

HECC Operations and Programs					
	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	38,038,197	31,611,113	35,163,956	39,235,606	43,611,149
Other Funds	22,674,703	34,277,137	35,810,339	29,218,892	41,312,441
Other Funds (NL)	1,144,104	206,000	206,000	206,000	206,000
Federal Funds	81,642,393	114,075,784	118,191,072	127,286,360	127,173,974
Federal Funds (NL)	2,489,208	18,968,831	18,968,831	19,689,647	19,689,647
Total Funds	145,988,605	199,138,865	208,340,198	215,636,505	231,993,211
Positions	142	124	134	132	136
FTE	123.63	116.20	120.33	122.07	125.25

*Includes Emergency Board and administrative actions through December 2018.

Program Description

This program unit includes all the staffing for the Higher Education Coordinating Commission (HECC) and all the program resources other than the funding going to or on the behalf of Public Universities, the Oregon Health and Sciences University, Community Colleges (including Oregon Promise), and the Oregon Opportunity Grant program. Also, not included in this program unit are the state paid debt service and capital construction limitation for Public Universities, Oregon Health and Sciences University and Community Colleges.

There are three primary areas in this program unit:

- **HECC Operations** (\$24.0 million GF/\$57.5 million TF, and 132 positions in 2019-21 CSL) -- This area includes all of the agency staff including (1) agency leadership, general operations (e.g. financial services) and research, (2) staff responsible for directing and coordinating the public university system, (3) staff and operations of the Degree Authorization and Professional Career Schools programs, (4) staff and programs (other than the direct aid payments, debt service and capital financing paid to the 17 Community Colleges) of the former Department of Community Colleges and Workforce Development, (5) workforce related staff currently located at the Oregon Employment Department, and the (6) staff and programs of the Office of State Access and Completion (OSAC) not including the Oregon Opportunity Grant and the Oregon Promise program.
- **Workforce and Other Special Payments** (\$8.5 million GF, \$135.6 million TF) which are the primary workforce programs administered by the State. The largest program is the federal Workforce Innovation and Opportunity Act with resources generally distributed to local Workforce Boards for assisting unemployed and underemployed workers with skills assessment, training and other employment programs. Also included in this area is the program funding associated with an original \$10 million GF workforce investment a few years ago which has been reduced to \$8.5 million for 2019-21. Many of the services under this area are provided in coordination with the Oregon Employment Department. The functions of the former Talent Council have been integrated into the HECC's workforce programs

and staff. Also, in this area is the Oregon Youth Conservation Corps program which provides education, training, and employment opportunities to disadvantaged youth ages 13 through 24. Funding is from the Amusement Device Tax and contracts with state and federal natural resources agencies.

- **Other Student Assistance Programs** (\$6.8 million GF, \$15.7 million TF) includes programs providing financial assistance for post-secondary students. Most of the expenditure limitation is related to the private scholarship programs administered by OSAC. The General Fund is for a child care grant program (\$1.0 million GF) and the new National Guard Tuition Assistance program authorized by the 2018 Legislature (\$5.2 million GF). The Oregon Promise program is part of the State Support for Community Colleges while the Oregon Opportunity Grant program is its own budget unit.

CSL Summary and Issues

- The 2018 Legislature approved the transfer of the Oregon Volunteers Commission and programs from the Governor's Office to HECC. One of the programs administered by the Commission is the AmeriCorps program. Funding of \$250,000 General Fund and \$3.6 million Federal Funds was included in the base budget while another \$27,388 General Fund and \$3.3 million Federal Funding was phased-in for the CSL representing the full two-year amount for the program's budget. The General Fund is required as a match for the federal funding included in the Commission's budget. There are six full and part-time positions associated with this program.
- There are one-time appropriations made in the 2017-19 budget which are not included in the 2019-21 CSL. These include various task force or committee staffing provided by HECC for special projects established by legislative bills (e.g., Task Force on Student Mental Health Support), and one-time funding for specific programs including Open Educational Resources, College Possible grants, and First-Year Coursework. Also phased-out of the CSL was the issuance costs for bonds authorized in 2017-19. During the 2019 Legislative Session, estimated issuance costs will be added for bonds authorized for 2019-21.
- An additional \$2.7 million General Fund was added to the existing \$2.5 million General Fund in the base budget to fully fund the new National Guard Tuition Assistance program which assists existing National Guard members with tuition costs while working on a Bachelor or Associate degree at an Oregon public university or community college. To be eligible, the recipient must not have already received a Bachelor or higher degree.
- There is a shortfall in the fee revenue for the Private Career Schools program of \$323,000 Other Funds which will either have to be backfilled with increased fee revenues or General Fund, or two positions will need to be reduced. The Governor's budget assumes a fee increase to fill this need.

Policy Issues

- During the 2013-15 biennium, an effort was made by the Governor's Office to transfer what is now HECC's workforce development/investment staff and programs to the Oregon Employment Department (OED). The Legislature did not approve such a transfer at that time but did provide the State Workforce Investment Board with more authority over some of the Employment Department's programs. The Executive Branch did go ahead establish an interagency agreement to increase coordination as well as to physically co-locate a significant portion of the workforce staff with OED.

Other Significant Issues and Background

- HECC continues to build its infrastructure including information systems as a new agency as well as to continue efforts of the former component agencies. One major project is the replacement of the information system for the student aid programs including the Oregon Opportunity Grant. Sensitive and confidential information is accessed and maintained by the current system, and data security is an important issue. The initial stages for this program have been under way for years; and for at least the third time, funding is requested in the Agency Request budget for its development. A viable business case has yet to be completed.
- The structure of the agency continues to be partially “siloeed” as many staff associated with community colleges are separate from the staff associated with public universities. There has been some effort to further integrate; but if the Legislature wants to further integrate post-secondary education, this may be one place to explore.
- The HECC has started new programs, some of which require more time to determine if participation in the program and funding is in line with estimates. Since these are new programs, there will likely continue to be uncertainty in the long-term funding need. These include the Oregon Promise program as well as the National Guard Tuition Assistance program recently started.
- The Legislature continues to ask HECC to staff several task forces, workgroups and other functions. While in many cases one-time funding and staff are authorized, these often take away from their core mission of oversight and coordination of post-secondary education.
- The Governor’s 2019-21 budget increases by \$4.4 million General Fund over the CSL primarily from a \$4.1 million increase in workforce related programs as well as a new Workforce System Alignment Manager position. Other increases include resources for additional procurement, human resources and internal auditor positions. The increase in Other Funds limitation between CSL and Governor’s budget is primarily due to the cost of issuance for bonding authority included in the budget and the transfer of \$9 million from the Oregon Department of Education for tuition and other financial assistance for child care workers who are pursuing degrees and certifications and the Oregon Scholars Program.