HIGHER EDUCATION COORDINATING COMMISSION

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December 12, 2024
Docket Item#: 6.1

Docket Item: 6.1 – ACTION ITEM: 2025 HECC Legislative Concepts

Every odd-year legislative session, agencies have the opportunity, with the consent of the Governor, to introduce legislation.

The Commission's delegation of authorities retains for the Commission the responsibility to adopt legislative concept recommendations for submission to the Governor's office and the Department of Administrative Services for potential introduction as legislation.

As it has regularly for each legislative cycle, the agency has prepared draft legislation for consideration. At this stage in the process, and after nearly a year of consideration and discussion, legislative concepts have been drafted into full statutory language, and outlines and summaries have been shared with partners for feedback. Unfortunately, as the legal drafts are attorney-client privileged, they cannot be shared in public settings.

Because the full drafts have not been shared and the legislature will have opportunity to weigh in, amendments are always expected, but the recent history of HECC legislative concepts is that significant changes to agency proposed legislation is rare.

This year, most of the concepts are more incremental improvements to policy, programs, and agency operations. This is an effect of the budget environment, wherein there was not an opportunity to draft significant policy changes requiring new resources for implementation.

Materials:

Legislative Concept Summaries

Staff Recommendation:

Staff recommend the Commission approve the submission, to the Governor and Department of Administrative Services, legislative concepts numbered LC498, LC500, LC501, LC502, LC506, LC507, and LC508

Motion:

Approve the submission, to the Governor and Department of Administrative Services, legislative concepts LC498, LC500, LC501, LC502, LC506, LC507, and LC508.

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2025 Legislative Concept Proposal LC 498: Oregon Opportunity Grant Equity Reform

Problem

The Oregon Opportunity Grant runs on an antiquated statutory framework that creates unnecessary disparities in student treatment. Current statutory law provides for a Shared Responsibility Model, which is an outdated view of financial aid in a period where other cost of attendance factors outside of tuition, fees, books, and supplies are significant portions of student expenses. When certain statutory elements do come into play, they create scenarios where students face significant disparities in treatment based on half-time or full-time status, or they create a loophole wherein certain long-time resident non-citizens can qualify for all other sources of financial aid offered by the state except the Opportunity Grant, while other new-resident non-citizens enjoy full access to the program.

The current system also disadvantages those seeking short-term, yet still valuable credentials that do not lead to degrees, affording them no opportunities for financial aid.

Background

HECC envisions a future in which all Oregonians—and especially those whom our systems have underserved and marginalized— benefit from the transformational power of high-quality postsecondary education and training. Currently, *one out of every two* Oregon postsecondary students struggle to pay their costs of education. We must do better. These affordability challenges negatively impact completion rates, disproportionately impact underrepresented students, and can often saddle students who have not completed their credential with large amounts of debt. As the cost of attending colleges and universities has significantly increased over the past decade, the ability to pay for higher education has become a major issue for all students that we need to address.

Students struggle with not only tuition and fee costs, but also with the costs of supporting themselves while attending institutions. Nationwide, 65% of community college students and 51% of university students reported being food our housing insecure at some point in their studies. Just over 8% of both college and university students reported experiences with homelessness.[1]

The average graduate from a public college or university in Oregon leaves school $19,465 in debt, as of 2020. This figure ignores those who, for affordability or other reasons, leave school prior to graduation. For students of color, this debt remains a life-burden far longer than it does for white students, who don't face the same difficulty in attaining adequate, stable, career trajectory employment after graduation.

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[1] "#RealCollege 2020: Five Years of Evidence on Campus Basic Needs Insecurity, based on a survey of 167,000 students at 227 colleges and universities nationwide". By C. Baker-Smith, V. Coca, S. Goldrick-Rab, E. Looker, B. Richardson, and T. Williams. The Hope Center for College, Community, and Justice. February 2020. https://hope4college.com/wp-content/uploads/2020/02/84 2019_RealCollege_Survey_Report.pdf

Fundamentally, the affordability challenge is the result of many factors. High tuition and fee costs, steep housing costs, and relatively low levels of financial aid all contribute to the affordability crisis. Cost increases for students accelerated in the late 2000s when, like other states facing unprecedented economic conditions, Oregon cut funding to colleges and universities, funding that only recently has been restored to pre-great recession levels. Additionally, Oregon is a low provider of financial aid. In most ways, the answer to this problem is financial: A dramatic scale up of appropriations for the Oregon Opportunity Grant (OOG funding) would do more to alleviate the affordability challenges that low-income students face more than any other policy proposal would. While in the past, HECC has proposed such an investment, this cycle's intervention is more targeted.

Proposed Solution

The bill fixes a donut hole in student eligibility, where in a resident Oregon student that does not meet tuition equity criteria established in ORS 352.287 is eligible for all other forms of state aide except the Opportunity Grant, provided they have been a resident of Oregon for 12 months. It also allows the commission to prorate awards for students at all levels of attendance, and to award students attending eligible institutions for short-term credentials.

Additionally, the HECC proposes to remove the Shared Responsibility Model from statute, allowing OOG to run utilizing a formula that more directly relates to the costs students face and the number of credits in which they are enrolled. Based on direction provided in SB 1552 (2024), these principles will be established in rule, and funding levels will be determined based on biennial program appropriations.

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2025 Legislative Concept Proposal
LC 501: Minor and Technical Revisions

Problem

Over time, through organizational shifts, changes in budgeting, evolution in preferred terminology, and other reasons, statutes require minor and technical revisions to preserve legislative intent and to allow agencies and programs to operate smoothly. HECC has required a significant number of these kinds of revisions in the last decade due to the profound organizational shifts that have occurred in Oregon higher education since 2012.

Background

Minor and technical revisions are those that have no substantive impact on programs and services currently offered (though they may repeal programs that have not been funded for some time), no equity impacts, and no fiscal impacts. They often allow for statutes to be read more clearly.

Proposed Solution

The concept proposes minor and technical revisions. It remains largely a placeholder with room to add additional needed changes. Currently the following minor revisions are being tracked for inclusion, but the list typically grows up until an amendment is introduced during session:

1. Allow the Transfer Council the discretion to create a subcommittee that does not have equal numbers of college and university participants when doing so is not possible due to the distribution of program offerings across schools and sectors.
2. Fix an omission in the Senate Education Omnibus bill that exempted some, but not all Transfer Council academic subcommittees from public meeting law requirements.

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2025 Legislative Concept Proposal
LC 502: Injunctive Relief for the Private Career School Unit

Problem

The Commission has authority to license private career schools and enforce compliance with licensure provisions for schools that it licenses. The Commission, however, has limited options to bring a private career school into compliance with licensure provisions if the school does not have or refuses to obtain a license if the school needs to close abruptly or if it stops responding to the agency's compliance efforts. Ultimately in such circumstances, there is little to prevent a person or entity operating a school from enrolling students without proper clearance and oversight from the agency.

Background

To operate a career training school in Oregon (i.e., a cosmetology school, a truck driving school, or a psilocybin facilitator training program), entities are required to obtain a license from HECC's Private Career School Unit. HECC licensure ensures that schools meet certain minimum standards related to academic policies, instructor competence, and financial management. Such schools are often very small businesses, and the HECC licensure process serves not only to ensure minimum protections for students (who also gain access to a tuition protection fund when attending a licensed school) but educates operators on the details of operating academic programs.

State law prohibits advertising or enrolling students in unlicensed programs. Unfortunately, on occasion, HECC is forced to issue cease and desist notices and civil penalties to unlicensed programs. While typically this brings unknowing schools and operators into compliance, HECC has no ability to enforce any order that a school cease operation for non-compliance with licensure provisions.

In other situations, licensed private career schools may close abruptly and without complying with the Commission's closure requirements. These requirements include providing the Commission with copies of student transcripts, arranging teachouts for students caught in mid-program at the time of closure, refunding students who are forced to leave a program for no reason of their own, and other requirements. Schools have also moved assets out of reach of the Commission or students during the time leading up to closure to avoid paying refunds that are due, despite Commission rules that require schools to maintain financial resources necessary to provide refunds to current students if necessary.

While the Commission does have enforcement authority relying on civil and criminal penalties, it is limited with regard to unlicensed schools. For licensed schools that are closing, the relatively low civil penalty used by the Commission and the time necessary to pursue enforcement means that schools in the closure phase can effectively avoid all enforcement efforts easily if they choose to do so.

Proposed Solution

The proposed legislative concept, drafted by HECC counsel, allows HECC to pursue, in a court of proper jurisdiction, a temporary or permanent injunction that requires schools or individuals to refrain from activity that violates the licensure provisions HECC is charged to oversee, and take actions necessary to remedy violations and protect students. This injunctive relief is intended to sit alongside any civil or criminal penalty the law may provide. This authority is anticipated to increase compliance with state licensure provisions.

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2025 Legislative Concept Proposal LC 506 – Office of Degree Authorization Fees

Problem

The HECC's Private Career School unit (PCS) receives no state general fund appropriations and is entirely dependent on license-related fees it collects from private career schools operating within the State. These fees are limited to a statutory schedule, meaning that the Office is unable to adapt its fees to market conditions and agency needs without seeking prior legislative authorization.

Background

Oregon statute charges HECC's Office of Degree Authorization with determining whether degree-granting schools may operate in Oregon because they are public institutions, private independent institutions that are exempt from state oversight, or because they meet the authorization standards established in state law and HECC administrative rule. To review applications for authorization, especially for schools in the latter category, is labor-intensive. Under the Legislature's budget for HECC, funding for ODA staff depends entirely on fee revenue that can vary widely depending on how many institutions apply to receive or renew authorization in a given year. This can leave the office with revenues that are insufficient to carry out the responsibilities of the unit, and that cannot be increased as needed due to the statutory fee schedule.

Requiring advance statutory authorization for fee increases creates financial and political risks for the unit that are not as present under regulatory fee approval processes.

Proposed Solution

The legislative concept allows the Office to publish fees in rule, only for the activities for which the Office already charges fees pursuant to the statutory language being repealed.

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2025 Legislative Concept Proposal LC 507: Future Ready Oregon and Continuing Workforce Investments

Problem

Oregon continues to experience significant workforce shortages – and struggles to take advantage of workforce opportunities – in industries and occupations that are critical to equitable prosperity for all Oregonians. Workforce-related priorities, programs, and other initiatives across the state are not always well-aligned, resulting in a workforce system that is often fragmented, inequitable, and difficult to navigate.

Background

Oregon is experiencing a significant shortage of, and growing demand for, capable, skilled, and willing workers. This is a problem shared by many other states. Today, there are more jobs than people seeking work with 58% of employers reporting difficulty filling positions in the first few months of 2024. Without workers to provide services and care, or to make and deliver things, Oregon's economy and its people cannot prosper.

Overall, Oregon's labor market participation has recovered from the pandemic; and yet a labor shortage remains as companies are pursuing market opportunities and responding to high consumer demand. In addition to a strong underlying economy, Oregon's Office of Economic Analysis identifies a combination of factors that exacerbate the labor shortage: self-employment is up 20,000 individuals, 10,000 fewer Oregonians are holding multiple jobs, and 5,000 more workers are quitting their jobs per month combined with international migration slowing, increasing rates of loss of life, and demographic changes due to Baby Boomers retiring at greater rates than workers are entering the workforce. The Census Bureau estimates Oregon lost population in 2022 and 2023—the first population losses in nearly 40 years.

In terms of finding workers in a structurally tight labor market, it will be critical to engage Oregon's latent labor force. According to the Oregon Office of Economic Analysis in their May 2023 *Oregon economic and revenue forecast,* "For Oregon businesses looking to hire, future labor growth could come from more young workers, and also gains from the state's latent labor force which is about the possibility of reducing historical disparities when it comes to differences based on sex, education attainment, and race and ethnicity. Increasing participation among existing Oregon residents could boost labor supply in the state by far more than any relative change in population growth."

Future Ready Oregon advances a more equitable workforce system by centering the education and employment needs of historically underserved and marginalized Oregonians. To promote sustained economic growth across Oregon, partners must work together to center the needs of underserved and underrepresented Oregonians, align workforce education and training opportunities, and provide comprehensive supports and services that enable individuals to complete trainings and move into high-wage jobs in key industry sectors. This involves grantmaking that supports inclusive, culturally specific, and linguistically appropriate initiatives that address systemic barriers faced by Oregon's priority populations, provides critical support to participants, and creates pathways to good-paying jobs in Oregon's key industry sectors. Future Ready Oregon recognizes that advancing a diverse workforce system requires operationalizing a new approach and doing things differently.

The workforce system that gathers partners to respond to workforce challenges and to prioritize underserved and underrepresented Oregonians is driven and aligned by the federal Workforce Innovation and Opportunity Act (WIOA). WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. The public workforce system in Oregon is known as WorkSource Oregon (WSO) and has a wide array of partners, services, and resources online and in WSO Centers and connects to additional, aligned education, training, and community-based organizations.

WIOA provides resources through WSO, local workforce development boards, and education, training, and community-based organizations to serve adults and youth. Over time, WIOA funding varies and, for Oregon, has significantly declined over the past ten years. Diminishing federal resources have presented challenges that, in part, have sparked state and local innovation. These efforts often focus on funding and more often on systems alignment to make the funding that is available go farther and leverage resources. One such innovation is the State Workforce and Talent Development Board's (WTDB) Continuous Improvement Committee (CIC). Established by the Oregon Legislature in 2021 (SB 623), the CIC is charged with assessing the efficiency and effectiveness of WSO through biennial assessments of priority aspects of the public workforce system. The CIC's Governance Assessment includes a Pillar to "[c]reate state agency alignment."

The State Workforce and Talent Development Board's (WTDB) 2023–2024 Strategic Plan includes an Imperative to create "[s]trategic and close alignment between education, economic development, and workforce development, including public and private partners." Finally, the WTDB and HECC produce biennial Talent Assessments providing recommendations that impact both the public and the broader workforce systems. The 2024 Talent Assessment includes "Strategy 1: Align and Strengthen Oregon's Workforce Ecosystem. Oregon's workforce ecosystem includes several partners with various goals and needs. This strategy includes action items that bolster the alignment of these partners and improve the infrastructure of the workforce development ecosystem through new initiatives and increased collaboration." Numerous WTDB research and data reports focus significantly on alignment. For example, the WTDB's Equitable Prosperity Taskforce's Equitable Prosperity for All Whitepaper laid important groundwork for Future Ready Oregon.

Proposed Solution

This solution integrates proven best practices from Future Ready Oregon programs and aligns Future Ready Oregon statutes and other HECC workforce development statutes to contribute to a more unified workforce system. The proposed statutory amendments and additions improve alignment across programs and policies, advancing shared goals and strategies aimed at closing gaps in educational attainment and employment by:

- Centering the needs of historically underserved and underrepresented Oregonians
- Leveraging flexible state investment to meet the unique needs of individuals
- Coupling education and training supports with wraparound services to overcome barriers in education and employment
- Building strategic partnerships between communities, educators, and employers to advance innovation in talent development, working together to address our most complex workforce and talent development challenges

These amendments can be codified at no cost. Their utility and power is dependent on future appropriations.

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2025 Legislative Concept Proposal LC 508: Oregon Administrator Scholars Program

Problem

The legislature has made it a goal of the state to have a diverse educator workforce that reflects the diversity of the state's students (ORS 342.437). The purpose of the Oregon Administrator Scholarship Program, currently administered by TSPC, is to reduce barriers to education careers for culturally and linguistically diverse school administrator candidates. There is persistent evidence that financial barriers for culturally and linguistically diverse individuals continues to prevent the state from achieving its goals of a diverse educator workforce. Furthermore, administrator and school personnel careers are critical in providing support for instructional and well-being needs of students, particularly students from underserved and under-resourced populations.

HECC, as the principal administrator of state financial aid opportunities, and the agency administering a similar program for aspiring and diverse teacher candidates, may be better positioned to administer this program.

Background

The Oregon Educator Advancement Council (EAC) receives funds for the Oregon Teachers Scholarship Program (OTSP) (ORS 348.295) which is co-administered with HECC. Funding is disbursed to HECC by the EAC for awarding to eligible students. The EAC and the HECC, its partner in administering the scholarships, do not have statutory authority to provide scholarships to administrators or other school personnel.

The OASP and OTSP are very similar because the eligibility requirements are based on the cultural and language diversity of the applicants. The administrative requirements are also similar for both programs. TSPC has experienced some difficulties in administering the program and lacks the ability to send student awards directly to institutions for credit on tuition and fee bills, but awarding financial aid to students is a core part of HECC's mission.

Proposed Solution

HECC has the student financial aid processing system in place and technical expertise required to administer the OASP program efficiently, within the same structure as OTSP. The legislative concept provides HECC the statutory authorization to do so. The Governor's Recommended Budget recognizes the budget impact of this transition.