

Joint Committee on Ways and Means

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Subcommittee on Education

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TO: Education Subcommittee Members

FROM: Doug Wilson, LFO

DATE: April 1, 2013

RE: Department of Community Colleges and Workforce Development's
Budget Bill – HB 5019

The Education Subcommittee will begin the phase 1 of the budget process for the Oregon Department of Community Colleges and Workforce Development (CCWD) on April 1st. This memo points out major policy and budget issues for the Subcommittee to consider, points out any previous audit issues, and outlines any budget notes and issues from the previous session. Resources available on OLIS for Subcommittee members besides this memo include the 2013-15 Governor's Balanced Budget Binder, the LFO Budget Reviews for the agency, the Power Point presentation prepared by CCWD, any additional presentation materials submitted by CCWD (coming), and the DAS presentation on the CCWD budget.

Major Policy and Budget Issues

- As part of the Governor's education reorganization proposals, CCWD would become part of the proposed Department (Office) of Post-Secondary Education. All CCWD's programs and funding would be transferred to this new agency. A separate bill must be approved for this proposal.
- Funding for support to community colleges has not kept pace with the increasing costs of the 17 community colleges. State support per student peaked at \$2,778 per student FTE in 2007-09 and is estimated at \$1,559 for the 2013-15 CSL level of funding (\$433 million GF). One result has been an increase in community college tuition rates and fees – a 29% increase between the 2008-9 and 2011-12 school years.
- Funding from the federal Workforce Investment Act or WIA is expected to fall by \$8.8 million for 2013-15; the reduction will be felt mostly at the statewide level and not as much in what is distributed to the various workforce regions.
- The National Center for Higher Education Management Systems (NCHEMS) estimated that over 253,000 more post-secondary degrees and certificates will have to be earned to reach the 40-40-20 goal by 2025. The community college has the largest "deficit" to

make up since the NCHEMS report estimates that over 150,000 certificates and over 50,000 associate degrees will have to be added to current day numbers to meet the goal.

- Of the 58.70 total FTE (2013-15 CSL) for the agency, only the equivalent of 8.65 FTE are funded with General Fund resources. This significantly constrains the agency's staff from working on general education issues since the remaining positions are tied to specific funding sources and requirements.
- The Governor has proposed a \$10 million General Fund policy package to expand the Back to Work program, continue the National Career Readiness Certificate program, implement the Certified Work Ready Communities program, and support the Sector Strategies program.

Audits

There were two major audits relating to the agency in the past few years as outlined below:

- In February of this year an audit titled "Opportunities to Increase Adult GEDs In Support of 40-40-2- Education Plan" was released. Findings include that high schools were not always sharing with community colleges information of students who had recently dropped out of high school; improvements could be made for sharing of best practices between community colleges on successful programs for those who need GED programs; and the need for a more detailed strategy to address the needs of those who do not have a high school diploma. The agency generally agreed with the audit findings and recommendations but did point out they have efforts underway already to address some of the findings.
- The second audit was released in June 2012 and titled "Improvements Needed to Better Meet Oregon's Middle-Skill Workforce Needs". Findings of the audit included that community colleges do not always use identified high demand occupations or skill needs of businesses in their planning or priority setting; and funding has not kept pace with the demand for the training needed to fill high demand jobs. The agency generally agreed with many of the findings, but pointed out that the sample of occupations reviewed by the auditors was small and narrow. CCWD also felt that given the level of funding available, it thought community colleges were doing a good job of meeting the needs of its communities and employers.

Budget Notes

There were two budget notes included as part of the 2011-13 CCWD budget. Below are the budget notes and a statement of what action has been taken.

1. *The State Board of Education shall report to the 2012 legislative assembly on its effort to recruit and retain an internal auditor, and to complete annual risk assessments for the Department of Education and the Department of Community Colleges and Workforce Development.*

Report was provided to the 2012 Legislature and a shared auditor has been hired.

2. *The Oregon Department of Community Colleges and Workforce Development will coordinate with the Oregon Department of Corrections to assure that persons released*

from prison are included as a target population for On-the-Job Training funds for the purpose of expanding job opportunities for this population. Also, the Oregon Department of Corrections will encourage county community corrections programs to conduct outreach efforts in recruiting local employers to participate in On-the-Job Training programs that benefit the reentry population.

The agency worked with the Department of Corrections as part of its Back-to-Work program.