
MEMORANDUM

Legislative Fiscal Office
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To: Members of the Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office
(503) 986-1837

Date: June 17, 2015

Subject: Oregon Education Investment Board – HB 5022 Work Session
Recommendations

Oregon Education Investment Board –Totals

| | 2011-13 Actual | 2013-15 Legislatively Approved | 2015-17 Current Service Level | 2015-17 LFO Recommended |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------|
| General Fund | | 21,008,299 | 12,912,353 | 6,240,557 |
| Total Funds | \$0 | \$21,008,299 | \$12,912,353 | \$6,240,557 |
| Positions | | 15 | 15 | 17 |
| FTE | | 15.00 | 5.25 | 14.64 |

Background Information

The Oregon Education Investment Board (OEIB) was established in 2011 as a primary focus point and advisory board to both the Governor and the Legislature on education issues spanning from pre-kindergarten through post-secondary education (P-20). The Board is chaired by the Governor. One major responsibility was to recommend strategic investments to ensure that the public education budget is integrated and is targeted to achieve the establish outcomes.

The OEIB appoints the State's Chief Education Officer (CEdO) who provides the staffing for the OEIB. While the CEdO position does not have general direct control or hire/fire authority for other education officials in the State, the CEdO does have authority for "direction and control...for matters related to the design and organization of the state's education system" over these officials.

For 2011-13, the budget for the OEIB and Office of the CEdO was part of the Office of the Governor as was the budget for the Early Learning Council and Youth Development Council. The OEIB and CEdO budgets were part of an appropriation of just less than \$3 million General Fund. The majority of the funding was used for employee/contract compensation (most for the 2nd year of the 2011-13 biennium). Additional funding was

used for executive search, OEIB meeting costs, and for projects authorized by the OEIB. OEIB and the CEEdO Office also relied on resources and loaned staff from Oregon Department of Education, Oregon University System, and other agencies.

For 2013-15, the OEIB became an agency with its own budget. During the 2016 legislative session the funding for the Engineering Technology Industry Council (ETIC) was transferred from the Chancellor's Office to OEIB. This makes up the majority of the agency's funding for 2013-15. The statutory authority for both the OEIB and CEEdO are still scheduled to sunset in 2016.

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Education Investment Board.

- Work Session Presentation Report – LFO Analyst Recommended

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 6/16/2015.

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

- SB 215 extends the sunset date for OEIB until June 2019 and eliminates the Board itself. This budget assumes the passage of SB 215 so the budget is adjusted to reflect the full 24 months of the biennium instead of the eight and one half months assumed in the CSL budget.
- The Engineering Technology Industry Council (ETIC) funds are eliminated in the budget with over \$24 million General Fund designated for engineering programs at the public universities and remainder for elsewhere in the state budget.
- The Deputy Director position is eliminated and the Board administrator position is continued for one year.
- Funding is made available for continuing the planning and initial development of the Statewide Longitudinal Data System through March 2016 anticipating the project being assessed by the Legislature and the need for longer term development funding.

Accept LFO Recommendation

Sen. /Rep. _____ moves the LFO recommendation to HB 5022.

Performance Measures

Accept LFO Recommendation

See attached "Legislatively Proposed 2015-17 Key Performance Measures" form.

Budget Notes

There is no Budget Notes for this budget. There is however specific guidelines and instructions relating to the Statewide Longitudinal Data System included in the Budget Report.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$6,240,557 General Fund and that HB 5022 be amended accordingly.

Sen. /Rep. _____ moves the -2 amendment to HB 5022.

HB 5022 Final Subcommittee Actions:

Final Motion:

Sen./Rep. _____ moves HB 5022 to the full committee as amended with a "do pass" recommendation.

HB 5022-2
(LC 9022)
6/16/15 (TR/ps)

**PROPOSED AMENDMENTS TO
HOUSE BILL 5022**

1 In line 6 of the printed bill, delete "\$20,448,682" and insert "\$6,240,557".

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Oregon Education Investment Board

LFO Analyst Recommended

Agency Number: 52400

LFO102 - Work Session Presentation Report
2015-17 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 52400-001-00-00-00000
Oregon Education Investment Board

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|--------------|-----------|----------------------------|
| 2013-15 Agy. Leg. Adopted | 6,035,608 | - | - | - | - | - | 6,035,608 | 15 | 15.00 |
| 2013-15 Ebds, SS & Admin Act | 14,972,691 | - | - | - | - | - | 14,972,691 | - | - |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2013-15 Leg Approved Budget | 21,008,299 | - | - | - | - | - | 21,008,299 | 15 | 15.00 |
| 2013-15 Leg Approved Budget (Base) | 21,008,299 | - | - | - | - | - | 21,008,299 | 15 | 15.00 |
| Summary of Base Adjustments | 2,146 | - | - | - | - | - | 2,146 | - | - |
| 2015-17 Base Budget | 21,010,445 | - | - | - | - | - | 21,010,445 | 15 | 15.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | 15,232 | - | - | - | - | - | 15,232 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | 15,820,210 | - | - | - | - | - | 15,820,210 | - | - |
| 030: Inflation & Price List Adjustments | 69,980 | - | - | - | - | - | 69,980 | - | - |
| 060: Technical Adjustments | (24,003,514) | - | - | - | - | - | (24,003,514) | - | (9.75) |
| 2015-17 Current Service Level | 12,912,353 | - | - | - | - | - | 12,912,353 | 15 | 5.25 |
| Adjusted 2015-17 Current Service Level | 12,912,353 | - | - | - | - | - | 12,912,353 | 15 | 5.25 |
| Total LFO Recommended Packages | (6,671,796) | - | - | - | - | - | (6,671,796) | 2 | 9.39 |
| 2015-17 Legislative Actions | 6,240,557 | - | - | - | - | - | 6,240,557 | 17 | 14.64 |
| Net change from 2013-15 Leg Approved Budget | (14,767,742) | - | - | - | - | - | (14,767,742) | 2 | (0.36) |
| Percent change from 2013-15 Leg Approved Budget | (70.3%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | (70.3%) | 13.3% | (2.4%) |
| Net change from 2015-17 Current Service Level | (6,671,796) | - | - | - | - | - | (6,671,796) | 2 | 9.39 |
| Percent change from 2015-17 Current Service Level | (51.7%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | (51.7%) | 13.3% | 178.9% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 Removal of OEIB sunset

Package Description Under current law the Oregon Education Investment Board (OEIB) is scheduled to sunset March 16, 2016. SB 215 extends the sunset until 2019, changes the responsibilities of the Chief Education Officer, and eliminates the OEIB Board itself. This package assumes the passage of SB 215 and increases the budget for the agency staffing and other costs to reflect a full 24 month period. The 15 staff positions are continued and core operating costs of the agency. This results in a \$4.3 million General Fund increase in this package.

This package also redistributes the funds associated with the Engineering Technology Industry Council (ETIC) program. In 2016, the Legislature transferred the ETIC program from the Oregon University System to the Oregon Education Investment Board (OEIB). In determining the Current Service Level (CSL) budget, a portion of the ETIC funding was transferred to this budget unit (HECC Operations) since OEIB was scheduled to sunset in March of 2016. Under the current plan, ETIC resources are going to be divided into two parts; (1) \$24.45 million General Fund will be transferred to the Public Universities Statewide Programs unit in this agency for engineering enhancement funding for engineering programs at various agencies. The remaining \$6.11 million General Fund will be used as funding elsewhere in the State budget. This package eliminates the ETIC funding entirely from the OEIB budget.

LFO Recommendation Approve the package.

| | | | | | | | | | |
|-----------------|-------------|---|---|---|---|---|-------------|---|------|
| LFO Recommended | (6,560,580) | - | - | - | - | - | (6,560,580) | - | 9.75 |
|-----------------|-------------|---|---|---|---|---|-------------|---|------|

| | 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 801 LFO Analyst Adjustments

Package Description This package reduces the OEIB's budget (now adjusted for 24 months by package 101) by making the following reductions or adjustments:

- The Chief of Staff position is eliminated partially due to the changing role of the agency. This position has been vacant for the past five months.
- The position who acted as the OEIB Board administrator and the position that made arrangements for Board and Subcommittee meetings is funded for one year. A workgroup is beginning to meet to examine the overall role of this agency and if the recommendations of this work group determines that the position is merited, a request can be made for continuing the position during the 2016 legislative session.
- Services and Supplies resources are reduced by \$56,000 General Fund partially reflecting the costs of the Board itself.
- The Current Service Level includes resources for pay differentials which are no longer required.
- The Office Manager's position is reclassified to better reflect the responsibilities currently being performed.

LFO Recommendation Approve the package.

| | | | | | | | | | |
|-----------------|-----------|---|---|---|---|---|-----------|-----|--------|
| LFO Recommended | (661,216) | - | - | - | - | - | (661,216) | (1) | (1.50) |
|-----------------|-----------|---|---|---|---|---|-----------|-----|--------|

| General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 802 Statewide Longitudinal Data System

| General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package Description This package provides \$550,000 General Fund to continue the development of the P-20 Statewide Longitudinal Data System (SLDS). Current law requires the Oregon Education Investment Board (OEIB) to deliver a data system to measure outcomes from educational investments across the P-20 continuum (early learning through post-secondary). The SLDS, once developed, will combine data from multiple agencies (e.g. Department of Education, Higher Education Coordinating Commission) to evaluate the effectiveness of education investments.

The funding in this package will provide resources to continue the development of the necessary project planning and preparation of required project management materials through March 2016. The package includes three limited duration positions that make up the current project staff. Two of these positions had been filled with Oregon Department of Education employees. During the February 2016 legislative session, project staff should return with a cost estimate for the overall package so the Legislature can then determine whether to fund the program. In developing the SLDS, the agency must follow the necessary due diligence, project management, and oversight requirements below:

- Continue to work closely with and regularly report project status to the Office of the State Chief Information Officer (CIO) and the Legislative Fiscal Officer (LFO) throughout the project's Lifecycle;
- Continue to follow the Joint CIO and LFO Stage Gate Review Process;
- Retain, hire, appoint or contract for qualified project management services who have experience in planning and managing projects of this type, scope and magnitude;
- Update the Business Case and foundational project management documents as required by the CIO;
- Work with the CIO to amend the current or execute a new contract with an independent quality management services firm to conduct an initial risk assessment, perform quality control reviews of foundational project documents as appropriate, and perform ongoing, independent quality management services as directed by the CIO;
- Submit the updated Business Case, project management documents, initial risk assessment and quality control reviews to the CIO and LFO for Stage Gate Review;
- Report back to the Legislature on project status during the 2016 Annual Legislative Session and/or to other Legislative committee as required;
- Request Legislative approval to proceed with the project prior to initiating project execution activities;
- Utilize the CIO's Enterprise Project and Portfolio Management system as it is deployed for all project review, approval, and project status and Quality Assurance reporting activities throughout the life of the project.

Oregon Education Investment Board

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

LFO Recommendation Approve the package.

| | | | | | | | | | |
|-----------------|---------|---|---|---|---|---|---------|---|------|
| LFO Recommended | 550,000 | - | - | - | - | - | 550,000 | 3 | 1.14 |
|-----------------|---------|---|---|---|---|---|---------|---|------|

Legislatively Proposed 2015-2017 Key Performance Measures

Agency: OREGON EDUCATION INVESTMENT BOARD

Mission: OEIB's vision is to advise and support the building, implementation and investment in a unified public education system in Oregon that meets the diverse learning needs of every pre-K through post-secondary student, and provides boundless opportunities that support success. By doing so, we ensure 100% high school graduation by 2025 and ensure that Oregon students are college and career ready. Goal: 40-40-20 Goal: 40% completing 2-year degree, 40% completing 4-year degree and 20% career ready

| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2016 | Target 2017 |
|--|-----------------------------|------------------|---------------------|-------------|-------------|
| 1 - Increase reading readiness for students entering kindergarten | | Proposed New KPM | | 20.00 | 25.00 |
| 2 - Percentage of students not chronically absent - 6th grade. | | Proposed New KPM | | 90.00 | 92.00 |
| 3 - Percentage of students not chronically absent - 9th grade | | Proposed New KPM | | 85.00 | 87.00 |
| 4 - Increase the number of high schools offering college credit | | Proposed New KPM | | 200.00 | 220.00 |
| 5 - Increase the number of systemic educational barriers identified and addressed | | Proposed New KPM | | 12.00 | 15.00 |
| 6 - Increase the percentage of college and university graduates employed within 1 year | | Proposed New KPM | | 75.00 | 77.00 |
| 7 - Increase the percentage of educators who are culturally and linguistically diverse | | Proposed New KPM | | 20.00 | 22.00 |
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Accuracy | Proposed New KPM | | 90.00 | 90.00 |
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Availability of Information | Proposed New KPM | | 90.00 | 90.00 |
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Expertise | Proposed New KPM | | 90.00 | 90.00 |
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Helpfulness | Proposed New KPM | | 90.00 | 90.00 |
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Overall | Proposed New KPM | | 90.00 | 90.00 |

Agency: OREGON EDUCATION INVESTMENT BOARD

Mission: OEIB's vision is to advise and support the building, implementation and investment in a unified public education system in Oregon that meets the diverse learning needs of every pre-K through post-secondary student, and provides boundless opportunities that support success. By doing so, we ensure 100% high school graduation by 2025 and ensure that Oregon students are college and career ready. Goal: 40-40-20 Goal: 40% completing 2-year degree, 40% completing 4-year degree and 20% career ready

| Legislatively Proposed KPMS | Customer Service Category | Agency Request | Most Current Result | Target 2016 | Target 2017 |
|--|---------------------------|------------------|---------------------|-------------|-------------|
| 8 - CUSTOMER SERVICE - Increase the percentage of stakeholders who rate the quality of the research and policy service as "great" or "excellent" | Timeliness | Proposed New KPM | | 90.00 | 90.00 |
| 9 - Customer Service - Increase the percentage of customers who rate agency service as "great" or "excellent" | | Proposed New KPM | | | |
| 10 - BEST PRACTICES -- Total best practices met by the OEIB | | Proposed New KPM | | | |

LFO Recommendation:

All of the KPMS are proposed as new since this is the first set proposed by the agency. For the 2013-15 biennium, the agency did not have KPMS. These proposed KPMS generally measure overall goals of the education system ranging from measuring whether a student is ready for kindergarten to the employment potential of college graduates. Some of the measures are similar, but more general in nature, than KPMS found in the Oregon Department of Education (kindergarten readiness) and the Higher Education Coordinating Commission (number of high schools offering college credit). The Board should examine whether these duplicate those other measures and see whether they are necessary. SB 215 changes the duties and responsibilities of the agency including eliminating the Board itself while retaining the staff. There is also the understanding that an interim group will begin meeting after the session to look at the long term role of the agency. This examination could result in further changing the role of the agency. For this reason, LFO recommends acceptance of these measures for the near term; but suggests the agency review their KPMS based on the workgroup's recommendations and any legislative changes that might occur during the 2016 legislative session and propose new KPMS if necessary.

Sub-Committee Action: