

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2802 - 2

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date: May 31, 2023

Measure Description:

Establishes pilot program at Portland State University and Eastern Oregon University to enhance hiring of public university students by nonprofit organizations.

Government Unit(s) Affected:

Public Universities, Higher Education Coordinating Commission

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

| | 2023-25 Biennium | 2025-27 Biennium |
|---|-------------------------|-------------------------|
| Higher Education Coordinating Commission | | |
| General Fund | | |
| Special Payments | \$294,206 | \$313,161 |
| Total General Fund | \$294,206 | \$313,161 |
| Total Fiscal Impact | \$294,206 | \$313,161 |

Analysis:

House Bill 2802, as amended by the -2 amendments, directs the Higher Education Coordinating Commission (HECC) to establish a 5-year pilot program at Portland State University (PSU) and Eastern Oregon University (EOU) to enhance the hiring of public university students by eligible nonprofit organizations. The measure appropriates \$294,206 General Fund to HECC to allocate to PSU and EOU to conduct the pilot program in the 2023-25 biennium.

Under the pilot program, one or more individuals designated as program administrators at PSU and EOU would register enrolled students and eligible nonprofit organizations that wish to participate in the program. The pilot program administrators would match students with eligible nonprofit organizations and, if possible, match each student to an organization that operates in a field relevant to the student’s course of study. For each academic term in which a student is employed by an eligible nonprofit organization, PSU and EOU would be required to reduce the student’s cost of tuition by 20%.

PSU and EOU would need to adopt policies relating to the administration of the pilot program, including the application process, the number of students and nonprofit organizations that can participate in the pilot program, and the rate at which wages paid by nonprofit organizations to students would be subsidized by PSU and EOU. PSU and EOU may use the pilot program funding to offset the reduction in tuition moneys that they receive for participating in the pilot program; to reimburse participating nonprofit organizations up to 50% of the amount that the organizations paid in wages to participating students; and for administrative expenses associated with the pilot program.

PSU and EOU must submit a report by September 15th of each year to interim committees of the Legislative Assembly related to higher education that evaluates the effectiveness of the pilot program.

The measure takes effect on July 1, 2023. The pilot program sunsets on January 2, 2028.

Higher Education Coordinating Commission

The measure directs HECC to establish the pilot program, but it does not specify what role HECC would have in this pilot program. This fiscal impact statement assumes that HECC would work with the program administrators to establish the program and educate them on the statutory requirements; otherwise, it appears that HECC would not have any administrative role or oversight over this pilot program. This fiscal impact statement assumes that HECC will act only as a passthrough for the funds allocated to PSU and EOU; thus, the measure is anticipated to have a minimal fiscal impact on HECC, and the increase in workload is absorbable within HECC's current service level. However, if HECC were required to provide a greater level of oversight or auditing of the pilot program, HECC may need additional staffing and resources.

Portland State University and Eastern Oregon University

The measure is anticipated to have a fiscal impact on PSU and EOU. Although the number of students and the number of nonprofit organizations that would participate in this pilot program cannot be predicted, it is assumed that each university would aim to serve approximately 5 students per year through this pilot program, which would require each university to hire 0.25 FTE to administer the program. There would be lost student tuition revenue for the tuition reduction of 20% per student; there would be costs for reimbursement to the nonprofit organizations for 50% of the wages paid to the student by the nonprofit organization; and there would be staffing, travel, and other costs for administering the program. See below for details by institution and fiscal year. PSU and EOU's costs would be reimbursed from the General Fund appropriation to HECC.

The estimated cost to EOU is \$145,744 in the 2023-25 biennium and \$155,845 in the 2025-27 biennium. The estimated cost to PSU is \$146,462 in the 2023-25 biennium and \$157,316 in the 2025-27 biennium. The total estimated cost to both EOU and PSU is \$294,206 General Fund in 2023-25 and \$313,161 General Fund in 2025-27.