



Docket Item:

2019 Agency Request Budget (ARB) Development

Summary:

Budget development for the upcoming biennium begins more than a year in advance of final adoption by the State Legislative Assembly. Much of the actual Agency Request Budget development work is completed at the staff level based on Commission policy as outlined in the Strategic Plan and elsewhere. At key junctures in the process, staff will request specific input from the Commission, culminating in the adoption of an Agency Request Budget by the Commission at its August, 2018 meeting.

The budget development and adoption process consists of several phases and requires the engagement and involvement of every office in the agency. This is the second presentation to the Commission on this topic for the 2019-2021 biennium.

Docket Material:

See attached documents.

Staff Recommendation:

Informational and discussion item only. Commissioners are encouraged to provide feedback and direction to improve and refine the HECC's budget development process.

HECC 2019-2021 Budget Development (General and Lottery Funds)	2017-2019		2017-2019		2019-2021 Base Budget	2019-2021 Current Service Level	2019-2021 Policy Option Packages	2019-2021 Agency Request Budget
	Legislatively Adopted	2018 Actions	Legislatively Approved					
HECC Operations	\$ 22,482,818	\$ 1,052,843	\$ 23,535,661		\$ 24,240,070			
Support to Community Colleges								
Community College Support Fund	570,263,941		570,263,941		570,263,941			
Other community college support	3,676,244		3,676,244		3,676,244			
Public University Operations & Student Support								
Public University Support Fund	737,326,083		737,326,083		737,326,083			
Other university support	(427,500)		(427,500)		(427,500)			
Public University State Programs	42,956,110	3,250,000	46,206,110		46,206,110			
Agricultural Experiment Station	66,468,861		66,468,861		66,468,861			
Extension Service	71,717,403		71,717,403		71,717,403			
Forest Research Laboratory	10,224,041		10,224,041		10,224,041			
OHSU Programs	77,277,432		77,277,432		77,277,432			
Student Assistance								
Oregon Opportunity Grant	145,963,789		145,963,789		145,963,789			
Oregon Promise	39,964,388		39,964,388		39,964,388			
Student Child Care	983,718		983,718		983,718			
Oregon National Guard Assistance	-	2,500,000	2,500,000		2,500,000			
Workforce and Other Special Payments	8,144,577		8,144,577		8,144,577			
Sports Action Lottery	8,240,000		8,240,000		8,240,000			
Public University Debt Service	185,112,065	(2,240,130)	182,871,935		261,894,479			
Community College Debt Service	38,477,965	(227,591)	38,250,374		51,539,680			
OHSU Debt Service	598,400	11,760,817	12,359,217		-			
TOTAL	\$ 2,029,450,335	\$ 16,095,939	\$ 2,045,546,274		\$ 2,126,203,316	\$ -	\$ -	\$ -



PROPOSED POLICY OPTION PACKAGES FOR 2019-2021 BIENNIUM

FUNDING FOR SUCCESS

Community College Support Fund - Increase the CCSF in order to cover the cost of federal and state mandates using state investment, not tuition, and support the expansion of strategies that are proven to increase student success, particularly for underrepresented students.

Request Category:	Pass-through
Funding Requirements:	\$717,000,000 net of Current Service Level TBD
Funding Source:	General Fund
Personnel Needs:	None

Public University Support Fund - Increase the PUSF to incentivize degree completion and keep average tuition increases below 5%.

Request Category:	Pass-through
Funding Requirements:	\$923,000,000 net of Current Service Level TBD
Funding Source:	General Fund
Personnel Needs:	None

Oregon Renewable Energy Center – OREC was established by the Legislature in 2001 but was not provided State funding until a one-time \$500k appropriation in 2017-19. On-going funding is being requested by the universities for 2019-21 to provide continued staffing and research opportunity.

Request Category:	Pass-through
Funding Requirements:	\$542,000
Funding Source:	General Fund
Personnel Needs:	None

Increased Funding for State Programs – Increase in State Programs funding equivalent to an 8.4% increase from 2017-19 to fully account for inflationary costs. It is likely that the DAS calculation of CSL will not reach this 8.4% increase so a POP is a necessary procedural component of the universities' request. The above-CSL increase will be used to offset inflationary costs of program delivery.

Request Category:	Pass-through
Funding Requirements:	Dependent on CSL – not completed
Funding Source:	General Fund
Personnel Needs:	None



Increased Funding for Statewide Public Services - The Agricultural Experiment Station (AES), Extension Service (ES), and Forest Research Laboratory (FRL) collectively represent the Statewide Public Services. Funding equivalent to an 8.4% increase from 2017-19 is being requested, with a conditional escalator up to 11.6%.

Request Category:	Pass-through
Funding Requirements:	Dependent on CSL – not completed
Funding Source:	General Fund
Personnel Needs:	None

STUDENT AID

Oregon Opportunity Grant and Support –Increases funding for Oregon Opportunity Grants to provide grant award amounts approximately equal to 15% of the average cost of attendance at a 2- or 4-year public college or university. Increase OOG Expected Family Contribution limits to Pell Grant levels would open the program to serve an estimated 16,150 additional students who have Pell-eligible EFCs above current OOG limits of \$3,500. Provides staffing capacity to analyze financial aid data, strategically map policy options, and engage in critical programmatic review of its existing and future state aid framework.

Request Category:	Pass-through and agency capacity
Funding Requirements:	\$101,527,000 above est. CSL Total: Approximately \$253M
Funding Source:	General Fund
Personnel Needs:	1.0 Operations & Policy Analyst (OPA3)

Oregon Promise Improvements – This POP serves three purposes: It allows the current Oregon Promise minimum award amount of \$1,000 (currently set in statute) to rise with inflation; it eliminates the mandatory \$50 per term co-pay, which is confusing to students and increases the administrative burden for community college financial aid offices, and; funds an independent study to evaluate the success of the Promise program in encouraging student retention and completion

Request Category:	Pass-through and new strategic investment
Funding Requirements:	Increase Minimum Award: \$557,307 Remove \$50 Copay: \$3,087,000 Study: <u>\$200,000</u> TOTAL: \$3,844,307
Funding Source:	General Fund
Personnel Needs:	None



Oregon National Guard Grant – This program provides grants equal to resident tuition charges for qualified members of the Oregon National Guard to attend community colleges or public universities in Oregon. Members continue to be eligible for the grant until they have earned 90 credit hours at a community college or 180 credit-hours at a public university. The POP proposes continued grant funding and administrative the support for both years of the 2019-21 biennium:

- Develop and maintain the new program
- Refine program parameters if needed.
- Increase the budget so that grants to students and administrative support cover a full biennium.

Request Category:	Pass-through and agency capacity
Funding Requirements:	\$2,595,000 above CSL
Funding Source:	General Fund
Personnel Needs:	None

Student Child Care Grant – Lack of quality child care is a significant barrier for student-parents who must often choose between paying for college or paying for child care. Award amounts under this program vary depending on ages and number of children needing care, although typically about 100 families are served per year. This POP proposes doubling the current amount of financial support for the program, thereby expanding the program to serve roughly 200 student-parents annually.

Request Category:	Pass-through
Funding Requirements:	\$1,021,099 above CSL
Funding Source:	General Fund
Personnel Needs:	None

Native American College Access Grant – As a result of historical experiences and government policy, many Native American people have had a life experience absent of an opportunity to attain a post-secondary credential. Proposed is the creation of a Native American College Access Grant (NACA) to cover tuition expenses at Oregon Public Community Colleges, Universities and at Oregon based regionally accredited non-profit institutions (at public university rates). Given the first-dollar nature of this grant the lowest income students will have full access to other federal and state aid to help cover costs of attendance beyond tuition expenses.

Request Category:	Pass-through and agency capacity
Funding Requirements:	\$28,208,000
Funding Source:	General Fund
Personnel Needs:	1.0 Program Analyst 2 (PA2)



STRATEGIC INITIATIVES

Bridging the Skills Gap – New investment in high-demand programs at Oregon’s community colleges targeted at doubling the number of Career and Technical Education (CTE) certificates and degrees awarded in those programs over the next three years.

Request Category:	New strategic investment and pass-through
Funding Requirements:	\$70,000,000
Funding Source:	General Fund
Personnel Needs:	None

Data Driven Fiscal Policy Support – Transform the current reactive nature of University Budget & Finance work to a pro-active model of data collection, analysis, and strategy-focused fiscal policy development, allowing for a more thoughtful, thorough, and proactive approach to issues ranging from tuition increase reviews to university evaluations and capital planning. Other benefits of increased staff capacity may include an opportunity to consolidate HECC university and community college finance and facilities work to a single office, providing an opportunity for streamlined processes, critical cross-training, and a more strategic view of higher education finance that crosses between 2- and 4-year sectors.

Request Category:	New strategic investment and agency capacity
Funding Requirements:	\$500,000
Funding Source:	General Fund
Personnel Needs:	2.0 Operations & Policy Analyst 3 (OPA 3) .5 administrative support

Eliminating Barriers to Student Transfer – This POP consists of three components: HECC staff to continue the work of improving community college to university transfer, started under HB 2998 (2017); funding to support faculty/staff participation in the multiple workgroups needed to align courses of study and coordinate across 24 public institutions and; the development of a transfer portal that provides students and advisers information about where all of their courses will transfer and into what majors and requirements.

Request Category:	New strategic investment
Funding Requirements:	\$372,266 (Staffing and materials) \$360,000 (Faculty participation) <u>\$1,500,000</u> (Transfer portal) \$2,232,266 (TOTAL)
Funding Source:	General Fund
Personnel Needs:	1.0 Operations and Policy Analyst 4 (OPA4) .50 Research Analyst 3 (RA3)



Adult Attainment – Oregon has 442,000 adults 25 and older that are unemployed or working and making less than \$15/hour without postsecondary credentials. Oregon’s workforce and educational attainment goals cannot be met unless this population of adults, especially those from underrepresented populations, develop their skills and earn meaningful credentials.

Unfortunately, higher education structures geared towards traditional students are not serving adults well. Adult friendly structures, combined with additional financial supports, can dramatically increase adult attainment and career readiness in Oregon.

Increasing adult attainment will be focused on three strategies:

- An outreach campaign to encourage and engage adults in accessing or returning to higher education.
- A \$7,000,000 competitive grant programs for community colleges and universities to implement individualized and adult-friendly strategies.
- \$8,000,000 to create an Oregon Succeeds (Adult Promise) grant program for adult students with some credit and no degree who have been out of higher education for at least two years.

Request Category:	New strategic investment
Funding Requirements:	\$15,426,000
Funding Source:	General Fund
Personnel Needs:	2.0 Policy Analyst 3 (PA3)

Oregon Youth Employment Program (OWI 19-21) – ORS 660.353 establishes (but does not fund) the Oregon Youth Employment Program to address the thousands of youth are not finding opportunities to develop the academic and job skills they must have in order to succeed in today’s changing global economy.

In order to address these shortages in youth work experiences (including internships, summer jobs and on the job training) the HECC’s Office of Workforce Investments will collaborate with Oregon’s nine Local Workforce Development Boards (LWDBs) and the Oregon Youth Conservation Corps (OYCC) programs to provide meaningful work experience and workforce training (paying at least the minimum wage) for Oregonians between the ages of 14-24. Approximately 3,000 young Oregonians can be served statewide.

Request Category:	New strategic investment
Funding Requirements:	\$15,000,000
Funding Source:	General Fund, leveraging existing FF for out of school youth under WIOA TI and OYCC OF.
Personnel Needs:	1.0 Program Analyst 2 (PA2) Administrative support



State match for federal WF Funds– This request restores the Workforce matching General Fund to the 2015-2017 amounts of \$12 million. These funds are distributed in three main categories: Local Competitiveness Strategies to assist in supporting boards as they effectively manage programs and business engagement; Work Experience – Up to 50% of these funds for On-the-Job Training (formerly Back to Work Oregon) and 50% can be used for other work experience or training programs, and; Industry Engagement strategies that are employer-driven and community supported.

Request Category:	On-going strategic investment and agency capacity
Funding Requirements:	\$4,000,000
Funding Source:	General Fund
Personnel Needs:	1.0 Program Analyst 3 (PA3)

State Workforce and Talent Development Board Innovation Grants – Following the passage of House Bill 3437, the Workforce and Talent Development Board becomes the core advisor for the interconnection and alignment of education, training, and workforce development.

Based on the creation of the Oregon Talent Assessment and Plan, grant-funded projects reflecting the board’s goals are to be developed and funded.

Request Category:	New strategic investment
Funding Requirements:	\$3,000,000
Funding Source:	General Fund, but federal funds would be leveraged
Personnel Needs:	None

Accelerated College Credit Reports – District and institutional level “Accelerated College Credit Reports” to track important student outcomes and equity measures at both the local levels and statewide. These reports use data from the HECC, the department of education, and from the College Board on AP participation. They are unique and will provide very useful measures of progress and equity trends.

The Dual Credit Reports provide institutions with a close comparison of the population participating in their accelerated college credit courses and the high school demographics where they are working. The reports identify gaps and promote equity focused evidence based policy making.

Request Category:	New strategic investment
Funding Requirements:	\$50,000
Funding Source:	General Fund
Personnel Needs:	None



Expand OYCC Training Programs – There is a Legislative Concept requesting an increase in the Amusement Device Tax for purposes of funding OYCC summer and school year programming across the state. This POP is meant to supplement that LC in case it does not pass. This program has been flat funded for several biennia. With the increases in wages and other associated costs, this means there has been a steady decline in the number of young people served.

OYCC currently operates a summer and school year program. These funds would increase the summer programming to include more crews in all 36 counties in the state as well as crews with the nine Tribal Nations. Currently only 30 crews are being funded and this would allow for 45 crews over both summers of the biennium.

Request Category:	Ongoing strategic investment
Funding Requirements:	\$1,444,280
Funding Source:	General Fund
Personnel Needs:	1.0 Policy Analyst 1 (PA1) 1.0 Office Specialist 2 (OS2)

Capital billing placeholder - ORS 286A.863 allows for billing of institutions for costs associated with the administration of bonds, creating a potential revenue opportunity to the HECC and DAS. Any billings would likely result in “Other Funds” revenue to the State. This POP would establish an “Other Funds” revenue line within the University Finance or appropriate Operations budgets, enabling HECC to hire staff dedicated to bond-project administration.

Request Category:	New strategic investment
Funding Requirements:	None
Funding Source:	Other Funds
Personnel Needs:	1.0 Financial Analyst 3 (FA3)

Expanding Opportunities Through Outreach – Too few Oregonians today receive relevant and comprehensive information about options for affordable postsecondary education and training. In partnership with PK-12, nonprofit and regional partners, HECC is developing and advocating for a plan expanding access to effective college/career planning tools and services.

Likewise, educators, community organizations, and the public lack information, training, knowledge, and expertise in career and college readiness to help Oregonians navigate the transition to career or college. Oregon’s new Career/College Collaborative (C3) is a cross-sector collective impact approach to providing career and college readiness activities, information, trainings, and resources to students, families, counselors, college access professionals and educators. C3 is able to provide knowledge, resources, and materials to school counselors and college advisors, along with community partners, to help ensure that they are receiving the most up-to-date information related to career and college readiness. This POP funds the work that was developed in the 2017-2019 biennium.



Request Category: New strategic investment and pass-through
Funding Requirements: \$ 6,583,841
Funding Source: General Fund
Personnel Needs: 1.0 Operations & Policy Analyst (OPA4)
1.0 Program Analyst 4 (PA4)
1.0 Program Analyst 2 (PA2)
7.0 Program Analyst 1 (PA1)
1.0 Administrative Specialist 1 (AS1)

Tax Deductions for Student Loan Payments by Employers – Currently, Oregon employers can claim a business expense deduction for tuition payments paid on behalf of employees, or establish scholarship programs for employees, and employees do not have to claim this benefit as taxable income. This benefit encourages employees to work for these employers, as long as they’re receiving training/education, but no incentive to remain afterward. Allowing student loan payments, paid on behalf of the employee, to be treated the same way would provide a competitive advantage to Oregon employers and encourage well-trained college graduates to come to Oregon and stay.

This POP and program would need to be developed in conjunction with the Oregon Department of Revenue.

Request Category: New strategic investment
Funding Requirements: None
Funding Source: None
Personnel Needs: None

Early Childhood Educator Development – Early Childhood Education is of critical importance to the social and economic development of our state. Developed in partnership with the Department of Education’s Early Childhood Division, the proposed is a two-tiered wide impact approach to incentivize the enrollment and completion of adult learners in Early Childhood Education Programs, systematic development of a flexible applied Bachelor’s degree track, a coordinated effort between a selected Public University and all participating Community Colleges. Students in a Bachelor’s program could receive a scholarship of up to \$5,000 per year, and students in an Associates program could receive a scholarship up to \$3,000 per year. Via a grant, a Public University will design, articulate, plan for and implement a Bachelor’s degree that would allow for the alignment and acceptance of stackable credentials and alignment with Community College Programs. Participating Community Colleges would receive smaller planning, coordination and articulation grants.

Request Category: New strategic investment
Funding Requirements: \$7,000,000
Funding Source: General Fund
Personnel Needs: 1.0 Program Administrator 2 (PA2)



AGENCY CAPACITY

VA-SAA Compliance Specialist 1– HECC received additional duties and responsibilities under its VA-SAA contract with the US Veterans Administration, adding approval and review functions of aviation programs in Oregon, as well as OJT and Apprenticeship programs. This is an additional workload responsibility for HECC’s VA-SAA program administered under OSAC.

With the addition of responsibilities came additional funding allocation in the VA-SAA contract, the funds allowed us to add staff, particularly an Limited Duration Compliance Specialist 1 position, to meet the responsibilities of our Federal VA contract and support GIs returning home and the institutions that serve them. We are requesting that this Compliance Specialist 1 position be made permanent.

Request Category:	Agency capacity
Funding Requirements:	\$150,376
Funding Source:	Federal Funds
Personnel Needs:	1.0 Compliance Specialist 1 (CS1)

Higher Education Federal Reporting, Course Approval System and Transfer System: The HECC consists of multiple offices created from separate state agencies. Many of these offices serve common goals but house disparate data systems. These systems do not communicate and require hundreds of hours yearly to bring data together for statutorily required analysis and reporting purposes. Some of this reporting is required by the Workforce Innovation and Opportunity Act (2014), which brings substantial federal money into Oregon annually. Oregon is currently not in compliance with those requirements because of inadequate data systems. In addition, state regulatory requirements on private career schools require collection of student records to evaluate school progress and provide return on investment information to students. The current system to collect student records is insufficient to complete this task, nor does it provide for the necessary WIOA tracking and reporting related private career schools. State requirements for community college course approvals also remain below basic level. This POP will address all of these deficiencies with a common data system that will enable compliance with federal and state reporting with dramatically improved efficiency and accuracy.

Systems to be replaced/combined: Eligible Training Provider List or ETPL (Workforce), PCS (Private Career Schools), and Webforms (CCWD)

Request Category:	Agency capacity
Funding Requirements:	\$5,000,000 (GF)/\$500,000 (FF)
Funding Source:	General Fund/Federal Funds
Personnel Needs:	None



Oregon Student Aid Application – The Oregon Student Aid Application provides an alternative to the traditional Free Application for Federal Student Aid (FAFSA) for undocumented students to apply for State of Oregon student aid programs, including the Oregon Opportunity Grant, the Oregon Promise grant, and various private scholarships. The software is currently provided by a third-party vendor. HECC anticipates bringing the ORSAA process in-house, but continue to contract with a third-party vendor for the near-term. The original 3-year contract expires with the end of the biennium. Until an in-house solution is available, HECC must initiate an RFP process in order to make the ORSAA available to students next biennium.

Request Category:	Agency capacity
Funding Requirements:	\$200,000
Funding Source:	General Fund
Personnel Needs:	Dependent on solution selected

Financial Aid Software Replacement– As the federally designated repository for Oregon residents’ FAFSA data (Free Application for Federal Student Aid), the managing agency for the Oregon Opportunity Grant, the Oregon Promise Grant, and other state-funded grants and the administrator of more than 600 privately-funded scholarships, the Higher Education Coordinating Commission’s Office of Student Access and Completion (OSAC) handles sensitive student data from hundreds of thousands of Oregon residents annually. The agency’s Financial Aid Management Information System (FAMIS) is the backbone of this system and will also be a critical component in linking OSAC’s student records to the proposed State Longitudinal Database.

OSAC is now working to complete a new business case by July 2018 and then proceed to work through the Office of the State Chief Information Officer (OSCIS) to determine the project’s scope, course of action, and final budget.

Request Category:	Agency capacity
Funding Requirements:	\$8,000,000
Funding Source:	General Fund
Personnel Needs:	Dependent on solution selected

Private Career Schools Fee Increase– The Private Career School (PCS) unit licenses private career schools and provides technical assistance, training, and support to over 200 private career schools in Oregon. The unit is funded with fees from licensing career schools, registering teachers, and other activities, and revenues have traditionally been insufficient to support the unit. Moving forward, the unit will need to increase its current fee structure to align with the legislature’s direction of becoming truly self-supporting. PCS is proposing to increase the PCS renewal fee schedule by 30 percent and require biannual teacher registration application and renewal for all licensed teachers at an increased renewal rate of \$75 every two years (currently \$75 every three years). The additional funds invest in additional compliance and renewal support.



HIGHER EDUCATION COORDINATING COMMISSION

June 14, 2018

Docket Item #: 12.2

Request Category:	Agency capacity
Funding Requirements:	\$778,224
Funding Source:	Other Funds
Personnel Needs:	1.0 Compliance Specialist 2 (CS2) 1.0 Office Specialist 2 (OS2)

Agency Infrastructure – This request is intended to address needs within the agency to effectively function as a more complex organization. In 2017-2019, the agency was Oregon’s 4th largest General Fund agency with a total funds budget of nearly \$3 billion. This request addresses critical needs in program oversight, diversity and inclusion, information technology, human resources, accounting and procurement.

Request Category:	Agency capacity
Funding Requirements:	\$2,100,000
Funding Source:	General Fund, Other Funds, Federal Funds
Personnel Needs:	1.0 Internal Auditor 2 (IA2) 1.0 Information System Specialist 8 (ISS8) 1.0 Information System Specialist 7 (ISS7) 2.0 Information System Specialist 6 (ISS6) 1.0 Accountant 1 (ACT1) 1.0 Procurement Specialist 3 (PCS3) 1.0 Procurement Specialist 2 (PCS2) 1.0 Principal Executive Manager E (PEME) 1.0 Operations and Policy Analyst 4 (OPA4) 1.0 Training Development Specialist 2 (TDS2) 1.0 Human Resources Assistant (HRA)