

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** SB 442

**STATUS:** A-Engrossed

**SUBJECT:** Studies, review, and implementation of efficiency measures relating to state institutions of higher education and community colleges

**GOVERNMENT UNIT AFFECTED:** Department of Higher Education, Department of Community Colleges and Workforce Development

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**DATE:** March 26, 2009

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<b>EXPENDITURES:</b>	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
<b>Department of Higher Education:</b>		
Consultant fees for studies – General Fund	\$ 200,000- 250,000	\$ 0
Electronic imaging/integrated database – General Fund	\$ 7,000,000	\$ 0
	\$ 7,200,000 – 7,250,000	\$ 0

**EFFECTIVE DATE:** On passage.

**GOVERNOR’S BUDGET:** This bill is not anticipated by the Governor’s recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** The measure requires the Joint Boards of Education and the State Board of Higher Education to conduct studies and implement measures that promote both uniformity and efficiencies among the individual institutions.

Studies are required of the Joint Boards of Education and include a study on the conversion of some or all state institutions of higher education and community colleges to a semester calendar and a study of approaches to increase student enrollment and student success for rural residents of this state at institutions of higher education and community colleges. Studies are also required of the State Board of Higher Education and include a study on the combination of enrollment management functions into a single office at each institution of higher education whose enrollment is less than 7,500 full-time equivalent students and a study on the financial viability of the Oregon State University – Cascades Campus in Bend. The measure also provides that the State Board of Higher Education shall review the missions and programs of each institution of higher education and direct implementation of certain efficiency measures.

The Joint Boards of Education includes the State Board of Higher Education and the State Board of Education. Due to the fact that the nature of these studies relates to institutions of higher education and community colleges, staff support will be provided by the Department of Community Colleges and Workforce Development (CCWD) and the Department of Higher Education (DHED). Current staff within CCWD would support the Joint Boards in conducting these studies. However, if the cumulative

effect of workload from the enactment of other bills exceeds levels assumed in the CCWD budget, additional resources may be required. DHED reports that it will require the services of specialized consultants with expertise to properly evaluate the studies and subsequent consolidation proposal. DHED estimates the one-time cost to hire consultants to assist the board in carrying out the semester conversion study will be \$150,000 to \$200,000 and the rural student enrollment study to be \$50,000. Current staff within DHED would absorb any administrative duties or services necessary to support the boards in conducting the studies. There may be a minimal fiscal impact to community colleges and institutions of higher education as they assist with the studies.

The measure directs the State Board of Higher Education to implement a common admissions process that permits applicants to be considered for admission at more than one institution. DHED is implementing this project during the current biennium and already has the budgeted resources to absorb this capacity.

The measure also provides that the DHED must implement a system for universal document imaging and electronic storage of documents and standardized, integrated and common university management and student services software programs and processes, including an integrated database. DHED estimates that the cost to do this would be \$7 million and these costs would be limited to the 2009-11 biennium. DHED reports that *if* any costs to maintain the universal document imaging and storage system and the integrated database are incurred in the 2011-13 biennium they could be offset by potential savings from the implementation of consolidation and efficiency measures. LFO notes that the bill establishes and specifies two purposes for moneys in the Oregon University Efficiency Savings Fund: tuition reduction for students and providing student services. The bill is silent on whether DHED will be able to spend moneys from savings realized from any efficiencies to maintain the new system. The \$7 million estimate breaks up into the following costs: the purchase of new hardware (\$2 million), the replacement of hardware to run the new modules (\$1.5 million), and the payment of consulting, licensing, and maintenance fees (\$3.5 million). DHED based this estimate on bids that have been completed by individual institutions to implement similar systems. The Legislative Fiscal Office notes that this is a very high-level estimate of what it would cost to implement the provisions of this measure and until actual bids are obtained, costs are indeterminate. The actual costs of implementation of this type of imaging and storage system and integrated database are unknown until DHED: hires/assigns a project manager; conducts analysis and defines requirements; maps business processes; identifies documents to be imaged/managed and define requirements; conduct market research/alternatives analysis for internally developed and/or commercially available products; develop a business case, cost benefit analysis, and implementation strategy or plan.

The Joint Boards of Education and the State Board of Higher Education must report to the appropriate interim committee on higher education on or before October 1, 2010.