

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	4 - 0 - 1
Yeas:	Bonamici, Morse, Shields, Hass
Nays:	0
Exc.:	George
Prepared By:	Linda Lindholm, Administrator
Meeting Dates:	2/1, 2/3, 2/17, 3/8

WHAT THE MEASURE DOES: Redefines Oregon University System (OUS) as public university system with greater authority and independence to manage affairs, operations and obligations. Creates Higher Education Coordinating Commission (Commission). Authorizes Commission to coordinate higher education goals and policy with OUS. Places responsibility for liability, defense and indemnity on OUS and State Board of Higher Education. Creates process for State Board of Higher Education to enter into performance compact with state in conjunction with biennial funding request. Eliminates requirement to seek permission to exceed expenditure limitation to spend other available moneys, including enrollment fees collected. Exempts OUS from certain laws relating to state agencies. Preserves labor contracts, retirement, benefits and preferences. Authorizes board to purchase property and construct facilities without legislative approval. Maintains all interest earned in Oregon University System Fund to OUS. Abolishes Oregon Student Assistance Commission and transfers functions to Higher Education Coordinating Commission. Excises Oregon Health & Science University and Community Colleges from Coordinating Commission governance. Becomes operative January 1, 2012. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- State agency status, responsibilities, assessments and liabilities
- Funding sources, enrollment revenue and budget process
- Treasury requirements regarding bonds and accounts
- Governance structure and leadership system
- Impediments in current higher education system
- System performance and accountability
- Student access to education and tuition affordability
- Labor, retirement and benefits issues
- Higher education mission and goals
- Economic and workforce development
- Operations, systems and facilities management
- Liability, defense and indemnity
- Authority of Coordinating Commission

EFFECT OF COMMITTEE AMENDMENT: Makes terms, process and timelines for Public Employee Retirement Systems and Public Employee Benefits consistent. Places responsibility for liability, defense and indemnity with OUS and State Board of Higher Education. Preserves labor contracts and veterans' preferences. Clarifies Coordinating Commission authority, performance compact, mission and goal setting process. Excises Oregon Health & Science University and Community Colleges from management by Coordinating Commission. Outlines Oregon State Treasury requirements regarding bonds, duties and oversight. Adds provisions to include students in process and tuition affordability review by Legislature.

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This summary has not been adopted or officially endorsed by action of the committee.

BACKGROUND: Oregon higher education university system is currently:

- Organized as a state agency under the governance of the State Board of Education
- Under the leadership of the Chancellor as CEO of the Oregon University System
- Funded partially through General Funds, lottery funds and other sources, with limited bonding capability
- Subject to state withdrawal of tuition funds and interest and pays state assessments of \$33 million per biennium
- A state agency with services provided by Secretary of State, State Treasury and Department of Justice
- Limited in authority on management of operations, capital projects, budgeting and system functions

The Senate Interim Committee on Education and General Government for Higher Education Workgroup, State Board of Higher Education, OUS, university presidents, student and faculty groups, state and regional agencies, union and business organizations conducted meetings and consulted with national higher education specialists to evaluate impediments in the current system and to explore options. Senate Bill 242A reflects their joint efforts to create a Higher Education Coordination Commission and redefine the higher education system structure, management and accountability in Oregon.