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# MEMORANDUM

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**To:** Members of the Education Subcommittee

**From:** Doug Wilson, Legislative Fiscal Office  
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**Date:** June 11, 2013

**Subject:** Higher Education Coordinating Commission – HB 5033 Work Session Recommendations

## ***Higher Education Coordinating Commission – Totals***

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund				2,297,824
Other Funds				1,736,759
Federal Funds				342,759
Nonlimited Other				200,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,577,342</b>
Positions				21
FTE				16.96

## **Background Information**

The Higher Education Coordinating Commission (HECC) was created in 2011 by SB 242 and further refined in 2012 by SB 1538. The Commission has 15 members appointed by the Governor and confirmed by the Senate. Its primary focus is to be responsible for strategic planning for post-secondary education in the state. It is to advise the Oregon Education Investment Board on investments in the State for post-secondary education.

Other responsibilities of HECC include:

- Develop goals and accountability measures for the post-secondary system.
- Develop a strategic plan for achieving the State's higher education goals (e.g. 40-40-20)
- Develop a finance model for higher education aligned with the goals in the strategic plan.
- Recommend to the Governor and the Legislature a consolidated higher education budget consistent with the finance model.

- Coordinate with the Oregon Student Access Commission to maximize the effectiveness of student financial assistance programs.
- Approve and authorized degrees for the Oregon University System.
- Administer and operate the Office of Degree Authorization and the Private Career Schools program.

The Legislature has also assigned specific activities or studies to HECC including the Credit for Prior Learning workgroup and the Textbook Affordability study.

Even though HECC was established in 2011-13, it did not have any budget and consequently any staff. Staff from the Office of the Governor, Oregon Education Investment Board (OEIB), Department of Community College and Workforce Development (CCWD), and the Chancellor's Office provided support for the Commission.

The Office of Degree Authorization was transferred to HECC in 2011 but its budget remained with the Oregon Student Access Commission (OSAC). The Private Career Schools program is scheduled under current law to be transferred from the Oregon Department of Education at the beginning of the 2013-15 biennium. The budgets for both programs are to be part of the overall HECC budget for 2013-15.

Attached are the recommendations from the Legislative Fiscal Office for the Higher Education Coordinating Commission.

- Work Session Presentation Report – LFO Analyst Recommended

### **Adjustments to Current Service Level:**

See attached "Work Session Presentation Report" dated 6/9/2013.

Major changes to this budget in relation to the Current Service Level (CSL) are:

- This is a new agency for budgetary purposes for 2013-15 so there is no CSL number.
- This budget is based on current law and does not factor in the passage of HB 3210 which adds further responsibilities to the HECC and its staff. If that bill passes, this budget may have to be revisited.
- A core staff of nine positions (6.96 FTE) is phased in over the first 12 months of the biennium to perform the tasks set out in current law. Funding is also included for the cost of Commission meetings, general costs of operating the agency (e.g. rent, travel, telecommunications), and \$250,000 for contracting out for specialized studies and other services.
- The budgets for the Office of Degree Authorization and the Private Career Schools program are included. The proposed budgets assume the passage of HB 2185, SB 2188, and HB 102 which increases the fees and other revenues for these two programs. Four positions are dependent on the passage of these fee changes. In addition, a one-time appropriation of \$162,494 General Fund is included for this biennium.

**Accept LFO Recommendation**

Sen. /Rep. \_\_\_\_\_ moves the LFO recommendation to HB 5033.

**Performance Measures**

Since the agency is new for the 2013-15 it does not have any Key Performance Measures (KPMs) at this time. As part of the development of the 2015-17 budget, the agency should propose KPMs. There are existing KPMs for the Office of Degree Authorization and the Private Career Schools program which should be reviewed and included in the KPMs proposed for HECC.

**Accept LFO Recommendation**

Move the LFO recommendation on Key Performance Measures

**Budget Notes**

There are no budget notes at this time.

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of \$2,297,824 General Fund, \$1,736,759 Other Funds, \$342,759 Federal Funds and \$200,000 in Nonlimited Other Funds; and that HB 5033 be amended accordingly.

Sen. /Rep. \_\_\_\_\_ moves the LFO recommended changes to HB 5033.

**HB 5033 Final Subcommittee Action:**

**Final Motion:**

Sen./Rep. \_\_\_\_\_ moves HB 5033 to the full committee as amended with a "do pass" recommendation.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	<b>2,297,824</b>	<b>-</b>	<b>1,736,759</b>	<b>342,759</b>	<b>200,000</b>	<b>-</b>	<b>4,577,342</b>	<b>21</b>	<b>16.96</b>
<b>2013-15 Legislative Actions</b>	<b>2,297,824</b>	<b>-</b>	<b>1,736,759</b>	<b>342,759</b>	<b>200,000</b>	<b>-</b>	<b>4,577,342</b>	<b>21</b>	<b>16.96</b>
Net change from 2011-13 Leg Approved Budget	2,297,824	-	1,736,759	342,759	200,000	-	4,577,342	21	16.96
Percent change from 2011-13 Leg Approved Budget	100.0%	0.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2013-15 Current Service Level	2,297,824	-	1,736,759	342,759	200,000	-	4,577,342	21	16.96
Percent change from 2013-15 Current Service Level	100.0%	0.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	<b>2,135,330</b>	-	-	-	-	-	<b>2,135,330</b>	<b>9</b>	<b>6.96</b>
<b>2013-15 Legislative Actions</b>	<b>2,135,330</b>	-	-	-	-	-	<b>2,135,330</b>	<b>9</b>	<b>6.96</b>
Net change from 2011-13 Leg Approved Budget	2,135,330	-	-	-	-	-	2,135,330	9	6.96
Percent change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2013-15 Current Service Level	2,135,330	-	-	-	-	-	2,135,330	9	6.96
Percent change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

Operations

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 811 Agency Operations**

Package Description This package establishes core staff for the Commission. It includes 9 positions -- an Executive Director, three Fiscal Analysts, an Education Specialist, an Accountant, an Info Systems Specialist and two support staff. The positions are phased-in over 12 months with the Executive Director and three other positions scheduled to start in August. The other positions are phased in for between 13 and 18 months of the biennium. This is greater number of positions proposed by the Governor; but based on the responsibilities set out in current law and other expectations there is a need for additional staff positions.

Also included in the package are the costs of the Commission meetings, \$250,000 for outside studies and other contracts, general Services & Supplies resources for the operation of the agency, and funding to purchase financial and human resource related services from DAS.

LFO Recommendation Approve the package with the understanding that if HB 3120 is passed further review of staffing resources will be required for this agency based on the additional workload the bill may place on the agency.

LFO also recommends that the Executive Branch look at the sharing of administrative related resources between HECC and the Oregon Education Investment Board. Both are small agencies with limited administrative (e.g. financial) resources. Combining their resources may be more efficient.

LFO Recommended	2,167,699	-	-	-	-	-	2,167,699	9	6.96
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 813 PERS Changes

Package Description This package makes adjustments to the PERS rate resulting from the passage of SB 822 for the positions established in packages 811.

LFO Recommendation Approve the package.

LFO Recommended	(32,369)	-	-	-	-	-	(32,369)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	-	-	-	-	-	-	-	-	-
2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
<b>Total LFO Recommended Packages</b>	<b>162,494</b>	<b>-</b>	<b>1,736,759</b>	<b>342,759</b>	<b>200,000</b>	<b>-</b>	<b>2,442,012</b>	<b>12</b>	<b>10.00</b>
<b>2013-15 Legislative Actions</b>	<b>162,494</b>	<b>-</b>	<b>1,736,759</b>	<b>342,759</b>	<b>200,000</b>	<b>-</b>	<b>2,442,012</b>	<b>12</b>	<b>10.00</b>
Net change from 2011-13 Leg Approved Budget	162,494	-	1,736,759	342,759	200,000	-	2,442,012	12	10.00
Percent change from 2011-13 Leg Approved Budget	100.0%	0.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2013-15 Current Service Level	162,494	-	1,736,759	342,759	200,000	-	2,442,012	12	10.00
Percent change from 2013-15 Current Service Level	100.0%	0.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 810 LFO Analyst Adjustments**

Package Description This package continues \$150,000 of Other Funds limitation authorized for the Office of Degree Authorization by the Emergency Board in 2012. The Office required a new information system and the \$150,000 was for the initial work. The project was delayed and the limitation is still required to move the project forward.

LFO Recommendation Approve the package with the understanding that the agency will work with the Department of Administration in identifying options for the replacement project. One option should be to assess the information system of the Private Career Schools program to see if it would make sense to coordinate any future development of systems. Any work on the project should follow standard industry project management practices including completion of a business case and exploration of alternatives for the project.

LFO Recommended	-	-	150,000	-	-	-	150,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 813 PERS Changes**

Package Description This package makes adjustments to the PERS rate resulting from the passage of SB 822 for the positions established in in this budget for the Degree Authorization Program and the Private Career Schools Program.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(19,464)	(6,600)	-	-	(26,064)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 814 Career Schools Transfer**

Package Description This package transfers in the existing staff for the Private Career Schools program currently part of the Oregon Department of Education. Transferred staff include 2 Education Specialists, and Admin Specialist and two Office Specialists. The Other Funds revenues are for the current fee structure while the Federal Funds are related to the contract for veterans related services. There is also \$200,000 of non-limited Other Funds for the Tuition Protection Fund.

LFO Recommendation Approve the package.

LFO Recommended	-	-	452,228	344,364	200,000	-	996,592	5	4.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 815 Degree Authorization Transfer**

Package Description This package completes the transfer of the Office of Degree Authorization (ODA) from the Oregon Student Access Commission to the Higher Education Coordinating Commission. The authority for ODA was transferred to HECC for the current biennium but the budget remained as part of the OSAC budget. The transfer of the staff and budget is completed with this package. The transfer involves the current 2 positions.

LFO Recommendation Approve the package.

LFO Recommended	117,060	-	415,106	-	-	-	532,166	2	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 816 Enhance Career Schools**

Package Description This package provides additional resources for the Private Career Schools program through additional fee revenues, increased use of ending balance resources, and a one-time General Fund appropriation to stabilize the program given the increased workload and growing workload. This package is in part dependent on the passage of HB 2185 and HB 2188 which are expected to generate another roughly \$200,000 in revenues for the program. In the past the Department of Education has had to use their General Fund resources for this program even if it was designed to be self-supporting. It is hoped that the additional fee revenue and limited duration staff can assist in getting the backlog down for this program. Two of the positions, including the Compliance Specialist position funded with General Fund resources are limited duration. Other positions established by this package include an Education Specialist (LD) and a Program Analyst.

LFO Recommendation Approve the package.

LFO Recommended	162,494	-	296,908	-	-	-	459,402	3	2.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 817 Enhance Degree Authorization**

Package Description This package eliminates the General Fund for this program depending instead of greater fee revenue which is dependent on the passage of SB 102. The package also adds two positions (Program Analyst and a part-time Office Specialist). Other funding includes funding to pay for DAS services relating to accounting, human resources, and other business services. This package is in response to the current growing workload and backlog in large part due to increasing numbers of out-of-state online degree programs.

LFO Recommendation Approve the package.

LFO Recommended	(117,060)	-	441,981	4,995	-	-	329,916	2	1.50
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