrial Accident Fund referred to in ORS 656.632;

(c) Consumer and Business Services Fund referred to in ORS 705.145;

(d) Employment Department Special Administrative Fund referred to in ORS 657.822;

(e) Insurance Fund referred to in ORS 278.425;

(f) Funds under the control and administration of the Department of State Lands;

(g) Oregon Student Assistance Fund referred to in ORS 348.570;

(h) Moneys made available to the Commission for the Blind under ORS 346.270 and 346.540 or rules adopted thereunder;

(i) Forest Development Revenue Bond Fund referred to in ORS 530.147 and State Forestry

1 General Obligation Bond Fund referred to in ORS 530.280;

2 (j) Oregon War Veterans' Fund referred to in ORS 407.495;

3 (k) Oregon War Veterans' Bond Sinking Account referred to in ORS 407.515;

4 (L) World War II Veterans' Compensation Fund;

5 (m) World War II Veterans' Bond Sinking Fund;

6 (n) Funds in the hands of the State Treasurer that are not required to meet current demands  
7 and that are invested in the Oregon Short Term Fund established under ORS 293.728 or in another  
8 commingled investment vehicle;

9 (o) State funds that are not subject to the control and administration of officers or bodies spe-  
10 cifically designated by law;

11 (p) Funds derived from the sale of state bonds;

12 (q) Social Security Revolving Account referred to in ORS 237.490;

13 (r) Oregon University System Fund established by ORS 351.506 and the Higher Education Do-  
14 nation Fund established by ORS 351.130;

15 (s) Local Government Employer Benefit Trust Fund referred to in ORS 657.513;

16 (t) Elderly and Disabled Special Transportation Fund established by ORS 391.800;

17 (u) Education Stability Fund established by ORS 348.696;

18 (v) Deferred Compensation Fund established under ORS 243.411; [*and*]

19 (w) Trust for Cultural Development Account established under ORS 359.405; **and**

20 **(x) The Oregon Student Opportunity Fund established in section 5 of this 2013 Act.**

21 (3) "Investment officer" means the State Treasurer in the capacity as investment officer for the  
22 council.

23 **SECTION 11. This 2013 Act does not take effect unless the amendment to the Oregon**  
24 **Constitution proposed by Senate Joint Resolution 1 (2013) is approved by the people**  
25 **at \_\_\_\_\_ election held \_\_\_\_\_. This 2013 Act takes effect on the effective date of that**  
26 **amendment.**

27 \_\_\_\_\_