



Docket Item:

2017-19 Strategic Fund

Summary:

The information item provides an overview of the Strategic Fund, proposals for a Strategic Fund Planning Calendar and proposal review process, and potential scenarios for the 2017-19 Strategic Fund. Setting the percentage of the Community College Support Fund (CCSF) each biennium requires HECC action.

Docket Material:

Strategic Fund Overview

The Strategic Fund is created each biennium by setting aside a percentage of the Community College Support Fund (CCSF) prior to allocating funds through the distribution formula. The Strategic Fund is one of four Categorical Funding streams (the other three are Department of Corrections, contracts out of district, and distance learning) that are taken off the top of the CCSF before distributing the remainder through base funding and the distribution formula. To prepare to distribute funds at the beginning of the new biennium, the Higher Education Coordinating Commission must make a decision about the funding level of the Strategic Fund with sufficient time for staff to prepare the next biennium's quarterly disbursements.

As described in Oregon Revised Statute (ORS) 589-002-0130, the Strategic Fund has two main purposes: 1) incentivizing statewide initiatives activities, or 2) assisting community colleges in meeting new requirements and expectations stemming from legislative change. Any unused monies remaining the current biennium's strategic fund are allocated through the distribution formula at the end of the biennium. As a portion of the CCSF, all Strategic Fund investments must go to Oregon community colleges.

History and 2015-17 Investments

The Strategic Fund was established in the 2005-07 biennium with a 0.25 percent allocation from the Community College Support Fund. Between 2005-07 and 2013-15, the percentage of the CCSF devoted to the Strategic Fund grew from 0.25 to 0.75 percent. In 2015-17, it was increased to 1.5 percent, with significant investments planned for Career Pathways, data quality, and to assist community colleges in transitioning to outcomes based funding (although that policy change did not take place).

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Historically, the Strategic Fund has invested most heavily in student success initiatives, including Career Pathways, development of the Oregon Pathways for Adult Basic Skills (OPBAS), Developmental Education Redesign, and improving the first-year experience. Over the last few biennia, investments have also been made in research and data quality, in particular the development of Data for Analysis (D4A), the community college data system. The Strategic Fund has also been used to pay for dues and memberships for statewide initiatives including the Higher Education Recruitment Consortium, the Survey of Entering Student Engagement (SENSE), the Community College Survey of Student Engagement (CCSSE), and the Voluntary Framework of Accountability (VFA).

The table below identifies the planned investments for the 2015-17 Strategic Fund. In addition to those identified, investments have also been made to support Umpqua Community College with incident recovery, economic impact modelling for the community colleges, and the development of a CCSF Distribution Formula Tool.

STRATEGIC FUND 2015-17: 1.5% of \$550,000,000	\$8,250,000
Data System Development	\$2,200,000
• D4A Development	• \$1,000,000
• Local Campus Capacity	• \$1,100,000
• Miscellaneous	• \$100,000
Student Success	\$5,285,000
• Career Pathways	• \$2,035,000
• Developmental Education Reform	• \$750,000
• Campus Outcomes Support	• \$2,500,000
Dues and Membership	\$90,805
• Higher Education Recruitment Consortium	• \$38,805
• National Student Clearinghouse	• \$11,000
• SENSE/CCSSE	• \$41,000
Remainder	\$674,195

Strategic Fund Planning Calendar

In order to increase predictability and transparency around the planning and use of the Strategic Fund, a proposed planning calendar has been developed that identifies key discussion and decision points throughout the biennium.

ODD NUMBERED YEARS	
<i>Date</i>	<i>Activity Description</i>
March – May	<ul style="list-style-type: none"> - Presentations to Higher Education Coordinating Commission (HECC) and Oregon Presidents Council (OPC) by Director of the Office of Community Colleges and Workforce Development (CCWD) about investments and outcomes from previous biennium - Discuss overall funding priorities for next biennium

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	- Discuss what percent of the Community College Support Fund (CCSF) should be set aside for Strategic Fund
June	- Draft plan and budget for Strategic Fund to be discussed at OPC
August	- OPC to develop draft recommendations for Strategic Fund for new biennium
September	- Final recommendations for Strategic Fund presented at OPC - Presentation to HECC Funding and Achievement subcommittee about Strategic Fund priorities
EVEN NUMBERED YEARS	
January	- Discussion of Strategic Fund activities and priorities at OPC
May	- Discussion of Strategic Fund activities and priorities at OPC - Update on Strategic Fund activities provided to HECC Funding and Achievement subcommittee
August	- Discussion of upcoming year’s Strategic Fund priorities at OPC retreat
October	- Discussion of Strategic Fund activities and priorities at OPC

Review of Proposals for Funding

The process for approving proposals for funding is described as follows in ORS 589-002-0130:

(5) The Director will review, rank and approve proposals to incentivize statewide activities. After each proposal is approved, the Director will provide the Commission with a report detailing the purpose of the activity, the amount of strategic fund monies approved, and the proposal's merit as assessed under the following parameters:

- (a) Purpose of the proposal.
- (b) How the activity supports the initiatives and work plans of the Office and the Commission.
- (c) How the activity relates to the Commission’s Key Performance Measures or other program-specific measures.
- (d) If the funding one time (for this biennium) or will additional funding be needed in the future.
- (e) If future funding is needed, how resources will be obtained and how the activity will be sustainable?
- (f) The activity's impact on the state three years from now and five years from now.
- (g) Anticipated changes.
- (h) How progress will be measured.
- (i) The Office will bring all requests for assistance in meeting new requirements or expectations stemming from legislative change to the Commission for discussion and consideration.
- (j) The Office will assess the requests for assistance in meeting new requirements or expectations of the legislature based on the following parameters:
 - (A) Purpose of the proposal.
 - (B) How funds will be used to sustain or increase enrollment (not supplanting existing funds).
 - (C) If the funding is one time (for this biennium) or if additional funding will be needed in the future.

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- (D) If future funding is needed, how those resources will be obtained and how the activity is sustainable.
- (E) The impact on the community college three years from now and five years from now.
- (F) How progress will be measured.
- (h) The Office will provide a recommendation and reasoning to the Commission on whether the request merits funding.

One goal of the proposal review process will be to develop a budget that provides adequate funding for strategic priorities as well as sufficient flexibility to address new needs and opportunities as they arise. Following the proposed calendar and review process, the Director of CCWD would work closely with OPC on planning and budgeting the portion of the Strategic Fund devoted to incentivized statewide initiatives and provide regular updates to the HECC’s Funding and Achievement subcommittee about those activities and investments. In the case of assistance in meeting new requirements or expectations stemming from legislative change, proposals and recommendations will be brought to the Commission.

Potential Funding Levels for 2017-19

The table below identifies potential values of the Strategic Fund at different funding levels for the Community College Support Fund and at different percentages for the Strategic Fund. The funding level for the 2015-17 biennium was 1.5%. The Oregon Presidents Council has recommend funding at 0.75% of CCSF for 2017-19 and continuing career pathways investments at their current level of \$2,030,000. At a \$550,000,000 CCSF, that would leave \$2,095,000 for additional investments. Areas that have been identified for potential support include data quality, support for the Oregon Student Success Center, and investments in improving student pathways.

2017-19 Strategic Fund Projections				
<i>CCSF Scenarios</i>		<i>Strategic Fund Scenarios</i>		
Source	Amount	1.50%	1.00%	0.75%
GRB	\$550,000,000	\$8,250,000.00	\$5,500,000.00	\$4,125,000.00
CSL	\$564,000,000	\$8,460,000.00	\$5,640,000.00	\$4,230,000.00
OCCA	\$634,000,000	\$9,510,000.00	\$6,340,000.00	\$4,755,000.00

Staff Recommendation:

Information item. The percentage of the CCSF set aside for the Strategic Fund will need to be set no later than the June HECC meeting.