

**76<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5011-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

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

---

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

**Vote:** 25 – 0 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant  
– Nays:  
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters  
– Nays:  
– Exc:

**Prepared By:** Bill McGee, Department of Administrative Services

**Reviewed By:** Monica Brown, Legislative Fiscal Office

**Meeting Date:** June 10, 2011

---

**Agency**  
Department of Community Colleges and Workforce Development

**Budget Page**  
B-6

**LFO Analysis Page**  
1

**Biennium**  
2011-13

## **Budget Summary\***

	2009-11		2011-13		2011-13		Committee Change from 2009-11 Leg Approved		
	Legislatively Approved Budget (1)		Current Service Level		Governor's Budget		Committee Recommendation	\$ Change	% Change
General Fund	\$ 421,431,504	\$	483,751,458	\$	421,520,365	\$	399,158,908	(22,272,596)	-5.3%
General Fund Debt Service	\$ 8,238,075	\$	20,107,391	\$	16,538,391	\$	15,704,592	7,466,517	+90.6%
Lottery Funds Debt Service	\$ 8,606,535	\$	7,469,632	\$	7,469,632	\$	7,469,632	(1,136,903)	-13.2%
Other Funds	\$ 7,323,058	\$	6,416,080	\$	6,874,666	\$	6,874,666	(448,392)	-6.1%
Other Funds Debt Service	\$ 2,823,884	\$	0	\$	0	\$	-	(2,823,884)	-100.0%
Federal Funds	\$ 163,589,805	\$	116,717,903	\$	116,785,442	\$	117,328,006	(46,261,799)	-28.3%
Federal Funds Nonlimited	\$ 18,968,831	\$	18,968,831	\$	18,968,831	\$	18,968,831	0	0.0%
Federal Funds Nonlimited Debt Service	1		1		1		1	0	0.0%
<b>Total</b>	<b>\$ 630,981,693</b>	<b>\$</b>	<b>653,431,296</b>	<b>\$</b>	<b>588,157,328</b>	<b>\$</b>	<b>565,504,636</b>	<b>(65,477,057)</b>	<b>-10.4%</b>

## **Position Summary**

Authorized Positions	61	59	68	61	0
Full-time Equivalent (FTE) Positions	60.00	58.70	67.45	60.45	+0.45

(1) Includes adjustments through March 2011.

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

General Fund supports community college operations, department operations, and debt service. Lottery Funds support debt service on lottery revenue bonds issued for community college deferred maintenance projects. Other Funds revenue sources include federal Carl Perkins Technical Applied Technology Act funds transferred from the Oregon Department of Education; fees charged for General Education Diploma testing, and Basic Adult Skills Inventory System testing, and Adult Basic Education; and miscellaneous receipts from the sale of community college directories and reimbursements. Amusement device tax revenues are statutorily provided for Oregon Youth Conservation Corps (OYCC) program support. OYCC also receives transfers from the Marine Board to support youth projects. CCWD continues to receive a small amount of timber tax revenues following changes to the tax structure in House Bill 2197 (2003).

The Department receives the majority of its Federal Funds under the Workforce Investment Act (WIA) program. WIA Title IB funds support adult dislocated worker, youth education training, and other workforce programs. The WIA Title II Adult Basic Education program funds developmental education for adults. Funds are also received from the U.S. Department of Labor State Energy Sector Partnership and Training Grant and the U.S. Forest Service Youth Employment Initiative.

Federal National Emergency Grants are received intermittently following economic dislocations and large layoffs. These grants are spent under Non-limited expenditure authority.

The Subcommittee reduced the Other Funds beginning balance in the Office Operations program by \$441,483 based on updated projections.

### **Summary of Education Subcommittee Action**

Under the direction of the State Board of Education, the Department of Community Colleges and Workforce Development (CCWD) coordinates the efforts of the state's 17 community colleges and initiates programs to maintain educational opportunities and workforce development capacity within the state. The Department distributes federal workforce development funds to local programs. The Oregon Youth Conservation Corps (OYCC) is also part of the agency.

The Subcommittee approved a budget of \$565,504,636 total funds including \$414,863,500 General Fund, \$7,469,632 Lottery Funds, and 60.45 full-time equivalent positions (FTE). General Fund is reduced from the 2009-11 Legislatively Approved Budget through March 2011 (LAB) by 3.5 percent and Lottery Funds are reduced by 13.2 percent. Total funds are reduced by 25.6 percent due to phase-out of one-time capital construction expenditure limitation and an anticipated decline in federal support for workforce development programs.

The recommended budget for this agency includes a reduction of General Fund for a supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. To reinforce that intent, the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium for operations, skills centers, and debt service. The agency is allowed to expend up to 65 percent of the Community College Support Fund appropriation in the first year in order to make statutorily required payments to the colleges.

The amount of the reduction for the supplemental ending balance may be restored during the February 2012 session to the agency for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

### **Office Operations**

The Office Operations program unit provides leadership, coordination, accountability, and technical assistance to Oregon's community colleges and local workforce investment programs. With the exception of the OYCC program, all administrative staff and expenditures are contained in this unit. State and federal resources distributed to community colleges and workforce providers are included in separate program units.

The Subcommittee approved a budget of \$21,510,676 total funds including \$2,848,208 General Fund and 57.45 full-time equivalent positions (FTE). General Fund is reduced from the 2009-11 LAB by 20.7 percent. Total funds are increased by 0.6 percent.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 086 that eliminates inflation and Package 087 that reduces Personal Services by 5.5 percent.

- Modified Package 090 that eliminates funds for the healthcare workforce initiative, eliminates a vacant position, and reduces General Fund support for three positions. The Subcommittee removed start-up funding and positions for the Oregon Education Investment Board (OEIB) proposed in Senate Bill 909 for consideration with the implementing legislation. Federal Funds were reduced by \$236,182 to correct a technical error in the Governor’s budget. An additional technical adjustment reducing Other Funds beginning balance by \$441,483 was also approved.
- Approved Package 102 that increases Other Funds support for monitoring community college construction projects that receive funding from the state.
- Modified Package 103 that establishes one permanent position and one limited duration position (1.75 FTE) to address workload issues and reclassifies two other positions. The Subcommittee did not approve establishment of an Internal Auditor position in the CCWD budget. The Subcommittee recommends that an internal audit position be established within the Oregon Department of Education (ODE) and reporting to the State Board of Education with the responsibility of reviewing both CCWD and ODE operations. The Subcommittee also did not approve a Procurement and Contracts Specialist 2 position based on analysis of workload statistics. The Subcommittee adopted the following budget note regarding joint auditing services:

**Budget Note:**

The State Board of Education shall report to the 2012 legislative assembly on its effort to recruit and retain an internal auditor, and to complete annual risk assessments for the Department of Education and the Department of Community Colleges and Workforce Development.

- Approved Package 104 that funds development of a longitudinal data system combining early childhood, K-12, post-secondary, and workforce data. The package is funded with federal funds transferred from the Department of Education and includes one limited-duration position.
- Denied Package 201 that includes \$3.4 million General Fund to support the Getting Oregon Back to Work program. The Subcommittee recommended that the package be considered within the context of resources being allocated across the state for its impact as an economic stimulus effort and its return on investment relative to other proposals.
- Denied Package 202 that includes \$2 million for challenge grants to promote persistence towards and completion of degrees and certificates. The Subcommittee recommended that, because the grant program would fall within the scope of the Oregon Education Investment Board proposed in Senate Bill 909, these funds be considered with the OEIB implementing legislation.

The Subcommittee discussed job training opportunities for people released from state prisons and local community corrections program and adopted the following budget note:

**Budget Note:**

The Oregon Department of Community Colleges and Workforce Development will coordinate with the Oregon Department of Corrections to assure that persons released from prison are included as a target population for On-the-Job Training funds for the purpose of expanding job opportunities for this population. Also, the Oregon Department of Corrections will encourage county community corrections programs to conduct outreach efforts in recruiting local employers to participate in On-the-Job Training programs that benefit the reentry population.

- Approved Package 801 cutting Services and Supplies by 6.5 percent which reduces General Fund by \$34,659.
- Approved Package 819 that reduces General Fund by \$103,303 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

**State Support to Community Colleges**

This unit contains the Community College Support Fund, the state's contribution to community college operations. It also includes state support for other programs administered by the colleges.

The Subcommittee approved a budget of \$396,310,700 General Fund and \$25,308 Other Funds. General Fund is reduced from the 2009-11 LAB by 5.2 percent. Other Funds are unchanged from the LAB. No positions or FTE are included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 085 that biennializes the 2010 allotment reductions and Package 087 that eliminates inflation.
- Approved Package 090 that funds the Community College Support Fund at \$410 million General Fund, prior to the statewide ending balance holdback in Package 819. The package also eliminates support for the healthcare workforce initiative and two skills centers as proposed in the Governor's recommended budget.
- Approved Package 810 that restores \$550,000 General Fund for the Portland Community College and Sabin-Schellenberg Center skills centers eliminated in Package 090.
- Approved Package 819 that reduces General Fund by \$14,239,300 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

**Federal/Other Support**

This unit contains Other Funds and Federal Funds that are distributed to community colleges, local workforce service areas, and other local providers. Federal Funds are received from the U.S. Department of Labor for Workforce Investment Act Title IB programs and the Title II Adult

Basic Education program. Other Funds include federal Carl Perkins Technical and Applied Technology Act Funds transferred from the Department of Education.

The Subcommittee approved a budget of \$120,618,167 total funds, reduced from the 2009-11 LAB by 24.8 percent. No positions or FTE are included in this program unit.

The Subcommittee took the following actions.

- Approved the base budget and essential packages.
- Approved Package 083 that adjusts Federal Funds expenditure limitation for the U.S. Department of Labor State Energy Sector Partnership grant approved by the Emergency Board at its September 2010 meeting.
- Approved Package 086 that eliminates inflation.

#### Oregon Youth Conservation Corps

The Oregon Youth Conservation Corps (OYCC) provides education, training, and employment opportunities for disadvantaged and at-risk youth ages 16 to 25. Work experience is provided through partnerships with public natural resource agencies.

The Subcommittee approved a budget of \$2,461,970 Other Funds, \$1,403,590 Federal Funds and 3.00 full-time equivalent positions. Other Funds are reduced from the 2009-11 LAB by 9.6 percent while Federal Funds are reduced by 84.3 percent due to the phase-out of federal grants.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 083 that allows OYCC to expend U.S. Forest Service grant funds approved by the Emergency Board at its September 2010 meeting.
- Approved Package 086 that eliminates inflation and Package 087 that reduces Personal Services by 5.5 percent.
- Approved Package 810 that increases Federal Funds by \$226,500 in anticipation of receiving three additional grants from the U.S. Bureau of Land Management for youth employment programs and \$800,000 in federal American Recovery and Reinvestment Act funds to support the Oregon Youth Employment Initiative.

#### Debt Service

This program unit includes debt service on Article XI-G bonds and Lottery Bonds sold to finance community college construction and deferred maintenance projects. The Subcommittee approved a budget of \$15,704,592 General Fund and \$7,469,632 Lottery Funds. General Fund is increased by 90.6 percent while Lottery Funds are reduced by 13.2 percent. There are no positions or FTE included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 090 that eliminated debt service for three community college capital construction projects (Clackamas, Columbia Gorge, and Umpqua) approved for the 2009-11 biennium for which the colleges were unable to obtain match. Continuation of sufficient bond capacity for these projects is under consideration, and if approved, would be included in the bond bill (HB 5005).
- Approved Package 819 that reduces General Fund by \$833,799 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

### **Summary of Performance Measure Action**

The Subcommittee approved the Department's performance measures and targets. These recommendations are shown in the Legislatively Adopted 2011-13 Key Performance Measures form attached.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5011-A**

**Department of Community Colleges and Workforce Development  
Bill McGee 503-378-2078**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$429,669,579	\$8,606,535	\$10,146,942	\$0	\$163,589,805	\$18,968,832	\$630,981,693	61	60.00
2011-13 ORBITS printed Current Service Level (CSL)*	\$503,858,849	\$7,469,632	\$6,416,080	\$0	\$116,717,903	\$18,968,832	\$653,431,296	59	58.70
2011-13 Governor's Recommended Budget *	\$438,058,756	\$7,469,632	\$6,874,666	\$0	\$116,785,442	\$18,968,832	\$588,157,328	68	67.45
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
<u>SCR 001: Office Operations</u>									
Package 090: Analyst Adjustments									
Personal Services	(1,000,000)	0	0	0	(236,182)	0	(1,236,182)	(5)	(5.00)
Services and Supplies	(2,000,000)	0	0	0	0	0	(2,000,000)	0	0.00
Package 103: Accountability and Support									
Personal Services	(85,564)	0	0	0	(85,564)	0	(171,128)	(2)	(2.00)
Services and Supplies	(48,631)	0	0	0	(162,190)	0	(210,821)	0	0.00
Package 201: High Demand Jobs									
Personal Services	(132,600)	0	0	0	0	0	(132,600)	0	0.00
Services and Supplies	(115,000)	0	0	0	0	0	(115,000)	0	0.00
Special Payments									
Dist to Non-Gov Unites	(3,152,400)	0	0	0	0	0	(3,152,400)	0	0.00
Package 202: Regional Consortiums									
Personal Services	(132,600)	0	0	0	0	0	(132,600)	0	0.00
Services and Supplies	(30,000)	0	0	0	0	0	(30,000)	0	0.00
Special Payments									
Dist to Non-Gov Unites	(1,837,400)	0	0	0	0	0	(1,837,400)	0	0.00
Package 801: Services and Supplies reduction									
Services and Supplies	(34,659)	0	0	0	0	0	(34,659)	0	0.00
Package 819: Supplemental Statewide Ending Balance									
Personal Services	(61,988)	0	0	0	0	0	(61,988)	0	0.00
Services and Supplies	(16,815)	0	0	0	0	0	(16,815)	0	0.00
Special Payments									
Dist to Non-Gov Unites	(24,500)	0	0	0	0	0	(24,500)	0	0.00

SCR 002: State Support to CC's

Package 819: Supplemental Statewide Ending Balance  
Special Payments



DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Dist to CC's	(14,239,300)	0	0	0	0	0	(14,239,300)	0	0.00
Package 810: LFO Analyst Adjustments									
Special Payments									
Dist to CC's	275,000	0	0	0	0	0	275,000	0	0.00
Dist to Local School Districts	275,000	0	0	0	0	0	275,000	0	0.00
<u>SCR 003: Federal/Other Support</u>									
<u>SCR 004: OYCC</u>									
Package 810: LFO Analyst Adjustment									
Special Payments									
Dist to Non-Gov Unites	0	0	0	0	1,026,500	0	1,026,500	0	0.00
							0		
<u>SCR 005: Debt Service</u>									
Package 819: Supplemental Statewide Ending Balance									
Debt Service									
Principal Bonds	0	0	0	0	0	0	0	0	0.00
Interest Bonds	(833,799)	0	0	0	0	0	(833,799)	0	0.00
TOTAL ADJUSTMENTS	<u>(\$23,195,256)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$542,564</u>	<u>\$0</u>	<u>(\$22,652,692)</u>	<u>(7)</u>	<u>(7.00)</u>
SUBCOMMITTEE RECOMMENDATION *	<u>\$414,863,500</u>	<u>\$7,469,632</u>	<u>\$6,874,666</u>	<u>\$0</u>	<u>\$117,328,006</u>	<u>\$18,968,832</u>	<u>\$565,504,636</u>	<u>61</u>	<u>60.45</u>
% Change from 2009-11 Leg Approved Budget	-3.45%	-13.21%	-32.25%	0.00%	-28.28%	0.00%	-10.38%	0.00%	0.75%
% Change from 2011-13 Current Service Level	-17.66%	0.00%	7.15%	0.00%	0.52%	0.00%	-13.46%	3.39%	2.98%
% Change from 2011-13 Governor's Recommended Budget	-5.30%	0.00%	0.00%	0.00%	0.46%	0.00%	-3.85%	-10.29%	-10.38%

\* Excludes Capital Construction Expenditures

## Legislatively Approved 2011-2013 Key Performance Measures

**Agency: COMMUNITY COLLEGES and WORKFORCE DEVELOPMENT, DEPT. of**

Mission: The mission of the Department of Community Colleges and Workforce Development is to contribute leadership and resources to increase the skills, knowledge and career opportunities of Oregonians.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - SUCCESSFUL GED APPLICANTS – Percentage of GED certificate applicants successful.		Approved KPM	80.00	79.00	79.00
2 - AT-RISK YOUTH EXIT SUCCESSFULLY – Percentage of enrolled at-risk youth who remained in or returned to school, or obtained their high school diploma/equivalent upon exiting the program.		Approved KPM	41.10	72.60	72.60
3 - YOUTH EMPLOYED UPON EXIT – Percentage of enrolled older at-risk youth who obtained employment upon exiting the program.		Approved KPM	56.90	76.60	76.60
4 - ADULTS EMPLOYED UPON EXIT – Percentage of clients served in adult workforce programs who obtained employment upon exiting the program.		Approved KPM	41.70	85.50	85.50
5 - DISLOCATED WORKER WAGES – Percentage of dislocated workers who obtained employment with at least 80% of prior earnings.		Approved KPM	65.70	69.50	69.50
6 - CURRENT/INCUMBENT WORKER EMPLOYMENT – Percentage of current/incumbent workers who retained employment after exit.		Approved KPM	71.20	83.00	83.00
7 - COMPLETION OF BASIC SKILLS/ESL – Percentage of students enrolled in a basic skills or ESL program who complete successfully.		Approved KPM	78.00	63.70	63.70
8 - NURSING COMPLETION – Percentage of students who successfully complete a Nursing program.		Approved KPM	95.70	73.70	73.70
10 - BITS COMPANY SATISFACTION – Percent of companies ranking training they received through community college Business and Industry Training System (BITS) as good or better.		Approved KPM	100.00	95.00	95.00
11 - LICENSING/CERTIFICATION RATES – Oregon community college students’ pass rates for national licensing tests compared to national pass rates.		Approved KPM	91.00	93.00	93.00

**Agency: COMMUNITY COLLEGES and WORKFORCE DEVELOPMENT, DEPT. of**

Mission: The mission of the Department of Community Colleges and Workforce Development is to contribute leadership and resources to increase the skills, knowledge and career opportunities of Oregonians.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
12 - PROFESSIONAL TECHNICAL DEGREE/CERTIFICATE COMPLETION – Number of professional-technical degrees and certificates awarded.		Approved KPM	4,981.00	5,101.00	5,101.00
13 - ASSOCIATE DEGREE COMPLETION – Percentage of students in Associates degree programs who obtain an Associates degree.		Approved KPM	22.10	31.60	31.60
14 - STUDENT TRANSFERS TO OUS – Percentage of students attending an Oregon community college during one academic year who transfer to an OUS institution the following academic year.		Approved KPM	18.00	15.20	15.20
15 - PROGRESS OF TRANSFER STUDENTS – Percentage of community college transfer students who demonstrate progress by returning for the second year.		Approved KPM	78.50	80.00	80.00
16 - TUITION/FEES – Oregon's rank for college tuition and fees among all western states.		Approved KPM	4.00	8.00	8.00
17 - HIGH SCHOOL PARTICIPATION – Number of high school students enrolled in community college credit programs.		Approved KPM	24,950.00	22,337.00	22,337.00
18 - MINORITY ENROLLMENT – Each minority's proportion of total community college enrollment as a percentage of each minority's proportion of the general population, by racial/ethnic group. A. African/American, B. Asian/Pacific Islander, C. Hispanic/Latino, D. Native American		Approved KPM	127.00	100.00	100.00
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	67.00	70.00	70.00
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	63.00	70.00	70.00
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	79.00	70.00	70.00

**Agency: COMMUNITY COLLEGES and WORKFORCE DEVELOPMENT, DEPT. of**

Mission: The mission of the Department of Community Colleges and Workforce Development is to contribute leadership and resources to increase the skills, knowledge and career opportunities of Oregonians.

<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2012</b>	<b>Target 2013</b>
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	80.00	70.00	70.00
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	74.00	70.00	70.00
19 - CUSTOMER SERVICE – Percentage of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	66.00	70.00	70.00
20 - BEST PRACTICES - Percent of total best practices met by the Board.		Approved KPM	90.00	100.00	100.00

**LFO Recommendation:**

Approve.

**Sub-Committee Action:**

Approve.