
MEMORANDUM

Legislative Fiscal Office
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To: *Education Subcommittee*

From: *Krista McDowell*, Legislative Fiscal Office
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Date: June 12, 2015

Subject: *SB 218*
Work Session Recommendations

SB 218 Relates to higher education program review. The bill clarifies the requirement that out-of-state institutions offering educational credits or degrees in Oregon, must first obtain approval from the Higher Education Coordinating Commission (HECC). The HECC is also permitted to establish four new fees associated with out out-of-state institutions of higher education.

The measure, amendments, and original staff measure summary are available on the Oregon Legislative Information System (OLIS).

The measure previously had a public hearing in the Joint Ways and Means Education Subcommittee on June 9, 2015.

The measure has a \$355,086 Other Funds fiscal impact associated with two positions (1.70 FTE) and will generate and estimated \$567,000 Other Funds from new fee revenue for the HECC. All fiscal and revenue estimates associated with SB 218 have been included in the HECC budget bill (HB 5024).

Measure

The measure is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move SB 218 to the full committee with a “do pass” recommendation.

Assignment of Carriers

Full: _____

1st Chamber: _____

2nd Chamber: _____

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 218 - A**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Krista McDowell
Reviewed by: Doug Wilson
Date: 6/15/2015**Measure Description:**

Authorizes Higher Education Coordinating Commission to charge schools based outside of Oregon fee of \$7,000 for degree authorization and fee of \$1,000 for new program application.

Government Unit(s) Affected:

Higher Education Coordinating Commission

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
Other Funds	355,086	355,086
Total Funds	\$355,086	\$355,086
Positions	2	2
FTE	1.70	1.70

Summary of Revenue Impact

	2015-17 Biennium	2017-19 Biennium
Other Funds	567,000	567,000
Total Funds	\$567,000	\$567,000

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 corresponds to part of Policy Option Package (POP) 302 in the Higher Education Coordinating Commission (HECC). The legislation clarifies the requirement that out-of-state institutions offering educational credits or degrees in Oregon must first obtain approval from the HECC. It permits the HECC to charge fees and, under special circumstances involving Oregon residents, to waive a fee on out-of-state institutions for placements in practicums or internships in Oregon. These four new fees are as follows: (1.) \$7,000 biannual fee for full review and oversight of each online school, (2.) \$1,000 for review of each new program application that was not offered at the time of the online school's initial application, (3.) \$1,000 per program that places students in a practicum or internship based in Oregon, (4.) up to \$1,000 for each new program application not offered at the time of the career school's initial application.

The new fees are anticipated to generate additional revenue in the amount of \$567,000 Other Funds (OF) in the 2015-17 and 2017-19 biennia. The Legislative Fiscal Office notes that the revenue estimates from these fees are likely high-end projections. The following market indicators will affect the total number of fee transactions which may occur: federal regulatory action, attrition of schools, and timing of states implementation of the State Authorization Reciprocity Agreement. Revenues from this fee increase will stabilize the revenue stream for this program and make it unnecessary to use General Fund to backfill the Other Funds revenues.

The HECC is requesting one permanent Educational Specialists 2 position (0.70 FTE) at a cost of \$164,094 Other Funds per biennium to reduce individual staff workload in the Office of Degree Authorization and Private Career Schools Unit; as well as support the development, coordinate monitoring, coaching and guidance of private and distance education. The HECC is also requesting one permanent Compliance Specialist 2 position (1.00 FTE) at an estimated cost of \$166,992 Other Funds per biennium to monitor and document compliance with existing laws and rules, review and investigate complaints, provide recommendations that may include sanctions, proactively monitor schools on probation or at-risk and help with closures of a schools as necessary.

Professional service expenditures will be increasing for school investigations, which include the costs of administrative hearings, legal services, expert reviews and information technology services to scan paper documents and to format and restore others. These costs are estimated to be \$24,000 Other Funds per biennium. The Other Funds limitation, and position authority, for this bill is included as part of the HECC's budget bill (HB 5024).

Fee Title/Description	ORS	Who Pays Fee	Increase, Establish, or Decrease	Date of Last Change	Amount of Last Change	Effective Date of Requested Change	Current Fee	Proposed Fee	Amount of Proposed Fee Change	Estimated 2015-17 Transactions with New Fee	Additional 2015-17 Revenue
Online out-of-state school degree authorization	ORS 348.606 & 348.607	Out of state postsecondary institutions	Increases	Jul-12	1,000	Jul-15	\$ 1,000	\$ 7,000	\$ 6,000	80	\$ 480,000
Online post application new program fee	ORS 348.606 & 348.607	Out of state postsecondary institutions	Establish		-	Jul-15	\$ -	\$ 1,000	\$ 1,000	50	\$ 50,000
Program with placement fee (non online)	ORS 348.606 & 348.607	Out of state postsecondary institutions	Establish		-	Jul-15	\$ -	\$ 1,000	\$ 1,000	5	\$ 5,000
New Private Career School Program Application	ORS 345.010 to ORS 345.995	Licensed Private Career Schools	Establish		-	Jul-15	\$ -	\$ 1,000	\$ 1,000	32	\$ 32,000
Total Additional Revenue											\$ 567,000