

## Highlights of 2009 Legislative Session

A rapidly declining economy was the backdrop for the 2009 legislative session necessitating significant cuts across every aspect of state government. From the time of the release of the Governor's budget, state revenues for the current biennium and projections for the upcoming biennium steadily declined. Over this time, Oregon's unemployment rate grew to one of the highest in the country, behind only Michigan.

With each quarterly forecast of the state's available revenue, Oregon's budget outlook became increasingly gloomy. By the May economic forecast the state was projected to fall about \$4 billion short from what would be needed to keep services funded at the 07-09 level.

From the release of the Governor's budget December, the executive and legislative branches undertook a series of efforts to address declining state revenue and a worsening recession:

- In November Governor Kulongoski enacts across-the-board 5 percent budget cuts to the remainder of the 07-09 biennium for all agencies in an attempt to fill a forecasted \$140 million shortfall. The cut meant a loss \$5,475,780 million from the Community College Support Fund.
- In January the Legislature worked to address the rising unemployment rate as the recession worsened by passing a \$122 million deferred maintenance package intended to retain and create jobs quickly.
- By February the 07-09 budget gap had reached \$855 million. The legislature passed a series of agency budget cuts and used federal American Recovery and Restoration Act (ARRA) dollars to fill the gap. OCCA made the case that colleges should not be cut due to surging enrollment driven, in part, by the recession as the unemployed looked to colleges. The Community College Support Fund avoided this round of cuts, with legislators citing the role colleges were playing serving unemployed Oregonians.
- In May, the Co-Chairs of Ways and Means released a state budget with about \$2 billion worth of cuts and \$733 million in new revenue generated by a mix of corporate and personal income tax increases. The tax increases will likely be referred to the ballot.

### COMMUNITY COLLEGE LEGISLATIVE PRIORITIES AND STRATEGY SUMMARY

In the context of a deep recession, OCCA focused much of its advocacy on the critical role colleges play in helping displaced workers get the skill they need to get back into the workforce. In advocacy around the budget especially, OCCA promoted community colleges as "economic first responders". With enrollment surging around the state, OCCA focused on promoting the growth in enrollment as evidence of the way unemployed Oregonians rely on the colleges. These themes were cited repeatedly by the co-chairs of the Education Subcommittee as they worked the community college budget vowing to hold the support fund to a minimum of \$450 million.

## FUNDING

### Community College Support Fund

The legislature funded the Community College Support Fund at \$450.5 million – down 10 percent in funding from the 07-09 funding level. Because of the quickly sinking economy, numbers in the Governor’s budget (released in December) became quickly irrelevant. However, even in December, the Governor’s budget had contemplated a significant cut to community colleges. While the CCSF received \$500 million in 07-09 the Governor recommended \$485 to the support fund with a promise of \$15 million more in the second year of the biennium from the Education Stability Fund. As the recession grew throughout the legislative session it became clear, that not only was the \$15 million gone, but that even the Governor’s \$485 million allocation was unlikely.

By the March economic forecast, the Co-Chairs of the Ways and Means Subcommittee on Education were stating \$450 million as their bottom line for funding to the CCSF. However when Co-Chairs of the full Ways and Means Committee Rep. Peter Buckley and Senator Margaret Carter released their draft budget for the state, the entire CCWD budget (including the support fund) was only allocated \$440 million. This would have left the CCSF at \$423.8 million and would have left community colleges with the distinction of having received the largest cut in education. While there appeared to be confusion between the House and Senate over whether the \$440 million had been the intended allocation for just the support fund without CCWD operations and debt service for capital projects, the number held until June just before the subcommittee began its work on the budget. After intense lobbying by OCCA, on June 17, the Education proposed a funding level for CCWD of \$464.4 million, with \$450.5 million allocated for the support fund. This was the budget that eventually passed.

### Essential Budget Level

The Ways and Means subcommittee included a budget note on the CCWD budget addressing the lingering and unresolved issue of the Community College Support Fund Essential Budget Level (EBL) calculation. An Essential Budget Level is intended to represent the funding needed to keep the same level of service in the upcoming biennium as in the current biennium. Community Colleges are the only sector of education where actual costs and revenues are not considered in the calculation. For purposes of the EBL, community colleges are treated as a contractor and simply receive the Department of Administrative Services inflationary factor for services and supplies – currently 2.8 percent. Increases in property taxes are then deducted from this number. This has lead to a consistently underestimated EBL for community colleges.

To address this issue, Senator Richard Devlin proposed legislation in the 2007 session that would have created a new EBL for colleges based on costs and revenues. However, the Governor’s office negotiated to have the issue dealt with in a task force created through executive order rather than legislation. The Governor’s task force met only twice by the beginning of the legislative. In fact, the governor based his 2009-2011 recommended budget for community colleges on the old EBL formula, which his own executive order stated “did not support effective decision making”.

OCCA worked on two tracks to finally address the Essential Budget Level issue. Because it was a budget note that created the current formula, OCCA believed a budget note calling for a new formula would accomplish this. A budget note is language attached to an agency budget with

direction from Ways and Means. It is not legally binding, but is treated virtually as if it is by the body and agencies.

Sen. Frank Morse concurrently sponsored legislation SB 733 again attempting legislation to deal with this issue. The bill received a hearing in a policy committee at which community college representatives testified, however Senate leadership believed the issue should be resolved in the Ways and Means process and ultimately would not allow the bill to move forward. In the end, the full Ways and Means committee adopted the following budget note language written by OCCA:

“The Subcommittee Recognizes that the current calculation of the ‘essential budget level’ for the Community College Support Fund is not developed to a level that captures the true costs of operating Oregon’s community colleges, and it does not provide the Legislature of the Governor with the information needed to support effective decision-making.

The Subcommittee directs the Department of Administrative Services, in consultation with the Legislative Fiscal Office, to continue work with the Community College Forecast Committee established under Executive Order No. 07-12, to develop a proposed method for calculating the Community College Support Fund essential budget level.

The Department shall submit a report and recommendations to the Joint Committee on Ways Means or to the Emergency Board, for the Committee’s or Board’s consideration, no later than February 1, 2010.”

## **CAPITAL CONSTRUCTION**

### **Deferred Maintenance**

Reacting to the recession, legislative leaders came together to call for quick passage of legislation to put Oregonians back to work by passing a public works program. The Senate President proposed that public works programs consist of projects that would address Oregon’s infrastructure needs and deferred maintenance of public facilities. On January 13<sup>th</sup>, Dave Hunt, House Speaker, asked the community colleges to submit a list of proposed deferred maintenance projects to be included in the public works package. The bill that emerged, SB 338, included an unprecedented appropriation for community college deferred maintenance projects. A total \$53,278,650 in state lottery bonds and article XI-G bonds was made available for deferred maintenance projects at all seventeen community college. In providing the funds for these projects, legislators made it clear that they expected projects to begin by May 1. In addition, it was made clear that the “Go Oregon” projects were to benefit Oregon workers and businesses.

By May 6<sup>th</sup>, a report was forwarded to the legislature that all community college projects were underway-a 99.5% success rate, with over 787 jobs created or retained and 94% of the jobs filled by Oregon residents with 94% of the projects using Oregon products, vendors or contractors. Oregon’s community colleges continue to receive accolades from key legislators on the outstanding response to this initiative.

## **Capital Construction**

For the third consecutive session, Oregon's community colleges put forward a prioritized list of capital construction projects with strong assurances from legislative leadership that a substantial commitment of state bond resources would be provided. After receiving \$38.5 million in Article XI-G bonds in the 2005-07 biennium and \$40 million in the 2007-09 biennium, community colleges expected to do at least as well in the 2009-11 budget. Expectations suffered slightly when the Governor proposed that community colleges receive funding for only three projects, totaling \$15,000,000 in state XI-G bonds.

After intense lobbying by the colleges and OCCA, the legislature passed legislation in the closing days of session to fund nine projects on the prioritized capital construction list in the amount of approved \$57,455,000 for Title XI-G bonds for Treasure Valley, Umpqua, Chemeketa, Columbia Gorge, Central Oregon, Portland (Cascade Campus), Lane, Clackamas, and Oregon Coast. A local 50% match is required for these projects. An additional \$13,710,000 in lottery revenue bonds was provided for Blue Mountain (construction), Clackamas (deferred maintenance), Central Oregon (construction), Rogue (deferred maintenance), Mt Hood (seismic), and Clatsop (seismic). No match is required for this funding.

In the end, Oregon's community colleges received approval for over \$124 million in state support for deferred maintenance and capital construction projects during the 2009-11 session.

## **REVENUE**

This session it was hard not to focus on the quarterly revenue forecasts. Given the international recession, each quarter's forecast projected another decline in revenues for the current and 2009-11 biennium. In February, Tom Potiowski, Oregon State Economist, announced revenues for the 2007 biennium were down by \$713 million from the December forecast and that general fund revenues would be down \$1.7 billion from the original December forecast. Forecasts for the 2009-11 biennium were even worse and continued to worsen. Legislators found themselves dealing with a more than \$4 billion dollar budget shortfall for the 2009-11 biennium.

In early June, the Democratic leadership announced a plan to increase revenues by raising income taxes increases on wealthy corporations and individuals. Two bills were introduced and passed by the required 3/5 majority of the House and Senate. The bill to increase corporate taxes, HB 3405, is estimated to raise \$261 million in the 2009-11 biennium by increasing the corporate minimum tax and other corporate taxes on Oregon's businesses. The second bill, HB 2649, is designed to increase revenue over \$472 million in the 2009-11 biennium by increasing the top income tax brackets for Oregon's wealthiest individuals. OCCA remained neutral on these proposals. While the Legislature was able to muster the votes necessary to pass these two revenue bills it is possible that one or both measures may be referred to the voters by initiative petition. If the measures are referred to voters and the voters do not approve these increases the legislature may have to return to re-balance the 2009-11 budget.

## FINANCIAL AID

The Governor's top priority in post secondary education received a significant cut even in the context of a budget with cuts across the board. In 2007, the legislature passed the Shared Responsibility Model (SRM) for allocating the Oregon Opportunity Grant – Oregon's source of need-based financial aid for college students. The SRM greatly increased the number of Oregonians served by the program and was intended to reach further into the middle class. The new model was phased in over the current biennium with this academic year being its first year of full implementation. The governor's budget recommended \$157,354,225 from the general fund for the program, which ultimately received a general fund appropriation of only \$88.3 million. However, it's worth noting the program received \$98.7 million in the last biennium. Full implementation of the program would have required a significant increase – well beyond a normal EBL increase. Ultimately the program took a roughly ten percent cut from the last biennium.

In the Education Subcommittee, the large waiting list of community college students was raised as a concern by several members. As the economic downturn deepened, financial aid application for community college students surged, but with inadequate funding to meet the demand, over 7,000 were turned away – 85 percent of which applied to community colleges. The committee suggested the Oregon Student Assistance Commission explore ways to make sure a shortage of funding does not fall so heavily on the 2-year sector for the next biennium.

## POLICY BILLS

Over the course of the legislative session, OCCA tracked several hundred bills. While much of the Legislature's attention was focused on the worsening economic conditions, a number of significant policy bills were considered. The following provides a highlight of several major bills with an impact on community colleges. A more complete report of legislative initiatives will be provided by OCCA later this summer.

**(P) = Passed (F) = Failed to Pass**

### Education Policy

**(P) *Adverse impact process for community college career pathways (HB 3117)*** – OCCA joined with Rep. Michael Dembrow in introducing a bill to allow community college career pathway programs to be implemented without having to go through the adverse impact process required for new programs. OCCA worked with representatives from the career colleges to fashion a process which allows the parties to come together to look for opportunities for collaboration within a shortened time-frame. At the conclusion of the process, the community college will have the ability to proceed with the career pathway program. Unlike past efforts to amend the adverse impact process, this bill passed the House and Senate with little opposition.

**(P) *Applied Baccalaureate Degree Study (HB 3093)*** – This bill directs the Joint Boards of Education (JBAC) to evaluate the value of creating an applied baccalaureate degree that could be offered by Oregon community colleges and universities. JBAC is required to report back to the appropriate interim legislative committee with recommendations by November 2010. Items JBAC must consider include the types of programs for which an applied baccalaureate would be appropriate,

the resources that would be required to implement an applied baccalaureate, and whether or not community colleges should be allowed to offer applied baccalaureate degrees. OCCA worked with Rep. David Edwards to craft the provisions of this bill in a way that ensures that community colleges will play a key role in the study.

**(P) Senior Course Audits (HB 2011)** – Speaker of the House, Dave Hunt, introduced this bill to require Oregon universities and community colleges to allow senior citizens age 65 and older to audit classes tuition-free. Community college boards will establish rules for implementing the provisions of this law which passed the House and Senate by nearly unanimous votes. In order to audit a course tuition-free there must be space available in the course and the department in which the course is taught must approve. In addition, eligible courses are limited to lower division collegiate courses and program eligibility is limited to senior citizens who are registered for eight or fewer course credits per term. Community colleges are allowed to assess any fees associated with the cost of the course other than tuition. OCCA worked with Speaker Hunt to draft the bill in a way that gives maximum flexibility to community college boards in implementing this requirement in a way that best meet the needs of their campus communities.

**(P) Study of Semesters (SB 442)** – The original version of SB 442 was focused primarily on creating a process to consider the consolidation of Oregon’s regional universities with other existing universities. Amendments to the bill changed the focus to a study by the Joint Boards of Education on the feasibility of moving some or all of Oregon universities and community colleges to a semester calendar. OCCA opposed the study and was able to get assurances entered into the legislative record that this study will be conducted without any pre-determined outcome on moving to a semester calendar.

**(P) Career Readiness Certificates (HB 2398)** – This bill directs the Department of Community Colleges and Workforce Development (CCWD) to create a Career Readiness Certificate program to certify the workplace and college readiness skills of Oregonians. Program services will be delivered through public high schools, community colleges, local and regional career centers, and education service districts. CCWD will develop rules, in consultation with the State Workforce Investment Board, the Department of Education, and the State Board of Education, and administer the program. CCWD will submit an annual report on program outcomes and recommendations for improvement. This bill also reaffirms CCWD’s role in the implementation of an integrated workforce delivery system.

## **Bond Elections**

**(P) CC Expansion Districts (HB 3116)** – At the request of Rogue Community College and Blue Mountain Community College, OCCA introduced legislation to allow the community college expansion districts the option of holding elections on bond measures either through a separate vote of service areas (as is currently required in statute) or by one district-wide vote. The bill was amended in the Senate to give the other two districts that have annexed neighboring counties, Columbia Gorge Community College and Southwestern Oregon Community College, this same option. These are the only four community college districts that have service areas defined in statute. The bill passed both the House and Senate unanimously.

## **Personnel**

**(P) Part-time Faculty Health Benefits (HB 2557)** – Once again legislation was introduced in the House which would have implemented ratios between full-time and part-time community college and university faculty. OCCA strongly opposed the bill as introduced and participated in a workgroup with other interested parties to formulate a compromise. OCCA worked with Rep. Michael Dembrow to develop a compromise that allows part-time faculty members who are PERS eligible through hours worked at one or more community colleges or universities to purchase health insurance offered by the Oregon Educators Benefit Board (OEBB). This benefit will be available to eligible part-time faculty in October 2010. In addition, the compromise bill includes a study and report to gather data on the use of full-time and part-time faculty at post-secondary institutions. Provisions related to full-time/ part-time faculty member ratios were removed from the bill. OCCA maintained a neutral position on the compromise bill.

**(F) Public Employee Collective Bargaining Act (HB 2831)** – HB 2831 became the primary vehicle labor advocates and legislative leadership moved through the process to make changes to the Public Employee Collective Bargaining Act (PECBA). The bill includes changes in the definition of several categories of employees including temporary employees, limited duration employees and casual employees. In addition, it changes the presumption related to supervisory employees and prohibits public employers from replacing striking employees with permanent employees. OCCA was able to work with the bill's proponents to add an amendment clarifying that the changes made to the definitions of temporary and casual employees were not intended to apply to community college bargaining units. Both Oregon Education Association and American Federation of Teachers witnesses stated on the record that the amendment passed by the Senate committee was not intended to change the current status quo in community college contracts.

OCCA scored a major victory by fighting back against efforts to repeal the current PECBA provisions relating to expedited bargaining. An amendment to significantly alter the expedited bargaining statute was killed just prior to a committee work session after OCCA was able to raise questions about the amendment. The bill did not pass the Senate and died.

## **Public Contracting**

**(P) Cost Benefit Analysis/ Feasibility Studies (HB 2867)** – A coalition of labor organizations brought forward HB 2867 as part of a multi-bill effort to make public contracting decisions by state and local governments more transparent. The bill requires government contracting agencies to determine if it is feasible to provide services in-house rather than contracting out the services. OCCA joined other local governments in raising concerns about the impact of this legislation. After participating in a workgroup with the bill's sponsors and other state and local government representatives, OCCA was able to advocate for a number of key changes to the bill including increasing the value of procurement contracts to which the requirement applies to \$250,000, changing the applicable contract duration from three months to six months, and adding protections from judicial action if a contract is challenged. While OCCA pushed hard for an exemption for community colleges from the bill's requirements, the exemption was opposed by labor interests. A minor exemption for colleges with fewer than 1,000 total student FTE was included in the bill. The bill passed on the final day of session.



## Bill Summaries

### Adverse Impact

OCCA made reform to the process of Adverse Impact a priority in the 2009 session seeking to create an expedited approval process for Career Pathway Certificates of Completion. Using the weak economy as context, OCCA argued that such programs should be approved more quickly and not have to undergo the full adverse impact process as the courses in these programs are part of larger programs already approved under the full process. Representative Michael Dembrow championed this issue and partnered with OCCA to introduce and pass this legislation. With Rep. Dembrow's support, OCCA was able to negotiate an agreement with the Northwest Federation of Career Colleges and remove their opposition to the bill.

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**HB 3117**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Requires community college seeking approval from State Board of Education to offer new career pathways certificate of completion program to give notice to Department of Community Colleges and Workforce Development of intent to offer program.

**Notes:**

OCCA worked closely with Rep. Michael Dembrow to draft this legislation and also consulted with the Northwest Career Colleges Federation to try and address concerns by for-profit colleges. While the career college federation remained neutral, the for-profit cosmetology schools opposed the bill.

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**SB 5545**

**Position:**

Watch

**Status:**

Passed

**Effective Date:**

07/16/2009

**Summary:**

Approves certain new or increased fees adopted by the Oregon Student Assistance Commission.

**Notes:**

This legislation increases fees for program review by the Office of Degree Authorization (ODA). Community colleges do not use ODA for this function and are not impacted by the increased fees.

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## Bonding

Several bills were introduced to address the bonding authority of state and local governments. OCCA was successful in passing legislation to allow the community college expansion districts the option of holding elections on bond measures either through a separate vote of service areas or by one district-wide vote. The bill impacts the four expansion districts, Rogue, Blue Mountain, Columbia Gorge and Southwestern Oregon Community Colleges.

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<b>HB 2105</b>	<b><u>Position:</u></b> Support	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Authorizes state agencies and public bodies to purchase and hold bonds issued by state agency or public body, respectively, without causing automatic cancellation or extinguishment of bonds.
		<b><u>Effective Date:</u></b> 06/25/2009	
<b><u>Notes:</u></b> This bill authorizes community colleges and other state agencies to purchase variable rate bonds without cancelling or extinguishing other bonds. This bill was requested by the Municipal Debt Advisory Commission to provide more flexibility to the State and other public agencies.			

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<b>HB 2973</b>	<b><u>Position:</u></b> Neutral with amendments	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Modifies authority for issuance of bonds by public bodies.
		<b><u>Effective Date:</u></b>	

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**Notes:**  
The original bill prohibited colleges from issuing COP's or other borrowing without going to the voters for approval. OCCA supported an amendment to clarify that the the intent of the bill was to prohibit a local government from pledging the full faith and credit and taxing authority of the State of Oregon outside of what is permitted by the Constitution and statutes. The bill as amended would not have restricted community college borrowing or COP issuance.

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**HB 3116**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Allows Blue Mountain Community College District, Columbia Gorge Community College District, Southwestern Oregon Community College District and Rogue Community College District to incur bonded indebtedness for benefit of districts upon approval of voters.

**Notes:**

OCCA introduced this bill to give the community college expansion districts the option of taking bond measures out for a vote by their statutorily defined service areas or by one district-wide vote. The original bill applied only to the two previously defined expansion districts, Blue Mountain and Rogue Community Colleges. The bill was amended in the Senate to include the two other community college districts that have annexed neighboring counties, Columbia Gorge and Southwestern Oregon Community Colleges.

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## Budget

The deepest recession since the great depression was the backdrop for a bleak budget and revenue picture that got worse as the session progressed. What state economists forecasted would be \$1 billion shortfall to the state budget for 2009-2011 ballooned into over a \$3.6 billion shortfall by session end. Available revenue for the 2007-09 budget had also dropped significantly. As a result, Governor Ted Kulongoski ordered across-the-board cuts to about 5% of state agencies' remaining budgets to deal with a shortfall in revenue to fund 2007-2009 biennium. By March the Legislature sent the Governor a bill cutting an additional \$855 million for the 2007-2009 funding cycle. Community colleges were spared from the second round of cuts with legislators citing the role colleges were playing as economic "first responders" in the recession as the rationale for holding colleges harmless from that round of cuts.

For the 2009-2011 biennium, OCCA's budget advocacy focused on minimizing cuts to the Community College Support Fund and dealing with the unresolved community college Essential Budget Level (EBL) formula. The original budget proposal for community colleges presented by the Ways and Means Co-Chairs was \$385 million. In the end, after significant lobbying efforts by OCCA, colleges received \$450 million for the support fund. The Joint Committee on Ways and Means also attached a budget note to the CCWD budget requiring the Department of Administrative Services to report back to the legislature on formulation of a new community college EBL.

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### **HJR 39**

**Position:**

Support with amendments Failed

**Status:**

**Effective Date:**

**Summary:**

Proposes amendment to Oregon Constitution to establish minimum amounts that must be appropriated by Legislative Assembly for kindergarten through grade 12 system, community college system and higher education system.

**Notes:**

This resolution did not receive a hearing.

**SB 733**

**Position:**

Support

**Status:**

Failed

**Effective Date:**

**Summary:**

Directs Governor's recommended budget to include calculation of essential budget level for Department of Community Colleges and Workforce Development based on recommendations approved by Community College Forecast Committee created by Executive Order.

**Notes:**

OCCA worked with Senator Morse to introduce this bill as a way to highlight the issue of fixing the community college Essential Budget Level (EBL). The current EBL does not take into consideration actual costs and typically underestimates funding. This disadvantages community colleges in the budget process. The bill received a hearing but did not pass out of committee. With support of Legislative leadership, this issue was addressed by the Ways and Means Committee during the development of the 2009-2011 community college budget. In addition, a budget note requiring the Department of Administrative Services to continue its work on developing an appropriate EBL for community colleges was added to the community college funding bill, SB 5511.

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**SB 5511**

**Position:**

Support with amendments Passed

**Status:**

**Effective Date:**

07/16/2009

**Summary:**

Appropriates moneys from General Fund to Department of Community Colleges and Workforce Development for certain biennial expenses.

**Notes:**

This is the budget bill for the Community College Support Fund (CCSF) and the Department of Community Colleges and Workforce Development (CCWD). The original Ways and Means Co-Chair budget provided only \$385 million to fund community colleges. OCCA worked with the co-chairs of the Ways and Means Education Subcommittee to raise the funding level for the CCSF to \$450 million. OCCA argued that increasing enrollment and the role colleges play as first responders in a recession made funding at least to that level critical.

## Capital Construction

After intense lobbying by the colleges and OCCA, the Legislature passed legislation in the closing days of session to fund nine projects on the prioritized capital construction list in the amount of \$57,455,000 for Article XI-G bonds for Treasure Valley, Umpqua, Chemeketa, Columbia Gorge, Central Oregon, Portland (Cascade Campus), Lane, Clackamas, and Oregon Coast. A local 50% match is required for these projects. An additional \$13,710,000 in lottery revenue bonds was provided for Blue Mountain (construction), Clackamas (deferred maintenance), Central Oregon (construction), Rogue (deferred maintenance), Mt Hood (seismic), and Clatsop (seismic). No match is required for this funding.

In the end, Oregon's community colleges received approval for over \$124 million in state support for deferred maintenance and capital construction projects during the 2009-11 session.

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<b>HB 5018</b>	<b><u>Position:</u></b> Support with amendments	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Appropriates moneys from General Fund to Department of Higher Education for capital construction.
		<b><u>Effective Date:</u></b>	

**Notes:**

This bill contained the original community college and higher education capital construction projects proposed by the Governor. This included only three community college capital projects. The bill did not receive a hearing. Community college capital construction projects were included in SB 5506.

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<b>HB 5034</b>	<b><u>Position:</u></b> Support	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Extends limitation of use of bond proceeds for community college districts for deferred maintenance, capital renewal, code compliance and safety projects from biennium beginning July 1, 2007, to four-year period beginning July 1, 2007.
		<b><u>Effective Date:</u></b> 03/19/2009	

**Notes:**

HB 5034 is a companion bill to SB 338. It clarifies that the authority for utilizing bond proceeds on the projects contained in SB 338 extended beyond the end of the 2007-2009 biennium. This allows "Go Oregon" bond proceeds to be spent on community college deferred maintenance projects into the 2009-2011 biennium.

**SB 338****Position:**

Support with amendments Passed

**Status:****Effective Date:**

02/05/2009

**Summary:**

Limits for six-year period beginning July 1, 2007, payment of expenses from other funds collected or received by various state agencies for capital construction.

**Notes:**

Known as the Go Oregon Stimulus Package, SB 338 originally appropriated funding only to state agencies, such as Department of Corrections, state parks, and universities. Working with Speaker Dave Hunt and CCWD, OCCA was successful in adding a community college deferred maintenance package into SB 338. SB 338 was passed in late January and contained an appropriation of \$53,278,650 in state lottery bonds and Article XI-G bonds for community college deferred maintenance projects.

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**SB 5505****Position:**

Support with amendments Passed

**Status:****Effective Date:**

08/04/2009

**Summary:**

Establishes amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for biennium.

**Notes:**

This is a companion bill to SB 5506. It sets the amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for the upcoming biennium for all state bonding. The original bill authorized only the amount of Article XI-G bonding included in the Governor's original budget and would have only funded three community college capital projects. With the cooperation of Speaker Dave Hunt, OCCA was able to amend the bill to provide \$63,233,000 for community college Article XI-G funded capital construction projects. Specific community college projects are listed in SB 5506.

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**SB 5506****Position:**

Support with amendments Passed

**Status:****Effective Date:**

08/04/2009

**Summary:**

Limits for six-year period beginning July 1, 2009, payment of expenses from other funds collected or received by various state agencies for capital construction.

**Notes:**

SB 5506 was the primary vehicle for funding community college capital construction projects for the 2009-2011 biennium. The legislation appropriated over \$13,710,000 in lottery revenue bonds and \$57,455,000 in Article XI-G general obligation bonds. The projects and the dollar amounts are itemized by campus in the contents of the bill.

**SB 5562****Position:**

Support with amendments Passed

**Status:****Effective Date:**

02/05/2009

**Summary:**

Establishes additional amounts authorized for issuance of general obligation bonds, revenue bonds and certificates of participation and other financing agreements for 2007-2009 biennium.

**Notes:**

This is another companion bill to SB 338. SB 5562 establishes additional amounts authorized for issuance of general obligation bonds, revenue bonds and certificates of participation and other financing agreements for the 2007-2009 biennium. It gives additional authority to CCWD to allocate funds in the amount of \$9,703,750 during the 2007-2009 biennium to fund several community college deferred maintenance projects included in SB 338 using Article XI-G general obligation bonds.

## Collective Bargaining

The 2009 legislative session brought a number of bills to change the Public Employee Collective Bargaining Act (PECBA). This law has undergone few changes since compromise legislation was adopted in 1995. Legislation proposed during the session attempted to shift the balance toward the interests of employees. HB 2831 was the primary vehicle for these changes. After intense lobbying by public employers, the bill failed on the Senate floor in the closing days of the session.

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<b>HB 2545</b>	<b><u>Position:</u></b> Oppose	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Includes temporary employees in definition of "appropriate bargaining unit" for purposes of collective bargaining between public employers and public employees.
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**Notes:**  
Provisions of this bill were included in HB 2831 which failed on the Senate floor in the last days of session. OCCA raised concerns about changing the definition of temporary employees and the potential cost of benefits for employees that might be added to a bargaining unit as a result of this change.

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<b>HB 2546</b>	<b><u>Position:</u></b> Oppose	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Prohibits public employer from hiring permanent replacements for public employees engaged in lawful strike.
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**Notes:**  
This bill was folded into HB 2831 which failed on the Senate floor in the closing days of session.

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**HB 2633**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Modifies definition of "supervisory employee" for purposes of public employee collective bargaining law.

**Notes:**

Provisions from this bill were included in HB 2831 which failed on the Senate floor in the closing days of session.

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**HB 2709**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Repeals expedited bargaining process in collective bargaining between public employers and employees.

**Notes:**

An attempt was made to amend this bill into HB 2831 in the Senate Commerce and Workforce Committee. OCCA successfully lobbied against this amendment and was able to stop the amendment from being considered by the committee.

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**HB 2831**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Authorizes inclusion of temporary employees in definition of "appropriate bargaining unit" for purposes of collective bargaining between public employers and public employees.

**Notes:**

HB 2831 became the primary vehicle for changes to the Public Employees Collective Bargaining Act (PECBA). OCCA joined other local governments in expressing concerns about the proposed changes and the broadening of categories of employees who could join bargaining units. OCCA successfully lobbied members of the Senate Commerce and Workforce Committee to defeat a proposed amendment that would have repealed the expedited bargaining provisions of current law. The entire bill failed to pass the full Senate in the final days of the Legislative Session.

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**SB 722**

**Position:**  
No Position

**Status:**  
Failed

**Effective Date:**

**Summary:**

Permits Governor to declare state of financial emergency under certain conditions, suspend pay increases to state government and school district employees, suspend certain terms of collective bargaining agreements and services contracts.

**Notes:**

While this bill as introduced would not have impacted community colleges, OCCA was watching the bill because it would have given the Governor power to declare a financial emergency and take extraordinary actions to override local collective bargaining agreements and services contracts. The bill did not receive a hearing.

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**SB 904**

**Position:**  
Watch

**Status:**  
Failed

**Effective Date:**

**Summary:**

Requires statewide collective bargaining agreement for all school district employees, except superintendents and administrators.

**Notes:**

SB 904 did not apply to community colleges but proposed a major change in the local governance of labor relations between school districts and their employees. The bill did not receive a hearing.

---

**SJR 32**

**Position:**  
No Position

**Status:**  
Failed

**Effective Date:**

**Summary:**

Proposes amendment to Oregon Constitution to allow Governor to declare state of financial emergency under certain conditions, suspend pay increases to state government and school district employees, suspend certain terms of collective bargaining agreement

**Notes:**

This proposed amendment to the Oregon Constitution would not have affected community colleges but would have given the Governor extraordinary powers to declare a state of financial emergency and suspend collective bargaining and service contracts. SJR 32 did not receive a hearing.

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## Education Policy

Much of the session focused on ways to improve access to post-secondary education. Proposals focused on improving the ability of students to move along the education continuum from K-12 to post-secondary education. Different approaches to delivering post-secondary education will be studied by the Joint Boards of Education during the interim. OCCA also worked closely with Speaker Hunt to fashion legislation to allow seniors to access community college courses tuition free.

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**HB 2011**

**Position:**

Support with amendments Passed

**Status:**

**Effective Date:**

01/01/2010

**Summary:**

Requires state institutions of higher education and community colleges to waive tuition for any course audited by Oregon residents 65 years of age or older in specified circumstances.

**Notes:**

Speaker Hunt introduced HB 2011 to make community college courses more accessible to senior citizens. OCCA worked closely with Speaker Hunt to draft amendments that provide significant flexibility to each community college to determine if tuition should be waived and to develop the process for determining student waivers. The waiver does not apply to fees. The waiver applies to auditing students older than 65 on a space available basis. The waiver applies only to lower division transfer courses with department approval when the person is registered for eight or fewer credits per term.

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**HB 3093****Position:**

Support with amendments Passed

**Status:****Effective Date:**

07/22/2009

**Summary:**

Directs Joint Boards of Education to report to Legislative Assembly on development of applied baccalaureate degree programs at state institutions of higher education and community colleges.

**Notes:**

OCCA worked with Rep. Edwards to modify the bill language so it would not be a mandate for community colleges to offer applied baccalaureate degrees but would direct the Joint Boards of Education to report back to the legislature on how an applied baccalaureate program could be developed between the Oregon universities and community colleges and whether community colleges should grant the degree.

**SB 442****Position:**

Neutral with amendments Passed

**Status:****Effective Date:**

07/23/2009

**Summary:**

Directs Joint Boards of Education and State Board of Higher Education to conduct studies relating to higher education.

**Notes:**

The original bill would have required the State Board of Higher Education to study the feasibility of consolidating of the regional higher education institutions. Much discussion centered around various proposals to merge universities within the Oregon University System or even merge rural universities with adjoining community colleges. After concerns were raised, the bill was significantly amended. The primary impact of the amended bill is a provision requiring the Joint Boards of Education to study moving from a quarter calendar to semesters. In addition, the Joint Boards must study different approach to improve outreach and success for students, including community college students, in rural areas. OCCA worked to make the studies on rural students and academic calendaring more open-ended.

**SB 738**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires school districts to provide or ensure access to accelerated college credit programs.

**Notes:**

This bill required K-12 school districts to provide or ensure students in grades nine through twelve online access to accelerated college credit programs. OCCA opposed this bill because, as written, the bill included a narrow definition of "accelerated college credit programs" and the bill specifically used the term "online" access, without an explanation of what that meant or how it would be paid for. OCCA believes there should be a dialogue between K-12 and post-secondary education representatives about accelerated college credit before moving forward with this legislation.

---

**SB 906**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Creates Task Force on Increasing the Numbers of Oregon Students in Post-Secondary Education.

**Notes:**

SB 906 would have created a task force to look at ways of increasing access to post-secondary education, especially for students from under-represented populations. It received a hearing but did not move out of committee.

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## Ethics

One of the first issues addressed by the Legislature was modifying Oregon's ethics law which had undergone significant reform in the 2007 session (SB 10). Legislators responded to concerns raised by local public officials after SB 10 was implemented. The changes adopted by the 2009 Legislature attempt to clarify the law's requirements with regard to the acceptance of gifts and entertainment, and to remove controversial reporting requirements for officials who file statements of economic interest.

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**HB 2518**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

07/07/2009

**Summary:**

Exempts from definition of "gift," for purposes of ethics laws, specified program material, specified expenses for attendance at conference and reasonable expenses paid to public school employee for accompanying students on educational trip.

**Notes:**

OCCA supported this bill to further clarify Oregon's ethics law changes related to gifts.

---

**HB 3011**

**Position:**

Oppose unless amended

**Status:**

Failed

**Effective Date:**

**Summary:**

Modifies definition of "legislative or administrative interest" and defines "candidate" for purposes of ethics laws.

**Notes:**

HB 3011 would have added elected members of school boards to the list of individuals who are required to file Statements of Economic Interest (SEI). This bill did not receive a hearing and community college board members were not added as SEI filers.

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**SB 30**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

04/15/2009

**Summary:**

Defines "candidate" for purposes relating to government ethics.

**Notes:**

SB 30 was the Legislature's response to concerns raised about the implementation of SB 10 (2007). Changes were made to the reporting requirements for Statement of Economic Interest filers.

Entertainment is now considered a gift and subject to the \$50 gift limit. The definition of legislative or administrative interest was changed to limit application to only the person to whom the gift is given and not the public body. OCCA supported the changes and successfully lobbied against changes that would have added community college board members as SEI filers.

---

**SB 85**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

05/26/2009

**Summary:**

Designates certain information relating to Oregon Government Ethics Commission adjudication process as confidential.

**Notes:**

This bill adds a confidentiality requirement to investigations initiated by the Government Ethics Commission without a formal complaint. This mirrors the confidentiality requirement in existing law for investigations when a complaint is filed.

This was a companion measure to SB 30.

## Financial Aid

2009 marked the first full year of implementation of the Shared Responsibility Model of the Oregon Opportunity Grant, which had been accompanied by a significant increase in funding for the program. However, with much heavier-than-expected demand, driven largely by the recession, it quickly became apparent that the program was not funded at a level sufficient to meet the growing demand. Unfortunately, the 2009-2011 budget shortfalls did not allow Legislators to fund the Opportunity Grant at the level to meet the need. Proposed legislation focused on merit aid and expanding opportunity grant funding for both for-profit and non-profit colleges and universities. None of these efforts were successful given the budget situation.

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<b>HB 2487</b>	<b><u>Position:</u></b> Oppose	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Extends Oregon Opportunity Grant program to include qualified graduate students at eligible graduate institutions.
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**Notes:**

With an already under-funded Opportunity Grant program, OCCA expressed concern about various proposals for expanding eligibility of the program. This legislation did not move forward due to the difficult budget climate. In addition, the Governor's office made it known that he opposed expansions to the program beyond current eligibility.

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<b>HB 2851</b>	<b><u>Position:</u></b> Neutral with amendments	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Creates Task Force on Alternative Tuition Systems.
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**Notes:**

OCCA monitored this legislation and communicated potential concerns but the legislation received only a courtesy hearing and was moved to Ways and Means. The bill was expected to move but did not before the Legislature adjourned.

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**HB 2949**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Allows qualified student to apply Oregon Opportunity Grant moneys toward certain for-profit post-secondary institutions.

**Notes:**

OCCA opposed this legislation which would have made students at for-profit institutions eligible to receive the Oregon Opportunity Grant. The Governor made it known he would veto the bill should it pass the legislature. The threat of veto prevented the bill from moving forward.

---

**HJ 15**

**Position:**

Support

**Status:**

Failed

**Effective Date:**

**Summary:**

Urges Congress to pass legislation and appropriate funds for free post-secondary education.

**Notes:**

OCCA supported HJM 15's goal of advocating for federal action toward universal access to post-secondary education.

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**SB 7**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Creates prepaid tuition contracts for Oregon residents under Oregon 529 College Savings Network.

**Notes:**

OCCA remained neutral on this legislation and communicated some concerns over the cost to institutions over time when tuition can be paid far in advance at a lower rate than what will likely be the price many years later when the account would be utilized.

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**SB 701**

**Position:**  
Support

**Status:**  
Passed

**Effective Date:**  
01/01/2010

**Summary:**

Creates Nursing Faculty Loan Repayment Program for purpose of providing loan repayments for certain nurse educators at nursing schools in Oregon.

**Notes:**

OCCA supported this bill to create a Nursing Faculty Loan Repayment Program to be administered by the Oregon Student Assistance Commission in consultation with the Oregon Center for Nursing and the State Board of Nursing. The repayment program is designed to provide loan repayment assistance to nurse educators teaching in Oregon who earn a master's degree or doctoral degree. No General Funds were appropriated to fund this program.

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**SB 5544**

**Position:**  
Support

**Status:**  
Passed

**Effective Date:**  
07/16/2009

**Summary:**

Appropriates moneys from General Fund to Oregon Student Assistance Commission for certain biennial expenses.

**Notes:**

This is the budget bill for the Oregon Student Assistance Commission which oversees the Oregon Opportunity Grant. The OOG represents the bulk of the commission's budget. After only one full year of implementation of the Shared Responsibility Model, the Oregon Opportunity Grant received an 11.1% cut bringing funding in the 2009-2011 biennium down to \$97 million. OCCA raised concerns about the unmet need and the number of community college students who are on the waiting list for the OOG.

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## Governance

The only governance related legislation that was introduced this session was related to the Tax Supervising and Conservation Commission in the Portland metropolitan area. Unlike previous sessions, no bills were introduced to change the governance system of community colleges.

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<b>HB 2074</b>	<b><u>Position:</u></b> Neutral	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Divides responsibility for funding tax supervising and conservation commission between county and municipal corporations within county.
		<b><u>Effective Date:</u></b> 06/26/2009	

**Notes:**

This bill only impacts PCC and MHCC. It changes the way funding responsibility for the Tax Supervising and Conservation Commission (TSCC) is apportioned between Multnomah County and the other municipal corporations in Multnomah County. It also allows municipal corporations with a population less than 200,000 to opt out of the TSCC.

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<b>SB 547</b>	<b><u>Position:</u></b> Oppose	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Grants Oregon residency status to university and community college students who have at least one parent who resided in state for 12 months prior to beginning of academic term.
		<b><u>Effective Date:</u></b>	

**Notes:**

This bill never received a hearing.

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**SB 748**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Permits county to dissolve tax supervising and conservation commission.

**Notes:**

SB 748 would have allowed Multnomah County to dissolve the Tax Supervising and Conservation Commission (TSCC). Only Portland Community College and Mt. Hood Community College would have been impacted by this change. The bill died in the House Revenue Committee.

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## Health Care

Much of the Legislature's attention focused on reform of the health care system in Oregon and specifically the coordination of the health policy. Health policy functions at the state level were consolidated under a newly created Oregon Health Authority. The Oregon Educators Benefit Board (OEBB) will now fall under the jurisdiction of the Oregon Health Authority. This should not impact the insurance coverage of community college employees who participate in OEBB. Other health care legislation focused on health professions education and training.

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<b>HB 2009</b>	<b><u>Position:</u></b> Neutral	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Establishes Oregon Health Policy Board and Oregon Health Authority and specifies duties, functions and powers.
		<b><u>Effective Date:</u></b> 06/26/2009	

**Notes:**

HB 2009 changes the way health care and health care policy are administered at the state level by the establishment of a new Health Policy Board. The Board will have authority over the Oregon Educators Benefit Board (OEBB).

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<b>HB 2016</b>	<b><u>Position:</u></b> Support	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Allows community college district to use certain factors to determine employee eligibility to participate in benefit plans offered by Oregon Educators Benefit Board.
		<b><u>Effective Date:</u></b>	

**Notes:**

OCCA initiated this legislation to clarify in statute Oregon Educators Benefit Board rules with regard to employee eligibility. This bill received a hearing but was opposed by labor interests and did not pass out of committee.

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**HB 3097**

**Position:**

Support with amendments Passed

**Status:**

**Effective Date:**

01/01/2010

**Summary:**

Directs Department of Human Services to adopt rules to allow emergency medical technician applicant to substitute experience and certification by national registry of emergency medical technicians for certain requirements imposed by department.

**Notes:**

OCCA raised concerns about the substitution of national certification for Oregon's AA degree requirement. The bill was amended to address these concerns and statements were made on the record to clarify how DHS should fashion this rule to apply in very limited circumstances.

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**HB 3204**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

06/25/2009

**Summary:**

Modifies qualifications for dental hygienists authorized to practice dental hygiene without license .

**Notes:**

HB 3204 maintains education and training requirements for limited access permit dental hygienists (LAPS) while allowing them to provide more services to needy patients.

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**SB 167**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Authorizes Public Employees' Benefit Board to allow certain nurses and nurse educators to participate in self-pay group benefit plans.

**Notes:**

This bill allows state-employed nurses or university nurse educators who are employed part-time to elect to participate in the Public Employees' Benefit Board group health insurance plans on a self-pay basis.

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**SB 457**      **Position:**                      **Status:**                      **Summary:**  
Support                                      Failed  
**Effective Date:**                      Requires specified healthcare  
workforce regulatory boards to collect  
information from licensees and report  
information to Office for Oregon Health  
Policy and Research for creation of  
healthcare workforce database.

**Notes:**  
OCCA supported this bill to create a health care  
workforce database to provide better quantitative  
data on the status of Oregon's health care  
workforce. The provisions of this bill were included  
in HB 2009.

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**SB 736**      **Position:**                      **Status:**                      **Summary:**  
Support                                      Failed  
**Effective Date:**                      Exempts nurses trained outside of  
United States from nursing licensure  
requirements if nurse is participating in  
clinical practice as part of approved  
program for providing transition to  
practice nursing in Oregon.

**Notes:**  
This bill would have made it easier for community  
colleges with international nurse transition  
programs to allow nurses to participate in clinical  
practice.

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**SB 913**      **Position:**                      **Status:**                      **Summary:**  
No Position                                      Failed  
**Effective Date:**                      Appropriates moneys from General  
Fund to Oregon Department of  
Administrative Services for distribution  
to Oregon Center for Nursing for  
biennial expenses.

**Notes:**  
The bill would have appropriated \$800,000 to the  
Oregon Center for Nursing. While state funding has  
been provided to the Center in the past, due to the  
difficult budget situation, it was impossible for the  
state to continue this financial support.

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## Operations

Community college operations will be impacted by a number of bills passed by the 2009 Legislature. This includes legislation related to automated external defibrillators, the adoption of pest management policies, and the reform of Oregon's tort law as it applies to public agencies, including community colleges.

Legislation to address campus safety issues at public universities and community colleges was heard in the House Judiciary Committee but did not move out of committee. A workgroup will be convened during the interim to discuss these issues and make recommendations on rules related to firearms on campus to the 2011 Legislature.

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<b>HB 2674</b>	<b><u>Position:</u></b> Oppose	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Prohibits schools from using school property to provide printing, binding or graphic arts services to public or to state or local government or political subdivision.
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**Notes:**

A number of community colleges utilize the printing services of K-12 school districts. OCCA opposed the bill due to concerns about the potential cost increases to colleges if they could no longer access these services.

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<b>HB 2828</b>	<b><u>Position:</u></b> Support	<b><u>Status:</u></b> Failed	<b><u>Summary:</u></b> Allows certain municipal corporations to publish budget summary on website.
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**Notes:**

OCCA supported similar legislation several sessions ago that would allow community colleges to post budget summaries on their website rather than in the newspaper. This bill never received a hearing.

**HB 2917**

**Position:**

Support

**Status:**

Failed

**Effective Date:**

**Summary:**

Exempts community colleges from provisions allowing persons who are blind to operate vending facilities in public buildings or on public property.

**Notes:**

OCCA introduced this bill on behalf of Oregon Coast Community College to address issues with Oregon's blind vending law.

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**HB 3070**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Authorizes universities under control of State Board of Higher Education, Oregon Health and Science University and boards of education of community college districts to commission public safety officers.

**Notes:**

HB 3070 would have allowed community college districts to commission public safety officers. It did not guarantee training of officers by DPSST. In addition, as drafted, the bill would have made campus public safety officers eligible for police and firefighter benefits under PERS. Issues related to this bill were heard during public hearings on HB 3071.

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**HB 3071**

**Position:**

No Position

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires State Board of Higher Education to authorize each institution under its control to commission special campus security officers.

**Notes:**

As introduced, this bill only applied to higher education institutions under the jurisdiction of the State Board of Higher Education. See related bill HB 3070. The Senate Judiciary Committee expressed its intention to form a workgroup during the interim to address some of these issues including those related to firearms on campus.

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**SB 311**

**Position:**

Support

**Status:**

Passed

**Effective Date:**

07/01/2009

**Summary:**

Increases amounts recoverable in tort actions against public bodies.

**Notes:**

This bill was introduced to address concerns about the tort liability of public bodies, including community colleges, as a result of the ruling in Clarke v. OHSU. The bill increases tort limits that apply to state and local governments. In the case of local governments, the per claim damage limit was raised to \$500,000. The per occurrence damage limits were raised to \$1 million. The limits will be raised incrementally until 2015 and then the increases will be tied to the Consumer Price Index. Finally, the bill removes the distinction between economic and non-economic damages.

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**SB 556**

**Position:**

Neutral with amendments

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Requires certain places of public assembly to have automated external defibrillator .

**Notes:**

OCCA raised concerns about the broad impact of this bill as introduced. OCCA worked to amend the bill. It now requires automated external defibrillators (AEDs) to be placed in buildings 50,000 sq. ft. or larger where 25 or more people congregate on a normal business day. The requirement applies only to community college buildings that meet the size and occupancy criteria stated above.

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**SB 637**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Requires adoption of integrated pest management plans for schools.

**Notes:**

Community Colleges were represented on the pre-session work group for this legislation, though some concerns remained about the scope of the mandates in the bill. However, with such a broad coalition of support, virtually no opposition, and many examples of similar legislation in other states without significant financial consequences; OCCA took a neutral position on the bill.

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**SB 668**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires all kindergarten through grade 12 public schools, community colleges and state institutions of higher education to establish green cleaning policy by June 30, 2010.

**Notes:**

This bill would have required community colleges to establish a green cleaning policy. The bill received a hearing but did not move out of committee. Most community colleges have already adopted green cleaning policies.

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## PERS

Although PERS employer rates are expected to increase significantly in 2011, the legislature did not take any significant action to reform the PERS system or control costs. A number of bills passed that made technical changes to the current system. Most significantly, the Governor vetoed SB 897 due to concerns related to the possible impact of a provision in the bill that would have guaranteed a level of benefits to retirees even if the information used to determine the benefit proved to be incorrect.

OCCA worked with school districts and superintendents to support passage of a bill to allow community colleges and school districts that have PERS side accounts the flexibility to use those accounts to offset employer contributions to employees' individual account program (IAP) accounts.

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<b>HB 3401</b>	<b><u>Position:</u></b> Support	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Allows public employer participating in Public Employees Retirement System to request that excess amounts in side account established for lump sum payment be applied to offset contributions to individual account program if Public Employees Retirement Board
<b><u>Notes:</u></b> OCCA supported this bill to give community colleges the flexibility to use side accounts to offset contributions to IAP accounts of PERS employees. The bill does not require that funds be used for this purpose but gives each college the option to use or not use the funds if appropriate given the balance in the fund and the employers' other existing actuarial liabilities.			<b><u>Effective Date:</u></b> 08/04/2009

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<b>SB 112</b>	<b><u>Position:</u></b> Neutral	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Allows member of Public Employees Retirement System who has been retired for service for more than six months, and who elected to receive lump sum payment or installment payments, to be reemployed by public employer without repayment of lump sum or instal
<b><u>Notes:</u></b> SB 112 clarifies existing law for Public Employee Retirement System retirees who are rehired in a position exempt from the 1040-hour limitations and treats employees who take a lump sum payment in the same manner as those who receive a monthly PERS benefit when they are re-employed after six or more months.			<b><u>Effective Date:</u></b> 06/18/2009

**SB 343**

**Position:**

Support with amendments Failed

**Status:**

**Effective Date:**

**Summary:**

Removes limit on number of hours retired member may work and still qualify for retirement under Public Employees Retirement System if retired member is employed by school district or education service district as other than teacher or management employee,

**Notes:**

This bill would have exempted non-management and non-faculty employees at community colleges from the 1040-hours limit that applies to retired members of the Public Employees Retirement System. The bill did not receive a hearing.

**SB 897**

**Position:**

No Position

**Status:**

Failed

**Effective Date:**

**Summary:**

Provides that one member of Public Employees Retirement Board must be either public employee who is in appropriate bargaining unit or retired member of Public Employees Retirement System who retired from position in appropriate bargaining unit.

**Notes:**

Governor Kulongoski vetoed this bill because the issues it addresses are currently pending in the court system. Concerns were raised about the bill's requirement that PERS verify an employee's benefits and guarantee that level of benefit regardless of the accuracy of the determination. If enacted, PERS would not have been able to correct a mistake resulting in an overpayment of benefits. OCCA expressed concerns about the ramifications of the verification and guarantee.

## Personnel

Labor related issues dominated the 2009 Legislative Session. Some efforts were more successful than others. The most significant issue to impact community college employees was the passage of Rep. Michael Dembrow's bill to create a self-pay health insurance benefit offered through the Oregon Educators Benefit Board (OEBB) for part-time PERS eligible community college faculty. An amended HB 2557 passed as a compromise to providing benefits without implementing full-time, part-time faculty ratios, or making health insurance a mandatory subject of collective bargaining. OCCA negotiated the compromise amendment with Rep. Dembrow in a way that minimized the role of colleges in administering the benefit and took a neutral position on the bill's passage.

A labor-sponsored bill to restrict employers from requiring mandatory attendance at meetings related to political or religious discussions passed as well. A bill to create a Family Leave Insurance Program failed for the second session in a row. In addition, a bill to allow certain community college employees to file unemployment insurance claims during the summer and breaks never received a hearing.

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<b>HB 2062</b>	<b><u>Position:</u></b> Neutral	<b><u>Status:</u></b> Passed	<b><u>Summary:</u></b> Requires school boards to adopt policies on reporting sexual conduct by school employee directed toward student.
		<b><u>Effective Date:</u></b> 07/01/2010	

**Notes:**

OCCA worked to ensure that when SB 45 (dealing with an employee's inappropriate sexual conduct toward a student) was rolled into this bill that community colleges would be excluded from the requirements. As a result this bill does not require any action by community college boards and community colleges retain the ability to establish their own policies related to underage students and sexual misconduct.

**HB 2298**

**Position:**  
No Position

**Status:**  
Passed

**Effective Date:**  
01/01/2010

**Summary:**  
Includes overtime in calculation of amounts of donated leave employee of State of Oregon, county, municipality or other political subdivision may receive.

**Notes:**  
This bill applies to employees who are called to military service by the Governor or the Adjutant General with the Governor's approval. It changes the statutory cap on compensation to total compensation and requires local governments to include overtime in the calculation of total compensation for employees on military leave.

**HB 2557**

**Position:**  
Neutral

**Status:**  
Passed

**Effective Date:**  
01/01/2010

**Summary:**  
Makes certain part-time faculty members at public institutions of higher education eligible for same health care benefits as full-time faculty members.

**Notes:**  
This bill began as a mandate to set ratios of full time and part time faculty at community colleges and the Oregon University system. OCCA worked closely with Rep. Michael Dembrow and Rep. John Huffman to find a compromise that would alleviate the financial burden for colleges in the bill's original form and would not erode local control. The final product created a self-pay insurance option for part-time faculty and called for an assessment of current staffing ratios at community colleges and in public universities.

**HB 2708**

**Position:**  
No Position

**Status:**  
Failed

**Effective Date:**

**Summary:**  
Requires employer to verify legal status of employee to be employed in United States through federal E-Verify program prior to deducting expenses related to worker's employment from Oregon taxable income.

**Notes:**  
No hearing was held on this bill due to concerns about the federal E-Verify program.

**HB 2744**

**Position:**  
No Position

**Status:**  
Passed

**Effective Date:**  
06/25/2009

**Summary:**

Requires employer that employs 25 or more persons in Oregon for each working day during specified periods of time to provide leave to certain employees who are spouses of members of military forces that are on active duty during periods of military confli

**Notes:**

This bill allows military spouses to take 14 days of unpaid leave prior to their spouse's deployment during periods of military conflict. This requirement applies to political subdivisions of the state of Oregon including community colleges.

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**HB 2821**

**Position:**  
Oppose

**Status:**  
Failed

**Effective Date:**

**Summary:**

Prohibits covered employer from requiring eligible employee to use accrued vacation leave when taking family leave.

**Notes:**

This bill would have prohibited an employer from requiring an employee to use accrued vacation leave when taking family leave. After passing the House on a divided vote, the bill died in the Senate Rules Committee.

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**HB 3135**

**Position:**  
Oppose

**Status:**  
Failed

**Effective Date:**

**Summary:**

Authorizes unemployment insurance benefits for striking worker whose job is filled by permanent or temporary replacement.

**Notes:**

This bill never received a hearing.

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**SB 519**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Prohibits employer from taking adverse employment action against employee who declines to attend meeting or participate in communication concerning employer's opinion about religious or political matters.

**Notes:**

SB 519 prohibits employers, including community colleges, from taking action against an employee who declines to attend a meeting or participate in communications concerning the employers opinion about religious or political matters. Political matters are defined to include decisions to join or not join any lawful political or constituent group such as a labor union. Mandatory meetings of an employer's executive or administrative staff to discuss business related issues including those subjects covered in this bill are exempted.

---

**SB 568**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Prohibits specified units of government from adopting conditions of employment that regulate, restrict or prohibit specified activities related to firearms.

**Notes:**

This bill was introduced to overturn a pending court case where the lower court ruled that a school district had the right to restrict firearms as part of an employee's employment contract. The bill did not receive a hearing.

---

**SB 966**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Creates Family Leave Benefits Insurance Program to provide benefits to employees taking family leave.

**Notes:**

SB 966 was the Legislature's second attempt to create a Family Leave Benefits Insurance Program funded by premiums collected from a deduction from employee wages. The bill died in the Ways and Means Committee.

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## Public Contracting

Transparency in government contracting was a theme of House leadership in the 2009 Legislative Session. The focus of this initiative was to make information about public contracts available to the public on the internet, and to require public entities, including community colleges, to justify contracting out certain services. OCCA joined other local governments in opposing both bills related to public contracts based on the cost of the proposed changes and lack of consensus on the need for changes. One of the two proposed bills, HB 2867, passed the Senate in the closing days of session. This bill will require most community colleges to undertake a cost analysis before contracting out some services with a value of \$250,000 and greater.

---

**HB 2037**

**Position:**

Oppose unless amended

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires Oregon Department of Administrative Services and local contracting agencies to maintain records concerning certain public contracts and to submit reports concerning that information to Governor and Legislative Assembly.

**Notes:**

OCCA acted quickly to oppose HB 2037 because of the administrative and cost burden the bill would have imposed on community colleges. As a result of lobbying efforts by OCCA and other local governments, local governments were dropped from the bill's requirements and the provisions related to certain state agencies were included in a separate bill (HB 2500).

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**HB 2758**

**Position:**

Neutral

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires public agency to include amount in contract for construction, reconstruction or major renovation of public building equivalent to 1.5 percent of total contract price for inclusion of appropriate green energy technology.

**Notes:**

This bill would have broadened the requirement to use a percentage of a public improvement contract price on solar energy to other forms of green energy technology including geothermal and wind energy.

---

**HB 2838**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Prohibits public agencies from entering into public works contracts for which contract price exceeds \$750,000 unless public agency verifies that every employer under contract is approved apprenticeship training agent.

**Notes:**

OCCA continued to oppose this effort to require public works contracts over a certain dollar amount to include verification that every employer under the contract is an approved apprenticeship training agent. The bill received a hearing but did not move out of committee.

---

**HB 2867**

**Position:**

Oppose

**Status:**

Passed

**Effective Date:**

08/04/2009

**Summary:**

Requires contracting agency, before conducting procurement for services that exceed specified amount, to demonstrate by specified means that performing services with contracting agency's own personnel and services is not feasible.

**Notes:**

OCCA participated in a workgroup with other state and local governments to raise concerns about this bill. A number of changes were made to lessen the impact of this bill on community colleges and two community colleges (OCCC and TBCC) are exempted from the bill's requirements. The requirements of this bill will become effective for services contracts with a value of \$250,000 or more entered into after January 1, 2010. OCCA will be tracking implementation of this bill closely and will propose changes if necessary in the 2011 legislative session.

---

**HB 2907**

**Position:**

No Position

**Status:**

Passed

**Effective Date:**

06/17/2009

**Summary:**

Prohibits contracting agency from entering into agreement with another state or political subdivision or agency of another state in which contracting agency agrees that contractor may pay less than prevailing rate of wage under terms of contract.

**Notes:**

This bill was directed at contracts entered into by the Oregon Department of Transportation but applies to all contracting agencies in Oregon.

---

**SB 50**

**Position:**  
No Position

**Status:**  
Passed

**Effective Date:**  
05/26/2009

**Summary:**  
Sets deadline of 180 days for notices of claim made on contractor's payment bond in connection with work performed on public contract.

**Notes:**

SB 50 extends the deadline to file notices of construction bond claims from 120 days to 180 days. The purpose of the additional time is to provide greater opportunity for the settlement of construction bond claims, and the filing of accurate claim reports.

---

**SB 51**

**Position:**  
Oppose unless amended

**Status:**  
Passed

**Effective Date:**  
07/23/2009

**Summary:**  
Requires Commissioner of Bureau of Labor and Industries by order to set fee adequate to pay costs of education and enforcement related to prevailing wage law and at 0.1 percent of contract price for public works, except that fee may be no less than \$250.

**Notes:**

This bill preserves the current minimum and maximum fees in place to fund the Prevailing Wage Rate program administered by the Bureau of Labor and Industries. An amendment was adopted to strike new provisions which would have given BOLI authority to increase the percentage fee rate to .125%. The existing rate of .1% was retained. OCCA opposed the proposed increase in the fee rate.

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**SB 53**

**Position:**  
Neutral

**Status:**  
Passed

**Effective Date:**  
05/26/2009

**Summary:**  
Requires public agency to pay fee to Commissioner of Bureau of Labor and Industries when public agency notifies commissioner that public agency has awarded contract subject to prevailing wage law.

**Notes:**

This bill changes the timing of when fees must be paid to BOLI.

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**SB 479**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

06/04/2009

**Summary:**

Provides that Public Contracting Code may not be construed to prohibit contracting agency from giving preference in awarding public contract to business enterprise that is owned or controlled by disabled veteran.

**Notes:**

SB 479 allows public contracting agencies, including community colleges, to give a preference in awarding public contracts to disabled veterans. It also prohibits discrimination against subcontractor businesses owned by disabled veterans.

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**SB 872**

**Position:**

No Position

**Status:**

Failed

**Effective Date:**

**Summary:**

Requires contracting agency in certain circumstances to give preference to Oregon residents that bid on public contracts.

**Notes:**

This bill did not receive a hearing.

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## Revenue

Throughout the session the quarterly revenue forecasts declined in revenues for the current and 2009-2011 biennium. Finally, in early June, leadership announced a plan to increase revenues by raising income taxes on corporations and higher income individuals. Two bills were introduced and passed by the required 3/5 majority of the House and Senate. The bill to increase corporate taxes, HB 3405, is estimated to raise \$255 million in the 2009-2011 biennium by increasing the corporate minimum tax and other corporate taxes on Oregon's businesses. The second bill, HB 2649, is designed to increase revenue over \$472 million in the 2009-2011 biennium by increasing the top income tax brackets for Oregon's wealthiest individuals. OCCA remained neutral on these proposals. While the Legislature was able to muster the votes necessary to pass these two revenue bills, both measures were successfully referred to the voters by initiative petition. If the voters do not approve these increases the legislature may have to rebalance the 2009-2011 budget.

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**HB 2649**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

09/28/2009

**Summary:**

Increases tax rates for individuals with taxable income above \$125,000 for tax years beginning on or after January 1, 2009.

**Notes:**

This is the second bill in the revenue package passed by the legislature. It makes changes to personal income tax rates for higher income Oregonians. This measure was referred to the ballot through a citizens' initiative and will be voted on in the January Special Election. See HB 3405 below.

---

**HB 3057**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Authorizes counties to designate educational development zones in which graduates of Oregon post-secondary institutions may defer payment of property taxes on newly purchased homes.

**Notes:**

This bill would have authorized counties to designate educational development zones in which graduates of Oregon post-secondary institutions would have been able to defer payment of property taxes on newly purchased homes. OCCA opposed this bill on the grounds that the bill would reduce property tax revenues for the colleges in these areas. The bill died in committee.

**HB 3405**

**Position:**

No Position

**Status:**

Passed

**Effective Date:**

09/28/2009

**Summary:**

Bases corporate minimum tax for C corporations on amount of Oregon sales.

**Notes:**

This legislation was one of two major revenue bills Democratic leadership passed to balance the final budget. This increase in corporate taxes drew significant opposition from business organizations who had advocated for a sunset date in the bill. Revenue from these two measures is expected to be \$727 million in the 2009-11 biennium. Both revenue increases were challenged and will go before voters in a special election in January 2010 as Ballot Measures 66 and 67. If the measures fail, the Legislature will have to address a \$727 million loss of revenue in the 2009-11 budget. The statewide impact to the community college support fund is estimated at \$24.9 million.

**SJR 25**

**Position:**

Oppose

**Status:**

Failed

**Effective Date:**

**Summary:**

Proposes amendment to Oregon Constitution to require approval by at least three-fifths of electors who cast ballot for measures that authorize new or increased property taxes.

**Notes:**

This bill proposed an amendment to the Oregon Constitution to require approval by at least three-fifths of electors who cast ballots for measures that authorize new or increased property taxes. OCCA strongly opposed this bill on grounds of "majority rules"--a majority of voters should determine the outcome of an election. If this bill had passed it would have severely limited the ability of community colleges to pass bonds.

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## Students

There were not a great number of bills in the 2009 legislative session that were specific to college students that are not covered in other categories of this report such as financial aid. The Oregon Student Association's "Tuition Equity" bill which would provide in-state tuition for certain undocumented students received much attention but did not pass. The other major issue related to hazing did become law.

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<b>HB 2008</b>	<u>Position:</u> Neutral	<u>Status:</u> Failed	<u>Summary:</u> Requires Oregon Educators Benefit Board to offer to student attending school in district enrollment in health benefit plans contracted for by board, upon payment of premium by student.
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Notes:  
This bill was one of several bills to expand access to the Oregon Educators Benefit Board. OCCA expressed concern about how the benefit would be administered and whether the community college would be responsible for collecting premiums. This bill did not receive a hearing.

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<b>HB 2833</b>	<u>Position:</u> Support	<u>Status:</u> Failed	<u>Summary:</u> Creates Task Force on Foster Youth Access to Post-Secondary Opportunities.
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Notes:  
OCCA and Linn-Benton Community College, especially, worked with Rep. Gelser to support this legislation. A public hearing was held by the House Education committee and community college advocates testified about the issues foster youth face in attaining post-secondary education.

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**HB 2939**

**Position:**

Support

**Status:**

Failed

**Effective Date:**

**Summary:**

Provides that certain students are considered to be state residents for purpose of determining tuition and fees at state institutions of higher education.

**Notes:**

OCCA supported this legislation which would have treated students who have attended high school in Oregon but who are not citizens or lawful permanent residents as Oregon residents for purposes of determining tuition at public higher education institutions. The bill received a hearing but did not move out of committee.

**SB 444**

**Position:**

Neutral

**Status:**

Passed

**Effective Date:**

01/01/2010

**Summary:**

Defines terms for purpose of prohibition on hazing.

**Notes:**

SB 444 prohibits student organizations and athletic teams, including those at community colleges, from hazing potential members. The bill redefines the term "hazing". OCCA worked with the Oregon University System to craft amendments to clarify the scope of the bill.

## Veterans

Veterans' issues received much attention in the 2009 legislative session with the bulk of the successful legislation deriving from the Governor's Task Force on Veteran's Services. Educational access was a major focus for both the task force and the legislature which took up issues ranging from automatic in-state tuition for veterans, veterans service officers, and tuition waivers for spouses and dependants of fallen and permanently disable soldiers, though the latter was brought forward by the Veterans of Foreign Wars and not the Governor's task force.

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**HB 2035**

**Position:**

Oppose unless amended

**Status:**

Failed

**Summary:**

Expands post-secondary institution tuition waiver for children, spouses and unremarried surviving spouses of deceased or disabled veterans.

**Effective Date:**

**Notes:**

This bill made changes to legislation passed in the 2008 supplemental session expanding the tuition waiver program mandated at OUS institutions and OHSU for spouses and dependents of deceased or 100% disabled veterans. Community colleges had not been included in the original legislation after OCCA advocated to keep tuition decisions at the local level. However, to avoid being added to the bill, OCCA agreed to work with colleges to implement the program at the local level on an open-seat basis to minimize revenue impact. Not all colleges had implemented a program by the 2009 legislative session so there was a renewed effort to require colleges to implement the tuition waiver. Once again OCCA worked to keep tuition policy at the local level and community colleges were not added to the bill.

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**HB 2178****Position:**

Support

**Status:**

Passed

**Effective Date:**

07/22/2009

**Summary:**

Creates Campus Veterans' Service Officers Program in Department of Veterans' Affairs.

**Notes:**

HB 2178 creates an educational outreach program for veterans on community college and university campuses. The program is administered by the Department of Veterans' Affairs but it requires community colleges and universities to provide office space for the provision of veterans' services. OCCA supported this bill and worked to ensure that amendments met colleges' needs.

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**HB 2179****Position:**

Support with amendments Failed

**Status:**

Failed

**Effective Date:****Summary:**

Makes veterans, their spouses and dependent children Oregon residents for purposes of payment of tuition at community colleges and state institutions of higher education.

**Notes:**

This legislation originated from the Governor's interim Task Force on Veterans Services. The bill was widely supported by legislators, however OCCA raised the concern that distance education courses should not be included and the bill was amended to address these concerns. The bill died in committee.

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## Workforce

At the beginning of the 2009 Legislative Session, it appeared there could be some significant restructuring of workforce program delivery in Oregon. Labor Commissioner Brad Avakian had been advocating for an overhaul of workforce program organization and oversight including a proposal for a new board to coordinate workforce programs and dollars to replace the Governor's workforce cabinet. Rep. Brad Witt, the chair of the House Business and Labor Subcommittee On Work Force Development, made restructuring workforce delivery a major priority and held many hearings on various bills dealing with the issue. However, in the end, changes were incremental and included issues such as the adoption of the Career Readiness Certificate program administered by the Department of Community Colleges and Workforce Development (CCWD).

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**HB 2398**

**Position:**

Support with amendments

**Status:**

Passed

**Effective Date:**

07/28/2009

**Summary:**

Creates Oregon Career Readiness Certification Program in Department of Community Colleges and Workforce Development for purpose of preparing Oregonians for workplace and college.

**Notes:**

OCCA followed this bill closely and testified with concerns that the bill in its original form would have included several unfunded mandates for CCWD in the delivery and tracking of workforce dollars. OCCA supported the final version which was redrafted to align with current CCWD initiatives such as the Career Readiness Certification Program.

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**HB 2399**

**Position:**

Oppose unless amended

**Status:**

Failed

**Effective Date:**

**Summary:**

Modifies duties of State Workforce Investment Board, Department of Community Colleges and Workforce Development, and Education and Workforce Policy Advisor.

**Notes:**

HB 2399 was intended to better align workforce programs and funding in Oregon by essentially replacing the Governor's Workforce Policy Cabinet with a new board. OCCA opposed the change as did the Governor's office.

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**HB 3300**

**Position:**  
Support with amendments  
**Status:**  
Passed  
**Effective Date:**  
08/04/2009

**Summary:**  
Instructs State Workforce Investment Board to develop plan for initiative to promote growth of green jobs.

**Notes:**  
OCCA worked with the bill sponsors and relevant committees to ensure community colleges were included as partners in the development of this initiative.

**HB 3301**

**Position:**  
Support with amendments  
**Status:**  
Failed  
**Effective Date:**

**Summary:**  
Reserves \_\_\_ percent of federal workforce investment funds allocated to state for training activities that support clean technology and prepare workers for employment in green jobs.

**Notes:**  
OCCA worked with environmental organizations on the work group for this bill to make sure community colleges were explicitly named as recipients for funds. The bill never received a hearing.

**HB 3500**

**Position:**  
Neutral  
**Status:**  
Failed  
**Effective Date:**

**Summary:**  
Diverts percentage of payroll taxes payable under current law to Oregon Emergency Jobs Program.

**Notes:**  
HB 3500 was the vehicle for Governor Kulongoski's proposal to divert payroll tax revenue to fund an emergency summer jobs program for unemployed Oregonians. The plan was announced in the last month of the session and would have created temporary entry level jobs. In addition it would have provided educational savings accounts for those in the program. OCCA took a neutral position on the legislation.

**SB 461**

**Position:**

Support with amendments Failed

**Status:**

**Effective Date:**

**Summary:**

Allows eligible workers to receive unemployment insurance benefits while participating in workforce skills enhancement training and on-the-job training.

**Notes:**

This legislation was never scheduled for a hearing. Similar efforts to allow individuals to pursue workforce training while receiving unemployment insurance received more attention in the House.

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**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5506-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Galizio  
Carrier – Senate: Sen. Nelson**

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

**Vote:** 20 – 2 – 0

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, G. Smith

– Nays: Richardson, Shields

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

**Prepared By:** Jack Kenny and Bill McGee, Department of Administrative Services

**Reviewed By:** Daron Hill, Paul Siebert, Steve Bender, Legislative Fiscal Office

**Meeting Date:** June 24, 2009

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**Agency**

Capital Construction – Various Agencies

**Budget Page**

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**LFO Analysis Page**

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**Biennium**

2009-11

## **Budget Summary\***

	2007-09 Legislatively Approved Budget (1)	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
			\$\$ Change	% Change
General Fund	\$ 29,256,500	\$ 0	\$ -29,256,500	100%
Other Funds	\$ 1,139,296,596	\$ 1,298,596,887	\$ 159,300,291	14.0%
Federal Funds	\$ 72,536,850	\$ 7,693,001	\$ -64,843,849	-89.4%
Total	\$ 1,241,089,946	\$ 1,306,289,888	\$ 65,199,942	5.3%

## **Position Summary**

Authorized Positions	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

## **Summary of Revenue Changes**

### **Department of Higher Education**

Funding for Department of Higher Education Capital Construction projects includes Article XI-G bonds, energy loans, lottery bonds, Article XI-F (1) bonds, Certificates of Participation (COPs), and gifts, grants, and donations. Traditionally, the construction, renovation, and acquisition of instructional and public service buildings have been financed equally by the General Fund and Article XI-G general obligation bond proceeds. More recently, these facilities have been financed by donations and Article XI-G bonds. The donations are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on these bonds is paid with General Fund.

Deferred maintenance projects are partially funded with Small-scale Energy Loan Program funds (energy loans). Since 1980, when voters approved Article XI-J of the Oregon Constitution, energy loans are available to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes, and non-profit organizations for projects involving energy conservation, producing energy from renewable resources, using recycled materials to create new products, or producing or using alternative fuels. A loan may range from several thousand dollars to several million dollars. Debt service on the Article XI-J bonds for deferred maintenance projects will be paid with energy savings realized by the campuses and General Fund. Some energy loans have been taken out for other projects for which debt service is paid entirely with department funds budgeted as Other Funds Nonlimited.

Debt service on Lottery-backed revenue bonds is paid with Lottery Fund revenues.

Student unions, dormitories, parking structures, and similar projects are generally financed from auxiliary enterprise balances and the proceeds of Article XI-F (1) bonds. Debt service on these bonds is paid with revenues generated by the facility. A portion of debt service is paid with tuition and other campus revenues transferred from the Education and General Services program area; these funds correspond to those components of facilities financed with Article XI-F (1) bonds that are occupied by education, research, and administrative units.

COPs are used for several deferred maintenance, renewable energy, and Capital Construction projects. The debt service for these COPs will be paid with General Fund. Debt service on COPs sold for campus information technology projects will be paid with tuition and other campus revenues transferred from the Education and General Services program area.

COPs will also be issued for purchase of existing buildings on behalf of two campuses due to concerns regarding the constitutionality of using Article XI-F (1) bonds for building acquisition. COPs will be issued for this purpose on a one-time basis, pending resolution of the constitutional concerns. Debt service on COPs issued in lieu of Article XI-F (1) bonds will be paid with a variety of campus funds.

Other Funds (Other Revenues) from self-supporting projects, gifts, grants and donations, including Federal Funds, are a major funding source for Capital Construction projects.

Funding for projects included in the adopted budget consists of the following revenue sources:

<b>Article XI-G bonds</b>	<b>Lottery Bonds</b>	<b>Energy Loans</b>	<b>COPs</b>	<b>Article XI-F (1) bonds</b>	<b>Other Revenues</b>	<b>Total</b>
\$91,662,000	\$22,355,000	\$34,787,000	\$43,209,002	\$281,817,470	\$155,133,710	\$628,964,182

**Department of Community Colleges and Workforce Development**

Oregon Revised Statute 341.009 (14) directs that "...the state should maintain a policy of substantial state participation in community college building costs...". During the 1960s and 1970s, the Legislature authorized the sale of \$5-\$7 million in Article XI-G bonds per biennium for community college construction projects, with an equal amount of General Fund to meet the constitutionally-required 50 percent state match. In the 2005-07 biennium, \$38.5 million in Article XI-G bonds were authorized for college projects. Including Senate Bill 338 (2009), the state's economic stimulus package, an additional \$53.7 million was authorized in 2007-09, plus \$43.9 million in lottery bonds.

Projects included in the approved budget are funded with Article XI-G bonds, lottery bonds, and local revenues generated by the community college districts through local tax levies, donations, grants, or other sources. Local revenues are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on the Article XI-G bonds will be paid with General Fund. Debt service on the lottery bonds will be paid with Lottery Funds.

**Other Agencies**

Other Fund revenues are from the proceeds of the depreciation component of the Uniform Rent program and other deposits in the Department of Administrative Services (DAS) Capital Projects Fund established by ORS 276.005; proceeds from the issuance of Certificates of Participation

(COPs) issued in accordance with ORS 283; aircraft registration fees assessed in accordance with ORS 837.045; and state gasoline tax and driver and vehicle related fees. Federal Funds are anticipated from the National Guard Bureau Federal/State Cooperative Agreements; and from the Federal Aviation Administration's General Entitlement Program, and Airport Improvement Program.

## **Summary of Capital Construction and Information Technology Subcommittee Action**

### **Department of Higher Education**

This bill provides appropriations and expenditure limitations for Capital Construction projects for the seven universities operated by the Department of Higher Education: Eastern Oregon University (EOU), the Oregon Institute of Technology (OIT), Oregon State University (OSU), Portland State University (PSU), Southern Oregon University (SOU), the University of Oregon (UO), and Western Oregon University (WOU). Approval of bonding amounts for Article XI-G, Article XI-F (1), lottery bonds, energy bonds and COPs is included in Senate Bill 5505.

Projects in excess of \$1 million that build, acquire, adapt, replace, or change the use or function of a facility are included in the Capital Construction program unit. All capital projects in excess of \$1 million require a separate Capital Construction expenditure limitation established by the Legislature or the Emergency Board.

The Subcommittee approved a budget of \$629 million Other Funds for 36 projects, reserves, and capitalized interest. Other Funds are reduced from the 2007-09 Legislatively Approved Budget through December 2008 by 16.5 percent. Significant projects include the South Waterfront Life Sciences facility, the Oregon Center for Sustainability, renovation of the EOU Pierce Library, the OSU Bates Hall/Hallie Ford Center, the UO Allen Hall renovation project, deferred maintenance projects at four campuses, several renewable energy projects, and ongoing funding for capital repair. The Subcommittee also approved a pilot project involving the use of commercial paper for Article XI-F (1) bonds, as a result of changes in the department's debt financing options enacted in House Bill 2199 (2007).

The approved budget includes four projects funded by COPs that in prior biennia have been funded with Article XI-F (1) bonds, on a one-time basis. The Department of Justice and bond counsel have raised concerns whether Article XI-F (1) bonds can be used to purchase existing buildings. If necessary, the Department of Higher Education will request the Legislature refer a constitutional amendment to revise Article XI-F (1) during the 2010 supplemental session.

***System-wide projects*** The Subcommittee approved the following system-wide projects totaling \$312.3 million total funds:

- Capital renewal, code compliance, and safety: approved \$20,286,000 Other Funds (COPs) to maintain facilities throughout the Oregon University System and keep the deferred maintenance backlog from growing. Debt service on the COPs will be paid with General Fund.
- South Waterfront Life Sciences facility: approved \$50,000,000 Other Funds (Article XI-G bonds), \$60,000,000 Other Funds (Article XI-F (1) bonds), and \$90,000,000 Other Funds (Other Revenues) to construct a facility for health professions education, graduate and undergraduate education in life sciences and bioengineering, basic and translational biomedical research, and development of partnerships with private industry. The facility will house education and research programs from OHSU, PSU, OSU, UO, and OIT. Sources of Other Revenues

include private donations and grants from government agencies. Debt service on the Article XI-G bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from student tuition, rents paid by research and retail occupants, charges for service, parking, and general university operating funds.

- Oregon Center for Sustainability: approved \$80,000,000 Other Funds (Article XI-F (1) bonds) to construct a facility in Portland, in partnership with the Portland Development Commission, that will co-locate private businesses, non-profit organizations, City of Portland planning staff, and university programs. The purpose of the building will be develop and promote sustainable technologies in energy, transportation, building construction, water resources and management, social sustainability, and other topics. Debt service on the Article XI-F (1) bonds will be paid with tenant rents, including general university operating revenues from several OUS campuses.

The Subcommittee adopted the following budget note regarding this project:

**Budget Note**

In approving Article XI-F (1) bond financing for the Oregon Center for Sustainability project the Legislature finds that students and faculty of the Oregon University System will benefit from the opportunity to study the construction and operation of a living "net-zero" building, to interact with tenants involved in sustainable enterprises, and observe and participate in ongoing research projects involving build occupants. Therefore, the construction and operation by the Oregon University System of the Oregon Sustainability Center will further the statutory purposes of the Oregon University System and is therefore a project for higher education in Oregon and to lease any space in that center to other entities in a manner that the Board of Higher Education determines will further the interests of the Oregon University System.

- Biofuels demonstration project: approved \$4,000,000 Other Funds (Article XI-G bonds) and \$4,000,000 Other Funds (Other Revenues) for a pilot program to develop and test the use of biofuels for generation of electricity in the new OSU power plant. Grants and gifts are the source of the Other Revenues. Debt service on the Article XI-G bonds will be paid with General Fund.
- Wind demonstration project: approved \$4,000,000 Other Funds (Other Revenues) to construct wind turbines on campus or leased land and buildings. The source of Other Revenues is grants and gifts.

***Eastern Oregon University*** The Subcommittee approved the following two projects for Eastern Oregon University, totaling \$14.4 million total funds:

- Zabel Hall: approved \$1,522,000 Other Funds (Article XI-G bonds), \$2,215,000 Other Funds (lottery bonds), and \$2,706,000 Other Funds (energy loans) for deferred maintenance and seismic upgrades. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$36,000, and General Fund.
- Pierce Library: approved \$4,000,000 Other Funds (Article XI-G bonds) and \$4,000,000 Other Funds (COPs) for renovations for the university's library. Debt service on the Article XI-G bonds and COPs will be paid with General Fund.

**Oregon Institute of Technology** The Subcommittee approved the following project for the Oregon Institute of Technology, totaling \$6.6 million total funds:

- Geothermal renewable energy project: approved \$2,000,000 Other Funds (Article XI-G bonds), \$2,000,000 (Other Funds (Article XI-F (1) bonds), and \$2,600,000 Other Funds (Other Revenues) to complete an expansion of its geothermal plant. The source of Other Revenues is gifts and donations. General Fund will pay the debt service on the Article XI-G bonds. Debt service on the Article XI-F (1) bonds will be paid with energy savings and general university operating funds.

**Oregon State University** The Subcommittee approved the following ten projects, totaling \$136 million total funds:

- Education Hall: approved \$4,000,000 Other Funds (lottery bonds) to address additional structural deficiencies discovered in a deferred maintenance project originally authorized in the 2005-07 LAB. Debt service on the lottery bonds will be paid with Lottery Funds.
- Strand Agricultural Hall: approved \$6,586,000 Other Funds (Article XI-G bonds), \$6,586,000 Other Funds (lottery bonds), \$6,851,000 Other Funds (energy loans), and \$4,847,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the Article XI-G bonds and COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$52,000, and General Fund. Lottery bond debt service will be paid with Lottery Funds.
- Bates Hall/Hallie Ford Healthy Children and Families Center: approved \$6,000,000 Other Funds (Article XI-G bonds) and \$6,000,000 Other Funds (Other Revenues) to remodel an existing building and construct a new building in order to enhance research into issues related to families, children, and aging. Debt service on the Article XI-G bonds will be paid with General Fund. The university has received gifts to finance the Other Revenues.
- Student Success Center: approved \$2,054,000 Other Funds (Article XI-G bonds), \$4,554,000 Other Funds (lottery bonds), and \$7,392,000 Other Funds (Other Revenues) to construct a new building offering tutoring, mentoring, academic advising, peer study sessions, and study skills classes for students and student-athletes. Debt service on the Article XI-G bonds will be paid with General Fund. Donations are the source of Other Revenues.
- Sonpark/EPA acquisition: approved \$1,900,000 Other Funds (COPs) to purchase two buildings on land owned by OSU and leased to a private developer. Debt service on the COPs will be paid with rental payments from tenants of the two existing and the new building. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.
- Warehouse acquisition: approved \$1,000,000 Other Funds (COPs) to purchase an existing warehouse building on the edge of the Corvallis campus for use by the College of Oceanic and Atmospheric Sciences (COAS). Debt service would be paid with general university funds dedicated to COAS. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.
- Cultural Center: approved \$10,000,000 Other Funds (Article XI-F (1) bonds) to relocate four student cultural centers from aging facilities into a new building. Debt service on the Article XI-F (1) bonds will be paid with Student Building Fee revenues.

- International Residence Hall: approved \$52,000,000 Other Funds (Article XI-F (1) bonds) to construct a new 300-500 bed residence hall with a living-learning center, academic offices, and other services. Debt service on the Article XI-F (1) bonds will be paid with revenue from housing fees.
- Sports Performance Center: approved \$12,000,000 Other Funds (Article XI-F (1) bonds) to add a practice gym to an existing athletic facility. Debt service on the Article XI-F (1) bonds will be paid with athletic revenues.
- CH2M Hill Alumni Center: approved \$4,200,000 Other Funds (Other Revenues) to expand the ballroom, kitchen, and other facilities in the Alumni Center. The source of the Other Revenues is donations.

**Portland State University** The Subcommittee approved the following four projects, totaling \$13 million total funds:

- Market Center building purchase: approved a \$1 Other Funds (COPs) expenditure limitation in anticipation of a request to the Emergency Board or the Joint Legislative Committee on Ways and Means to purchase a nine story office building at the corner of Market and 4<sup>th</sup> Street in Portland. PSU currently leases about two-thirds of the facility. Senate Bill 5505 includes \$27 million in COP debt capacity for this project. If the request is approved, debt service on the COPs will be paid with rental receipts, tuition and fee revenues, and indirect cost recovery from research grants. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.

If this project is approved, PSU will substitute the Market Center's underground parking capacity for a \$23 million parking structure planned for the 2011-13 biennium, removing the parking structure from its six-year construction plan.

- City Tower building purchase: approved a \$1 Other Funds (COPs) expenditure limitation in anticipation of a request to the Emergency Board or the Joint Legislative Committee on Ways and Means to purchase a seven story building from the City of Portland that will be leased back to the city and/or used for university purposes. Senate Bill 5505 includes \$27.5 million in COP debt capacity for this project, based on a 2004 appraisal. If the request is approved, debt Service on the COPs will be paid with rental receipts, tuition and fee revenues, and indirect cost recovery from research grants. COPs are approved for purchase of this property due to the constitutional issue with use of Article XI-F (1) bonds for purchase of existing buildings.

If this project is approved, PSU intends to relocate its School of Business Administration into the building at some point in the future. The university would then remove planned 2011-13 construction of a new \$90 million building for the School of Business from its six-year construction plan.

- Science Research and Teaching Center/Hazardous Waste Facility Phase 2: approved increases of \$2,500,000 Other Funds (Article XI-G bonds) and \$2,500,000 Other Funds (Other Revenues) to continue a remodel of Science Building II that previously housed the Public Health and Department of Environmental Quality labs. The project will also provide PSU with a facility to adequately dispose of hazardous materials.

The project was initially funded in 2007 with \$9.5 million in Article XI-G bonds and \$9.5 million in Other Revenues. In order to accelerate construction as a job creation measure, Senate Bill 338 (2009) reduced the existing expenditure authority by \$2.5 million in Article XI-G bonds and \$6 million in Other Revenues and established a new \$3.5 million Other Funds (COPs) expenditure limitation. Debt service on the Article XI-G bonds and COPs will be paid with General Fund. As a result of the current action, total General Fund-paid debt for this project

has increased from \$9.5 million to \$13 million. Other Revenues, which will be provided by PSU through grants and donations, have declined from \$9.5 million to \$6 million.

- Land acquisition: approved \$8,000,000 Other Funds (Article XI-F (1) bonds) to purchase six parcels in downtown Portland from TriMet. PSU is planning to enter into a land-lease with a developer that will construct and operate a mixed-use development that includes student housing, classrooms, and other space. The development project will proceed as an “off-balance sheet/off-credit transaction” that does not require legislative approval. This project replaces a \$1 expenditure limitation established in Senate Bill 5516 (2007) for student housing and land acquisition.

***Southern Oregon University*** The Subcommittee approved the following two projects, totaling \$16.9 million total funds:

- Churchill Hall: approved \$2,730,000 Other Funds (Energy loans) and \$3,192,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$38,000, and General Fund.
- Theatre Arts Building: approved \$5,500,000 Other Funds (Article XI-G bonds) and \$5,500,000 Other Funds (Other Revenues) to remodel an existing facility and construct a four story addition to add educational, technical, and performance space for the Theatre Arts Department. Debt service on the Article XI-G bonds will be paid with General Fund. The source for Other Revenues will be gifts and grants.

***University of Oregon*** The Subcommittee approved the following ten projects, totaling \$110.9 million total funds:

- Straub Hall: approved \$8,998,000 Other Funds (energy loans) and \$4,321,000 Other Funds (COPs) for deferred maintenance and seismic upgrades. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs will be split between campus energy savings, estimated at \$39,000, and General Fund.
- Allen Hall: approved \$7,500,000 Other Funds (Article XI-G bonds) and \$7,500,000 Other Funds (Other Revenues) to renovate and expand classroom, office, meeting and other space for the School of Journalism and Communications. Debt service on the Article XI-G bonds will be paid with General Fund. Donations are the source for the Other Revenues.
- Power station phase 2, waste gasification demonstration project: approved \$5,000,000 Other Funds (Lottery Bonds), \$13,502,000 Other Funds (Energy loans), \$3,663,000 Other Funds (COPs), \$29,150,000 Other Funds (Article XI-F (1) bonds), and \$5,000,000 Other Funds (Other Revenues) to complete replacement of the university’s central power station. The system will be designed to use alternative fuels and reduce the university’s carbon footprint. Debt service on the lottery bonds will be paid with Lottery Funds. Debt service on the COPs will be paid with General Fund. Beginning in the 2011-13 biennium, debt service costs for energy loans will be split between campus energy savings, estimated at \$1,400,000, and General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from operation of the plant, including charges to academic and other campus programs.
- Erb Memorial Union: approved \$2,260,000 Other Funds (Article XI-F (1) bonds) and \$300,000 Other Funds (Other Revenues) for a partial renovation of the west lower level of the facility. Debt service on the Article XI-F (1) bonds will be paid from student building fee revenues. Donations are the source of the Other Revenues.
- Chiles Center: approved \$1,000,000 Other Funds (Other Revenues) for renovation of classroom, laboratory, and other space in a College of Business facility.

- Alumni Center: approved \$9,975,000 Other Funds (Article XI-F (1) bonds) and \$6,825,000 Other Funds (Other Revenues) to complete construction of the university's Alumni Center. Debt service on the Article XI-F (1) bonds will be paid with general university operating funds. Donations are the source of the Other Revenues.
- Riverfront Research Park business incubator: approved \$1,500,000 Other Funds (Other Revenues) to create space for a technology business incubator in a building constructed by the university with Article XI-F (1) bonds approved by the 2007 legislature. Gifts and donations provide the funds for the Other Revenues.
- Barnhart Hall building envelope restoration: approved \$900,000 Other Funds (Other Revenues) to protect the interior of the residence hall from water damage. The source of the Other Revenues is housing and dining fees.
- Carson Hall electrical upgrade: approved \$560,000 Other Funds (Other Revenues) to update electrical systems in a building that retains much of its original equipment from 1949. The source of the Other Revenues is housing and dining fees.
- Earl Complex upgrade: approved \$2,924,000 Other Funds (Article XI-F (1) bonds) to replace and upgrade electrical and plumbing systems and resurface the roof in this 1950s era building that retains much of its original equipment. Housing and dining fees are the source for the Other Revenues.

**Western Oregon University** Three capital projects were approved in Senate Bill 338 (2009) so that construction could begin on an accelerated basis. No additional WOU projects were approved.

**Project Reserves** The Department of Higher Education may use project reserves to expend an Other Funds expenditure limitation in excess of a non-system-wide project's specific limitation authority. This additional expenditure authority for each project is limited by the size of the project. The Subcommittee adjusted the project reserves expenditure limitation by increasing Other Funds to reflect change in individual projects and the addition of new projects. Total project reserves of \$8,508,470 Other Funds (Article XI-F (1) bonds), and \$5,356,710 Other Funds (Other Revenues) were approved.

**Capitalized Interest/Commercial Paper** The Subcommittee approved an Other Funds (Article XI-F (1) bonds) expenditure limitation of \$5,000,000 as a pilot project to allow the department to demonstrate expected benefits of borrowing from commercial lenders to finance Article XI-F (1) projects during the construction period. House Bill 2199 (2007) authorized the department to enter into financial agreements related to Article XI-F (1) bonds as a means of reducing debt financing costs. A commercial paper program, in which funds are borrowed on a short-term basis, generally for no more than 270 days, would be expected to reduce interest paid during construction periods for two reasons. First, short term rates are generally lower than long term rates. Second, during the construction period, interest would be paid only on amounts as they are drawn from the commercial lender rather than on the complete amount to be financed. In addition, since bond sales occur annually or semi-annually, access to commercial paper would allow the universities more flexibility in bidding and construction which may result in lower project costs.

Capitalized interest costs on amounts borrowed under the commercial paper program will be charged against the expenditure limitation approved by the Subcommittee. The recommended budget includes a relatively small expenditure limitation to allow the department to verify its expectations regarding interest cost savings. The department is directed to report to the Joint Committee on Ways and Means in the 2011 legislative session on the results of the pilot.

## **Department of Community Colleges and Workforce Development**

The Subcommittee approved a budget of \$128.6 million Other Funds for 15 new construction and deferred maintenance projects at 13 community colleges, increased by 46 percent from the 2007-09 Legislatively Approved Budget through December 2008.

The approved budget contains \$57,455,000 Other Funds (Article XI-G bonds) and \$57,455,000 Other Funds (Other Revenues) for nine community college Capital Construction projects.

- Treasure Valley Community College Ontario University Center: approved \$3,000,000 Other Funds (Article XI-G bonds) and \$3,000,000 Other Funds (Other Revenues) to construct a new university center in Ontario for science, agriculture, technology, and allied health programs.
- Umpqua Community College Roseburg Regional Health Occupations Training Center: approved \$8,500,000 Other Funds (Article XI-G bonds) and \$8,500,000 Other Funds (Other Revenues) to construct a new classroom and laboratory facility in Roseburg for healthcare, public safety, and information technology programs.
- Chemeketa Community College McMinnville Campus: approved \$6,255,000 Other Funds (Article XI-G bonds) and \$6,255,000 Other Funds (Other Revenues) to construct a new facility for healthcare programs and other academic uses in McMinnville.
- Columbia Gorge Community College Workforce Building: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new facility for renewable energy and other workforce programs, a One-Stop Center, and other uses supporting college and community needs.
- Central Oregon College Technology Education Center: approved \$5,700,000 Other Funds (Article XI-G bonds) and \$5,700,000 Other Funds (Other Revenues) to construct a new facility for flight instruction, aviation maintenance, automotive, and information technology programs.
- Portland Community College Cascade Campus Education Center: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new facility for education programs at the Cascade Campus on North Killingsworth Street in Portland.
- Lane Community College Downtown Campus Building: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a new building to replace the downtown Eugene academic building.
- Clackamas Community College Harmony Campus Phase II: approved \$8,000,000 Other Funds (Article XI-G bonds) and \$8,000,000 Other Funds (Other Revenues) to construct a second building on the Harmony Campus near Clackamas Town Center for allied health, workforce, and other educational programs.
- Oregon Coast Community College Marine Science Building: approved \$2,000,000 Other Funds (Article XI-G bonds) and \$2,000,000 Other Funds (Other Revenues) to construct a new facility on the Central County Campus to support the aquarium science and other marine related programs.

The Subcommittee also approved \$13.7 million in Other Funds (lottery bonds) for six construction and deferred maintenance projects:

- Blue Mountain Community College Hermiston Higher Education Center: approved \$7,400,000 Other Funds (lottery bonds) to construct a new facility in Hermiston for physical and biological sciences.
- Rogue Community College: approved \$1,250,000 Other Funds (lottery bonds) to replace aging windows and air handling systems and renovate instructional classroom and laboratory space.
- Clackamas Community College: approved \$1,000,000 Other Funds (lottery bonds) for electrical improvements; repair and renovation of air handling units, exhaust fans, pumps, and controls; roof repairs; and necessary building upgrades.
- Central Oregon Community College: approved \$1,200,000 Other Funds (lottery bonds) for construction of six classrooms on space currently occupied by the college's tennis courts.
- Clatsop Community College: approved \$1,900,000 Other Funds (lottery bonds) for seismic upgrades to Towler Hall.
- Mt. Hood Community College: approved \$950,000 Other Funds (lottery bonds) to seismically upgrade a classroom/laboratory facility.

## **Department of Transportation**

***Co-location of State and Local Facilities*** A \$1 Other Fund limitation is approved to allow the Emergency Board to allocate additional limitation to take advantage of co-location opportunities identified during the biennium. Such opportunities are expected to save money for both state and local government.

## **Department of Administrative Services**

The Subcommittee approved the following for the Department of Administrative Services:

***Mill Creek Infrastructure:*** A \$5 million Other Funds limitation to expedite the development of the Mill Creek Corporate Center (Phase 1A parcels) by providing the needed development infrastructure so that the sites are “shovel ready” by late summer 2010. The project includes fill, completion of primary entrance to the property, and connecting facility sewer and water lines.

***Roof Replacements:*** \$2,113,535 for roofing at the Human Services Building, Print Plant, and the Blind Commission.

***Planning Funds:*** \$250,000 Other Funds to contract with various architects, engineers, and other specialists. Developing feasibility analyses and reliable cost information; preparing preliminary design for small to medium sized projects; and evaluating options to solve maintenance problems is an ongoing part of the department's responsibilities.

***HVAC Improvement Projects:*** \$750,357 Other Funds for refurbishing the cooling tower, chillers, and performing HVAC upgrades at multiple buildings including the Portland State Office Building, the Public Service Building, Public Utility Commission, Employment, Central Point Lab, Portland Crime Lab, and the State Library.

***Revenue Building Lighting Upgrade:*** \$617,329 Other Funds to provide major maintenance or replace failing lighting at the Revenue Building. Replacement fixtures will provide improved energy efficiency.

***Justice Building Elevator Replacement:*** \$875,000 Other Funds to replace the elevator originally installed in the 1920s with a more reliable unit.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following project: Pendleton State Office Building – Space Improvements.

### **Department of Corrections**

***Junction City Site:*** \$44,675,713 Other Funds is approved to complete pre-engineering studies, design, wetland mitigation, and construct off-site infrastructure for facilities at Junction City. Infrastructure will be sufficient to enable the mental health facilities co-located on the site to move forward while the initial prison construction decision is delayed, reducing 2009-11 expenditures.

### **Department of Human Services**

***Mental Health Care Facilities – Phase 2:*** \$279,179,118 Other Funds is approved for continuing work on the project to replace the current Oregon State Hospital with two new facilities. This amount will allow continued work on both the 620 bed facility in Salem and the 360 bed facility proposed for Junction City. Both of these facilities are designed to meet the hospital’s continuous improvement plan which requires significant change in the way patients are housed and receive treatment. This change initiative has been substantiated by issues raised in the U.S. Department of Justice report of January 2008 which reviewed conditions at the hospital and details its evaluation of the state hospital's deficiencies.

### **Oregon State Police**

***Oregon Wireless Interoperability Network:*** \$187,779,889 Other Funds is approved to fund phases 2 and 3 of the OWIN project. Phase 2 will complete infrastructure and radio capabilities for the western half of the state, as well as infrastructure build out for the northeastern section. Phase 3 completes the radio installation for the northeastern section and completes the infrastructure build out for the southeastern section. The final phase, adding the radio component to the southeastern region, is scheduled for the 2011-13 biennium.

### **State Forestry Department**

***Land Acquisition:*** \$15 million Other Funds is approved for the acquisition of forest property in Klamath County known as the former Gilchrist Tract forest lands, and other adjacent forest lands. The source of Other Funds for this acquisition will be \$15 million from the sale of Lottery Revenue Bonds.

### **Oregon Military Department**

The Subcommittee approved the following for the Military Department:

***The Dalles Readiness Center:*** A \$1 Other Funds and \$1 Federal Funds placeholder for construction of a new readiness center at the Columbia Gorge Community College site. In addition to relieving overcrowded conditions at the existing 1949 structure, this facility will provide rental classrooms and an assembly hall for community events.

***Milton Freewater Armory:*** \$3,348,000 Other Funds for design and construction of needed additions and alterations. The existing facility, constructed in 1954, has severe deficiencies in its electrical, mechanical, and structural components that threaten ongoing functionality. The size of the facility is more than 10,000 square feet under current federal requirements for its use.

***Hood River Armory:*** \$1,358,762 Other Funds for design and construction of needed additions and alterations. The existing facility, constructed in 1955, has severe deficiencies in its electrical, mechanical, and structural components that threaten ongoing functionality. The size of the facility is more than 28,000 square feet under current federal requirements for its use.

***Camp Withycombe Storm-water Infrastructure:*** \$1,300,000 Federal Funds for the Sanitary and Storm Sewer Infrastructure project includes upgrades and repairs to comply with municipal code requirements. The existing system has broken storm water conveyances which introduce storm water into the sanitary sewer lines, resulting in increased utility costs. This project will remove and replace 3,200 linear feet of noncompliant storm lines and catch basins and re-route approximately 1,200 linear feet of an existing open conveyance system.

***Central Oregon BIAK Training:*** \$550,000 Federal Funds for the construction of a new restroom/shower facility as an addition to the main building. Using units and rental groups are currently forced to use portable toilets. This project will enhance the ability of the department to rent this facility.

***Camp Rilea Roof and Siding Replacement:*** \$200,000 Federal Funds for replacing roofing, siding, and block wall around the base of a warehouse building.

***Clackamas Armory Re-roofing:*** \$170,000 Federal Funds for improving roof drainage, replacing fascia board, and installing a new roof system.

***Hermiston Armory Drill Hall HVAC:*** \$90,000 Federal Funds for adding air conditioning to the Armory Drill Hall, installing a back-up power generator for continuity of operations, and providing some funding for expansion of the military vehicle compound.

***Coos Bay Armory Unit Transformation Project:*** \$350,000 Federal Funds for remodeling the Armory kitchen and female restroom, adding a female shower and locker room, and upgrading the classroom. The project also includes a data/telecommunications re-wire to bring this facility up to current standards.

***Hood River Armory Improvements:*** \$233,000 Federal Funds for remodeling the Armory kitchen, providing upgrades to the classroom, replacing interior doors, improving finishes, and adding energy efficient lighting.

***Central Oregon Readiness Center Interior Improvements:*** \$300,000 Federal Funds to address functionality issues resulting from the transition of the facility from a former OYA correctional facility. Restroom and security systems will be updated to meet current needs. Repairs to HVAC systems, changing out jail type doors, improving paving, and adding military vehicle parking are all addressed in this project.

***Camp Rilea Water Supply System:*** \$3,000,000 Federal Funds to address a critical need to provide potable and fire suppression water. The project includes installing two new wells and refurbishing an existing well, installation of a storage tank, construction of support buildings, and connection to the existing water system.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: Lane County Armed Forces Reserve Center Complex; Camp Rilea Dining Facilities; Infantry Battle Course, Boardman Bombing Range; Qualification Training Range, Boardman Bombing Range; and The Dalles Readiness Center.

### **Department of Aviation**

***Joseph Airport Runway Taxiway/Apron Rehab:*** \$75,000 Other Funds and \$1,500,000 Federal Funds is approved to construct safety-related improvements. The renovation of the runway, taxiway, and apron is required under Federal Aviation Administration pavement standards.

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5511-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. D. Edwards  
Carrier – Senate: Sen. Monroe**

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

**Vote:** 20 – 1 – 1

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays: Gilman

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

– Nays:

– Exc: Winters

**Prepared By:** Bill McGee, Department of Administrative Services

**Reviewed By:** Steve Bender, Legislative Fiscal Office

**Meeting Date:** June 22, 2009

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**Agency**

Department of Community Colleges and Workforce Development

**Budget Page**

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**LFO Analysis Page**

2

**Biennium**

2009-11

## Budget Summary\*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				<u>\$\$ Change</u>	<u>% Change</u>
General Fund	\$ 508,067,355	\$ 506,601,731	\$ 456,425,783	\$ -51,641,572	-10.2%
General Fund Debt Service	\$ 3,516,206	\$ 9,961,275	\$ 7,974,203	\$ 4,457,997	126.8%
Lottery Funds Debt Service	\$ -	\$ -	\$ 7,911,324	\$ 7,911,324	0.0%
Other Funds	\$ 4,898,816	\$ 5,118,473	\$ 6,037,774	\$ 1,138,958	23.2%
Other Funds Debt Service	\$ -	\$ -	\$ 2,764,688	\$ 2,764,688	0.0%
Other Funds Debt Service Nonlimited	\$ -	\$ 1,350,000	\$ -	\$ 0	0.0%
Federal Funds	\$ 121,489,837	\$ 121,243,180	\$ 158,161,380	\$ 36,671,543	30.2%
Federal Funds Nonlimited	\$ 5,968,831	\$ 5,968,831	\$ 18,968,831	\$ 13,000,000	217.8%
Total	\$ 643,941,045	\$ 650,243,490	\$ 658,243,983	\$ 14,302,938	2.2%

## Position Summary

Authorized Positions	57	56	57	0
Full-time Equivalent (FTE) positions	56.03	55.70	56.70	0.67

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

General Fund supports community college operations, department operations, and debt service. Lottery Funds support debt service on lottery revenue bonds issued for community college deferred maintenance projects. Other Funds revenue sources include federal Carl Perkins Technical and Applied Technology Act funds transferred from the Oregon Department of Education; fees charged for General Education Diploma testing, Basic Adult Skills Inventory System testing, and Adult Basic Education; and miscellaneous receipts from the sale of community college directories and reimbursements. Amusement device tax revenues are statutorily provided for Oregon Youth Conservation Corps (OYCC) program support. OYCC also receives transfers from the Marine Board and the Parks and Recreation Department to support youth projects. The Department of Community Colleges and Workforce Development (CCWD) continues to receive a small amount of timber tax revenues following changes to the tax structure in House Bill 2197 (2003).

The department receives the majority of its Federal Funds under the Workforce Investment Act (WIA) program. WIA Title IB funds support adult dislocated worker, youth education training, and other workforce programs. The WIA Title II Adult Basic Education program funds developmental education for adults. National Emergency Grants are received intermittently following economic dislocations; these grants are spent under Non-limited expenditure authority.

Funds from the American Recovery and Reinvestment Act (ARRA) have been awarded to the department from the U.S. Department of Labor under the WIA IB program for workforce programs and from the U.S. Forest Service to support youth work programs through OYCC. A \$37,158,170 Federal Funds revenue increase was approved for the WIA IB program funds, and a \$5,600,000 Federal Funds revenue increase was approved for the U.S. Forest Service funds. The Subcommittee also approved Federal Funds revenue increases not associated with ARRA. This includes a \$1,300,000 Federal Funds revenue increase for the extension of a Navigator Grant, and a \$13,000,000 Nonlimited Federal Funds revenue increase for National Emergency Grant funds.

The Subcommittee approved a \$150,000 Other Funds reduction to the agency's beginning balance to reflect current revenue projections in the Office Operations program unit. The Subcommittee also approved a \$500,000 reduction in the OYCC beginning balance as a result of a transfer of revenue to the General Fund in the Senate Bill 5552 (2009) rebalance of the 2007-09 budget. A \$145,480 Other Funds increase in Charges for Services was approved in the Office Operations program unit in anticipation of an increase in the General Educational Development (GED) fee from \$25 to \$35 per exam, effective July 1, 2009.

### **Summary of Education Subcommittee Action**

Under the direction of the State Board of Education, CCWD coordinates the efforts of the state's 17 community colleges and initiates programs to maintain educational opportunities and workforce development capacity within the state. The department distributes federal workforce development funds to local programs. OYCC is also part of the agency.

The Subcommittee approved a budget of \$464,399,986 General Fund, \$7,911,324 Lottery Funds, \$658,243,983 total funds, and 56.70 FTE. General Fund is reduced from the 2007-09 Legislatively Approved Budget (LAB) through December 2008 by 9.2 percent; total funds are increased by 2.2 percent; and FTE is increased by 1.2 percent. No Lottery Funds were budgeted for CCWD in the 2007-09 biennium.

The approved budget includes the following actions:

- General Fund support for the Community College Support Fund was reduced by \$49.7 million as part of the Co-chairs' plan to balance the 2009-11 statewide budget. Total 2009-11 General Fund support for the Community College Support Fund will equal \$450.5 million, a 9.9% decrease from the 2007-09 LAB biennium level.
- Other General Fund reductions include a 10 percent cut in the healthcare workforce program, 4.3 percent cuts in funding for the Portland Community College and Sabin-Schellenberg skills centers, elimination of one vacant information systems position, and a reorganization of department staff and funding that shifts some General Fund costs to Federal Funds.
- The approved budget includes a 430.4 percent increase in debt service costs, paid with General Fund, Lottery Funds, interest earnings, and excess bond proceeds. The increase is due to the phase-in of debt costs on general obligation bonds sold to fund community college Capital Construction projects approved in prior biennia and on general obligation and Lottery-backed bonds for college Capital Construction and deferred maintenance projects included in Senate Bill 338 (2009), the state's Go Oregon! stimulus bill. No debt service is included in the adopted budget for new projects.

- Capital Construction expenditures will be considered in a separate bill. The adopted budget increases Other Funds support for monitoring of state-funded community college projects by \$100,000.
- The approved budget includes \$42.8 million in federal stimulus funding under the ARRA. This amount includes \$37.2 million in WIA Title IB funds and \$5.6 million in U.S. Forest Service funds.
- Administrative responsibility for the federal Carl Perkins Grant program, shared between CCWD and the Department of Education (ODE), is adjusted with CCWD taking an increasing role in managing the program. As a result, \$170,000 General Fund is transferred from CCWD to ODE along with an increase in Perkins Grant Other Fund revenues.
- Other Fund revenues were increased by \$145,480 in anticipation of an increase in the GED fee from \$25 to \$35 per exam on July 1, 2009. The department was directed to report to the Emergency Board or the interim Joint Committee on Ways and Means prior to June 1, 2010 on the status and budget of the GED program.

The Subcommittee briefly discussed the calculation of the Essential Budget Level (EBL) for the Community College Support Fund. The EBL calculation projects the cost of maintaining existing agency programs in the upcoming biennium. For the 2009-11 biennium, the Subcommittee approved the EBL calculations in the Governor's budget as a base for approving funding for new initiatives or funding reductions.

The Subcommittee, however, adopted a budget note expressing dissatisfaction with the current method for calculating the EBL for the Community College Support Fund, and directing that additional work be done to develop a proposal for an improved calculation method. The following budget note was adopted:

Budget Note

The Subcommittee recognizes that the current calculation of the essential budget level for the Community College Support Fund is not developed to a level of detail that captures the true costs of operating Oregon's community colleges, and it does not provide the Legislature or the Governor with the information needed to support effective decision-making.

The Subcommittee directs the Department of Administrative Services, in consultation with the Legislative Fiscal Office, to continue work with the Community College Forecast Committee established under Executive Order No. 07-12, to develop a proposed method for calculating the Community College Support Fund essential budget level.

The Department shall submit a report and recommendations to the Joint Committee on Ways and Means or to the Emergency Board, for the Committee's or Board's consideration, no later than February 1, 2010.

Office Operations

The Office Operation program unit provides leadership, coordination, accountability, and technical assistance to Oregon's community colleges and local workforce investment programs. With the exception of the OYCC program, all administrative staff and expenditures are contained in this unit. State and federal resources distributed to community colleges and workforce providers are included in separate program units.

The Subcommittee approved a budget of \$3,993,769 General Fund, \$21,005,362 total funds, and 53.70 FTE. General Fund is reduced from the 2007-09 LAB by 15.7 percent. Total funds and FTE are increased by 46.2 percent and 1.3 percent respectively.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 102 that increases Other Funds by \$100,000 to cover increasing costs of monitoring state-supported community college capital construction projects. Monitoring costs are increasing as the number of monitored projects grows.
- Approved Package 104 that reduces General Fund by \$9,857, increases Other Funds and Federal Funds by \$61,857 and \$317,405 respectively, and establishes two full-time permanent information systems positions to maintain a single workforce data collection and case management system that will be used by local workforce investment areas. The package also includes a reorganization of staff and duties that includes an exchange of two existing positions between Office Operations and OYCC.
- Approved Package 106 that transfers \$170,000 General Fund from ODE and increases Other Funds by \$610,200 to modify how CCWD and ODE administer federal Carl Perkins and Technical Education Grant funds. A similar package is included in the ODE budget, reducing General Fund by the same \$170,000. Perkins Grant distributions are split equally between high schools and community colleges, but for a number of years ODE (the state's fiscal agent) has carried a disproportionate share of administering the grant and paying a disproportionate share of the required state match. As a result of staffing increases in the 2007-09 biennium, CCWD has assumed a larger role in administering the funds transferred to the community colleges. This package is intended to recognize this change by equalizing the match between the two agencies. It would also increase the amount of Perkins Grant Other Funds that are transferred to CCWD to cover administrative costs.
- Approved Package 801 that increases Other Funds by \$150,000 and Federal Funds by \$107,062. The Other Funds increase will allow the department to make expenditures that are passed through to, and ultimately reimbursed by, other entities. Examples include travel reimbursements and cost sharing agreements administered by the department. The Federal Funds increase is needed to pay administrative costs for the U.S. Department of Labor Navigator grant that funds workforce services to persons with disabilities. The package also includes a \$150,000 reduction to the Other Funds beginning balance and a \$150,000 increase in Other Funds revenues to accurately reflect current projections. An additional \$145,480 increase in Other Funds revenue is included in the package in anticipation of a \$10 fee increase in the GED program effective July 1, 2009.
- Approved Package 810 that reduces General Fund by \$444,201, increases Federal Funds by \$103,158, and eliminates one position (1.00 FTE) by abolishing an Information Systems 6 position (position number 0000807) and shifting several positions from General Fund to Other Funds. The package also reduces support for the healthcare workforce program by 10 percent, with the reduction split between the Office Operations and State Support to Community College program units.
- Approved Package 812 that increases Federal Funds by \$500,000 as a result of an increase in funding in the ARRA for the WIA Title IB program. ARRA WIA funds are split between the Office Operations and Federal/Other Support program units; Office Operations includes administration of the grant while Federal/Other Support includes program costs. This package includes one-time funding that will be phased out in the development of the 2011-13 budget, excluding Federal Funds that are remaining and available for expenditure in 2011-13.

## State Support to Community Colleges

This unit contains the Community College Support Fund, the state's contribution to community college operations. It also includes state support for other programs administered by the colleges.

The Subcommittee approved a budget of \$452,432,014 General Fund and \$25,308 Other Funds. General Fund is reduced from the 2007-09 LAB by 10.1 percent. Other Funds are increased by 40.6 percent from the LAB. No positions or FTE are included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 801 that increases Other Funds by \$7,308 to allow all projected timber tax revenues received by the department to be distributed to the colleges through the Community College Support Fund.
- Approved Package 811 that reduces General Fund by \$49.9 million as part of the Co-chairs' 2009-11 budget balance plan. These actions reduce funding for the Community College Support Fund by \$49.7 million, a 9.9 percent reduction from the 2009-09 LAB. The package also reduces support for the healthcare workforce program by \$149,110 General Fund, a 10 percent reduction split between the Office Operations and State Support to Community College program units. Support for the Portland Community College and Sabin-Schellenberg skills centers is reduced by \$13,138 each, a 4.3 percent reduction from the 2007-09 LAB.

## Federal/Other Support

This unit contains Other Funds and Federal Funds that are distributed to community colleges, local workforce service areas, and other local providers. Federal Funds are received from the U.S. Department of Labor for WIA Title IB programs and the Title II Adult Basic Education program. Other Funds include federal Carl Perkins Technical and Applied Technology Act Funds transferred from ODE.

The Subcommittee approved a budget of \$157,786,574 total funds, increased from the 2007-09 LAB by 31.4 percent. No positions or FTE are included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 070 that reduces Federal Funds by \$7.2 million in anticipation of declining revenue from the U.S. Department of Labor WIA Title IB program. This package was the result of a decline in federal support of the program prior to enactment of the ARRA.
- Approved Package 104 that reduces Federal Funds payments to local workforce investment areas by \$317,405 to fund two positions and associated costs in Package 104 in the Office Operations program unit.
- Approved Package 801 that increases Federal Funds by \$1.2 million and Federal Funds Nonlimited by \$13 million. The increase in Federal Funds is the result of continuing support for the U.S. Department of Labor Navigator grant that funds workforce services to persons with disabilities.

The additional Federal Funds Nonlimited represent the department's estimate of federal support for employment-related services provided to dislocated workers under the National Emergency Grant program.

- Approved Package 810 that reduces Federal Funds payments to local workforce investment areas by \$103,158 to fund a reassignment of duties in the department's central office that reduces reliance on General Fund. Funding related to the central office actions is included in Package 810 in the Office Operations program unit.
- Approved Package 812 that increases Federal Funds by \$36.7 million as a result of an increase in funding in the ARRA for the WIA Title IB program. ARRA funds are split between the Office Operations and Federal/Other Support program units; Office Operations includes administration of the grant while Federal/Other Support includes program costs. This package includes one-time funding that will be phased out in the development of the 2011-13 budget, excluding Federal Funds that are remaining and available for expenditure in 2011-13.

### Oregon Youth Conservation Corps

OYCC provides education, training, and employment opportunities for disadvantaged and at-risk youth ages 16 to 25. Work experience is provided through partnerships with public natural resource agencies.

The Subcommittee approved a budget of \$2,744,510 Other Funds, \$5,600,000 Federal Funds and 3.00 FTE. Other Funds are increased from the 2007-09 LAB by 3.8 percent while FTE is unchanged. No Federal Funds were included in this program unit in the 2007-09 biennium.

The Subcommittee took the following action:

- Approved the base budget and essential packages.
- Approved Package 104 that reduces Other Funds by \$10,064 as part of a shift of two positions between Office Operations and OYCC.
- Approved Package 801 as a revenue only package that reduces the Other Funds beginning balance by \$500,000 to reflect the transfer of OYCC Other Funds revenues to the General Fund included in Senate Bill 581 as part of the 2007-09 budget rebalance.
- Approved Package 812 that increases Federal Funds by \$5.6 million to accommodate funds received from the U.S. Forest Service as part of the ARRA federal stimulus package. This package includes one-time funding that will be phased out in the development of the 2011-13 budget, excluding Federal Funds that are remaining and available for expenditure in 2011-13.

### Debt Service

This program unit includes debt service on Article XI-G bonds and Lottery Bonds sold to finance community college construction and deferred maintenance projects. The Subcommittee approved a budget of \$7,974,203 General Fund, \$7,911,324 Lottery Funds, and \$18,650,215 total funds. General Fund and total funds are increased by 126.8 percent and 430.4 percent respectively. No Lottery Funds were budgeted for debt service in 2007-09. There are no positions or FTE included in this program unit.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 801 that reduces General Fund by \$3.2 million and total funds by \$1.8 million to adjust total principal and interest payments to the levels needed for currently issued bonds and to utilize interest earnings and bond premium proceeds in lieu of General Fund for debt service on Article XI-G bonds. Debt service on bonds authorized by Senate Bill 338, the Go Oregon! stimulus package, is included in Package 811.
- Approved Package 811 that increases General Fund by \$1.2 million and Lottery Funds by \$7.9 million to fund debt service on Article XI-G bonds and lottery bonds authorized in Senate Bill 338. As part of the state's Go Oregon! stimulus package, the Legislature funded \$43.9 million of shovel-ready deferred maintenance projects at Oregon community colleges with Lottery revenue bonds and an additional \$9.7 million of such projects with Article XI-G bonds.

### **Summary of Performance Measure Action**

The Subcommittee approved the Department's performance measures and targets. These recommendations are shown in the Legislatively Adopted 2009-11 Key Performance Measures form attached.