

EDUCATION INVESTMENT BOARD

The Oregon Education Investment Board (OEIB) is a 13 member board appointed and chaired by the Governor. It is charged with “overseeing” a unified public education system beginning with early childhood learning and continuing to post-secondary education (P-20). Specific OEIB duties include recommending strategic education investments to ensure the education budget is targeted to outcomes, entering into achievement compacts, and providing an integrated student-based data system to monitor spending and outcomes. OEIB has “direction and control” of the Early Learning Council and the Higher Education Coordinating Council to oversee their activities as they relate to connecting and streamlining K-12 to early learning activities and higher education. The OEIB sunsets on March 15, 2016.

Oregon Education Investment Board	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	0	0	0	7,248,832	0	N/A
TOTAL FUNDS	\$0	\$0	\$0	\$7,248,832	\$0	N/A
Positions	0	0	0	19	0	N/A
FTE	0.00	0.00	0.00	19.00	0.00	N/A

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> The 2011-13 budget for the Oregon Education Investment Board (OEIB) is currently part of the Office of the Governor’s budget. Approximately \$2.8 million General Fund was appropriated to the Governor’s Office for education reform and coordination efforts, almost all of it for the staff of the Chief Education Officer (CEdO) and other staff related to the OEIB. 	<ul style="list-style-type: none"> At this time, the OEIB and the CEdO are scheduled to sunset in 2016. It is likely that a bill will be introduced to extend the sunset date or make these entities permanent during the 2013 session. The OEIB and the CEdO are part of a major reorganization effort around education begun two years ago including the Governor taking over the role of former elected Superintendent of Public Instruction and the establishment of the Higher Education Coordinating Commission (HECC) and Early Learning Council (ELC). The Governor’s budget proposes transferring many early childhood learning and youth development programs to the Oregon Department of Education, and the establishment of the Department of Post-Secondary Education (DPSE). 	<p>The chart displays funding levels in millions of dollars. The y-axis ranges from \$0 to \$8. The x-axis lists five periods: 2009-11, 2011-13, 2013-15 CSL, 2013-15 GB, and 2013-15. A single red bar for 2013-15 GB reaches the \$7 mark on the y-axis. All other bars are at \$0.</p>

MAJOR CHALLENGES AND DECISION

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| <p>1. The Governor has made education reform one of his key initiatives for the 2013-15 budget and placed the Oregon Education Investment Board (OEIB) as a primary actor in these efforts. The overall guiding principles for OEIB and others include:</p> <p>a) <i>Tight/loose relationship between the state and educational providers</i> where the state will be tight or more directive in expectations and outcomes, but looser in directing how the outcomes are reached.</p> <p>b) <i>Integration of the P-20 education system</i> centered more on the need to integrate all phases of education from early childhood learning to post-secondary education and the transition between the various components.</p> <p>c) <i>40-40-20 Goal by 2025</i> where ORS 351.009 declares the mission of all education beyond high school is to achieve 40% of adults have earned at least a bachelor's degree, another 40% have earned a two year associate's degree or a post-secondary credential, and the remaining 20% have earned at least a high school diploma or its equivalent.</p> <p>2. The OEIB is required to enter into annual educational achievement compacts with individual educational entities (e.g., school districts, community colleges, units of OUS, OHSU). The terms of the compacts may include completion rates including high school and college diplomas, certificates, and other "critical stages" in the educational continuum; progress toward the 40-40-20 goal; and validation of the quality of knowledge and skills acquired by students. While the compacts are required, there are no specific consequences if the goals included in the compact are not achieved. The authority for achievement compacts sunsets July 1, 2015.</p> <p>3. Most of the funding associated with the OEIB for 2011-13 went to pay for the staff of the CEdO's Office and associated costs (e.g., rent, executive search, office costs). Other OEIB related expenditures were for various contracts for input into the education reform efforts, the Governor's education funding team, and plans for a longitudinal data base.</p> | <p>4. The 2013 Legislature may need to clarify the administrative and operational organization of education related agencies, boards, and commissions including the OEIB and the CEdO. The current structure has some overlapping responsibilities, missions, and lines of reporting.</p> <p>5. The Governor's budget assumes the establishment of the OEIB as a separate state agency. The budget proposes a \$7.2 million General Fund budget with 19 positions. While some of the funds are designated for the OEIB itself, the majority (\$4.7 million General Fund and 11 positions) reflects the continuation of the CEdO's staff. Another 8 positions (\$1.4 million General Fund) are proposed for a new research shop for all education related areas which combines three different requests from the agency request budgets of Community Colleges and Workforce Development, Department of Education, and the Oregon University System.</p> <p>6. The Governor and the CEdO have proposed four major education initiatives – <i>Oregon Reads</i> focusing on the reading skills early in grade school; <i>Connecting the World of Work</i> to strengthen technical, math, and science offerings for grades 9 to 14; <i>Guidance and Support for Post-Secondary Aspirations</i> to insure students are on track for graduation and post-secondary education; and <i>Developing a Representative Corps of Professional Educators</i> which proposes four to six regional centers focused on promoting excellence for education professionals. Most of the funding for these initiatives is proposed in the Oregon Department of Education's budget. There is \$250,000 General Fund proposed in the OEIB budget for a statewide reading campaign and another \$1 million for convening faculty from high school and post-secondary institutions to create aligned standards and shared assessments.</p> |
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MAJOR CHALLENGES AND DECISION POINTS**Education Agencies**

Analyst: Wilson

Over the past two years, ongoing discussions and actions regarding the state's education system have highlighted some overall policy principles including:

Tight/Loose Relationship between the State and Educational Services Providers: One of the underlying principles of Oregon's education reform is the concept of the tight/loose relationship between the state and the various school districts, higher education institutions, and other providers of education services. The concept is that the state will be tight or more directive in laying out the educational expectations and outcomes, but will be looser in instructing or dictating on how those outcomes are achieved. The state would also be responsible for providing technical assistance and distribution of best practices to educational service providers.

Integration of the P-20 Education System: Recent discussions have centered on the need to integrate all phases of education including the various preschool and early childhood learning programs. The concept is that if the proper investments can be made early, children will be ready to learn when they enter kindergarten and elementary school. Along the same lines, investments at other key K-12 points should result in a better chance that a student will graduate and/or attend a post-secondary institution. Many of the initiatives proposed in the Governor's budget involve this integration.

40-40-20 Goal by 2025: ORS 351.009 states the mission of all education beyond high school is that by the year 2025 at least 40% of adults have earned at least a bachelor's degree, another 40% have earned a two year associate's degree or a post-secondary credential, and the remaining 20% have achieved at least a high school diploma or its equivalent. In a report to the Oregon Education Investment Board (OEIB), 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 2025 goal (153,351 certificates, 54,844 associate degrees, and 45,573 bachelor degrees). In addition, roughly 6,000 more K-12 students (based on the number of grade 9-12 dropouts annually over the past few years) will have to stay in school each year to reach the 20% high school diploma goal. A number of questions remain regarding this goal, including: (1) the design of the system including increasing the capacity of post-secondary institutions; (2) alternatives for increasing the productivity of the system including how to increase the completion rate and decrease the time students spend earning their degrees or certificates; and (3) the cost to both the state and to individuals. One other issue is whether the jobs currently in the economy, or will be in the economy in 2025, require the level of educational attainment assumed in the 40-40-20 goal. The Employment Department testified to the OEIB that in 2010 the minimum standard for two thirds of the jobs in the state was a high school diploma or less.

Major reform or organizational actions already taken or being considered include the following:

1. *New Superintendent of Public Instruction and Oregon Department of Education*

The Governor is now the Superintendent of Public Instruction replacing the former separately elected official. The Governor does appoint a deputy superintendent who generally carries out most of the responsibilities of the former elected Superintendent including acting as the agency head of the Oregon Department of Education (ODE). The Governor and a new strategic plan of the agency proposes ODE change its focus and direction from a regulatory and compliance body to one of technical assistance and collaboration. One limiting factor to this change is the degree to

which the current funding for staff is tied to specific federal programs and the flexibility of these federal funds.

2. ***Oregon Education Investment Board (OEIB)***

The OEIB is a 13 member board appointed and chaired by the Governor. It is charged with “overseeing” a unified public education system beginning with early childhood learning and continuing to post-secondary education. The term “overseeing” is not well defined. The OEIB has generally acted as an advisory board for the Governor and sponsored much of the research on policy initiatives so far. Specific OEIB duties include recommending strategic education investments to ensure the education budget is targeted to outcomes, entering into achievement compacts, and providing an integrated student-based data system to monitor spending and outcomes. The OEIB sunsets on March 15, 2016.

OEIB has “direction and control” of the Early Learning Council (ELC) and the Higher Education Coordinating Council (HECC) to oversee their activities as they relate to connecting and streamlining K-12 to early learning activities and higher education. No such provision currently is included for K-12 governing bodies like the State Board of Education. A proposal developed by the OEIB’s Governance & Policy Committee recommended having the OEIB be “ultimately responsible for overall state education leadership, with the ability to delegate portions of its responsibilities to sub-councils,” which are identified as the ELC, HECC, and the successor to the State Board of Education. Few details have yet been released on what responsibilities would be delegated and under what circumstances the OEIB would review the decisions of these “sub-councils.”

3. ***Chief Education Officer (CEdO)***

The CEdO is appointed by the OEIB and is assigned duties by the Board. The CEdO does not appoint or “supervise” the other major education related officials other than having “direction and control” for “matters related to the design and organization of the state’s education system” over the Commissioner for Community College Services, Chancellor of the Oregon University System, executive director of the Oregon Student Access Commission, Early Childhood System Director, executive director of the Higher Education Coordinating Commission, and the Deputy Superintendent of Public Instruction. Overall, the CEdO currently has limited power other than the “bully pulpit” and the influence and responsibility provided through the Governor and OEIB. The CEdO position sunsets on March 15, 2016.

The administrative and operational organization of education related agencies will have to be clarified. The current structure has some overlapping responsibilities, conflicting missions, and multiple lines of reporting for some positions, both at the board level (e.g., OEIB, HECC) and at the position level (e.g., CEdO, Deputy Superintendent). The Governor’s budget continues and expands the budget and resources for the CEdO’s office with \$4.7 million General Fund continuing the current eleven CEdO Office’s positions and another \$1.4 million General Fund for a proposed 8 position research shop.

4. ***Educational Achievement Compacts***

The OEIB is required to enter into annual educational achievement compacts with individual educational entities (e.g., school districts, community colleges, units of OUS, OHSU). The terms of the compacts may include completion rates including high school and college diplomas, certificates, and other “critical stages” in the educational continuum; progress toward the 40-40-20 goal; and validation of the quality of knowledge and skills acquired by students. The compacts are to have targets approved by the appropriate governing board including the measurement of

achievement gaps for specific target groups. While the compacts are required, there are no specific consequences if the goals included in the compact are not achieved. The authority for achievement compacts sunsets July 1, 2015.

5. *Early Childhood Learning and Youth Development*

The State Commission on Children and Families has been abolished and its functions related to children six years and younger are transferred to the Early Learning Council (ELC). The Commission's functions related to youth between six and twenty years of age are transferred to the Youth Development Council (YDC). Local Commissions on Children and Families continue to be statutorily authorized until January 1, 2014. The ELC was established to assist the OEIB in "overseeing" a unified system of early childhood services and ensuring that children are ready to learn. It also acts as the state advisory council for the federal Head Start program. The YDC is to assist the OEIB in overseeing a unified system which supports academic success and reduces criminal involvement. These two Councils are appointed by the Governor and are under the direction and control of the OEIB. The activities of the ELC are also to be directed and supervised by the Early Childhood System Director who is appointed by the Governor. The original sunset date for the ELC was repealed in 2012. The Governor's 2013-15 budget proposes moving all of the early childhood learning programs (including child care) and the youth development programs to the Oregon Department of Education. The larger question is how these services will be administered and delivered at the local level. One alternative being discussed is the creation of regional "hubs" for the early learning programs where a local entity will have significant say in how the resources are spent and for what. One large factor to consider in whatever design is agreed to is the degree that these resources are tied to their federal funding sources and rules.

6. *Higher Education Governance and Proposed Department of Post-Secondary Education*

The 15 member Higher Education Coordinating Commission (HECC) is established by ORS 351.715 to develop state goals and accountability measures for Community Colleges, Public Universities, and the Oregon Student Access Commission (OSAC); develop a strategic plan for meeting these goals; develop a finance model for higher education; recommend biennial appropriations to institutions; recommend limits for setting tuition rates; design a statewide educational data system; approve and authorize degrees for OUS; and coordinate with OSAC to maximize student financial assistance. HECC is to appoint an Executive Director and may delegate any of its responsibilities to this position. The Office of Degree Authorization and the Career Schools program have or will be transferred to HECC.

Education reform efforts have been funded with a combination of existing funding, federal grants and a \$2.8 million General Fund appropriation to the Governor's Office. A portion of the funding for the former State Commission on Children and Families and most of the Commission's positions were redirected for functions related to the Early Learning Commission and the Youth Development Commission. In addition, federal grant funds are used for these purposes. The Budget Report for SB 5508 stated that approximately \$350,000 of the \$2.8 million General Fund appropriation would be used for staff costs and the remainder would be used for "professional services contracts for change management, development of a school-readiness assessment tool, and development of a comprehensive early childhood education and care budget." Instead, the majority of this appropriation has been used to fund the positions and activities of the Chief Education Office and the administrative costs of the OEIB. Most of these positions are higher level policy positions that were funded only in the 2nd year of the biennium and will have significant roll-up costs in the 2013-15 biennium. Approximately \$600,000 of the appropriation will likely be directed to contracts for research, consulting, and other activities. The Oregon Department of Education, the Department of Community

Colleges and Workforce Development, and the Oregon University System have also redirected existing funding for staff and other costs for the OEIB and CEEdO.

A number of policy and funding decisions will need to be made for the 2013-15 biennium including:

1. The administrative and operational organization of education related agencies will have to be clarified. The current structure has some overlapping responsibilities, conflicting missions, and multiple lines of reporting for some positions. The OEIB and CEEdO are scheduled to sunset in 2016 – should they continue and how should they fit into the overall system’s structure?
2. Currently many of the functions and their funding reside in the Governor’s Office including the Early Learning Council, Chief Education Officer, and Youth Development Council. If the P-20 integration policy is to continue, what is the best structural organization at the state level? Is it a single agency covering all phases, or is it a series of agencies responsible for each phase like early childhood learning or post-secondary education?
3. If the state is serious in moving toward the 40-40-20 goal, decisions should be made in the next legislative session on the path that needs to be taken involving funding needs over multiple biennia, and changes in the delivery system.
4. Some local service delivery systems such as local school districts will likely remain similar to what they are today while the Legislature will likely have to participate in the decisions relating to the redesign of new systems like in early childhood learning.
5. There have been discussions on the need for an integrated statewide longitudinal information system which would collect data on individuals as they progress from early childhood programs through post-secondary institutions. Several major issues must be addressed including whether existing systems or projects (e.g., ALDER) will address the requirements of the system, whether there will be a single large database or a series of coordinated systems, funding for such a system, and policy issues including access and privacy.