

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: Higher Education Coordinating Commission

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	\$ 1,335,076,631	\$ 1,330,729,447	\$ 1,603,700,334	\$ 268,623,703	20.1%
General Fund Debt Service	\$ 93,136,434	\$ 154,335,871	\$ 144,165,121	\$ 51,028,687	54.8%
Lottery Funds	\$ 10,546,223	\$ 15,243,816	\$ 19,894,648	\$ 9,348,425	88.6%
Lottery Funds Debt Service	\$ 35,092,516	\$ 42,781,168	\$ 42,511,507	\$ 7,418,991	21.1%
Other Funds Limited	\$ 29,155,451	\$ 26,224,905	\$ 27,136,059	\$ (2,019,392)	-6.9%
Other Funds Nonlimited	\$ 252,422	\$ 206,000	\$ 206,000	\$ (46,422)	-18.4%
Other Debt Service Limited	\$ 407,051	\$ -	\$ -	\$ (407,051)	-100.0%
Other Funds Debt Service Nonlimited	\$ 12,978,324	\$ -	\$ 224,585,215	\$ 211,606,891	1630.5%
Federal Funds Limited	\$ 107,788,824	\$ 111,219,540	\$ 111,772,952	\$ 3,984,128	3.7%
Federal Funds Nonlimited	\$ 18,968,831	\$ 18,968,831	\$ 18,968,831	\$ -	0.0%
Federal Funds Debt Services Nonlimited	\$ 1	\$ 1	\$ 2	\$ 1	100.0%
Total	\$ 1,643,402,708	\$ 1,699,709,579	\$ 2,192,940,669	\$ 549,537,961	33.4%

Position Summary

Authorized Positions	113	107	130	17
Full-time Equivalent (FTE) positions	104.02	102.61	118.85	14.83

⁽¹⁾ Includes adjustments through December 2014

* Excludes Capital Construction expenditures

** numbers for the 2013-15 Legislatively Approved Budget and 2015-17 Current Service Level include all the component agencies in the 2015-17 Committee Recommendation: the Higher Education Coordinating Commission, the Department of Community Colleges and Workforce Development, the Office of Student Access and Completion, and state support for public universities and the Oregon Health and Science University.

Revenue Summary

General Fund - Approximately 80.0 percent of the Higher Education Coordinating Commission (HECC)'s budget is funded with General Fund. This includes most of the cost of agency operations, support for community colleges and public universities, the Oregon Opportunity Grant program, workforce initiatives, and debt service.

Lottery Funds – Lottery Funds make up about 3.0 percent of HECC's budget and pay for debt service, Oregon Opportunity Grants, and intercollegiate athletics through the Sports Lottery program. The approved budget includes a significant increase in Lottery Funds allocated to the Oregon Opportunity Grant program.

Federal Funds – Federal Funds constitute about 6.0 percent of HECC’s budget. HECC receives a variety of federal grant funds under the Workforce Innovation and Opportunity Act. Grants include: Title IB that supports youth, adult, and dislocated worker training programs through the state’s One Stop Centers; Title II that funds adult basic education programs; and National Emergency Grants that offer training and reemployment services to workers in areas facing large layoffs. Other federal grant programs include Carl D. Perkins Vocational and Technical Education Act funds transferred from the Oregon Department of Education and Bureau of Land Management grants for youth employment opportunities through the Oregon Youth Conservation Corps. The Private Career Schools program operates a Veterans’ Education program under contract with the U.S. Veterans’ Administration.

Limited Other Funds – Limited Other Funds make up just over 1.0 percent of HECC’s budget. The Degree Authorization (DA), Private Careers Schools (PCS), and General Education Development (GED) programs are authorized to charge fees to authorize post-secondary institutions, license private career schools, and administer GED testing. GED fees were increased administratively in May 2013 and ratified by the Legislature in the 2013 session. Costs of administering the DA and PCS programs have exceeded available revenues and HECC has established new fees and increased existing ones administratively during the 2013-15 biennium. House Bill 5025 reauthorizes the administrative fee increases and Senate Bill 218 proposes new fees. The budget includes about \$0.8 million in new revenues from these fee increases.

Oregon Student Access and Completion (OSAC) administers nearly 500 different public and private scholarships, providing \$14.5 million in financial aid support. Administrative fees are charged to donors and granting agencies to cover the cost of operating the programs. Increasing costs and declining revenues have created a shortfall in administrative revenues that is partially restored with General Fund in the approved budget.

Most of the Other Funds revenues supporting the Oregon Youth Conservation Corps (OYCC) come from the Amusement Device Tax on video lottery terminals. OYCC also receives grants from the Oregon Marine Board and other agencies.

Nonlimited Other Funds - About 10.0 percent of HECC’s budget consists of expenditure authority to allow HECC to receive debt service payments from the public universities on general obligation bonds and Certificates of Participation that are repaid with institutional funds. For the last several biennia, these payments were not recorded in the state budget. With the dissolution of the Oregon University System, the expenditures need to be included in the budget.

Summary of Education Subcommittee Action

HECC is a 15-member commission appointed by the Governor and confirmed by the Senate. Its primary focus is strategic planning for the state’s public post-secondary education system. Other responsibilities include: developing goals and accountability measures for the post-secondary system; developing a strategic plan; developing a finance model for the higher education based on the strategic plan; and approving and authorizing degrees for the public universities.

The Degree Authorization program, transferred to HECC in 2012 from what was then the Oregon Student Access Commission (OSAC), evaluates and approves degree granting institutions and their programs that were not part of the OUS system, do not have regional accreditation, or offer

programs from a base outside of the state. The Private Career School program, transferred from the Oregon Department of Education in 2013, licenses career schools, approves their programs, and investigates complaints regarding their operations. In 2014, the Commission assumed the responsibilities of the State Board of Education as it relates to the community college system as well as assuming the responsibilities of the renamed Office of State Access and Completion (still OSAC).

House Bill 4018 (2014) established the Department of Community Colleges and Workforce Development (CCWD) as an office within HECC, effective July 1, 2015. CCWD funding and positions were transferred to the HECC budget as part of the 2015-17 current service level. Funding and positions for OSAC are transferred to HECC in the approved budget. The approved budget also transfers distribution of state support for the seven public universities that had been part of the Oregon University System and for the Oregon Health and Science University (OHSU) from the Department of Administrative Services (DAS) to HECC. Debt service on bonds sold or planned to be sold for OHSU continue to be included in the DAS budget.

The Subcommittee approved a budget of \$1,747,865,455 General Fund, \$62,406,155 Lottery Funds, \$2,192,940,669 total funds, and 118.85 FTE, which is an increase from the 2013-15 Legislatively Approved Budget by 22.4 percent, 36.7 percent, 33.4 percent and 14.3 percent respectively. All comparisons to the 2013-15 Legislatively Approved Budget and 2015-17 current service level budgets are made to the consolidated budgets for HECC, CCWD, OSAC, and state support for OUS and OHSU.

Major components of the approved budget include the following:

- The Public University Support Fund is increased to \$665 million General Fund, 27.2 percent above the 2013-15 Legislatively Approved Budget.
- The Community College Support Fund is increased to \$550 million General Fund, 17.9 percent above 2013-15 Legislatively Approved Budget.
- Funding for the Oregon Opportunity Grant program is increased to \$140.9 million total funds, 23.7 percent above Legislatively Approved Budget. At this level of funding approximately 84,000 recipients are expected to receive grants averaging \$1,650.
- State support for the three Oregon State University Statewide Public Service programs is increased by \$14.0 million above the 2015-17 current service level.
- Permanent funding of \$605,640 General Fund is approved for the Margaret Carter Skill Center at Portland Community College and the Sabin Schellenberg Professional Technical Center in Clackamas County, split equally between the two centers.
- Research and data analysis staff are transferred from the Chancellor's Office of the Oregon University System (OUS) to maintain the ability to analyze and report on post-secondary education. Resources are provided to support transfer of the OUS student data system to

HECC, consolidate and upgrade agency information systems, and continue with planning to upgrade OSAC's Financial Aid Management Information System.

- One-time federal grant funds are used to increase the ASPIRE and student outreach programs during the second year of the biennium. The number of ASPIRE sites is expected to increase from 145 to 257 by the end of the biennium.
- Funding and positions are provided to support community based efforts to help underserved students obtain a high school equivalency credential such as a General Education Degree (GED).
- To accommodate the consolidation of the several agencies into HECC, additional positions are approved for accounting, budget, human resources, information technology, and bond program management. Direction is provided to the agency to centralize all its administrative operations in a single unit to improve efficiency and effectiveness.
- Revenue from fee increases included in Senate Bill 218 and fee ratifications in House Bill 5025 will allow the Degree Authorization and Private Career Schools programs to address increasing workloads due to school closures, expansion of distance education, and implementation of the State Authorization Reciprocity Agreement (SARA).
- Funding for debt service on general obligation bonds, Lottery-backed bonds and Certificates of Participation (COP) paid with General Fund and Lottery Funds was adjusted to reflect updated payment schedules. In addition, the budget includes expenditure authority for payments by public universities on general obligation bonds and COPs repaid with institutional funds. With the elimination of OUS at the end of the 2013-15 biennium, these expenditures need to be recorded in the state budget.

HECC Operations

The HECC Operations program includes the commission, agency management, and staff units dedicated to research, university budget and finance, academic missions and programs, and legislative and public affairs.

The Subcommittee approved a budget of \$7,177,603 General Fund, \$7,351,097 total funds, and 26.00 FTE, which are 109.0 percent, 114.1 percent, and 144.1 percent above the 2013-15 Legislatively Approved Budget, respectively. The increases are the result of adding accounting, budgeting, human resources, procurement, and information systems resources to accommodate the consolidation of HECC, CCWD, OSAC, and funding for OHSU and the public universities. The increase also includes roll-up costs from 2013-15.

The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 231 that redistributes funds associated with the Engineering Technology Industry Council (ETIC) program. In 2014, the Legislature transferred the ETIC program from the Oregon University System to the Oregon Education Investment Board (OEIB). In

determining the current service level 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. Eighty percent, \$24.45 million General Fund, will be transferred to the Public Universities Statewide Programs unit in this agency to support engineering programs at various universities. The remaining \$6.11 million General Fund will be used as funding elsewhere in the state budget. This package transfers \$19.74 million General Fund from this unit to the Public Universities Statewide Programs where it is combined with another \$4.71 million from the remaining amount transferred from the OEIB budget.

- Approved Package 301 that recognizes the need to consolidate various business and support functions of the individual units of HECC into a central location. The units have previously contracted with DAS for human resources, payroll, accounting, contracts, budget, and IT services. This package is common across all the Operations units of HECC. In the HECC Operations unit of the budget, new positions are established for some of these functions, as outlined below. Some of the cost of these positions is offset by transfers from the other units that had been used to cover contracted services in prior biennia.

The package establishes six permanent positions (6.00 FTE) to provide core administrative functions. These are: an Information Systems Specialist 2 for help desk support; a Fiscal Analyst 2 to augment the existing limited budget staff from OSAC and CCWD; a Human Resources Specialist (HRA) 1 and an HRA 2 for the basic personnel functions of the agency; an Accounting Technician 2 for financial services; and an Information Systems Specialist 7 to provide systems development support for the existing and future information systems of the agency.

In addition, two additional permanent positions (2.00 FTE) are established for financial monitoring and accounting for the post-secondary education bonding programs assigned to HECC by House Bill 3199. HECC will share these responsibilities with DAS. The two positions are an Operations and Policy Analyst 3 and an Accountant 3. The package also includes a reclassification of an Information Systems Specialist (ISS) 2 position to an ISS 3.

Budget Note

The budget for the Higher Education Coordination Commission for 2015-17 moves some of the funding for administrative support services like finance, information technology and human resources, but the staff for these functions remain in the individual office or functional budget units. In the development of the 2017-19 budget, the Commission should prepare a budget which incorporates all administrative support related positions and associated resources into a single division or unit for the Commission.

- Approved Package 303 that permanently establishes five positions (5.00 FTE) within HECC to provide research, data collection, and analysis primarily relating to public universities in Oregon. These five positions had been part of the Chancellor's Office in the Oregon University System (OUS) and include three employees who transferred from OUS to HECC in June 2015. These positions are crucial in collecting data regarding student demographics, academic progress, and related trends. They provide analysis for policy makers in both the executive and legislative branches. They are also key in providing the data for distributing the Public Universities Support Fund between the seven institutions.

For 2013-15, HECC had an interagency agreement with the Chancellor's Office which made this staff available to HECC and policy makers; at its May 2014 meeting, the Emergency Board provided one-time funding to cover the costs of this agreement. This funding did not role up into the current service level. The five positions are two Operations Analyst 4s, a Research Analyst 2, a Research Analyst 4, and an Information Systems Specialist 7.

- Approved Package 304 that provides \$381,317 General Fund for HECC to pay for various memberships in associations and organizations relating to post-secondary education. Most of resources are for the dues of the Western Interstate Commission on Higher Education (WICHE). Being a member of WICHE enables Oregon to enter into tuition reciprocity agreements with other western states. Other organizations include the Education Commission of the States and the State Higher Education Executive Officers Association. These membership costs had formally been paid by the Chancellor's Office which will no longer exist after June 30, 2015.
- Approved Package 802 that provides \$290,000 General Fund for information systems costs related to the consolidation of the components of the expanded agency. HECC presented a plan early in 2015 to address major issues with network servers and other systems of the former Department of Community Colleges and Workforce Development (CCWD). The plan also incorporated the needs of HECC as a new agency for information systems related issues. One component of this plan was transition of servers and other equipment to the state data center or its sub-contractors. The funding for the 2013-15 biennium came in part from the federal ALDER project which is no longer available as a funding source. This package provides the resources for the ongoing costs, including the assessments and charges paid to the state data center.
- Approved Package 804 that shifts funding on two HECC leadership positions from 100 percent General Fund to 80.0 percent General Fund, 10.0 percent Other Funds, and 10.0 percent Federal Funds. The two positions are the HECC Executive Director and the HECC Chief of Staff. This shift in funding better reflects the tie between the work performed by positions and the funding source for the respective programs. Total General Fund savings is \$99,494.
- Approved Package 808 that includes a technical adjustment to increase the Other Funds expenditure limitation by \$74,000 for a grant awarded through WICHE.

Degree Authorization/Private Career Schools

The Degree Authorization (DA) program approves requests by Oregon private institutions not exempted by statute, non-Oregon colleges, and other educational organizations to offer degrees entitled to academic credit in the state. The Private Career School (PCS) program licenses career schools, approves their programs, and investigates complaints regarding these schools. The Tuition Protection Fund assesses schools under PCS jurisdiction to offer partial reimbursement to students who attended private career schools and had funds or services due to them after the school went out of business. The Private Career School Program also has a contract with the U.S. Department of Veterans' Affairs for specific programs for veterans.

The Subcommittee approved a budget of \$2,646,524 total funds and 9.24 FTE. Funding is increased by seven percent above the 2013-15 Legislatively Approved Budget, while FTE is decreased by 7.6 percent, due to the phase-out of one-time General Fund support. The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 301 that recognizes the need to consolidate various business and support functions of the individual units of HECC into a central location. The units have previously contracted with DAS for human resources, payroll, accounting, contracts, budget, and IT services. This package is common across all the Operations units of HECC and this budget unit. This package transfers \$75,408 total funds to HECC Operations. In the HECC Operations unit of the budget, new positions are established for some of these functions. Some of these cost of these positions are offset by transfer of funds from the other units, (including this unit) that had been used to cover contracted services in prior biennia.
- Approved Package 302 that establishes one permanent Education Specialist 2 position (1.00 FTE) to meet the growing workload in regulating the various education entities under the jurisdiction of this unit. This package will better integrate these two programs which were combined in the past two years when the Office of Degree Authorization was transferred from what was then the Oregon Student Assistance Commission (OSAC) and the Private Career School program was transferred from the Oregon Department of Education. This will also assist the unit in implementing the State Authorization Reciprocity Agreement (SARA).

The current staff is facing increasing workload at this time due to school closures and difficult private post-secondary school cases leading to extensive investigations. Larger school closures create significant workload to coordinate with the federal government and other states, support and protect students, and to provide the documentation and investigations related to complaints and closures. With this in mind, \$150,000 of one-time Other Funds expenditure limitation is included in this package to provide funding to add temporary staff or to contract for other resources to address the increased workload. The Legislature should review the need for continuing this funding as well as the impact on ending balances from fee revenues during the 2017 Legislative Session.

This package also authorizes the reclassification of three positions between the two programs for a total cost of \$61,506 Other Funds. The reclassifications are based on desk audits of the positions and have been approved by DAS. Two Program Analyst 2 positions are reclassified to Education Specialist 1 and a Program Analyst 1 position is reclassified to an Operation and Policy Analyst 2.

This package is dependent on fee increases in Senate Bill 218 and the ratification of fees already in place by House Bill 5025. These fee increases provide the resources for both of the programs and negate the need for General Fund that was included in the 2013-15 budget. Total cost of this package is \$450,353 Other Funds.

CCWD Office Operations

This unit provides leadership, coordination, accountability, and technical assistance to Oregon's community colleges and local workforce investment programs on issues such as access to postsecondary instruction, education reform, college transfer, professional technical education,

lifelong learning, service to business, workforce training, accountability, funding, and diversity. The administration of federal Workforce Innovation and Opportunity Act programs is contained in this unit. The federal resources distributed to local providers are included in a separate program unit.

The Subcommittee approved a budget of \$16,846,859 General Fund, \$33,697,676 total funds, and 54.70 FTE. General Fund and total funds are increased by 20.0 percent and 6.8 percent from the 2013-15 Legislatively Approved Budget respectively. The increases in funding are largely the result of a new program to help students without high school diplomas complete GEDs and adjusting funding of several positions based on actual workloads. The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 301 that recognizes the need to consolidate various business and support functions of the individual units of HECC into a central location. The units have previously contracted with DAS for human resources, payroll, accounting, contracts, budget, and IT services. This package is common across all the Operations units of HECC. In the HECC Operations unit of the budget, new positions are established for some of these functions. Some of the costs for these positions are offset by transfer of funds from the other units that had been used to cover these contracted services in prior biennia. This package transfers \$217,523 total funds to HECC Operations.
- Approved Package 311 that reconciles the funding of eight positions formally part of CCWD to reflect the actual work they perform. This problem was temporarily addressed in the 2013-15 biennium during the February 2014 Session. This package permanently addresses the problem. The current budget has the equivalent of 8.65 FTE funded with General Fund resources and this package increases this to 13.00 FTE. Most of these eight positions are central support positions, supporting the entire HECC scope of programs, which are primarily General Fund programs. Total General Fund cost of this package is \$963,679.
- Approved Package 801 that provides \$2.0 million General Fund of support to underserved students to obtain a high school equivalency credential such as a GED. The program will be directed at the estimated 10,000 students up to age 25 who do not have a high school diploma. Services will be provided through community based organizations currently serving the target population and existing criteria would be used. There are two permanent positions (2.00 FTE) established in the package who will work on unifying the use of these tests across the systems, identifying eligible community based organizations and distributing GED scholarship grants through the organizations.
- Approved Package 804 that shifts the funding for the Deputy Commissioner position from a mix of General Fund and Federal Funds to 100 percent Federal Funds. This position is transitioning to fully focusing on workforce development activities instead of spending part of the time on community college related activities. This package saves \$146,470 General Fund.
- Approved repurposing some of the \$10.9 million General Fund included in the 2015-17 current service level for workforce programs as follows:
 - Funds for the Work Ready Communities program, which includes National Career Readiness Certificates (NCRC), is increased from \$750,000 to \$1.0 million.

- Support for local workforce investment boards to lead local sector strategies and other efforts to increase community and industry competitiveness is funded at \$2.5 million.
- Technical assistance for local workforce areas is funded at \$1.0 million.
- An allocation of \$400,000 is provided for identification and dissemination of best practices among local workforce investment boards.
- Funding for Back to Work Oregon on-the-job training and NCRC programs included in the 2011-13 and 2013-15 budgets is reduced from \$6.2 million to \$5.0 million.
- A separate allocation of \$1.5 million for the NCRC program is eliminated, as is \$1.5 million for the Supporting Sector Strategies program.

State Support to Community Colleges

This unit contains the Community College Support Fund (CCSF), as well as other state support for community college operations throughout the state. Other Funds and Federal Funds supporting the colleges are included in a separate program unit. HECC plans to implement a new allocation model for distributions of the CCSF, beginning in the second year of the 2015-17 biennium, that will include completion as well as enrollment.

The Subcommittee approved a budget of \$550,605,640 General Fund and \$45,810 Other Funds. This represents a 18.3 percent increase from the 2013-15 Legislatively Approved Budget, respectively. No FTE are included in this unit. The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 111 that increases the amount the state provides to the community colleges for general education services for developmental education, classes leading to an associate's degree, classes used for credit at a four-year college or university, classes leading to a certification, and related costs of the colleges. The \$95.0 million General Fund provided in this package brings the total funding for this program to \$550 million -- a 20.9 percent increase over the current service level and a 18.3 percent increase over the amount available for 2013-15.

Distribution of these funds to the 17 community college will follow the existing distribution formula for the first year of the biennium based on student FTE and including the enrollment caps that affect some of the colleges. It is anticipated that HECC will implement a performance based distribution formula for the second year of the biennium in part based on student completion of degrees and certificates.

Budget Note

Prior to the final adoption of any significant change to the distribution of the Community College Support Fund, the Higher Education Coordinating Commission is directed to consult with the appropriate legislative committees including the interim policy committees with jurisdiction on post-secondary education issues and the interim Joint Committee on Ways and Means or the Emergency Board on the proposed distribution change.

- Approved Package 803 that provides permanent funding for the Margaret Carter Skill Center at Portland Community College and the Sabin Schellenberg Professional Technical Center in Clackamas County. Funding of \$605,640 General Fund is split evenly between the two centers.

CCWD Federal/Other Programs

This unit contains Other Funds and Federal Funds that are distributed to community colleges, local workforce service areas, and other local providers. Funding is primarily received from the Workforce Innovation and Opportunity Act and Perkins Vocational and Technical Education Act. The Subcommittee approved a total funds budget of \$115,328,803 which is 2.5 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit. The Subcommittee approved the base budget and essential packages.

Oregon Youth Conservation Corps

The Oregon Youth Conservation Corps (OYCC) was established in 1987 for the purpose of providing education, training, and employment opportunities for disadvantaged and at-risk youth ages 16 to 25. OYCC's goals are to improve work skills, instill work ethic, and increase employability. Jobs are created through partnerships with public natural resource agencies.

The Subcommittee approved a budget of \$3,657,974 total funds and 3.00 FTE. Total funds are 0.8 percent above the 2013-15 Legislatively Approved Budget while FTE is unchanged. The Subcommittee approved the base budget and essential packages.

CCWD Debt Service

Debt Service on Article XI-G bonds and Lottery Bonds sold to finance community college capital projects are budgeted in this program unit. Debt service on Article XI-G bonds is paid with General Fund; Lottery bonds debt service is paid with Lottery Funds.

The Subcommittee approved a budget of \$24,637.915 General Fund, \$10,462,066 Lottery Funds, and \$35,099,982 total funds. General Fund and Lottery Funds are increased above the 2013-15 Legislatively Approved Budget by 49.0 percent and 9.9 percent respectively while total funds are reduced by 11.0 percent, due to the elimination of one-time expenditure authority needed for a bond refinancing. No FTE are included in this unit.

The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 811 that modifies costs based on up-to-date debt service requirements available at this time. These adjustments reflect: projects without identified required match that can't go forward at this time; savings generated through refinancing of outstanding bonds; and savings due to lower than projected payments for 2015-17. The adjustments total \$13,778,576 General Fund and \$232,169 Lottery Funds in savings.

Public University Support Fund

The Public University Support Fund (PUSF) represents the state's General Fund contribution to operation of the Oregon's seven public universities' education, student support, research, and public service programs. Combined with student tuition and other revenues that are not included in the state budget, the funds provide basic support to the educational institutions, their institutional boards, administration functions, and student support services.

The Subcommittee approved a budget of \$665,000,000 General Fund, which is 27.2 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit. The Subcommittee took the following action:

- Approved Package 100 that transfers the budget for this and other units that historically funded the Oregon University System from the Department of Administrative Services to HECC. This change reflects the role of HECC and the Commission's relationship with the public universities after passage of legislation over the past two biennium eliminating the university system and establishing independent boards. The change also reflects the requirements of ORS 351.052 as amended by Senate Bill 219 (2015) requiring that funding requests for public universities approved by the Legislature shall be appropriated to HECC. All current service level adjustments are made for this budget unit prior to the transfer to HECC by this package.
- Approved Package 102 that increases the amount provided by the state to the seven public universities by \$151.4 million General Fund, which represents a 29.5 percent increase from the current service level for 2015-17 and a 27.2 percent increase from the 2013-15 budget.

Budget Note

The additional \$30.0 million post-revenue forecast allocation for the biennium is to be used to fund campus investments in targeted tuition remissions for undergraduate Oregonians, and programs to improve student graduation. These would be programs detailed previously by the universities to the HECC for how they would use additional investments addressing access, affordability, and student success. The seven universities will commit to continuing these investments in both years of the biennium. The universities will report to HECC, and legislative committees, how they have invested the funds. All additional funds will flow through the Student Success and Completion Model (SSCM).

Agricultural Experiment Station

This budget unit provides state General Fund support for Agricultural Experiment Stations. The stations, operated by Oregon State University conduct research and demonstrations in the agricultural, biological, social, and environmental sciences. Research is conducted at a central station at Corvallis and at eleven branch stations in major crop and climate areas of the state.

The Subcommittee approved a budget of \$63,121,066 General Fund, which is 14.4 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit. The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from the Department of Administrative Services to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 805 that increases the funding for the Agricultural Experiment Station by \$6,125,000, its share of the \$14.0 million General Fund provided to the three Statewide Public Service programs operated by Oregon State University.

Budget Note

Oregon State University shall provide a report to the Legislative Assembly for consideration during the 2016 legislative session regarding the implementation of programs and activities enabled by the \$14.0 million funding increase for the Statewide Public Service Programs – the Agricultural Experiment Station, the Extension Service, and the Forest Research Laboratory. This report should identify the progress made in hiring additional staff and researchers, and the various activities undertaken and planned for the remainder of the 2015-17 biennium and into the future.

Extension Service

This budget unit provides state General Fund support for the Extension Service. The Extension Service is the educational outreach arm of Oregon State University in its capacity as Oregon’s land, sea, space, and sun grant university. Extension faculty on campus and in county offices throughout the state work with researchers and volunteers to develop and deliver non-credit educational programs based on locally identified needs. Generally, counties provide office space and operating expenses, including support staff. Programs are delivered with the assistance of thousands of volunteers.

The Subcommittee approved a budget of \$45,601,540 General Fund, which is 14.0 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit.

The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from the Department of Administrative Services to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 805 that increases the budget for the Extension Service by \$4,375,000, its share of the \$14.0 million General Fund provided to the three Statewide Public Service programs operated by Oregon State University.

Forest Research Laboratory

This budget unit provides state General Fund support for the Forest Research Laboratory at Oregon State University. The Forest Research Laboratory conducts research on sustainable forest yields, use of forest products, and stewardship of Oregon's resources. This research is conducted in laboratories and forests administered by the university and cooperative agencies and industries throughout the state. Research results are made available to potential users through educational programs and publications that are directed to forest landowners and managers, manufacturers and users of forest products, leaders of government and industry, the scientific community, the conservation community, and the general public.

The Subcommittee approved a budget of \$9,771,107 General Fund, which is 61.0 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit. The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from the Department of Administrative Services to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 805 that increases the budget for the Extension Service by \$3,500,000 General Fund, its share of the \$14.0 million General Fund provided to the three Statewide Public Service programs operated by Oregon State University.

Public University State Programs

This budget unit includes General Fund support for a variety of institutions, centers, and programs operated by public universities that address economic development, natural resource and other issues rather than providing support general support for instruction and student support services. Many of these programs have an industry-specific focus, matching state support with funds from private sector and other sources.

The Subcommittee approved a budget of \$34,298,725 General Fund, which is 34.5 percent above the 2013-15 Legislatively Approved Budget. The increase is due to transfer of ETIC funds from OEIB and within the HECC budget and does not reflect an increase in total program funding beyond inflation. No FTE are included in this unit.

The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from the Department of Administrative Services to HECC. The transfer includes the 2015-17 current service level for the program unit. The current service level amount transferred to HECC for each public program is as outlined in the table on the following page:

Program	2015-17 Approved Budget
UO & PSU Dispute Resolution programs	\$2,516,149
PSU Oregon Solutions program	\$2,257,451
OSU Fermentation Program	\$1,239,600
UO, OSU, & PSU Signature Research Centers	\$1,040,577
Oregon Metals Initiative	\$749,065
UO Labor Education Research Center (LERC)	\$678,544
OSU Marine Research Vessel Program	\$619,800
PSU Population Research Center	\$435,313
OSU Natural Resources Institute	\$399,103
Clinical Legal Education program	\$348,077
OSU Climate Change Research Institute	\$312,837

- Approved Package 801 that transfers the \$749,065 General Fund support for the Oregon Metals Initiative to the Oregon Business Development Department (OBDD). An equal amount of General Fund will be added for the same purpose in the OBDD budget, which has approximately \$2.0 million Lottery Funds allocated as additional support for the program. This change will allow all state support for the Oregon Metals Initiative to be consolidated in one budget.
- Approved Package 806 that redistributes funds associated with the Engineering Technology Industries Council (ETIC) program. In 2014, 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 HECC Operations budget since OEIB was scheduled to sunset in March of 2016. Under the current plan, ETIC resources are going to be divided into two parts. Eighty percent, \$24.45 million General Fund, was transferred into this budget unit for the engineering programs at various public universities. The remaining \$6.11 million General Fund will be used as funding for other programs in state government.

Public University Debt Service

This program includes the cost of debt service on capital construction and information systems projects financed with bonds and Certificates of Participation (COPs). Debt service on Article XI-G bonds is paid with General Fund; Lottery bonds debt service is paid with Lottery Funds. Payment of debt service on Article XI-Q bonds, SELP loans, and COPs is split between General Fund and campus funds, depending on how each project was authorized. All debt service on Article XI-F (1) bonds is paid with campus funds.

Debt service on bonds and COPs paid with campus funds has not been included in the state budget for several biennia. With the elimination of the Oregon University System and the creation of independent boards for each of the seven universities, government accounting standards require that it be included in the budget. Package 811 includes Other Funds Nonlimited expenditure authority so that HECC can receive funds from the universities and make the debt service payments.

The Subcommittee approved a budget of \$119,704,939 General Fund, \$31,887,710 Lottery Funds, and \$376,177,865 total funds. General Fund and Lottery Funds are increased by 34.3 percent and 24.7 percent respectively from the 2013-15 Legislative Assembly. Total funds are increased by 227.9 percent to record debt service payments made by the institutions rather than by the state on the state's budget; in recent biennia, these payments were only carried on university budgets. No FTE are included in this unit.

The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from DAS to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 811 that modifies costs based on up-to-date debt service requirements available at this time. These adjustments reflect: projects without identified required match that can't go forward at this time; savings generated through refinancing of outstanding bonds; and savings due to lower than projected payments for 2015-17. Adjustments total \$10,170,750 General Fund and \$269,661 Lottery Funds in savings that are used elsewhere in the budget.

This package also recognizes outstanding debt service for general obligation bonds and certificates of participation that had been issued for the benefit of public universities and repaid from sources other than the state General Fund and Lottery Funds. This outstanding debt service will be paid with resources received from the public universities. With the elimination of the Oregon University System, legal counsel has provided advice that debt service payments due on state issued debt must be included in the state budget. These payments will be sent by universities to HECC, which will record the transactions on its' accounts. The estimated amount of Other Funds Nonlimited expenditures for paying self-supported university debt is \$224,585,215 for 2015-17.

Sports Lottery

This budget unit includes the one percent of Lottery Funds deposited into the Department of Administration Services Economic Development Fund that is transferred to the Sports account to finance intercollegiate athletics and graduate student scholarships. Eighty-eight percent of the revenues deposited into the Sports Lottery Account are used to finance intercollegiate athletics. The remaining 12.0 percent are for graduate student scholarships that are not awarded on the basis of athletics. Of the athletic funds, 70.0 percent must be used for non-revenue producing sports, and at least 50.0 percent must be used for women's athletics.

The Subcommittee approved a budget of \$8,240,000, which is 3.0 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit.

The Subcommittee took the following action:

- Approved Package 100 that transfers distribution of funds for this program unit from DAS to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 807 that reduces Lottery Funds by \$3,157,647 to make a total of \$8.24 million Lottery Funds available for the 2015-17 biennium. The package implements a policy decision to continue to cap the Sports Lottery distribution to public universities at \$8.24 million for the biennium, the same level provided in 2013-15 adjusted for inflation. The remaining \$8.24 million Lottery Funds is to be distributed as follows:

University	2015-17 Approved Budget
University of Oregon	\$1,030,000
Oregon State University	\$1,030,000
Portland State University	\$2,525,560
Oregon Institute of Technology	\$873,440
Western Oregon University	\$1,034,120
Southern Oregon University	\$873,440
Eastern Oregon University	\$873,440

Oregon Health and Science University

This budget unit includes all direct state payments to OHSU that support the university's education and rural programs. The state also contributes a significant amount of other funding to OHSU mainly through funding health services for state employees and clients through the Oregon Health Plan. The current service level amounts for each of the programs in this budget unit are as follows:

Program	CSL Funding for 2015-17
School of Medicine	\$24,770,841
School of Nursing	\$21,422,479
School of Dentistry	\$10,039,481
Office of Rural Health/Area Health Education Centers (AHEC)	\$4,388,996
Scholars for a Healthy Oregon	\$5,165,000
Child Development & Rehabilitation Center (CDRC)	\$7,964,430
Oregon Poison Center	\$2,548,619
Primary Health Care Loan Forgiveness Program	\$1,033,000

The Subcommittee approved a budget of \$77,332,846 General Fund, which is 6.6 percent above the 2013-15 Legislatively Approved Budget. No FTE are included in this unit. The Subcommittee approved Package 100 that transfers distribution of funds for this program unit from DAS to HECC. The transfer includes the 2015-17 current service level for the program unit.

OSAC Office Operations

This program unit includes all Office of Student Access and Completion (OSAC) staff with the exception of those working on the ASPIRE program; all ASPIRE expenditures are included in a separate program unit. Office Operations is responsible for all agency-wide administrative functions including budget formulation, fiscal control, personnel administration, and information. Staff in this unit administer all scholarship and financial aid programs operated by the Office, other than ASPIRE.

The Subcommittee approved a budget of \$3,282,811 General Fund, \$6,066,075 total funds, and 18.77 FTE. General Fund and total funds are increased by 56.4 percent and 29.5 percent above the 2013-15 Legislatively Approved Budget, while FTE is reduced by 4.6 percent. The increase in funding is primarily due to one-time funding to replace an aging data system and to support reduced revenues in the private scholarship programs.

The Subcommittee took the following action:

- Approved Package 070 that reflects the combination of falling revenues due to the loss of one of the major scholarship programs administrated by OSAC and the consequences of transferring costs to Other Funds revenue over recent biennia. The result is that there is

insufficient revenue to cover Other Funds expenditures in the current service level. Most of this revenue is from charges to various organizations that contract with OSAC to administer their scholarship programs. OSAC charges a fee for direct and indirect (e.g., rent) administrative costs. OSAC's two major donor organizations are concerned about any further fee increases, so the agency now must take actions to manage within available revenues. This package reduces expenditures by \$510,485 Other Funds and positions by 3.67 FTE. Package 214 restores some of these resources.

- Approved Package 100 that transfers the budget for this unit from the Office of Student Access and Completion to HECC. This change reflects legislation passed in a previous session which folded OSAC into HECC. All current service level adjustments are made for this budget unit prior to the transfer to HECC by this package.
- Approved Package 131 that funds Services and Supplies costs to reprogram OSAC's information technology system as a result of changes to the Oregon Opportunity Grant program included in House Bill 2407. These changes relate to eligibility, grant amounts, priority awards, award guarantees, and application deadlines. Implementing these changes will require significant reprogramming of the OSAC's Financial Aid Management Information System (FAMIS) used to process Free Application for Federal Student Aid (FAFSA) data used to determine student eligibility and award amounts. System changes are estimated to cost \$250,000 General Fund in the 2015-17 biennium. OSAC is also seeking funding in Package 313 to make major improvements in the FAMIS system overall. The agency should integrate work funded by this package with the major improvements resulting from efforts that are part of Package 313.
- Approved Package 213 that funds activities to increase the awareness of post-secondary opportunities among students across the state. The package is funded with federal College Access Challenge Grant funds for the second year of the biennium and should be considered one-time revenue given that the state must meet specific post-secondary spending levels to be eligible. The staff (4 positions; 0.77 FTE) included in this package will: travel throughout the state providing information on financial aid, the FAFSA, and scholarships; coordinate expansion of College Goal Sunday and the FAFSA Completion Pilot; and provide FAFSA training and technical assistance to ASPIRE sites. The package increases federal funding by \$731,958 and includes \$600,000 for grants to OSAC partners.
- Approved Package 214 that restores a portion of the staff and other resources lost in Package 070 due to falling revenues. One-time General Fund resources of \$300,687 restore funding for 2.00 FTE (permanent) of the 3.67 FTE eliminated in Package 070. The agency should report back to the Joint Committee on Ways and Means during the 2017 Legislative Session on the funding as well as the direct and indirect costs of the scholarship programs and whether the program is sustainable with current fees charged the organizations offering the scholarship. The program is unique and does offer a "one-stop" place to apply for a number of different scholarship opportunities. At the same time, the question must be addressed if this is a function that should be paid in part with General Fund.
- Approved Package 301 that recognizes the need to consolidate various business and support functions of the individual units of HECC into a central location. The units have previously contracted with DAS for human resources, payroll, accounting, contracts, budget, and IT services. This package is common across all the Operations units of HECC and this budget unit. In the HECC Operations unit, new positions are established for some of these functions. A portion of the cost is offset by transfers from the other units, (including this unit), of funds that had been used to cover these contracted services in prior biennia.

- Approved Package 313 that includes funding to complete a business case for replacement of OSAC's Financial Aid Management Information System (FAMIS) that processes FAFSA data and determines student eligibility and award amounts for the Opportunity Grants and other student aid programs. FAMIS is an older system and was at some risk of security breaches in the past. Steps were taken to address security issues on a temporary basis but the system still needs to be replaced. The agency is currently working on a business case and other initial project management needs but is not at the point to ask for full funding for the project. This package provides \$800,000 General Fund as a "down payment" until February 2015. At that time OSAC can return to request any further funding if necessary after following the necessary project management requirements below:
 - 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.
 - 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 consultant 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 Legislative Session and/or to other legislative committees 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.

- Approved Package 804 that reclassifies seven positions based on review by the DAS Chief Human Resources Office. The following positions are reclassified: an Office Specialist 2 to an Administrative Specialist 1; a Program Analyst 3 to an Operations and Policy Analyst 3; a Program Analyst 2 to a Program Analyst 3; an Accounting Technician 2 to an Accounting Technician 3; an Information Systems Specialist 5 to an Information Systems Specialist 7; and two Information Systems Specialist 4 to Information Specialist 7. The reclassifications reflect the work currently being done by the positions. The total cost is \$22,864 General Fund and \$28,081 Other Funds. This package provides the Other Funds limitation increase but the agency will have to identify the General Fund resources within its budget.

OSAC Other Programs

This unit includes the following programs: Chafee Education and Training Voucher Program, the Gear-Up Scholarship program, the Nursing Faculty Loan Repayment Program, JOBS Plus, Oregon Youth Conservation Corps Scholarships, Barber and Hairdresser Scholarships, and the

Oregon Student Child Care Grant program. In addition, OSAC manages nearly 500 private scholarship programs through a common application process.

The Subcommittee approved a budget of \$948,619 General Fund and \$15,478,187 total funds. General Fund is increased by 3.1 percent above the 2013-15 Legislatively Approved Budget while total funds are reduced by 14.8 percent due to reduced funding for private scholarships. No FTE are included in this unit. The Subcommittee approved Package 100 that transfers the budget for this program unit from OSAC to HECC. The transfer includes the 2015-17 current service level for the program unit.

Opportunity Grants

This budget unit includes the funding for the Oregon Opportunity Grant which is the primary financial aid program for post-secondary students in Oregon. Grants are made to Oregon applicants who are attending community colleges, public universities, and private colleges/universities.

The Subcommittee approved a budget of \$127,833,621 General Fund, \$11,816,379 Lottery Funds, and \$140,913,213 total funds, which is 15.0 percent, 364.1 percent, and 23.7 percent above the 2013-15 Legislatively Approved Budget, respectively. No FTE are included in this unit. The Subcommittee took the following action:

- Approved Package 100 that transfers the budget for this program unit from OSAC to HECC. The transfer includes the 2015-17 current service level for the program unit.
- Approved Package 131 that increases the Oregon Opportunity Grant to \$139.7 million General Fund and Lottery Funds. This \$22.5 million increase is a 19.2 percent increase above current service level. This amount represents a 22.8 percent increase over the amount available in 2013-15. At this level of funding, it is estimated that the average grant will be \$1,680 and almost 84,000 recipients will be served.

ASPIRE

ASPIRE (Access to Student Assistance Programs In Reach of Everyone) helps middle and high school students access education and training beyond high school. Students receive information about college and career options, admission, and financial aid from trained volunteer mentors who work with them one-on-one throughout the year. Beginning with four pilot schools in 1998, ASPIRE is currently serves 145 sites throughout the state.

The Subcommittee approved a budget of \$1,652,164 General Fund, \$2,506,539 total funds and 7.14 FTE, which are 4.6 percent, 41.8 percent, and 19.0 percent above the 2013-15 Legislatively Approved Budget, respectively. The increase is primarily due to a one-time federal grant allowing the agency to increase ASPIRE sites during the second year of the biennium. The Subcommittee took the following action:

- Approved Package 100 that transfers the budget for this program unit from OSAC to HECC. The transfer includes the 2015-17 current service level for the program unit.

- Approved Package 212 that provides one-time Federal Funds resources of \$661,488 to increase the number of ASPIRE sites by 112 during the second year of the biennium. The funds are available under the College Challenge Access Grant program. If the state provides the minimum funding for post-secondary education in the 2015-16 school year the funds become available in October 2016. The funds provide for partnership grants for each site, necessary licenses for the site, resources for equipment and evaluation, and three positions (1.14 FTE). The positions work with ASPIRE site coordinators, provide training, assist in making site plans for recruitment of limited duration volunteers and students, and manage or oversee sub-granting organizations.

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 5024-A

**Higher Education Coordinating Commission
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 *	\$ 3,603,360	\$ -	\$ 1,757,474	\$ 200,000	\$ 347,571	\$ -	\$ 5,908,405	27	20.65
2015-17 Current Service Level (CSL)*	\$ 531,190,359	\$ 10,694,235	\$ 8,721,386	\$ 206,000	\$ 111,219,540	\$ 18,968,832	\$ 681,000,352	79	76.94
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 001 HECC Operations									
Package 231: ETIC Reconfiguraiton									
Special Payments: Other Special Payments	\$ (19,744,404)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,744,404)		
Package 301: HECC Management Streamlining									
Personal Services	\$ 1,214,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,214,318	8	8.00
Services and Supplies	\$ 71,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,344		
Package 303: Integrated research and data team									
Personal Services	\$ 1,059,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,333	5	5.00
Services and Supplies	\$ 340,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,667		
Package 304: Post Secondary Education Memberships									
Services and Supplies	\$ 381,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,317		
Package 802: Information Systems									
Services and Supplies	\$ 290,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,000		
Package 804: Position Clean Up									
Personal Services	\$ (99,494)	\$ -	\$ 49,747	\$ -	\$ 49,747	\$ -	\$ -	0	0.00
Package 808: Technical Adjustments									
Services and Supplies	\$ -	\$ -	\$ 74,000	\$ -	\$ -	\$ -	\$ 74,000		
SCR 002 Degree Authorization/Private Career Schools									
Package 301: HECC Management Streamlining									
Services and Supplies	\$ -	\$ -	\$ (61,517)	\$ -	\$ (13,891)	\$ -	\$ (75,408)		
Package 302: DA/PCS Integrating Program approval & reviews									
Personal Services	\$ -	\$ -	\$ 276,892	\$ -	\$ -	\$ -	\$ 276,892	1	1.00
Services and Supplies	\$ -	\$ -	\$ 173,461	\$ -	\$ -	\$ -	\$ 173,461		
SCR 011 CCWD Operations									
Package 301: HECC Management Streamlining									
Services and Supplies	\$ (73,958)	\$ -	\$ (30,453)	\$ -	\$ (113,112)	\$ -	\$ (217,523)		
Package 311: CCWD Work Reconciliation									
Personal Services	\$ 963,679	\$ -	\$ (54,431)	\$ -	\$ (909,248)	\$ -	\$ -	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Adjustment									
Personal Services	\$ 309,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,024	2	2.00
Services and Supplies	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000		
Special Payments	\$ 1,655,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,655,976		
Package 804: Position Clean Up									
Personal Services	\$ (146,470)	\$ -	\$ -	\$ -	\$ 146,470	\$ -	\$ -	0	0.00
SCR 012 State Support to Community Colleges									
Package 111: Community College Support Fund									
Special Payments: Dist to Comm Colleges	\$ 94,994,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,994,262		
Package 803: Skills Centers									
Special Payments: Dist to Comm Colleges	\$ 302,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,820		
Special Payments: Dist to School Districts	\$ 302,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,820		
SCR 015 CCWD Debt Service									
Package 811: Updated Base Debt Service Adjustment									
Debt Service: Principal & Interest	\$ (13,778,576)	\$ (232,169)	\$ -	\$ -	\$ -	\$ -	\$ (14,010,745)		
SCR 021 Public University Support Fund									
Package 100: Transfer from HECC									
Special Payments: Other Special Payments	\$ 513,609,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,609,162		
Package 102: Public University Support Fund									
Special Payments: Other Special Payments	\$ 151,390,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,390,838		
SCR 022 Agricultural Experiment Station									
Package 100: Transfer from HECC									
Special Payments: Other Special Payments	\$ 56,996,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,996,066		
Package 805: Public Universities Statewide Adjustments									
Special Payments: Other Special Payments	\$ 6,125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,125,000		
SCR 023 Extension Service									
Package 100: Transfer from HECC									
Special Payments: Other Special Payments	\$ 41,226,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,226,540		
Package 805: Public Universities Statewide Adjustments									
Special Payments: Other Special Payments	\$ 4,375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,375,000		
SCR 024 Forest Research Lab									
Package 100: Transfer from HECC									
Special Payments: Other Special Payments	\$ 6,271,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,271,107		
Package 805: Public Universities Statewide Adjustments									
Special Payments: Other Special Payments	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 025 Public University State Programs									
Package 100: Transfer from HECC									
Special Payments: Other Special Payments	\$ 10,596,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,596,516		
Package 801: LFO Analyst Adjustment									
Special Payments: Other Special Payments	\$ (749,065)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (749,065)		
Package 806: ETIC Funding									
Special Payments: Other Special Payments	\$ 24,451,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,451,274		
SCR 026 Public University Debt Service									
Package 100: Transfer to HECC									
Services and Supplies	\$ 180,217	\$ 70,438	\$ -	\$ -	\$ -	\$ -	\$ 250,655		
Special Payments: Loans Repaid to State Agencies	\$ 13,776,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,776,092		
Debt Service	\$ 115,919,380	\$ 32,086,933	\$ -	\$ -	\$ -	\$ -	\$ 148,006,313		
Package 811: Updated Base Debt Service Adjustment									
Debt Service	\$ (10,170,750)	\$ (269,661)	\$ -	\$ 224,585,215	\$ -	\$ 1	\$ 214,144,805		
SCR 027 Sports Action Lottery									
Package 100: Transfer to HECC									
Special Payments: Other Special Payments	\$ -	\$ 11,397,647	\$ -	\$ -	\$ -	\$ -	\$ 11,397,647		
Package 807: Sports Action Lottery Adjustments									
Special Payments: Other Special Payments	\$ -	\$ (3,157,647)	\$ -	\$ -	\$ -	\$ -	\$ (3,157,647)		
SCR 031 OHSU									
Package 100: Transfer to HECC									
Special Payments: Other Special Payments	\$ 77,332,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,332,846		
SCR 041 OSAC Office Operations									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (504,041)	\$ -	\$ -	\$ -	\$ (504,041)	0	-3.67
Services and Supplies	\$ -	\$ -	\$ (6,444)	\$ -	\$ -	\$ -	\$ (6,444)		
Package 100: Transfer to HECC									
Personal Services	\$ 1,698,032	\$ -	\$ 1,951,795	\$ -	\$ -	\$ -	\$ 3,649,827	20	19.67
Services and Supplies	\$ 278,402	\$ -	\$ 666,071	\$ -	\$ -	\$ -	\$ 944,473		
Package 131: OSAC Opportunity Grant Expansion									
Services and Supplies	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 213: OSAC Student Outreach									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 77,108	\$ -	\$ 77,108	4	0.77
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 54,850	\$ -	\$ 54,850		
Special Payments: Dist to Non-Profit Orgs	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ 600,000		
Package 214: OSAC Scholarship Restoration									
Personal Services	\$ 300,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,687	0	2.00
Services and Supplies	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ (30,000)		
Package 301: HECC Management Streamlining									
Services and Supplies	\$ (44,310)	\$ -	\$ (54,156)	\$ -	\$ -	\$ -	\$ (98,466)		
Package 313: OSAC IT Needs									
Services and Supplies	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000		
Package 804: Positon Clean Up									
Personal Services	\$ -	\$ -	\$ 28,081	\$ -	\$ -	\$ -	\$ 28,081	0	0.00
SCR 042 OSAC Other Programs									
Package 100: Transfer to HECC									
Special Payments: Dist to Individuals	\$ 948,619	\$ -	\$ 14,529,568	\$ -	\$ -	\$ -	\$ 15,478,187		
SCR 043 Opportunity Grants									
Package 100: Transfer to HECC									
Special Payments: Dist to Individuals	\$ 113,389,821	\$ 3,775,731	\$ 163,213	\$ -	\$ -	\$ -	\$ 117,328,765		
Package 131: Opportunity Grant Expansion									
Special Payments: Dist to Individuals	\$ 14,493,800	\$ 8,040,648	\$ 1,050,000	\$ -	\$ -	\$ -	\$ 23,584,448		
SCR: 044: ASPIRE									
Package 100: Transfer to HECC									
Personal Services	\$ 1,064,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,064,725	8	6.00
Services and Supplies	\$ 72,645	\$ -	\$ 117,800	\$ -	\$ -	\$ -	\$ 190,445		
Special Payments: Local School Districts	\$ 514,794	\$ -	\$ 75,087	\$ -	\$ -	\$ -	\$ 589,881		
Package 212: ASPIRE Expansion									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 101,303	\$ -	\$ 101,303	3	1.14
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 23,185	\$ -	\$ 23,185		
Special Payments: Local School Districts	\$ -	\$ -	\$ -	\$ -	\$ 537,000	\$ -	\$ 537,000		
TOTAL ADJUSTMENTS	\$ 1,216,675,096	\$ 51,711,920	\$ 18,414,673	\$ 224,585,215	\$ 553,412	\$ 1	\$ 1,511,940,317	51	41.91
SUBCOMMITTEE RECOMMENDATION *	\$ 1,747,865,455	\$ 62,406,155	\$ 27,136,059	\$ 224,791,215	\$ 111,772,952	\$ 18,968,833	\$ 2,192,940,669	130	118.85
% Change from 2013-15 Leg Approved Budget	48406.5%	0.0%	1444.0%	112295.6%	32058.3%	0.0%	37015.6%		
% Change from 2015-17 Current Service Level	229.0%	483.5%	211.1%	109021.9%	0.5%	0.0%	222.0%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2015-2017 Key Performance Measures

Agency: Higher Education Coordinating Commission

Mission: The Higher Education Coordinating Commission seeks to: Broaden pathways to the goal of educational success beyond high school by achieving at least 40% of adult Oregonians earning a bachelor’s degree or higher and at least 40% of adult Oregonians earning an associate’s degree or post-secondary credential as their highest level of educational attainment by 2025 (see ORS 351.009 Mission of Education Beyond High School); make the pathways accessible, affordable and supportive for students; steer the higher education enterprise and cheer the promotion of college completion and career readiness.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
1 - Oregon High School Graduates Attending College - Percentage of Oregon students enrolled in college within 16 months of their 4-year high school cohort graduation date.		Approved KPM		66.00	66.00
2 - College Credits Earned by K-12 Students - Amount of postsecondary credit per graduate awarded to K-12 students.		Approved KPM			
3 - Number of adult high school diplomas/GEDs earned - Number of people earning GEDs and adult high school diplomas in Oregon each year.		Approved KPM			
4 a - Developmental education pass rates - Percent of students enrolled in a developmental education math or writing course below the 100 level who successfully complete the course: Writing.		Approved KPM		69.00	69.00
4 b - Developmental education pass rates - Percent of students enrolled in a developmental education math or writing course below the 100 level who successfully complete the course: Math		Approved KPM		63.00	63.00
5 a - Success of developmental education students in college math and English - Percent of students enrolled in at least 6 credits who successfully complete college-level math or writing course within 24 months of enrolling in a corresponding community college math or writing developmental education course compared to the number of students enrolled in developmental education generally: Math.		Approved KPM		23.00	23.00

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5 b - Success of developmental education students in college math and English - Percent of students enrolled in at least 6 credits who successfully complete college-level math or writing course within 24 months of enrolling in a corresponding community college math or writing developmental education course compared to the number of students enrolled in developmental education generally: Writing.		Approved KPM		44.00	44.00
6 - Number of community college students who have earned 15-29 college credits.		Approved KPM		38,000.00	38,000.00
7 - Number of community college students who have earned 30-44 college credits.		Approved KPM		24,500.00	24,500.00
8 - Number of community college students who earn at least 45 college credits.		Approved KPM		5,850.00	5,850.00
9 - Certificate and OTM Earners - Number of certificates awarded and Oregon Transfer Modules (OTM) earned each academic year.		Approved KPM		8,650.00	8,650.00
10 - Associate's Degrees - Number of associate’s degrees completed each academic year.		Approved KPM		12,000.00	12,000.00
11 - Completion Ratio - Number of degrees, certificates completed, and transfer prior to completion per 100 credit-bearing FTE		Approved KPM		38.00	38.00
12 - Community college to university transfers - Number of students who transfer to any four-year institution each academic year.		Approved KPM		26,750.00	26,750.00
13 a - Earnings of community college completers - Median earnings of community college completers four quarters and five years after completion: 4 quarters.		Approved KPM		20,200.00	20,200.00

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13 b - Earnings of community college completers - Median earnings of community college completers four quarters and five years after completion: 5 Years.		Approved KPM		36,000.00	36,000.00
14 a - Earnings of community college leavers - Median earnings of community college students who left but earned at least 12 credits: 4 Quarters.		Approved KPM			
14 b - Earnings of community college leavers - Median earnings of community college students who left but earned at least 12 credits: 5 Years		Approved KPM			
15 - First-year retention rate - Percentage of Oregon public university students starting in a fall term and returning to an Oregon public university the following fall.		Approved KPM		83.00	83.00
16 - Six-year public university graduation rate - Percentage of full-time first-time students in an entering cohort that had graduate from an Oregon public university six years later.		Approved KPM		60.50	60.50
17 - Number of bachelor’s degrees awarded each academic year - Number of bachelor's degrees awarded at Oregon public universities each academic year		Approved KPM		16,850.00	16,850.00
18 - Number of advanced degrees and graduate certificates awarded - Number of advanced degrees and graduate certificates awarded at Oregon public universities each academic year.		Approved KPM		4,560.00	4,560.00
19 - Bachelor's degrees awarded to community college transfers - Number of bachelor’s degrees awarded to transfer students from Oregon community colleges each academic year		Approved KPM		4,400.00	4,400.00

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
20 - Graduation rate for non-traditional students - Graduation rate for newly admitted undergraduate students who are not first-time full-time freshman students (within six years of enrollment).		Approved KPM		63.00	63.00
21 a - Earnings of bachelor's degree completers - Median earnings of graduating students (BA/BS only) four quarters and five years after graduation: 4 Quarters.		Approved KPM		13,350.00	13,350.00
21 b - Earnings of bachelor's degree completers - Median earnings of graduating students (BA/BS only) four quarters and five years after graduation: 5 Years.		Approved KPM		32,600.00	32,600.00
22 - Percentage of resident enrolled students who are incurring unaffordable costs.		Approved KPM			
23 - Percentage of resident enrolled students who are incurring unaffordable costs adjusted with institutional aid.		Approved KPM			
24 a - University graduate debt - Average debt amount of Bachelor’s graduates accompanied by percent of graduates who are borrowers: Debt Amount.		Approved KPM		24,700.00	24,700.00
24 b - University graduate debt - Average debt amount of Bachelor’s graduates accompanied by percent of graduates who are borrowers: Percentage of Students with Debt.		Approved KPM			
25 a - Student loan default rates - Three-year official cohort student loan default rates: Public Universities		Approved KPM		6.40	6.40
25 b - Student loan default rates - Three-year official cohort student loan default rates: Public Community Colleges.		Approved KPM		22.90	22.90
25 c - Student loan default rates - Three-year official cohort student loan default rates: Higher Education Institutions		Approved KPM		14.30	14.30

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
26 - Average cost of attendance - Average cost of attendance for resident undergraduates minus grant aid as a percentage of median income.		Approved KPM		27.50	27.50
27 - Tuition and fees - Average statewide tuition and fees minus grant aid and net assess tuition and fees per resident, undergraduate FTE (colleges and universities).		Approved KPM			
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.		Approved KPM			
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM		90.00	90.00
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM		90.00	90.00
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM		90.00	90.00
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM		90.00	90.00

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28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		90.00	90.00
28 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM		90.00	90.00
29 - BEST PRACTICES - Percent of total best practices met by the Commission.		Approved KPM			

LFO Recommendation:

All of the KPMs are listed as "Proposed New KPM" but some of them are similar to KPMs that were under one of the component agencies that were folded into HECC including the Department of Community Colleges and Workforce Development, Oregon Student Access Commission, and the Oregon University System. HECC is proposing 43 different KPMs or subset KPMs including the multiple customer service KPMs. A number of the measures do not have targets at this time since the data for measuring the KPM is still being developed or baseline data is lacking. These include Measures 2, 3, 14a, 14b, 21a, 21b, 24b, and 27. Since this HECC's first set of independent KPMs it is preliminary to judge the performance of the agency against progress on their KPMs. Many of them are tied or measure similar trends that the funding formulas for Public Universities and Community Colleges that HECC is discussing to include in their performance or completion based distribution formulas. LFO recommends that the KPMs and their initial targets be accepted. Many of the targets may change in future biennia as better baseline data for many of the KPMs are developed or collected.

Sub-Committee Action:

Accept the LFO recommendation.