

Docket Item: 8.0 - June Legislative Update*Higher Education Budget Released*

With the release of an unexpectedly strong revenue forecast in May, legislators passed out of the Ways and Means Subcommittee on Education the HECC budget bill ([HB 5025](#), with associated explanatory materials [here](#)). The bill reflects that legislators had significantly increased resources available to allocate across budget categories, and restores most budget lines to current service level or above. In short: the HECC budget is not just a positive budget based on where the co-chairs framework started, but a truly positive budget overall.

Here are the highlights:

- Approximately \$1B in total public university support funding and \$800M in community college support funding.
- The Oregon Opportunity Grant is increased by \$100M, bringing total state investment to \$308M.
- The Oregon Tribal Student grant was funded and granted permanent staff, at just over \$24M. Based on this amount, HECC will fully award students next year, and return to the legislature if further appropriations are needed.
- Up to \$25M in investment in fiscal sustainability for regional universities and Portland State University. This investment includes \$100,000 for HECC to conduct a fiscal sustainability study.
 - \$6.2M will be distributed by formula “proof of concept” efforts to increase fiscal sustainability; and
 - Up to \$18.7M for grants from HECC to institutions may be awarded by the Emergency Board based on institutional initial efforts.
- Previous one-time funding for college access and mentorship programs, including ASPIRE, is continued, again on a one-time basis, for the biennium. Five programs will each receive \$1M.
- Future Ready Oregon is approved to continue spending ARPA funding.
- The Strong Start program, instituted during the pandemic, is continued into the next biennium by allowing \$6.8M in unspent funds to be utilized.
- The Oregon National Guard State Tuition Assistance program is increased by \$800,000.
- Unspent 2021-23 funding is carried over for HECC’s IT modernization project (FAMIS).
- Sports Lottery is increased by \$1.8M.

In separate budget action that is expected, but not yet released, HECC is likely to receive an additional \$10M for continuation of the Oregon Conservation Corps.

This action leaves only a couple of high priority items yet unfunded:

- \$5.2M in GRB requests for grants to individuals studying early childhood care and education.
- Institutional capital construction investments.

With the movement of the budget out of the Ways and Means Education Subcommittee, any further action related to HECC initiatives will likely come in other bills.

The release of the budget provides some assurance that when the legislature is ultimately able to meet and pass legislation (see comments on the Senate walkout further in this report), higher education and workforce development needs will be well attended to. With unanimous passage out of the subcommittee, significant deviations are unlikely, even if the budget is not passed until a special session.

Senate Walkout Persists. No End in Sight.

Typically, the legislative update during legislative session contains information on the advancement of legislative bills. Unfortunately, the full stoppage of business in the Senate means few bills, and still fewer affecting the agency or stakeholders, are likely to pass this session. As of the drafting of the docket, Senate Democrats and Senate Republicans appear as though they will not reach a compromise of the type that would see Senate Republicans return before the last day of session. Though Republicans have stated they would return to pass budgets and bipartisan legislation, Democrats have indicated that it is not acceptable to their caucus for the Senate minority to determine what bills come to the floor for votes. Governor Kotek had been involved in negotiations for a return of absent Senators, but has since withdrawn, citing her belief an impasse has been reached.

The central issue is a bill ([HB 2002](#)) dealing with reproductive and gender affirming care, which has passed the House, and requires only a Senate floor vote for final passage. Senate Democrats refuse to pull or amend the bill as a condition for the return of absent members.

If the Session ends without the adoption of the HECC budget, HECC will continue operations under the same allotment of funding it has received in the current quarter. While the agency would receive a full budgetary allotment if and when the budget is passed, temporarily operating under an allotment less than that which the agency typically receives may cause temporary challenges the agency is actively working to mitigate.

Bills Passed

HIGHER EDUCATION COORDINATING COMMISSION

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The Senate did pass several bills prior to the walkout, and some have also been passed by the House. Bills pertaining to higher education and workforce are:

[SB 270](#) — The bill allows the Department of Corrections to enter into agreements to extend post-secondary education to adults in custody, capitalizing on the extension of the federal Pell Grant to such students.

[SB 271](#) — Requires HECC to post the boundary information for all community college service districts in the state.

[SB 272](#) — Extends the in-state tuition policy applying to students from Compact of Free Association nations to attend OHSU.

[SB 355](#) — Modifies a requirement that institutions submit reports to the Attorney General about their use of outside counsel, by instead requiring such reports to appear on the institutions' websites.

[SB 449](#) — Expands tuition waivers for undergraduate study to former foster children who have been adopted, provided they have spent six or more months in DHS custody or tribal court custody for out-of-home placement.

[SB 482](#) — Requires HECC to pay, through the CCSF, for instruction offered by community colleges that is located at an airport out of state, if the airport is partially owned by an Oregon government entity.

Staff Recommendation:

No Commission action is required. This is an informational item.