

BUDGET REPORT AND MEASURE SUMMARY

Joint Committee On Ways and Means

Action:

Action Date:

Vote:

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Agency: Oregon Education Investment Board

Biennium: 2015-17

Budget Summary*

	2013-15 Legislatively Approved Budget ⁽¹⁾	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 21,008,299	\$ 12,912,353	\$ 6,240,557	\$ (14,767,742)	-70.3%

Position Summary

Authorized Positions	15	15	17	2
Full-time Equivalent (FTE) positions	15.00	5.25	14.64	-0.36

⁽¹⁾ Includes adjustments through December 2014

* Excludes Capital Construction expenditures

Revenue Summary

The Oregon Education Investment Board is entirely funded with General Fund.

Summary of Education Subcommittee Action

The Oregon Education Investment Board (OEIB) was established in 2011 to advise the Governor and the Legislature on education issues spanning pre-kindergarten through post-secondary education (P-20). The Board is chaired by the Governor. One of the Board’s major responsibilities is to recommend strategic investments to ensure that the public education budget is integrated and targeted to achieve established outcomes. The Board appoints the Chief Education Officer (CEdO) who hires and manages agency staff.

For the 2011-13 biennium, the budget for the CEdO and staff was part of the Office of the Governor as was the budget for the Early Learning Council and the Youth Development Council. The OEIB and CEdO budgets were part of an appropriation of just under \$3.0 million General Fund. The majority of the funding was used for compensation of employees and contractors, with most of the funds expended in the second year of the biennium. Additional funding was used for executive search contracts, board meeting costs, and projections authorized by the board. OEIB and the CEdO also relied on resources and loaned staff from the Oregon Department of Education, the Oregon University System, and other agencies.

In 2013-15, OEIB became an independent agency with its own budget. During the 2014 Legislative Session, funding for the Engineering Technology and Industry Council (ETIC) was transferred from the Oregon University System (OUS) Chancellor’s Office to OEIB. These funds constituted the majority of the agency’s funding during the biennium.

The statutory authority for OEIB and the CEEdO are scheduled to sunset in March 2016. Senate Bill 215 extends the office and position of the CEEdO until June 30, 2019, changing the name of the agency to Chief Education Office. The Board is dissolved on the bill's effective date. The purpose of the office is redefined as coordination with education stakeholders to establish a unified public education system, with statutory direction regarding office duties and entities with whom collaboration should take place. The CEEdO is given authority for direction and control over the Deputy Superintendent for Public Instruction, the Executive Director of the Higher Education Coordination Commission, the Early Learning Systems Director, the Youth Development Director, and the Executive Director of the Teacher Standards and Practices Commission for matters related to design and organization of multi-agency planning. Statutory requirements related to achievement compacts are eliminated.

The Subcommittee approved a budget of \$6,240,557 General Fund and 14.64 FTE, reduced from the 2013-15 Legislatively Approved Budget by 70.3 percent and 2.4 percent, respectively. The General Fund reduction reflects the transfer of funding for the Engineering and Technology Industry Council (ETIC) to other agencies.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 101 that extends the sunset on OEIB for four years. Under current law OEIB is scheduled to sunset March 16, 2016. Senate Bill 215 extends the sunset until 2019, changes the responsibilities of the CEEdO, and eliminates the OEIB board itself. This package assumes the passage of Senate Bill 215 and increases the budget for agency staffing and other costs to reflect the full 24 months of the biennium. This results in an increase in this package of \$4.3 million General Fund and a restoration of 9.75 FTE.

This package also redistributes the funds associated with the ETIC program. In 2014, the Legislature transferred the ETIC program from OUS to OEIB. Under the current plan, ETIC resources are to be divided into two parts: \$24.45 million General Fund is transferred to HECC for distribution to public university engineering programs. 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.

- Approved Package 801 that reduces OEIB's budget (adjusted for 24 months by Package 101) by making the following reductions or adjustments:
 - The Deputy Director position is eliminated, partially due to the changing role of the agency. The position has been vacant for five months.
 - The position that served as the OEIB board administrator and made arrangements for board and subcommittee meetings is funded for one year. A workgroup is meeting to examine the overall role of the agency and, if the work group finds that position is needed, a request can be made for continuing the position during the 2016 Legislative Session.
 - Services and Supplies resources are decreased by \$83,147 General Fund, reflecting the reduced costs of board operations and the position eliminations above.

- Pay differentials that are included in the current service level but no longer required are eliminated.
- The Office Manager position is reclassified from an Supervising Executive Assistant to a Principal Executive Manager D to better reflect the responsibilities currently being performed.
- Approved Package 802 that provides \$550,000 General Fund and three limited duration positions (1.14 FTE) to continue development of the P-20 Statewide Longitudinal Data System (SLDS). Current law requires 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 (primarily the Department of Education and the 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 management documents 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 who will transfer to the OEIB. During the February 2016 Legislative Session, the agency should provide a cost estimate for the overall package so the legislature can then determine whether to fund the system. In developing the SLDS, the agency must follow the necessary due diligence, project management, and oversight following:

- 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 other foundational project management documents as required by the CIO.
- Work with the CIO to 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, other 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.

Summary of Performance Measure Action

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5022-A

**Oregon Education Investment Board
Bill McGee 503-378-2078**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ 21,008,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,008,299	15	15.00
2015-17 Current Service Level (CSL)*	\$ 12,912,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,912,353	15	5.25
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 OEIB									
Package 101 Removal of OEIB Sunset									
Personal Services	\$ 2,896,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,896,633	0	9.75
Services and Supplies	\$ 1,362,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,362,476		
Special Payments	\$ (10,819,689)						\$ (10,819,689)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (578,069)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (578,069)	-1	-1.50
Services and Supplies	\$ (83,147)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (83,147)		
Package 802: Statewide Longitudinal Data System									
Personal Services	\$ 272,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,168	3	1.14
Services and Supplies (Instate Travel)	\$ 277,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,832		
TOTAL ADJUSTMENTS	\$ (6,671,796)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,671,796)	2	9.39
SUBCOMMITTEE RECOMMENDATION *	\$ 6,240,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,240,557	17	14.64
% Change from 2013-15 Leg Approved Budget	-70.3%	0.0%	0.0%	0.0%	0.0%	0.0%	-70.3%		
% Change from 2015-17 Current Service Level	-51.7%	0.0%	0.0%	0.0%	0.0%	0.0%	-51.7%		

*Excludes Capital Construction Expenditures

Legislatively Approved 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. 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		Approved KPM		20.00	25.00
2 - Percentage of students not chronically absent - 6th grade.		Approved KPM		90.00	92.00
3 - Percentage of students not chronically absent - 9th grade		Approved KPM		85.00	87.00
4 - Increase the number of high schools offering college credit		Approved KPM		200.00	220.00
5 - Increase the number of systemic educational barriers identified and addressed		Approved KPM		12.00	15.00
6 - Increase the percentage of college and university graduates employed within 1 year		Approved KPM		75.00	77.00
7 - Increase the percentage of educators who are culturally and linguistically diverse		Approved 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	Approved 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	Approved 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	Approved 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	Approved 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	Approved KPM		90.00	90.00

Agency: OREGON EDUCATION INVESTMENT BOARD

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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	Approved KPM		90.00	90.00
9 - BEST PRACTICES -- Total best practices met by the OEIB		Approved 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:

Accept the LFO recommendation.