

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2356

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

Prepared by: John Terpening
Reviewed by: Monica Brown
Date: 3-24-2011

Measure Description:

Creates Commercial Driver Development Fund and continuously appropriates moneys in fund to Department of Community Colleges and Workforce Development to finance loans to students and to pay administrative expenses of Trucking Solutions Consortium.

Government Unit(s) Affected:

Department of Community Colleges and Workforce Development

Summary of Expenditure Impact: See Analysis

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 directs the Department of Community Colleges and Workforce Development (CCWD) to establish a loan program for students taking classes to qualify for a commercial driver license and to pay for the administrative expenses of the Trucking Solutions Consortium (TSC). The measure creates the Commercial Driver Development Fund, separate and distinct from the General Fund, continuously appropriates moneys in the fund to CCWD, and credits the interest earned back to the fund. The measure is effective on passage.

The fiscal impact is indeterminate. The measure identifies several possible sources, but the amount of actual available funds is unknown. CCWD estimates the need for a limited duration full-time Program Analyst 3 position that would be responsible for start-up activities including rule-making and design of the loan program, system development, exploring alternative funding sources, and working with the Trucking Solutions Consortium. Estimated start-up costs are \$166,142 General Fund for the 2009-11 biennium.

Once additional funding has been identified, CCWD estimates the additional costs to implement and maintain the student loan program would include additional staff which would be responsible to conduct the ongoing administration of the new program. CCWD estimates that once the program is established, the limited duration position would be made permanent and estimates a total cost of \$230,288 in the 2011-13 biennium for on-going operations when the program fully phases-in. The demand for individual loans to be awarded is indeterminate and could materially affect the level of staffing required.

The Legislative Fiscal Office (LFO) notes that a loan program is outside the normal scope of practice for CCWD. The measure does not specify if CCWD must operate the loan program within the Department or if they can contract with another state agency, private entity, or community college. The costs to implement and maintain a student loan program may be reduced if operated by an entity with loan program experience.

Additionally, the measure requires CCWD to pay for the administrative expenses of the TSC. LFO notes that the measure does not clearly define that the "Trucking Solutions Consortium" is a specific entity currently in existence or any public-private partnership between the trucking industry and community colleges. However, the intent of the bill appears to be referring to an existing Oregon company called

Trucking Solutions Consortium that has estimated administrative costs of \$100,000 a biennium. However, LFO notes that the measure has no restriction on the amount of administrative expenses to be paid by CCWD and does not define what constitutes administrative expenses.