

- We all want Bay Area Hospital to succeed. It is vital to students, families, and staff on the South Coast. But HB 4075 A is not the solution that we should be considering. It has real, long-term implications for Oregon schools that must be clearly understood.
- HB 4075 would guarantee up to a \$44 million loan using the Unclaimed Property and Estates Fund, which is money that flows into the Common School Fund, Oregon's oldest permanent school fund.
- Treasury estimates a best-case impact of over \$22 million lost from education funding (\$19 million in annual distributions to schools and \$3.4 million in lost interest earnings).
- If the hospital were unable to repay the loan, those dollars would never flow into the Common School Fund – creating a permanent loss for Oregon students.
- If this passes, it will open the state up to litigation that could delay implementation potentially preventing the hospital from seeing this money anyway, even if this bill passes. Other states have faced litigation for use of their unclaimed property funds.
- Finally, this sets precedent. Nearly half of Oregon hospitals operated at a loss in 2024. The Legislature should be cautious about signaling that school funds are available as a financial backstop.
- There were other options, such as the A12 amendment that would have used the Rainy Day Fund for its given purpose. Instead, we are forced into a false choice between our hospitals and our schools.
- If this policy moves forward, schools must be held harmless through the following state actions:
  - Backfill lost distributions through the State School Fund.
  - Cover any lost investment earnings to the Common School Fund.
  - Ensure that if a default occurs, the Legislature replenishes the Common School Fund immediately.

Simply put, HB 4075 is not budget neutral. If we choose to support the hospital this way, we cannot do so at the expense of Oregon's schools.



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