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Report on a Measure to Allow Penal Institutions Anywhere in Oregon (State Measure No.8); Report on Veterans' Loan Amendment (State Measure No. 5)

City Club of Portland (Portland, Or.)

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REPORT
ON
A MEASURE TO ALLOW
PENAL INSTITUTIONS ANYWHERE
IN OREGON
(State Measure No. 8)

Purpose: The Oregon Constitution prohibits establishing state prisons or other correctional institutions outside of Marion County unless approved by the voters. This measure permits the Corrections Division to establish and operate branch institutions such as halfway houses or similar facilities at suitable locations anywhere in the state.

To the Board of Governors,
The City Club of Portland:

Your Committee was assigned to study and report on the State Ballot Measure cited above, to be voted on at the General Election on November 3, 1970.

I. BACKGROUND

Article XIV of the Oregon Constitution provides in Section 3:

"All public institutions of this state, other than public institutions located outside Marion County prior to November 1, 1958, shall be located in Marion County; except that an Act of the Legislative Assembly which is ratified by a majority of the votes cast thereon at the next general election held after passage of such Act may order the location of any public institution to be outside Marion County."

The last Legislative Assembly enacted Senate Bill 347. If ratified by the people in the General Election of November 3, 1970, the following would be added to Chapter 179 of the Oregon Revised Statutes:

"The corrections division may establish and operate branches of existing state penal and correctional institutions outside Marion County. The branches may be located at places in the state that the board considers suitable for them. The branches shall be used for the care and custody of inmates assigned thereto and shall be operated to facilitate the return of the inmates to society."

It might be assumed from a reading of the ballot measure that the voters will simply determine whether branches of penal institutions should be located outside Marion County. The real question is: Should there be rehabilitation-release programs operated by the Corrections Division in various locations in Oregon. It would be impractical to conduct the entire program in Marion County simply because of the limited employment and educational opportunities in that area. Also, it is desirable for the enrollee to be employed in the community in which he will live after release.

The 1967-68 budget of the Corrections Division authorizes the establishment of a halfway house program to provide for the gradual re-entry and re-orientation of adult offenders into the community. The halfway houses were also to serve as work release centers from which inmates would work at regular jobs in the community and return to the halfway house during off-duty hours.

Prior to implementing this program, the State Board of Control asked two questions of the Attorney General of Oregon:

1. "Would such a center (halfway house) be considered a public institution; and"

2. "If considered a public institution, would it be subject to the limitations
stated in Article XIV, Section 3 of the State Constitution requiring such institutions to be located in Marion County."

The Attorney General answered: "It is thus our opinion that maintaining halfway houses in counties other than Marion County would violate Article XIV, Section 3, Oregon Constitution, because it would locate a branch of a public institution outside of Marion County without approval by the people of this state through the referendum process." (No. 6484, April 19, 1968.)

In spite of this, there is a work release program in operation in the State at the present time. The Legislature, by ORS 144.460, authorized the Corrections Division to enter into contracts with public and private organizations for the operation of such centers. The Corrections Division is operating the Milwaukee Work Release Center as a tenant of Oregon Halfway Houses, Inc., a private organization. It also operates an educational release center at the University of Portland under the name of Aldersgate House. Oregon Halfway Houses, Inc. plans to open a work release center for women in Portland on September 28, 1970.

In addition to these contracts with private concerns, the Corrections Division has contracts with twelve counties and eight municipalities for work release centers at various locations throughout the state. The enrollees are in the custody of jailers and are normally housed in county or city jails. As of September 15, 1970, there were 116 persons enrolled in this program.

It has been both the letter and intent of Oregon law that our penal system exists to restore persons to useful citizenship. It is a well accepted fact that most present day penal systems, including Oregon's, do too little to rehabilitate convicted criminals and prepare them for a life "outside" institutional confinement.

Since the beginning of history, man has sought simply to punish criminals. Today, however, we are faced with the reality that imprisonment without rehabilitation all too frequently produces a more hardened, more alienated and more frustrated individual. The products of our prisons are almost predestined to return, sometimes in a matter of months.

For the purposes of the discussion to follow, "work release" is intended to include all the various release programs of the Corrections Division. Work release is currently the largest activity in the release program. There is also a vocational rehabilitation program in operation as well as a limited educational release program involving relatively few inmates.

II. DISCUSSION

Article I, Section 12 of the Oregon Constitution reads in part as follows:

"Laws for the punishment of crime shall be founded on the principle of reformation and not of vindictive justice."

Regarding penal institutions, Oregon Revised Statute 421.710(2) states:

"Primary emphasis shall be placed upon the rehabilitation of persons committed to the institution. Restoration to useful citizenship shall be the principal aim of the institution."

As stated in the introduction, restoration to useful citizenship is usually not the result of being an inmate in a penal institution. Recognizing this, the Corrections Division in Oregon (as in many other states) is seeking means to fulfill both the letter and the spirit of the law. The work release concept is one of the means to bring about an end to the unfortunate cycle that seems to guide so many lives.

Inmates of the Oregon State Penitentiary and the Oregon Correctional Institution must volunteer to be considered for the work release program. When an inmate requests assignment to the program, his application is subject to approval by several individuals and committees, including the superintendent of the institution and the administrator of the work release program.

The accepted enrollee remains, legally, an inmate of the institution and is not on parole. He is under strict supervision at all times when he is not actually on the job. The enrollee is assisted in obtaining suitable employment. He is allowed a reasonable time to travel to and from his place of employment. Discipline is
very strict and enrollees are dropped from the program and immediately returned to their institution for relatively minor offenses.

Under Oregon law, admittance to a work release program is only from the State Penitentiary or the Correctional Institution. A judge cannot sentence anyone directly to a work release center.

It should be emphasized that the work release program does not make an inmate eligible for parole sooner than any other inmate. The purpose of the program is not to shorten a sentence, but to help the individual make a smoother transition to life outside and a more successful adaptation that will reduce the likelihood of a return to crime.

Men on the work release program are employed at regular jobs. Working conditions and pay are the same as those of regular employees. However, the earned wages are not paid to the inmates but to the state. The state distributes the money according to agreements made at the time the inmate entered the program.

At the Milwaukie Work Release Center, for example, the state deducts $3.50 per day for room and board. The state also deducts for the support of dependents, payment of income taxes and other necessary expenses. Most of the remaining pay is held in trust and returned to the inmate upon parole or release.

Work release programs are presently in operation in 34 other states. In Oregon, the program begun in April, 1966, is apparently highly successful in meeting its objectives.

From its beginning through March, 1970, 1,142 persons have been enrolled in the program. Only 257 or 23 percent failed to complete the program and were returned to an institution. Some of these reapplied and successfully completed the program on the second attempt.

The remaining 77 percent returned to society aided by steady employment. They received some money saved from wages during enrollment in the program. When inmates go from work release to parole, their supervision by parole officers is much easier because they are well established in jobs and, to some extent, in the community.

The program has not been in operation long enough to establish meaningful statistics on the rate of return to criminal activity. Comparisons would be difficult if not dubious because of the selection process and the voluntary nature of the program. Generally excluded from participating in work release are the 15 percent of inmates who are expected to have no problems returning to a useful life on the "outside".

The cost to the state of maintaining an inmate in a work release program is substantially lower than keeping him in an institution. According to Wally Barnett, administrative services director for the Corrections Division, the per man, per month maintenance cost is as follows:

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<th>Institution</th>
<th>Cost</th>
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<tr>
<td>Oregon State Penitentiary</td>
<td>312.49</td>
</tr>
<tr>
<td>Work Release Program</td>
<td>99.63</td>
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These are complete costs representing expenditures as well as amortization of buildings, etc. The figure for the work release program is a net cost reflecting the contribution made by the inmate for room and board.

From a purely economic standpoint, the work release program is a bargain when compared to more traditional means of institutional custody. Not only will this program reduce the load on our overcrowded penal institutions, it will also result in a number of other potential economic benefits. Because the inmate is earning a living, he can contribute to the support of his dependents, pay state and federal income taxes and even pay back debts.

The principal consideration, of course, must be what is best for society. Creating a system that has the potential of restoring productive citizens is a first step. Allowing this system to expand when and where it can do the most good for the greatest number of people is really what Ballot Measure No. 8 is all about.
III. ARGUMENTS IN FAVOR OF THE MEASURE

Arguments found by your Committee in support are that the measure:
1. Would substantially assist the rehabilitation and restoration to useful citizenship of inmates of the state penal and correctional institutions, thus following the letter and intent of Oregon law.
2. Would eliminate the need for the present circuitous contractual arrangements and would enable the Corrections Division to operate as it deems appropriate.
3. Would allow the Corrections Division to maintain a more economical, flexible and results-oriented system that can keep abreast of changes and responses to the problems of rehabilitation.

IV. ARGUMENTS AGAINST THE MEASURE

Your Committee has been unable to find any organized opposition* to the measure.

However, there may be opposition to some aspects of the work release programs which passage of this measure would authorize. Your Committee made a concerted effort to discover possible opposing comments and attitudes.

There have been strenuous objections voiced by residents of neighborhoods where work release centers have been proposed. Apparently, opposition is not to the program as such, but simply to the proposed location of the center. Objections are not limited to work release programs but are made to other programs considered to have a potential "bad effect" on a neighborhood. It is believed that these objections may be largely overcome by a well-conceived and executed plan of public relations and education.

Your Committee discussed the measure with a number of law enforcement officials. Some county sheriffs, while not opposing the measure, did feel that it "opened the door" to the establishment of regional jails by the Corrections Division. While this is not the intent of the measure nor of the Corrections Division at this time, your Committee agrees that this possibly may exist in the future. The concept of regional jails is related to removing the custody and maintenance of prisoners from local police jurisdiction.

A special effort was made to seek any possible opposition from interests within Marion County. Though one might expect some opposition because of potential loss of institutions in the future, there was none to be found. Two local officials were particularly cooperative. Robert Briscoe, Assistant City Manager of Salem, stated that he could find no opposition among key personnel that included the city manager, police chief, health officer and a number of social agencies. Pat McCarthy, Chairman of the Board of Commissioners of Marion County, stated that he knew of no opposition. Like others in Salem and Marion County, he expressed concern that state institutions must be provided local services and yet do not contribute to the tax base.

There was concern that labor organizations might be opposed to work release programs. As long as enrollees in such programs are paid the going rate for their work, there is no opposition from organized labor. Labor leaders generally feel that such programs should, in fact, be expanded. Ballot Measure No. 8 received endorsement of the Oregon AFL-CIO at its 1970 state convention.

V. CONCLUSION

It is the opinion of your Committee that this measure will effect a positive response to the needs of society and of the individual inmates of state penal institutions. It will provide the Corrections Division with additional means to meet the letter and intent of state law in achieving a truly rehabilitation-oriented correctional system.

*According to the Secretary of State's office, no statement in opposition to this measure has been submitted for the Voters' Pamphlet.
VI. RECOMMENDATION

Your Committee unanimously recommends that the City Club of Portland record a "Yes" vote favoring State Measure No. 8 in the General Election of November 3, 1970.

Respectfully submitted,
Robert F. Bettendorf
Jace C. Budlong
Norman B. Henderson
Donald G. Hoffard
James V. Norlen
Bruce Samson, and
William A. Comrie, Chairman

Approved by the Research Board September, 24, 1970 for transmittal to the Board of Governors.
Received by the Board of Governors September 28, 1970 and ordered printed and circulated to the membership for consideration and action.

EXHIBIT A
PERSONS INTERVIEWED

Members of your Committee, singly or in groups, have interviewed or obtained information provided by the following persons:
Warren Barnes, Sheriff, Washington County
Wally Barnett, Administrative Services Director, Corrections Division, State of Oregon
Robert Briscoe, Assistant City Manager, Salem
Donald E. Clark, Multnomah County Commissioner
Lawrence Flynn, Vocational Rehabilitation Aide, Milwaukie Work Release Center
Garland Godby, Director, Transitional Program, Oregon State Penal Institutions
Roy Johnson, Sheriff, Umatilla County
Duane C. Lemley, Executive Assistant to the Administrator, Corrections Division, State of Oregon
Marvin E. Madden, Secretary of State's Office
Pat McCarthy, Chairman, Board of Commissioners, Marion County
Donald I. Mcnamara, Chief of Police, Portland
Lincoln Pfeiffer, Supervisor, Portland Corrections Office, Vocational Rehabilitation Division, State of Oregon
Bard Purcell, Sheriff, Multnomah County
Phillip J. Roth, Judge, Multnomah County Circuit Court
Joe Shobe, Sheriff, Clackamas County
Roy E. Talley, Manager, Milwaukie Work Release Center, Corrections Division
Edward J. Whelan, President, Oregon AFL-CIO
EXHIBIT B

BIBLIOGRAPHY

Background material on Ballot Measure No. 8 prepared by Robert G. Davis, Assistant to the Governor, Human Resources. August 21, 1970.
"Four Years of Work Release in Oregon" a Report to the Corrections Administrator by Garland Godby, Director, Transitional Programs, April, 1970.
Statements of policies and procedures, Work Release Program, prepared by Corrections Division.
"Remarks on Correction," delivered by Multnomah County Commissioner Donald E. Clark at University of California, Irvine. June 5, 1969.
"New Trips for Corrections" delivered by Multnomah County Commissioner Donald E. Clark at Governor's Seminar on Drug Abuse, Oklahoma City, Okla., December 1 and 2, 1969.
Summary of Report "A Christian Looks at Law and Order" by St. Andrews Presbyterian Church, Portland.
REPORT
ON
VETERANS' LOAN AMENDMENT
(State Measure No. 5)

Purpose: Amends Oregon Constitution to increase bonding limits for the Oregon War
Veterans' Fund from 3% to 4% of the true cash value of all property in the state.
This fund is financed by bonds issued by the state, the proceeds of which are loaned
to eligible veterans for farm and home purchases.

To the Board of Governors,
The City Club of Portland:

I. ASSIGNMENT

This Committee was assigned to study and report on House Joint Resolution
33 of the 1969 Session of the Oregon Legislative Assembly. This resolution
is a proposal for a constitutional amendment and is referred to the electorate
to be voted on at the general election November 3, 1970, as Ballot Measure No. 5.
Section 1, Article XI-A of the Oregon Constitution would be amended to read:

Sec. 1: Notwithstanding the limits contained in section 7, Article XI
of the Constitution, the credit of the State of Oregon may be loaned and
indebtedness incurred in an amount not to exceed four percent of the true
cash value of all the property in the state, for the purpose of creating a fund
known as the Oregon War Veterans' Fund, to be advanced for the acquisition
of farms and homes for the benefit of male and female residents of the State
of Oregon who served in the Armed Forces of the United States . . . . .

Basically this measure changes the word "three" in Section 1, Article XI-A,
of the Constitution to "four" as the designated percentage limit of the true cash
value of all the taxable property in the State of Oregon. Passage will permit
the Department of Veterans' Affairs to issue an additional $188 million in self-
liquidating bonds, based on the State's present true cash value. The Department
has reached the limit of its bonding authority (presently three percent) to obtain
loan funds under the loan program originated in 1943 as House Joint
Resolution 7 and adopted by vote of the people on November 7, 1944 as Article
XI-A of the Oregon Constitution.

II. SCOPE OF RESEARCH

The question of war veterans loans has been researched thoroughly and this
report marks the fifth time since 1950 that a City Club committee has studied
constitutional changes brought about by the expanding role of the United States
in world affairs and the desire to amend Article XI-A to include new veterans
from new conflicts.

The four prior reports—October 20, 1950; October 31, 1958; October 14,
1960 and October 18, 1968—have been studied extensively by all members.
In addition, your Committee interviewed H. C. Saalfeld, Director of the Veterans'
Loan Fund and Larry Quinlan, Information Officer, Oregon Department of
Veterans' Affairs.

The Committee also corresponded with the State Treasurer's Office regarding
interest rates and Oregon's bond credit rating.

Committee members interviewed six representatives in the private loan
sector.\(^{(1)}\)

\(^{(1)}\)Representatives included David Barrows, Executive Vice President, Oregon Savings and
Loan League; Lester Thayer, Oregon Bankers Association; John Steelhammer, Independent
Bankers Association of Oregon; Vern Pierson, Public Affairs Division, United States
National Bank of Oregon; Dean Boyes, Real Estate Loans Division, First National Bank of
Oregon and Fred Van Atta, Executive Secretary, Oregon Home Builders Association.
84  PORTLAND CITY CLUB BULLETIN

In view of the fact that Oregon is not one of the nation's financial centers but that the Oregon Department of Veterans' Affairs is now the twentieth largest mortgage lender in the United States, this report treats with some depth the financial aspects of one of the nation's unique mortgage lending agencies.

III. LEGISLATIVE HISTORY

Since the legislative history of Article XI-A and its subsequent amendments have been so thoroughly explored in four previous City Club reports, your Committee sees no necessity for a lengthy, repetitious review. The present veterans' loan program was constitutionally approved by the voters on November 7, 1944. It covered veterans of World War II and limited the amount of indebtedness which would be incurred to three percent of the assessed valuation of all property in the state. Subsequent amendments extended coverage to Korean veterans and Vietnam veterans changing the bonding limit from three percent of assessed valuation to four percent of assessed valuation, and then to three percent of true cash value.

IV. CITY CLUB STUDIES

City Club committees reporting on this program have been interestingly ambivalent in attitude. In 1944 a City Club committee opposed the original war veterans' loan program as a useless duplication of federal legislation, but the Club membership rejected the Committee’s report. In 1950, when the four percent of assessed valuation limitation was proposed, majority and minority reports were issued with the Club membership adopting the favoring majority report.

In 1957 an effort was made by the Legislature to provide additional funds to carry out the expanded program under the higher loan limits then enacted and to make the date of termination of service for determining eligibility for veterans' loans uniform with that of other veterans’ benefits. Again there were majority and minority reports, and this time the Club membership said “a pox on both your houses” and approved neither. Voters subsequently defeated the proposed amendment.

In 1959, the Legislature proposed expanding the constitutional bonding limits from four percent of assessed valuation to three percent of true cash value and establishing date limits of termination of eligibility for World War II and Korean veterans. A City Club committee unanimously recommended opposition on the primary basis, once more, that such loan activity is not a proper governmental function. This time the Club membership sustained the Committee’s opposition. The electorate, however, passed the amendment.

The Vietnam experience caused new problems and, in 1967, the Legislature proposed an amendment to Article XI-A to include these veterans. A City Club study committee, indicating it was “unimpressed with the argument that the veterans’ loan program is a great aid to the economy” nevertheless recommended approval of the measure on the grounds of unfairness in excluding Vietnam veterans. That report was adopted by the Club and the amendment was passed by the electorate.

V. IMMEDIATE HISTORY OF BALLOT MEASURE NO. 5

Veterans' loan applications began increasing markedly in 1968-69 with 9,120 processed. Projections indicated the fund would be exhausted in 1970, and the 1969 Legislature moved to increase the limit of bonding authority from three to four percent under House Joint Resolution No. 33 which passed the lower chamber by a vote of 50 to 7. Under a suspension of the rules, the measure went directly to a Senate vote without being reported out of a Senate Committee. The vote in the upper chamber was 29 for, with one member abstaining because of absence. This Constitutional Amendment now appears as State Ballot Measure No. 5.
VI. ARGUMENTS FOR AND AGAINST THE MEASURE

Former City Club reports listed a number of pro and con arguments which your Committee has examined.

Your Committee has chosen to take a somewhat different approach because, within the strict limits of the matter for consideration—increasing the bonding limit from three percent to four percent—the concern is not necessarily with the traditional philosophical arguments for and against the Veterans' Loan Program itself. Further, these issues are currently somewhat blurred. One traditional argument against the Veterans' Loan Fund is that it amounts to the creation of another dedicated fund when there are already too many such funds. However, the Legislature has not considered earnings or surplus in the Veterans' Fund "dedicated" and has chosen in the past to appropriate them. The question whether the Legislature has this right is now pending before the Oregon Supreme Court. Your Committee prefers to leave that decision to the Supreme Court.

The present fact is that the Department has now reached the limits of its bonding authority to obtain loan funds. Commitments to applicants since September 1 have been issued subject to passage of Measure No. 5. If this measure fails, veterans loans will not be made until one year from date of application.

VII. REVIEW OF THE LOAN PROGRAM

The 25th anniversary of the Oregon Veterans' Farm and Home Loan programs is an appropriate occasion to analyze the program.

Loan limits have been raised to reflect changes in the economy. Today an eligible veteran may borrow up to $21,500 to acquire a home, or up to $80,000 to acquire a farm.

The loan security provisions compare favorably with federally-insured home and farm mortgages. An Oregon veteran's loan may not exceed 85 percent of the appraised value of the property. The maximum term for repayment is 25 years on city or suburban properties, and 30 years on farms, but is usually less.

The interest rate on a home loan up to $18,500 is 4 percent. On the amount borrowed over $18,500, the rate rises to one-half of 1 percent above the interest rate of the latest bond sale, but not less than 4.5 percent. On a farm loan, the interest rate is 4 percent up to $50,000. On the amount borrowed over $50,000, the rate goes to one-half of 1 percent above the interest rate of the latest bond sale, but not less than 5 percent.

The latest bond sale, $40 million that exhausted the borrowing power of the Veterans' Loan program under present law, has a 5.86 percent interest rate. The average bond interest cost has been 4.31 percent, based in part on earlier interest rates as low as .797 percent.

H. C. Saalfeld, Oregon Department of Veterans' Affairs Director, believes the 1971 Legislative Assembly will raise the present interest rates to reflect the higher interest cost to the state.

Between mid-1945 when the program started and July 31, 1970, veterans obtained 77,476 loans totalling $818,721,024.

The tight money situation was reflected in the record number of loans and in the dollar volume of loans for fiscal 1969-70, when 8,189 loans were granted for $130,063,700. Loans were 37 percent over the previous high of 4,980 in 1968-69, and dollar volume was 50 percent above the previous record of $86,617,000 in 1968-69. The 9,171 new loan applications in 1969-70 were 13 percent higher than the previous high of 8,120 in 1968-69.

Of the 77,476 loans granted, 25,357 have been paid in full and another 7,430 have been retired, because of resale or other reasons, leaving 44,689 loans outstanding in the amount of $521,515,563. Eight years is the life of the average loan.

Of the $818 million borrowed, veterans have repaid $405 million in principal and $143 million in interest. In 1969-70, veterans repaid nearly $48 million in principal and $18.7 million in interest. Loan repayments are used to finance new loans.
The delinquency and foreclosure rates compare favorably with federally-insured programs. On August 31, 1970, 180 of 44,689 active loans were delinquent three monthly payments or more, a rate of four-tenths of one percent. Foreclosures numbered 435, or 56/100ths of one percent of the 77,476 loans granted. This was the Department’s lowest foreclosure record. Of the 435 foreclosed, 11 remain unsold as of August 31, 1970, and the remainder have been sold for a potential profit of $895,913.

The mortgage cancellation insurance program carried by more than 98 percent of the eligible veterans contributes to the low foreclosure rate. Mortgages have been paid in full on the homes and farms of 1,115 veterans who died while borrowers, in the amount of $10,353,404 as of August 31, 1970. The premium rate for mortgage cancellation insurance of 39 cents per month per $1,000 of coverage in 1968 and 1969 dropped to 37 cents starting March 1, 1970.

The loan program is self-sustaining, operates without cost to the taxpayer, and there has been appropriated to the General Fund $21,987,966 of the Department’s $27 million in net revenue. The nearly $22 million consists of a $2.5 million transfer by the 1951 Legislature, a $5,517,905 transfer by the 1963 Legislature, and a $13,970,071 transfer by the 1967 special session of the Legislature. No transfer was made for the 1969-70 fiscal year because the reserves have dropped below the 3 percent reserve set by ORS 407.183.

The Department’s 1968-69 overhead cost was $1,856,460, not counting $74,398 aid to counties and service organizations, or 44.9 percent of $4,133,143 income for the fiscal year.

The program also finances without cost to the taxpayer the Department’s Service and Coordination Division and the State’s portion of the cost of rehabilitation programs administered by certain veterans’ organizations and county veterans’ service officers.

Interest earnings from proceeds of funds not needed totaled $1,639,663 in 1969-70. The 25-year total is $12,596,916.

Your Committee notes that during the years of the Fund’s operation, Oregon by 1960 (the last year for which figures are available, since the 1970 census figures are not yet published) was the sixth state in the nation with a majority of its people living in owner-occupied residences. Oregon’s percentage was 69.3.

VIII. THE BOND PROGRAM

The Department has issued $686 million in bonds to obtain loan funds. Of this amount, $132 million have been retired, leaving $554 million in bonds outstanding as of September 1, 1970 at an overall interest cost of 4.31 percent.

Exhibit A to this report is a statement of outstanding bonds of the State of Oregon and of assets applying against such bonds as of July 1, 1970, compiled by State Treasurer Robert W. Straub. Bonds outstanding totaled $690,272,000 on that date, of which veterans’ bonds provided the bulk of the bonds outstanding and the assets listed on the statement.

The present true cash value of all property in the State as of January 1, 1970, he advised, is approximately $18,800,150,765; therefore, the measure would increase the veterans’ loan bond capacity by $188 million.

Treasurer Straub stated that adoption of Ballot Measure No. 5 would probably have no effect on the State’s credit rating; or probably very minor, in any event. Oregon bonds have a Moody’s bond rating of Aa. Bonds which are rated Aa are judged by Moodys’ to be of high quality by all standards. Together with the Aaa group, they comprise what are generally known as high grade bonds. Oregon’s Aa rating is the second highest of the nine Moody’s ratings.

Mr. Saalfeld said the Department receives the lowest interest rate of any state agency in the nation when the maturities are the same. He noted that the average municipal interest rate index was 6.1 percent when the State sold its $40 million bond issue at 5.86 percent this year.

The loan program has been an important factor in bringing outside capital to Oregon at attractive rates. Mr. Saalfeld estimates that 45 percent of the State’s mortgage money must come from outside Oregon. The mortgage funds are not
limited to eligible veterans, for a veteran may assign his mortgage to a non-
veteran, who pays 1.5 percent more than the rate of the last bond issue sold.

The Department estimates that if Ballot Measure No. 5 passes, it will receive
19,800 loan applications and grant 16,800 loans totaling $277,000,000 during
the 1971-73 biennium. If the measure fails, the Department estimates it will
receive 12,500 loan applications and grant 7,540 loans totaling $124,389,000.

IX. FUTURE POTENTIAL DEMANDS

Only 27.6 percent of eligible veterans have used the Veterans' Loan Program,
leaving 171,000 who are still eligible. In fact, because of returning Vietnam
war veterans, the number of eligible veterans is currently increasing faster than they
are borrowing.

X. CONCLUSIONS

Your Committee concludes that the Veterans' Loan Fund is at this particular
point in history an important mainstay of the private sector's home building
and real estate industries by its attraction of outside capital.

Your Committee specifically searched for organized opposition but found none.
There apparently is no organized opposition to the measure.

With one exception, the voters have approved the loan program in principle
and its expansion to include larger number of veterans.

The loan program is self-supporting, fiscally sound, helps finance state General
Fund activities and is a noticeable factor in the Oregon home building industry.

Provision can be made by the Legislature to adjust interest rates on new loans
to meet higher costs of borrowed money, plus any other problem as it arises, and
thus keep the program fiscally sound.

Sale of the estimated $188 million in bonds if the measure is approved is
unlikely to adversely affect the State's favorable bond credit rating.

The traditional argument that the loan program competes with private enter-
prise is less relevant now than during the period when private or federally-insured
mortgage money was readily available. Today the loan program satisfies an other-
wise unmet need for large quantities of mortgage money at attractive rates.

XI. RECOMMENDATION

Your Committee therefore recommends that the City Club go on record as
favoring the measure and urges a "Yes" vote on State Ballot Measure No. 5.

Respectfully submitted,

Henry Kane
David A. Kekel
William K. Keough
Joe D. Kershner
P. S. McAllister
David L. Quivey, and
Del Leeson, Chairman

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mitted to the membership for action.
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<td>Oregon War Veterans' Bond</td>
<td>$3,947,864.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon War Veterans' Bond Sinking Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boardman Spage Age Property</td>
<td>$1,855,716.87*</td>
<td></td>
<td></td>
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<tr>
<td>Oregon War Veterans' Cash</td>
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<td>Oregon War Veterans' State Owned Property</td>
<td>$151,356.92</td>
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<td>Oregon War Veterans' Loans Receivable</td>
<td>$521,170,822.77*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total Assets Offsetting                    |                    |                |                            |                            |
| Outstanding Bonds                          | $528,522,853.01    | $514,000,000.00|                            |                            |
| World War II Veterans' Compensation Bonds  |                    |                |                            |                            |
| Outstanding                                | $9,000,000.00      |                |                            |                            |
| World War II Veterans' Bond Sinking Fund   | $8,478.23          |                |                            |                            |
| Oregon Forest Rehabilitation & Reforestation Bonds Outstanding | $9,200,000.00 |                |                            |                            |
| Oregon Forest Rehabilitation & Reforestation Bond Sinking Fund | $4,229,238.85 |                |                            |                            |
| Higher Education Refunding & Building Bonds Outstanding (XI-F) | $66,337,000.00 |                |                            |                            |
| Higher Education Bond                      |                    |                |                            |                            |
| Sinking Fund (XI-F)                        | $10,392,626.00**   |                |                            |                            |
| Higher Education Bonds Outstanding (XI-G)  |                    |                |                            |                            |
| Outstanding                               | $45,955,000.00     |                |                            |                            |
| Higher Education Bonds Sinking Fund (XI-G) |                    |                |                            |                            |
| Outstanding                               | $1,128,013.00**    |                |                            |                            |
| Community College Bonds                    |                    |                |                            |                            |
| Outstanding                               | $11,680,000.00     |                |                            |                            |
| Community College Bond Sinking Fund        |                    |                |                            |                            |
| Outstanding                               | $106,550.16        |                |                            |                            |
| Total Credit                               | $532,214,906.24    | $690,272,000.00|                            |                            |
|                                           | $158,057,093.76    |                |                            |                            |

$690,272,000.00 $690,272,000.00

*As shown by the books of the Oregon Department of Veterans' Affairs.
**As shown by the books of the Oregon State System of Higher Education.

I, Robert W. Straub, State Treasurer of the State of Oregon, hereby do certify that the total bonded indebtedness of the State of Oregon as of July 1, 1970 was $690,272,000.00 and the true cash value of all property in the State of Oregon as of January 1, 1969, as determined by the Department of Revenue of the State of Oregon is $17,250,288,221.00.

Robert W. Straub
State Treasurer

Dated at Salem, Oregon this 29th day of July, 1970.
REPORT ON CONSTITUTIONAL AMENDMENT CONCERNING CONVENING OF LEGISLATURE (Ballot Measure No. 1)

Purpose: Oregon Constitution provides that Legislature shall meet once every two years, or upon direction of Governor. This Constitutional Amendment would also permit the legislature to convene itself upon concurrences of a majority of members of both Houses.

To the Board of Governors,
The City Club of Portland:

I. INTRODUCTION

State Ballot Measure No. 1 is a Constitutional Amendment referred by the 1969 Oregon Legislative Assembly by House Joint Resolution 46. (1) The measure would create a new section providing that the Legislature could call itself into session. The section would be added to Article IV of the Constitution.

The Oregon Legislature is now required by constitutional provision (Article IV, Section 10) to convene in January of odd-numbered years. The Constitution also provides, in Article V, Section 12, that the Governor may call the Legislature into session at any time. Oregon has held 14 special sessions since 1865. Two such sessions were held in 1933. The longest special session was held in 1967; it lasted 23 days (See Appendix I.)

Ballot Measure No. 1 would authorize the Legislature to convene itself either (1) by a joint resolution adopted at a regular session, with the session to commence on the second Monday in January in the following even-numbered year, or (2) by the presiding officers of the House and Senate upon written request of a constitutional majority of the members of each body (Senate, 16; House, 31) with the session to commence at a time determined by law. In both cases the Assembly could limit the subject matter to be considered.

II SCOPE OF RESEARCH

The Committee reviewed the following reports:
Oregon Legislative Future 1968; Report of the Advisory Committee on the Oregon Legislature to the 55th Legislative Assembly, December, 1968.
Witnesses interviewed personally or by correspondence included:
Don Balmer, Professor of Political Science, Lewis and Clark College
John Burns, State Senator
Bob Bruce, KOAC Radio, Salem
Dr. Ronald Cease, Associate Professor of Political Science, Portland State University
Ivan Congleton, Executive Vice President, Associated Oregon Industries
Robert Duncan, attorney, former speaker of the House, Oregon Legislative Assembly; former Representative, U. S. Congress

(1) The assembly vote recorded 24 "ayes", 5 "nays" and 1 excused vote for the Senate; 43 "ayes", 10 "nays" and 7 excused votes for the House.
Robert Elliott, State Representative
Jay Gould, Legislative Fiscal Counsel, State of Oregon
Ted Hallock, State Senator
Robert C. Ingalls, Editor, Publisher, Corvallis Gazette Times
Lyle Kellstrom, member, Legislative Advisory Committee
James R. Klonoski, Ph.D., Director, Public Affairs, Wallace School of Community Service and Public Affairs and Professor of Political Science, University of Oregon
Berkeley Lent, State Senator
Gordon L. Macpherson, State Representative
Thomas Mahoney, former State Senator
Roger E. Martin, State Representative
Tom McCall, Governor, State of Oregon
Clay Myers, Secretary of State, State of Oregon
Robert W. Straub, Treasurer, State of Oregon and former State Senator
Jerry Tippen, Associate Editor, Editorial Page, Oregon Journal
Paul Walden, Radio KIHR, Hood River
Don Willner, State Senator

III. BACKGROUND

A. Historical
The distinction between legislative and executive functions, long held as a cardinal principle by many Americans, has never been as clear as our textbooks and ideals would lead us to believe. In our British heritage, the monarch originally had both powers — and, in medieval times, exercised both. Gradually, however, it was established that the monarch could not decree law without first consulting his Great Council (Peers of his realm and the forerunner of "Parliament"). In 1414 King Henry IV accepted a petition stating that no statute would run unless it had Parliamentary consent. The principle of separation of the legislative power was thus recognized. Hence even very strong monarchs, such as the Tudors, regularly consulted the legislative body, and laws were issued only after Parliamentary action.

In the 17th century came the great struggle — could Parliament function without royal sanction and vice versa. The century was spent in bitter debate, and some bloodshed, as the two elements vied for power. By the close of the century several points were clear: 1) The legislative branch was largely independent of the executive and could “fire” and “hire” executives. 2) Royal action was necessary to call Parliament, but the monarch was constitutionally bound to call it into session regularly. 3) The Legislature had independent existence that guaranteed it its own rules, organization, and control of its membership.

It is interesting to note that Parliament, throughout the medieval age and through the 17th century, insisted on its legislative authority. The bill of particulars against Richard II included the fact “he delegated the powers of parliament to a committee of the estates” (a kind of 14th century Emergency Board!). At the same time, the opinion was widespread that royal proclamation was necessary to call the legislature into session. Several times, as a result, Parliament met in response to a “royal proclamation” issued by a committee or personage in Parliament — which the monarch had not seen.

In English history the climax of the struggle for independence of the legislature from the executive, and its ability to be in session without executive approval, came on March 2, 1629. The executive ordered the legislature to end. The speaker, Sir John Finch, began to leave when two members, Halles and Valentine, held him in his chair. Parliament then passed three resolutions—to show that it could deliberate whether the king called it into session or not. This event certainly was in our founding fathers’ minds, and they widely approved of such action.

In the early 1700’s, the government of Britain, and of her colonies, seemed to be one of bodies which were separate and of roughly equal powers — one in the legislative realm, and one in the executive. Philosophers such as Montesquieu, felt that this balance of power had something to do with maximizing freedoms.
So Montesquieu, and many of our founding fathers, accepted 'separation' and 'balance' of the two as desirable. Britain, however, was merely at the stage of transforming power which had been in the hands of the monarch, into the hands of the Legislature. America, founded at the time of the division of powers, adopted it, although our founding fathers considered the dangers of tyranny were in the executive, and the defense against tyranny would be a strong representative legislature. Nonetheless, the "heroes" in the American executive branches have been the "strong" governors and presidents — Andrew Jackson, Abraham Lincoln, Theodore Roosevelt, and Franklin Delano Roosevelt, not to mention such governors as Thomas Dewey, Oswald West, and Peter Altgeld.

Thus we are in the peculiar position:
1. We accept separation of powers as desirable.
2. We feel tyranny is apt to come from executive power.
3. We like strong executives—and tend to honor those who have the most power.

B. Other States

Twenty-nine states have annual legislative sessions. Of these, six require the second session to be limited to fiscal matters. Eight have no limitations on the length of the session. Two appropriate funds on a one-year basis which requires the Governor to call a session the second year. Eleven may call themselves into session.

Of the remaining twenty-one states, five allow the legislature to call itself into session. Sixteen states(2) do not have annual sessions and do not allow their legislatures to convene themselves.

Of the sixteen states which permit the legislature to convene itself, seven require a two-thirds vote of the membership, three require a three-fifths vote and two, a majority. (See Appendix II.)

C. Legislative Advisory Committee

In 1967, the Oregon Legislature created an Advisory Committee on the Oregon Legislature, charged to:

"Conduct a broad and comprehensive study of the organization, facilities, functions and needs of the Legislative Assembly, with the goal of discovering and recommending ways and means of improving and strengthening the ability of the Legislative Assembly to fulfill its responsibilities in our representative democracy." (HJR 56)

In December 1968, the Committee's report was published. Its report made recommendations for improving the Legislature's physical facilities, for improving communications between the Legislature and the electorate, and, most importantly, made concrete proposals for substantial improvement of the legislative process. (See Appendix III.)

The Committee report's preface states:

* * * The States, the keystone of federalism, have become the weakest links in the government edifice of the Republic. ** Since World War II we have seen the states bypassed on so many issues affecting education, urban and social problems that scholars and leaders in both major parties began to wonder if there was any longer a place for the states in the federal union. ** Each year the Federal budgets have reached new plateaus in responding to these demands. At the same time, and almost unnoticed, the states were being gradually pushed to one side as innovators and administrators while the people went to [Washington, D. C.] with their problems. ** In most jurisdictions, it was the legislatures who were failing in their obligations and duties to meet the problems of the modern mid-20th century.**(3)

The Advisory Committee decided that the Legislature should be given authority to function at such times as it deemed necessary. The Advisory Com-

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(3) Advisory Committee Report, page 1. A copy of the report is on file at the City Club.
mittee estimated that if all its recommendations were implemented, the cost of the Legislature would be increased biennially about $1,000,000 (for a total of about 0.177 percent of the estimated total state budget for 1967-68), placing Oregon in 32nd place among the states in spending for legislative purposes. (4)

Ballot Measure No. 1 is a product of the Advisory Committee's work. In justice to that committee, and because of its worthwhile nature, substantial portions of the report relative to legislative sessions are quoted in Appendix IV.

IV. ARGUMENTS FOR

Arguments presented to your Committee favoring the measure included:

1. One legislative session every two years no longer serves the needs of a growing and progressive state.
2. Biennial legislative sessions unrealistically force state agencies to develop and determine their needs from fourteen to forty months in advance of spending.
3. Biennial legislative sessions unrealistically force the State to predict revenues up to thirty months in advance of spending.
4. The Emergency Board is undemocratic, too small and only a stop-gap between sessions.
5. Since the branches of State government are, by definition, co-equal, the Legislative branch ought to be able to meet as it sees fit.
6. Executive transfers of funds and fiscal cutbacks which subvert legislative interest could be minimized.
7. Cooperative action between Oregon and other states and the Federal government would be facilitated by earlier action of the Oregon Legislature.
8. Contingency funds could be more realistically set and controlled.
9. The Legislature would have more opportunities to correct legislative oversights and mistakes.

V. ARGUMENTS AGAINST

Arguments presented in opposition were:

1. The Oregon tradition of the citizen legislator should be preserved—this measure may lead to professional legislators.
2. Mandatory annual sessions would be preferable to Ballot Measure No. 1 because
   A. The process of the legislature convening itself could become a political football.
   B. The legislature would be reluctant to convene itself fearing constituent criticism.
3. More sessions would cost more money.
4. The goal should be less government, not more government. Frequent sessions would invite more laws and statutes.
5. The legislature's problems are caused by antiquated procedures, inadequate staff and the quality of some legislators; none will be solved by more sessions.

VI. DISCUSSION

This nation's governmental theory of separation of powers is effected by a series of checks and balances; however, the development of the executive branch of government has exceeded that of the legislative branch, thus upsetting that separation and balance. (See Appendix V.) As an aid to achieving balance, the Legislature should have the power to convene itself as it determines necessary. Such power would allow the Legislature to express its own policy decisions between regular sessions rather than, as is the case now, depending on an Emergency Board to make interim policy. (5) Occasional intra-agency fund transfers and cutbacks by the Governor without legislative approval could be evaluated or avoided, if the Legislature could call itself into session.

(4) Advisory Committee Report, page 100.
A major argument for more frequent legislative sessions is that the present system of biennial legislative sessions requires budgeting for expenditures up to 40 months in the future, with resulting unrealistic estimates of needs. More frequent convening would facilitate realistic implementation of goal-oriented program budgeting as a substitute for present line-item budgeting. (See Appendix VI.)

Some witnesses are in favor of mandatory annual sessions, but are opposed to this measure because they felt the Legislature would be reluctant to convene itself and risk criticism for meeting too often. Your Committee feels a legislature should meet only as necessary, other than the regular biennial sessions.

It was suggested to your Committee that adoption of Measure No. 1 may result in frequent, regular, and shorter sessions which would be more attractive to citizen participation in the Legislature. If the service of citizen-legislators is threatened and the Legislature is not presently able to accomplish its tasks during biennial sessions, Measure No. 1 can provide a solution that will not force Oregon into electing professional legislators.

In the event special programs are offered by either the federal government or by interstate agreements, Measure No. 1 would allow the Legislature to convene so that the State of Oregon may take advantage of these programs. Finally, the proposed amendment would enable the Legislature to respond rapidly after discovery of statutory mistakes or oversights.

Organized opposition to the measure is expected from entrenched special interest lobbying groups whose goals are general maintenance of the status quo.

VII. CONCLUSIONS

Your Committee believes if the Legislature is to re-establish and re-affirm its position as a co-equal branch of government and so assume the role that it should in appropriating and overseeing the expenditure of about one billion dollars every biennium, it must be permitted to meet as often as it finds necessary.

It should be remembered that Ballot Measure No. 1 was offered by the Advisory Committee only as one of many needed changes. It alone is not a panacea.

Your Committee does not believe that the relatively insignificant cost increase or remote possibility of losing the “citizen-legislator” justifies a vote against Measure No. 1. The interest of the citizen legislator in serving would be sustained and might be enhanced by more frequent, shorter sessions.

VIII. RECOMMENDATION

Therefore your Committee recommends that the City Club go on record as favoring the measure and urging a “Yes” vote on State Ballot Measure No. 1.

Respectfully submitted,
D. James Craig
Fred M. Jory
Stephen H. Knowlton
E. L. Pfeifer
Allan E. Richmond
George A. Russill
Steven R. Schell
William C. Snouffer
Charles M. White, and
Lloyd W. Weisensee, Chairman

Approved by the Research Board September 24, 1970 for transmittal to the Board of Governors.

Received by the Board of Governors September 28, 1970, and ordered printed and distributed to the membership for consideration and action.

(9) The Legislative Advisory Committee recommended abolition of the Emergency Board and the transfer of its functions to a Joint Committee on Ways and Means. (Advisory Committee Report, page 21.)
APPENDIX I
SPECIAL LEGISLATIVE SESSIONS IN OREGON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>FROM</th>
<th>TO</th>
<th>LENGTH IN DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>5 Dec.</td>
<td>18 Dec.</td>
<td>19</td>
</tr>
<tr>
<td>1885</td>
<td>11 Nov.</td>
<td>24 Nov.</td>
<td>14</td>
</tr>
<tr>
<td>1898</td>
<td>26 Sep.</td>
<td>15 Oct.</td>
<td>20</td>
</tr>
<tr>
<td>1903</td>
<td>21 Dec.</td>
<td>23 Dec.</td>
<td>3</td>
</tr>
<tr>
<td>1909</td>
<td>15 Mar.</td>
<td>16 Mar.</td>
<td>1</td>
</tr>
<tr>
<td>1920</td>
<td>12 Jan.</td>
<td>17 Jan.</td>
<td>6</td>
</tr>
<tr>
<td>1921</td>
<td>19 Dec.</td>
<td>24 Dec.</td>
<td>6</td>
</tr>
<tr>
<td>1933</td>
<td>3 Jan.</td>
<td>7 Jan.</td>
<td>5</td>
</tr>
<tr>
<td>1933</td>
<td>20 Nov.</td>
<td>9 Dec.</td>
<td>20</td>
</tr>
<tr>
<td>1935</td>
<td>21 Oct.</td>
<td>9 Nov.</td>
<td>20</td>
</tr>
<tr>
<td>1957</td>
<td>28 Oct.</td>
<td>15 Nov.</td>
<td>19</td>
</tr>
<tr>
<td>1963</td>
<td>11 Nov.</td>
<td>2 Dec.</td>
<td>13</td>
</tr>
<tr>
<td>1965</td>
<td>21 May</td>
<td>25 May</td>
<td>5</td>
</tr>
<tr>
<td>1967</td>
<td>30 Oct.</td>
<td>21 Nov.</td>
<td>23</td>
</tr>
</tbody>
</table>

*9 days recess, Nov. 22-Dec. 2, due to death of President John F. Kennedy.

APPENDIX II
SPECIAL SESSIONS

<table>
<thead>
<tr>
<th>State</th>
<th>Legislature May Call</th>
<th>Legislature May Determine Subject</th>
<th>State</th>
<th>Legislature May Call</th>
<th>Legislature May Determine Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>No</td>
<td>2/3 vote</td>
<td>Montana</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Alaska</td>
<td>2/3 members</td>
<td>Yes (g)</td>
<td>Nebraska</td>
<td>Pet. 2/3 memb.</td>
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</tr>
<tr>
<td>Arizona</td>
<td>Pet. 2/3 memb.</td>
<td>Yes (e)</td>
<td>Nevada</td>
<td>No</td>
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<tr>
<td>Arkansas</td>
<td>No</td>
<td>f.</td>
<td>N. Hampshire</td>
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<tr>
<td>California</td>
<td>No</td>
<td>No</td>
<td>N. Jersey</td>
<td>c.</td>
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<tr>
<td>Colorado</td>
<td>No</td>
<td>No</td>
<td>N. Mexico</td>
<td>Yes (i)</td>
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<tr>
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<td>Yes</td>
<td>New York</td>
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<td>No</td>
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<td>No</td>
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<td>N. Carolina</td>
<td>No</td>
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<td>a.</td>
<td>Yes</td>
<td>N. Dakota</td>
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<td>Yes</td>
</tr>
<tr>
<td>Georgia</td>
<td>Pet. 3/5 memb. (j)</td>
<td>Yes (e)</td>
<td>Ohio</td>
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</tr>
<tr>
<td>Hawaii</td>
<td>b.</td>
<td>b.</td>
<td>Oklahoma</td>
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<td>Rhode Island</td>
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<td>No</td>
</tr>
<tr>
<td>Iowa</td>
<td>No</td>
<td>Yes (g)</td>
<td>S. Carolina</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
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<td>Yes</td>
<td>S. Dakota</td>
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<td>Yes</td>
</tr>
<tr>
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<td>No</td>
<td>Tennessee</td>
<td>Pet. 2/3 memb.</td>
<td>Yes</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Pet. 2/3 memb.</td>
<td>No (h)</td>
<td>Texas</td>
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<tr>
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<td>No</td>
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<td>Vermont</td>
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<td>Yes</td>
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<tr>
<td>Massachusetts</td>
<td>Yes</td>
<td>Yes</td>
<td>Virginia</td>
<td>Pet. 2/3 memb.</td>
<td>Yes</td>
</tr>
<tr>
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<td>No</td>
<td>No</td>
<td>Washington</td>
<td>No</td>
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<tr>
<td>Minnesota</td>
<td>No</td>
<td>Yes</td>
<td>W. Virginia</td>
<td>Pet. 2/3 memb.</td>
<td>Yes</td>
</tr>
<tr>
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<td>No</td>
<td>No</td>
<td>Wisconsin</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Missouri</td>
<td>No</td>
<td>No</td>
<td>Wyoming</td>
<td>No</td>
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</tr>
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</table>

(a) 20% of the membership may petition the Secretary of State to poll the Legislature; upon affirmative vote of 2/3 of both houses an extra session, no more than 30 days in length, may be called. Extra sessions called by the Governor are limited to 20 days.

(b) On 45th day after adjournment to reconsider bills submitted to Governor less than 10 days before adjournment if he notifies Legislature he plans to return them with objections.

(c) Petition by majority of members of each house to Governor, who then "shall" call special session.

(d) Unless Governor calls and limits.

(e) If Legislature convenes itself.

(f) Governor may convene for specific purpose. After that business is completed, a 2/3 vote of members in both houses may extend session up to 15 days.

(g) Constitution requires Governor to tell Legislature the purpose of convening.

(h) Unless Legislature petitions for special session. However, no special session may be called during the 30 days before or 30 days after the regular fiscal sessions in the odd years without the consent of 3/4 of the elected members of each house. Legislature may convene in special sessions on 31st days after sine die adjournment if all bills vetoed by Governor if a simple majority of each house desires to reconsider at least one vetoed bill.

(i) Legislature may call 30 days "extraordinary" session if Governor refuses to call session when requested by 3/5 of Legislature.

(j) Limited to 70 days if called by Governor and 30 days if called by Governor at petition of Legislature, except for impeachment proceedings.
APPENDIX III

SUMMARY OF RECOMMENDATIONS

1. Facilities
   Improved committee hearing rooms, legislative offices, electronic voting system, telephone communications, TV and news media facilities, and automobile parking facilities.

2. Communications
   Updated movie film on Oregon's legislative procedure. Implement a series of brochures depicting the legislative process and the Legislature at work. Through competent personnel, coordinate with the educators of the state methods of bringing a better understanding of state government to the school children of Oregon.

3. Organization
   a. Reduce legislative standing committees in each house to 11 parallel standing committees who will also serve during the interim. Create a joint statutory Legislative Administration Committee. Abolish Legislative Fiscal Committee and Emergency Board and place these functions with Joint Ways and Means. Abolish Legislative Counsel Committee and place these functions with Joint Committee on Rules and Resolutions.
   b. Develop a program and management audit through Legislative Fiscal office for legislative intent and executive “oversight.”
   c. Authorize pre-printing and pre-filing of measures beyond point now authorized by statute.
   d. Adopt a uniform set of rules for each house.
   e. Modernize certain outdated ritualistic procedures to expedite legislative business.
   f. Increase membership of Senate to 31, House to 61.
   g. Outgoing Governor report only on his stewardship and not prepare a budget for legislative consideration.
   h. Governor elect to present his budget to the Legislature by February 1 following the date of inauguration.
   i. The pre-session orientation conference be developed beyond its present scope and coordinated by the Joint Committee on Legislative Administration.
   j. Constitution be amended to permit attachment of the “emergency clause” to all legislation.

4. Staff
   Develop adequate interim staff to carry out research and policy studies including increased staff in Fiscal office and Legislative Counsel office and proper staffing of Legislative Administration office. Elect as officers in each house only the presiding officers, the chief clerks, and the Sergeants-at-Arms. Appoint other personnel. Remove all secretaries from floor during session periods. Develop a program consistent with good business practices to retain competent and qualified employees.

5. Compensation
   Increase salaries for legislative members to more nearly compensate for the time and demands made on an official elected to high office. Provide increased compensation for key employees, such compensation to be uniform between the Senate and the House. Create a Legislative Compensation Commission appointed by the Governor. This Commission to establish rates of pay for legislators and temporary legislative staff.

6. Sessions
   Legislature to meet biennially in odd-numbered years by constitutional mandate and to meet in even-numbered years by legislative action, said second session to be limited in subject matter to fiscal affairs and such other matters that the Legislature deemed of importance. During the interim periods, the Legislature, as well as the Governor, to have power to call special sessions.
LEGISLATIVE FOLLOWUP

The 1969 Legislature enacted the following advisory Committee's recommendations:

(1) Establishment of a Joint Legislative Administration Committee (Or. Laws 1969, C. 620),
(2) Establishment of a Joint Committee on Rules and Resolutions (Or. Laws 1969, C. 256),
(3) Pre-printing and pre-filing of measures (Or. Laws 1969, C. 374).

APPENDIX IV

We quote from the report of the Advisory Committee's Sessions Sub-committee as follows:

Inherent in the concept that the Legislature is an independent branch of government is the point that the lawmaking branch should have the authority to determine when and how it must do its work.

* * *

We regard it as imperative to retain the citizen-legislator tradition, which is one of the strengths of the Oregon system. Service in the legislative branch of a broad cross section of citizens should be carefully protected and continued. The length of time a citizen must devote to legislative duties is fundamental to the concept.

We are also convinced that one session every two years no longer serves the needs of a growing, progressive state. Three-fourths of the time, Oregon is left without a lawmaking branch of government ready to function.

We are concerned, however, that an abrupt change from biennial sessions to mandatory annual sessions would discourage many qualified citizens from seeking legislative office, which would damage the citizen-legislator tradition. In addition, we question whether there is a need for consideration of the full range of legislation every year.

If the biennial session is outdated and the annual session unnecessary, where lies the solution?

The Committee decided that the solution lies in legislative flexibility, freeing the lawmaking branch from most constitutional restrictions and allowing the citizen-legislators the freedom to decide for themselves when they should be in session.

The principal area of concern in the interim between sessions is Oregon's fiscal condition. A mid-biennium review of revenue estimates and corresponding alternations of the budget for the second year in a brief session would be beneficial.

To provide the desired flexibility and a more current fiscal program, we recommend [Ballot Measure No. 1].

* * *

The Legislature must be unfettered so that it can act when necessary, especially in fulfilling its financial responsibilities for the state.

Perhaps the day will come when the Oregon Legislature must meet in regular sessions each year. But we prefer that, in Oregon's time-honored practice of phasing into major governmental change, the state should grow into an annual session system, when and if it is needed, and attempt to preserve the citizen-legislator tradition.

The proposed flexibility should place the Legislature in the position of formulating public policy, rather than in the position of merely reacting to expanding federal programs and the many competing pressures for more services.

* * *

The Committee held that the Legislature should be freed from restrictions, not burdened with new ones. Oregon's lawmakers have proved in many
special sessions that they will restrict themselves when restrictions are needed, and we prefer to leave that determination in their hands.

The weight of the Committee’s judgment was more in accord with the comments of William G. Coleman, executive director of the Advisory Commission on Intergovernmental Relations, who said:

“In my opinion, the argument is misplaced in talking about an annual versus a biennial session; rather it is the question of whether or not the Constitution should impose a restriction on the Legislature as to when it may meet. No similar restrictions apply to Congress, city councils or county boards of supervisors. If one believes in a Federal System it is rather ridiculous to single out the legislative bodies of the States for special restrictions for time and length of session.”

To understand how we arrived at a recommendation to meet the modern demands of state government, it may be valuable to have the historical perspective of the state’s founding. Most of the constitutional provisions regarding the Legislature date back to the Constitutional Convention of 1857, since so very few of the sections of Article IV have been amended these past 110 years.

In his “History of the Oregon Constitution”, Charles Carey wrote:

“The Constitution as framed by the convention and accepted by the people proved to be well adapted to the requirements of the new state. While it was perhaps a little tight in places, on the whole it was a model instrument for just such a state and just such a people. The pioneers, none of whom were wealthy, and many of whom had known the pinch of hard times and had suffered from scarcity of the comforts of life, rather approved of the spirit of economy that pervaded the various articles and sections.”

The summation by Carey, when coupled with the debate reported from the convention proceedings, throws light on our constitutional document. It must be remembered there were probably not more than 40,000 persons residing in the whole Territory, which included what is now the states of Oregon, Washington, Idaho, and parts of Montana and Wyoming. Communication was slow and difficult.

Where we have been, where we are now, and where we are going in this governmental structure in Oregon is illustrated by these figures taken from the Secretary of State’s reports. Only selected recent years are used since these point the trend.

<table>
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<tr>
<th>Year</th>
<th>General Fund Appropriation</th>
<th>Emergency Board Appropriation</th>
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<td>1933-34</td>
<td>11,826,000</td>
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<td>1937-38</td>
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Only the most naive observer would ever believe that this trend will reverse itself. As the General Fund has increased, so have the dedicated funds and injections of federal aid and foundation grants, until today the total budget for the state is approximately $1 billion dollars per year. The emphasis on programs will surely change, but just as there will be more people, so will the demands multiply.

The biennial legislative session concept for Oregon is now outdated. Sessions of more than 100 calendar days have been the rule since 1951, and there is nothing on the economic or political horizon to indicate a change. Oregon is not alone with the problem; it is relatively uniform throughout
the 50 states. At the close of World War II only four states were on an annual session basis. Now the latest count has 29 states where legislatures meet more frequently than biennially. Their problems were more immediate so the electorate took the necessary constitutional steps to unbind the chains that fettered their policy-making body.

In the area of revenue-estimating alone, Oregon has an almost impossible situation. The law requires that 20 days prior to each general election a report must be filed giving (1) an impartial statement showing the anticipated state General Fund requirements, revenues and balances under existing laws for the whole of the fiscal biennium then current (which will end the following June 30); and (2) the fiscal changes anticipated for the following biennium which means planning 31½ months into the future.

The anticipation for the first year of the next biennium can be predicted with some degree of accuracy, but beyond that point any estimate becomes an ouija board operation. Not even private business, which must be able to survive changing economic conditions, has been able to come up with any sound formula for accurate, long-range estimates.*

*Advisory Committee Report, pages 93-95.
# APPENDIX V

## TABLE 5-2. A COMBINED INDEX OF THE FORMAL POWERS OF THE GOVERNORS

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APPENDIX VI
BUDGETING, ACCOUNTING AND AUDITING

Federal and local agencies budget on an annual basis. While there is much to be said for long term planning, it is poor business to be as inflexible as state fiscal practices are now. More frequent changing sessions would enable the Legislature to adjust long range plans to changing conditions. The Budget submitted to the Legislature is prepared up to sixteen months before the Legislature convenes and includes agency planning for expenditures up to 40 months in the future. Revenues and expenditures cannot be accurately forecast for such lengthy periods.

In addition to the serious handicap of the time lag in budgeting under the present system, further matters of fiscal importance are:

1. Implementation of a Planning-Programming Budgeting System;\(^{(a)}\)
2. Establishment of a legislative post audit system.

State governments have long been urged to use a budgeting tool called Planning Programming Budgeting System (PPBS).\(^{(b)}\) This system's primary strength lies in the requirements that agencies plan programs and set out the objectives and then determine the manpower and facilities necessary to accomplish those objectives. One device used by PPBS is cost-benefit analysis. This attempts to choose between various incremental increases in programs by maximizing the benefits derived for each additional dollar spent.

After a program has been in operation, the Legislature should have a "program and management audit" to insure that the legislative intent is carried out and that there is no "executive oversight".\(^{(c)}\)

Finally, the executive department accounting and internal audit procedures may need updating. In 1967, the Legislature refused to authorize centralized accounting.

More frequent legislative sessions would facilitate the study and adoption of the above program as determined necessary.

\(^{(a)}\) The Legislature has just begun to act in this area. See ORS 291.206; Or. Laws 1969, c 183 section 1.


\(^{(c)}\) See Advisory Committee Report Recommendation 3.b and Advisory Committee Report, page 22. The Joint Committee on Rules and Resolutions is empowered to review agency rules. ORS 171.710.