

Docket Item:

August Legislative Update

Summary:

Legislative Concept Development

The regular business of developing legislative concepts continues. As a reminder, the timeline for the review and submission of concepts is as follows:

- June 3: (COMPLETE) Submit proposed legislative concept requests to DAS.
- July 15: (COMPLETE) DAS provides approval for concepts that can be submitted to Legislative Counsel for drafting. Legislative Counsel begins to draft concepts and provides drafts to agency for refinement. Agencies have one opportunity to refine each concept
- October 2: (COMPLETE) Last day for agencies to submit redraft requests
- November 6: Legislative Counsel stops work on agency concepts
- November 12: Commission approves final concept list
- November 13: Final agency concept packages due to Governor
- December 18: Governor-approved legislative concepts pre-filed with legislature for introduction as 2021 legislative session bills

The following table provides legislative concept numbers and subjects for active legislative concepts:

<i>LC Number</i>	<i>LC Title</i>
591	Lake County Boundary Change
592	Boundary Change Process Fixes
593	Lane County Boundary Change
594	Transfer of Responsibility for Cosmetology Curriculum Development
595	Spending Authority for the Deceased and Disabled Public Safety Officer Program
596	Oregon Youth Employment Program
597	Financial Aid Redesign
598	Placeholder for Reforming Education Delivery
599	Credit Transfer
600	Minor Revisions
603	Placeholder for Reform of Education Structure
604	Placeholder for Reform of Workforce System

It is fair to say that the regular course of policy development has been disrupted this cycle, first from the work from home orders, then focus on immediate crisis response, and most lately on uncertain economic projections and changing state financial conditions. These cascading effects have delayed planning and outreach work. However, for the two most significant concepts, on financial aid redesign and the Oregon Youth Employment program, that outreach is underway.

Next week, we begin outreach on the financial aid redesign package the Commission has been briefed on during the budget process. Juan Baez-Arevalo and I will present to financial aid directors, academic leadership, and other interested parties about the Commission’s draft proposal to drive more financial resources to underrepresented students, remove restrictions on institutional choice students face, create a more adult-friendly financial aid program, and divide the programs in a manner that allows the legislature to allocate funds between pipeline students and adults. The week following, staff will brief

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students, and begin outreach to other stakeholders, while convening financial aid professionals to work on the finer points of the proposed programs and implementation issues that may arise.

In addition, OWI program staff has been conducting field outreach on the Oregon Youth Employment Program (OYEP). The staff proposal for this program is to provide general funded workforce opportunities for youth. One program already operated by HECC, the Oregon Youth Corps, would be moved under the OYEP umbrella. The goal of OYEP is to provide targeted workforce opportunities to youth, particularly those youth typically overrepresented in youth unemployment figures, through engagement with local workforce boards and specific communities. OYEP establishes a goal of three-quarters of opportunities going to youth the traditionally struggle to gain employment.

Both the financial aid redesign concept and OYEP will be forwarded and discussed with the Education Recovery Committee, a subcommittee of the Racial Justice Council, established by the Governor to advise on a prioritize initiatives of importance to minority communities in Oregon, and it's our hope that the Committee and Council will endorse this important work.

At the November meeting, I will provide a detailed summary of all concepts in advance of a vote by the Commission to move such concepts forward to the Governor's office for consideration. Even at this stage, concepts will remain drafts. Some of these drafts will be substantially complete, and some will remain placeholders, but each will be subject to amendments through the typical legislative process and as the needs of the Commission or stakeholders, or changing conditions require.

September Revenue Forecast

The latest state revenue forecast was issued on September 23. The forecast, relative to the June forecast, predicts significantly greater state revenues than projected during the initial virus uncertainty phase. That being said, plenty of uncertainty remains, and projected revenues remain significantly lower than those of the March, pre-pandemic forecast.

State economists indicate, that despite the unemployment rate average from the March through August period matching that of the 2010 average during the great recession, income and corporate tax collections have remained remarkably stable to date. As a result, state economists have revised the current biennium (2019-21) revenue forecast upwards by just over \$2 billion, and revenues for the coming biennium (2021-23) up by nearly \$1.5 billion relative to the June forecast. The current forecast projects revenues in the current biennium to be roughly the same as in pre-covid forecasts. Whereas in June, prior to Special Session actions, state economists projected a \$664 million deficit at biennium end, the current forecast combined with legislative action predicts a \$1.7 billion closing balance.

As a result of the lesser-than-anticipated revenue impacts, accelerated recovery schedule, and legislative action in special session, initially projected up-to-20 percent budget impacts (\$3.7 billion) for the 2021-23 biennium have been reduced to an estimated 3-5 percent (\$800 million to \$1 billion) relative to current service level.

Federal Update

As of yet, Congressional Democrats and the Administration, the two central parties in negotiations on further federal stimulus and emergency aid, have failed to reach an agreement. At the time of publication, talks have stalled, although the bottom line value of each party's packages has moved closer together. Democrats are advocating for a \$2.2 trillion plan (down from \$3.4 trillion) against a \$1.62 trillion offer from the administration (up from \$1 trillion).

Higher education funding remains resilient, with the House Democrats package including \$27 billion for public higher education institutions through a "State Fiscal Stabilization Fund", \$4 billion

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for state education needs to be granted to Governors, and \$11.9 billion in additional aid for historically black colleges and universities, minority serving institutions, and private not-for-profit institutions. This roughly \$39 billion in higher education aid is far short of the American Council on Education's \$120 billion request, but may be representative of a consensus amongst both parties that education institutions need more aid as reopening occurs.

Staff Recommendation:

For discussion purposes only.