

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5544-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Galizio
Carrier – Senate: Sen. Monroe**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 21 – 0 – 1

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

– Nays:

– Exc: Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Monica Brown, Legislative Fiscal Office

Meeting Date: June 22, 2009

Agency

Oregon Student Assistance Commission

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)		2009-11 Essential Budget Level (2)		2009-11 Committee Recommendation		Committee Change from 2007- 09 Leg. Approved	
							\$\$ Change	% Change
General Fund	\$	102,867,354	\$	107,560,206	\$	91,256,879	\$ -11,610,475	-11.3%
Lottery Funds	\$	9,879,176	\$	8,960,475	\$	7,959,862	\$ -1,919,314	-19.4%
Other Funds	\$	5,768,242	\$	7,314,368	\$	6,482,886	\$ 714,644	12.4%
Other Funds Nonlimited	\$	9,855,788	\$	11,341,276	\$	11,651,051	\$ 1,795,263	18.2%
Federal Funds	\$	2,104,655	\$	1,791,006	\$	1,791,006	\$ -313,649	-14.9%
Total	\$	130,475,215	\$	136,967,331	\$	119,141,684	\$ -11,333,531	-8.7%

Position Summary

Authorized Positions	34	31	27	-7
Full-time Equivalent (FTE) positions	31.91	30.16	25.83	-6.08

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

(2) Modified to reflect changes in federal funding for Pell grants and tax credits.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Student Assistance Commission (OSAC) receives General Fund to support the Opportunity Grant, the Rural Health Services program, and the Nursing Services program. It also provides support to the Office of Degree Authorization and agency administration. Twenty-five percent of interest earnings of Lottery Funds in the Education Stability Fund are allocated to OSAC for Opportunity Grants.

The commission's largest source of Other Fund revenues is donations from individuals and organizations to fund scholarship awards; a percentage of donations is retained for administration of the private scholarship program. The commission also receives transfers from other agencies to provide student assistance. The Office of Degree Authorization charges fees for reviewing degrees from private post-secondary institutions. Other Fund payments for administrative expenses are limited in the budget. Most Other Fund payments for student aid are Nonlimited.

The federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) programs are received from the U.S. Department of Education. They are used to supplement the Opportunity Grant program.

The Subcommittee approved an increase in the beginning balances for Lottery Funds (\$3,224,270) and Other Funds Nonlimited (\$309,775) to reflect latest estimates. These funds support the Oregon Opportunity Grant.

Summary of Education Subcommittee Action

OSAC administers, evaluates, coordinates, and promotes financial aid programs to help Oregon students obtain postsecondary education. The commission administers nearly 400 state-funded and privately-funded grant and scholarship programs, including the state Opportunity Grant program. The Office of Degree Authorization is part of the agency.

The Subcommittee approved a budget of \$91,256,879 General Fund, \$7,959,862 Lottery Funds, \$119,141,684 total funds, and 25.83 FTE. General Fund and Lottery Funds are reduced from the modified 2009-11 Essential Budget Level by 15.2 percent and 11.2 percent respectively.

The following actions are among those approved by the Subcommittee:

- Total funds support for the Oregon Opportunity Grant is \$97.1 million, reduced by 14.2 percent, or \$16.1 million, below the modified 2009-11 Essential Budget Level. The Essential Budget Level was reduced to reflect the increases in Pell Grant awards to needy students and higher education tax credits for the 2009 and 2010 tax years. The increased federal support will result in a \$34.8 million reduction in the state contribution calculated under the Shared Responsibility Model. The state contribution was also reduced to include a 14.5 percent cut in the Opportunity Grant program included in the Co-Chairs' plan to balance the 2009-11 statewide budget. At this level of funding, OSAC will need to take action to limit award sizes or numbers of awards, within the parameters established by the Shared Responsibility Model.
- The approved budget also eliminates new awards in the Rural Health and Nursing Services loan repayment programs. Remaining funds will allow the agency to fulfill its existing obligations under these programs.
- Reductions in agency operations result in the elimination of one vacant position and cuts in Services and Supplies funding.
- The approved budget is adjusted to accommodate the elimination of support for the ASPIRE program from the federal AmeriCorps program and the Ford Family Foundation. General Fund is shifted from payments to schools to support of program managers and regional coordinators to keep the program operational while other sources of revenue are sought.
- Senate Bill 5545, ratifying a 2007 increase in fees for the Office of Degree Authorization was approved; the fee increases had previously been approved through the administrative process.

Office Operations

The Office Operations program unit includes all agency staff and non-Special Payments expenditures with the exception of those in the Office of Degree Authorization. It is responsible for all agency-wide administrative functions including agency leadership, budget formulation, fiscal control, and personnel administration. Program staff administer all of the agency's student financial aid programs and the ASPIRE program and disseminate information about student financial aid programs to educational institutions, state agencies, the Legislature, and the public. The program unit also maintains the computer hardware, software, and network connections necessary for the processing and dissemination of student financial aid data.

The Subcommittee approved a budget of \$2,683,891 General Fund, \$4,810,221 total funds, and 23.83 FTE, reduced from the 2007-09 LAB by 7.5 percent, 18.8 percent, and 20.3 percent respectively.

The Subcommittee took the following actions.

- Approved the base budget and essential packages.
- Approved Package 070 that reduces Other Funds by \$0.9 million and abolishes three positions (3.33 FTE) due to the elimination of support for the ASPIRE program from AmeriCorps and the Ford Family Foundation.
- Approved Package 201 that shifts \$149,103 General Fund from Other Programs to Office Operations to maintain administrative support for the ASPIRE program as Other Fund revenues decline.
- Approved Package 402 that increases Other Funds by \$13,088 to pay lead work differentials for three Administrative Specialist 2 positions.
- Approved Package 403 that increases Other Funds by \$36,279 to accommodate increased agency lease payments. ODA's share of the increased costs is recorded in the Office of Degree Authorization program unit.
- Approved Package 810 that reduces General Fund by \$266,378 by eliminating one vacant Program Analyst 4 position (1.00 FTE) and reducing Services and Supplies accounts.

Other Programs

The Other Programs unit includes the following programs: the Oregon Nursing Services Program for nurses working in nursing shortage areas; the Rural Health Services Loan Repayment Program; the Scholarship Program for Former Foster Children; nearly 400 privately funded scholarship programs; Individual Education Accounts in the JOBS Plus Program; the Robert C. Byrd Scholarship Program; the ASPIRE Volunteer Student Advisory Program; and the Oregon Scholars Program.

The Subcommittee approved a budget of \$1,427,679 General Fund and \$16,675,612 total funds. Total funds are increased from the 2007-09 LAB by 18.8 percent, while General Fund is reduced by 29.2 percent. No FTE are included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 201 that shifts \$149,103 General Fund from Other Programs to Office Operations to maintain administrative support for the ASPIRE program as Other Fund revenues decline.
- Approved Package 810 that reduces General Fund by \$588,672 for loan repayment programs that benefit medical professionals. Reductions in the Nursing Services program (\$117,424) will allow the agency to meet existing obligations with the remaining \$262,698 General Fund, but not make any new awards. General Fund support (\$471,248) for the Rural Health program is eliminated; the agency will use Other Fund balances to cover existing obligations. Both reductions are permanent.

Opportunity Grants

This program includes funding for the Oregon Opportunity Grant program, consisting of General Fund, Lottery Funds from dedicated earnings of the Education Stability Fund, unclaimed Individual Education Account funds from the Jobs Plus program, and federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) funds.

The Subcommittee approved a budget of \$86,838,223 General Fund, \$7,959,862 Lottery Funds, and \$97,098,866 total funds, reduced from the 2007-09 LAB by 11.1 percent, 19.4 percent, and 11.7 percent respectively. No FTE are included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 801 as a revenue only package that adjusts the beginning balances for Lottery Funds and Other Funds Nonlimited to the most current revenue estimates.
- Approved Package 810 that reduces General Fund by \$50.2 million, Lottery Funds by \$1 million, and increases Other Funds Nonlimited by \$0.3 million. This package included the \$34.8 million reduction in state contribution due to increases in Pell Grant awards and higher education tax credits for the 2009 and 2010 tax years.

Office of Degree Authorization

The Office of Degree Authorization (ODA) approves requests by Oregon private institutions, non-Oregon colleges, and educational organizations to offer academic degrees in the state. It reviews proposals for new publicly funded post-secondary education programs and instructional locations to ensure that one publicly subsidized segment does not detrimentally impact another public segment or any private institution. ODA enforces state law against presenting fraudulent or substandard academic degrees as a public credential.

The Subcommittee approved a budget of \$307,086 General Fund, \$556,985 total funds, and 2.00 FTE. General Fund and total funds are increased from the 2007-09 LAB by 18.7 percent and 7.6 percent respectively, while FTE is unchanged. The Subcommittee also recommended approval of Senate Bill 5545, ratifying a 2.4 percent increase in ODA's fees that was approved administratively on July 1, 2007.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 403 that increases Other Funds by \$8,258 to accommodate ODA's share of increased agency lease payments.

Summary of Performance Measure Action

The Subcommittee approved the measures and targets as modified. The agency was directed to increase the 2010 and 2011 targets for Key Performance Measures (KPMs) 9 and 10 to maintain the most current results (55.6 percent and 16.4 percent respectively). Deletion of measure 1, 4, 6, 7, and 13 was approved. New measures 16 and 17 were approved; the agency was directed to develop targets for KPM 16 during the 2009-11 interim.

The attached Legislatively Adopted 2009-11 Key Performance Measures form contains the approved measures and targets.