

**A-Engrossed**  
**House Bill 4018**

Ordered by the House February 12  
Including House Amendments dated February 12

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Higher Education and Workforce Development)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Establishes work group to study improvements to Oregon University System.]*

**Changes date by which Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University or Western Oregon University may request institutional governing board to May 15, 2014.**

**Permits State Board of Higher Education to endorse, refuse to endorse or issue endorsement with conditions in response to university request for institutional governing board.**

**Allows Higher Education Coordinating Commission to enter into and administer interstate agreements for post-secondary distance education. Permits commission to impose fee on educational institutions participating in interstate agreements.**

**Moves Department of Community Colleges and Workforce Development into Higher Education Coordinating Commission, effective July 1, 2015.**

**Establishes Task Force on Integrating the Department of Community Colleges and Workforce Development into the Higher Education Coordinating Commission.**

**Declares emergency, effective on passage.**

**A BILL FOR AN ACT**

1  
2 Relating to higher education; creating new provisions; amending ORS 351.735, 351.755 and 351.758  
3 and section 168a, chapter 768, Oregon Laws 2013; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 168a, chapter 768, Oregon Laws 2013, is amended to read:

6 **Sec. 168a.** (1) If the president of Oregon State University notifies the Governor between August  
7 2, 2013, and January 1, 2014, that the university will become a university with a governing board:

8 (a) Within two weeks after receiving the notification, the Governor shall inform the President  
9 of the Senate, the Speaker of the House of Representatives and the Legislative Counsel of the no-  
10 tification; and

11 (b) Not later than February 1, 2014, the Governor shall appoint all of the members of the gov-  
12 erning board in the manner set forth in *[section 6 of this 2013 Act]* **ORS 352.076.**

13 (2)(a) If the president of Eastern Oregon University, Oregon Institute of Technology, Southern  
14 Oregon University or Western Oregon University determines that the university should become a  
15 university with a governing board, the president shall notify the Governor and the State Board of  
16 Higher Education of the university's intent. Notification under this subsection must occur during the  
17 period beginning March 1, 2014, and ending *[June 1, 2015]* **May 15, 2014.**

18 (b) Within 45 days of receiving notification under this subsection from a university president,  
19 the State Board of Higher Education shall *[decide whether or not to]* **take one of the following**  
20 **actions:**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) Endorse the university's decision. If the board endorses the *[request]* **university's**  
2 **decision**, the board shall immediately communicate any endorsement to the Governor.

3 (B) **Refuse to endorse the university's decision.**

4 (C) **Endorse the university's decision subject to conditions recommended by the board to**  
5 **the Governor and Legislative Assembly. Subject to any legislation enacted by the Legislative**  
6 **Assembly, a university that is endorsed under this subparagraph will become a university**  
7 **with a governing board in the same manner and under the same time frame, and will func-**  
8 **tion in the same manner, as a university receiving an endorsement from the board under**  
9 **subparagraph (A) of this paragraph.**

10 (c) **If the board refuses to endorse the university's decision under paragraph (b)(B) of**  
11 **this subsection, or if the board issues an endorsement with conditions under paragraph (b)(C)**  
12 **of this subsection, the Special Committee on University Governance and Operations estab-**  
13 **lished in section 166, chapter 768, Oregon Laws 2013, shall develop proposed legislation, for**  
14 **consideration during the 2015 regular session of the Legislative Assembly, based on the re-**  
15 **commended conditions.**

16 *[(c)]* (d) Upon receiving notification that the *[State Board of Higher Education]* **board** has en-  
17 dorsed a university's decision to become a university with a governing board **under paragraph**  
18 **(b)(A) or (C) of this subsection**, the Governor shall:

19 (A) Inform the President of the Senate, the Speaker of the House of Representatives and the  
20 Legislative Counsel that the university will become a university with a governing board; and

21 (B) Not later than six months after receiving the notification, appoint all of the members of the  
22 governing board in the manner set forth in *[section 6 of this 2013 Act]* **ORS 352.076.**

23 (3) Notwithstanding section 169, **chapter 768, Oregon Laws 2013** *[of this 2013 Act]*, if Eastern  
24 Oregon University, Oregon Institute of Technology, Southern Oregon University or Western Oregon  
25 University becomes a university with a governing board under subsection (2) of this section, the  
26 president of that university shall take over administrative responsibilities for the university from the  
27 State Board of Higher Education on *[either]* July 1, 2015*[, or when the Governor appoints the members*  
28 *of the governing board, whichever date comes later]*.

29 **SECTION 2.** ORS 351.735 is amended to read:

30 351.735. (1) As used in this section, "student access programs" means scholarship, loan, grant  
31 and access programs described in ORS chapter 348.

32 (2) The Higher Education Coordinating Commission shall be guided by the legislative findings  
33 in ORS 341.009, 351.001 and 351.003 and the goals and mission of post-secondary education set forth  
34 in ORS 351.006 and 351.009.

35 (3) The Higher Education Coordinating Commission shall:

36 (a) Develop state goals and associated achievement compacts for the state post-secondary edu-  
37 cation system, including community colleges and public universities listed in ORS 352.002, and for  
38 student access programs.

39 (b) Determine strategic investments in the state's community colleges, public universities and  
40 student access programs necessary to achieve state post-secondary education goals.

41 (c) Coordinate the post-secondary elements of data collection and structure, with the advice and  
42 recommendation of the state's community colleges and public universities, as appropriate, in order  
43 to construct a state longitudinal data system.

44 (d) Adopt a strategic plan for achieving state post-secondary education goals, taking into con-  
45 sideration the contributions of this state's independent institutions, philanthropic organizations and

1 other organizations dedicated to helping Oregonians reach state goals. State post-secondary educa-  
2 tion goals as described in this section should include, but need not be limited to:

3 (A) Increasing the educational attainment of the population;

4 (B) Increasing this state's global economic competitiveness and the quality of life of its resi-  
5 dents;

6 (C) Ensuring affordable access for qualified Oregon students at each college or public university;

7 (D) Removing barriers to on-time completion; and

8 (E) Tracking progress toward meeting the state's post-secondary education goals established in  
9 the strategic plan described in this paragraph.

10 (e)(A) Each biennium, after receiving funding requests from the state's community colleges and  
11 public universities as authorized by law, recommend to the Governor a consolidated higher educa-  
12 tion budget request aligned with the strategic plan described in subsection (3)(d) of this section, in-  
13 cluding appropriations for:

14 (i) Student access programs;

15 (ii) Public universities listed in ORS 352.002, including but not limited to education and general  
16 operations, statewide public services and state-funded debt service;

17 (iii) Community colleges, including but not limited to education and general operations and  
18 state-funded debt service;

19 (iv) New facilities or programs;

20 (v) Capital improvements and deferred maintenance; and

21 (vi) Special initiatives and investments.

22 (B) In the development of the consolidated higher education budget request:

23 (i) Determine the costs necessary to provide quality post-secondary education;

24 (ii) Solicit input from educators, education policy experts, appropriate legislative committees,  
25 students and other persons interested in the development of the funding model; and

26 (iii) Solicit public input regarding educational priorities.

27 (f) Adopt rules governing the distribution of appropriations from the Legislative Assembly to  
28 community colleges, public universities listed in ORS 352.002 and student access programs. These  
29 rules must be based on allocation formulas developed in consultation with the state's community  
30 colleges and public universities, as appropriate.

31 (g) Approve or disapprove any significant change to the academic program of a community col-  
32 lege or a public university listed in ORS 352.002. In reaching a decision under this paragraph, the  
33 commission shall consider the recommendation from the community college or public university  
34 seeking to make the change to an academic program that is issued pursuant to the obligation of the  
35 governing board of a community college or public university to review and approve academic pro-  
36 grams. The commission shall ensure that approved programs:

37 (A) Are consistent with the mission statement of the community college or public university;

38 (B) Do not unnecessarily duplicate academic programs offered by Oregon's other community  
39 colleges or public universities;

40 (C) Are not located in a geographic area that will cause undue hardship to Oregon's other  
41 community colleges or public universities; and

42 (D) Are allocated among Oregon's community colleges and public universities to maximize the  
43 achievement of statewide needs and requirements.

44 (h) For public universities listed in ORS 352.002:

45 (A) Approve the mission statement adopted by a governing board of a public university or by

1 the State Board of Higher Education.

2 (B) Review and determine whether a proposed annual increase of resident undergraduate en-  
3 rollment fees, as described in ORS 351.063, of greater than five percent is appropriate.

4 (C) Advise the Governor and the Legislative Assembly on issues of university governance.

5 (D) Approve and authorize degrees.

6 (i) Authorize degrees to be offered by independent post-secondary institutions in this state under  
7 ORS 348.594 to 348.615.

8 (j) Oversee the licensing of career schools under ORS 345.010 to 345.450.

9 **(k) Have the authority to enter into and administer interstate agreements regarding the**  
10 **provision of post-secondary distance education. The participation by an educational institu-**  
11 **tion that is not based in this state in distance learning courses or programs that are part**  
12 **of an interstate agreement entered into and administered under this paragraph does not**  
13 **constitute operating in this state for purposes of ORS 348.594 to 348.615. The commission,**  
14 **by rule, may impose a fee on any educational institution that seeks to operate under or**  
15 **participate in such interstate agreements. The fee amount shall be established to recover**  
16 **designated expenses incurred by the commission in participating in such agreements.**

17 (4) In addition to the duties described in subsections (2) and (3) of this section, the Higher Ed-  
18 ucation Coordinating Commission shall advise the Legislative Assembly, the Governor, community  
19 colleges, public universities and other state boards and commissions on policies in order to:

20 (a) Ensure or improve access to higher education by diverse and underserved populations.

21 (b) Encourage student success and completion initiatives.

22 (c) Improve the coordination of the provision of educational services, including:

23 (A) Transfers and coenrollment throughout the higher education system;

24 (B) Accelerated college credit programs for high school students;

25 (C) Applied baccalaureate and other transfer degrees;

26 (D) Programs and grants that span multiple institutions; and

27 (E) Reciprocity agreements with other states.

28 (d) In coordination with the State Board of Education, enhance the use and quality of dual  
29 credit, career and technical pathways and efforts to create a culture of college attendance in this  
30 state.

31 (e) In coordination with the State Workforce Investment Board, local workforce investment  
32 boards, the Oregon Health and Science University and independent institutions, ensure that the  
33 state's colleges and universities offer programs in high-demand occupations that meet Oregon's  
34 workforce needs.

35 (f) Improve economies of scale by encouraging and facilitating the use of the shared services  
36 among post-secondary institutions in this state.

37 (5) The Higher Education Coordinating Commission, in a manner consistent with ORS chapter  
38 183, may adopt administrative rules.

39 (6) With the exception of the rulemaking authority granted in subsection (5) of this section, the  
40 Higher Education Coordinating Commission may delegate any of its powers, duties or functions to  
41 a committee of the commission or to the executive director of the commission.

42 (7) The Higher Education Coordinating Commission may establish technical or advisory com-  
43 mittees to assist the commission in exercising its powers, duties and functions.

44 (8) The Higher Education Coordinating Commission may exercise only powers, duties and func-  
45 tions expressly granted by the Legislative Assembly. Except as otherwise expressly provided by law,

1 all other authorities reside at the institutional level with the respective boards of the post-secondary  
2 institutions.

3 **SECTION 3.** ORS 351.755 is amended to read:

4 351.755. (1) The Department of Community Colleges and Workforce Development **is established**  
5 **within the Higher Education Coordinating Commission. The department** shall function under  
6 the direction and control of the [*Higher Education Coordinating*] commission, with the Commissioner  
7 for Community College Services serving as an administrative officer for community college matters.

8 (2) The Department of Community Colleges and Workforce Development, in consultation with  
9 the Education and Workforce Policy Advisor and pursuant to ORS chapter 183, may adopt any rules  
10 necessary for the administration of laws related to the federal Workforce Investment Act that the  
11 department is charged with administering.

12 **SECTION 4.** ORS 351.758 is amended to read:

13 351.758. (1) The Department of Community Colleges and Workforce Development Account is es-  
14 tablished separate and distinct from the General Fund. Except for moneys otherwise designated by  
15 statute, all fees, assessments and other moneys received by the Department of Community Colleges  
16 and Workforce Development shall be deposited into the State Treasury and credited to the account.  
17 All moneys in the account are continuously appropriated to the [*department*] **Higher Education**  
18 **Coordinating Commission** for purposes authorized by law.

19 (2) The department may accept gifts, grants and donations from any source to carry out the  
20 duties imposed upon the department. Moneys received under this subsection shall be paid into the  
21 account.

22 (3) The department shall keep a record of all moneys deposited into the account. The record  
23 shall indicate by separate cumulative subaccounts the sources from which the moneys are derived  
24 and the individual activity or program against which each withdrawal is charged.

25 (4) Disbursements from the account shall be made as directed by the [*department*] **Higher Edu-**  
26 **cation Coordinating Commission.**

27 **SECTION 5.** (1) **The Task Force on Integrating the Department of Community Colleges**  
28 **and Workforce Development into the Higher Education Coordinating Commission is estab-**  
29 **lished, consisting of seven members as follows:**

30 (a) **The President of the Senate shall appoint one member from among members of the**  
31 **Senate.**

32 (b) **The Speaker of the House of Representatives shall appoint one member from among**  
33 **members of the House of Representatives.**

34 (c) **The executive director of the Higher Education Coordinating Commission.**

35 (d) **The executive director of the Higher Education Coordinating Commission shall ap-**  
36 **point:**

37 (A) **One member from among members of the Higher Education Coordinating Commis-**  
38 **sion; and**

39 (B) **Three members who represent community colleges.**

40 (2) **The task force shall analyze how the Department of Community Colleges and**  
41 **Workforce Development can best be integrated into the Higher Education Coordinating**  
42 **Commission.**

43 (3) **A majority of the members of the task force constitutes a quorum for the transaction**  
44 **of business.**

45 (4) **Official action by the task force requires the approval of a majority of the members**

1 of the task force.

2 (5) The task force shall elect one of its members to serve as chairperson.

3 (6) If there is a vacancy for any cause, the appointing authority shall make an appoint-  
4 ment to become immediately effective.

5 (7) The task force shall meet at times and places specified by the call of the chairperson  
6 or of a majority of the members of the task force.

7 (8) The task force may adopt rules necessary for the operation of the task force.

8 (9) The task force shall submit a report in the manner provided by ORS 192.245, and may  
9 include recommendations for legislation, to the interim committees of the Legislative As-  
10 sembly related to higher education no later than September 1, 2014.

11 (10) The Higher Education Coordinating Commission shall provide staff support to the  
12 task force.

13 (11) Members of the task force who are not members of the Legislative Assembly are not  
14 entitled to compensation, but may be reimbursed for actual and necessary travel and other  
15 expenses incurred by them in the performance of their official duties in the manner and  
16 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions  
17 of the task force shall be paid out of funds appropriated to the Higher Education Coordinat-  
18 ing Commission for purposes of the task force.

19 (12) All agencies of state government, as defined in ORS 174.111, are directed to assist  
20 the task force in the performance of its duties and, to the extent permitted by laws relating  
21 to confidentiality, to furnish such information and advice as the members of the task force  
22 consider necessary to perform their duties.

23 **SECTION 6.** Section 5 of this 2014 Act is repealed on the date of the convening of the 2015  
24 regular session of the Legislative Assembly as specified in ORS 171.010.

25 **SECTION 7.** (1) The amendments to ORS 351.735 by section 2 of this 2014 Act become  
26 operative on July 1, 2014.

27 (2) The amendments to ORS 351.755 and 351.758 by sections 3 and 4 of this 2014 Act be-  
28 come operative on July 1, 2015.

29 **SECTION 8.** This 2014 Act being necessary for the immediate preservation of the public  
30 peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect  
31 on its passage.  
32