



Oregon

Tina Kotek, Governor

Higher Education Coordinating Commission

Office of the Executive Director

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Salem, Oregon 97302

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April 6, 2023

The Honorable Senator Fred Girod, Co-Chair
The Honorable Representative Paul Holvey, Co-Chair
Joint Committee on Ways and Means, Subcommittee on Capital Construction
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

The Higher Education Coordinating Commission (HECC) respectfully submits the following written testimony in relation to House Bill 5006.

For the 2023-25 biennium, HECC is requesting the sale of Article XI-Q General Obligation Bonds in the amount of \$5,000,000 for the second phase HECC's Modernization Project. In the 2021-23 biennium, the first phase of the Modernization Project was funded with \$5 million in Q-Bonds. To date, HECC has contracted with a project management firm, a quality assurance provider, and an implementation contractor with Enterprise Information Services endorsement. This second round of funding will allow HECC to finalize the Project implementation. The following is a high-level synopsis of the Project.

Project: Components of the HECC Information Technology Modernization project include the replacement of HECC's Financial Aid Management Information System (FAMIS), creation of a federally required Eligible Trainer Provider List, and replacement of an outdated legacy system operated by the HECC's Office of Academic Policy and Authorization. Completing the overall project will provide HECC with a reliable, predictable, scalable, user-friendly, and secure platform that has the ability to meet agency's current and emerging needs.

Components: There are three systems included in this project:

1. The Office of Student Access and Completion's (OSAC's) Financial Aid Management Information System (FAMIS),
2. The Office of Workforce Investment's (OWI's) Eligible Trainer Provider List (ETPL), and
3. The Office of Academic Policy and Authorization's (APA's) legacy system.

For FAMIS, the core technology was built over four decades ago. HECC's reliance on FAMIS prohibits the agency from efficiently administering state education funding, responding quickly or completely to legislative mandates, or innovating and improving the administration of the financial aid programs it manages. This has a detrimental effect on students, particularly low-income and historically underserved students, who are trying to access financial aid information and resources to help pay for college and hinders students from completing their applications or pursuing post-secondary education and training opportunities.

The Eligible Trainer Provider List is a critical resource that supports informed consumer choice for locally relevant, job-driven training options. The list provides information on training costs, program duration and location, and other important information that consumers can use to select the best training option. If an individual is seeking assistance for career-based training or skill building opportunities, the ETPL is the first, best, and often only resource available to them. If a training program is not included on the list, it is not eligible to accept federally funded subsidy, with very few exceptions. The current process for evaluating training providers and programs is a combination of forms completed using a Survey Monkey questionnaire, manual processing by HECC staff to evaluate and qualify providers and their programs, and an Excel-based list placed on a Weebly website for public access. The process has several shortcomings that adversely impact operational efficiency on how the agency delivers services to consumers. The federal government has mandated the HECC to establish a fully functional ETPL and reporting mechanism, and HECC has outstanding audit finding requiring the creation of the system. Failing to develop this system will result in sanction of the agency and the potential loss of \$32 million in annual funding. The funding loss would be catastrophic and come with significant impact to workforce services in Oregon.

For APA, PCSVets has limited front-end user interface and inadequate business processes to meet the private career schools' needs. ODA has paper-driven processes that could be made more efficient through use of technology. These efficiencies would benefit HECC staff as well as postsecondary institutions.

All three of these offices' stakeholders have similar needs, including OSAC's students, OWI's training providers and jobseekers, and APA's postsecondary institutions. They require customers to fill out forms and applications and require HECC staff to evaluate this information and communicate the results back to the customers. The basic processes are the same, however, the forms and applications differ. Therefore, HECC has determined that pursuing one IT platform that is easily accessible, consolidates HECC's data, and improves reporting is the proper tool to support the consolidation of all of HECC's data and provide mission-driven services.

Quantifying Results: The Modernization project is expected to allow ease of cross-functional data and integration capabilities with other HECC systems. HECC intends for the project to take 3-4 years to complete, and funds will be released as pre-determined project milestones are met.

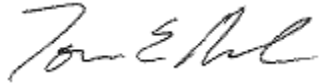
The goal is for these systems to be replaced starting with ETPL in March 2024, PCS Vets in August 2024, and FAMIS in June 2025. It will be ready to receive and process students' 2025-2026 FAFSAs and ORSAAs applications. The following Key Performance Measures (KPMs) rely on data from these systems:

- KPM 1 (Oregon High School Graduates Attending College);
- KPM 2 (Racial/Ethnic Differences Among Oregon High School Graduates Attending College);
- KPM 9 (Percentage of resident enrolled students who are incurring unaffordable costs);
- KPM 10 (Racial/Ethnic Differences in Percentage of Resident Students incurring Unaffordable Costs).

Revenue Source: The total cost of replacement is estimated at \$12,980,000 over the span of two biennia. In 2021-23, HECC requested one-time General Fund in the amount of \$105,000 GF to pay cost of issuance bond charges, and \$5,000,000 in Article XI-Q Bond for the project. For the 2023-25 biennium, HECC is

requesting funds for the second phase of the project through the sale of Article XI-Q General Obligation Bonds in the amount of \$5,000,000 to complete the project. The remaining balance of funding comes from Other Funds (PCS Vets) and Federal Funds (ETPL).

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Riel". The signature is written in a cursive style with a large, stylized initial "T".

Tom Riel, Director of Operations
Higher Education Coordinating Commission