

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3120 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Tim Walker
Reviewed by: Paul Siebert, Doug Wilson
Date: 05/20/2013**Measure Description:**

Directs State Board of Education and State Board of Higher Education to work with Governor and conduct study on improving education governance.

Government Unit(s) Affected:

Department of Education, Higher Education Coordinating Commission, Oregon University System (OUS), Department of Community Colleges and Workforce Development, Oregon Educational Investment Board

Summary of Expenditure Impact:

	2013-15 Biennium	2015-17 Biennium
General Fund	\$2,240,831	\$3,162,666
Lottery Funds		
Other Funds - NL	-213,900	-302,312
Federal Funds		
Total Funds	\$2,026,931	\$2,860,354
Positions	15	15
FTE	10.48	15.00

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: This bill modifies the duties and responsibilities of the Higher Education Coordinating Commission including the following:

- Advising and assisting the Oregon Education Investment Board (OEIB) on scholarship, loan, and grant programs administered by the Oregon Student Access Commission and coordination of post-secondary elements of data collection and structure for a statewide longitudinal database.
- Adopting a strategic plan for achieving state post-secondary education goals and tracking progress on achieving those goals.
- Distributing legislative appropriations to community colleges, public universities, and scholarship, loan, and grant programs under allocation formulas developed with the cooperation of colleges and universities.
- Approving significant changes to academic programs of community colleges and universities.
- Approve changes to university mission statements.
- Advise the Governor and Legislature on university governance.
- Transfers duties and responsibilities of the Office of Degree Authorization to the HECC.
- Coordinating with the State Board of Higher Education to enhance use and quality of dual credit, career and technical pathways and efforts to encourage a college-going culture.

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	5 - 4 - 0
Yeas:	Gallegos, Gorsek, Greenlick, Harker, Dembrow
Nays:	Gilliam, Huffman, Johnson, Whisnant
Exc.:	0
Prepared By:	Victoria Cox, Administrator
Meeting Dates:	3/22, 4/12, 4/17

WHAT THE MEASURE DOES: Expands authority and membership of Higher Education Coordinating Commission (HECC) as specified. Transfers State Board of Education (SBE) authority for community colleges to HECC. Abolishes Oregon Student Access Commission and transfers policy-making authority to HECC and administrative authority to newly created Office of Student Access and Completion. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Higher education governance currently provided by four boards, two agencies and a public university system
- Desire to streamline state-level policymaking and oversight of post-secondary education
- Previously considered amendments creating Office of Post-Secondary Education and Workforce Development
- Prescriptive language regarding HECC membership
- Possibility of State Board of Higher Education (SBHE) serving as consortium board for universities without governing boards

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: Senate Bill 242(2011) created the Higher Education Coordinating Commission (HECC) and provides the Oregon University System (OUS) with considerable latitude for managing the affairs of the institutions. Senate Bill 909 (2011) created the Oregon Education Investment Board (OEIB) and charged it with creating a P-20 education continuum and recommending investment strategies to achieve Oregon's 40-40-20 educational attainment goals.

House Bill 3120-A recharter the HECC and tasks it with the following:

- Advise OEIB on state goals for higher education, strategic investment and coordination of data collection
- Adopt strategic plan for achievement of state post-secondary education goals
- Recommend to Governor and OEIB consolidated higher education budget biennially
- Distribute appropriations to community colleges, public universities and student access programs
- Approve significant changes to academic programs offered by community colleges and public universities
- Adopt changes to mission statements of public universities
- Authorize degrees offered by independent post-secondary institutions operating in Oregon
- Oversee licensing of career schools

Additionally, the measure abolishes the Oregon Student Access Commission and creates the Office of Student Access and Completion. Policy-making authorities of the Commission transfer to HECC and administrative authorities transfer to the Office. The measure also transfers authorities for community colleges oversight from the State Board of Education to HECC.

4/19/2013 11:23:00 AM

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

- Coordinating with State Workforce Investment Board and other stakeholders to insure that programs in high-demand occupations are offered by the state's colleges and universities.
- Improve the economies of scale among institutions through sharing administrative resources.
- Establish a subcommittee on funding quality post-secondary education to state residents.
- Transfers duties and responsibilities of the Oregon Student Access Commission to the HECC.
- Transfers the authority of the State Board of Higher Education, with respect to, oversight, rulemaking and direction of the Department of Community Colleges and Workforce Development to HECC.
- Report annually to the Legislature on the universities with independent boards' progress on achievement compacts signed with the Oregon Education Investment Board (OEIB).
- Submit a biennial funding request to the Governor after receiving requests from universities and the State Board of Higher Education.
- Distribute appropriations made by the Legislature.
- Approve increases in tuition and mandatory enrollment fees in excess of five percent if requested by the universities. The universities may also request approval from the Legislature.
- Enter into a performance compact with the state in exchange for state appropriations.
- Report biennially on capital construction projects.
- Monitor, along with the State Board of Education, compliance with discrimination statutes and withhold funding from a university that is deemed out of compliance.

The Executive Branch submitted a fiscal impact to HECC for this bill of approximately \$3.1 million General Fund, 15 positions (11.50 FTE) in the 2013-15 biennium and \$4.4 million, 15 positions (15.00 FTE) in the 2015-17 biennium. This estimate includes the impact of this bill as well as the existing responsibilities of HECC as outlined in law. Currently, HECC does not have a budget for the responsibilities currently in law.

The 15 positions include a higher level executive or agency head (PEM H based on an annual salary of \$200,000), and a support staff position for 23 months. The remaining staff would start three to 12 months into the biennium (funded for 12 to 21 months). These other staff positions include an Operations manager (PEM F), seven policy and research related staff (Fiscal Analyst 3, Ops/Policy Analyst 4, and Education Program Specialist 2), further support staff, and positions to support agency operations (accountant and Information Systems staff). The estimate also includes resources for the costs of the 15 Commission members as well as the general costs for establishing a "stand-alone" agency.

This estimate also corresponds to the Executive's Branch's fiscal impact for HB 3120 where there are a number of similar responsibilities added for HECC. Regardless, this estimated impact is higher than it should be for this bill exclusive of the existing HECC responsibilities and those included in HB 3120. There currently is no 2013-15 budget for HECC even given the responsibilities included in current law. It should be noted that the Governor's budget includes \$1.7 million General Fund for HECC and the OUS Chancellor's Office budget was reduced by \$1.6 million tied to policy related activities.

The Oregon University System (OUS) anticipates that the realignment of duties with HECC would result in a savings of \$856,000 General Fund and \$214,000 Non Limited Other Funds in 2013-15 and \$1.2 million General Fund and \$302,000 Non Limited Other Funds in 2015-17. The savings would result in staff reductions in Budget Operations, Capital and Facilities Planning, and Academic Strategies and total 4 positions (3.00 FTE) in 2013-15 and 4 positions (4.00 FTE) in 2015-17.

This bill transfers the duties and responsibilities of the Oregon Student Access Commission (OSAC) for the oversight of the Commission's programs to HECC and establishes an Office of Oregon Student Access and Completion (OSAC). The new OSAC would remain a separate agency with their own budget, but HECC would appoint the executive director and direct and control OSAC. Additionally, the bill transfers the duty and responsibilities of the State Board of Education, with respect to the Department of Community Colleges and Workforce Development (CCWD), to the HECC. CCWD remains an independent agency with a separate budget, but would be subject to the oversight,

rulemaking and direction of HECC. No significant fiscal impact is anticipated from these transfers affecting OSAC and CCWD.

DRAFT