

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5043-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Komp
Carrier – Senate: Sen. Girod**

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 8, 2011

Agency
Oregon Student Assistance Commission

Budget Page
B-16

LFO Analysis Page
14

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	2011-13 Committee Recommendation	\$ Change	% Change		
General Fund	\$ 87,773,980	\$ 103,976,107	\$ 114,970,615	\$ 99,925,231	\$ 12,151,251	+13.8%		
Lottery Funds	\$ 8,940,885	\$ 3,914,670	\$ 2,630,172	\$ 2,630,172	\$ (6,310,713)	-70.6%		
Other Funds	\$ 7,426,424	\$ 7,426,370	\$ 21,313,784	\$ 21,463,316	\$ 14,036,892	+189.0%		
Other Funds Nonlimited	\$ 11,883,623	\$ 13,343,826	\$ 0	\$ 0	\$ (11,883,623)	-100.0%		
Federal Funds	\$ 1,791,006	\$ 770,228	\$ 727,244	\$ 0	\$ (1,791,006)	-100.0%		
Total	\$ 117,815,918	\$ 129,431,201	\$ 139,641,815	\$ 124,018,719	\$ 6,202,801	+5.3%		

Position Summary

Authorized Positions	30	28	28	28	-2	
Full-time Equivalent (FTE) Positions	26.66	25.83	26.33	26.33	(0.33)	

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Student Assistance Commission (OSAC) receives General Fund to support Opportunity Grants, the Access to Student Assistance Programs in Reach of Everyone (ASPIRE) program, the Student Childcare program, the Nursing Faculty Loan Repayment programs, and the Nursing Services program. It also provides support to the Office of Degree Authorization and agency administration.

Twenty-five percent of Lottery Funds interest earnings from the Education Stability Fund are allocated 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.

The federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) programs, previously received from the U.S. Department of Education to supplement the Opportunity Grant program, have been eliminated at the federal level. As a result, the Subcommittee eliminated Federal Funds expenditure limitation from the Opportunity Grant program.

Summary of Education Subcommittee Action

The Subcommittee approved a budget of \$124,018,719 total funds including \$99,925,231 General Fund, \$2,630,172 Lottery Funds, and 26.33 full-time equivalent positions (FTE). General Fund is increased from the 2009-11 Legislatively Approved Budget through March 2011 (LAB) by 13.8 percent and total funds are increased by 5.3 percent. Lottery Funds are reduced by 70.6 percent.

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.

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 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 \$4,773,391 total funds including \$2,090,798 General Fund, and 24.33 FTE. General Fund is reduced from the 2009-11 LAB by 11.5 percent while total funds are increased by 1.3 percent.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 083 that adjusts 2011-13 expenditure limitation for grants received from Incight and the YMCA; authority to expend funds for these grants was 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 092 that shifts most funding for the ASPIRE program to Other Funds. The package eliminates one permanent position, establishes two limited duration positions, and eliminates funding for temporary employees.

- Modified Package 105 that eliminates a permanent half-time internal auditor that the agency was unable to fill and provides expenditure limitation for contracted auditing services. The Subcommittee reduced funding for contracted audit services by \$38,974 General Fund and \$11,565 Other Funds resulting in a total of \$50,000 available for auditing services.
- Approved Package 801 cutting Services and Supplies by 6.5 percent, reducing General Fund by \$23,210.
- Approved Package 819 that reduces General Fund by \$75,832 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

Other Programs

The Other Programs unit includes the following programs: the Oregon Nursing Services Program for nurses working in nursing shortage areas, Nursing Faculty Loan Repayment for nurses engaged in teaching activities, the Scholarship Program for Former Foster Children, over 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 \$19,228,932 total funds including \$941,624 General Fund. Total funds are increased from the 2009-11 LAB by 9.3 percent while General Fund is reduced by 38.3 percent.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 085 that biennializes the 2010 allotment reduction and Package 086 that eliminates inflation.
- Modified Package 090 that reduces the Nursing Faculty Loan program to the amount committed during the 2011-13 biennium to specific individuals; no new awards will be made. The Subcommittee shifted \$50,364 from General Fund to Other Funds as the 2009-11 General Fund appropriation, carried forward as Other Funds, is sufficient to cover Nursing Faculty Loan Repayment commitments in 2011-13.
- Approved Package 092 that shifts support for the ASPIRE program from General Fund to Other Funds. The package also shifts all Other Funds Non-limited expenditures to Other Funds Limited, removing non-limited expenditure authority from the OSAC budget.
- Approved Package 819 that reduces General Fund by \$34,152 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

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, and unclaimed Individual Education Account funds from the Jobs Plus program.

The Subcommittee approved a budget of \$99,549,745 total funds including \$96,764,828 General Fund and \$2,630,172 Lottery Funds. Total funding for Opportunity Grants is increased by 4.8 percent from the 2009-11 LAB. This includes a 15.7 percent increase in General Fund, a 70.6 percent reduction of Lottery Funds, elimination of Federal Funds, and shift of Other Funds Non-limited to Other Funds limited with no net increase. No FTE are included in the 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 086 that eliminates inflation.
- Approved Package 090 that, in combination with Package 092 increases funding for the Oregon Opportunity Grant program to the Governor's recommended level of \$111.5 million General Fund, \$2.6 million Lottery Funds, and \$115 million total funds.
- Approved Package 092 that reduces Lottery Funds to balance to the December 2010 revenue forecast. The package also shifts Other Funds Non-limited expenditures to Other Funds Limited, removing non-limited expenditure authority from the OSAC budget.
- Approved Package 810 that reduces funding for the Opportunity Grant program to \$103.2 million, before the Package 819 reduction to create a supplemental statewide ending balance.
- Approved Package 819 that reduces General Fund by \$3,605,000 to create a supplemental ending balance that may be appropriated to the agency in the 2012 legislative session.

Funding for the Opportunity Grant includes \$46 million for the 2011-12 academic year and \$57 million for the 2012-13 academic year, assuming appropriation of the \$3.6 million supplemental ending balance holdback during the 2012 legislative session. These amounts reflect the awards already made by OSAC in the spring of 2011 for 2011-12 and the Governor's proposal for the 2012-13 academic year.

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 \$127,981 General Fund, \$338,670 Other Funds, and 2.00 FTE. General Fund is reduced from the 2009-11 LAB by 53.6 percent while Other Funds is increased by 41.2 percent, resulting in a total funds reduction of 9.5 percent. FTE is unchanged.

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.
- Approved Package 801 cutting Services and Supplies by 6.5 percent which reduces General Fund by \$2,477.
- Approved Package 810 that shifts funding for a Program Analyst 2 position and the Services and Supplies budget to 100 percent Other Funds based on updated projections of the program's cash balance. The action reduces General Fund by \$110,733 and increases Other Funds by the same amount.
- Approved Package 819 that reduces General Fund by \$4,642 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 measures and targets. The attached Legislatively Adopted 2011-13 Key Performance Measures form contains the approved measures and targets.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Corrected Copy

HB 5043-A

**Oregon Student Assistance Commission
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 *	\$87,773,980	\$8,940,885	\$7,426,424	\$11,883,623	\$1,791,006	\$0	\$117,815,918	30	26.66
2011-13 ORBITS printed Current Service Level (CSL)*	\$103,976,107	\$3,914,670	\$7,426,370	\$13,343,826	\$770,228	\$0	\$129,431,201	28	25.83
2011-13 Governor's Recommended Budget *	\$114,970,615	\$2,630,172	\$21,313,784	\$0	\$727,244	\$0	\$139,641,815	28	26.33
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
<u>SCR 001: Office Operations</u>									
Package 105: Internal Audit Restructure									
Services and Supplies	(38,974)	0	(11,565)	0	0	0	(50,539)	0	0.00
Package 801: Services and Supplies reduction									
Services and Supplies	(23,210)	0	0	0	0	0	(23,210)	0	0.00
Package 819 Supplemental Statewide Ending Balance									
Personal Services	(65,511)	0	0	0	0	0	(65,511)	0	0.00
Services and Supplies	(10,321)	0	0	0	0	0	(10,321)	0	0.00
<u>SCR 002: Other Programs</u>									
Package 090: Analyst Adjustments									
Special Payments									
Dist to Individuals	(50,364)	0	50,364	0	0	0	0	0	0.00
Package 819 Supplemental Statewide Ending Balance									
Special Payments	(34,152)	0	0	0	0	0	(34,152)	0	0.00
<u>SCR 003: Opportunity Grants</u>									
Package 810 LFO Analyst Adjustments									
Special Payments									
Dist to Individuals	(11,100,000)	0	0	0	(727,244)	0	(11,827,244)	0	0.00
Package 819 Supplemental Statewide Ending Balance									
Special Payments									
Dist to Individuals	(3,605,000)	0	0	0	0	0	(3,605,000)	0	0.00
<u>SCR 006: Office of Degree Authorization</u>									
Package 801: Services and Supplies reduction									
Services and Supplies	(2,477)	0	0	0	0	0	(2,477)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 810: LFO Analyst Adjustments									
Personal Services	(75,467)	0	75,467	0	0	0	0	0	0.00
Services and Supplies	(35,266)	0	35,266	0	0	0	0	0	0.00
Package 819 Supplemental Statewide Ending Balance									
Personal Services	(4,642)	0	0	0	0	0	(4,642)	0	0.00
TOTAL ADJUSTMENTS	(\$15,045,384)	\$0	\$149,532	\$0	(\$727,244)	\$0	(\$15,623,096)	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$99,925,231	\$2,630,172	\$21,463,316	\$0	\$0	\$0	\$124,018,719	28	26.33
% Change from 2009-11 Leg Approved Budget	13.84%	-70.58%	189.01%	-100.00%	-100.00%	0.00%	5.26%	-6.67%	-1.24%
% Change from 2011-13 Current Service Level	-3.90%	-32.81%	189.01%	-100.00%	-100.00%	0.00%	-4.18%	0.00%	1.94%
% Change from 2011-13 Governor's Recommended Budget	-13.09%	0.00%	0.70%	0.00%	-100.00%	0.00%	-11.19%	0.00%	0.00%

* Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: STUDENT ASSISTANCE COMMISSION, OREGON

Mission: To assist Oregon students and their families in attaining a postsecondary education and to enhance the value, integrity, and diversity of Oregon's college programs.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
2 - Time to complete a degree program review.		Approved KPM	4.96	4.00	4.00
3 - Ratio of administrative dollars to private and public Scholarship dollars awarded to students.		Approved KPM	18.85	18.60	18.60
5 a - Percentage of new program proposals requiring ODA involvement – New program application denial rate.		Approved KPM	2.00	2.00	2.00
5 b - Total program applications processed by ODA.		Approved KPM	83.00	58.00	58.00
8 - Persistence rates over 4 years for students at 4-year institutions who are eligible and awarded an OOG.		Approved KPM	72.40	73.00	73.00
9 - Completion rates (graduated within 6 years) for students at 4-year institutions who are eligible and awarded an OOG.		Approved KPM	69.00	61.00	61.00
10 - Completion rates (graduated within 3 years) for students at community colleges who are eligible and awarded an OOG.		Approved KPM	21.20	18.00	18.00
12 - Percentage of students of color served by OSAC programs (i.e., disaggregate measures to track race/ethnicity of beneficiaries of OSAC program services).		Approved KPM	14.10	20.00	20.00
14 - Percent of total best practices met by the Board of Commissioners.		Approved KPM	91.10	100.00	100.00
15 - Percent 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	90.90	90.00	90.00
15 - Percent 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	90.00	90.00	90.00

Agency: STUDENT ASSISTANCE COMMISSION, OREGON

Mission: To assist Oregon students and their families in attaining a postsecondary education and to enhance the value, integrity, and diversity of Oregon's college programs.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
15 - Percent 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	98.70	90.00	90.00
15 - Percent 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	97.40	90.00	90.00
15 - Percent 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	98.70	90.00	90.00
15 - Percent 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	94.40	90.00	90.00
16 - Remaining financial need after known grant assistance		Approved KPM	60.20	64.50	64.50
17 - Impact of Opportunity Grants on enrollment of eligible students.		Approved KPM	29.88	31.00	31.00

LFO Recommendation:

Approve.

Sub-Committee Action:

Approve.