



House Bill 2728
House Higher Education, Innovation and
Workforce Development Committee
February 27, 2015

Chair Read and Members of the Committee,

The Higher Education Coordinating Commission recognizes that much good work has been accomplished since the inception of the Engineering Technology Industry Council (ETIC) in 1997. Over this time ETIC has prudently invested millions of state General Fund dollars in building capacity in engineering and technology related departments at each of the seven public universities and the Oregon Health and Sciences University (OHSU) to support the needs of an industry sector. These investments have served as the bedrock support for many of these departments and allowed ETIC and partner institutions to leverage external funds and deploy university know-how, faculty expertise, cutting edge research and, importantly, well-trained students to feed the growth of Oregon's high tech sector.

House Bill 2728, that creates the Oregon Talent Council (OTC), extends the reach and value of ETIC to equally deserving industry clusters and has the potential to help align Oregon's higher education system to serve the needs of high-growth and high-demand areas of Oregon's economy. What ETIC has accomplished over the past decade a half is commendable. Additional resources for investment and direct industry involvement in investing in the capacity of Oregon's colleges and universities can only be a positive force for a diversified state economy. It is important to recognize the potential benefits that can come from this change and it is notable that the Oregon Business Association and the Technology Association of Oregon are helping advance this important work and HB 2728. It is equally important to value the work that has already taken place and that the capacity already in place requires ongoing support.

House Bill 4020 (2014) recognized that ETIC must adjust as the Oregon University System shifted to a decentralized university governance structure. Pursuant to this change, ETIC shifted its funding model to reflect a distinction between "sustaining" and "renewable" investments. Sustaining investments represent the portion of the current ETIC appropriation that should be appropriated on an ongoing basis in order to sustain ETIC-backed programs at public universities. We estimate that these funds represent approximately 80% of ETIC's current funding, or approximately \$24.5 million at the current service level for the 2015-17 biennium. The Governor's Recommended Budget reflects the critical importance of maintaining these investments in order to avoid

diminishing the existing capacity of the public universities, and proposes shifting these funds to the HECC for distribution to the seven public universities. It is our understanding that the universities have jointly submitted a letter supporting this approach.

The remaining 20% of the ETIC fund is focused on renewable investments, for programs and activities that require one-time start-up funding. It will total approximately \$6 million CSL for the 2015-17 biennium. Those funds, along with any additional amounts appropriated in HB 2728, would be dedicated to the OTC.

It is our understanding that Sections 9 and 10 of HB 2728 specify that any remaining, unobligated funds from Fiscal Year 2015 would revert to the OTC. It is also our understanding that there are no such remaining, unobligated funds.

It is HECC's understanding that any investment in the OTC must be in addition to sustaining funds relied upon by the seven public universities and OHSU. By continuing sustaining funds and investing in the OTC, current and needed capacities will be maintained and new resources made available in areas of need for the many sectors dependent on Oregon's high-technology talent.

HB 2728 leaves open the process to determine a long-term home for the OTC. The HECC stands ready to be an active and engaged partner with the OEIB, the Oregon Business Development Department, the Employment Department and the new OTC board to find the best fit.

The HECC looks forward to working with the Committee and stakeholders to ensure current and future workforce needs are met.