

DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT

The Department of Community Colleges and Workforce Development (CCWD) has two primary focuses – post-secondary education through the Community Colleges system and workforce development. The Department provides coordination and financial assistance to the 17 locally based Community Colleges as well as monitors the effectiveness of the services the colleges provide. In the area of workforce development, the Department is the statewide administrator of federal programs such as the Workforce Investment Act. These federal funds are distributed to seven Local Workforce Investment Boards who provide or arrange for services at the local level.

COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	444,663,139	418,489,968	458,376,927	462,156,730	0	9.5%
Lottery Fund	8,307,548	7,144,080	9,779,594	9,779,594	0	36.9%
Other Funds	137,636,049	16,674,093	6,164,804	5,978,318	0	-63.0%
Federal Funds	142,433,655	118,161,396	116,068,422	107,095,987	0	-1.8%
Federal Funds Nonlimited	16,431,823	18,968,832	18,968,832	18,968,831	0	0.0%
TOTAL FUNDS	\$749,472,214	\$579,438,369	\$609,358,579	\$603,979,460	\$0	5.2%
Positions	63	62	59	58	0	-4.8%
FTE	60.58	61.45	58.70	57.70	0.00	-4.5%

Note: The Governor’s budget proposes a Department of Post-Secondary Education (DPSE) which includes the programs under the Department of Community College and Workforce Development (CCWD). The figures in the 2013-15 Governor’s budget column represent the amount allocated to CCWD programs in the proposed agency.

Major Revenues	Budget Environment	Comparison by Fund Type																				
<ul style="list-style-type: none"> • Almost 95% of the General Fund in the CCWD’s 2013-15 CSL budget is distributed to the 17 Community Colleges through the Community College Support Fund. Debt service for the state share of building projects at the Community Colleges accounts for another 4.1% of the General Fund and all of the Lottery Funds. • Other Funds include Carl Perkins Career and Technical Act Funds passed through from the Education Department and funding for the Oregon Youth Conservation Corps. • Federal Funds are primarily Workforce Investment Act funds and National Emergency Grants (Federal Funds Nonlimited). 	<ul style="list-style-type: none"> • Community College tuition growth. • Impact of the 40-40-20 state goal on future Community College capacity and funding. • Creation of the new Department of Post-Secondary Education which combines CCWD, Oregon Student Access Commission, and the funding for the Oregon University System and the Oregon Health and Science University. 	<div style="text-align: center;"> <p>COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT</p> <table border="1"> <caption>COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT - Funding by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$453.0</td> <td>\$137.6</td> <td>\$158.9</td> </tr> <tr> <td>2011-13</td> <td>\$425.6</td> <td>\$16.7</td> <td>\$137.1</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$468.2</td> <td>\$6.2</td> <td>\$135.0</td> </tr> <tr> <td>2013-15 GB</td> <td>\$471.9</td> <td>\$6.0</td> <td>\$126.1</td> </tr> </tbody> </table> </div>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$453.0	\$137.6	\$158.9	2011-13	\$425.6	\$16.7	\$137.1	2013-15 CSL	\$468.2	\$6.2	\$135.0	2013-15 GB	\$471.9	\$6.0	\$126.1
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MAJOR CHALLENGES AND DECISION POINTS

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| <ol style="list-style-type: none"> 1. State support per student for Community Colleges has fallen over the last three biennia. It peaked in 2007-09 at \$2,778 per student FTE and dropped to an estimated \$1,559 for 2013-15. One result has been an increase in the average annual amount a student pays for in-district tuition and fees – 29% increase between the 2008-09 and 2011-12 school years. During the same period, state financial aid through Oregon Student Access Commission has not kept pace with tuition growth. 2. The 2013-15 CSL for the payments made by the state to the 17 Community Colleges is \$432.7 million General Fund or 9.2% greater than the 2011-13 LAB. This net \$36.4 million increase is primarily due to the restoration of the supplemental ending balance cut made in 2011-13 (\$14.2 million) and increases in the assumptions for employee compensation of \$31.9 million including PERS and health benefits; offset by a \$9.2 million decrease based on anticipated growth in local tax revenues. 3. There have been discussions on altering the distribution of the roughly \$400 million General Fund support for Community Colleges. Currently the funding is distributed based on their full-time equivalent enrollment in career tech education, post-secondary remedial, adult high school diploma development, lower division collegiate, adult basic skills, and health/safety/workforce programs. No state aid is provided for hobby and recreation classes. Recent discussions have been centered on awarding funding based in part on performance such as a measure of students' progress toward completing a degree, diploma, or other certificate. 4. Federal Workforce Investment Act (WIA) 2013-15 funding is expected to be \$8.8 million less than the amount included in the 2011-13 budget. Much of this reduction is in the amount previously retained at the state level which had been used for special initiatives. This reduction will in part be replaced by portions of the Governor's \$10 million General Fund proposal included in his budget outlined below. | <ol style="list-style-type: none"> 5. Over the past few biennia, there has been an effort to maximize the use of Other Funds and Federal Funds for financing CCWD positions. As a result, there is the equivalent of 8.65 positions (2011-13) out of a total of 58.70 FTE that are funded with General Fund resources, down from 12.52 FTE in 2007-09. One consequence of this is that the remaining positions are tied to specific funding sources (mostly workforce related) that generally have restrictions on what they can do or programs they can work on. This limits the flexibility of the agency to take on new initiatives or move staff from one project to another. Most of the General Fund position resources must be used to meet responsibilities relating to the distribution of the state support to Community Colleges, monitoring capital construction projects, and the general operational activities of an agency. 6. Community Colleges are unique given their position between the K-12 system and four year post-secondary institutions. By providing a more flexible transition between high school and post-secondary education, greater "productivity" is possible by having high school students earn college or technical credits through Community Colleges. Savings are possible since these students are able to finish their college experience or move on to full-time employment faster. Community Colleges also offer the opportunity to earn college credits at the less expensive and often more flexible settings prior to finishing a four year degree at OUS or other setting. While both of these alternatives are currently used, discussions are underway to promote their expansion. 7. The Governor's budget proposes transferring all of the programs and budget of CCWD to a new Department of Post-Secondary Education. This new agency, if approved by the Legislature, would include what are currently CCWD, the Oregon Student Access Commission, Office of Degree Authorization, the Private Career Schools program, and the state funding streams for the Oregon University System (OUS) and Oregon Health and Science University (OHSU). As part of the transfer, the responsibilities of the State |
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Board of Education relating to Community Colleges would likely be transferred to the Oregon Education Investment Board (OEIB) and the Higher Education Coordinating Commission. Also under discussion is the potential separation of the workforce development component of CCWD and placement with other workforce related functions including from the Departments of Employment and Human Services. Since most of the current positions of CCWD are workforce related, there would be few staffing resources left for the new Department of Post-Secondary Education.

8. A total of \$428.4 million GF is included in the Governor’s budget for State Support to Community Colleges, an increase of 8.1% over 2011-13 and \$4.3 million or 1.0% less than 2013-15 CSL. If one factors in the estimated impact on Community College spending of the Governor’s proposed PERS changes for limiting inflation adjustments to the first \$24,000 of annual benefit and the non-resident tax change, the amount included in the Governor’s budget is \$5.0 million General Fund greater than a “modified” CSL. Also included in the Governor’s budget is a separate \$673,000 General Fund for training community care workers as required in the Medicaid waiver.
9. The Governor’s budget for CCWD includes a \$10 million GF “workforce investment” which directs funding to: (1) expand the Back to Work Oregon program (\$3.35 million) which matches jobs with workers whose skill sets meet the requirement of the job and provides on-the-job training; (2) continue the National Career Readiness Certificate which guarantees new hires have the proper skills for the job (\$1.8 million); (3) implement the Certified Work Ready Communities program (\$1 million) which verifies availability of workers locally who have the proper training or skills; (4) support Sector Strategies (\$2 million) which are local partnerships intended to grow businesses and employ the available local labor force; and (5) provide technical assistance and evaluate the programs included in this investment.

10. No specific list of capital construction projects was included in the Governor’s budget for Community Colleges, but a list is promised early in the legislative session. The Governor has stated that there will be a combined \$244 million available for capital construction projects for Community Colleges and the Oregon University System with an emphasis on those projects that contribute to the 40-40-20 goal.