

Legislative Concept regarding the Optional Retirement Plan (ORP)

Staff Report:

Since the Optional Retirement Plan (ORP) for unclassified employees was implemented in 1996, experience with the authorizing statute has illustrated that linking plan guidelines to those of the Public Employees Retirement System (PERS) should be reconsidered to provide the full advantages of ORP participation to employees who elect the ORP and to the universities that sponsor the ORP.

Background:

The ORP was created by the 1995 Legislature and began accepting participants in January 1996. As written in Oregon Revised Statute 243.800(9), the employer contribution rate for the ORP is linked to the employer contribution rate of PERS. In recent years, the PERS rate has risen dramatically and, due to the infusion of \$2.0 billion in Pension Refinance Bond revenue into the PERS fund, the rate dropped dramatically. Neither circumstance was anticipated at the time the ORP was adopted, and the plain language of the statute inadequately addresses the complexities of funding and management policies of the state retirement plan linked to the ORP.

Current Status:

OUS representatives and other stakeholders are currently exploring a number of possible options to modify the process by which the ORP employer contribution rate is determined, while still preserving the three principal goals of the ORP: that it be competitive in the national marketplace in relation to other such ORPs; that it is sustainable within the OUS Budget; and that it be reasonably stable over time for the participants. The work group will continue to develop a consensus option during the spring, for submission to the Department of Administrative Services (DAS).

Staff Recommendation:

Staff recommends the Board vote to approve the submission of a placeholder for a legislative concept that would include language currently being developed to amend ORS 243.800(9). Submission of the placeholder to DAS is due April 15, 2004.

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/02

Date 4/13/2004

- ◆ Attach a Fiscal Impact Estimate.
 - ◆ Attach draft language.
 - ◆ Deliver *original and five copies* including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 *on or before April 15, 2004*.
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Agency Oregon University System

Division/Program State Board of Higher Education

Concept Subject/Title Access Scholarships for Education Trust

Contact Person Nancy Goldschmidt

Phone No. 503-494-1445

◆ BRIEF DESCRIPTION OF THIS CONCEPT:

Reduce financial barriers to attaining postsecondary education in Oregon.

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

For Oregon to be competitive in the global economy, we need to raise the education attainment levels for all Oregonians by reducing the postsecondary education opportunity and affordability gaps. We need to ensure that high quality post-secondary education institutions are accessible to all Oregonians

We seek expansion of need-based financial aid via revisions to, and enhancements of, the Oregon Opportunity Grant, for post-secondary education; and,

We intend to develop a proposal for a (legislatively-referred) constitutional amendment to establish an endowment for financing need-based financial aid for post-secondary students.

◆ POLICY IMPLICATIONS:

Changes to the Oregon Opportunity Grant. Development of endowment fund.

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

Agency:

Person you talked to about concept:

Phone:

Oregon Student Assistance Commission

Brian Clem, Chair

◆ KNOWN SUPPORT

UNKNOWN AT THIS TIME

◆ KNOWN OPPOSITION:

UNKNOWN AT THIS TIME

◆ THIS CONCEPT: (Do not skip answers. Enter *none* or *N/A* as needed.)

Revises or repeals ORS to be determined

Adds new sections to ORS Chapter to be determined

Check one: Major program change Minor program change Technical correction/housekeeping only

Was previously proposed in: Year n/a as Bill No. n/a

Why are you proposing it again (what changed)? n/a

Is a PLACEHOLDER? No Yes Expected date of completion: 7/1/2004

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/03

Date 4/13/2004

- ◆ Attach a Fiscal Impact Estimate.
 - ◆ Attach draft language.
 - ◆ Deliver *original and five copies* including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 *on or before April 15, 2004*.
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Agency Oregon University System (OUS)

Division/Program State Board of Higher Education

Concept Subject/Title Connecting Higher Education to a Statewide Student-Service System

Contact Person David Mc Donald

Phone No. (541) 346-5729

◆ BRIEF DESCRIPTION OF THIS CONCEPT:

A K-16 data system has been identified nationally (see NGA recommendation) as a critical component to a comprehensive student educational system. The K-12 system is under development, and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools. This will also empower students and their parents to become more informed about preparation for college.

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

Improve use of student data to support better student preparation for college, and increased college efficiency in terms of initial course placement and admission application processing.

◆ POLICY IMPLICATIONS:

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

<u>Agency:</u>	<u>Person you talked to about concept:</u>	<u>Phone:</u>
Oregon Department of Education	Pat Burk	(503) 378-3600
Office of Community Colleges and Workforce Development		Cam Preus-Braly (503) 378-8648

◆ KNOWN SUPPORT

OREGON DEPARTMENT OF EDUCATION, OFFICE OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT

◆ KNOWN OPPOSITION:

NONE

◆ THIS CONCEPT: (Do not skip answers. Enter *none* or *N/A* as needed.)

Revises or repeals ORS N/A

Adds new sections to ORS Chapter N/A

Check one: Major program change Minor program change Technical correction/housekeeping only

Was previously proposed in: Year N/A as Bill No. N/A

Why are you proposing it again (what changed)? N/A

Is a PLACEHOLDER? No Yes Expected date of completion: 7/1/2004

Reason not completed: Work progressing through OUS Board

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/04

Date 4/13/2004

- ◆ Attach a Fiscal Impact Estimate.
 - ◆ Attach draft language.
 - ◆ Deliver *original and five copies* including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 *on or before April 15, 2004*.
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Agency Oregon University System (OUS)

Division/Program Oregon State Board of Higher Education

Concept Subject/Title Removing Institutional Transfer Barriers to Students

Contact Person David Mc Donald

Phone No. (541) 346-5729

◆ BRIEF DESCRIPTION OF THIS CONCEPT:

Increasing the successful transfer of community college students to OUS campuses through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable lower division common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

Create a seamless transition pathway for students from community colleges to OUS that results in greater efficiency for students in terms of courses taken without redundancy, fewer lost credits for courses completed, and greater alignment of community college and OUS lower-division courses. As a result more students will graduate faster and with less debt.

◆ POLICY IMPLICATIONS:

Access to College

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

<u>Agency:</u>	<u>Person you talked to about concept:</u>	<u>Phone:</u>
Community Colleges and Workforce Development		(503) 378-8648

◆ KNOWN SUPPORT

COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, OFFICE OF THE GOVERNOR

◆ KNOWN OPPOSITION:

NONE

◆ THIS CONCEPT: (Do not skip answers. Enter *none* or *N/A* as needed.)

Revises or repeals ORS N/A

Adds new sections to ORS Chapter N/A

Check one: Major program change Minor program change Technical correction/housekeeping only

Was previously proposed in: Year N/A as Bill No. N/A

Why are you proposing it again (what changed)? N/A

Is a PLACEHOLDER? No Yes Expected date of completion: 7/1/2004

Reason not completed: Work progressing through OUS Board

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/ 05

Date 4/9/2004

- ◆ Attach a Fiscal Impact Estimate.
 - ◆ Attach draft language.
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Agency Oregon University System (OUS)

Division/Program State Board of Higher Education

Concept Subject/Title Strategic Investment to Support Increased Student Access to College

Contact Person David Mc Donald

Phone No. (541) 346-5729

◆ BRIEF DESCRIPTION OF THIS CONCEPT:

Investments to support expansion of services and offerings that increase capacity and educational opportunities for high school and post-secondary students. These initiatives include: 1) Increase the availability of highest demand courses; 2) Strategically expand the availability of on-line courses to meet high student demand; 3) Expand accelerated high school course opportunities to create a statewide menu; 4) Create the foundation for a statewide framework for post-secondary access for every community; and 5) Increase the retention and graduation rates of current college students.

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

Increasing student access and successful participation in post-secondary education. Solution includes identifying current areas where student demand for courses exceeds supply and offering courses to alleviate the excess demand. Further efforts include 1) increase student access to college and the earning of credits while in high school by offering more opportunities that result in the awarding of college and high school credits simultaneously, and expanding college retention programs to serve larger numbers of students.

◆ POLICY IMPLICATIONS:

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

<u>Agency:</u>	<u>Person you talked to about concept:</u>	<u>Phone:</u>
Office of Community Colleges and Workforce Development	Cam Preus-Braly	(503) 378-8648
Oregon Department of Education	Pat Burk	(503) 378-3600

◆ KNOWN SUPPORT

OFFICE OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, CAM PREUS-BRALY (503) 378-8648
OREGON DEPARTMENT OF EDUCATION, PAT BURK (503) 378-3600

◆ KNOWN OPPOSITION:

NONE

◆ THIS CONCEPT: (Do not skip answers. Enter *none* or *N/A* as needed.)

Revises or repeals ORS N/A

Adds new sections to ORS Chapter N/A

Check one: Major program change Minor program change Technical correction/housekeeping only

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/06

Date 4/13/2004

- ◆ Attach a Fiscal Impact Estimate.
 - ◆ Attach draft language.
 - ◆ Deliver ***original and five copies*** including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 ***on or before April 15, 2004.***
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Agency Oregon University System

Division/Program State Board of Higher Education

Concept Subject/Title Academic Excellence and Economic Development

Contact Person Susan Weeks

Phone No. 541-346-5743

◆ BRIEF DESCRIPTION OF THIS CONCEPT:

Advance economic development initiatives and academic excellence in Oregon's public postsecondary institutions.

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

Addition of resources needed to advance 2 to 5 initiatives for Oregon's economic development, which collectively touch every part of the state and build on academic excellence residing in Oregon's postsecondary institutions.

◆ POLICY IMPLICATIONS:

These initiatives will strengthen partnerships among postsecondary institutions, public agencies, and private business, and are intended to build on existing or emerging momentum in opportunity areas not otherwise fully addressed by other public or private entities.

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

<u>Agency:</u>	<u>Person you talked to about concept:</u>	<u>Phone:</u>
n/a	n/a	n/a

◆ KNOWN SUPPORT

UNKNOWN AT THIS TIME

◆ KNOWN OPPOSITION:

UNKNOWN AT THIS TIME

◆ THIS CONCEPT: (Do not skip answers. Enter ***none*** or ***N/A*** as needed.)

Revises or repeals ORS to be determined

Adds new sections to ORS Chapter to be determined

Check one: Major program change Minor program change Technical correction/housekeeping only

Was previously proposed in: Year n/a as Bill No. n/a

Why are you proposing it again (what changed)? n/a

Is a PLACEHOLDER? No Yes Expected date of completion: 7/1/2004

Reason not completed: work progressing through OUS Board.

Is due to legal decision: n/a Case cite: n/a or AGO No./date n/a (*attach copy*)

Raises fees or assessments? No Yes (*attach Fiscal Impact Estimate*)

LEGISLATIVE CONCEPT

Agency No./Concept No. 580/07

Date 4/15/2004

- ◆ Attach a Fiscal Impact Estimate.
- ◆ Attach draft language.
- ◆ Deliver ***original and five copies*** including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 ***on or before April 15, 2004.***

Agency Oregon University System

Division/Program State Board of Higher Education

Concept Subject/Title Retention of interest earned on auxiliary enterprise funds

Contact Person Lisa Zavala

Phone No. 503-373-7490

◆ _____ BRIEF DESCRIPTION OF THIS CONCEPT::

.. Allows the Oregon University System (OUS) to retain interest earned on auxiliary functions (primarily dormitory / housing) for use in support of these functions.
..

◆ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

OUS student housing needs to be updated to meet student needs so that OUS can maintain occupancy rates. Currently much of the student housing on OUS campuses reflects the expectations and needs of students from a generation ago. OUS receives no state appropriation for housing; therefore, housing must support all of its needs from occupancy revenue. Housing must deposit current operating funds in accounts with the State Treasurer. Interest earned on those accounts is retained by the state. Interest earned on current operating funds could help support construction, renovation, or deferred maintenance. Housing funds deposited for other purposes, i.e., reserves and debt service, currently earn interest. See ORS 351.545 and 351.615.

◆ POLICY IMPLICATIONS:

Would allow revenue generated from occupant payments and held for current expenses to be credited to the benefit of OUS rather than State use for non-higher education expenses.

◆ PARTNERS OR OTHER AGENCIES AFFECTED:

Agency: _____ Person you talked to about concept: _____ Phone: _____

To be determined.

◆ KNOWN SUPPORT

OUS INSTITUTIONS

◆ KNOWN OPPOSITION:

UNKNOWN AT THIS TIME.