

Docket Item:

December Legislative Update and Submitted FY 18-19 Funds and Positions
Modifications Request to the Interim Joint Committee on Ways and Means

Docket Summary:

This memo provides an update on HECC activities related to implementation of legislation adopted in 2017, preparation for the short 2018 legislative session, and planning for the long 2019 session. It also summarizes an agency submission to the Interim Joint Ways and Means Committee regarding 2018 funding and position requests and seeks retroactive approval for the submission of those requests.

Docket Material:

2018 Legislative Session

Unlike during odd-year legislative sessions, the even year session, scheduled to last no more than 35 days beginning in February, is not a time before which agencies traditionally engage in a significant process of policy development. Due to the compressed timeframe and limited number of bill introductions the Governor is allowed to make on behalf of herself or agencies, most agencies are limited to consultation on stakeholder and legislator concepts.

Staff has been providing feedback on draft concepts throughout the interim period. Without violating the confidence of those legislators and stakeholders with whom we have had discussions, we expect to see legislation on a variety of issues, including:

- A consolidation of HECC reporting requirements related to college and university employment data
- Generating new data on the utility and transfer of accelerated learning credits earned by dual-enrolled students across Oregon
- Modifications to the tuition equity law that allow students to more readily qualify for in-state tuition rates and state financial aid in the event the federal Deferred Action for Childhood Arrivals program expires
- Changes to the statutes regarding HECC approval of university tuition increases

Education Governance Workgroup

At the beginning of the legislative interim period, Sen. Roblan convened a group of agency staff, legislators, and stakeholders representing interests across the P-20 system to determine if there were any consensus changes that could be made to statewide education governance to improve the connections that exist between all education sectors.

After a series of meetings, HECC staff, OCCA, OCOP, and OSA jointly commented further changes to higher education governance at this time could potentially disrupt progress on higher education issues as roles and relationships would again have to be redefined in a new system structure.

The workgroup was recently suspended without making any recommendations.

Preview of January Legislative Days

Though a little over a month away, our public calendar for January Legislative Days is beginning to take shape. We expect, but are not yet confirmed, to provide legislators with significant updates on:

- Implementation of HB 2998 to improve community college to university transfer (to the House Higher Education and Workforce Development Committee)
- Discussions between HECC and the Private Career Schools Advisory Committee on the topic of HECC investigation and sanction of these institutions and whether those discussions have resulted in any consensus recommendations for statutory changes (Senate Education Committee)
- Progress toward a State Longitudinal Data System (as a secondary participant to a presentation coordinated by the Chief Education Office, House Education Committee)

Implementation Updates

HB 2998 - Without any close comparison, the most time and effort intensive implementation effort is facilitation of the workgroups HECC has established to streamline college to university transfer. The complete workgroup has met three times, and subcommittees on 1) policy and 2) establishing a foundational curriculum have each met an additional two times.

Behind the scenes, colleges and universities have all mobilized campus-based and cross-functional teams to provide feedback and guidance to the participants seated at the workgroup table, and to this point, engagement from all parties has been sincere, positive, and geared toward meeting the legislative requirements.

HECC staff has also met with the Inter-institutional Faculty Senate for a productive Q/A session, and has offered opportunities for further public engagement involving representatives from states that have completed unified transfer systems after the New Year.

HB 2311 - HECC has assembled a work group to focus on the development of a new adult attainment goal (recognizing that the 40-40-20 goal is now focused on students in the P-20 pipeline). The group has representatives from the HECC, the Oregon Workforce and Talent Development Board, business, colleges, universities, and Workforce Investment Boards. Work on the adult attainment goal is being done in conjunction with work to update the State Talent Development Plan. The first meeting of the workgroup was Wednesday, December 13.

A business summit is being planned for late January to invite employers from around the state to participate in the development of the new goal and strategies.

Policy Development for the 2019 Legislative Session

Even though the 2019 legislative session will not convene for roughly 13 months, agency staff have begun the development of concepts to recommend to the Commission for submission to the Governor. The formal kick-off of this process occurred on Tuesday, December 12 when agency policy staff convened to begin a sharing of ideas.

Over the course of the coming months, these and other ideas will be debated, refined, and shared with stakeholders prior to submission to the Governor and DAS. After concepts are submitted, they will continue to be refined through the summer months. The Commission will be provided the opportunity to hear of, debate and approve these concepts ahead of their submission to the Governor's office and DAS.

The current policy development schedule provides for a check-in with the Commission at its February meeting, and approval of draft concepts at its April meeting.

Submission to the Interim Joint Committee on Ways and Means

On December 4th, the agency submitted a letter to the Interim Joint Committee on Ways and Means. The letter requests a number of modifications to agency funds and positions that are either technical in nature, or that were requested, but not provided, during the 2017 legislative session with passage of the FY 2017-2019 Legislatively Adopted Budget (LAB). The complete letter is attached under this docket item.

The agency requested the following modifications to the adopted budget:

1. Additional funding to recognize increased IT services costs of a state directive to centralize IT services within the Office of the State Chief Information Officer (\$263,275)
2. Rectification of a technical error resulting from a double reduction in funds related to HR and payroll services provided by DAS (\$371,345)
3. Funding and position authority for a Diversity and Inclusion Officer, a Human Resource lead, and an Internal Auditor previously requested but unfunded in the LAB (\$417,942)

The Commission is required to approve budgetary requests submitted to the Legislative Assembly.

Staff Recommendation:

Retroactive approval of the December 4th submission to the Interim Joint Committee on Ways and Means (attached).



Oregon

Kate Brown, Governor

Higher Education Coordinating Commission

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December 4, 2017

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Nancy Nathanson, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request

The State of Oregon's Higher Education Coordinating Commission (HECC) is the single state entity responsible for ensuring pathways to higher educational success for Oregonians statewide, and serves as a convener of the groups and institutions working across the public and private higher education arena.

The agency is requesting funds and positions in order to meet its many diverse obligations and responsibilities.

1. **Enterprise Technology Services (ETS) funding of \$263,275 General Fund.** The agency is currently funded for \$290,000 General Fund for the centralization of IT services of the HECC central office and CCWD. HECC has been directed to move all of its services to ETS and has moved the SCARF (university data), D4A (community college data) and is in the process of moving OSAC (student financial support data) to ETS. Having all services through ETS now costs \$23,053/ month or \$553,275 per biennium, or \$263,275 more than our current funding. Note that this does not include any estimates for labor costs for firewalls or other labor (\$35-40k est.).
2. **Restore funding created by double cutting DAS client service charge funding \$161,774 General Fund, \$11,030 Other Fund, \$198,541 Federal Funds, for \$371,345 Total Funds.** The multiple agencies that were combined to create HECC used DAS client services for HR, accounting, and payroll services. During the 2015 session the combined HECC budget was reduced by \$500,000 TF for HR, accounting and payroll client services, and 2 HR positions, 1 payroll position, and 1 accounting position were added to do the work in house. The 2017 session cut the agency again for HR and payroll services (\$371,000), creating a double reduction and a hole in the budget.
3. **Request a Diversity and Inclusion (OPA 4) position \$135,977 General Fund.** This position was requested in the 2017 session but was not funded. The HECC's plan to improve higher educational success for all Oregonians is anchored by the Equity Lens, which commits the commission and agency to ensure its policy and resource allocation decisions advance equity. Pricing assumes a March 1, 2018 start.



4. **Request a Human Resource lead (HRA3) \$135,517 General Fund.** This position has been requested in the 2015 and 2017 sessions as the key lead position of a three person HR team. The agency has already had its funding reduced (see second issue) assuming that HECC had a fully functioning HR team. Pricing assumes a March 1, 2018 start.
5. **Request an Internal Auditor \$146,448 General Fund.** The agency is one of the larger General Fund agency and has a very complex budget yet it is without an Internal Auditor. This position has been requested in the 2013, 2015, and 2017 sessions. Pricing assumes a March 1, 2018 start.

Agency Action

The agency is closely monitoring the deepening budget hole that requests one and two seek to redress. Without additional funding, the agency's only viable option internally for dealing with the shortfall would be to hold positions vacant even longer than the 4-6 months we are currently employing in order to meet the vacancy savings expectations laid out in the agency's budget. This would place significant additional strain on the agency's ability to meet its requirements under law.

The Diversity and Inclusion work (request three) is currently being partially covered by existing staff in the effort to keep activities at least slowly moving forward. The HR lead work (request four) is currently being filled in the short term by a job rotation assignment from DAS, though that is not a permanent solution nor is it funded. No internal audit functions (request five) are currently being conducted due to the fact the agency does not employ any staff with the skills to do the work.

Action Requested

Review and approve this request and forward to the 2018 Legislative Session a recommendation to appropriate \$842,992 General Fund, \$11,030 Other Funds, and \$198,541 Federal Funds. Add one Operations and Policy Analyst 4 (OPA4) full time permanent position (0.67 FTE), one Human Resource Analyst 3 (HRA3) full time permanent position (0.67 FTE), and one Internal Auditor 3 (IA3) full time permanent position (0.67 FTE).

Legislation Affected

Chapter 595 of Oregon Laws 2017 Section 1 (1) increase by \$842,992, Section 6 (1) increase by \$11,030 Other Funds, Section 7 (1) increase by \$198,541 Federal Funds.

Sincerely,

Ben Cannon
Executive Director