

**Docket Item:**

The HECC as a Community College District Boundary Board

**Summary:**

This docket item provides information relative the authorities and responsibilities vested in the Commission by ORS 341.575 to ORS 341.579. This information is provided as background for the Commission in the event the Commission receives a petition requesting a community college district boundary alteration. Staff is aware of one petition currently gathering signatures.

**Docket Material:**

Through ORS 341.565 to ORS 341.579, the HECC serves as the board authorized by the State to review and recommend changes to the boundaries of a community college district. The Commission has not utilized the process outlined below since it was created.

*Initial Introduction*

There are two ways a boundary change question can come before the commission: a motion and a petition. There is no statutorily defined criteria for the commission to initiate a motion.

For a petition, the commission must receive certain statutorily required information from a petitioner or petitioners as specified in administrative rule. The rule requires the following information (this list is not exhaustive):

- A statement describing and a map of the boundary change requested
- A full and complete description of the area proposed to be included within or excluded from the college district
- A statement whether or not an area proposed to be included is within the boundaries of another community college district
- Names and mailing addresses of up to three petitioners

Generally, a petition must contain valid signatures for 500 electors of the territory looking to change status, or 10% of electors, whichever is less, and the Commission reserves the right to request that a county clerk verify the signatures.

*Consideration*

Regardless of the route of entry to the Commission, the Commission “must find that the proposed change will have no substantially adverse effect upon the ability of the affected districts to provide and continue their programs and is not made solely for tax advantages to property owners in the district or area affected by the proposed change.”

Additionally, the Commission may not order a change to a community college district boundary prior to holding a public hearing in the territory of the district to be included or excluded.

#### *Decision*

The Commission, in disposing of a motion or petition has three options: to affirm the motion or petition, to reject it, or refer the matter to an election of the territory to be changed. (In practice, the Commission has restricted its ability to refer the matter to an election only when a remonstrance petition has been received.)

If the commission approves the motion, the Commission issues a change order, which is not finalized unless approved by the legislative assembly. If the assembly does not approve the order, the Commission may, after 60 days, revise and resubmit the order.

The Commission can reject the motion or petition, in which case the process ends.

The Commission can order an election in limited circumstances. Though the Commission by statute can refer the matter to an election at any time, by current rule, the commission will refer the matter to an election only if it receives a remonstrance petition signed by 5% of the electors in the territory, or 500 electors, whichever is fewer. The election is operated with funds appropriated by the legislative assembly to HECC for this purpose.

#### *Division of Assets and Liabilities*

When a boundary change affects multiple community college districts, the boards of the districts must come to an equitable division of assets and liabilities between the districts. If the districts cannot agree to a division within 20 days, arbitrators shall be appointed according to procedures dictated by statute.

This statute only applies when two or more districts are affected. If a territory removes itself from one district and does not join another, there is no statutory guidance regarding the division of assets and liabilities.

#### *Impact of Boundary Changes on Community College Support Fund Distribution*

Due to the methodology used to distribute the Community College Support Fund, changes to tax revenues that fund community colleges in one district impact funding for all community colleges in the state. One of the principles that guides the Community College Support Fund Distribution Methodology (as described in Oregon Revised Statute [Chapter 589 Division 2](#)) is “Equalization”. Equalization means, “equal public resources support per funded FTE, regardless of community college district, and exclusive of the base. Equalization is measured by dividing Total Public Resources, exclusive of the base, by funded FTE” (589-002-0110(3)). The Total Public Resources (TPR) used in calculating Support Fund distributions include 100% of the next year’s imposed property tax revenue and the General Fund appropriation from the legislature.

These two elements of the methodology, Equalization and the use of TPR, mean that changes to a community college district, and consequent changes to the amount of property taxes collected, can have impacts on all community colleges in the state. In the case of a community college district decreasing in size, and decreasing the amount of tax revenue that is collected, it could mean the following:

- 1) The value of an FTE could change (though that would also depend on the number of FTE overall in the state);
- 2) If property tax revenue went down for a district, the amount of General Fund revenue that the district received could increase (though that depends on how property tax revenue in general is changing over time); and
- 3) The General Fund distributions to the other community colleges would decrease slightly (depending on overall FTE as well as overall property tax collected).

If a community college district expanded, and its tax revenue increase, the opposite would be true. In terms of scale, the total amount of imposed county certified property taxes in Oregon for 2017-18 was \$176,616,881 while the amount of General Fund payments scheduled for 2017-18 totals \$282,038,091.

**Staff Recommendation:**

This is an informational item and no action is required at this time.