

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5032-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Frederick
Carrier – Senate: Sen. Girod**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 25 – 0 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Williamson

Nays:

Exc: Tomei

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: June 12, 2013

Agency

Oregon Student Access Commission

Biennium

2013-15

Budget Summary*

| | 2011-13 Legislatively Approved Budget ⁽¹⁾ | 2013-15 Current Service Level | 2013-15 Committee Recommendation | Committee Change from 2011-13 Leg. Approved | |
|---------------|---|----------------------------------|-------------------------------------|--|----------|
| | | | | \$ Change | % Change |
| General Fund | \$ 99,891,570 | \$ 108,584,620 | \$ 118,101,705 | \$ 18,210,135 | 18.2% |
| Lottery Funds | \$ 2,630,172 | \$ 344,599 | \$ 246,223 | \$ (2,383,949) | -90.6% |
| Other Funds | \$ 21,659,086 | \$ 21,107,569 | \$ 20,112,578 | \$ (1,546,508) | -7.1% |
| Total | \$ 124,180,828 | \$ 130,036,788 | \$ 138,460,506 | \$ 14,279,678 | 11.5% |

Position Summary

| | | | | |
|--------------------------------------|-------|-------|-------|-------|
| Authorized Positions | 29 | 26 | 28 | -1 |
| Full-time Equivalent (FTE) positions | 26.66 | 24.67 | 25.67 | -0.99 |

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Student Access Commission (OSAC) receives General Fund to support Opportunity Grants, the Access to Student Assistance Programs in Reach of Everyone (ASPIRE) program, the Student Childcare program, and agency operations. The approved budget includes General Fund for planning to replace the agency’s legacy financial aid management system.

Twenty-five percent of Lottery Funds interest earnings from the Education Stability Fund are allocated for Opportunity Grants. The reduction in the Lottery Fund expenditure limitation in the 2013-15 biennium is due to declining Lottery revenues and the draw-downs in the balance of the Education Stability Fund in 2009-11 and 2011-13.

The Commission’s largest source of Other Fund revenues is donations from individuals and organizations to fund scholarship awards; a percentage of donations is retained for administration of the private scholarship program. The Commission also receives transfers from other agencies to provide student assistance.

Summary of Education Subcommittee Action

The Oregon Student Access Commission (OSAC) provides post-secondary financial assistance to eligible students through the Oregon Opportunity Grant program and also administers a number of scholarship programs for outside entities such as the Oregon Community Foundation and Ford Family Foundation. OSAC also administers the Access to Student Assistance Programs in Reach of Everyone (ASPIRE) program which is a volunteer network operating in over 130 schools providing mentoring and information about college and career choices. The Office of Degree Authorization was transferred to the Higher Education Coordinating Commission for 2011-13, but its budget remained part of the OSAC budget for the 2011-13 biennium.

The Subcommittee approved a budget of \$138,460,506 total funds including \$118,101,705 General Fund, \$246,223 Lottery Funds, and 25.67 full-time equivalent positions (FTE). General Fund is increased from the 2011-13 Legislatively Approved Budget (LAB) by 18.2 percent and total funds are increased by 11.5 percent. Lottery Funds are reduced by 90.6 percent. FTE is reduced by 3.7 percent.

The approved budget increases the Oregon Opportunity Grant program to \$113,880,958 total funds, a 14.4 percent increase from the 2011-13 LAB. The additional funds will increase the number of awards by approximately 3,000 from the 2011-13 biennium and allow a modest increase in award size to reflect increased education costs. State support for the ASPIRE is increased to replace discontinued federal and private sector grant funds and restore service to 145 sites statewide, the level of service provided in the 2011-12 academic year. Funds are provided to develop a business case for replacement of the agency's legacy Financial Aid Management System in order to improve security and enhance productivity. Funding and staff for the Office of Degree Authorization is eliminated following transfer of the program to the Higher Education Coordinating Commission in 2012.

Office Operations

The Office Operations program unit includes all agency staff and non-Special Payments expenditures. It is responsible for all agency-wide administrative functions including agency leadership, budget formulation, fiscal control, and personnel administration. Program staff administer all of the agency's student financial aid programs and disseminate information about student financial aid to educational institutions, state agencies, the Legislature, and the public. The program unit also maintains the computer hardware, software, and network connections necessary for the processing and dissemination of student financial aid data.

The Subcommittee approved a budget of \$5,814,865 total funds including \$3,176,202 General Fund, and 25.67 FTE. General Fund is increased from the 2011-13 LAB by 54.4 percent due to restoration of ASPIRE program funding with state support and funding for development of a business plan to replace the agency's financial aid management system. Total funds are increased by 22.8 percent. FTE is increased by 5.5 percent.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.

- Approved Package 070 that reduced Other Funds by \$443,786 due to loss of funding for the ASPIRE program, primarily from the federal College Access Challenge Grant. The reduction reflects loss of funding for agency staff that supports local ASPIRE sites. A similar package is included in the Other Programs budget unit.
- Approved Package 090 that shifts funding for the Executive Director, Administrative Services Manager, and Executive Assistant to 85 percent General Fund and 15 percent Other Funds. Funding for the Scholarships Director is shifted to 50 percent General Fund and 50 percent Other Funds. The Scholarship Assistant is shifted to 100 percent Other Funds. The net impact of the package reduces General Fund by \$219,796 and increases Other Funds by the same amount.
- Approved Package 091, a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures which were intended to be specified in the Governor's Budget. This package generates \$17,284 in General Fund savings. The Department of Administrative Services will continue to work on these reductions with agencies and report back to the 2014 legislative session.
- Approved Package 092 which provides \$13,451 in total funds savings reflecting the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. The change reduces state employer contribution rates by approximately 0.3 percent.
- Approved Package 093 which provides \$107,478 in total funds savings reflecting the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. The change reduces state employer contribution rates by approximately 2.2 percent. These savings also include the impact of the direction to the PERS Board in SB 822 to reduce employer contribution rates.
- Approved Package 101 that includes \$200,000 General Fund to complete a business case and other necessary steps preliminary to a request for full funding to replace OSAC's Financial Aid Management System, which was developed in-house by the agency. Replacement of the system will address security concerns regarding personal data, which includes names, tax information, and addresses, for more than 2.8 million current and former students who applied for financial aid using the Free Application for Federal Student Aid (FASFA). Consultants hired by the Commission believe that productivity, as well as security, could be significantly improved by a new system based on commercially available software. The Subcommittee directed OSAC to report to appropriate committees during the 2014 legislative session or to the Emergency Board with the results of the business case and related project management materials for the replacement of the financial aid management system.
- Approved Package 102 that includes \$892,149 General Fund and seven permanent positions (5.00 FTE) to restore ASPIRE to program levels achieved during the first year of the 2011-13 biennium, prior to the loss of federal and other support, when ASPIRE served 145 sites throughout the state. Positions included in the package are three full-time and two half-time Access Specialists (Program Analyst 1) which

comprise the field staff for the program, a half-time training position (Training and Development Specialist 1) to provide staff and volunteer training, and a half-time support position (Office Specialist 1).

Other Programs

The Other Programs unit includes the following programs: the Student Child Care Program, over 450 privately funded scholarship programs, Individual Education Accounts in the JOBS Plus Program, the Robert C. Byrd Scholarship Program, and the Oregon Scholars Program.

The Subcommittee approved a budget of \$18,764,683 total funds including \$1,449,227 General Fund. No positions are included in this program unit. Total funds are reduced from the 2011-13 LAB by 2.6 percent as federal and private sector grant funding supporting the ASPIRE program was discontinued. General Fund is increased by 48.5 percent to restore ASPIRE funding with state resources.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 070 that reduced Other Funds by \$335,568 due to loss of funding for the ASPIRE program, primarily from the federal College Access Challenge Grant. The reduction reflects loss of funding for small grants provided to schools for local staffing assistance and equipping local ASPIRE sites. A similar package is included in the Office Operations budget unit.
- Approved Package 102 that includes \$510,000 General Fund and \$42,900 Other Funds to restore the ASPIRE program to program levels achieved during the first year of the 2011-13 biennium, prior to the loss of federal and other support, when ASPIRE served 145 sites throughout the state. This package provides resources for small grants to help fund ASPIRE school staff and equip the ASPIRE offices in the schools. Each school is required to have at least a part-time ASPIRE coordinator whose responsibilities include recruiting and training volunteers. Other Funds expenditure limitation is included for potential grants and donations. A corresponding restoration package is included in the Office Operations budget unit.

Opportunity Grants

This program includes funding for the Oregon Opportunity Grant program, consisting of General Fund, Lottery Funds from dedicated earnings on the Education Stability Fund, and unclaimed Individual Education Account funds from the Jobs Plus program.

The Subcommittee approved a budget of \$113,880,958 total funds including \$113,476,276 General Fund and \$246,223 Lottery Funds. Total funding for Opportunity Grants is increased by 14.4 percent from the 2011-13 LAB. This includes a 17.3 percent increase in General Fund and a 90.6 percent reduction in Lottery Funds due to prior transfers from the Education Stability Fund and reduced lottery revenues. No FTE are included in the program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 90 that adjusted Opportunity Grant funding for the December 2012 revenue forecast, shifting \$24,421 from Lottery Funds to General Fund to maintain the total funding level as lottery revenues were projected to fall.
- Approved Package 104 that increases funding for Opportunity Grants by \$8,250,499 General Fund, bringing total General Fund resources for the program to \$113.4 million. With an average award size of \$1,800, an estimated 63,000 awards will be made in the 2013-15 biennium. This is increased from the approximately 60,000 awards made in 2013-15 and the estimated 58,000 that would have been made at the 2013-15 Current Service Level.
- Approved Package 810 that adjusted Opportunity Grant funding for the May 2013 revenue forecast, shifting \$73,955 from Lottery Funds to General Fund. Based on past practice, any shortfall in Lottery Fund or Other Fund revenues for the Opportunity Grant program is offset by an equal increase in General Fund to keep the program funding at a stable level.

Office of Degree Authorization

ODA was transferred to the Higher Education Coordinating Commission on July 1, 2012. Budget authority for ODA was retained with OSAC for the entire 2011-13 biennium. The Subcommittee approved transfer of ODA's budget to HECC, eliminating it within OSAC.

The subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 092 which provides \$1,073 in total fund savings reflecting the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. The change reduces state employer contribution rates by approximately 0.3 percent.
- Approved Package 093 which provides \$8,579 in total fund savings reflecting the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. The change reduces state employer contribution rates by approximately 2.2 percent. These savings also include the impact of the direction to the PERS Board in SB 822 to reduce employer contribution rates.
- Approved Package 400 that transfers staff and funding to the Higher Education Coordinating Commission.

Summary of Performance Measure Action

The Subcommittee approved measures and targets. The attached Legislatively Adopted 2013-15 Key Performance Measures form contains the approved measures and targets. Three measures related to the Office of Degree Authorization, which was transferred to the Higher Education Coordinating Commission in 2012, were deleted. Five additional measures intended to evaluate the effectiveness of the Opportunity Grant

program were also deleted, as the measures are largely outside the agency's control. Four new measures related to the Opportunity Grant and ASPIRE programs were approved; a proposed Opportunity Grant measure was not approved as it would not demonstrate the effectiveness of the program. Targets will need to be developed for the new measures for the 2015-17 budget. As with other education related agencies, OSAC is directed to review its KPMs as part of its 2015-17 budget preparation in light of Oregon Education Investment Board goals and associated metrics.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5032-A

**Oregon Student Access Commission
Bill McGee 503-378-2078**

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|----------------|---------------|---------------|------------|---------------|------------|-----------------|-----|-------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| 2011-13 Legislatively Approved Budget at Dec 2012 * | \$ 99,891,570 | \$ 2,630,172 | \$ 21,659,086 | \$ 0 | \$ 0 | \$ 0 | \$ 124,180,828 | 29 | 26.66 |
| 2013-15 ORBITS printed Current Service Level (CSL)* | \$ 108,584,620 | \$ 344,599 | \$ 21,107,569 | \$ 0 | \$ 0 | \$ 0 | \$ 130,036,788 | 26 | 24.67 |
| SUBCOMMITTEE ADJUSTMENTS (from CSL) | | | | | | | | | |
| SCR 001 Office Operations | | | | | | | | | |
| Package 070: Revenue Shortfalls | | | | | | | | | |
| Personal Services | \$ 0 | | \$ (365,008) | \$ 0 | \$ 0 | \$ 0 | \$ (365,008) | -3 | -2.00 |
| Services and Supplies | \$ 0 | | \$ (78,778) | \$ 0 | \$ 0 | \$ 0 | \$ (78,778) | | |
| Package 090: Analyst Adjustments | | | | | | | | | |
| Personal Services | \$ (219,796) | \$ 0 | \$ 219,796 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 | 0.00 |
| Package 091: Statewide Administrative Savings | | | | | | | | | |
| Personal Services | \$ (14,929) | \$ 0 | \$ (16,737) | \$ 0 | \$ 0 | \$ 0 | \$ (31,666) | 0 | 0.00 |
| Services and Supplies | \$ (2,355) | | \$ (7,132) | \$ 0 | \$ 0 | \$ 0 | \$ (9,487) | | |
| Package 092 PERS Taxation Policy | | | | | | | | | |
| Personal Services | \$ (8,930) | \$ 0 | \$ (4,521) | \$ 0 | \$ 0 | \$ 0 | \$ (13,451) | 0 | 0.00 |
| Package 093 Other PERS Adjustments | | | | | | | | | |
| Personal Services | \$ (71,355) | \$ 0 | \$ (36,123) | \$ 0 | \$ 0 | \$ 0 | \$ (107,478) | 0 | 0.00 |
| Package 101: Replace FAMIS for Security and Privacy | | | | | | | | | |
| Services and Supplies (Professional Services) | \$ 200,000 | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 200,000 | | |
| Package 102: ASPIRE continuation | | | | | | | | | |
| Personal Services | \$ 793,371 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 793,371 | 7 | 5.00 |
| Services and Supplies | \$ 98,778 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 98,778 | | |
| SCR 002 Other Programs | | | | | | | | | |
| Package 070: Revenue Shortfalls | | | | | | | | | |
| Special Payments: Dist to Local School Districts | \$ 0 | | \$ (335,568) | \$ 0 | \$ 0 | \$ 0 | \$ (335,568) | | |
| Package 102: ASPIRE continuation | | | | | | | | | |
| Special Payments: Dist to Local School Districts | \$ 510,000 | \$ 0 | \$ 42,900 | \$ 0 | \$ 0 | \$ 0 | \$ 552,900 | | |

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5032-A

Oregon Student Access Commission
Bill McGee 503-378-2078

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|-----------------------|--------------------|----------------------|-------------|---------------|-------------|-----------------------|-----------|--------------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| SCR 004 Opportunity Grants | | | | | | | | | |
| Package 090: Analsyt Adjustments | | | | | | | | | |
| Special Payments: Dist to Individuals | \$ 24,421 | \$ (24,421) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | | |
| Package 104: Oregon Opportunity Grant Expansion | | | | | | | | | |
| Special Payment: Dist to Individuals | \$ 8,250,499 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 8,250,499 | | |
| Package 810: Analsyt Adjustments | | | | | | | | | |
| Special Payments: Dist to Individuals | \$ 73,955 | \$ (73,955) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | | |
| SCR 006 Office of Degree Authorization | | | | | | | | | |
| Package 092 PERS Taxation Policy | | | | | | | | | |
| Personal Services | \$ (294) | \$ 0 | \$ (779) | \$ 0 | \$ 0 | \$ 0 | \$ (1,073) | 0 | 0.00 |
| Package 093 Other PERS Adjustments | | | | | | | | | |
| Personal Services | \$ (2,351) | \$ 0 | \$ (6,228) | \$ 0 | \$ 0 | \$ 0 | \$ (8,579) | 0 | 0.00 |
| Package 400: Transfer to HECC | | | | | | | | | |
| Personal Services | \$ (113,929) | \$ 0 | \$ (297,537) | \$ 0 | \$ 0 | \$ 0 | \$ (411,466) | -2 | -2.00 |
| Services and Supplies | \$ 0 | \$ 0 | \$ (109,276) | \$ 0 | \$ 0 | \$ 0 | \$ (109,276) | | |
| TOTAL ADJUSTMENTS | \$ 9,517,085 | \$ (98,376) | \$ (994,991) | \$ 0 | \$ 0 | \$ 0 | \$ 8,423,718 | 2 | 1.00 |
| SUBCOMMITTEE RECOMMENDATION * | \$ 118,101,705 | \$ 246,223 | \$ 20,112,578 | \$ 0 | \$ 0 | \$ 0 | \$ 138,460,506 | 28 | 25.67 |
| | | | | | | | | | |
| % Change from 2011-13 Leg Approved Budget | 18.2% | -90.6% | -7.1% | 0.0% | 0.0% | 0.0% | 11.5% | -3.4% | -3.7% |
| % Change from 2013-15 Current Service Level | 8.8% | -28.5% | -4.7% | 0.0% | 0.0% | 0.0% | 6.5% | 7.7% | 4.1% |

*Excludes Capital Construction Expenditures

Legislatively Approved 2013-2015 Key Performance Measures

Agency: STUDENT ACCESS COMMISSION, OREGON

Mission: To create a college-going culture for all Oregonians by providing access through information, mentoring, and financial support.

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| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|--|-----------------------------|----------------|---------------------|-------------|-------------|
| 3 - Ratio of administrative dollars to private and public Scholarship dollars awarded to students. | | Approved KPM | 18.87 | 18.60 | 18.60 |
| 12 - Percentage of students of color served by OSAC programs (i.e., disaggregate measures to track race/ethnicity of beneficiaries of OSAC program services). | | Approved KPM | 26.58 | | |
| 14 - Percent of total best practices met by the Board of Commissioners. | | Approved KPM | 91.67 | 100.00 | 100.00 |
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Accuracy | Approved KPM | 84.41 | 90.00 | 90.00 |
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Availability of Information | Approved KPM | 78.90 | 90.00 | 90.00 |
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Expertise | Approved KPM | 73.10 | 90.00 | 90.00 |
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Helpfulness | Approved KPM | 73.89 | 90.00 | 90.00 |
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Overall | Approved KPM | 85.97 | 90.00 | 90.00 |

Agency: STUDENT ACCESS COMMISSION, OREGON

Mission: To create a college-going culture for all Oregonians by providing access through information, mentoring, and financial support.

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| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|--|---------------------------|----------------|---------------------|-------------|-------------|
| 15 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Timeliness | Approved KPM | 80.77 | 90.00 | 90.00 |

LFO Recommendation:

LFO recommends the accepting the Commission's proposed KPMs other than the final one which measures the percentage of Opportunity Grant awardees whose first school choice was an out-of-state school but chose an Oregon School. This KPM really does not measure what they were trying to measure. KPMs # 2, 5a, and 5 b are related to the Office of Degree Authorization which is transferring out of the agency and it is appropriate to delete these. The HECC will need to make sure to continue to collect this information as one of their KPMs. KPMs # 8,9, and 10 are measures where the agency has little or no impact on the choices that students make. KPMs #16 and 17 were added by the Legislature to measure the impact of the Student Resource Model. Since financial aid is only one of the factors that affect student choices as well as the Opportunity Grant is only one of financial aid programs these measures seem out of control of the agency. The agency will need to provide targets for the proposed KPMs as they develop the next budget. In addition, the agency should review all of its remaining KPSs based on the Oregon Education Investment Board's goals and other measures.

Sub-Committee Action:

Approve the LFO recommendation.