

Highlights of the 2007 Legislative Session

This session will go down in history as the biennium when Oregon community colleges were first approved for a state appropriation of half-a-billion dollars. While the appropriation fell a bit short of what we asked for, it represents a giant step in the right direction and the largest investment community colleges have ever received with a \$72.3 million increase in the community college support fund over the prior biennium.

Of additional importance were appropriations of \$40 million for eight community college capital projects matching funds and \$106 million for student financial aid grants under the new Shared Responsibility Model.

Equally valuable to the colleges are the defeats of a number of bills that could have dramatically increased costs associated with campus operations. Only one bill that has the potential to increase health care expenses passed and the colleges are studying ways to mitigate that burden.

The 2007 session also marked an increase in the profile of the colleges. Increased messaging, biweekly focus on colleges business partners, introduction of high achieving students, and orchestrated visits and receptions for legislators insured that the important part community colleges play in the economic well-being of the state was never far from the center of attention.

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COMMUNITY COLLEGE FUNDING

In preparation for the 2007 legislative session, the State Board of Education adopted a request for the community college support fund of \$529 million. This request was endorsed by the OCCA Board. At this level of funding, under the current distribution formula, only one of the seventeen colleges (Lane CC) would have faced reductions and most would be able to make substantial investments in new programs. When the Governor's recommended budget was released on December 4, he had limited the support fund to \$483 million and included a directive that \$2 million be distributed to enhance the support of professional technical programs. Community college advocates initially saw the Governor's proposal as a floor from which to begin negotiations but were to discover that assessment was optimistic.

On March 22, the co-chairs of the Joint Ways and Means Committee released their version of a budget with a community college support fund recommendation of only \$458 million. That level of funding would have left many colleges still needing to make cuts and prevented the sort of investments that the State's Employment Department said needed to be made to prepare Oregon's workforce. OCCA Executive Director Andrea Henderson released a statement to the media decrying the shortsightedness of the co-chairs plan. "Disinvesting in community colleges at this point in time makes about as much sense as ignoring the check engine light flashing on your dashboard. We know, by the State's own estimates, how many skilled workers we'll need in ten years. We must start training now to insure that Oregonians who want to work have the capacity to meet industry demands."

The response from statewide editorial boards, business partners, faculty and students was phenomenal. For weeks, every newspaper in the state ran editorials and letters to the editor

demanding that the legislature find a way to make community colleges whole. In private conversations, the budget writers assured OCCA staff that the low funding level was not intended to short change the colleges but was instead an effort by the majority Democrats to force Republican votes for an increase in the corporate minimum tax.

When the final revenue estimates were released on May 15, however, the State projected that the funds available to the legislature had increased since the March forecast by a total of \$150 million of which \$96.6 million were new General Fund monies. This meant that the legislature now had the funds available to fund the community college support fund without tying such an appropriation to a new revenue source. When the work session on the appropriation to the Department of Community Colleges and Workforce Development finally began in mid-June, the revised allocation in the co-chairs budget for the community college support fund was \$500 million.

The bill that was passed by the full Ways and Means Committee included that recommendation plus additional funds for the following packages:

Community College Support Fund	\$500,000,000
CCWD office operations	\$2,165,920
Office Operations increase	\$1,085,710
Statewide Financial Aid Exchange	\$438,000
Healthcare Workforce Initiative	\$2,205,000
Integrated Management Information System	\$1,700,000
Debt Service (for current capital projects)	\$3,516,206
Total	\$511,110,836

Not included were several proposals that were in the Governor's initial recommendation. Career Pathways, the Virtual Learning initiative, the Workforce & Career Readiness Certificate and the Skill Up Oregon proposal. There were, however, two budget notes included in the bill.

College Performance Measures

The nature of the governance structure in our community colleges creates a challenge with respect to relating funding levels to educational outcomes. Community colleges are governed by independent locally elected boards. However, state funds are appropriated to the Department of Community Colleges and Workforce Development, which is not directly responsible for college performance. The Legislature intends that each community college district governing board shall be responsible for meeting the key performance measures for its respective institution, and communicating the results to the Department, and that the Department shall be responsible for assuring that results of successful programs and best practices are shared among the 17 college districts to maximize the results at each institution; and managing the decision-making for distribution of resources among the institutions to maximize statewide performance, recognize local investment, and reward success.

CCSF Distribution Formula

The Department shall include a report on the Community College Support Fund distribution formula with its budget request to the 2009 Legislative Assembly. In preparing this report, the Department shall seek input from community college presidents through the

Oregon Presidents Council. The report shall evaluate the effect on each local institution's performance outcomes of:

- 1. state funds appropriated through the distribution formula;*
- 2. state funds provided through specific grants or special appropriations;*
- 3. local ad valorem levies, including operating and capital;*
- 4. federal funds provided through grants or special programs;*
- 5. tuition and fees; and*
- 6. other factors that the Department finds to be significant.*

The Department may also include in the report recommendations for changes in the distribution formula to enhance statewide success in meeting Key Performance Measures.

CAPITAL CONSTRUCTION

For the second session in a row, the Legislature met its statutory obligation to fund facilities at community colleges. (Before the appropriation in 2005 for \$38.5 million for seven projects, it had been 26 years since any community college capital funds had been provided.) The initial request of the colleges was for the first fifteen community college capital projects on the prioritized list adopted by the OCCA Board. The Governor recommended twelve projects including construction at Clatsop, Chemeketa, Clackamas, Central Oregon, Lane, Linn-Benton, Portland, Treasure Valley, Blue Mountain, Umpqua, Oregon Coast, and Columbia Gorge Community Colleges. OCCA continued to advocate for all fifteen projects. In the final days of the session, a compromise was reached and a bill providing \$40 million of projects was approved. Approved for XIG bonds which must be matched with local funding were:

- 1) Chemeketa CC, Classrooms and Health Science Building, \$5,625,000
- 2) Clackamas CC, Allied Healthcare Center, \$5,156,250
- 3) Mt. Hood CC, Child Development Center, \$2,500,000
- 4) Central Oregon CC, Science & Allied Health Building, \$5,778,000
- 5) Lane CC, Health and Wellness Building, \$6,750,000
- 6) Linn-Benton CC, Science Center Expansion and Renovation, \$3,731,250
- 7) Portland CC, Education Center, \$7,500,000
- 8) Oregon Coast CC, Expansion of Aquarium Building, South Center Campus, \$3,000,000

FINANCIAL AID

Student financial aid is another area in which community colleges were greatly advantaged this session. Not only did the legislature add a \$43 million increase to the appropriation for the Oregon Student Assistance Commission (OSAC), it also adopted a completely different model for determining how much financial aid a student can receive.

Called the Shared Responsibility Model for Financial Aid, the new provisions establish a sliding scale that assesses student's income and ability to pay tuition and funds the difference. For community college students, OSAC will now use a methodology that considers the amount a student can earn based on a reasonable number of work hours, the resources of the family and qualified federal grants before determining the state's share of meeting that student's financial educational needs. More community college students will qualify for financial aid under this new plan and community college students can expect to receive higher award amounts. Community college students who attend school half-time or more are eligible for funding.

REVENUE

HB 2707 – Rainy Day Fund

This bill created the Oregon Rainy Day Fund as an account within the General Fund and directs the dollar amount of difference between actual corporate income tax collections for 2005-07 biennium and amount estimated for the 2005 close of legislative session into Oregon Rainy Day Fund. \$24.8 million was allocated to the State General Fund for purposes of offsetting a one-time small corporation credit contained in HB 2031A.

The measure limits the amount of withdrawal in any one biennium to 2/3 of fund balance at the beginning of biennium and requires a deposit from General Fund ending balance of up to 1% of General Fund appropriations following the close of biennium. The bill sets a cap for a rainy day fund equal to 7.5% of the prior biennium General Fund revenue and directs revenue above the cap to the General Fund. Requires corporate kicker credit if actual revenue exceeds new estimate by 2% or more. The credit percentage is equal to the total amount of excess corporate income tax revenue above the new estimate divided by the estimated total corporate income tax liability for 2007 tax year. This bill was signed by the Governor on March 16 and became effective on May 1, 2007.

ELECTIONS

House Joint Resolution 15 proposes an amendment to Oregon Constitution modifying the double majority voting requirement on local property tax measures. Current law requires both a majority approval and a majority turnout to approve a property tax measure held at any time other than the general election taking place in November of even years. The "double majority" requirement for non-general election property tax measure was approved by voters in Ballot Measure 50 (May 1997). With voter approval of HJR 15A, local property tax measures may be approved by a majority of voters regardless of turnout for elections held in May and November each year. This resolution refers the amendment to voters at the next regular general election in November 2008.

PERS

The legislature did not consider sweeping legislative changes to PERS this session. However, several bills making changes did pass. The most significant changes were contained in HB 2285

which eliminates provisions relating to the break in service provisions of the Oregon Public Service Retirement Plan (OPSRP). In addition, the bill deletes language in current law relating to pro-rata retirement service credit in OPSRP. PERS argued that this provision was costly to administer and did not save costs to the overall system. The legislative fix OCCA worked on last year to calculate hours for part-time employees was no longer needed with this change and thus the language was deleted from the OPSRP law.

A second PERS bill to assist smaller community colleges to hire retired public employees as teachers or administrators was passed. This bill affects districts in counties of not more than 35,000 inhabitants.

ACADEMICS

Senate Bill 23 was a proposed fix for last session's SB 800, the expanded options program that allows at-risk students to leave high school and attend a post secondary institution. Significant changes were made to the original bill to provide more flexibility for school districts. Unfortunately more opt-out provisions were included to water down the bill.

The payment option of a minimum of 50% of the per pupil funding was modified. The Oregon Education Association and Oregon School Boards Association asked that the funding be limited to a maximum of 50%. OCCA successfully argued that 50% was unreasonable. The final outcome is language that the district and applicable college will negotiate a fair and equitable amount. The Department of Education will mediate any differences to insure equity within the contracts.

ALLIED HEALTH

SB 4 – Nursing workforce

Senate Bill 4 would have funneled general fund money to the Oregon Center for Nursing (OCN) for grant awards. The intent was to award these dollars to education institutions. A section of the bill would have created a new oversight board that would have had the authority to approve ANY expenditure a college or university made for their (the colleges) nursing programs. OCCA opposed this bill on those two issues.

Eventually the bill was modified to exclude the language on oversight of expenditures and the amount of general fund going to OCN was reduced to \$800,000. This bill passed in the last days of the session but was amended with OCCA's endorsed language. SB 4 also includes a provision exempting nursing faculty for the PERS 1039 hour limitation.

OPERATIONS

The first priority of the Governor and the House and Senate at the start of the legislature was passage of SB 426 creating the Oregon Employees Benefit Board. SB 26 established a state-wide insurance pool for all school district employees. The bill excluded community colleges from mandatory participation. However, since all K-12 districts must now be part of a state system, the Oregon School Board Association's insurance pool which most of our colleges rely on for employee health insurance will be disbanded. The colleges must now find a new insurer or join the state pool. If they do choose to join the state pool, colleges must provide coverage to

many part-time employees who do not currently receive that benefit. That provision makes the state pool cost prohibitive for community colleges. Once in the pool, a college may not choose to opt-out of the pool. A study is currently underway by the colleges to see if there is a collective way to insure.

More attention was focused this session on legislation dealing with employer/employee relations. While many bills did not make it through both the House and Senate, a few bills of note were passed.

HB 2891 which allows a labor union to be certified as the exclusive representative of employees with a majority of signed cards without an election was passed



Legislation that Did Not Pass

HB 2578 – FT/PT faculty ratio mandate

HB 2578 mandated a ratio of full-time to part-time faculty for each college and university. The bill had two very heated hearings. Both the American Federation of Teachers and the Oregon Education Association are likely to continue to prioritize this issue. OCCA argued against this bill on both a cost and a fairness issue.

The bill died in committee. However, the Governor with the legislature created a study committee to further review the issues brought forward. While we were able to forestall any action on the bill this session, this committee could very well make suggestions that would be implemented next session. Colleges and CCWD are represented on the committee.

HB 2206 – Skill up Bill

HB 2206 was a \$10 million dollar allocation for training workers who had been laid off their jobs, were underemployed or potential new workers who were attempting to get into the workforce but lacked basic skills. Dollars potentially could flow to local Workforce boards who then would contract for training with community colleges or other providers. The dollars however, went to the participant for training and expenses. Dollars did not flow directly to the institutions.

Apprenticeship organizations made an attempt to have \$1 million dollars allocated to them for marketing apprenticeship programs. This bill had many hearings and while it did have the potential to move forward, it died without a vote on the house floor. Leadership believed that with the battle for added community college basic funding, this bill would take general fund dollars away for the community college support fund.

HB 2217 – Corporate Minimum Tax

The bill was pre-session filed by the Governor and amended in committee. HB 2217-A was designed to raise additional revenue through the corporate minimum tax and dedicate those additional resources to post-secondary education and workforce development.

The bill would have increased corporate minimum tax that applies to C corporations. Applies to tax years beginning on or after January 1, 2007. Establishes Corporate Minimum Tax Fund and transfers net revenues from corporate minimum tax to fund. Dedicates moneys in fund to [*Head Start programs, Oregon Opportunity Grant program and workforce development programs*] Department of Higher Education and Department of Community Colleges and Workforce Development.



Over the course of the 2007 Legislative Session, the Oregon Community College Association tracked hundreds of pieces of legislation that impacted the funding, programs, personnel, operations, access and governance of Oregon's community colleges. A complete summary of the bills will be available in the OCCA 2007 legislative report which will be released in the fall.

Community colleges continued to raise their profile in the 2007 Legislative Session. As a result, the coming interim offers opportunity for community colleges to cultivate Oregon's leaders on the issues and concerns of Oregon's seventeen community colleges.