

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 996 - A

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Creates a savings program for post-secondary educations expenses administered by the Department of Consumer and Business Services

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact: DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

	2017-19 Biennium	2019-21 Biennium
General Fund	\$624,809	\$691,414
Total Funds	\$624,809	\$691,414
Positions	3	3
FTE	2.64	3.00

Analysis:

The bill creates the Oregon Bright Futures Fund. The Fund would be comprised of moneys appropriated by the Legislature, transfers from the federal government, grants, donations and earnings. The fund would help pay for post-secondary education expenses of individuals born in Oregon. Individuals may also qualify as a beneficiary of the Fund if their parents were Oregon residents at the time of birth or adoption.

This bill directs the Department of Consumer and Business Services (DCBS) to design, implement, and administer a savings program for post-secondary education expenses. DCBS would partner with financial institutions to establish beneficiary accounts for each qualified individual. Financial institutions would enter into an agreement with DCBS to participate in the voluntary program. Deposits into these accounts would come from the Fund, as determined by rule by DCBS. Deposits from beneficiaries, financial institutions or others would also allowed.

The State Registrar of Center for Health Statistics would send a data file on children born in Oregon to DCBS on a quarterly basis. (There are approximately 11,250 birth records per quarter.) The bill directs DCBS to open a designated beneficiary account at a participating financial institution for each child and to establish a maximum amount for an account. DCBS would notify parents of beneficiaries when accounts are opened on behalf of their child and provide reports and notifications to the designated beneficiary. DCBS may terminate an account when funds are “highly unlikely” to be used. DCBS would use moneys in the Fund for post-secondary education expenses and provide scholarships, grants and incentives to designated beneficiaries.

DCBS must provide reports to the Legislature by September 15, 2020 and by April 1, 2021 on the implementation of the program. The bill becomes operative on January 1, 2018, or the date on which DCBS determines that sufficient moneys are available to run the program.

Department of Consumer and Business Services

This bill requires DCBS to adopt rules to address the following:

- Selection process for participating financial institutions
- Process to set up a new beneficiary account and when such account should be opened
- How to determine maximum amounts for each account
- DCBS record keeping requirements
- Annual reports to designated beneficiaries
- Notification methods
- Circumstances when a designated beneficiary account may be terminated and the process for challenging that determination.

DCBS would also:

- Collaborate with OHA to establish the process for DCBS to receive information on each child born in Oregon
- Provide opportunities for organizations to develop incentive and scholarship programs for participating children.
- Solicit and accept contributions or donations from participating financial institutions for the Financial Institution Community Education Subaccount.
- Conduct Outreach – Educate all Oregonian’s on the existence and details of the program

DCBS would need to determine the technology platform required to administer the Fund. There is insufficient data at this point on the existence of any commercial off-the-shelf software that could be customized to meet the requirements. Development of a specialized program would likely increase the fiscal impact to DCBS. Outsourcing IT services may limit the number of DCBS staff required for the project, but DCBS would be responsible for vendor management and to monitor and manage security. There would be ongoing hosting and maintenance costs related to the new platform, however the agency is unable to estimate those costs prior to the selection or development of the platform. IT costs are indeterminate at this time.

To run the program, DCBS would need to add the following staff:

- 1 FTE - Operations and Policy Analyst 4 – X0873 – SR 32
- 1 FTE - Compliance Specialist 3 – C5248 – SR 30
- 1 FTE – Fiscal Analyst 3 – C0 – SR 30

The Operations and Policy Analyst 4 position would manage the implementation of the new program, including rulemaking and stakeholder involvement. This position would work with OHA to develop the agreement and determine the process to receive the information on children born in Oregon and provide continued overall management of the program.

The Compliance Specialist 3 position would monitor compliance with program requirements, facilitate the process to identify and select financial institution partners, develop and execute required agreements and conduct outreach. The Fiscal Analyst 3 position would primarily support the beneficiary account notification process and work with financial institutions to solicit contributions and donations. The position would handle the process to set up beneficiary accounts and process requests for qualified withdrawals from the account. All positions would contribute to the development of the required reports. DCBS would have some flexibility to absorb some administrative functions of the program by utilizing existing resources and staff.

No funding source is identified in this bill. DCBS would not hire or begin work until sufficient funds were available to fund the program. LFO assumes the funding for this bill would include General Fund. The costs for this bill, excluding any IT costs, would be \$624,809 (2.64 FTE) in 2017-2019 and \$691,414 (3.00 FTE) in 2019-2021. The IT costs would be significant but cannot be determined at this time.

Oregon Health Authority

This bill requires the Oregon Health Authority (OHA) Center for Health Statistics to send electronic data, on a quarterly basis, to DCBS for each child born in Oregon to residents of this state. This work will require minimal additional resources and can be accomplished by existing staff. This bill has no fiscal impact on OHA.