

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3120 C**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: 07/03/2013**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:

General Fund	-\$13,479	\$22,776
Lottery Funds		
Other Funds - NL	-213,900	-302,312
Federal Funds		
Total Funds	-\$227,379	-\$279,536
Positions	0	-2
FTE	-0.31	2.00

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 poste-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.
- HECC, in cooperation with community colleges and public universities, will adopt rules governing the distribution of appropriations.
- 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.
- 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.

The Executive Branch submitted a combined fiscal impact to HECC for this bill and SB 270 of approximately \$860,000 General Fund, 6 positions (4.25 FTE) in the 2013-15 biennium and \$1.2 million, 6 positions (6.00 FTE) in the 2015-17 biennium.

The 6 positions include a manager level position (PEM F), two Ops/Policy Analyst 4, two Education Program Specialist 2 and one Procurement and Contract Specialist 3. The manager position is budgeted to start in October of 2013 with the remaining positions starting in April 2014. These six positions for SB 270 and HB 3120 are in addition to the nine positions included in the HECC budget based on current law. The budget reconciliation bill at the end of the session will address the fiscal impact of these bills

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.

The -A13 amendment changes the distribution of state appropriations by HECC so that HECC does not do the distribution but rather, in cooperation with community colleges and public universities, adopts rules governing the distribution of appropriations. It is assumed that the Chancellor's Office would once again be in charge of the actual distribution of state funding to the universities.

The -A13 amendment also requires that each community college district and president of each public university form an achievement compact advisory committee. The committee shall include administrators, faculty, educational personnel and students of the public university. If the public university already has a standing committee including the proper members, the standing committee may be designated as the achievement compact advisory committee. Requirements of this section first apply to achievement compacts entered into for fiscal years beginning with the 2013-2014 fiscal year.

The -B14 Amendment is a conflict amendment and has no fiscal impact.