

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1538 - A

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

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Date: 2-21-2012

Measure Description:

Authorizes Oregon Education Investment Board to approve or reject Oregon University System funding requests and performance compacts.

Government Unit(s) Affected:

Department of Education, Office of the Governor, Oregon State Treasurer, Oregon Student Access Commission, Oregon University System

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 expands and clarifies the duties of the Higher Education Coordinating Commission (HECC) within the Oregon Education Investment Board (OEIB). The HECC is under direction and control of OEIB until March 15, 2016. The measure transfers authority over dual credits and transfer credits from the Joint Boards of Education to the HECC. The measure also transfers licensing authority of career schools from the State Board of Education to HECC and clarifies OUS provisions related to borrowing through the State Treasurer or holding moneys in State Treasury. The transfers are operative July 1, 2012.

The Higher Education Coordinating Commission (HECC), delineated in SB 242 (2011), comes into existence July 1, 2012, and is made a part of the Oregon Education Investment Board (OEIB) through SB 909 (2011). While there is no specific funding for HECC operations in the 2011-2013 Legislatively Adopted Budget, HB 5508 (2011) did provide the OEIB with \$3 million General Fund and 2.5 FTE. Currently the OEIB is a part of the Office of the Governor.

The Governor's Office assumes that HECC will enter into interagency contracts with the Department of Education (ODE) and the Oregon Student Access Commission (OSAC) to continue operations related to dual credit and transfer credits and the oversight of career schools during the 2012-2013 fiscal year. The Governor's Office assumes that these agencies will be able to carry-on operations with the current staff and in their present locations with the HECC providing oversight and funding, provided the HECC is operational in time for contracts to be entered on July 1, 2012.

The Governor's Office states that no additional personal services costs will be incurred. An OEIB member will function as the interim HECC director during the first year and any additional staff support will be provided by the OEIB, Department of Community Colleges and Workforce Development, Oregon University System, and OSAC to carry out the duties of the HECC.

The total estimated costs to the Governor's Office in 2011-2013 are \$20,000 General Fund for Attorney General costs for rule-making related to establishment of the HECC's regulatory functions, and \$15,800 General Fund for costs associated with HECC quarterly board meetings.

The Department of Education states that five permanent positions and two limited duration positions totaling 2.59 FTE currently work in the Private Career School program. The current estimated balance at the time of transfer for the Tuition Protection Fund is \$1,304,550 and the estimated balance for the Private Career Schools Licensing Fees Account is \$40,580.

There is a minimal fiscal impact to the Oregon Student Access Commission for the design, development, and monitoring of an achievement compact with the HECC as required by the measure.

There is no fiscal impact to the Oregon University System or the Oregon State Treasurer as a result of this measure.