

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2976 A

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Date: 04/12/2019

Measure Description:

Requires Higher Education Coordinating Commission to adopt by rule additional minimum standards for licensing of career schools that receive \$10 million or more in annual revenue or that are subsidiary with parent company.

Government Unit(s) Affected:

Oregon Department of Veterans' Affairs (ODVA), Higher Education Coordinating Commission (HECC), Oregon Judicial Department (OJD)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis: The bill restricts the amount of tuition revenue for career and technical schools to 80 percent from federal aid or institutional loans where the annual gross tuition revenue exceeds \$1 million. Schools with gross tuition revenue under \$1 million would be restricted to 90 percent of tuition for federal aid and institutional loans. Failure to meet this standard would require a civil penalty of \$5,000. The bill requires HECC and Department of Veterans' Affairs to adopt rules to implement these standards.

The Higher Education Coordinating Commission (HECC) anticipates needing to adopt rules which would require meeting with stakeholders, including the schools. The agency states that it will need one permanent Operations and Policy Analyst 3 (1.00 FTE) for rulemaking, process change, and improvement, as well as ongoing support of the new requirements. One limited duration Education Program Specialist position (0.25 FTE) is requested to assist the permanent position in the early stages of the project.

In addition, HECC will have one-time costs related to IT support. Existing information systems would need to be changed for to ensure accuracy in tracking compliance. Given that existing systems are already out of date, additional resources will be required in this area. The current system is no longer maintained by the vendor. The HECC assumes that it will need the equivalent of an Information Systems Specialist (ISS) 7 position for 300 hours or two months. Total cost of all positions and associated services and supplies is estimated to be \$290,523.

This program is currently funded through fees (Other Funds). If the bill passed, a fee increase would likely be required. This program in the past has received limited General Fund support, but in recent years the fees have been increased by 60% (since 2017) to eliminate the need for General Fund.

The Oregon Department of Veterans Affairs and the Oregon Judicial Department anticipate a minimal fiscal impact.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact.