AN ABSTRACT OF THE DISSERTATION OF

B. Edward Bohart for the degree of Doctor of Education in Education presented on October 30, 2002.
Title: A Descriptive Study of the Oregon Community College Budget Processes during the 2001-2003 Legislative Session.

Abstract approved: __________________________

Betty Duvall

From 1990 to 2000, Oregon community colleges experienced a shift in their revenue sources from primarily local taxes to primarily state funding. Additionally during this time Oregon approved term limits for state officials and legislators. In preparation for the 2001-2003 biennial Legislative session, the community colleges pursued new approaches to securing an increase in state funding, which included a single funding request, the first pledge of unity among the community colleges and a trust-building process with the governor.

This study followed the budget development processes for Oregon community colleges in preparation for and during the 2001-2003 legislative session. Interviews, observations and primary source materials were used by the researcher to describe the budget processes from the initial community college discussions through the enactment of the community college budget by the legislature.
The governor was found to have the most significant influence in providing for the community college request for increased funding. The legislature was found to have less influence in providing increased revenue for community colleges. The governor, as part of his state budget, forwarded a request to the legislature for a $45 million increase for community colleges. The unity of community colleges in supporting one proposal during the session was found to have several positive impacts. Although community colleges received an increase in state funding, the funding formula for community colleges resulted in differentiated funding for each of the 17 Oregon community colleges.

An epilogue provides a chronology of significant changes in state revenues, of special legislative sessions and of changes in community college funding after the enactment of the 2001-2003 community college budget.
A Descriptive Study of the Oregon Community College Budget Processes during the 2001-2003 Oregon Legislative Session

by

B. Edward Bohart

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B. Edward Bohart, Author
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The author expresses sincere appreciation to Professor Betty Duvall for her assistance and persistence in the preparation of this research. She elevated my vision, helped me focus on the details and gave me an important leadership model.

Special thanks are given to the many community college and state leaders who shared their time and knowledge to make this study possible.

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Special appreciation is given to my staff at Clatsop Community College who have encouraged me through every step.
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DEDICATION

This dissertation is dedicated to the memory of my parents, William and Donalda Bohart, who believed in education.
Community colleges exist in a changing environment. Some changes in the political, economic, demographic and technological environments of community colleges are subtle and evolutionary. Other changes are dramatic and powerful. Parnell (1990) described the impact of powerful changes that education can face:

There are major forces moving in iceberg fashion into the complex but symbiotic education environment. It is possible to see tips of the icebergs moving with enormous power, but the key question is, where, how, and when will higher education institutions intersect with these forces.

(Parnell, 1990, p. 32)

Since 1990, Oregon community colleges have intersected with two iceberg-scale forces. The first force is the dramatic shift in the political environment of the funding for public education, including community colleges. The property tax revolt, which gained national prominence in California, with Proposition 13, moved north in the form of three statewide initiatives which were intended to limit the total property tax burden and to limit the ability of local entities to raise funding via local taxes. A second iceberg-scale force has been the establishment of term limits for state officials. In 1992 the Oregon
voters approved an initiative which amended the constitution limiting the time that elected state officials can serve, including the legislators.

BACKGROUND OF THE PROBLEM

Oregon community colleges have experienced a significant change in their relationship to the State of Oregon. Oregon community colleges are governed by locally elected boards and, historically, have been funded primarily by locally approved property taxes. State funding had been limited to some construction funding, a few special programs and to small additions to the community college operating funds. Before 1990, the total state contribution was 24 percent of the total community college expenditures.

The passage of four statewide initiatives, three property tax related and one on term limits, altered this relationship. The primary changes were in the processes of raising revenue and the sources of revenue available to fund community college operation. A statewide initiative, Measure 5, approved by Oregon voters in 1990, limited the total amount of property taxes that schools, including community colleges, could levy on local property. The initiative required that revenue lost because of this limitation was to be replaced by the
State Legislature. The resources available to the State Legislature are derived primarily from a state income tax and various fees. Oregon has no sales tax.

In November of 1996 the Oregon voters passed another statewide initiative, Measure 47. This ballot measure placed additional limits on the community colleges’ ability to raise funds. Measure 47 limited the growth of local property taxes to 3% per year and limited the ability of K-12 schools and community colleges to raise funds other than property tax funds to replace property tax lost because of Measure 47 (Eisenbart, 1996). The result of Measure 47 was to further increase the community college and the K-12 dependence on State appropriations for funding.

The Oregon State Legislature reviewed the impact of the Measure 47 and proposed modifications which became a statewide initiative, Measure 50. This initiative was passed in May 1997. Measure 50 replaced Measure 47, clarifying its language but retaining its intent to limit property tax growth.

The fundamental shift of tax burden and resulting impact on services was described in Webber and Fisher’s 1997 study, Oregon’s Fiscal Choices: Historical Context and Long-term Implications in the following:

The budget choices of the Oregon legislature for the 1995-97 budget generally favored health care and corrections at the expense of education and non-health care services. The state was able to moderate the impacts of budget cuts on services
through program efficiencies and shifting costs of public services to future taxpayers, private providers, service users and the federal government.

Although state-local taxes increased since 1990 the tax burden (state and local taxes as a share of personal income) decreased from 12 percent to 10.4 percent. It is projected to continue to decrease to 10.1 percent in 1998-99. This would place Oregon 44th among the 50 states and the District of Columbia in the tax burden ranking.

As Oregon moved to become a low tax state in the 1990's, the state has consistently adopted budgets that provide fewer funds than required to provide previously-approved service levels. Demographic and economic projections suggest the continued emergence of long-term structural deficits in the state general fund, particularly if the federal government attempts to balance its budget by reducing state and local aid.

(Weber & Fisher, 1997, p. i)

Because of these Measures, the competition for State resources now includes the needs of community colleges and the K-12 system which were previously met by local resources. In this new funding environment, Oregon community colleges must adapt to the new symbiotic relationships with state agencies, the Executive Branch and the Legislature. The funding of Oregon community colleges is related to the success of these adaptations. The community colleges are not alone in needing to adapt to the new funding reality. The State's K-12 systems also experienced a major shift from local to state funding. All other state agencies are experiencing the impact of having two major new competitors for state resources. The seven universities in the Oregon University System (OUS) have never had access to local funding
Sources; the OUS have had to rely on funding from the state legislature. Prior to Measure 5, the OUS faced significantly less competition for the “education funds” from the community colleges and K-12 systems.

These adjustments in relationships were occurring during a time when the legislature was undergoing historic changes caused by term limits. In 1992 the Oregon voters enacted a term limits initiative, Measure 3, which limited the length of time legislators can serve. Term limits became effective with the 1998 elections. The Constitutional amendment limited legislators to a total of 12 years of service, but no more than three two-year House terms and two four-year Senate terms. Legislators could combine service in the two houses but to no more than the 12 year limit. As a result of this limitation, 24 of the 90 Oregon House and Senate members were forced to retire July, 1998 at the end of the legislative session. These retirements meant there was a loss of 280 years of accumulated legislative knowledge and experience, an average of almost 12 years per legislator.

Prior to term limits, Oregon community colleges could depend on relative stability in their state representation. Colleges were able to develop long term relationships with representatives and were able to educate representatives about their colleges over this period of time. Colleges were also able to assume that legislative leaders would retain some of the history...
and rationale of legislative actions. After term limits, this assumption was no longer appropriate. The need to provide information became especially important for individuals who chair committees and subcommittees. Prior to term limits these positions were held by experienced legislators who possessed power and authority critical to passing legislation. Given term limits restrictions and given that the Oregon legislature meets in regular session once during a House member's two-year term, it is possible that House members with one session of legislative experience could be in leadership roles in committees or subcommittees. The most experience that any House member can have in the House is three regular sessions. Senators can serve in four regular sessions in the Senate.

Community colleges have been forced to compete in the legislature for significant operational funding at the same time that legislator experience and institutional memory have become most transient.

PURPOSE STATEMENT

The purpose of this dissertation is to describe the budgeting processes for Oregon community colleges before and during the 2001-2003 Oregon biennial Legislative Session. This description includes the public records of
the session, observation of hearings and meetings, records and messages from involved groups and interviews with a select sample of participants.

CONCEPTUAL ASSUMPTIONS

This dissertation begins with eight conceptual assumptions. These assumptions are based on the reality that Oregon community colleges have become dependent on the State for approximately half of the colleges' general fund revenue. First, there is the assumption that community colleges will need to actively pursue funding from the State. Second, there is the assumption that community colleges increasingly need legislators to be knowledgeable about community colleges. Third, there is the assumption that the Oregon term limits for legislators will result in an increased turnover of legislators. Fourth, there is the assumption that the new legislators will have less knowledge about the actions, processes and rationale of previous Oregon legislatures than experienced legislators. Fifth, there is the assumption that new legislators will have less exposure to the information previously presented to the legislature by community colleges than continuing legislators had. Sixth, given the change in community college funding and given legislative term limits, there is the assumption that there is a greater need for community colleges to be actively involved in the State budgeting process for community colleges.
Seventh, there is the assumption that legislators who are knowledgeable about community colleges will be able to differentiate the needs of community colleges from the needs of other educational institutions and state agencies. Finally, there is the assumption that as legislators become knowledgeable about Oregon community colleges and as Oregon community colleges become more knowledgeable about state legislative funding processes, communications about educational needs in Oregon communities and in Oregon community colleges will be increasingly productive.

SIGNIFICANCE OF THE STUDY

First, this study is significant because it contributes to the understanding of historic changes in the funding of Oregon community colleges. Statewide initiatives have moved Oregon community colleges and Oregon state government into a new financial relationship; Oregon community colleges have been forced to move from the processes of securing funding through local levies to the processes of competing for state support in the legislature. The competition for state resources involves all of the state funded agencies and those entities which receive significant funding from the State. These entities include the local K-12 districts and the institutions of the Oregon University System (OUS).
This study is also significant because increased state funding for the community college may lead to increased expectations of community colleges by the State. Historically, Oregon community colleges have been highly independent; in 1990 Oregon was listed as one of the most decentralized community college systems in the country. (Garrett, 1992a, 1992b). They have been governed by independent, locally elected boards and led by presidents whose only allegiance was to the boards and the local community. Increased state funding of community colleges may increase the legislators’ expectations of the community colleges being accountable to the state (Fonte, 1993). This study contributes to the understanding of participants expectations during the 2001-2003 budgeting period.

Finally, this study contributes to the body of research on educational funding. While Oregon has unique factors in its educational financing history, Oregon shares the common problems of educational financing with many other states. The report, State Funding of Community Colleges: A 50-State Study, (2000) clearly shows that Oregon shares each of its current issues with many other states. This study is relevant to the current issues related to postsecondary financing. In the preface of their 2000 report, the Education Commission of the States stated:

In a July 2000 constituent needs survey conducted by the Education Commission of the States (ECS), state policymakers were asked to identify the top ten postsecondary education issues they anticipate facing in the future. The postsecondary policy issue that concerned respondents most was the financing of colleges and universities. Such a response from state
education leaders suggests the release of this report by the Center for Community College Policy is timely. (Education Commission of the States, 2000, p. ii)

The Center for Community College also asked the respondents in the 50 states about the most important current and emerging issues for community colleges in their states. The Center concluded that:

The most serious issues facing community colleges across the nation, according to the respondents from two-year college systems, deal with the dual challenges of increasing state and local financial support for community colleges and improving the methods by which community colleges are funded. (Education Commission of the States, 2000, p. 49)

NEED FOR THE STUDY

This study is needed for several different reasons. Community colleges need to understand the sources of their revenue in order to establish their budgets. An improved understanding of the state budgeting processes, which defines half of the colleges' revenue, should assist this planning. Community colleges are now significant competitors for state resources. In the state allocation of resources, community colleges need to compete with their concepts of Oregon's educational needs as well as their specific local needs. Community colleges need to articulate their messages effectively throughout the budgeting processes.

If community colleges have a better understanding of these processes, they may be more effective. From another perspective...
community colleges need to communicate their need for financial support to their local communities. Local financing is now significantly intertwined with the state budgeting process and colleges cannot assume that their local constituents understand.

The study will make a contribution to the knowledge about the Oregon legislators' knowledge of and perceptions of community colleges. This study will contribute to the practice and policies of the Oregon community colleges and of associated groups as these institutions and groups compete for state funding. This study will contribute to the policy and practices of Oregon community colleges as the colleges and the legislature find ways to accommodate the ramifications of the statewide initiatives. This study will contribute to future studies of relationships of community colleges and state government.

DEFINITION OF TERMS
For the purposes of this dissertation and to assure common understanding, the following significant terms are defined.

Base Budget: The base budget is a State of Oregon budgeting concept which is the starting point for budget development for an agency's budget...
request to the biennial legislative session. The base budget is composed of
the legislatively approved budget from the prior legislative session with any
increases or decreases made by the Emergency Board. For the 2001-2003
legislative session, the base budget included any Emergency Board action
through April 2000.

Department of Community Colleges and Workforce Development
(CCWD): The Department of Community Colleges and Workforce
Development is a state agency. The head of the CCWD, the Commissioner,
reports to the Governor. CCWD defines its role as providing state leadership,
accountability and technical assistance to: Oregon’s 17 community colleges;
seven local workforce investment areas; numerous Oregon Youth
Conservation Corps local service providers; GED testing centers; and the
Community Service Commission volunteer programs.

Emergency Board: A legislative board is composed of 17 legislators
and is authorized by the Oregon constitution makes budget decision when the
legislature is not in session. Among it powers, the Emergency Board can
allocate funds from the Emergency Fund. The legislature appropriates money
for the emergency fund with the purpose that the Emergency Board will have
discretion. Among the 17 legislators are the President of the Senate, the
Speaker of the House, the co-chairs of the Joint Committee on Ways and Means, six other senators and seven other House members. (Torgerson, 1999).

Essential Package: an essential package is a policy package which adjusts base budgets for one-time costs, costs of phasing programs in or out, inflation, shifting funds between agencies or within agencies and a variety of other specific costs. The essential packages and the base budget combine to form the current service level budget.

General Fund: The general fund is the only money that can be used for the general purposes of state government. These funds are distinct from funds which are dedicated to a specific agency or program or from revenues which cannot be appropriated by the legislature. General funds are derived primarily from personal and corporate income taxes. Oregon does not have a sales tax. Other revenue comes from taxes on liquor and tobacco.

Legislative Fiscal Office (LFO): The Legislative Fiscal Office is a permanent non-partisan legislative agency which provides research, analysis and evaluation of state expenditures, financial affairs, agency organization and program administration for legislators, legislative committees and their staffs.
The LFO reports to the Joint Ways and Means Committee during legislative sessions and to the Emergency Board between sessions.

Measure 5: Measure 5 was a statewide initiative which was approved by voters during the November 6, 1990 election. This initiative amended the constitution of Oregon to limit property tax that entities could levy.

Measure 47: Measure 47 was a statewide initiative which was approved by voters during the November 5, 1996 General election. This initiative amended the constitution to reduce and limit property taxes, limit local revenues and replacement fees.

Measure 50: Measure 50 was a statewide initiative introduced by the legislature which was approved by voters during the May 20, 1997 Special Election. This initiative replaced Measure 47, clarifying aspects of Measure 47 while retaining the basic taxing limitation.

Oregon Community College Association (OCCA): The Oregon Community College Association is a nonprofit organization which is governed by an Executive Board composed of the presidents and a board representative from each of the 17 Oregon community colleges. The OCCA is supported by dues from each of the 17 Oregon community colleges. The purpose of the
OCCA is to promote the welfare of Oregon community colleges, including lobbying on their behalf.

Oregon State Legislature: The Oregon State Legislature is composed of two houses. The Senate has 30 members; the House has 60 members. The Legislature meets in regular session once a biennium, starting in January of odd-numbered years.

Policy Package: A policy package is a State of Oregon budgeting construct which is used by agencies to request policy and program changes. If approved, the policy package is added to the base budget and essential packages to form the agency’s total budget.

State agency: State agencies are units of government in Oregon, which are created by the legislature for the purpose of carrying out and enforcing state laws. State agencies have a range of titles including department, division, board and commission.

Statewide Initiatives: The Oregon constitution provides for public generated or legislature generated initiatives. The initiatives which meet the qualifying standards are placed on the statewide ballots. The initiatives become law or amend the constitution by majority popular vote. The statewide
Term limits: Measure 3 was a statewide initiative which was approved by voters during the November 3, 1992 General Election. This initiative amended the constitution to limit the term of service of legislators, statewide office holders and congressional offices. Article II Section 19 (1) of the Oregon Constitution was amended to read:

No person shall serve more than six years in the Oregon House of Representatives, eight years in the Oregon Senate, and twelve years in Oregon Legislative Assembly in his or her lifetime.

These limits became effective beginning in 1998.

OUTLINE OF THE REMAINDER OF DISSERTATION

Chapter two contains a review of the literature related to the dissertation topic. Chapter three describes and discusses the methodology used to pursue this thesis. Chapter four contains the findings of the research. Chapter five contains the summary of the findings, the observations drawn from the findings and the resulting recommendations. Chapter six, an epilogue, presents a chronology of events relating to revenue shortfalls in the state budget.
CHAPTER TWO - LITERATURE

INTRODUCTION

The research context covers topics, and therefore literature, which range across many disciplines, including political science, education, economics, history, and sociology. The topics potentially extend from the highly theoretical, such as the nature of government and the purposes of education, to the highly detailed, such as communication modes and selection of presenters for hearings. For the literature review to be consonant with a descriptive study, the review needed to present literature which is important for understanding the study and which illustrates the basis for future research.

Literature related to legislatures, state funding of higher education, lobbying and perceptions of community colleges coalesced into four areas of research. This chapter is organized to reflect these four areas: research on state government, research on legislatures and community colleges, research on lobbying, and research on the distribution of state resources to community colleges.
Dissertations were searched to determine whether the topics of this research had been duplicated by previous research. No dissertations were found which covered the specific topic of this dissertation. Additionally, no dissertations were found which were qualitative studies reviewing and describing legislative action on community college appropriations bills. No dissertations were found which researched the changes in funding for Oregon community colleges caused by Oregon's property tax limitation initiatives, Measures 5, 47 and 50. Substantial literature exists on lobbying which focussed primarily on higher education lobbying at the federal level. Literature exists on the functioning of legislatures; the US Congress is generally the focus. A limited body of research exists on the relationships between community colleges and their state legislatures and on community college funding issues. The preponderance of research in these areas involved other higher education institutions.

RESEARCH ON STATE GOVERNMENT

Much of the research context exists within the concept of state government. A broad selection of research addresses aspects of the state government which have relevance to the research context. This research
includes general research on the nature and functioning of state government, research on term limits, research on the impact of initiatives and relevant single topic research.

State Government

Significant literature exists about state governments in general, sections of state governments and state governments as they interrelate with the educational community. Some authors, Berman (1993), Berman and Yawn (2001), Heard (1966), Beyle (1983), Browne (1987) have written about the nature of state governments. Other authors, including Hale (1994), Parnell (1990), Cohen (1999) and Baker (1994), have written about the impact of the relationships between education and the state government.

In general, research and writing about state government have focussed on budgeting as a central role of state government. Burrup (1977), Gutherie, Garms & Pierce (1988), and Tschechtelin (1994), among many others, have studied and written about the impact of state decisions on the funding and operation of community colleges. In their literature and in the literature with more general topics, state funding of education is an important theme. Authors
have researched a variety of issues within the area of state government and educational finance. The following literature reflects some of these research approaches.

Sharkansky (1968), Thompson (1987) and Moncrief and Thompson (1980) studied state budgeting at the agency level in several states. Sharkansky studied data from 592 agencies in 19 states. When Thompson replicated Sharkansky's study, he collected similar data on 671 agencies in 18 states. Their studies examined the budget behavior of the agencies, the governors and legislatures within the environmental conditions that enhanced or constrained each of them. Sharkansky concluded that because of time, staff, and expertise, state budgeting is primarily an incremental process and that legislatures generally follow the lead of the governor in budget matters. Thompson concluded that although significant factors have changed in 20 intervening years, Sharkansky's findings remained valid. Thompson adapted Sharkansky's methodology to research the impact of increased federal funds for agencies. In spite of the changes in environmental conditions, Thompson concluded:

A partial replication of Sharkansky's work suggests that the behavior of the major budget actors remains much the same. Agencies still request sizable increases from previous budget levels, governors still pare budget requests, and legislatures still appropriate roughly what the governor recommends. However, agencies have become more expansionist and governors and
legislatures somewhat more generous in their recommendations and appropriations. This slight escalation in budget trends may be a reflection of general economic growth, inflation, the overall expansion of government, or perhaps some combination of these variables. (Thompson, 1987, p. 775)

Jacoby and Schneider (2001) produced an empirical study on the ways that state governments allocate resources. Their study produced a model of state policy priorities for 1992. This model allowed the researchers to compare allocations between states and within states. They began with the understanding that states confront complex social problems, political issues and constituent demands. They concluded that:

In principle, states could devote equal resources to combinations of particularized benefits and collective goods. In practice, however, they do not. Instead, states that spend more money on one of these policy categories invariably spend less on the other. The empirical distinction is so clear cut that states' trade-offs between particularized benefits and collective goods could be characterized readily in zero-sum terms. We believe that this distinction is a central characteristic of governmental decision making in the American states. (Jacoby and Schneider, 2000, p. 561)

The authors discussed the differences between interest group types and the complex pressures and decision making processes which exist within states. As an example, they concluded that well-organized private interest groups push state government towards particularized benefits, while state bureaucracies tend to push resources to collective goods.
Brudney and Hebert (1987) focused on the environments within which the agencies function. They hypothesize that “State agencies enact exchanges with their environments in order to secure the political support necessary for survival and growth.” (p.187) Brudney and Hebert discussed the roles of the governor, legislature, clientele groups, and professional associations as actors in the environment of agencies. They further hypothesized that the relative importance of these actors varied between agencies. They measured the influence of the “environmental actors” by a survey which included items to assess their importance in four areas of agency decision making: total budget, budgets for specific programs, major changes in policy and rules and regulations. The authors researched variables such as the gubernatorial power to appoint agency heads, the type to promotions possible within agencies and the size of the agencies. On these variables, the authors found that gubernatorial power to appoint agency heads increased the influence of the governor, that merit-based promotion systems decreased the legislative influence and that larger agencies were influenced less by the clientele groups. The authors concluded:

While not all external actors could be considered here (most notable among those omitted are other levels of government, the communications media, and the judiciary), empirical analysis of the influence exercised by the governor, legislature, clientele groups, and professional associations demonstrated that environments differ systematically across agency types. The influence of environmental actors is also affected by agency
structural characteristics, provisions for funding, disruptions to normal operations, and state political variables.

(Brudney and Hebert, 1987, p. 203)

From a different perspective of state government function, Weissert and Weissert (2000) researched the impact of legislative staff in five states, Florida, Massachusetts, Michigan, North Carolina, and Washington, to determine their impact on health policy making. Weissert and Weissert established the context of their research by describing the uncertainty of the state legislative tenure as follows:

State legislators face great uncertainty. They are often there for a short legislative career because in most states being a legislator is a grueling job done in addition to a full-time occupation from which the legislator earns his or her primary living. While some large states have traditionally had professional legislators who serve full-time and for many years, term limits in California, Michigan, and Ohio, among other states, have dramatically shortened the length of the legislative career trajectory and left little time for legislators to learn their roles and garner expertise in a subject area. Most important, state legislators often serve on a given policy committee too briefly to build trusting relationship with policy committee staff and indeed may serve in the position of chair without having prior experience on the committee, or even an interest in the issues within its jurisdiction.

(Weissert and Weissert, 2000, p. 1121)

Weissert and Weissert studied one issue, health policy making, across five states by interviewing legislative staff, former staff, governor's advisors, agency liaison, lobbyists, and legislators. Weissert and Weissert concluded that the quality of trust between staff and legislators is significant:
Trust is then important to the level of influence that staff has, along with other important predictors, such as experience of the legislative staff and whether the staff works for the majority party. In predicting both trust and influence on the budget committee, staff were expected to exert influence by virtue of their position on that committee. In analyzing the responses of current and former committee staff in five states, we found the expected relationships, although the strength of the relationships were disappointing. We found that turnover of chairs was a significant predictor of trust and the chair hiring variable was positive but not significant. In predicting influence, trust, staff experience and fiscal staff had positive coefficients and trust was significant.

(Weissert and Weissert, 2000, p.1143)

In his study, Squire (1993) researched the relationship between the degree of professionalism in the legislature, which was defined by the amount of compensation received and by the amount of time each year spent in the legislature, and the frequency of contact between constituents and legislators and public attitudes towards legislators. Squire found that smaller district size and increased professionalism increased contact with and influence of constituents. The author recommends further research with the hypothesis that term limits may decrease the influence of constituents who were defined as both the electorate and the interest groups such as educational organizations.

At a more theoretical level Gilligan and Krehbiel (1989) studied the one game theory model of information distribution within a legislative committee. Their research was a mathematical study in game theory; their results indicate
that asymmetrical distribution of information can lead to inefficiencies within committees. They concluded that their methodologies may be able to address the impact of efficient information distribution. The related implication is that information distribution, some of which is provided by lobbying, has differing impact dependent on the degree of symmetry of information distribution.

Term Limits

On the issue of term limits, Carey, Niemi and Powell (2000b) opened their book with the following comments:

Legislative term limits, the grassroots electoral reform that swept across much of the United States in the early 1990's, began to kick in during the latter half of the decade. Entire cohorts of lawmakers were removed from office, first in California and Maine, then in Arkansas, Colorado, Michigan, Montana, and Oregon; and subsequently in eleven other states.

(Carey, Niemi and Powell, 2000b, p. 1)

The authors concluded term limits tended to increase the influence of the executive branch relative to the legislative branch. The most common rationale for this increase was the executive’s greater access to informational and technical expertise. The authors further concluded that the increase of importance of legislative staffs is an area that required more extensive research. On the changes of lobbying in term limit states, the authors make
two observations about the impact of term limits on lobbyists:

First, with respect to information, lobbyists face substantially greater challenge than do staffers or civil servants in that they do not occupy positions within the institutions or government on which legislators must rely. Rather, lobbyists must compete with other interests, both institutional and noninstitutional, to attract legislators' attention to information and advice. Building a base of legislative "consumers" of this products is expensive, and efforts to cultivate the trust of legislators over time are necessarily lost under term limits.

(Carey, Niemi and Powell, 2000b, p. 84)

Their second observation involved the ability of lobbyists to provide jobs for legislators after the legislators leave office. Carey, Niemi and Powell summarized the changes caused by term limits found in their research as follows:

The overall trend in these changes is toward a decline in the influence of legislators and a corresponding rise in the influence of others - governors, bureaucrats, lobbyists. The most consistent themes running through discourse about these changes are those of informational asymmetries and declining expertise within legislatures.

(Carey, Niemi and Powell, 2000b, p. 93)

Carey, Niemi, and Powell (2000a) presented a model for estimating the probability of reelection in state legislative elections. While the issues of reelection are not central to this research context, their work discussed a publicized assumption that "term limits are expected to increase turnover in a couple of ways, even before they kick in." (p. 691) They tested states in which
term limits would be fully implemented in one and two elections. They found that term limits had "no statistically significant effect on competitiveness in races involving incumbents." (p. 692) They concluded that term limits did not have a significant impact of the reelection of incumbent legislators.

Little, Deen and Clark (2001) studied state legislative leaders to determine their policy expertise, sources of policy information and future career interests comparing term limits states with non-term limit states. In term limit states, leaders were more likely to have as their next career goals retirement from politics and running for local or other state office than those in non-term limit states. The leaders uniformly, at a 92% level, joined one or more of the five national organizations which focus on state legislators; The Council of State Governments, the National Conference of State Legislatures, State Legislative Leaders Foundation, the State Government Affairs Council, and the American Legislative Exchange Council. When asked if the meetings of these organizations were useful in developing state policy, 85% indicated that they were useful or very useful. The authors also noted the importance of national organization publications (78%) in the formation of state policy.

Moncrief and Thompson (2001) studied legislative function in term limit states from the perspective of the lobbyists. They surveyed lobbyists in five
states which had fully implemented term limits, Arkansas, California, Colorado, Maine and Michigan. They surveyed 100 lobbyists in each of the states asking them to compare the current term limited legislators with their prior counterparts on seven issues. The seven issues were: willing to compromise in committee, collegial and courteous in committee, knowledgeable about issues before the committee, likely to follow parliamentary procedure, willing to follow floor leaders, collegial and courteous to other members, and attentive to statewide issues. The lobbyists were asked to rate term limited legislators as more, less or about the same on each of these issues. The lobbyists rated the legislators as being about the same (50%) on two items, collegial and courteous in committee and to other members. On all other issues the term limited legislators were rated more negatively than prior legislators. On the issue of "knowledgeable about issues before the committee," 12% of the lobbyists rated the current legislators as more knowledgeable, 13.8% as about the same and 74.2% rated them as less knowledgeable. In other comments, lobbyists expressed a strong "consensus that the governors, the administrative agencies and central legislative staff have increased their influence in the legislature." Lobbyists also felt that partisan staff and lobbyists had increased their influence as well.
Weber and Fisher (1997) summarized the history of taxation, revenue and taxing capacity in Oregon. They also summarized the impact of Measure 5. The primary impact has been:

Since the passage of Measure 5 in 1990, the finances of state government and public schools (K-12) have become much more interdependent. This is primarily because Measure 5 reduced school property taxes and required the state general fund to replace lost school property taxes. Thus, for example, between 1993-95 and 1995-97 (Oregon has biennial legislative sessions), although the state general fund and lottery revenues increased by $1.4 billion, the combined resources from these sources and local school revenues (mostly property taxes) only increased by $0.7 billion because local school resources declined by $0.7. (Weber and Fisher, 1997, p. 10)

In studying the longer term fiscal condition of Oregon, the authors considered whether Oregon faced a long term structural deficit. A structural deficit was defined as “a situation in which the revenue produced by the current tax system is insufficient to maintain existing services.” (p. 20) The authors discussed this issue and by examining the state tax system, state spending policies, demographics, options for economic growth inflation and federal policies, concluded that Oregon is facing an emerging structural deficit. The fundamental conditions leading to this situation were described as:

Oregon has established certain budget priorities. In some cases it has imposed constitutional restrictions and mandates on the budgeting process: the requirement to use general fund monies
to replace lost school property taxes under Measure 5; the requirement under Measure 17 that state prison inmates work or receive on-the-job training; the mandatory minimum prison sentences for selected felonies of Measure 11; the supermajority (60 percent majority) legislative voting requirement for any revenue increase. In some cases (the Oregon Health Plan, for example) the legislature has authorized new programs.

(Weber and Fisher, 1997, p. 15)

Tollefson (1997) described the history of the property tax measures and the Oregon community college responses to them, which, prior to 1997, were limited some budget reductions and communications to legislators. Measure 5, which was enacted in 1990, amended the constitution to limit the 1991-92 property taxes for public schools to $15 per $1000 of fair market value. This limit for schools decreased to $5 per $1000 in 1995-96 and thereafter. Because the average market value of homes increased by an average of 49.3 percent from 1990 to 1994, the reduction of taxes caused by Measure 5 was not as significant as the initiative supporters expected. This situation led the Measure 5 supporters to propose Measure 47. This Measure, enacted in 1996, amended the constitution and limited property tax to the lessor of the 1994-95 levels or 90 percent of 1995-96 level and restrict future growth to an annual rate not to exceed 3 percent. Measure 50 was referred to the voters to clarify issues with Measure 47. Measure 50 was approved by the voters in a special election in May, 1997.
A number of other researchers, Bratton (1999), Browne (1989), Chojnacki (1992), Hall (1999), Helms (1993), Hessenflow (1987), Vann (1971), Russell (1999), Wiese (1999), studied perceptions of groups, primarily legislators, about specific issues. Bratton studied the differences in legislative behavior based on the gender and race of the legislator. She concluded that there were important differences in approaching agenda-setting and decision-making. Browne studied different approaches to securing access to legislators and their staff. He concluded that the development of personal relationships were crucial to gaining access. Chojnacki studied the lobbying strategies used by Ohio superintendents and concluded that there were significant differences in the perceptions of effective strategies between the superintendent’s perceptions and the legislator’s perception. Helm conducted a similar study at the federal level with specific focus on higher education legislation and concluded effective lobbying strategies include using the college president, having an ongoing communications process and communicating the significance of community colleges to the local constituents. Vann studied the degree to which North Carolina legislators agreed with the eight points of the North Carolina Community College System mission statement. The study found a high degree of knowledge of and agreement with the North Carolina Community College System mission statement. Hessenflow completed a similar study of North Carolina legislators’ agreement with the North Carolina
Community College System mission statement. Hessenflow also used survey questions about the legislators' background and their attitudes toward the community college lobbying. His conclusions reaffirmed Vann's study with the finding that legislators agreed with the mission statement of the North Carolina Community College System. Hessenf low further concluded that the community college lobbying effort was less effective than either the effort of the school districts or the university system. Wiese studied the legislator's knowledge of developmental education in Texas public colleges and universities. She concluded that a pervasive lack of knowledge about developmental education by legislators made the discussion of related issues difficult.

Hall studied the relationships between the demographic characteristics of the legislators' districts and the legislators' attitudes towards higher education. She concluded that the districts with higher educational attainment levels were more concerned with the issues of higher education. Districts with lower educational attainment levels did not have higher education as a priority. Russell conducted a similar study focusing on the socioeconomic variables of districts. He found that community college districts in higher socioeconomic areas received more state funding per student than lower socioeconomic areas.
RESEARCH ON LEGISLATURES AND COMMUNITY COLLEGES

Literature specific to legislatures and community colleges address several of the conditions of the research context, including changes in the relationships between states and community colleges. These relationships include both funding and oversight of operations. The literature has been generated by four sources; studies from education and political science, legislatively requested studies of community colleges, community college studies of needs, and dissertations on related subjects. The funding relationships between legislatures and community colleges were the focus of much of the literature.

Most of the authors who have written extensively about community colleges, for example, Parnell (1990), Baker (1994), Cohen (1994) (1999), Martorana (1983) (1985), and Vaughn (2000), have addressed the relationships of community colleges with the state government and the complex nature of community college funding. Cohen provided historical perspective of the legislative influence on community colleges from the legislative acts which formed community colleges to the current patterns of conversion to state-funded operation, which included Oregon. Cohen documented the increase in legislative activity regarding the community
colleges. Cohen stated that, in the 1980's, an average of 18 pieces of legislation affecting community colleges were passed in each state. In the 1990's this number increased to an average of 32 with areas of legislation expanding from the previous finance and administration to include governance structures and academics. Cohen summarized this trend in legislation as follows:

The flurry of state legislation that began in the early 1960's had several effects. It typically spelled out responsibilities, funding, and management issues that were shared by state and local authorities, while separating the colleges from the public school districts, which had constructed many of them. Despite assurances that local boards would maintain certain prerogatives, it is obvious that control was gravitating toward state capitals. Under federal prodding, nearly all states created coordinating bodies for all public higher education, including community colleges. The states sponsored studies of need and feasibility that projected population growth, employment opportunities and college demand. They set tuition policies, reimbursement schedules and guidelines for capital expenditures, often leaving a portion of the latter to the local districts. A few built state systems encompassing all governance and funding but most sustained hybrids.

Other areas, such as course requirements and staff responsibilities were less strictly controlled. But by the 1990's, more micromanagement was apparent as the state agencies sought evidence of college effects, especially in remedial and occupational education. Various groups lobbying on behalf of their members were active in gaining state approval for all sorts of special action from faculty salaries to intercollegiate athletics. Oregon's State Board of Education set instructor standards. The Texas Higher Education Coordinating Board mandated an academic skills test and began linking approval of new associate degrees to the college's job training record. Florida's State Board of Regents set uniform general education requirements across all colleges and universities and limited the number of
credit hours towards degrees for which it would provide reimbursement. Having established rules for college formation and support, the states moved steadily toward more detailed regulations. Little fell outside their purview. (Cohen, 1999, P. 30)

Tschechtelin (1994) also addressed the development of community colleges and their changing accountability to the state. He described a theory of social exchange between the state and any of its components including education. Tschechtelin used the level of support by the state to describe this social exchange theory. He stated:

At an operational level, four factors determine the extent of state support for government agencies, be they a department such as the Department of Transportation, a state university, or community college. They are (1) perception of need and value among policy makers, (2) sense of ownership by the funding authority, (3) strong and positive personal relationships with policy makers, and (4) perception of performance and public goodwill. The support derived from these four factors is both policy and financial support. For maximum state support, all four of the factors must be present in good measure. (Tschechtelin, 1994, p.115)

From the institutional perspective, Cohen cited two consequences of state influence, one being stability in the number of institutions and the other being institutional expansion and growth of curricular breadth. Cohen described this later consequence as follows:
Most states fund on the basis of student enrollment. Since more students result in more money, the college leaders have developed a mind set favoring growth, which stems from the knowledge that without augmented enrollment they cannot fund salary increases, new programs, and all the changes that make their college appear innovative. The institutions get reimbursed for student taking classes, whether the same or different students for one term to another. There have been few incentives for increased rates of program completion; thus leaders react alarm when states impose enrollment caps or request data on graduation or job-attainment rates. The federal government has colluded in this, Growth is Good, presumption through its ever-expanding student grant and loan programs.

Curricular breadth is a corollary of the growth dogma; more courses to serve more students with different aspirations enhance enrollments. Here again the federal government is a contributor. If it had not funded occupational education heavily, the colleges would not have developed numerous vocational programs that have expanded their curriculums. Taken together the enrollment growth and the curricular breadth have yielded the community college greatest contribution to American postsecondary education, Access, and their second greatest contribution, Workforce Development.

(Cohen, 1999, p. 36)

Leitzel, Morgan and Stalcup (1993) conducted research which supported Cohen’s discussion of restricted funding balancing against increased enrollment pressures. The authors describe the context for their study with this introduction:

Student access to a community college education, a cornerstone of the community college mission, could be jeopardized across the United States as a result of mandated budget reversions and overall funding reductions from state and local sources. According to Blumenstyk (1991), the recession is forcing some colleges, even those known for their open-door admissions
policies, to find ways to limit enrollment. Recently Miami-Dade Community College announced that decreased state funding would force them to limit enrollment by approximately 3,000 students for the first time in its history. (Leitzel, Morgan and Stalcup, 1993, p. 489)

In their study, Leitzel, Morgan and Stalcup surveyed all states regarding the status of state revenues and the impact on curricular offerings. They concluded the following:

The effects of the recession were indeed felt at the state level. Thirty-seven (80%) state directors reported a current state budget shortfall, and 27 (75%) of those 37 also projected a state budget shortfall in the next budget cycle.

Enrollment increases were reported by 43 (93%) of the state directors. (Leitzel, Morgan and Stalcup, 1993, p. 491)

Weaver and Geske (1997) focussed their research on the role of the legislator as an education policy expert. Their study asked legislators to identify information sources they relied on and what the relative influence of these sources was. The sources of information included the legislature, legislative staff, state governmental agencies, interest groups, and constituencies. The results of their survey showed that the “influence of the different sources of information did vary by policy type and by legislator work role.” They further asserted that the nature of the policy impacted the nature of the politics involved. They differentiated between non-coercive policies, e.g., general curricular decision like support for multicultural education, and
coercive policies, e.g., regulatory and redistributive policies. In non-coercive policymaking, the authors found the highest potential for influence from all sources. In coercive policy making fewer sources were influential with more influence being held by policy experts and pressure groups. Given the complexity of the redistributive policy making, which includes budgeting processes, these processes are led by the governor and a few key legislators. The authors draw the following implications regarding the coercive policy making:

An implication for policy leadership in that informed educators and school leaders have to work closely with these policy elite and involve the legislative leadership group to have influence on coercive policy making. The more consolidated the support, such as that exhibited by interest group representatives for regulatory policy or even the creation of broader ideological groups in support of redistributive policy, the more likely will be the access to these elites. The more concentrated the power, the greater will be the likelihood of success in passing and implementing legislation.

(Weaver and Geske, 1997, p. 314)

Several studies, including Beehler (1993) and Selman and Wilmoth (1993), described the increased importance community college presidents attach to state relationships. These studies also indicated increased use of other colleges resources are needed to meet the information needs of the state. These studies provided administrative perspectives of the historic trends discussed by Parnell, Cohen and others.
Two examples of the legislatively mandated studies are the Florida State Board of Community Colleges (1995) report which responded to a legislative request with a study of methodologies used to equalize community college funding and the California State Postsecondary Education Commission (2001) report of the commission's legislative and budget priorities.

The 1995 report by the Florida State Board of Community Colleges closely parallels the experience in Oregon. The report titled, "'E Pluribus Unum'--Creating Unity through the Budget Request Process" is a report which advocated for the needs of the community colleges and responded to a legislative request for information. The task force which produced this report was formed by the Executive Director of the State Board of Community Colleges in response to a 1991 legislative directive to develop a methodology to equalize base funding for community colleges. The task force included representatives of the President's Council which is composed of the 28 community college presidents. During legislative sessions prior to the 1995 session, each of the 28 Florida community colleges approached the legislature with their specific funding priorities. The task force and the related work resulted in a unified approach to budget request development and the
descriptive information in the report. The Presidents' Council unanimously approved the unified approach.

The report began with a page titled, “The Case for Community College Investment: Access, Equity and Excellence.” which includes the following argument:

The 1995-96 Legislative Budget Request of the State Board of Community Colleges is an urgent call for a commitment to ACCESS and EQUITY for nearly 1,000,000 students the community college system serves and EXCELLENCE in education among its institutions. Indeed, the coming year will be a turning point for the community colleges of Florida. While targeted reductions and cost-saving initiatives have enabled the colleges to manage and absorb increased enrollments thus far, there is now no room left to maneuver without undermining the qualities that have made the colleges distinctive. Decisions made by the legislature will determine which pathway for the community colleges will triumph; the one of historic pride and continuing accomplishments, or the one of decreasing morale and waning abilities to accomplish their missions.

(Florida State Board of Community Colleges, 1995, p. 3)

The report presented general background statements about Florida's community colleges and their students. The report presented data on the state aid to colleges from the 89-90 year through the 94-95 year with the budget requests for the 95-96 and 96-97 years. This data showed a decrease in state aid from 89-90 to 92-93 of 9.5% and a slight increase to 94-95. The budget request would not return the state aid to the 89-90 level. The report lists the
significant issues faced by community colleges and the consequences of not increasing community college funding. The report ended with descriptions of the equalization process and various data for each college. This study is discussed further in the section of this chapter on research on the distribution of state resources.

The California State Postsecondary Education Commission (2001) presented a report mandated by the Legislature which details the Commission's legislative and budget priorities. The report references previous reports to the legislature and then summarizes the focus of the report as follows:

...the Commission continues to believe that the intertwining principles of Access, Affordability, and Accountability are fundamental to the future of both California education institutions and the students they serve. Collectively, this set of Commission priorities for the upcoming legislative session is intended to be a Blueprint for Progress in addressing and identifying the specific priorities and higher education challenges on which California should focus its efforts.
(California State Postsecondary Education Commission, 2001, p. 1)

The report established the context of its priorities which includes an expanding economy, a growing and increasingly diverse population and the increasing use of technology. The report details the changing nature of California in each of these areas. An example of this detail is that in a previous report the "Commission projected that over 714,000 new students will seek
enrollment in California’s three systems of higher education by the year 2010.”

(p.2) The report describes the Commission’s recommendations to maintain access, affordability and accountability. The seven recommendations to maintain access included a multi-billion dollar statewide bond for higher education and improvement of student transfer procedures. The recommendations to maintain affordability focussed on avoiding the “boom and bust” pattern of funding higher education. The recommendations to ensure accountability were divided into four categories; expanding and improving teacher education, coordinating private postsecondary education activities, meeting postsecondary education faculty replenishment and improving campus climate in a changing environment.

Layzell and Lyddon (1990) provided a study of higher education funding at the state level. They produced an extensive report with the title, *Budgeting for Higher Education at the State Level: Enigma, Paradox and Ritual*, which described the complexities the state funding processes. The authors discussed the fundamental concepts of budgeting for higher education at the state level. They described the importance of studying state funding of higher education as follows:

Analysis of interest groups and agenda setting for state higher education budgeting is not merely of theoretical interest. The lifeblood of higher education, especially public higher education, is state funding. Knowing who sets agendas and how within the
political process can greatly enhance higher education chances of influencing those agendas. Higher education as a budgetary priority ebbs and flows, yet its financial need follows different patterns. Thus it is critically important to understand the setting of, and influencing of, public policy agendas at the state level.

(Layzell and Lyddon, 1990, p. 99)

The authors developed the concept of an environmental context for state budgeting, which includes historical traditions, the political context, the economic context, the demographic context and the state organizational filter.

They described the historical traditions by stating:

The current values and preferences in any state’s culture about areas of public policy, such as higher education, have not been generated in a vacuum. They are rather the result of deeply held historical traditions passed from generation to generation, which could be either beliefs or practices.

(Layzell and Lyddon, 1990, p. 25)

They described the political context as it relates to higher education as having three factors; the state level structure of higher education, gubernatorial influence, and legislative influence. Regarding state structures of higher education, they stated:

All states, with the exception of Wyoming, have a statutory state-level coordinating, governing, and/or planning board for higher education. Of these states 43 have statutory authority to review and/or recommend budgets for higher education to the governor or legislature.

The extent to which these states coordinating or governing entities share authority in the state budgeting process, both formal, ex officio and informal, depends greatly on the state’s political culture. These relationships have a significant, although
not always obvious, effect on the conception and implementation of the budget.

(Layzell and Lyddon, 1990, p. 45)

Layzell and Lyddon also described both the governors and the legislatures as becoming more active in the higher education policy and legislation, during the 1980's. One of the factors leading this increased activity was:

Further, the legislature has moved from a minor to major player in the formation of policy for higher education. One reason for it is the fact that for many states, higher education has become the largest discretionary item in the budget. This increase in state expenditures on higher education has increased the interest of legislators into how and where those funds are spent.

(Layzell and Lyddon, 1990, p. 49)

They listed five changes in state politics as follows:

Five changes in state politics are particularly relevant in discussions of state higher education budget processes: scarcer state resources, more responsibilities for state government, less supportive citizens, increased use of referenda to make major policy decisions, and more complex technology available to interest groups and campaigns. Some of them, notably those directly affecting the availability of resources, have been dealt with by cutting spending, shifting costs, fighting for an increased share of a diminishing budget, and other approaches to managing resources.

(Layzell and Lyddon, 1990, p. 63-64)

Layzell and Lyddon described the environmental context of budgeting by describing the factors which contribute to this context. They summarized the contextual factors of budgeting as follows:
Within the scheme of state budgeting for higher education, contextual factors, such as a state’s historical traditions, political culture, demography, and economy, all affect the processes and outcomes. The historical traditions and political culture within a state provide the ground rules in the budget process, while demographics and the economy serve as immediate indicators of supply and demand for state services. A state’s traditions and political culture indicate how much higher education is and has been viewed as a priority and the relative importance of the players within the budget process - the governor, legislature, state coordinating board, and individual campuses. On the other hand, demographics indicate the demand for state services, and the economy provides the measure of the resources available to meet those needs.

(Layzell and Lyddon, 1990, p. 97)

Layzell and Lyddon described the economic context as the interrelationship of the general economic conditions, state tax capacity and the availability of state revenues. The demographic context was described at both the macro-level, the statewide changes in all state population, and the micro-level, the changes in the higher education population. The authors described the state organizational filter as the “set of factors that modifies the effect of the external environment on state higher education budget outcome, consists of the major actors in the process, the timing of the process and the techniques for allocating resources.” (p. 48) The authors provided this conceptual model while noting that significant areas of their model need research, including the extent to which higher education and interest groups can impact gubernatorial decision about budgets.
Layzell and Lyddon concluded their monograph with the following summary of the enigma, paradox and ritual of state budgeting for higher education, which addressed the need for research within the current research context:

For many, budgeting in general is an enigma. Certainly for the uninitiated, it is. Few guideposts are available in state budgeting for higher education. Information is available about outcomes of budgeting, some literature about the process. Mostly, what is available are millions of anecdotal tales from experienced professionals. Some willing to share the stories, enabling the researcher to begin piecing together a more complete understanding of budgeting. That, combined with further reading and work within the field can help, for budgeting has many interwoven parts.

Budgeting is paradoxical. Traditional budgeteers have approached the subject as a set of columns and rows of numbers that must add up within limited state revenues. More recently, however, persons with other disciplinary backgrounds have begun noting that budgeting is more than that. It is both simple and complex. The simple parts of budgeting can be represented as a broad framework with inputs, a process for manipulating those inputs, and outputs. The complexities are the details. A more important paradox is that although both practitioners and scholars insist that the primary purpose of state budgeting for higher education is to link state intentions with desired policy outcomes, little evidence exists to suggest that this purpose is being met.

Finally, budgeting is a ritual, albeit a ritual with changing externalities, participants and desired outcomes. Like the theme music in a symphony, certain budgeting actions are repeated in the same or slightly different form throughout the process. The cycles of budgeting process are repeated again and again for many years. In many cases, the outcomes are the same from year to year as well. To some extent, it is a result of comfortable rituals. Budgeting is a process, and despite changes in
externalities, participants, and desired policy outcomes, it always will be a process. Thus, state budgeting for higher education will remain inherently ritualistic. (Layzell and Lyddon, 1990, pp. 105-6)

Part of the context of this research includes the attitudes and values of legislators, community college leaders, other higher education leaders, state agency staff and the public. A number of researchers have studied attitudes and values towards one issue. While this research is describing a set of events within the research context and is not exploring the attitudes towards any single issue, it is important to acknowledge the range of existing research. Several researchers have studied the attitudes of various groups to the funding of community colleges, other higher education institutions and K-i 2 system. Among these researchers are Perryman (1993), Peebles (1998), Russell (1999), Dinnen (1995), Spear (1980) and Rhodes (1996). Some researchers, Perryman (1993) and Hall (1999), correlated legislator’s attitudes towards higher education funding with other characteristics such as their educational background and legislative district characteristics. Turk (1991) studied the power and influence of one individual, the speaker of the Florida House, on higher education legislation. Another group of researchers, Corrick (1975), Vann, (1971), Schultz (1993) studied legislator attitudes towards community college mission statements. Schultz concluded:
The multitude and diversity of perceptions (about community college missions) can be confusing. It is therefore imperative not only that community college leaders are aware of legislator's perceptions but that they keep these elected officials informed about college programs and services.

(Schultz, 1993, p. 5)

Boone and Gillett-Karam (1996) used a questionnaire to study the legislative attitudes towards the economic development strategy adopted by the North Carolina Community College System. Their work indicated significant differences of perceptions between the internal respondents and the community respondents and difference between internal community college self-perceptions and external perception of the college. Smart and Hamm’s study (1993) found differences in the perception of institutional mission and effectiveness based on the primary teaching mission of the community college. This work compared the more technically-oriented colleges with those focused on transfer. The authors concluded that community colleges have diverse views of their effectiveness and mission. Because of this diversity, the authors concluded studies of the level of legislators’ understanding of community colleges was important. The authors emphasized the importance of understanding the attitudes of legislators because their attitudes may translate into an impact on the community colleges.

There is also an extensive body of research on specific issues relating to community colleges. For example, Weisse (1999) studied legislative
attitudes towards developmental education. Weisse concluded that legislators did not understand developmental education in postsecondary institutions.

Wingo (1993) studied legislatively mandated education reform and concluded that reforms had much less support in the communities than in the legislature. Colon (1996) studied attitudes of other higher education leaders and legislators toward two-year transfer students and concluded that legislators and community college staff had a more positive opinion of transfer students than the four-year institutions did.

RESEARCH ON LOBBYING

There is a substantial body of literature in the area of lobbying. Graziano's book (2001), Lobbying, Pluralism and Democracy, is an example of a work which considers lobbying in the broadest context. Graziano described lobbying as political action which is "a normal fact of life in everyday democratic life." (p. 201) Graziano describes this relationship of lobbying and political function as follows:

Here an historic vision of the problem is useful. The lobbies offer something new and something old: the new are the disruptive methods of a pluralism which for the first time has taken the shape of pressure groups. Here, Bentley saw correctly, when he framed the issue in terms of radical discontinuity with the political forms of the past. At the same time, lobbies are, as I have
said more than once, the contemporary incarnation of age-old dilemmas. The problem of factions in Madison, as well as that of economic and political associations in de Tocqueville and their potential for division, remind us of these precedents and of some of the solutions advanced to cope with them.

The work of de Tocqueville helps in another way too. I believe that the way to view the lobbies issue should be similar to the way he viewed the development of democracy: an event that is so necessarily welcomed but which would be anachronistic and deleterious to ignore or demonize. It could only be ignored, at the risk of it reappearing through illegitimate channels and in animus forms, corrupted and as a carrier of corruption. The attitude to both democracy and today's lobbies must be the same; to get accustomed to and to educate society about the phenomenon, surrounding it with the necessary defenses, allowing it to take its place, in as orderly a way and as harmlessly as possible, within the arsenal of political and democratic life.

(Graziano, 2001, pp. 200-1)

Graziano discussed the pervasive nature of pluralism in American and pluralism’s integral relationship with lobbying and democracy. He discussed different historical perspectives of pluralism as the concept evolved in American and emphasized the importance of interest groups and lobbying. He argued that interest groups and lobbying are essential facts of democratic life.

Browne (1985 (1990), Hojnacki (1997), Loomis (1993), Mawhinney (2001) and Mawhinney and Lugg (2001) provided examples of the studies of interest groups. Browne approached interest groups from a theoretical, political science perspective much like Graziano. Mawhinney also approached the issues from a theoretical perspective and included a
discussion of interest groups in education. Browne studied national interest groups to determine the degree to which organizations competed as issues were resolved, usually in congress or a federal agency. Browne found organizations "cultivate specific and recognizable identities. From these identities, they come to occupy issue niches where they only infrequently ally themselves with or become adversaries of other interests." (p. 477) The result of niche formation and avoidance of alliances and conflict is that encompassing or sector-wide issues are not addressed as a whole. Large coalitions are not formed. Coalitions or addressing broader issues may lead to conflict and are therefore avoided by interest groups. Mawhinney (2001) described the historical development of pluralist thought and its relationship to democracy. Mawhinney then described the importance of the context of lobbying, distinguishing between lobbying in a court system, which regularizes and regulates the involvement of interest groups, and a legislative system which allows many modes of lobbying. Mawhinney and Lugg (2001) reviewed the history of studies of educational interest groups. In the following comment, Mawhinney argues for the possibility of creating identity through collective action:

Rather than beginning with an assumption of preferences or interests that are exogenous to politics and asking how these interests are aggregated into political outcomes, we need to ask how people understood their individual preferences and when these preferences were defined as politically salient. Where did they find models for collective pursuit of those preferences that
appeared as legitimately political to both themselves and to the groups with whom they contended? In this view organized groups are not simply vehicles for the expression of preexisting interests but constitute templates for collective identity or arenas in which preferences and values are discovered.

(Mawhinney and Lugg, 2001, p. 11)

Goldstein (1999) presented both a theoretical basis for grassroots lobbying and a case study of grassroots lobbying as applied to the Clinton health care plan. Goldstein argued the grassroots lobbying can influence congressional decision through four strategies, (1) demonstrate the direction of constituency opinion, (2) demonstrate the intensity of constituency opinion, (3) influence constituency opinion by reframing issues, and (4) influence legislators by reframing the issues. He presented several formulae to examine factors such as the probability that a citizen will convey the correct message and the probability of a legislator influencing the legislative process. Goldstein concluded one of the lobbyists' primary goals was to identify citizens who could influence legislators and then mobilize these citizens to deliver an effective message.

Cook's (1998) work on lobbying for higher education in Washington, D.C. is one example of a work which focuses on the lobbying processes in education. Cook described both the lobbying processes and the conceptual approach of higher education in Washington, D.C. in preparation for and
during the 104th Congress. The 104th Congress was the first Republican majority in both Houses in four decades. With the Democratic president, the nation had the same political division as Oregon had during the 2001-2003 session, an executive branch controlled by democrats and a legislative branch controlled by republicans. Cook stated that, while higher education achieved most of its policy objectives, the higher education associations may not deserve the credit.

In surveys of legislators and their aides, Cook found positive impressions of the higher education representatives. However, Cook found three issues of context which moderated the impact of the higher education associations. In much the same way as Layzell and Lyddon described the political and economic context of higher education budgeting in states, Cook described political and economic context at the national level. In the first contextual issue, Cook stated that there was less public confidence in any public institutions including higher education than had existed in decades past. Second, the economic context of the 104th Congress was one of retrenchment and federal budget deficit reduction. The third issue involved a comparison of higher education lobbying to that of other interest groups. The surveys and interviews conducted by Cook indicated that higher education lobbying lacked the sophistication and level of effort of some competing interest groups. The senators, representative and staff interviewed
by Cook described the higher education lobbying effort as being similar to the large middle group of lobbyists, with the banker and financial groups being in the top group and the grassroots public interest groups in the bottom group. Most of the major interest groups who were competing for discretionary federal funds were also in this middle group of lobbying effort.

When Cook asked the legislators and aides for advice which would help higher education be more effective, there were six major areas of suggestions. The first suggestion was that higher education use its people and intellectual resources to produce better policy analysis. Second, higher education needed to form better alliances to form more extensive support, particularly from groups such as alumnae and senior citizens. Third, higher education needed to build bipartisan relationships with politicians. Fourth, higher education needed to be more proactive and visionary; higher education was specifically described as not having a long term vision for positive changes in its field. Fifth, higher education was encouraged to invite members of Congress and their staff to visit campuses, especially when the visits are not connected to an urgent need. Finally higher education needed to be grateful for the support and resources which it receives; thanking members of Congress and their staff is very important. Some of those surveyed felt that their work was taken for granted.
Martorana and Garland (1985) and Garland and Martorana (1988) are among the scholars who have studied the enactment of legislation which impacts community colleges. Garland and Martorana (1988) provided a brief history of the research on policy-making and described system theory approach which had been commonly used, until the introduction of interaction theory in the 1960's and 1970's. Using an interactive theoretical approach, they studied the relationship between state political culture and the political behavior of the community college participants. They arrived at five conclusions. First, only a relatively small number of individuals are engaged deeply in the process of policy making. This group of individuals tends to be stable over time and relatively easy to identify. Second, The roles of legislators, executive branch staff, and institutional representatives merit special attention. Their research suggested that executive branch participants are more involved and influential than the other groups. Third, community college leaders must become more engaged and active participants in the policy-making process if they are to see their purposes served. The authors acknowledge that this involvement requires a serious commitment of time and energy but they suggested that the rewards can be worth the effort. Fourth, certain key state and group characteristics appear to help shape the style and substance of political behavior in this policy-making process. State and subsystem political culture are associated with differences in the various
indicators of participation, involvement, leadership, coalition activity, and the similarity of the process over time. The study of political culture was identified as important for the success of community colleges’ goals. Fifth, the increased exertion of state authority over community colleges cannot be discounted. The authors contend that states will increasingly be involved in community college policy issues, which will require community college leaders to engage in the political processes.

Lobbying has been studied in many different contexts. There is an additional body of research on lobbying which considered specific issues about lobbying. Palmer (1992) studied the strategies used by music educators, parents and school officials in their lobbying effort for music funding. Palmer confirmed that clarity of the message as understood by the legislators is a critical factor. Reitzes and Reitzes (1991) studied a different lobbying group, senior citizens. In this study the lobbying and study were focussed on a city government. The primary conclusion was that the power of the seniors was related to their ability to organize large numbers of seniors and to present a clear agenda. Hy, Vernhaus, and Sims (1995) discussed the potential for colleges and universities to provide applied research to help the legislators. Hy et. al. argued that colleges and universities can provide research expertise which is not otherwise available to legislatures. This expertise could have a
significant impact on legislatures. However the major obstacle, according to Hy et al., is the exclusion of applied research from the promotion policies of many colleges and universities.

Bridgeland, Townsend and Duane (1986) took a different approach to studying communications with legislators. They studied the relationship of the internal power structure of lobbying organizations, in this case teacher unions, to the approaches used with the legislature. They concluded that the power structure within the organization is related to the type of approach the union uses. Therefore the lobbying effectiveness may be related to the power structure of the lobbying organization. Mazzoni (1982) and Mazzoni, Sullivan and Sullivan (1983) studied the process of lobbying for educational interest groups and for general legislative lobbying. The authors work focussed on the structure of the lobbying organizations, the strategies used and the effectiveness of the methods used to communicate their messages. Mazzoni et al. (1983) discuss the differences between cooperative strategies and advocacy strategies and between those alliances which were long term and those which were issue specific. In the majority of the cases the lobbyists, from Minnesota, were seen as allies of the legislators in seeking change in educational policy. Mazzoni (1982) interviewed legislators and lobbyists; these interviews indicated that lobbyists and legislators agreed that the most
effective advocacy tactic was the personal presentation of arguments. One of the least effective tactics was giving a party.

The issues of lobbying, particularly the study of a small set of related issues, have been a common focus for dissertations. Examples of this research include Durocher (1987), Nelson (1994), Lingenfelter (1985), Key (1993), and Parks (1990). Durocher and Nelson investigated different aspects of perceptions of legislators. Lingenfelter, Key and Parks investigated the effectiveness of individuals in specific positions and specific approaches to lobbying. Nye and Parks also investigated the legislators preference for information format. While each of these studies have extensive comments which are relevant to the issues of lobbying, there are a number of conclusions which are relevant to the research context. The preferred sources of information for legislators were education committee staff members, (Durocher), presidents and superintendents (Key, Nelson and Lingenfelter), and board members (Nelson). Each of these studies addressed the importance of understanding the political processes through which the decisions are made and knowing the background and preferences of the legislators and their staffs.
RESEARCH ON DISTRIBUTION OF STATE RESOURCES

While there is less literature on the issues of distribution of state resources to community colleges, these issues are both distinct from the other sections of this review of literature and important to the research context.

The report by the Education Commission of the States (ECS) (2000) presented the findings of a 50 state survey in an extensive report, *State Funding of Community Colleges: A 50 State Survey*. The focus of the survey is described as follows:

Understanding each state's appropriations process is central to understanding how each state finances its community colleges. Therefore, survey respondents were asked to explain their states' process and how funds are allocated to individual colleges. When it became apparent that formulas were used by a majority of states to determine appropriations, ECS asked additional questions to determine the factors included in such formulas and which political body has the authority to change the funding formula.

(Education Commission of the States, 2000, p. 3)

The ECS report was funded by a US Department of Education grant to provide a foundation of data about community college funding. The report was developed from an extensive survey. The data was presented in 30 tables and charts which address a wide range of issues including the characteristics of
funding formulas, definitions used in funding, range of tuition and state support, and funding for special programs such as Developmental Education.

The ECS report found that there were two basic methods of allocating appropriated funds to community colleges, applying a funding formula to legislative appropriations or having direct legislative action. Twenty-nine states reported using a funding formula and fifteen states reported not using a funding formula. Oregon is among the twenty-nine states which used a funding formula. The other states using a funding formula were Arizona, Arkansas, California, Colorado, Georgia, Illinois, Kansas, Louisiana, Maryland, Michigan, Missouri, Montana, North Carolina, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, West Virginia, Wisconsin and Wyoming. The fifteen states which reported that they did not use a funding formula were Alabama, Alaska, Connecticut, Delaware, Florida, Hawaii, Idaho, Indiana, Iowa, Kentucky, Maine, Mississippi, Rhode Island, Virginia and Washington.

The ECS report found three options for legislative budgeting style. The funds for community colleges were either budgeted as a single amount for all community colleges in the state or as part of an appropriation for all higher education institutions or as an appropriation to individual community colleges.
Oregon is among the twenty-four states which have a single consolidated appropriation for community colleges. The other states with the consolidated funding method were Alabama, Alaska, California, Colorado, Connecticut, Hawaii, Illinois, Kentucky, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Virginia, Washington, and Wisconsin. Twelve states reported allocating appropriations to individual institutions. Eight states reported that the community college budgets are included in a consolidated appropriation for all postsecondary education.

Among the states which used a funding formula the survey reported three different methods of applying the formulas. Seven states use their funding formula, prior to appropriations, to determine the amount that should be allocated to community colleges. Ten states, including Oregon, use their funding formula to allocate funding to individual community colleges after the appropriations are passed. Ten states reported using their funding formula both before the appropriations to determine the total amount to be allocated and after the appropriations to allocate funds to individual colleges.

Cohen (1999) contributed a chapter to a book to be published by Barbara Townsend in which he traced the emergence of community colleges.
and the historic development of governmental influence on community college operation. Cohen described the patterns of states increasing their funding of community colleges, including Oregon. Cohen noted the individual differences in states' approaches to allocation of funding and placed the increased state funding in the context of increasing state involvement in other areas of community college operation. Cohen's work is discussed in more detail in the section of this chapter on legislatures and community colleges.

In his paper, de la Garza (2000) described the ways that community colleges are financed by federal, state and local sources. He described state funding from the perspective of the Texas formula funding, which included formula payment for each contact hour based on the cost of individual programs. Before each biennial legislative session, the Texas Higher Education Coordinating Board compiled enrollment statistics for community college programs, applied their formulas for individual disciplines and recommended a total appropriation to the legislature. The appropriation for community colleges was a single amount which is divided, based on the contact hour enrollment, to the 50 community college districts in Texas. The legislature had not funded the formula at the full amount of the request. The author described the efforts of the community colleges to increase the percentage of the funding from 59% during the 1995-97 biennium to 71%
during the 1999-2001 biennium. He described the competition in the legislature as follows:

Along with other state agencies, Texas community colleges are in competition for appropriations. State revenue is insufficient to fund all agencies at the desired level, so each legislative session evolves into a contest to see which agency can convince legislators of the merit of their funding requests. Community college leaders are at somewhat of an advantage in this process since they are united in promoting the single, block allocation of funds. Universities on the other hand are each funded separately and must argue their own individual cases. Also beneficial is the sheer number of community college districts in Texas. Each of the state's 31 senators and the vast majority of the 135 members of the House of Representatives have community colleges located in their districts and thus are receptive to entreaties by "their" colleges.

(de la Garza, 2000, p. 9)

As chancellor of the Tarrant Community College District, de la Garza discussed the challenges of increasing local taxes to meet college needs in his district. The district has benefitted from rising property values which have limited the need for tax increases. The avoidance of future tax increases depends on the continuation of rising property values.

Several researchers have studied individual states' funding formulas. Cuthbertson (1994) concluded that North Carolina's FTE based formula did not address the need for adequate funding, equity in funding, program start-up costs, unanticipated program growth and differentiated program costs. Nelson (1989) studied the Nebraska incremental funding model for increased
enrollment and concluded that the Nebraska funding model had a number of advantages, including equitable distribution of scarce resources and a commonly understood set of criteria for distribution of funds. The perceived disadvantages of the formula included inaccuracy of the formula and the inability to respond to past inequities or declining enrollments. On the topic of facilities for community colleges, McDaniel (1985) studied the application of the Missouri state funding formula and concluded that Missouri lacked sufficient data to implement predictive methodologies on the educational facilities need. McDaniel also concluded that there was significant need for facilities renewal and replacement which warranted a state task force. A number of states have conducted studies focussing on the funding and distribution of resources for specific educational institutions. In 1995, the Maryland State General Assembly formed a Joint Legislative Workgroup to evaluate Maryland's funding formula for community colleges. This work became essential because Baltimore City Community College was formed in 1990 and had grown rapidly. The legislature and other community colleges were concerned that the funding formula might not be able to respond to the range of community college needs given Baltimore City Community College's rapid growth. The Workgroup concluded that the state needed to fund a hold harmless clause so that no institution would receive less than in the previous
year. The Workgroup also identified programs which should be fully funded such as allied health programs. The Workgroup was not able to agree on an alternative funding formula; they referred that issue back to the legislature for further study.

In addition to formula distribution of state allocated resources, states have used methods to associate performance measures with funding. While Oregon does not have performance based funding, there is a developing body of literature in that area. The following are examples of state action regarding performance based funding.

The Florida Community College System (FCCS) provided an example of an initial limited approach. Since the 1996-1997 legislative session, the FCCS receives a limited portion of its funding, $12 million out of $713 million, through a performance based budget, which is called an incentive fund. In its report to the Florida State Legislature, the Office of Program Policy Analysis and Governmental Accountability (1998) concluded that the incentive funds approach may have helped the FCCS to improve its performance and efficiencies. The office recommended that the incentives approach be expanded. The FCCS Executive Director agreed with the limited positive
impact of the incentive funds but did not feel that it was necessary or desirable to expand the performance based funding.

A different process of funding distribution was proposed by Virginia's Blue Ribbon Commission on Higher Education (2000) which worked to balance the colleges' desire for long-term financial stability and the Governor's priority of holding the colleges more accountable for their state funding. As a solution to this tension the Commission presented forty-six recommendations based on the concept that institutions to commit to six-year contracts with the state in return for some predictability of funding. The colleges would predict their budget needs over that period and would agree, in exchange for long term financing, to meet performance targets. Each college would propose the performance elements for their contract and then negotiate the contract with state officials and members of the Legislature. One of the recommendations of the Commission was that the colleges would develop a "quality assurance plan" to measure and support the students' mastery of core competencies. Another described the intention of the state to limit tuition increases to the rate of inflation. Based on these negotiations, the commission recommended the state fund and monitor the institutional agreements within its ability.
CHAPTER THREE - METHODOLOGY

CONTEXT OF RESEARCH

The context of this research centers on the changing relationships between Oregon community colleges and State of Oregon. These changes profoundly affect the operation of the seventeen Oregon community colleges by significantly increasing the state's responsibility for funding community colleges. These changes were occurring during times of significant enrollment increases for Oregon community colleges, which placed additional demands on the colleges' resources.

During the early 1990's, the voters of Oregon passed a series of statewide initiatives, Measure 5, 47 and 50, which reduced the ability of the community colleges to levy local property taxes to support their operation. As a result of the initiatives, the state has become the primary funding source for community colleges. Prior to the initiatives the state funded approximately 24% of the community college budget and approximately 50% came from local sources. After the initiatives became fully effective, the state funded approximately 50% of the community college budgets with 24% coming from...
local sources. The K-12 school districts in Oregon face the same funding limitations. Before the initiatives, K-12 districts received approximately 70% of their revenue from locally approved taxes on local property and 30% from the state. Much of the state revenues were federal funds being passed through the state. After the initiatives these numbers essentially reversed with approximately 30% coming from local sources and 70% from the state.

The initiatives also resulted in a shift in decisionmaking. Prior to the initiatives, the Oregon community colleges were highly decentralized in both governance and funding. Each college is governed by a locally elected board which has full authority to hire the president and determine the expenditures of the college. Prior to the passage of Measures 5, 47, and 50, each local board could set the local property tax rate needed to support the college operation with the only consideration being the acceptance of the tax rate by the local community. These initiatives did not change the governance of the colleges. After the initiatives, the boards are still locally elected and retain all of their authority to hire their president and govern their college; however, now the boards are limited in their ability to raise local property taxes. The boards must work within a complex set of financial limitations. The tax rate for property tax levied within any taxing authority is limited. This limitation of tax rate requires all entities, school districts, community colleges, cities, and counties, to limit
their local appropriations so the aggregate of the local property tax does not exceed the property tax cap. These limitations do not allow the colleges the discretion to raise the same amount of revenue they raised before the initiatives.

The initiatives required the state to replace local revenue lost by K-12 and community colleges because of these property tax limitations. This replacement revenue was not automatically appropriated. The issue of finding replacement revenue was added to the governor and legislature's funding responsibilities. The initiatives did not provide any additional revenue sources for the state.

Oregon State revenue comes from corporate and personal income taxes, property taxes, assorted user fees, and lottery funds. The income tax rate has not been increased since 1982; the increases of 1982 were reduced by 5% in 1987 and currently remain at the 1987 level. Additionally the state has a law, known as the “kicker” law which requires the refunding of surplus revenues when the income tax revenues exceed the revenue projections by 2% or more. The property tax rates were limited by initiatives. The assorted user fees are not a primary source of funding and are not easily increased. The lottery revenue depends on the action of buyers not the actions of the
legislature. The legislature faces these serious limitations in increasing state revenues, while at the same time facing increasing responsibilities for funding community colleges and school districts. The initiatives which increased the state responsibility for funding the community colleges did not remove any agency from the state funding responsibility. Therefore the governor and the legislature were expected to provide more funding with the same revenue.

As the changes in revenue sources for community colleges were occurring, a separate statewide initiative imposed term limits on the state legislators. In 1992 the Oregon voters enacted a term limits initiative, Measure 3, which limited the length of time legislators can serve. The full implementation of the term limits amendment became effective with the 1998 elections. The Constitutional amendment limited legislators to a total of 12 years of service, but no more than three two-year House terms and two four-year Senate terms. Legislators could combine service in the two houses but to no more than the 12 year limit. As a result of this limitation, 24 of the 90 Oregon House and Senate members were forced to retire in July, 1998 at the end of the legislative session. These retirements meant there was a loss of 280 years of accumulated legislative knowledge and experience, an average of almost 12 years per legislator.
BUDGET PREPARATION

The state budgeting process involves a significant number of different processes and people from budget inception to enactment. The preparation of the budget request for community colleges includes all seventeen Oregon community colleges, the OCCA, the CCWD, and the Governor's office. The budgeting processes are evolutionary; the budget request for each session began with the legislatively adopted budget from the previous session. Budget requests from each state agency are requested by and forwarded to the governor's office. The Governor integrates the agency budget requests into the governor's legislative proposal, which is presented to the legislature. The legislature writes and introduces appropriation bills in response to the governor's budget request. The legislature may write and introduce other appropriation bills if the members desire. The legislature then considers all appropriations bills through an established process of referring the bills to the Joint Ways and Means Committee which refers the bills to appropriate subcommittees. In the case of community college funding, the bills are referred to the Joint Ways and Means Subcommittee on Education. This subcommittee also considers the appropriations bills for the K-12 systems and the Oregon University System. The subcommittee hold hearings and returns recommendations to the Joint Ways and Means Committee which returns
recommendations on each bill to the senate and the house. Final action on the 
bills are taken and they are forwarded to the governor to sign as presented, 
veto or sign but use the line item veto.

An additional context of this research was the lack of prior research into 
the areas of relationships between community colleges and the state. A 
thorough search of the current research in this area was conducted. There has 
been no research found into the nature and impact of the Measures 3, 5, 47, 
and 50 on Oregon community college funding by the legislature. There was no 
research found which described or analyzed the factors which influence 
legislative action on the community college budget request. Chapter two 
describes the relevant research which was found.

METHODOLOGY SELECTION

The consideration of methodology began with the previously described 
contexts for the research. The new and evolving relationships between 
community colleges and the state were not significantly researched or 
described. These relationships appeared to be incompletely understood by 
many people. The consideration of research needed to aid in the
understanding of the research context led to an extensive exploration of research methodology options. An overview of the options was provided by Borg as he describes three concepts of research approaches:

Most research studies can be placed in one of three broad categories that form a continuum from lesser to greater complexity: (1) descriptive, (2) relationship, and (3) experimental research. Descriptive research, as its name implies, aims to describe the characteristics of the phenomena being studied. ... Relationship research, which includes both correlational and casual-comparative research, is more complex in that it explores relationships between variables. ... Finally experimental research is the most complex because the researchers manipulate one or more variable and measure the effect on another set of variables. (Borg, Gall and Gall, 1993, p. 218)

Considering the research context from this broad categorization, it was clear that the research context was not amenable to an experimental research approach. The researcher would not have been able to manipulate variables in community college budget requests, the governor's budget request to the legislature or the legislative action. The research context, including the lack of prior research, also did not provide the clearly defined variables for relationship research. Because the research purpose includes the development of a better understanding of the people and the processes in the State of Oregon and Oregon community colleges' relationships, some form of descriptive research did seem appropriate for this research context. The understanding of the factors within the research context and the relationships
between the factors are critically important to Oregon community colleges and state officials. An improved understanding of the research context would also have national implications as described in Chapter One.

Descriptive studies are, in Borgs' terms, either mainly survey or observational which can be either quantitative or qualitative. In the existing research on community colleges and legislatures, the attitudes of participants and decision processes have been the common area of study. Surveys have been the most common methodology used in these studies. Most of these surveys were conducted in research contexts in which there was a limited and clearly understood set of questions to be asked. An example of this research approach is Nelson's study (1994) in which he developed a limited set of questions which were derived from prior research which explored the value legislators placed on each of a number of information sources and the types of information sources the legislators preferred. There is an extensive body of research, Colon (1996), Corrick (1975), Dinnen (1975), Durocher (1987), Helms (1993), based on similar, limited sets of questions in a clearly delineated research context.

While the relative simplicity of surveys was attractive, a survey based on prior research was rejected because there is essentially no research on the
new conditions facing Oregon community colleges. A survey would be less able to solicit unexpected information. Given this lack of research, and given the need to better understand the dynamics of the research context, surveys were eliminated as a research methodology.

Another approach considered was in-depth, phenomenological interviews as structured by Seidman (1998), who described in-depth interviews as:

The purpose of in-depth interviewing is not to get answers to questions, nor to test hypotheses, and not to “evaluate” as the term is normally used. At the root of in-depth interviewing is an interest in understanding the experience of other people and the meaning they make of that experience.

(Seidman, 1998, p. 3)

Seidman proposes a three-interview regimen with a 90 minute length for each interview. This method could have addressed the need to understand legislators’ perspectives on their new responsibilities for funding community colleges. Upon consulting with people experienced with the legislature, it seemed unlikely that key members of the legislature would be willing to commit three blocks of 90 minutes each for interviews. The uniform recommendations from the presidents and state officials contacted was that very few potential respondents would be willing to commit this amount of time.
The consideration of research approaches which would provide an initial study of the research context, which would be responsive to unexpected information and which would illuminate the social, political and historical context for the study results led to ethnography. Baszanger and Dodier (1997) began their description of ethnography as follows:

Ethnographic studies are carried out to satisfy three simultaneous requirements associated with the study of human activities:
1. the need for an empirical approach;
2. the need to remain open to elements that cannot be codified at the time of the study;
3. a concern for grounding the phenomena observed in the field.
(Baszanger and Dodier, 1997, p. 8)

Baszanger and Dodier distinguish between an empirical approach from the social sciences and a philosophical approach such as philosophy or hermeneutics. In the case of this research context and within this conceptualization of the research need, an empirical approach would be appropriate. The purpose of this research was not to generate a philosophical discussion.

Baszanger and Dodier describe the second requirement, the need to remain open, as follows:

Beyond any methodical planning of observations, the fieldworker must remain open in order to discover the elements making up the markers and the tools that people mobilize in their interactions with others and, more generally, with the world. By
markers, we mean representations of the world or normative expectations, but also the linguistic and paralinguistic resources that are displayed in contact with the environment. The objective here is to distinguish between openness to new data (in situ studies) and its opposite as when individual activities are studied according to strict schedules and on the a basis of previously items and rules (a priori codified studies). The second approach is intrinsically incapable of revealing the unexpected elements that come to light as a study progresses. In methodological terms, a study can be described as in situ if it allows each subject to behave in an endogenous manner, that is, one that is not influenced by the study arrangements.

(Baszanger and Dodier, 1997, p. 9)

The third requirement of Baszanger and Dodier’s list, a concern for grounding the phenomena observed in the field, relates to the connection of facts observed with the “backdrop” against which these facts occur and the related links to historical and cultural context. Baszanger and Dodier describe this linkage in the following:

A study becomes ethnographic when the fieldworker is careful to connect the facts that s/he observes with the specific features of the backdrop against which these facts occur, which are linked to historical and cultural contingencies. Not all in situ studies are field studies. Distinctions can be made between different sorts of empirical studies carried out in the social sciences. Some attempt to universalize, that is, are formal in nature, while others resolutely grounded in a specific context, can be as ethnographic or field studies. Formal studies dissociate collected data from any context in order to access a universal, human level from the outset. This is the approach characteristic of the philosophy of language, of Austin’s pragmatics, of phenomenological analyses or ordinary language analysis based on analysis of conversations. It is also characteristic of the ‘nomothetical’ approach that uses empirical observations to demonstrate consistencies between facts and to formulate general laws.
Nevertheless, the ethnographic study is not only empirical or only 'open'. It is, like history, embedded in a field that is limited in time and space.

(Baszanger and Dodier, 1997, pp. 10-11)

For this initial research into the funding relationships of the community colleges and the state, any observations need to be placed in context with their environment. As a contrast to ethnography, Baszanger and Dodier stated that an example of research methodology which meets their first two requirements but was not concerned with grounding would be a conversational analysis.

Using Baszanger and Dodier's conceptual approach, the subject of the research is a study of human activity which needs to be approached with an empirical approach as opposed to a philosophical approach. The study further needs to be open to observations during the study as opposed to being an a priori codified study. These factors lead to an in situ study which needs to be grounded in the historical and cultural context. In Baszanger and Dodier's schema, the research is appropriate for an ethnographic approach.

The primary reference works selected to guide this research are LeCompte and Preissle (1992) (1993). Three other references prominent in the formation of the methodology for this study were Seidman, (1998), Silverman, (1997) and Wolcott, (1990). Other references of significance for the

LeCompte and Preissle discuss at length the processes of describing and integrating theory, research purpose, research design, and data collection strategies. LeCompte and Preissle assert that underlying all of the research work are issues which they describe as the informal, personal, tacit theory. They summarize these as follows:

The personal life experiences, cultural ideologies, disciplinary training, philosophical commitments, and issues and problems identified by significant others that so clearly affect goals and questions operate far more subtly on choices of research design. We feel that all ethnographers, regardless of their disciplinary grounding, actually approach even the most concrete, empirical description with a set of implicit questions that structure and schedule their investigations. Because these affect the course of research and preselect the aspects of the setting which the research will deem important to observe, they should not remain hidden. To ignore them is to “write the researcher out” of the story being told and to present, as a consequence, an incomplete portrait of the groups under study.

(LeCompte and Preissle, 1993, p. 125)

LeCompte and Preissle follow this description with a set of questions about the researcher’s interest, philosophy and background.
In response to this concept of researcher disclosure, the author of this dissertation has worked for an Oregon community college for ten years directing two federal grant programs which help students in the area school districts. The primary focus of the grants is to help low income, first generation students graduate from high school and enter an appropriate postsecondary institution, which is often a community college. The author also directed a five year implementation of a Title Ill grant during which time the author was actively involved with the college budgeting process. The author has supported additional funding for community colleges, the K-i 2 systems and the Ous.

Fundamental to LeCompte and Preissle's approach is the underlying importance of theory. They define theory as "statements about how things are connected." (p.118) They assert that, given the researcher's preparation, personal background and selection of topic, most researchers use a personal modification of one of the major theoretical approaches. They discuss at length eight theoretical approaches which they describe as the most common theoretical models used in social science research. These models are: functionalism, conflict theory, symbolic interactionism and ethnomethodology, critical theory, ethnoscience or cognitive anthropology, exchange theory, psychodynamic theory, and behaviorism. The symbolic interactionism and
ethnomethodology are closest to the personal theoretical approach of this study. LeCompte and Preissle describe this theoretical approach, ethnomethodology, as having a focus on the integration of self and society and an analysis of the constructed nature of social meaning and reality. LeCompte and Preissle list five assumptions behind this theoretical approach:

1. Meaning is constructed through social interaction.
2. Individuals act on the basis of meanings they perceive.
3. Meanings change in the course of interaction because of different perceptions held by the actors.
4. Thus reality is not a prior given; it is based upon interpretations and it is constructed during interactions between and among individual actors.
5. Reality is not fixed, but changes according to the actors and the context.

(LeCompte and Preissle, 1993, pp. 128-9)

LeCompte and Preissle list major questions and topics for research for each of the eight theoretical approaches. For the symbolic interactionism and ethnomethodology they list the following major questions and topics:

1. What meaning - both overt and covert - do humans attach to behavior patterns and objects in their world?
2. How do varying interpretations of meaning, expectations and motivations affect human behavior?
3. How does the process of constructing meaning take place?
4. What symbols and rituals do humans create to structure their interaction?

(LeCompte and Preissle, 1993, pp. 130-1)

Given the adoption of a theoretical approach, LeCompte and Preissle discuss at length the issues relating to research purpose and research questions. They describe the research purpose by stating:
Statements of research purpose or goals delineate what is to be the overall, ultimate product of the research. These statements describe what is yet unknown which a study will reveal and how it will fill the gaps in an existing knowledge base, expand the knowledge base, initiate investigation in a neglected line of inquiry or facilitate integration of an emerging conceptual field. (LeCompte and Preissle, 1993, p. 37)

The research questions define how the purposes will be carried out.

LeCompte and Preissle describe research questions as follows:

They delineate the specific hypotheses or problems addressed in a study. In contrast to the conceptual abstractness of statements of purpose, research questions are phrased as concretely as possible in empirical or operational terms. They describe relationships sought or tested, facts discovered, proved, or disproved, and constructs or concepts generated. (LeCompte and Preissle, 1993, pp. 37-8)

The research purpose of this study is to increase the understanding of the relationships between the Oregon community colleges and the state of Oregon, with particular emphasis on the changed funding relationship. As described in Chapter One, Oregon community colleges face significant changes in their funding relationship with the state, which are unique in the history of Oregon. The Oregon community colleges have limited experience competing for state funding since the passage of Measures 5, 47 and 50. The community colleges had chosen a significantly different lobbying approach for the 2001-2003 session. This new approach was selected in response to the community college experiences during the 1999-2001 legislative session and
to the research context. The community colleges also have limited experience both with lobbying in the era of term limits and with proposing a single, unified funding request.

Given the complexity of the research context, the decision was made to find an event or process within the research context which would be understood and have significance throughout the research context, which could illuminate the nature of the research context, and which could provide the basis for future research, planning and policy development. The community college appropriations bill during the 2001-2003 Oregon legislative session met all three criteria and was selected. This bill was of vital interest to Oregon's seventeen community colleges. The preparation of the budget proposal, which was sent to the governor's office, involves input from all community colleges, the OCCA, and the CCWD. The governor's office sent its proposed budget to the legislature. The legislature conducted hearings and enacted the budget. The funds were distributed through to individual community colleges by way of a complex, evolving funding formula. The community college appropriations bill provided a broadly understood focus and continuity through the processes of the research context. The community college appropriations bill was also of vital interest to the colleges and to other associated groups.
The primary research questions will be the following: How is the community college budget request developed? What roles do the parties who are involved play in the budget development? How is the budget proposed and enacted by the legislature? What meaning do the various involved parties make of the budgeting and legislative processes? How are the results of the State budget understood? Additional research questions may be added in the course of the research.

LeCompte and Preissle assert that each question will be investigated with methodology which is appropriate for that question. LeCompte and Preissle describe the process for connecting research questions with appropriate methodology. They developed a matrix which they describe as an evolving, working tool.

In this matrix, each research question is connected to the kinds of data which will answer the questions, sources or people possessing the data, and the method to be used to elicit the data. For example, the answering of the research question, “How is the state community college budget developed?” will involve several interview sources such as the OCCA, the CCWD, and the Governor's Office, as well as observations of OCCA meetings and Legislative hearings. The question will also require study of the final budget document and official descriptions of the budgeting process.
The following section describes the four types of research activities which will address the research questions. The first method includes collecting and recording the public information about the legislative action in the 2001 session on the community college appropriations bill. These public records include state publications, official records of meetings, memoranda and other intra-organizational communications, news accounts and other material which would be available to segments of the public. This collection of information forms a record of the publicly documented action of the legislature, interest groups, agencies and other information available to the public. LeCompte and Preissle discuss artifact collection as an important tool:

In addition to what they say and how they behave, human beings make and use things. The resulting artifacts constitute data indicating people's sensations, experiences, and knowledge and which connote opinions, values and feelings. Artifacts include symbolic materials such as writing and signs and nonsymbolic materials such as tools and furnishings. Their existence transforms ethnographers into voracious and inveterate collectors. Artifacts provide evidence for the topics and questions ethnographers address because they are material manifestations of cultural beliefs and behaviors.

(LeCompte and Preissle, 1993, p. 216)

The second method is the observation of relevant meetings, hearings, and other discussions which might provide information about the study topic. LeCompte and Preissle describe the function of observation as follows:

Participant observers watch what people do, listen to what people say, and interact with participants. Ethnographers become learners, so as to be socialized by participants into the group
under investigation. This stance, of a child, novice, or student, is familiar to most people. All human groups socialize, or teach, new members of their group. Ethnographers and other qualitative researchers take advantage of this ordinary human practice to acquire knowledge about the group they are studying (Wolcott, 1998).

(LeCompte and Preissle, 1993, p. 196)

LeCompte and Preissle describe the role of non-participant observation as follows:

Collecting data through nonparticipant observation differs from participant observation in several ways. First, nonparticipant observation requires a detached, neutral, and unobtrusive observer. Researchers assume this stance by positioning themselves on the margins of social events or by withdrawing from the site, leaving audio or video tape machine to record data. The researcher’s objective shifts from a central concern for participants meaning to a focus on participant behaviors. The behaviors do include what people say and how they say it, but nonparticipant observers avoid interrupting to seek clarification.

(LeCompte and Preissle, 1993, p. 205)

LeCompte and Preissle used several example to illustrate their explanation of this methodological approach. One example has particular relevance to this study:

More recently, Grant (1989) and Puckett (1989) used enthnohistorical studies, combining participant observation with historical materials to trace the interaction of innovative practice with social policy and material, demographic and political events. Grant examined the impact of changing demographic composition, federal education legislation and court mandates, and innovative practice on teachers, administrators and students in one high school. Puckett linked the successes, failures, and longevity of the Foxfire projects of Elliot Wigginton to changes in
context, personnel, and resources, as well as to changes in Wiggington’s personality.

(LeCompte and Preissle, 1993, p. 197)

The third method of research involves interviewing representatives from interest groups who were involved in the appropriations process. These interviews will include selected individuals who have specific knowledge about the purpose of the study. The interviews will be to establish a record of actions taken by involved parties and their perceptions of their own actions and those of others. Seidman describes the purposes of interviewing as follows:

The purpose of in-depth interviewing is not to get answers to questions, nor to test hypotheses, and not to “evaluate” as the term is normally used. At the root of in-depth interviewing is an interest in understanding the experience of other people and the meaning they make of that experience.

(Seidman, 1998, p. 3)

LeCompte and Preissle describe one group of individuals as key informants.

Given the variety of specialized knowledge in the research context, this type of individual would be relevant to this study. Their description of the key informant is as follows:

Key informants are individuals who possess special knowledge, status, or communicative skills and who are willing to share that knowledge and skill with the researcher. They are frequently chosen because they have access -- in time, space, or perspective -- to observations denied the ethnographer. They may be long-time residents of a community, participants in key community institutions, or individuals knowledgeable of the cultural ideals. They are often atypical individuals and should be
chosen with care so as to ensure that representativeness among a group of key informants is achieved. (LeCompte and Preissle, 1993, p. 166)

The fourth method will involve summarizing, integrating, and interpreting the data collected during the study. LeCompte and Preissle discuss at length the issues of taking volumes of disaggregated data and aggregating that data in ways that communicate meaning. LeCompte and Preissle, Seidman and Wolcott each have different approaches to preparing a conclusion of the research. The common thread in their approaches is robustly describing the research and providing, in the integration, the basis for addressing the purpose of the research. These authors present three different views of the ability to draw conclusions from qualitative research. The study will take the middle course of presenting a summary and observation built on the research. Given that this research includes research methods in addition to interviews, it seems appropriate to conclude with more than a reporting of the interviews. On the other hand this study is not designed to be the basis for broad conclusions about specific hypotheses.
RESEARCH ACTIVITIES

The remainder of this chapter will include more detailed plans for implementing this methodology. The overview of the chronology of the interview process is as follows, each section will be discussed separately in the remainder of this chapter:

A. Collect data on development of the 2001-2003 community college appropriations bill
B. Collect a record of the strategies that community college advocates intended to use during the 2001-2003 legislative session
C. Collect the public record of the community college appropriations bill during the 2001-2003 legislative session
D. Collect observations of selected hearings relating to the community college appropriations bill
E. Analyze the differences between the proposed appropriations bill and the approved bill.
F. Interview selected individuals who were involved with appropriations processes
G. Write an integrated account of the research including the action taken on the bill and the understanding of those involved with the process.

H. Concluding thoughts on methodology

A. Collect data on development of the 2001 community college appropriations bill

The budget which is submitted to the legislature by the governor is generated through the efforts of a broad range of individuals, groups and organizations. While it is not the purpose of this dissertation to study all of the perceptions and political interests that are involved in the budget generation, it is important to record a summary of these developmental processes. This data will be collected by interviews and by collection of communications from and within relevant organizations.

B. Collect a record of the strategies that community college advocates intended to use during the 2001 legislative session

This record will include strategies intended by state officials, community college leaders and community college advocacy groups. The groups have had three legislative sessions since the Measures 5 and 50 became effective to refine their strategies. The written record of the intentions of the groups
provides a perspective on the actions actually taken during the session. The records of these strategies will also include observations of meetings and interviews.

C. Collect the public record of the community college appropriations bill during the 2001 legislative session

This work will include identifying and collecting public information from the legislative records, public communications from interest groups, and related news articles from the Salem Register Guard and the Portland Oregonian. These public records contain the official account of the legislative actions and the accounts which groups distribute to the public. Referring to data like these public records, Lecompte and Preissle state, “These data substantiated information from surveys, interviews, and participant observations.” (p. 217)

D. Collect observations of selected hearings relating to the community college appropriations bill

The public records of the legislative action will be supplemented by observations of selected hearings on the community college appropriations bill. The purposes of these observations are to identify information about the processes of approving the appropriations bill which might not be contained in
the public record and to identify questions about the processes that would be included in the interviews.

E. Analyze the differences between the approved bill and the proposed appropriations bill.

This analysis will compare the final appropriations bill with the initial appropriations request submitted by the governor and with the requests that community college leaders and advocacy groups developed before the legislative session. Included in the analysis will be any budget revisions submitted in legislative committee. The results of this analysis will serve as an objective measure of the decisions made by the legislature. The interviews and public statements can then be compared to the results of this analysis.

F. Interview selected individuals who were involved with appropriations processes

Those selected for interviews will include legislators, state officials, community college leaders and members of the advocacy groups. Seidman (1998) describes the purpose of interviewing as the follows:

Interviewing provides access to the context of people's behavior and thereby provides a way for researchers to understand the meaning of that behavior. A basic assumption in in-depth interviewing research is that the meaning people make of their experience affects the way they carry out that experience. To observe a teacher, student, principal, or counselor provides
Interviewing allows us to put behavior in context and provides access to understanding their action. (Seidman, 1998, p. 4)

There will be several general areas of questions during the interviews. These include the subjects' understanding of the action taken by the legislature and their perceptions of the effectiveness of the various advocacy activities. Additionally those interviewed will be asked for their thoughts on the future of community college funding and advocacy activities. Finally they will be asked questions which are unanticipated at the beginning of the research but develop in the process of the research.

Write an integrated account of the research including the action taken on the bill and the understanding of those involved with the process. The writing of an integrated account will involve capturing the actions taken on the appropriations bill. Additionally the account will include essence of the interviews and observations. The total account will illuminate the new relationships between interested parties.
Even with the clearest plans, the reality of a complex environment may dictate minor variations to these plans. Therefore one of the essential components of the methodology is to remain open to opportunities which might arise or to details which require change. The discussion of the methodology as presented provides a plan which can be successfully completed. The discussion also allows several points at which the processes of the research can be reviewed and, if appropriate, revised. LeCompte and Preissle discuss the need to adjust research while in process:

Depending on the purpose of the research and the conceptual framework assumed, ethnographers anticipate relying on observation, interviewing, artifact collection, or some combination of these. Once they have identified sources of data, entered the field, begun data collection, and started preliminary analysis, they review their initial choice of methods. They then adjust, expand, modify, or restrict their choices on the basis of information acquired during the mapping phase of fieldwork. Ethnographers may discover that the information originally sought through observation or interviewing is available only in documents. Phenomena initially investigated through observation may be verified or substantiated through unanticipated interviews or questionnaires. Data that surface in reviewing documents may suggest a new focus for observation or unexpected topics for interviews. Finally, as ethnographers negotiate initial relationships with participants and develop appropriate researcher roles, they discover other possibilities for and limitations to acquiring data.

(LeCompte and Preissle, 1993, p. 159)
CHAPTER 4 - RESULTS

This chapter is organized in two major sections. The first section presents the official description of the budgeting processes for the State of Oregon. The second section describes the processes for development, presentation and enactment of the community college budget before and during the 2001-2003 Oregon Legislative Session. The descriptions of the budgeting processes include political and data preparations for the budget proposal, the development and presentation of the Governors budget proposal, the legislative hearings on the proposal and finally the action taken on the proposal. The intention of this section is to describe processes and to present data which were publicly documented, observed or described by those interviewed.

OVERVIEW OF THE OREGON BUDGETING PROCESS

This section describes the public Oregon budgeting processes. Some of these processes are structured by laws and other regulations. Others are the result of committee or subcommittee decision. All of these processes either
The Oregon State government defines the Oregon budgeting process as follows:

Budget Process Overview
Oregon's budget is a tool to carry out the state's law and policy decisions. It allocates the state's General Fund and lottery revenues, and sets limits on other types of revenues and state positions. The budget must be balanced, although it may authorize debt financing for some projects and activities. The budget covers two fiscal years (a biennium). This means it runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year. For example, July 1, 1999 to June 30, 2001. The budget development process has three major phases: Agency Request, Governor's Recommended and Legislatively Adopted.

(Budget and Management Division, 2000)

The State further describes the individual responsibilities of these three major phases, Agency Request Budget, Governor's Recommended Budget, and Legislatively Adopted Budget. The agency responsible for the Oregon
The community colleges budget is the Department of Community Colleges and Work Force Development (CCWD). This agency developed a request budget to present to the Governor's office in conjunction with the seventeen Oregon community colleges and the Oregon Community College Association (OCCA).

The Oregon Blue Book, which is produced by the Oregon Secretary of State, describes the agencies' role in the budgeting process as follows:

Agencies start the budget early in even-numbered years. They develop their Agency Request Budget. This lays out the policies and finances each agency asks the Governor to recommend to the Legislature. The Budget and Management Division (BAM) gives agencies guidelines to use in this process. The budget is made up of descriptive text, budget forms, and audited Automated Budget Information System (ABIS) reports. Agencies send their budget requests to BAM by September 1.

(Budget and Management Division, 2000)

The governor's responsibilities are described on the BAM website as follows:

Governor's Recommended Budget

The Governor and BAM review the budget requests. They use the Governor's priorities, budget policies and current law to make budget decisions. The Governor's Recommended Budget document summarizes those decisions. It gives data on all the state's revenues and expenditures. It also gives information on each agency's budget. The Department of Revenue puts together a Tax Expenditure Report that is published at the same time.

(Budget and Management Division, 2000)

The legislature's responsibilities for reviewing proposed budgets, holding hearings and adopting budgets are summarized as follows:

Legislatively Adopted Budget

The Governor presents the Recommended Budget to the
Legislature when it meets at the start of the next year. Legislative committees review the proposed budget. They hold public hearings to hear from each agency and the public. Each budget bill has a Budget Report that presents the committee recommendations. The Legislature votes on each budget bill. The budget bills that are enacted into law make up the Legislatively Adopted Budget.

(Budget and Management Division, 2000)

The initial budgeting processes are driven by the Governor. The agency directors plan their budgets within the guidelines established by the Governor's office. Some of the guidelines are general, such as the directive to all agencies to ensure that their budget reference published goals and benchmarks for the state. Other directives, especially as the budget reaches the final stages, are more definitive.

In all cases the agency directors work for the Governor and remain in their positions at the pleasure of the Governor. The budgeting process for the 2001-2003 session began with a message from the Governor followed by sets of directions for agencies which were posted on the Budget and Management Division (BAM) website. The Governor's introduction to these directions is as follows:

MESSAGE FROM THE GOVERNOR

This document officially begins the budgeting process for the 2001-2003 biennium. These instructions are designed to ensure that the state budget is thorough, credible, and meets all legal requirements. We all must understand that the instructions alone cannot ensure that the state budget reflects our priorities and values as Oregonians. They cannot ensure that we work with other agencies and partners to discover better ways to meet the
needs of the citizens of this state. And they cannot ultimately ensure resources are wisely allocated. The instructions do provide a solid framework for a discussion of our priorities, what it will take to achieve them, and what the consequences will be if we do not act. They are a tool to engage our communities and ourselves in developing a vision for the future and a strategy to make the vision a reality. Building a statewide budget is a complicated task. Meeting the standards and timelines that are included here is very important. Using the process to help us make good policy decisions that will sustain and enhance our quality of life is our challenge. It will take cooperation and dedication. I ask you to keep in mind how important both the process and the final product are to our individual constituencies and to the state as a whole.

(Budget and Management Division, 2000)

Oregon Budgeting Concepts

The Oregon state budget is evolutionary; the budgets proposed by the agencies and governor are based on the prior funding of that agency. The methods for developing a proposed budget from the agencies funding history are clearly structured. This development process has important implications. The following description gives an introductory explanation of Oregon state budgeting concepts.

In general, the budgeting process begins with the concept of a Base Budget, which is the starting point of the budgeting process. The Base Budget
for an agency begins with the Legislatively Adopted Budget for that agency from the 1999-2001 Legislative session. These adopted amounts are adjusted by the amounts of the Emergency Board actions through April 2000. The Base Budget is modified by Essential Packages which are program option packages intended to adjust for one-time costs such as vacancy factors, inflation and programming being phased in or out. The Essential Packages are applied to the Base Budget by the Executive Branch through the BAM. An Essential Package is defined by the BAM as:

A program option to adjust the base budget, not to request new programs or expansions. Essential Packages may adjust one-time costs, program phased in or out, vacancy factors, non-PICS Personal Services Costs, inflation, price list cost changes, funds shifts and mandated caseload changes. An agency's base budget, plus Essential Packages, is its current service level budget.

(Budget and Management Division, 2000)

The Base Budget modified by the Essential Packages becomes the Current Service Level Budget. Modifications of the Current Service Level Budget can be made through Policy Packages, which are policy or program changes increasing or decreasing the agency budget. These Policy Packages are proposed by the Executive Branch.

An agency is given their Base Budget and directions for budget formation from the Governor. The appropriate state agency, which is CCWD
for community colleges, recommends a budget to the Governor. This budget recommendation must conform to the budget directions.

The Governor reviews the agency budget requests. The Governor develops a comprehensive budget for the State and submits the budget, known as the Governor's Recommended Budget, to the Legislature. The Governor's recommendations for agencies may include one or more Policy Packages which either increases or decreases in the agency's Current Service Level Budget. The Governor's Recommended Budget must be submitted by December 1st of even-numbered years if the Governor is an incumbent. If the Governor is newly elected, the budget must be submitted by February 1st after the election.

The Governor's Recommended Budget is referred to the Joint Committee on Ways and Means, which is a standing committee of senators and representatives appointed by the Senate and House leadership. The committee is led by Co-Chairs, a senator and a representative. The Co-Chairs, with the assistance of the Legislative Fiscal Office, develop what is known as the Co-Chairs Budget. Sections of the Governor's Recommended Budget are referred to appropriate subcommittees along with the Co-Chairs budget.
recommendations. The CCWD budget was referred to the Joint Ways and Means Subcommittee on Education for hearings and consideration.

The subcommittees return recommendations on referred bills to the full committee. The Joint Committee of Ways and Means takes action on bills that have been heard by its subcommittees and sends recommendations for action to the House and the Senate. Because this is a joint committee, the same recommendation goes to both the House and the Senate. The Legislature then approves a budget which is known as the Legislatively Adopted Budget. The governor signs the legislatively approved budget making it the law. The budget, which has been signed into law, may be modified by the Emergency Board or a special session of the Legislature.

Subcommittees are directed by the Co-Chairs to act within the fiscal and policy parameters of the Co-Chairs budget. A legislator who was interviewed described the relationship between the subcommittee and the Co-Chairs as hierarchical; the subcommittees would not act outside of the Co-Chairs' parameters.

In the specific example of this dissertation, the Oregon community colleges funding process began, from the official state perspective, with a Base
Budget announced by Department of Administrative Services (DAS). The Base Budget included the 1999-2001 Legislatively Adopted Budget plus all Emergency Board Action which occurred before April, 2000. The 1999-2001 Legislatively Adopted Budget for the CCSF was $422,271,897. The Emergency Board actions through April, 2000 were $3,249,005. These combined for a Legislatively Approved Budget of $425,520,902. There were no Base Budget Adjustments; therefore the 2001-2003 Base Budget for the CCSF was $425,520,902. The Emergency Board approved $9 million for the CCSF after April 2000; these funds were therefore not included in the Base Budget. There were four Essential Packages which adjusted the Base Budget to form the 2001-2003 Current Service Level Budget of $424,135,854. These Essential Packages were; package 020, phase-out programs and one-time costs, ($794,637); package 030, cost of goods and services increase, inflation, $29,198,561; package 050, funds shifts, ($17,117,971); package 090, program reductions, ($12,671,001). Each of these packages is explained in Section 2 during the Commissioner's presentation to the Subcommittee.
Revenue Projections

The Oregon legislature is required to produce a budget in which expenditures and the revenues are balanced. The preceding processes are used by agencies and the Governor to generate the proposed expenditures which are recommended to the legislature. The amount of the revenues available to the state are determined by the Office of Economic Analysis in the Department of Administrative Services. The Office of Economic Analysis releases the Oregon Economic and Revenue Forecast (OEFR) quarterly, March 1, June 1, September 1 and December 1. The OEFR contains a wide variety of economic information about the state including the state revenue projection for the current biennium and as appropriate for the next biennium. The legislature generally uses the revenue forecast from mid-session or ending session OEFR to balance the proposed expenditures.
The preparation by the Oregon community colleges for the 2001-2003 session began immediately after the conclusion of the 1999-2001 session. This preparation was encouraged by two factors. First, the Executive Board of the OCCA felt that the community colleges had not done well in the 1999-2001 session. Several individuals who were interviewed, including community college presidents and legislators, described the community colleges during the session as being in "disarray" and "at each others throats." Second, the OCCA and the CCWD both had new leadership. The context of these preparations extends back to the preparations for the 1999-2001 legislative session.

In preparation for the 1999-2001 session, the community colleges, OCCA and Office of Community College Services (OCCS), which was the predecessor of the Department of Community Colleges and Workforce Development (CCWD), developed requests for the 1999 legislative session which were forwarded to the governor. As a preliminary step in the development process, the OCCA sent a list of OCCA 1999 Legislative Policies to each community college president and board. The Executive Board of the OCCA, which is composed of the president and a board member from each
community college, the OCCA leadership and the OCCS commissioner developed issues for the colleges to consider. This list of issues included thirteen funding issues, three issues related to the operation of community colleges, three workforce development issues, six personnel issues, two student scholarship and transfer issues, six governance issues, and an issue regarding support for Oregon's Educational Act for the 21st Century. The community colleges and the OCCA sent this list of 34 potential legislative policies to all of the community college boards for their vote and comments. The consultations among the community colleges, the OCCA and the OCCS resulted in a set of agency requests sent to the governor for the 1999-2001 legislative session. These requests were presented in the following proposed Program Option Packages:

- Program Option Package 101, Revise funding formula to provide equity, General fund request, $10.2 million increase.
- Program Option Package 102, Fund enrollment growth, General Fund request, $9.2 million increase.
- Program Option Package 103, Fund annexation into community college districts of unserved areas, General Fund request, $4.3 million increase.
- Program Option Package 104, Adult Literacy Initiative, funding to expand basic skills delivery at all community colleges, General fund $15.5 million increase.
• Program Option Package 105, Fund increased training in targeted industries, semiconductors, food processing and corrections, General fund $6.0 million increase.
• Program Option Package 106, Funding the delivery of community college coursework via technology, General fund $14.8 million increase.
• Program Option Package 107, Fund regional and technical partnerships, General fund $21.0 million increase.
• Program Option Package 108, Capital investments for all community colleges, General fund requests totaling $381.2 million.

There was an informal agreement of unity among the community colleges to work together during the 1999-2001 session. The community colleges did not commit to a formal agreement of unity. As the legislative session progressed, individual legislators pursued funding which they believed supported the interests of their local community colleges. Generally the state officials and presidents who were interviewed reported that the legislators were acting in concert with their community college. A president of a rural community college who was interviewed gave an example of a legislator who requested funding that was not initiated by the legislator’s community college:

There is a perception that what the individual colleges get from the legislature is tied to the college’s work with their
individual legislator to secure that funding. That is not true. Sometime the funding comes to you almost unbeknownst to you. If a legislator, who at the end of session is trying to bring something home for their district and because they live in the community they are aware of the need so of the college, they may bring back money that myself as president or the college has not asked that legislator to go get for us. However the perception among other schools is that you went after that money. That was the perception of the end of the 99 session.

Our school was one school that had smaller dollars that came to us at the end of the session. It was not something that we pursued but it came to us as something that our legislator knew that we needed. And other legislators said they wanted something for their district. So the legislators worked to bring something home. That is not unlike other sessions.

Some legislators secured funding for local projects, which was not included in the Program Option Packages. However, the total increase in the community college funding during the 1999 session was only $1.2 million, which was divided among five community colleges. The $1.2 million budget increase was added to the community college appropriations as line item amounts for specific programs and colleges. Because the line items amounts were designated for five specific colleges, the other twelve community colleges did not benefit. Further, the State budget development procedures do not allow line items increases in one legislative session to increase the Current Service Level budget for the next session. Therefore, the successes achieved for the five colleges in the 1999-2001 Session were not integrated into the
Current Service Level Budget for all seventeen colleges for the 2001-2003 Session and were easy targets for budget reductions.

OCCA Budget Preparation

The Executive Board of the OCCA studied the Oregon University System's (OUS) success in securing additional funding during the 1999-2001 Session. The OUS consists of the seven publicly-funded universities in Oregon; Oregon State University, University of Oregon, Portland State University, Southern Oregon University, Eastern Oregon University, Oregon Institute of Technology, and Western Oregon University. Prior to the 1999 legislative session, these seven institutions had lobbied separately to seek increases for their university. Each institution has a strong alumni base in Oregon; this base, when combined with traditional rivalries between universities, had historically provided the basis for competitive lobbying. The OUS approached the legislature as a unified group in 1999 to promote all of their requests as a package. The OUS had had ten years of flat or declining state funding. This unified action was an effort to change the funding pattern. An example used by several state officials and legislators during interviews was that the presidents of Oregon State University and of the University of
Oregon visited legislators together promoting the OUS requests. Many felt that this was the first time that these presidents had lobbied together. Historically the University of Oregon and Oregon State University had been rivals for funding in the legislature.

Community College Strategy

Immediately after the conclusion of the 1999-2001 session the Executive Director of the OCCA began working with the OCCA Executive Board to develop a comprehensive strategy for the 2001-2003 session. This was a time of change for the OCCA as described by the president of one of Oregon's larger community colleges:

The previous Executive Director of the OCCA came right before the first session (1999)---she didn’t have any time to prepare---the OCCA leadership realizes that they are there to be a lobby group and nothing else. That was a change, I think. And the OCCA finally realized that their biggest task is lobbying and that began with her. And the current director really kept it going. That’s a change Right now she is thinking about the next year. What are we going to do? How are you going to meet with you legislators? Who is running for office? Who is likely to be in control? Who are the leaders going to be? Those discussions are going on right now. That is a much better operation Each of them have added to that. We should never get out of the legislative business; we need to start right now.
The interviews identified areas of disagreement and of uncertainty about the decision making processes for the community college budget. The official State description clearly divides the responsibilities between the Executive and Legislative branches. The description quoted at the beginning of this chapter states:

Legislative committees review the proposed budget..... They hold public hearings to hear from each agency and the public. Each budget bill has a Budget Report that presents the committee recommendations. The Legislature votes on each budget bill.

This description implies that the legislature is an equal partner in the budgeting process.

Most of the state officials and presidents who were interviewed clearly indicated that the Executive and the Legislative branches were not equal partners in the budgeting process. There were two general views of the power relationship between the Governor and the legislature. The most common view was that the legislature was losing power in its relationship with the Governor because of term limits. Those interviewed who held this view believed that, with the loss of senior legislators through term limits the legislature did not have sufficient power to make significant changes in the budget proposed by the Governor. A Legislative Fiscal Office analyst stated this concept as follows:
In both sessions (1999-2001 and 2001-2003), the governor has had extraordinary influence with the budget that he presents. In the case of community colleges it seems to be more influential than elsewhere. I think that this is the case because there is almost nobody that doesn’t like community colleges. There are people who don’t like K-12; I mean they don’t like the way the K-12 operates and there are people who don’t like higher ed. It appears to me that therefore the community college budget does not become a politicized in the legislature which means to me that the governor has more power in the budgeting process for community colleges, because when he says something about community colleges, there won’t be this dynamic in the legislature to challenge it. So if it were my job to get funding for community colleges I would focus on the governor and the governor’s staff.

Several legislators who were interviewed identified the lack of seniority and knowledge in the legislature for the reasons that the power had shifted. A second view of the power relationship was that actions of this session need to be understood in terms of the personalities and the public communications skills. Several presidents and state officials expressed the belief that the fundamental driving force for the session was the Governor because of his charisma and public support.

This strategy was developed in the context of changing leadership in the OCCA. The strategy involved three new components: establishing a trust relationship with the governor, establishing a unified plan among all 17 community colleges, and implementing a comprehensive communications plan with legislators.
Meetings with the Governor

The first component of the new strategy was to establish a personal trust relationship between the Governor and a selected group of community college presidents. The OCCA Executive Director and the CCWD Commissioner worked with the Governor's office to set a series of meetings between the Governor, selected community college presidents and themselves. The members of this group were selected for each meeting because they were perceived as individuals who could communicate well with the Governor. The selected presidents also represented different size community colleges. The OCCA Executive Director and the CCWD Commissioner worked in conjunction with the full group of community college presidents to select the presidents for each of the meetings.

A series of meetings were arranged with Governor John Kitzhaber, M.D., on September 9, 1999, December 2, 1999, February 23, 2000, and August 1, 2000. Information from these meetings was derived from an OCCA collection of meeting agendas, summaries, related email messages and interviews with participants.
During the first meeting on September 9, 1999, five presidents, the commissioner and assistant commissioner of CCWD and the OCCA executive director discussed the 1999-2001 Legislative Session with the Governor. During this meeting, the Governor acknowledged that all seventeen community colleges had been "short-changed" in the session. The Governor presented a copy of his education initiative speech which he was presenting to the State after their meeting. The main topics of this speech, which was titled, "Stable, Equal, Adequate: The Kitzhaber Education Initiatives," were three key issues. The first issue was the development of a plan to define adequate funding for K-12 and to design an initiative to fund education at an adequate level. The second issue was a modification of the laws limiting the ability of K-12 systems to raise funds from local sources. The third issue was finding funds to stabilize education funding during economic downturns. The community college representatives asked that the community college interests be represented in each of these three parts of the Governor's plan. They asked that community colleges' needs be considered through a process similar to the K-12 process of defining adequate funding, that community colleges be allowed to have the same authority to raise local funds as the K-12 systems, and that needs of community colleges be included in any stabilization plan. The email then states:

He (the Governor) then expressed enthusiasm for assisting community colleges to find a role in his future plans and increase
our profile and emphasized the need to have clearer stated statewide goals and direction. For example, he suggested that we could convene a task force that would be something like the Community College Education Act for the 21st Century that would draft a message of state need for community colleges.

During the second meeting with the Governor on December 2, 1999, the community college presidents explained the reasons community colleges needed legislative relief. Their reasons included the need for state funds to equalize community college funding, the impact of annexation of previously unserved areas of the State for those community colleges providing the service and the significant impact of enrollment expansion without corresponding State reimbursement. The presidents presented an information sheet titled; Some Examples of Threats to our Mission. This sheet gave short examples of problems that community colleges face in the areas of accessibility, affordability and comprehensiveness. In the area of accessibility one of the examples used was, “Southwestern Oregon CC has waiting lists for 20 to 30 remedial and transfer courses each quarter. Southwestern cannot meet its facility and maintenance needs because of the lack of state support.” In the area of affordability one of the examples used was, “Central Oregon CC has been spending down reserves for several years and will be below board policy for reserves for the first time – unless they raise tuition and fees.” One threat to comprehensiveness was:
Linn-Benton CC is facing a $2 million deficit in FY 00-01 and will need to reduce programs and access for students to make it up. Under the current budget situation, LBCC will likely continue to reduce program and class availability next year through staff reductions.

The Governor and the presidents discussed various strategies for increasing community college funding and communicating the community college needs to the Legislature. The email messages summarizing the meeting and the interviews indicated agreement between the community college presidents and the Governor about the need to take positive action for community colleges. There was also discussion about the pervasive enrollment growth problems faced by all seventeen community colleges. The community college presidents argued for the development of an FTE-based funding model which could equitably fund enrollment growth. The meeting participants agreed that funding of enrollment growth in community colleges was essential. These alternatives to funding the enrollment growth included capping enrollment, significantly raising tuition, and reducing the number of programs offered in community colleges. There was discussion about the importance of community colleges justifying an increased level of State support per FTE. The funding level given in the meeting summary and in interviews was $2500 of State support per FTE.
The third meeting, February 23, 2000, included the Governor, six community college presidents, the Commissioner of CCWD, two members of the governor's staff, two OCCA staff members, and a representative from the Department of Administrative Services (DAS). The following list of outcomes from this meeting were distributed to the OCCA Executive Board:

The Governor did not make a specific commitment on a funding level for community colleges, but did say he would support an increase for community colleges—and this increase would not be a “token amount.”

The Governor wants to see a “cost” analysis of this FTE amount and some connection of cost to deliverables.

The Governor would like presidents and board members to speak to community groups about the impact of the Sizemore initiative on their college.

The Governor would like presidents to work with their student leaders to register more students to vote.

The Governor said that he would support an E-board request in April, but he didn’t know if it would be $14 million.

The Governor would like to see the deliverables piece done by May.

The Governor wants to meet with the colleges again in late April or early May.

The Sizemore initiative mentioned in these remarks referred to statewide initiatives, Measures 88 and 91, proposed and supported by Bill Sizemore. These measures would have reduced taxes. Measure 91 failed in
the November, 2000 election. Measure 88 which increased the allowable 
deduction of federal income taxes from the state income tax liability. The LFO 
estimated that Measure 88 reduced the state revenues by $159 million during 
Sizemore made his place in politics and in publicity by writing and supporting 
tax reduction initiatives. In 1996, Sizemore ran for governor as a Republican, 
opposing John Kitzhaber. Sizemore lost by the largest margin in the history of 
Oregon gubernatorial elections. Sizemore maintained his public role by 
opposing taxes, the governor and public employee unions. The intensity of the 
conflict between Kitzhaber and Sizemore was described as follows:

“In politics, there’s this idea that whoever you’re running against 
is your opponent, not your enemy,” said Brady Adams, R-Grants 
Pass, who as Oregon Senate president has watched the growing 
aminosity between Kitzhaber and Sizemore. “But in this case, 
they’re enemies.”

(Esteve, 2000, p. A01)

The E-board referred to the Oregon State Emergency Board which is 
authorized to allocate to any state agency emergency funds from funds 
appropriated to the Emergency Board by the Legislature. The Emergency 
Board provides basic legislative functions, such as authorizing additional funds 
or approving new budget activities. During the regular legislative session the 
legislature appropriates funds which the Emergency Board is then authorized 
to allocate. The Emergency Board is composed of seventeen members
including the President of the Senate, the Speaker of the House, the co-chairs of the Joint Committee on Ways and Means, six other Senators and seven other House members.

The deliverables discussed in this list of meeting outcomes were described the CCWD Commissioner as “What the state gets for its money. What we (community colleges) can do to show that we are part of the team helping to promote the Governor’s agenda.”

There was no meeting between the Governor and the community colleges in April or May. The next available meeting time was in August.

The fourth and final meeting on August 4, 2000, was attended by the Governor, the chairs of the OCCA Board and the State Board of Education, three presidents, the Commissioner of CCWD, the Executive Director of the OCCA, three staff from the Governor’s office, one staff from the OCCA and a representative from the Department of Administrative Service (DAS). The Commissioner of the CCWD gave a presentation which emphasized that enrollment growth has exceeded state funding. She also provided background data on the costs per FTE, the spending per FTE by category and the state share of community college funding. Finally she presented OCCA's
proposed Per-Student Funding Model. She also explained the impact of staying at the current service level which would mean an increasing gap between enrollment and state funding. Additionally the community colleges would have to establish enrollment caps, waiting lists and program cuts. All of the presidents, association and state officials who were knowledgeable about the meetings with the Governor felt that these pre-session meetings were positive for community colleges.

Unity Pledge

The second component of the strategy focused on developing a unified legislative position among all 17 community colleges in order to achieve greater results from the 2001 legislative session than the $1.2 million increase achieved by five community colleges during the 1999 legislative session. Developing unity involved two interrelated processes. One process was the development of a statement of unity and the acceptance of it by all seventeen community colleges. The second was development of a funding proposal which would be the sole focus of unified community college effort during the 2001-2003 Legislative Session.
There was general agreement among many community colleges, legislators, and the Governor's office that the lack of community college unity during the 1999-2001 session had been directly related to the community colleges' lack of success in securing additional funding.

In response to a question about the reasons that unity was sought by the community colleges, one veteran community college president stated:

"Probably the last session, sessions leading up to it but it culminates in the last session. There were probably 5 or 6 colleges who really hustled for money for themselves with the end result is that we didn't do well in the session ---7 or 8 colleges got $100 to $200K a piece.---which isn't a lot of money. I think collectively we learned that doing your own thing---and people were told that they shouldn't do it but they did it anyway---I think that people learned that if you are only going to get 100k or 200k and they are going to be down the every other week hustling legislators. --it isn't worth it. So I think the lack of success in the previous session, the lack of success for individuals to get things for their own institutions. With term limits no body really has any power down there. So getting the big bucks from any one individual is very, very difficult. So I think that we learned that we needed to have a unity pledge. The former OCCA executive director did a really good thing at the executive board retreat two years ago---where she gave us a synopsis of what we did in the session and she thinks happened in the session. So she deserves a lot of credit for giving all of the presidents summary of what happened in the session, what went welt and what didn't go well ---I think from that meeting --I think we left the meeting, which was two years ago with the expressed idea that we had better work together or we are not going to be successful.

So we built off of the last session, we had that focused look at what worked and what didn't work --people doing their own thing--there was enough people who bought into that ---and the current director came on ---She worked for Derfler's office, she had good insight of what we did, which coincided with her..."
predecessor's ideas and the rest of us about what didn't work----let's get together so--we had the critical mass to start working on individual institutions.

The presidents, associations leaders and state officials generally agreed that some significant, public commitment to unity was needed to change the past patterns of individual community colleges working with the Legislature on special projects. The development of and commitment to the Unity Pledge was seen by this set of individuals as a significant change in community college strategy. Unity had not been the historic, natural condition of the relationships among community colleges because the Oregon community colleges developed with an intensely local perspective. Until the passage of Measure 5, Oregon community colleges were primarily funded by local taxes approved locally by a locally elected board with autonomous power to govern the community college. Before term limits initiative became effective, many community colleges service districts included senate or house districts of long term senior legislators. The seniority of these legislators often allowed them to successfully champion special projects for their district.

The seventeen community colleges have many differences including size, the nature of the communities that they served, and their institutional needs. Some of the presidents also pointed to differences between regions of the state, the rural-urban division in the state, which they felt had exacerbated
competition between legislators and community colleges. Two presidents of rural community colleges commented that having legislators with seniority was one way that the rural areas could achieve some power in relationship to the wealthy and population dense Willamette Valley. The Willamette Valley extends from Portland south to Eugene and includes a majority of the Oregon population, industry and high technology.

The Unity Pledge was one of the most clearly understood concepts of the 2001 session. Even with this understanding, those interviewed had different interpretations of the impact of the Unity Pledge. Several presidents and state officials discussed potential ramifications of the unity pledge in other areas of community college operation.

Some saw the Unity Pledge as a long term strategic shift of the community colleges’ relationships with each other and with the state. These individuals saw longer term shift away from the individual approaches of the 1999-2001 session. A few saw the Unity Pledge as a one-time tactical reaction to the low level of success in the 1999-2001 Session. They wondered whether the community colleges were pursuing the Student Based Funding Model over the long term or whether the community colleges were just trying to get a larger appropriation from the 2001-2003 Session. They also discussed the potential
for the community colleges to use a different tactical approach for the next session which might include a variation of this session’s unity pledge. A couple of the presidents stated that, while the community colleges were successful in receiving funding increases during the 2001-2003 session, their boards and citizens would have difficulty supporting another unity pledge given the loss of line item funding for their institutions and the final impact of the funding formula.

Other presidents wondered about the relationship of unity, local control and the local community colleges’ ability to pursue the resources to meet local needs. The community college presidents who lost line item funding were seriously concerned about the impact of those lost resources. Because of the line item losses, one of the presidents said that the price of unity may be too high for their college in the future. The OCCA executive director stated regarding these issues:

It is going to be a struggle to get there (unity of action in the future)---because you have 17 institutions thinking about their own self interest and that is a real challenge to think statewide. The challenge will be that some issues are not going to be in the best interests of a local college. A prime example, during the last session, at the end of the session, they were talking about taking the annexation money (funds to support community college services to areas newly annexed into the colleges’ service districts) out of the $45 million. There was a million dollars on the table (some of which would have been given to Columbia Gorge Community College) and the president of Columbia Gorge
Community College and I talked with his board. They were very clear we signed the unity pledge, this is what we are supporting. It was clearly against their own self interest. That is a difficult thing to do. But it is something ---we need to find that balance.

Presidents and state officials had favorable comments about the importance of and the quality of the OCCA performance during the session.

Andrea Henderson, the Executive Director had previously worked in the office of Senator Gene Derfler, a senior, Republican senator from Salem. Both she and several presidents described her senate work as providing important insights into the senate perceptions of the community colleges. A veteran community college president described the OCCA leadership as follows:

The big change is that we were united. The strategic change was having the right people speak at the right time. And I think the big change overall was the pattern of taking the last session right after the last session and analyzing it. Our former executive director did that and built off of that. She came right before the first session. She didn’t have any time to prepare. The OCCA leadership realizes that they are there to be a lobby group and nothing else. That was a change, I think, and OCCA finally realized that their biggest task is lobbying and that began with her. And our current executive director really kept it going. That’s a change. Right now she is thinking about the next year. What are we going to do? How are you going to meet with you legislators? Who is running for office? Who is likely to be in control? Who are the leader going to be? Those discussions are going on right now. That is a much better operation. Each of them have added to that. We should never get out of the legislative business.
There was recognition by the presidents, state officials and the Presidents Council of the OCCA that the Unity Pledge might disadvantage some colleges. The Blue Mountain Community College Board was the last board to sign the Unity Pledge. Blue Mountain Community College is a smaller community college located in Pendleton, Oregon in rural Eastern Oregon. Pendleton is located far from the Willamette valley, the center of population and economic power in the state. The story behind this delay in signing was explained by the Blue Mountain Community College president:

“Our college had been knocked down twice in the previous three years, in the 99 session there was a change in the funding formula part of the phase in process was to establish a commissioner’s reserve. During that time I had personally worked with the former commissioner for 18 months to develop the language. Blue Mountain was one of the schools targeted to receive the reserve dollars; Blue Mountain was mentioned by name in the original documents that went to the State Board of Education establishing the commissioner’s reserve. The line read the commissioner’s reserve will be established to protect Blue mountain and any other school adversely affected by the phase in of the formula. At that time there were three other schools that we thought might get money out of the $2 million dollar reserve. We anticipated that we would receive somewhere between one and two million out of the reserve. I met with the commissioner many, many times. He actually came and met with our board, The minutes form that meeting reflect that we would be getting dollars from that reserve. Our board members clearly believed this. However when the dust settled and it came time to distribute funds, the dollars that we fully expected to get were part of the $9 million for enrollment growth, $2 million of which were going to the commissioner’s reserve. The other $7 million were to go into the formula for all schools. What happened in the session was that $2 million were provided period. Our plans started to fall apart, concurrently the commissioner retired. And
so all of the ground work that had been done was lost. No one else in the agency had been involved. This all was turned over to the deputy commissioner who had not been involved in the discussions. He had not been in any meetings. In the end, the commissioner’s reserve dollars were not given out to the colleges. Our boards’ response to that and our college’s response to that was that we had been betrayed. Board members actually used that word, betrayed. Another said that we had been led down the garden path.

So we had anticipated between 1 and 2 million dollars. We had budgeted $1 million dollars. We overnight had a million dollars shortfall in our budget. Then we started the preparation for the 2001 session with everyone saying “let’s get unified and go get money.” Well I can tell you that my board’s response to that was extremely negative. It took a lot of work on the part of the new commissioner and the OCCA executive director and myself and our OCCA board member, who was aware of the strategy. But we had a split board. We were probably the school that was the least willing to sign the unity pledge. We were the last to sign. We had Senator Nelson come out to a board meeting with the commissioner and OCCA exec director, all three came to a board meeting to talk about the importance of signing the unity pledge. I think that Senator Nelson was the most encouraging. The persuasion of him saying that the only way to get money is to be unified with the other schools. He said that you can't get the money by yourself. So at that point, our board reluctantly and non-unanimously voted to sign the unity pledge.

The line item funded projects, including funds for a Regional Partnership with Eastern Oregon University and a Skills Center, are explained later in this chapter. Blue Mountain had received these line items funds because the legislators from the college service district had seniority in the legislature and were committed to bringing resources to their rural area.
In spite of local concerns, all 17 colleges signed the pledge. The text of the pledge had been developed by the OCCA staff, the Presidents Council and the OCCA Executive Board. The Unity Pledge was signed by the president and a board representative from each of the seventeen community colleges.

The text of the pledge was as follows:

Community College Declaration of Unity

We, the undersigned, on behalf of our community colleges, support one legislative proposal for the benefit of all community colleges for the 2001 legislative session. In order to emphasize the importance of the proposal, we also pledge to promote no other community college funding requests, individual or statewide, during the next legislative session until the unified legislative proposal is signed by the governor.

(Signatures of the presidents and board representatives from each of the seventeen community colleges)

Note: this pledge recognizes the value of preserving local control while working together statewide to ensure that students in all of Oregon's community colleges will continue to enjoy the accessibility, affordability and comprehensiveness that make community colleges unique. This unprecedented commitment to unity by all 17 local college districts is crucial because our ability to raise operational funds locally has become extremely limited. It is our sincere hope that our unity of purpose will result in legislation that preserves and improves the vital services we provide Oregon's students, workers and communities.

The text of the Unity Pledge was written to clearly communicate the commitment to unity. The community colleges would support one proposal for the benefit of all community colleges. The community colleges would support
The note after the signatures was an integral part of the Unity Pledge. This note was carefully crafted to address local concerns, e.g., local control and limited ability to raise operational funds, and to establish the legislative agenda, providing fund to provide accessibility, affordability and comprehensiveness that make community colleges unique and to preserve and improve the vital services we provide Oregon's students, workers and communities. The note also highlighted the fact that this unity was unprecedented in the history of the community colleges.

Following the signing of the Unity Pledge, the pledge was sent to the newspapers and other media in the state. The pledge was also sent to the Governor's office and to the legislators.

Budget Planning

During the time that the meetings with the Governor were occurring, the OCCA Executive Board, the OCCA staff and the CCWD staff worked on a
budget strategy which could be unifying and would present an easily understood message. The budget model selected was a Per-Student Funding Model. The model provided the conceptual foundation for the single, specific, significant budget request. This approach to budget requests represented a fundamental change by the community colleges for requesting funds from the legislature. Requests presented to prior Legislative sessions had been program or institutionally specific. Joint lobbying by community colleges had been limited to specific programs. For example, a group of community colleges who received funds for the regional partnerships lobbied together in the 1999 session to retain and increase those funds.

The Per-student Funding Model addressed statewide needs which impacted all community colleges. The OCCA Executive Director, CCWD Commissioner and presidents who were interviewed clearly stated that this model was selected because it provided the format for requesting a single, large increase in state funding and because it would be simple to communicate. The Unity Pledge and the associated budget decisions provided the basis for a communications plan with legislators.
The OCCA staff developed a comprehensive action plan to help individual community colleges more effectively communicate with their local legislators. The Campus Action Plan was detailed and published in a 48-page booklet (Oregon Community College Association, 2000). The Plan outlined activities and background information of the individual components. The Campus Action Plan indicated that each community college meet with each individual legislator and each candidate for the legislature. These meetings were to occur before the general election which was held on November 7, 2000. The plan emphasized a meeting with every candidate because any candidate, even those who lost the election, might be a candidate in the future. An outcome of term limits constitutionally requires that each legislator can spend a maximum of 12 years in the legislature which assures constant turnover in the legislature.

The booklet also described the legislative request of the community colleges. The community colleges' position included a brief introduction to the Oregon community colleges', a description of the four concepts which community colleges were promoting during the session, which became known as the “Four A’s,” and the Community College Pledge to Oregon. The four A’s
described the education that community colleges promised to Oregon; these four A's were accessible, affordable, adaptable and accountable education.

The introduction to the four A's stated:

We will provide a high-quality education that is accessible, affordable, adaptable and accountable to all Oregonians. As Oregon grows, we will grow. As our economy changes, we will respond to the changing needs of Oregon workers and employers. In all of our endeavors, we will continue to be efficient, effective and accountable stewards of the resources entrusted to us.

(Oregon Community College Association, 2000, p. 6)

The booklet described and emphasized the importance of localizing the "Four A's", so the legislators and candidates could understand the results of the colleges being accessible, affordable, adaptable and accountable in local terms. The booklet also discussed a solution to the financial problems that community colleges face locally. The solution is described as moving from the "current service level model" to the "student-based funding model." The problems with the Current Service Level (CSL) model were listed as:

- The CSL model doesn't provide state funding for enrollment growth
- We have no place but the state or tuition increases to pay for enrollment growth.
- We have already doubled tuition since 1990.
- Property tax growth is small in most areas of the state
- The CSL model doesn't reflect our new funding situation created by Measure 5 and 50.

The CSL model worked fine while community colleges still had...
access to local operating levies. Pre-Measure 5 and 50, community colleges could offset the cost of growth by getting increased local dollars. Measure 5 and 50 have now cut off community colleges' ability to get local funding. (through locally approved property taxes) (Oregon Community College Association, 2000, p. 13)

According to the booklet, the Student-Based Funding Model would correct these problems by funding the actual current enrollment and the projected enrollment growth for the 2001-03 biennium. The advantages of the “Student-Based Funding Model” were listed as:

- All “reimbursable” FTE are funded
- Funding students is simple to understand.
- Focusses the legislature on “service to students” rather than a “budget.”
- The Student-Based Funding Model more closely aligns the state budget process with how our money is distributed to the colleges.
- Legislature will have a clearer understanding of where community colleges' state funding is spent.
- The Student-Based Model provides more accountability.

If more students enroll, the colleges will receive increased funding. If fewer students enroll, the colleges will receive less funding. (Oregon Community College Association, 2000, pp. 14-15)

The estimated cost of implementing the Student-Based Funding Model was set at approximately $80 million. This amount assumes that the legislature would fund each FTE student at a level of $2499 per FTE, which represents a 2% increase over the amount the colleges received during the 1997-99 biennium. Many presidents and board members used $80 million to
communicate the level of community college need to legislators and to the public.

The booklet also presented “The Community College Pledge to Oregon” which includes student goals, workforce goals, accountability goals and quality goals. This material was intended to provide background information for college administrators and board members, which would help answer legislative candidate questions about the community college statewide mission and goals. For example, in the section titled, “Student Goals,” there were four topic areas:

1. Maintaining open-door policy as demand for services grows, 2. Providing educational access for ethnic minority Oregonians, 3. Taking college to the student through distance delivery, and 4. Maintaining low-tuition.

Under each topic were three to nine ideas or facts which presidents and board members could discuss with legislators and legislative candidates. One of the ideas under the topic, “1. Maintaining open-door policy as demand for services grows,” related to waiting lists:

By 2005-06, community colleges want to be able to admit all eligible who apply. Community colleges are currently not “on target” for this goal because 14 of our colleges have waiting lists. (The other three colleges don’t keep waiting lists after the courses close.) We are hoping that increased funding will allow us to meet this goal in five years. By putting a student on a waiting list, we are
putting their lives on a waiting list. Please check with your college about your waiting list situation.

(Oregon Community College Association, 2000, p. 17)

Finally the community colleges are encouraged to “give the candidates an opportunity to tell you and the public that they are committed to advocating for community colleges during the 2001 legislative session.” pg 28 The colleges were encouraged to explain the difference between a supporter who would just say that they love community colleges and an advocate who would take action to help community colleges. Candidates who said that they wanted to be advocates for community colleges received a certificate recognizing that they were community college advocates. This information was generally publicized in the local areas.

The booklet also included a monthly action plan leading up to the elections and then to the legislative session. The calendar began with May 2000 and continued through the end of the year 2000. The May calendar included the OCCA Convention (May 19-20) during which team leaders for each community college were selected. Teams were then formed at each college, the information in the Campus Action Plan reviewed and specific actions taken to communicate with candidates. The first item listed on each month of the calendar is “Contact Each Candidate Monthly.” September was
the month selected during which the candidate was asked to become a community college advocate during the 2001-2003 session.

All of the presidents and state officials who were familiar with the Campus Action Plan and the associated booklet were positive about both. The Campus Action Plan was seen as a helpful tool which assisted the local campuses.

**BUDGET REQUEST AND HEARINGS**

With the support of the OCCA, the CCWD decided to present one funding item for the 2001-2003 session, which would be an increase in the Community College Support Fund (CCSF). The CCWD used the approach of examining the enrollment growth and the costs per FTE as reported on the Integrated Post-Secondary Education Data System (IPEDS) reports. This approach was similar to the approach used by the Legislative Fiscal Office in 1996 to determine the cost per FTE of the Oregon University System (OUS). There was an assumption made by the CCWD that, because of this history, the legislature and the Legislative Fiscal Office would understand the reasoning.
and feel some comfort with the methodology. The CCWD used the IPEDS numbers for the community colleges' FTE and cost numbers.

The CCWD also studied the post-Measure 5 state funding of community colleges which required the state to replace funding lost due to the limitations on raising local property taxes. Because of this replacement and because of the limitations on raising revenue locally, the state funding of community colleges increased from approximately 24% of total funding before Measure 5 to approximately 53% of total funding during the 1997 legislative session. Using the IPEDS data, the CCWD derived an average cost per FTE in Oregon community colleges was approximately $5200. If the state contributed 53% of the average costs per FTE, then the related increase in the community college support fund would have been at least $130 million. Given the state's expected financial condition which was expected to not have increases in revenue, this amount was considered too large politically; the OCCA executive director even considered that the a request of that amount would be counterproductive. She felt that, if the Governor and the legislature viewed the CCWD proposal as reasonable, then they would be more likely to support the proposal. She, along with the CCDW commissioner and several presidents, also was concerned that if the Governor and the legislature considered the CCWD proposal to be unreasonably high, then they might dismiss the
proposal for increased funding altogether and, thereby, reduce the potential of the community colleges engaging in an effective dialogue on funding. The comments of a rural community college president described some of the issues faced during the budget setting:

And the unity pledge going into the session was for us to receive about $80 million dollars. We were to be in pursuit of $80 million. The original calculation of the money needed to fund the student-based model was $126 million dollar. The governor said that is not reasonable, come back with something reasonable. So the commissioner requested $76 million. The governor produced his budget on December 1st and it had in it $45 million. However it also had a reduction of 12 million in line items. Which means the net dollars is $33 million which is a far cry from $126 million. So we were way off of the mark from where we were supposed to be. Not only were we not getting the $80 million dollars from the unity pledge we were getting less than half of that but we were losing the line item funding.

Asking the state to pay 49% of the average FTE cost would mean a $76 million increase in state support of community college. This amount was selected because it was viewed by the OCCA and the CCWD to be large enough to meet significant needs of the community colleges and small enough to politically acceptable to the Governor. Additionally several presidents and the OCCA Executive Director expressed concern about advocating that the state fund more than 50% of the community college revenue. One of the shared concerns was that the state might move to reduce the local control and increase state control if they fund more than 50% of the revenue. Some OCCA
Executive Board members expressed concern during the February 2001 meeting that the community colleges not make funding requests that might lead to a state system for community colleges.

The budget request from the CCWD to the Governor's office was set at a $76 million increase in the Community College Service Fund (CCSF). This amount involved several judgments by all the parties involved.

In the interviews conducted for this research, there was agreement that an increase greater than $76 million was needed. The judgment was made by CCWD, however, in concert with OCCA, that the amount requested, $76 million, was large enough to have a significant impact on the community colleges without being viewed by the Governor and the legislature as unreasonably large.

Additionally, if the $76 million request was granted, the state would provide 49% of the community colleges' revenue. The $76 million increase requested was a result of compromise in total amount and in budget development philosophy.

Most presidents and board members, either in interviews or in the OCCA Executive Board meetings, understood the rationale for this request. There was almost complete disagreement among these groups about the amount of State funding that community colleges needed. Each institution had
their local definitions of financial need. They also have their own plans and
dreams for growth and development. Institutions set different priorities on
programs and services. An example of these different priorities appeared in
the interviews regarding the regional partnerships. One president stated that
the regional partnerships should be part of the institution's normal operation
and therefore the special line item funding was not necessary. Another
president stated that the special regional partnership funding was essential to
maintain these services. These institutions are different in size, location and
community perceptions of priorities.

The range of State funding needed as indicated by observation of
meetings and interviews from the 2001-2003 Session ranged from more than
$130 million to $76 million. Numbers mentioned by various individuals
included $130 million, $127 million, $121 million, $107 million, $96 million,
and $76 million. These numbers did not include capital needs which were
mentioned several times. With capital construction needs included, presidents
and board members indicated the needs could be as high as $300 million.
The potential significance of these numbers is that the unfunded need, that
amount above the requested $76 million, depends on the original perception
of need. The perceptions of unmet community college needs ranging from
approximately $30 million to over $200 million if capital construction needs are
included. One president pointed to the $380 million in capital requests before the 1999 session as one description of capital need.

The methodologies used to generate these perceived needs were also viewed with widely different understanding. If the needs, hopes and dreams of 17 individual colleges were aggregated into a single request, that amount would be far beyond $130 million. A few of the presidents and board members described the concept of need as being this aggregation of community college desires. A few presidents and OCCA staff focussed clearly on enrollment growth, while other presidents and board members described pressing needs for plant maintenance funds or for capital construction. Most of the presidents, OCCA staff and state officials felt that the use of IPEDS data provided easily communicated data which was comparable between community colleges. At the same time, many of the presidents and board members acknowledged the special needs of individual community colleges which cannot be measured by IPEDS or statewide data.

The fundamental OCCA concept was to ask for as large an amount of money as was politically possible. The concept of the politically possible increase was a more central discussion among the CCWD, the Governor’s office and the Co-Chairs. This focus was less common among those who work
outside of the state capital, Salem. Several presidents suggested that a single request for an increase in the CCSF did not adequately support or communicate the specific needs of their colleges. These presidents understood the logic behind the single request; they actively supported the request. They also commented that their boards and communities would be asking serious questions about results of the appropriations for their colleges.

Because the size of the increase requested and the potential for a state budget deficit, the Commissioner of the CCWD personally met with each department head of the other state agencies. These department heads along with CCWD report to the Governor and have the same budget-preparation responsibility as the CCWD Commissioner. Each department head is expected to prepare a proposed agency budget for the Governor's office. In these meetings, the CCWD Commissioner explained the enrollment growth that community colleges have experienced and the tuition increases the colleges had enacted to attempt to cope with the costs of the increases. The Commissioner also discussed the role of the community colleges' programs in addressing key issues that face the state. She wanted to emphasize the importance of the community college programs to many state agencies. For example, the community colleges play a vital role in dealing with worker training to support economic development. The CCWD Commissioner
reported that the other department heads had concerns about the funding for their agencies during the legislative session; however, they did say that they understood the CCWD request.

Governor's Budget Proposal

The Governor's office processed all of the budget requests and generated a Governor's proposed budget for all legislative funding. During the first stage of this process, the Governor reduced the community college increase from $76 million to $45 million. During the second review of the total proposal, the Governor requested that all agencies, including the CCWD, make additional cuts in their budget, which potentially included cuts to the $45 million request. After this review the Governor approved the $45 million request. The Commissioner, in consultation with the OCCA, recommended that the line item funds be eliminated so the community colleges could retain the $45 million. The LFO analyst for the Joint Ways and Means Committee described one perspective on the scale of the $45 million request:

This session the governor proposed a large increase. In the budget environment that the state was facing, the $45 million was not an easy thing to fund. He supported that; the legislature considered reducing the support. In the end, the legislature adopted almost exactly what the governor proposed.
These line item funds included funding for the regional partnerships and the skill centers. The rationale for this approach was that the CCWD was more likely to be successful in the legislature in obtaining increased funding for all community colleges than to retain funding for a limited number of colleges. The recommendations for the cuts of the line items were described by the OCCA executive director as follows:

The CCWD commissioner made the recommendation but she was forced to. The Governor sent out a directive to all agencies telling how their budget could be cut---I believe 10%. She had to make the recommendation to cut her entire budget by 10% because her office budget is only about 1.5 million. She had two places to go---the support fund or the line items. Since we were asking for an increase in the support fund she took the line items. And that is what the governor took with the recommendation.

Many presidents and state officials discussed the role of the CCWD in the decisionmaking processes. Some felt that CCWD was central to the decisionmaking processes and, as an example, CCWD made the decision to eliminate the line item funding which included the regional partnerships. These individuals tended to see the CCWD as more autonomous. Other state officials and OCCA staff were clear in their belief that the agency heads work for and at the pleasure of the Governor. While the agency heads can make recommendations before the Governor has made a decision, the agency heads do not have the option of remaining in their positions and publicly opposing the governors decisions.
The Governor sent his budget proposal to the Legislature and to the media which included the following comments relating to community college funding:

Community Colleges
Forty-five million dollars is targeted toward meeting enrollment growth at Oregon’s community colleges. For many Oregonians, community colleges are the front door to better jobs and better futures. Last Legislative session provided no increase in funding to cover the dramatic enrollment growth faced by our community colleges. As a consequence, community colleges were forced to limit enrollment, turning students away or creating waiting lists. This investment will enable our community colleges to provide accessible, affordable, and comprehensive educational opportunities to more Oregonians.

(Governor's Office, 2001, pp. 15-16)

The governor's proposed budget was presented to the Oregon Legislature January 9, 2001

As part of the formal budget presentation to the legislature the Governor's Budget Request contained both Essential Packages and Policy Packages which made specific line item and budget area recommendations. Essential Package Number 020 requested a decrease of $794,637 in general funds. This decrease was accomplished by removing six one-time appropriations from the 1999-2001 Legislative Session. These appropriations were listed as:

| HB 5602 | Funding for past Annexations | $290,000 |
Essential Package Number 030 applied the Department of Administrative Services (DAS) allowed inflationary adjustment of two per cent per year to the CCSF for an increase of $29,198,561 in general funds for 2001-2003. In a related package, Essential Package Number 050 decreased the general funds for the CCSF by $17,263,305 of general funds because of an anticipated growth in the local property tax revenues which would offset some of the inflationary factor. Additionally this package accounted for a change in the way that forest lands were taxed and then appropriated to community colleges. This change increased the other funds revenues by $145,334.

The Governor required every agency to identify potential reductions as a part of the budget development process. Based on these required CCWD recommendations, the governor submitted Essential Package Number 090 which recommended the following decreasing general funds for the CCSF by $12,671,001:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB 5062</td>
<td>Capital Projects for Mt. Hood C.C.</td>
<td>$100,000</td>
</tr>
<tr>
<td>HB 5062</td>
<td>Rogue C. C. Mental Health Program</td>
<td>$70,000</td>
</tr>
<tr>
<td>SB 5511</td>
<td>Capital Projects for Mt. Hood C.C.</td>
<td>$100,000</td>
</tr>
<tr>
<td>SB 5511</td>
<td>Capital Projects for Chemeketa C. C.</td>
<td>$200,000</td>
</tr>
<tr>
<td>HB 3239</td>
<td>Baker County annexation costs</td>
<td>$34,367</td>
</tr>
</tbody>
</table>
Reduce direct state funding for Regional Partnerships $4.9 million ($1.2 million remains).

Reduce direct state funding to Sabin Skill Center $1.7 million ($1.1 million remains).

Eliminate direct state funding for Oregon Advanced Technology Center $1.8 million.

Eliminate additional state funding for Basic Skills Centers -- $3.4 million.

Eliminate direct state funding for Central Oregon Advanced Technology Center $0.1 million.

Eliminate direct state funding for Southern Oregon Advanced Technology Center $0.1 million.

Eliminate funding for Central Oregon University Center $0.3 million.

Eliminate direct funding of apprenticeship programs $0.4 million.

A description of each of these programs was included in the presentation of the CCWD to the legislature which was described later in this chapter.
The Governor submitted Program Option Package Number 101 which
recommended a $45 million increase in the CCSF general fund
appropriations. The purpose of this package was stated as follows:

Oregon's seventeen community colleges exist to provide
accessible, affordable education and training opportunities to
people. Last year, more than 392,000 people took advantage of
these opportunities - primarily in lower division four-year transfer
courses, professional technical courses, and in basic skills
courses. These people generated more than 93,000 full-time

Community colleges rely on a wide range of funding
sources to be able to accommodate the needs of these students.
State general fund, local property taxes, and student tuition
provide the bulk of community college funding, with the state's
contribution making up the single largest source of revenue. This
partnership matching state general funds with local tax and tuition
resources has purchased a valuable product: quality education at
an affordable price.

Benefits of the community college experience accrue not
only to the student but to many others. Business benefits through
better trained workers; families benefit through acquiring skills -
which are necessary for most well-paying jobs - and through the
higher education access that a local community college provide;
society benefits by having a citizenry armed with the ability to
contribute fully to Oregon's livability.

Even with the wide range of beneficiaries, it is the student
that gains the most by having access to quality education and
training. Whether seeking courses that will lead to a four-year
degree or those that will teach them to read, students know that
the community college will deliver on its promise of accessibility,
affordability, and accountability. The 2000 Oregon Population
Survey found that 91 percent of Oregonians view community
colleges favorably, making this Oregon's single most popular
public service for the third biennium in a row.

The State Board of Education remains committed to the
policy of providing community college access to all Oregonians.
The Board believes that this is best accomplished by providing
local community colleges the state general fund resources
necessary to meet student education and training demands. This package is designed to maximize the state's commitment to accessible community college services. (Governor's Office, 2001)

There were additional Program packages which were relatively small. Program Package Number 203 transferred $397,435 from the CCSF to the CCWD funds to establish two distance learning positions. These positions had been located at Chemeketa Community College and had coordinated the development of distance-delivered classes. The positions were proposed to be transferred from the Chemeketa budget to the CCWD budget.

The OCCA executive director and the CCWD commissioner stated that the budget was given to the community colleges by the Governor; the community college role was to "keep" the budget during the legislative process. By "keeping" the budget they meant that the community colleges would provide sufficient support for the proposed budget to convince the Subcommittee to not make any cuts in the proposal. The assumption behind these comments was that the Subcommittee was only empowered to recommend cuts; the Subcommittee was not empowered to recommend increases.
Co-Chairs' Budget

The Co-Chairs of the Joint Ways and Means Committee, Senator Lenn Hannon and Representative Ben Westlund, produced their version of a proposed state budget at the same time that the Governor's budget was sent to the legislature. The Co-Chairs' budget serves both as the legislative negotiating position with the Governor and as guidelines for subcommittee action. The Governor, a Democrat; faced a legislature where both houses were controlled by the Republicans. Individual funding bills generated in the Legislature are forwarded to appropriate committees and subcommittees for consideration and for hearings. In their budget, the Co-Chairs recommended the same increase for community colleges as the Governor Office did, $45 million. The community college increase was written into Senate Bill (SB) 5506, which was referred to the Joint Ways and Means Subcommittee on Education for hearings.

The roles of the Co-Chairs were understood differently by presidents, state officials and legislators. A few saw the subcommittee process, including the hearings, as a process of deciding the amount that should be budgeted for community colleges. There were references to the increases given to the university system after their hearing and their student and alumni rally at the
Capital as an indication of the importance of the Subcommittee. Others, including legislators, describe the hierarchical nature of the relationship of the Subcommittee to the Co-Chairs. They describe a process in which the Subcommittee considers the bills forwarded to them in light of the Co-Chairs' budget. Unless the Subcommittee members are willing and able to challenge the majority which elected the leadership who appointed the Co-Chairs then options for the Subcommittee are limited. These options were described as recommending reductions from the recommended amount, supporting the recommended amount or in rare cases lobbying the Co-Chairs for increased funding. This last option was described as a very rare case. In general the Subcommittee is in the position of agreeing with the Co-Chairs or recommending reductions in the amount that the Co-Chairs propose. The hearings were described as a time for the agency to present their case for the proposed funding and a time for the public to be heard. The processes are educational for the Subcommittee; the processes are also a way for the Subcommittee to check on the accountability of the agency.

In response to a question about the impact of term limits on the retention of institutional knowledge about legislative actions, a veteran senator stated: Certainly some people can study hard and get a level of knowledge to be effective. It takes a while around here to learn the processes and to learn the complexity of issues, to get to know the people, you can't do that immediately. It takes awhile.
Used to be that what we wanted on Ways and Means were experienced people, we tried to keep those people coming back once they were there, if they performed well. So you could have a block of people that knew what was going on, had the experience. With term limits, especially on the house side, it was pretty difficult to have people who had more than two terms experience--two or four years that was about it. That's been a problem. The staff play a more important role. I suppose the lobbyists play a more important role. I think it has been detrimental to the process. But it works but not as well as it used to.

He went on to discuss the impact of term limits on decisions by stating:

Despite all of the things that you can do there will be an erosion of legislators making decisions. More of the decisions will be made by the staff. If you get good staff you get some pretty good decisions. But we don't want that. They aren't elected to make the decisions. We are elected to make those decisions. And the lobby that is out there, the governors office, all of those people out there will have more influence on the decisions.

The one difference between the Governor's budget and the Co-chairs' budget was the co-chairs' inclusion of $6.2 million to fund 50% of the cuts proposed by the Governor in the Essential Package Number 090. The following is a summary of the reductions proposed in the Governor's Essential Package Number 090 and in the Co-Chairs budget:
TABLE 1. Proposed Reductions, Governor’s and Co-Chairs’ Budgets

<table>
<thead>
<tr>
<th>Area of Reduction</th>
<th>Governor’s Budget</th>
<th>Co-Chairs’ Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Partnerships</td>
<td>($4.9 million)</td>
<td>($2.5 million)</td>
</tr>
<tr>
<td>Skills Centers</td>
<td>($3.4 million)</td>
<td></td>
</tr>
<tr>
<td>Advanced Technology Centers</td>
<td>($2.0 million)</td>
<td></td>
</tr>
<tr>
<td>Sabin Center</td>
<td>($1.7 million)</td>
<td>($3.9 million)</td>
</tr>
<tr>
<td>Apprenticeship Contracts</td>
<td>($0.4 million)</td>
<td></td>
</tr>
<tr>
<td>Central Oregon University</td>
<td>($0.3 million)</td>
<td></td>
</tr>
<tr>
<td>Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Program Reductions</td>
<td>($12.7 million)</td>
<td>($6.4 million)</td>
</tr>
</tbody>
</table>

The Governor’s proposal was completed before the start of the 2001-2003 Session. The proposal was static at that point. The responsibility for explaining and defending the proposal in the Legislature shifted from the Governor’s Office to the appropriate agency, in this case CCWD. While many others including the OCCA and the community college presidents were involved, the CCWD was solely responsible for organizing the presentations during the legislative hearings. The Governor’s budget request included requests for all state agencies. The agency head is responsible for the presentations to committees or subcommittees regarding their budget.
Legislative Hearings

The Oregon Legislature considers measures which have been introduced to the legislature by members by referring the measures to an appropriate committee. Committees may consider a measure in the committee or may refer the measure to a subcommittee for consideration and recommendations. Consideration by the committee or subcommittee may include public hearings. The CCWD budget was referred to the Joint Ways and Means Committee which in turn referred the measure to the Joint Ways and Means Education Subcommittee. Both House and Senate members are assigned to the Joint Ways and Means committee; members of the joint committee are then assigned to the Joint Ways and Means Education Subcommittee. For the 2001 legislative session, the Senate members of the Subcommittee were Tom Hartung (R-Dist. 3), chair, Randy Miller (R-Dist. 13) and Cliff Trow (D-Dist. 18). The House members were Betsy Close (R-Dist. 36), Elaine Hopson (D-Dist. 2), Kurt Schrader (D-Dist. 23), Tootie Smith (R-Dist. 18), and Jackie Winters (R-Dist. 31).

The Senate members of the full Joint Ways and Means were Lenn Hannon (R-Dist. 26), Co-chair, Beverley Clarno (R-Dist. 27), Joan Dukes (D-Dist. 1), Ted Ferrioli (R-Dist. 28), Tom Hartung (R-Dist. 3), Randy Miller (R-Dist.
13), Cliff Trow (D-Dist. 18), and Mae Yih (D-Dist 19). The House members of the full committee were Ben Westlund (R-Dist. 55), Co-Chair, Tom Butler (R-Dist. 60), Gary Hansen (D-Dist. 17), Cedric Hayden (R-Dist. 8), Jim Hill (R-Dist. 15), Elizabeth Johnson (D-Dist. 31), Susan Morgan (R-Dist. 46), Rob Patridge (R-Dist. 50), Kurt Schrader (D-Dist. 23), and Jackie Winters (R-Dist. 31).

Hearings for the Subcommittee were coordinated by the Legislative Fiscal Office (LFO) analyst who is assigned to the Subcommittee. During the 2001-2003 session the LFO analyst for community colleges and higher education was Steve Bender. His responsibility was to provide a fiscal analysis of each measure coming to the Subcommittee, to work with the chairs of the Subcommittee to estimate the amount of time to be allowed for each hearing and to work with the presenters to ensure that presentations included the information the Subcommittee needed in its deliberations. The LFO met with the head of each agency testifying before the subcommittee to discuss the Subcommittee's concerns and the structure of the agency's presentation. The LFO analyst for the Subcommittee on Education also helped communicate the directives of the Co-Chairs of the Joint Ways and Means Committee to the subcommittee and helped define the daily tasks of the Subcommittee.
The Commissioner of the CCWD, in cooperation with the Executive Director of the OCCA, planned the presentations for the CCWD. The topics for the presentation were selected to meet the Subcommittee concerns. The data was selected to clearly and positively communicate the case for the Governor's budget. The structure for the presentations to the subcommittee was explained in detail by a subcommittee memorandum.

The Commissioner worked within the subcommittee's guidelines for the presentation. The Commissioner also worked within the Governor's expectations. State officials and the OCCA staff stated clearly that the Commissioner is expected to support the Governor's budget. The commissioner serves in her position at the pleasure of the governor. The commissioner may not advocate for any position that has not been proposed by and supported by the Governor unless she has the governor's approval or unless she was willing to lose her position.

The presenters were carefully selected and were either CCWD staff or community college presidents. Presenters were selected to ensure that the information presented to the subcommittee was communicated clearly and to ensure that the presenters were accepted by the subcommittee members as authorities. The presidents were selected because they were perceived by the
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OCCA executive director and the CCWD commissioner as being effective with the subcommittee members. This process was described by the president of a larger community college as follows:

She (CCWD commissioner) strategically picked the people who talk with the legislators. I don't even know that the presidents were aware of this. It used to be that the chair of the president's council would do the speaking. The executive director of the OCCA and the CCWD commissioner basically handpicked the people who would go down there to talk. Based on number one—who could do a basically good job. That was a strategic change. There was a good analysis of who was on the committees, by party and by constituents and then who could deliver the message to those folks. Sometimes it would be the person who had the knowledge of ABE-GED—and hopefully who had a legislator was on the committee. There was less concern about whose feelings were going to be hurt if they didn’t testify or who by a position should testify.

The hearings for the CCWD began on February 27, 2001. The hearings lasted a maximum of two hours daily from 1 pm to 3 pm. The hearings were held in Room F in the State Capitol Building. During the hearings the subcommittee members sat along one wall behind a raised counter. In front of this counter were tables for presenters and behind the presenter tables were seats for approximately 125 observers.

Each day the Chair of the Subcommittee introduced the LFO analyst who described the work that needed to occur that day and explained the...
information packets that had been distributed to the subcommittee members before each day's hearing. At the beginning of the first day of hearings, the LFO analyst explained that the Subcommittee was beginning the hearings for Senate Bill 5506 which funded the general fund portion of the CCWD budget. He explained that this was the first large general fund budget that the Subcommittee was hearing. He reviewed the Governor's recommendations and the Co-Chairs' recommendations and clarified the differences between the recommendations. Both budgets recommended the $45 million increase in the CCSF. The Governor's budget recommended $12.7 million in reductions or eliminations in the line items activities. The co-chairs' budget recommended restoring 50% of the reductions and eliminations, $6.4 million. The LFO analyst then explained that these budgets are based on the December economic forecast and that the next forecast was due on March 1, 2000. This March forecast was widely expected to show a decline in the state revenue. The LFO analyst stated, with that possibility in mind, the co-chairs were willing to accept support for budget enhancements up to the $45 million if the Subcommittee actions agreed with the Co-Chairs recommendations. The Co-Chairs were asking the Subcommittee not to forward any other enhancements including enhancements beyond the $45 million for student-based funding. Further, the Co-Chairs were asking that action be held on restorations of funds...
that had been cut by the Governor's budget, even the ones approved by the Co-Chairs until revenue was more clearly projected.

If the Subcommittee, after hearings, wanted to restore funds cut by the Governor and recommended restored by the Co-Chairs, then the Co-Chairs asked that these proposed restorations not be included in the referral to the Committee but that they should be sent in an "add-back list." The effective difference between these two methods of communicating preferences back to the Committee was that if the Subcommittee referred restorations back to the Committee with the bill, then the Committee would have to take action to eliminate the proposed restoration if revenues were lower than projected in December. If the Subcommittee sent proposed restorations in an "add-back list," then the committee can eliminate the proposed restoration by simply not taking action on the list.

The LFO analyst described the scale of the community college budget, which was 4% of the general fund budget. He described the CCWD budget as 80% general funds and 20% federal and other funds. Approximately $465 million of the $475 million in the CCWD general funds go directly to community colleges to fund delivery of services and programs.
The Subcommittee chair introduced Cam Preuss-Braly, the Commissioner and her staff to give an overview of the CCWD, which included the organization, roles, mission, goals, programs and performance measures of the department. The materials that the Commissioner used in the presentations were prepared in advance and distributed to the Subcommittee members and staff.

In these materials, the Commissioner described the role, goals and mission of the CCWD as:

**Community Colleges and Workforce Development (CCWD)** provides state leadership, accountability and technical assistance to:

- Oregon's 17 community colleges;
- Seven local workforce investment areas;
- Numerous Oregon Youth Conservation Corps local service providers;
- GED testing centers; and
- The Community Service Commission volunteer programs.

The State Board of Education has adopted goals to guide our work. The goals are:

- Preparing students to learn;
- Supporting them as they progress;
- Helping students meet standards;
- Preparing them for life and careers.

The mission of the Department of Community Colleges and Workforce Development is to contribute leadership and resources to increase the skills, knowledge and career opportunities of Oregonians. To fulfill the mission, we will work with all partners to build broad consensus based on common purpose, vision and values for workforce and education; identify statewide issues and facilitate solutions; develop, allocate and leverage resources and measure outcomes for effective service delivery; support local...
service delivery that contributes to statewide expectations and outcomes; use information for decision making and policy development.

The Commissioner described the CCWD budget as having 97.5% of the agency's budget going to local service delivery, 1.8% state administration and 0.7% debt service. The revenues of the CCWD are divided into 79.4% general fund, 18.7% federal funds and 1.9% other funds. These presentations completed the first day of hearings.

At the start of the second day of hearings, February 28, 2001, the LFO analyst described a document which had been given to the Subcommittee members. This document gave information on the federal programs administered by the CCWD. There are four federal programs, Workforce Investment Act, Title IB; Workforce Investment Act, Title II; Even Start Family Literacy; and the Americorps program.

The Commissioner began her presentations with the innovative step of answering the Subcommittee questions from the first day which she was unable to answer at the time that they were asked. The Commissioner answered those questions in writing at the beginning of her presentation. She stated in her interview that the purpose of answering the questions at the start of the next day was to demonstrate that CCWD was striving to be open and
responsive and thereby to build trust with the Subcommittee. The answers were delivered in writing which allowed the Subcommittee members to consider the answers at their own pace. Also, it saved valuable testifying time before the subcommittee. Some departments testifying before the legislature answered similar outstanding questions at some future time; others simply said they didn't have the answer. The Subcommittee members commented that they appreciated the responses and were impressed by the speed of response.

At the start of the third day of hearings, March 5, 2001, the LFO analyst described the focus of that day's hearings which were, in general, the programs recommended for reduction or elimination in the Governor's and Co-Chairs' budget. The Governor had recommended total reductions of $7.9 million for the programs to be considered; the Co-Chairs had recommended restoring $3.9 million of the proposed reductions. The programs that were being discussed during this day of hearings were: the GED programs which were not being proposed for reductions, the six Skills Centers, the Oregon Advanced Technology Center, the Sabin skills center, special funding for apprenticeship training, and the Central Oregon University Center. The CCWD Commissioner answered questions from the previous day's hearings and began presentations on the programs to be considered.
The six Skills Centers had been funded for a total of $3.4 million and had been in existence for approximately 12 years. These six centers served the following community colleges and sites:

- Blue Mountain Community College and Treasure Valley Community College, Skills Centers of Eastern Oregon
- Central Oregon Community College, Central Oregon Skill Center
- Chemeketa Community College, Chemeketa Skill Center
- Portland Community College, Portland Community College Skill Center North
- Rogue Community College, Josephine County Skill Center;
- Southwestern Oregon Community College, Newmark Center

The Skill Centers are intended to be, "community resources which provide bridges to employability and self-directed lifelong learning for the unemployed and the underemployed." (pg 98 CCWD presentation to the legislature) The services provided by the skill centers are locally defined. These services range from basic skills to specific job training to one-stop services coordinated with a broad selection of community and agency partners.
The Oregon Advanced Technology Consortium (OATC) was described by the following statements during the CCWD presentation to the subcommittee:

The Oregon Advanced Technology consortium (OATC) is a consortium of 14 of Oregon's community colleges networked to provide technical assistance, training and operations support to Oregon Manufacturing companies. The main hub of consortium activities is located at Clackamas Advanced Technology Center in Wilsonville. Assistance with capability, cycle time, setup time, and field studies to evaluate the suitability of different processes is also available through the center. Technical support and training are provided onsite or offsite.

The OATC serves primarily small and mid-sized manufacturing businesses seeking access to advanced technology services and training. OATC offers all the resources and technical expertise to: Evaluate the economics of new technology before making capital investments; Explore new technologies and processes to improve product quality and speed up product cycle time; Provide the workforce with continuous skills upgrading; Connect with tomorrow's trained workforce today.

(Department of Community Colleges and Workforce Development, p.107)

The Sabin Skills Center was described as an area professional technical school which is owned and operated by the North Clackamas School District #12 in Milwaukie, Oregon. The students who attend Sabin are high school students from high schools including Clackamas, Milwaukie, Galdstone, Oregon city, West Linn or Rex Putnam. Students have been able to earn college credit for some of their work at Sabin. The funds for Sabin are
transferred through the CCWD instead of the K-i 2 model of the Oregon Department of Education.

At the start of the fourth day of hearings, March 6, 2001, the LFO analyst described the work of the day which was to consider the regional partnerships with the Oregon University System (OUS) and to begin the consideration of the Community College Support Fund (CCSF) which was the source for all community college general revenue from the state. The presentation on the CCSF was scheduled to also take all of March 7, 2001.

The three regional partnerships include Southern Oregon Cooperative Agreement, the Eastern Oregon Collaborative Colleges Center and the South Central Oregon Higher Education Partnership. The Southern Oregon Cooperative Agreement includes Rogue Community College and Southern Oregon University. The Eastern Oregon Collaborative Colleges Center includes Blue Mountain Community College, Treasure Valley Community College, and Eastern Oregon University. The South Central Oregon Higher Education Partnership includes Kiamath Community College and Oregon Institute of Technology. These partnerships provided upper division courses delivered in local areas.
Each of these cooperative agreements were described as expanding the educational and degree opportunities in their area. The CCWD presented enrollment and other outcome data on the regional partnerships. Presidents from impacted community colleges made presentations in support of the regional partnerships. The Governor's budget reduced funding for these partnerships by $4.9 million which was an 80% reduction. The Co-Chairs recommended restoring half of the reduction which would require only a $2.5 million reduction.

At the conclusion of the presentations on the regional partnerships, the LFO analyst described the recommendations for the CCSF, which were $464.7 in the Governor's budget proposal, including the Governor's recommendation for a $45 million increase in the Current Service Level budget. The CCWD requested a $76.5 million increase. The Co-Chairs also recommended the $45 million increase.

On a separate issue, the LFO analyst noted that the Governor did not fund the implementation of Senate Bill 164 from the previous session. Senate Bill 164 would have equalized the payments to community colleges for serving students who reside outside of the community college service district. Currently the community college districts receive funds called, “Contract out of
District" for these students; these fund are less than the community colleges receive for students who reside within their district. Senate Bill 164 would have eliminated this disparity at a cost of $1.7 million. Senate Bill 164 would not go into effect and the act would become null and void if the funds are not appropriated during the 2001-2003 session.

The LFO analyst also noted that the Speaker, Representative Simmons, and Representative Partridge had sent letters to the subcommittee supporting the regional partnerships.

The Commissioner answered questions from the previous days hearings orally and provided more extensive written answers. She began the description and explanation of the regional partnerships. The Commissioner and her staff gave systematic and detailed presentations on the regional partnerships.

At the start of the fifth and final day of hearings, Representative Ackerman, who was also the Chair of the Lane Community College Board, spoke in support of the increased funding for the CCSF. After his presentation supporting the $45 million, the LFO analyst reminded everyone that this was the last day of hearings and that the next day, March 8, 2001, would be a work session for the Subcommittee.
In an interview the LFO analyst commented on enrollment growth as a rationale for legislative requests:

Our office is always very cautious about enrollment growth being a reason to provide additional funding. We always advise legislators to not do funding level decisions on that basis. We know that if colleges have to serve more people it is going to cost them more. But we never have seen a good calculation on what those costs are. Colleges tend to say if we have 10% more students, we need 10% more money to support those students. You know and I know that there are economies of scale. They don't really need that. So we tell legislators that if they want more money then they really need to expand what they needed. In this case, the legislators wanted to provide more funding. We knew that colleges had more expenses. But we tried to steer them away from saying that it was specifically for enrollment growth. So we used terms like base funding.

I don't think that enrollment growth was a compelling issues for legislators. I think it was more about colleges not receiving the increases that higher ed had last time (the 1999-2001 session) and K-12 had received (during the 1999-2001 session).

At this point, the LFO described a significant change of the Co-Chairs' directions to the Subcommittee. Because the March economic forecast, which had just been released, projected decreased state revenue, the Co-Chairs were now directing the Subcommittee to work through the budget but not to pass the community college funding bill back to the full Committee after the work session. These new directions essentially froze the action of the Subcommittee. According to the LFO, the Co-Chairs were not willing to have the Subcommittee recommend funding of the additional $45 million and then, because of reduced state revenue, require the Committee to act in opposition
to the Subcommittee recommendation and not approve the $45 million increase. At this point, one of the Co-Chairs, Senator Lenn Hannon, entered the hearing room and reconfirmed the message that the LFO analyst had delivered. Effectively, Subcommittee action on the community college funding had been delayed until some future, unidentified date. The speculation by the subcommittee members was that action would be delayed until after the next economic forecast in May.

The LFO analyst then presented a one page paper which provided additional information on the forecast. In this paper the LFO analyst stated that the Co-Chairs budget was based on the December 2000 economic forecast which indicated that the state would have $12.275 billion in revenue. The March forecast predicted a reduction in revenue of $108 million. He indicated that this shortfall was 0.9% of the original revenue forecast. If all of the budgets were reduced by this percentage then the base budget of the community college general fund amount would be reduced by $3.79 million.

After these announcements, the Commissioner answered questions from the previous day and continued the presentation on the CCSF. This presentation began with several pages of background information. The purpose of this background was to communicate the scale, distribution, and
importance of community colleges to Oregon. The first graphic showed the outline of the state of Oregon with each county outlined and containing the county name, the number of community college students and the percentage of the population of that county enrolled in community college. The number of students served in each county ranged from over 65,000 in Multnomah County whose population was 641,900 to 238 in Grant County whose population was 8,000. These number of students were unduplicated headcounts which included all individuals who received some service from the community college and did not equate with full-time equivalent students. The percentages of the adult population in the community college service district served by the local community college, unduplicated headcount as a percentage of the over 18 year old population, ranged from 18.5% in Clatsop County to 3.0% in Grant County. Customer satisfaction was also presented as a significant defining factor for Oregon community colleges.

The next graph showed the public satisfaction with community colleges based on the Oregon Progress Board Population Survey. This "approval" number became one of the more frequently quoted numbers in the legislative discussions of community colleges. One of the commonly referred to attributes of the Oregon community colleges was their high level of respect among the Oregon population. The comment commonly heard was that the community
colleges enjoyed a 91% approval rating, the highest of any public service. This number came from the 2000 Oregon Population Survey. This biennial statewide survey was conducted by the Oregon Progress Board to measure the socioeconomic characteristics of Oregonians and to collect their opinions on a variety of policy issues. The survey included telephone surveys of 3,633 households. One of the series of questions asks the respondents to rate the quality of public services in Oregon. Three of the services included in this list are “Providing K-12 education, Community college education, and Four-year college/university education.” (pg 10, 2000 Oregon Population Survey Summary of Findings, Office of Economic Analysis, Department of Administrative Services, State of Oregon, January 12, 2001)

The results of the survey indicated that the following percentage of Oregonians responded that the services were very good or somewhat good:
TABLE 2. Oregon Population Survey Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing K-12 education</td>
<td>59%</td>
<td>58%</td>
<td>66%</td>
<td>71%</td>
</tr>
<tr>
<td>Community college education</td>
<td>87%</td>
<td>88%</td>
<td>88%</td>
<td>91%</td>
</tr>
<tr>
<td>Four-year college/university education</td>
<td>75%</td>
<td>79%</td>
<td>71%</td>
<td>85%</td>
</tr>
</tbody>
</table>

(Office of Economic Analysis, 2001d)

The 91% rating for community colleges was the highest of all of the 16 services rated. The two closest items in ratings were the 90% rating for “Providing parks and open spaces” and the 89% rating for the “Overall feeling about Oregon.”

The Commissioner presented basic information about the enrollment in Oregon community colleges, including 1999-2000 FTE and unduplicated headcount for the academic year from July 1, 1999 to June 30, 2000. Community colleges receive state funding for reimbursable students in a full-time equivalent (FTE) basis. One FTE student equals 510 contact hours. This information is summarized in the following table:
TABLE 3. 1999-2000 FTE and Unduplicated Headcount by Oregon Community College

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>1,967</td>
<td>15,901</td>
</tr>
<tr>
<td>Central Oregon</td>
<td>3,974</td>
<td>18,143</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>12,642</td>
<td>49,563</td>
</tr>
<tr>
<td>Clackamas</td>
<td>6,879</td>
<td>28,617</td>
</tr>
<tr>
<td>Clatsop</td>
<td>1,435</td>
<td>8,398</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td>859</td>
<td>6,630</td>
</tr>
<tr>
<td>Klamath</td>
<td>826</td>
<td>5,005</td>
</tr>
<tr>
<td>Lane</td>
<td>12,449</td>
<td>42,337</td>
</tr>
<tr>
<td>Linn-Benton</td>
<td>6,541</td>
<td>26,636</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td>9,168</td>
<td>31,072</td>
</tr>
<tr>
<td>Oregon Coast</td>
<td>1,202</td>
<td>3,567</td>
</tr>
<tr>
<td>Portland</td>
<td>21,493</td>
<td>97,222</td>
</tr>
<tr>
<td>Rogue</td>
<td>4,675</td>
<td>16,423</td>
</tr>
<tr>
<td>Southwestern Oregon</td>
<td>3,453</td>
<td>15,967</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td>379</td>
<td>3,320</td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>2,069</td>
<td>9,371</td>
</tr>
<tr>
<td>Umpqua</td>
<td>3,392</td>
<td>14,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>93,404</strong></td>
<td><strong>392,472</strong></td>
</tr>
</tbody>
</table>

*This figure represents state reimbursable and non-reimbursable FTE students for 1999-2000 academic year. Figures in columns rounded to the nearest number. (Department of Community Colleges and Workforce Development (CCWD) 2001, p. 142)
The Commissioner also presented information about the funding of Oregon community colleges before and after the passage of Measure 5. She explained the shift from local to state funding.

### TABLE 4. Oregon Community College Funding Sources, Pre- and Post-Measure 5

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Funding 1989-90 (Pre-Measure 5)</th>
<th>Funding 1999-2000 (Post-Measure 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Property Tax (local)</td>
<td>47%</td>
<td>21%</td>
</tr>
<tr>
<td>State General Fund</td>
<td>28%</td>
<td>53%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

(Department of Community Colleges and Workforce Development, 2001, pp. 146-7)

The Commissioner described the Student-Based Funding Model as a replacement for the "old lump sum model." Using the Student-Based Model, the total allocation would equal the number of FTE served by community colleges times the cost per FTE. This cost was calculated using the Integrated Post-Secondary Education Data System (IPEDS). The factors used to derive the total cost per FTE for the 1998-1999 year are listed in the following chart:
TABLE 5. Average Expenditure per FTE in Oregon Community Colleges, by Expenditure Type, using IPEDS Data.

<table>
<thead>
<tr>
<th>Cost area</th>
<th>Average Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Instruction</td>
<td>$2,598</td>
<td>52.6%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>$431</td>
<td>8.72%</td>
</tr>
<tr>
<td>Student Services</td>
<td>$535</td>
<td>10.82%</td>
</tr>
<tr>
<td>Instructional Support</td>
<td>$903</td>
<td>18.27%</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>$430</td>
<td>8.71%</td>
</tr>
<tr>
<td>Mandatory Transfers</td>
<td>$43</td>
<td>0.87%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,940</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Department of Community Colleges and Workforce Development, 2001)

The average cost per student was presented as a calculation using the $4,940 as a base with 2% inflation for each of 1999-2000 and 2000-2001, 1.5% inflation for 2001-2002, and 1.9% inflation for 2002-2003. The total average cost for the 2001-2003 years was presented as $5,266 per student FTE. Given the total 2001-2003 enrollment projection for Oregon Community college enrollment, the total cost from all sources was presented as $1,011,098,330. Given the estimate in the description of funding sources that the state general fund allocates 53% of the community college funding the state general fund allocation to fully fund the presented Student-Based Funding Model would have been $535,882,114. This amount is approximately $110 million more than the 1999-2001 allocation, $33.5 million more than $76.5 million
requested by the CCWD, and $65 million more than the Governor's recommendation. These calculations were described by the Commissioner as giving background information and giving a sense of scale to the community college financial need.

At this point the presentations by the commissioner and the public ended. Several Subcommittee members commented during their closing comments at the end of this session that the Commissioner and the other presenters had done a very professional job. One subcommittee member commented that the other education groups had a hard act to follow.

The work session on March 8, 2000 would normally have been the time when the Subcommittee made its recommendation to the full committee. At the beginning of the work session, the LFO analyst presented the Legislative Fiscal Office's recommendations for the CCWD, specifically on SB 5506. These recommendations, in twelve items, ranged from minor budget adjustments, such as the $3,492 reduction in the General Fund because of reduced State Government Service Charges to the recommendation to support the Governor's recommended $12,671,012 reduction in skills centers, OATC, Sabin Center, apprenticeship contracts, the Central Oregon University Center, and the regional partnerships with OUS. This recommendation was made
because the Co-Chairs had asked that any restorations of proposed cuts be presented in an add back list as opposed to a direct referral to the full committee. The LFO "recommends that all cuts be recommended for restoration at the level in the Co-Chairs budget with the exception of the Apprenticeship Contracts." (March 8, LFO letter to the Joint Ways and Means Education Subcommittee) The LFO analyst explained that, because most apprenticeship programs are funded on an enrollment basis, the programs would continue even it all of the general fund line item amount were cut. The following chart presents these recommendations from the LFO analyst March 8, 2000 letter to the Joint ways and Means Education Subcommittee:
TABLE 6.  LFO Program Reduction Recommendations

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding Reduction Recommendation</th>
<th>General Fund Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community College Skills Centers</td>
<td>100%</td>
<td>($3,418,334)</td>
</tr>
<tr>
<td>Oregon Advanced Tech Consortium</td>
<td>100%</td>
<td>($2,023,055)</td>
</tr>
<tr>
<td>Sabin Center</td>
<td>62.5%</td>
<td>($1,722,951)</td>
</tr>
<tr>
<td>Apprenticeship contracts</td>
<td>100%</td>
<td>($365,151)</td>
</tr>
<tr>
<td>Central Oregon University Center</td>
<td>100%</td>
<td>($277,015)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>($7,806,505)</td>
</tr>
<tr>
<td>Regional Partnerships with OUS</td>
<td>80%</td>
<td>($4,864,496)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>($12,671,001)</td>
</tr>
</tbody>
</table>

The LFO also recommended a number of reductions which were described as "housekeeping" items. Generally these reductions reflected adjustments being made in all agencies or adjustments in costs external to the agency. The following chart summarizes the General Fund reductions recommended by the LFO:
Table 7. Other LFO Recommended Reductions

<table>
<thead>
<tr>
<th>Area of Recommendation</th>
<th>Reduction amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget Adjustment --to account for overbudgeting of PERS contribution amounts</td>
<td>($1,987)</td>
</tr>
<tr>
<td>State Government Service Charges, such as hourly Attorney General Charges</td>
<td>($3,492)</td>
</tr>
<tr>
<td>Telecommunications, adjustment for lower distance telephone rates</td>
<td>($2,098)</td>
</tr>
<tr>
<td>Transfer of 2 distance learning positions from General Fund to Office Operations, allowing the agency to hire contracted personnel.</td>
<td>($397, 435)</td>
</tr>
<tr>
<td>Reduction in agency administrative costs, reductions in addition to the Governor’s recommended $10,000 reduction</td>
<td>($13,950)</td>
</tr>
<tr>
<td>Reduction in supplies and services in response to the Co-Chairs recommendation that all budgets reduce services and supplies by 1%</td>
<td>($759,521)</td>
</tr>
<tr>
<td>PERS contribution reduction to account for a reduction of the PERS contribution rate from 16.31% of salaries to 16.06%</td>
<td>($628,307)</td>
</tr>
<tr>
<td>Total LFO recommended reductions</td>
<td>($1,806,790)</td>
</tr>
</tbody>
</table>

After the LFO analyst’s presentation, the Commissioner presented a letter answering questions from the previous day’s hearings. Examples of these included questions about the extent of distance learning opportunities,
the comparison of faculty salaries in Oregon and those nationally, the definition of IPEDS cost categories, the percentage of Oregon expenditure in these categories as compared with the national averages and the number of students in ESL classes at Portland Community College and Clackamas Community College.

Legislative Action

The 2001-2003 Legislative session began the consideration of the community college funding with the submission of SB 5506. During the last part of the session, the number of the bill was changed to HB 5051, which was approved by the Joint Ways and Means Committee Subcommittee on Education on June 15, 2001. The Joint Ways and Means Committee gave its final approval on July 3, 2001. The Speaker of the house signed the bill on July 13, 2001. The Senate president signed the bill on July 16, 2001. This bill, which contained the funding for the CCWD and therefore for the CCSF, was signed by the Governor July 31, 2001. The bill contained the Current Service Level budget with the Essential Packages and Policy Packages as described earlier in this dissertation.
DISTRIBUTION OF STATE FUNDING

From the perspectives of a few legislators, the funding for community colleges is completed when the Governor signs the appropriations bill. Most of the other who were involved in the process including presidents, board members and OCCA staff understand the funding processes as continuing through the application of the community college funding formula. The funds appropriated for the CCSF are distributed to the community colleges by the CCWD through a formula approved by the State Board of Education. This formula can be changed by the State Board. The formula essentially defines the local impact of legislative action.

This formula was originally developed and refined by the Presidents' Council, which is comprised of the presidents from each of the 17 community colleges. The purpose of the funding formula is to distribute state resources to the 17 community colleges in an agreed to pattern. Currently the formula is not approved by the legislature. There is no line item appropriations for the individual community colleges. All of the presidents, board members and OCCA staff felt that this independence from legislative control was desirable. One president described the formula as an opportunity for community colleges to find "fairness" given the great differences in size that exist among community
colleges and differences in program issues. Almost all of these individuals felt that legislative processes were poorly-equipped to deal with these details and to provide the flexibility that relatively rapid changes in community colleges demand. Also the presidents would lose control of their revenue and would lose the related power.

The complex history of the funding formula for community colleges could easily be the topic of a separate research. These following, brief comments on the history of the funding formula are based on Ron Daniels' history of community college funding which he wrote in 1992 and revised in 1994. Ron Daniels was the president of Blue Mountain Community College (BMCC) for over twenty years, from 1974 to 1997. This history was distributed to the OCCA Executive Board in 1999 with the agenda of the OCCA Legislative Council. The history is important because, in Oregon, the formula has served as the interface between the legislature, state agencies, and the community colleges. As the funding responsibility shifted from local sources to the state the interface became more significant to local community college funding.
Brief History of the Funding Formula

Since the passage of SB 440 in the 1961 Legislative Assembly established procedures for the formation of community colleges in Oregon, the legislature has been involved in their funding. The early funding was based on FTE; the State funding was intended to be two-thirds of the statewide average community college cost with the other one-third being raised locally. The first payments were $433 per FTE. The formulae concepts in the first decades of the community colleges' existence evolved to include three-tier structures and two-tier structures. Tiers were based on size and cost factors. The amount per FTE funded varied with most legislative sessions. There were also changes in the ability of the colleges to carry unexpended funds from one year of the biennium to the next. Through the years there were differences in the percentage of FTE funded at community colleges; for example, Daniels states that the percentage of actual FTE funded in 1982-83 varied from a low of 81% at BMCC to a high of 99% at TVCC. Daniels goes on to state that, in 1986-1987, the presidents recommended and the State Board of Education approved, the concept that when resources "were not sufficient to fund all projected FTE, each college should be funded for the same percentage of FTE." Protection to assure that no college would receive less than the previous year was also included. In 1989-1990 the Oregon community colleges
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commissioned a study by the National Center for Higher Education Management Systems (NCHEMS). In 1991-1993, because the funding increase was too small to implement the recommendations of the 1989-90 NCHEMS formula report, the distribution of funding was held at the same percentage as was distributed in 1990-91. In 1993, the commissioners office established a Funding Formula Task Force which recommended that the 1993-1995 biennium be used to “assemble comparable data so better decisions could be made regarding components of an equitable funding formula.”

In 1999, a new funding formula was established with a five year phase-in period. The Principles of Proposed Community College Funding Formula, which was dated November 11, 1999, was developed by the Presidents’ Council and the CCWD and was an attachment to the November 11, 1999 OCCA Legislative Committee Agenda. At the end of the five year period the new formula would be relatively simple. The calculation for each district will be: (FTE x Funds per FTE) + Small School Factor = Formula Resources. The small school factor provided a revenue adjustment based on the college size. Over $8 million of the 2001-2002 revenue will be distributed with the smaller colleges receiving a slightly larger amount of these funds. For example a college with an FTE from 751-1250 would receive 1.2784 of the base payment, $550,000; colleges with 2751-3250 FTE would receive 1.0108 of the base
payment and colleges over 5000 FTE would receive the base payment. The concept of the small school factor was an adjustment which would assist small community colleges given the higher relative costs of operating a small institution. The details of the small school factor were negotiated among the community colleges.

The funding formula was phased-in during the four years leading up to 2003-04. During the phase-in, the “Funds per FTE” for each college was adjusted in a more complex calculation to moderate the differences between the final application of the funding formula and the amount of funding the colleges received before the phase in began.

Application of the Funding Formula

The Legislative Approved Budget is distributed to the CCWD in equal amounts during the two years of the biennium. The following five charts show the potential impact of the State funding to individual community colleges given several different assumptions. These charts provide background information which may be useful in understanding the perspectives of different community college representatives.
The following Table, which was developed from CCWD data, projects the impact on local funding if the community colleges did not receive an increase in state funding. This perspective is important for two reasons. First, it is important to understand the financial situation of the colleges if the $45 million had not been approved; generally, the chart shows what would have happened if the colleges fared in this session the same way as in the 1999 session. Second, because of the impact of the Essential packages, the $45 million was added to $207,279,738 level of funding, which is less than the 2000-2001 level of funding. The $45 million increase in the CCSF for the 2001-2003 biennium was not simply added to the 2000-2001 level of funding. While the total difference is not great, the distribution of this difference through the funding formula has an important impact on individual colleges. The chart shows that if the community colleges had not received the $45 million increase almost all of the community colleges would have experienced a decline in their funding from 2000-2001 to 2001-2002. The variations in the differences are primarily due to the application of the funding formula.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>6,302,785</td>
<td>$6,148,858</td>
<td>($153,927)</td>
</tr>
<tr>
<td>Central</td>
<td>7,169,206</td>
<td>$7,274,933</td>
<td>$105,727</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>26,743,238</td>
<td>$26,087,147</td>
<td>($656,091)</td>
</tr>
<tr>
<td>Clackamas</td>
<td>15,124,562</td>
<td>$14,958,780</td>
<td>($165,782)</td>
</tr>
<tr>
<td>Clatsop</td>
<td>3,153,432</td>
<td>$3,122,620</td>
<td>($30,812)</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td>1,970,010</td>
<td>$2,073,525</td>
<td>$103,514</td>
</tr>
<tr>
<td>Klamath</td>
<td>1,745,148</td>
<td>$1,817,617</td>
<td>$72,469</td>
</tr>
<tr>
<td>Lane</td>
<td>29,767,702</td>
<td>$28,790,903</td>
<td>($976,799)</td>
</tr>
<tr>
<td>Linn Benton</td>
<td>15,706,724</td>
<td>$15,501,655</td>
<td>($205,069)</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td>20,548,646</td>
<td>$20,744,016</td>
<td>$225,370</td>
</tr>
<tr>
<td>Oregon Coast</td>
<td>1,219,631</td>
<td>$1,195,885</td>
<td>($23,746)</td>
</tr>
<tr>
<td>Portland</td>
<td>48,628,190</td>
<td>$48,419,556</td>
<td>($208,633)</td>
</tr>
<tr>
<td>Rogue</td>
<td>9,369,818</td>
<td>$9,277,048</td>
<td>($92,771)</td>
</tr>
<tr>
<td>Southwestern</td>
<td>6,779,317</td>
<td>$6,849,235</td>
<td>$69,918</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td>975,887</td>
<td>$958,635</td>
<td>($17,252)</td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>5,567,293</td>
<td>$5,488,488</td>
<td>($78,805)</td>
</tr>
<tr>
<td>Umpqua</td>
<td>8,522,070</td>
<td>$8,540,835</td>
<td>$18,765</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>209,293,662</strong></td>
<td><strong>$207,279,738</strong></td>
<td>($2,013,925)</td>
</tr>
</tbody>
</table>
This following Table 9, which was developed from CCWD data, projects the impact of the $45 million increase when it was applied through the funding formula during the 2001-2002 year. This amount was compared to the funding situation of the colleges if no increase had been approved. Table 9 also shows the amount of the increase as a percentage of the funding received from the state.
TABLE 9.  Impact of Funding Formula Implementation from 2001-2002 to 2002-2003, given the $45 million increase in CCSF

<table>
<thead>
<tr>
<th>Community College</th>
<th>Funding for 2001-2002, without the $45 million increase</th>
<th>Funding for 2001-2002, with the $45 million increase</th>
<th>Increase resulting from the $45 million during 2001-2002</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>$6,148,858</td>
<td>$6,776,640</td>
<td>$627,781</td>
<td>9.98%</td>
</tr>
<tr>
<td>Central</td>
<td>$7,274,933</td>
<td>$8,104,471</td>
<td>$829,538</td>
<td>11.57%</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>$26,087,147</td>
<td>$28,751,037</td>
<td>$2,663,890</td>
<td>9.96%</td>
</tr>
<tr>
<td>Clackamas</td>
<td>$14,958,780</td>
<td>$16,596,668</td>
<td>$1,637,888</td>
<td>10.83%</td>
</tr>
<tr>
<td>Clatsop</td>
<td>$3,122,620</td>
<td>$3,508,933</td>
<td>$386,313</td>
<td>12.25%</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td>$2,073,525</td>
<td>$2,290,030</td>
<td>$216,505</td>
<td>10.99%</td>
</tr>
<tr>
<td>Klamath</td>
<td>$1,817,617</td>
<td>$2,079,090</td>
<td>$261,473</td>
<td>14.98%</td>
</tr>
<tr>
<td>Lane</td>
<td>$28,790,903</td>
<td>$31,793,880</td>
<td>$3,002,977</td>
<td>10.09%</td>
</tr>
<tr>
<td>Linn Benton</td>
<td>$15,501,655</td>
<td>$17,027,291</td>
<td>$1,525,636</td>
<td>9.71%</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td>$20,744,016</td>
<td>$22,964,274</td>
<td>$2,190,258</td>
<td>10.66%</td>
</tr>
<tr>
<td>Oregon Coast</td>
<td>$1,195,885</td>
<td>$1,323,066</td>
<td>$127,181</td>
<td>10.43%</td>
</tr>
<tr>
<td>Portland</td>
<td>$48,419,556</td>
<td>$53,623,761</td>
<td>$5,204,204</td>
<td>10.70%</td>
</tr>
<tr>
<td>Rogue</td>
<td>$9,277,048</td>
<td>$10,357,615</td>
<td>$1,080,567</td>
<td>11.53%</td>
</tr>
<tr>
<td>Southwestern</td>
<td>$6,849,235</td>
<td>$7,517,534</td>
<td>$668,299</td>
<td>9.86%</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td>$958,635</td>
<td>$1,088,660</td>
<td>$130,025</td>
<td>13.32%</td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>$5,488,488</td>
<td>$5,910,040</td>
<td>$421,552</td>
<td>7.57%</td>
</tr>
<tr>
<td>Umpqua</td>
<td>$8,540,835</td>
<td>$9,372,834</td>
<td>$831,999</td>
<td>9.76%</td>
</tr>
<tr>
<td>Totals</td>
<td>$207,279,738</td>
<td>$229,085,824</td>
<td>$21,806,086</td>
<td>10.42%</td>
</tr>
</tbody>
</table>
The board members and some presidents' understanding of the funding data varied widely. Most of these individuals agreed that few people understand the details of the formula. The common perception was that the CCWD would “run the formula” and then tell the colleges how much they get. There was also agreement that the purpose of the formula is to achieve some degree of fairness and thus assures the survival of all community colleges. The perception among the community college board members and many presidents was that they fought for the $45 million and that each college would get some benefit. Most respondents understood the legislative action. However, a lack of clarity about the impact of the $45 million on the local colleges was almost universal. The complexity of the formula and the uncertainty about the impact of the loss of opportunities to gain special project funding accounted for the lack of understanding. The president of a rural community college stated:

As the formula plays out for us, we actually lose money going into the next session. That is tough for us because the media hype is that we got all of this money. Meanwhile we have people in our community saying, “what are you going to do for us with all of this new money.” Then we have to explain that we are going to get less than last year, not counting the line items. The regional partnership was very important to us. We had to take a 10% reduction in an already tight 13 million dollar annual budget and that doesn’t count any of the $1 million for line items over the 2 years (of the biennium) so that is $500,000 per year. Our school was the one most deeply hurt by the phase in of the formula.
Essentially no one outside of Legislative Fiscal Office, the CCWD or the OCCA understood that the $45 million was not really $45 million. As the chart above shows the increase for one year of the biennium will be $21,806,086, which multiplied by two, gives a total increase for the biennium of $43,612,172. This amount is less than $45 million because the Essential Packages reduced the CSL Budget. Also, few who worked outside of Salem realized that if the community colleges had not received the $45 million, the funding for the 2001-2003 biennium would have been reduced to $207,279,738 per year. (In the 1999-2001 biennium that funding was $209,293,662 per year.) Most of this group also understood that few other state entities received increases in funding and that the community colleges would have been in financial trouble if they had not received the increase.

Table 10, based on CCWD presentation data, shows the difference in funding for community colleges between their State funding for 2000-2001 and for 2001-2002. The percentage increase for Klamath Community College was caused by the relatively small size of their budget and their rapid growth; they are Oregon's newest community college.
<table>
<thead>
<tr>
<th>Community College</th>
<th>Second Year of the 1999-2001 Biennium</th>
<th>First year of the 2001-2003 Biennium with the $45 million increase</th>
<th>Difference in funding 2000-01 to 2001-02</th>
<th>Percentage increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>$6,302,785</td>
<td>$6,776,640</td>
<td>$473,854</td>
<td>7.52%</td>
</tr>
<tr>
<td>Central</td>
<td>$7,169,206</td>
<td>$8,104,471</td>
<td>$935,264</td>
<td>13.05%</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>$26,743,238</td>
<td>$28,751,037</td>
<td>$2,007,799</td>
<td>7.51%</td>
</tr>
<tr>
<td>Clackamas</td>
<td>$15,124,562</td>
<td>$16,596,668</td>
<td>$1,472,106</td>
<td>9.73%</td>
</tr>
<tr>
<td>Clatsop</td>
<td>$3,153,432</td>
<td>$3,508,933</td>
<td>$355,501</td>
<td>11.27%</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td>$1,970,010</td>
<td>$2,290,030</td>
<td>$320,019</td>
<td>16.27%</td>
</tr>
<tr>
<td>Klamath</td>
<td>$1,745,148</td>
<td>$2,079,090</td>
<td>$333,942</td>
<td>19.14%</td>
</tr>
<tr>
<td>Lane</td>
<td>$29,767,702</td>
<td>$31,793,880</td>
<td>$2,026,178</td>
<td>6.81%</td>
</tr>
<tr>
<td>Linn Benton</td>
<td>$15,706,724</td>
<td>$17,027,291</td>
<td>$1,320,567</td>
<td>8.41%</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td>$20,548,646</td>
<td>$22,964,274</td>
<td>$2,415,628</td>
<td>11.76%</td>
</tr>
<tr>
<td>Oregon Coast</td>
<td>$1,219,631</td>
<td>$1,323,066</td>
<td>$103,435</td>
<td>8.48%</td>
</tr>
<tr>
<td>Portland</td>
<td>$48,628,190</td>
<td>$53,623,761</td>
<td>$4,995,571</td>
<td>10.27%</td>
</tr>
<tr>
<td>Rogue</td>
<td>$9,369,818</td>
<td>$10,357,615</td>
<td>$987,797</td>
<td>10.54%</td>
</tr>
<tr>
<td>Southwestern</td>
<td>$6,779,317</td>
<td>$7,517,534</td>
<td>$738,217</td>
<td>10.89%</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td>$975,887</td>
<td>$1,088,660</td>
<td>$112,773</td>
<td>11.56%</td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>$5,567,293</td>
<td>$5,910,040</td>
<td>$342,747</td>
<td>6.16%</td>
</tr>
<tr>
<td>Umpqua</td>
<td>$8,522,070</td>
<td>$9,372,834</td>
<td>$850,764</td>
<td>9.98%</td>
</tr>
<tr>
<td>Totals</td>
<td>$209,293,662</td>
<td>$229,085,824</td>
<td>$19,792,161</td>
<td>9.46%</td>
</tr>
</tbody>
</table>
Table 11 shows the projections, based on CCWD presentation data, of the change in individual college funding from the first year of the biennium, 2001-2002, to the second year of the biennium, 2002-2003, assuming that the $45 million increase remains in effect. The chart shows the equal division of State funding between the two years of the biennium. The variations in funding between the years are caused by changes in the funding formula as it moves toward full implementation in 2003-2004. Eight community colleges experience an increase from 2001-2002 to 2002-2003. Nine have a decrease.
TABLE 11. Impact of Funding Formula Implementation, 2001-2002 and 2002-2003, with the $45 million increase in CCSF

<table>
<thead>
<tr>
<th>Oregon Community College</th>
<th>First year of the 2001-2003 Biennium with the $45 million increase</th>
<th>Second year of the 2001-2003 Biennium with the $45 million increase</th>
<th>Change from 2001-02 to 2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>$6,776,640</td>
<td>$6,604,101</td>
<td>($172,538)</td>
</tr>
<tr>
<td>Central</td>
<td>$8,104,471</td>
<td>$8,063,713</td>
<td>($40,758)</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>$28,751,037</td>
<td>$28,060,114</td>
<td>($690,923)</td>
</tr>
<tr>
<td>Clackamas</td>
<td>$16,596,668</td>
<td>$16,240,691</td>
<td>($355,977)</td>
</tr>
<tr>
<td>Clatsop</td>
<td>$3,508,933</td>
<td>$3,590,695</td>
<td>$81,762</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td>$2,290,030</td>
<td>$2,511,507</td>
<td>$221,478</td>
</tr>
<tr>
<td>Klamath</td>
<td>$2,079,090</td>
<td>$2,525,360</td>
<td>$446,270</td>
</tr>
<tr>
<td>Lane</td>
<td>$31,793,880</td>
<td>$30,944,627</td>
<td>($849,252)</td>
</tr>
<tr>
<td>Linn Benton</td>
<td>$17,027,291</td>
<td>$16,985,211</td>
<td>($42,080)</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td>$22,964,274</td>
<td>$23,764,098</td>
<td>$799,824</td>
</tr>
<tr>
<td>Oregon Coast</td>
<td>$1,323,066</td>
<td>$1,327,276</td>
<td>$4,210</td>
</tr>
<tr>
<td>Portland</td>
<td>$53,623,761</td>
<td>$54,037,910</td>
<td>$414,149</td>
</tr>
<tr>
<td>Rogue</td>
<td>$10,357,615</td>
<td>$10,763,070</td>
<td>$405,455</td>
</tr>
<tr>
<td>Southwestern</td>
<td>$7,517,534</td>
<td>$7,493,727</td>
<td>($23,807)</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td>$1,088,660</td>
<td>$1,116,100</td>
<td>$27,440</td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>$5,910,040</td>
<td>$5,607,276</td>
<td>($302,764)</td>
</tr>
<tr>
<td>Umpqua</td>
<td>$9,372,834</td>
<td>$9,450,346</td>
<td>$77,511</td>
</tr>
<tr>
<td>Totals</td>
<td>$229,085,824</td>
<td>$229,085,824</td>
<td>$0</td>
</tr>
</tbody>
</table>
The legislature reduced and eliminated a number of line items, which were appropriated to fund specific activities. From some perspectives these reductions adversely impacted the resources coming into the community for college services. Table 12 shows the reductions for the line items and the 2001-2002 funding. The losses to individual institutions were not subtracted from the 2001-2002 total funding. In the cases of the regional partnership the amounts are approximate; the total regional partnership funding was shared with their university partner. This chart is derived from material that the CCWD developed for the legislature and presented to the legislature to display the impact of funding on individual institutions.
TABLE 12. Funding lost by Type and Community College with the Elimination or Reduction of Line Item Budget Categories

<table>
<thead>
<tr>
<th>Community College</th>
<th>Losses in 2001-02 from lost line item amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Mountain</td>
<td>($335,938) SC; ($350,000) RP</td>
</tr>
<tr>
<td>Central Oregon</td>
<td>($335,939) SC</td>
</tr>
<tr>
<td>Chemeketa</td>
<td>($335,939) SC</td>
</tr>
<tr>
<td>Clackamas</td>
<td>($1,514,912) OATC</td>
</tr>
<tr>
<td>Clatsop</td>
<td>($29,402) APP</td>
</tr>
<tr>
<td>Columbia Gorge</td>
<td></td>
</tr>
<tr>
<td>Klamath</td>
<td></td>
</tr>
<tr>
<td>Lane</td>
<td></td>
</tr>
<tr>
<td>Linn-Benton</td>
<td>($74,185) APP</td>
</tr>
<tr>
<td>Mt. Hood</td>
<td></td>
</tr>
<tr>
<td>Oregon Coast</td>
<td></td>
</tr>
<tr>
<td>Portland</td>
<td>($653,479) SC; ($149,741) APP</td>
</tr>
<tr>
<td>Rogue</td>
<td>($335,939) SC; ($100,000) OATC; ($97,303) APP; ($711,967) RP</td>
</tr>
<tr>
<td>Southwestern Oregon</td>
<td>($406,209) SC</td>
</tr>
<tr>
<td>Tillamook Bay</td>
<td></td>
</tr>
<tr>
<td>Treasure Valley</td>
<td>($350,000) RP</td>
</tr>
<tr>
<td>Umpqua</td>
<td></td>
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Note: SC means Skill Center; RP means Regional Partnership; APP means Apprenticeship Training; and OATC means Oregon Advanced Training Center
CHRISTMAS TREE BILL

The legislature has a history of passing an appropriations bill during the last hours of the session which includes many special interest requests. The bill is commonly known as the “Christmas Tree bill” alluding to the many requests that legislators attach to the bill. At the end of the 2001-2003 session, the legislators approved an appropriations bill, the “Christmas Tree Bill,” which included several provisions which related to community colleges. It should be noted this legislative action was taken after the legislature had approved the community college appropriations bill including the $45 million increase in the CCSF. An article in the July 7, 2001 Oregonian described this bill as follows:

Other measures moving through the pipeline as adjournment approached included a 12 percent pay raise for state-wide elected officials; the state’s two largest agency budgets, K-12 schools and human services; and long list of individual spending items, known as the “Christmas Tree bill.”

Items on this list include $500,000 for the Sabin Skills Center in the North Clackamas School District, $1 million for Southwestern Oregon Community College, $120,000 for a beef slaughter facility study.

(Mayer & Mayes (2001, p. A01)

The funds for Southwestern Oregon Community College were allocated to build a center in Curry County, which had recently been annexed into Southwestern Oregon Community College.
College maintained its commitment to the unity pledge by waiting to pursue the special funding until after the legislature approved the $45 million for the CCSF.

CONCLUDING OBSERVATIONS

The widely understood community college goals for the 2001-2003 Legislative session were community college unity, an additional $45 million in funding and a new Student-Based Funding Model. The success of each of these three goals were perceived in complex ways.

Most of the presidents, legislators, state officials and board members felt that community college unity was achieved. The Governor's office and the legislators who were interviewed were very impressed with the Unity Pledge and the way that community colleges stood by the pledge. This was a clearly recognized achievement. No one who was interviewed mentioned a previous time when the colleges were as unified. This unity held through some serious challenges including the decision to eliminate the line item funding.
Almost all of those interviewed agreed that the community colleges received the $45 million increase. A few state officials, the OCCA staff and a few presidents understood that, because of technicalities in the calculation of the Base Budget, the increase was $9 million less than some might have expected. The Base Budget only included those funds allocated to the community colleges before April 2000; because the Emergency Board awarded $9 million to the Community College Support Fund after April 2000, those funds were not included in the Base Budget. Therefore the impact of the funding increase was $36 million in addition to those funds that the community colleges had during the 1999-2001 period. Most of the presidents and legislators did not mention this technicality in the budgeting process.

There was agreement among almost everyone who was interviewed that the Legislature and the Governor’s office did not make a complete, unqualified commitment to the Student-Based Funding Model. Almost everyone also agreed that the community colleges used a valid and politically strong argument about enrollment growth to gain funding. While the enrollment growth needs were profound, those interviewed also recognized the need to settle for the fiscally and politically possible. Most of those interviewed felt that the unmet need of community colleges was clearly identified and documented during the hearings. Some felt that this
compromise might be one step towards the enrollment driven cost calculations. The predominant view among those interviewed was that, while the Student-Based Funding Model was desirable, its adoption was unlikely. The LFO analyst stated that the $45 million request was both a request for more funds and was intended to shift the funds from line items which are restricted in use to the less restricted CCSF. From this perspective, the approval of the $45 million did not have an impact on the way that the state conceptualizes the funding of community colleges; the 2001-2003 legislature simply allocated an increase in funding and shifted funds from restricted to unrestricted funding categories.

A couple of presidents and legislators presented a different perspective, that the $45 million increase was primarily recognition that the community colleges were not treated well during the 1999-2001 legislative session. In the future some other state agency will have their turn at receiving an increase. The calculations of the cost per FTE and the number of FTE were interesting data; however, each agency can present a case for their funding needs. These individuals were concerned that a new Governor may have new priorities and the community colleges will have to compete in a new political context. They...
were also concerned that community colleges might not do the work needed with candidates and legislators before the next session.

While all of those interviewed appreciated positive aspects of unity, some reflected on the formula-driven distribution of the $45 million. The unity of action and purpose was seen as resulting in differential distribution of resources caused by the structure of the funding formula. Chart 3 shows the impact of the $45 million given the current structure of the funding formula. The range of distributions of the $45 million increase range from an increase in funding of 19.14% for Klamath Community College to an increase of 6.16% for Treasure Valley Community College. While none of those interviewed had this data during the interviews; everyone understood that the funds would be distributed through the funding formula. One president thoughtfully reflected on the challenges of communicating these differences to their local board, observing that funding formula is a mystery to most board members.

On a different aspect of unity, a couple of the presidents wondered if the experience of this session with the unity pledge would impact the community colleges attitudes about sharing resources. An example which was used was the willingness of community colleges to share resources to develop and offer distance education classes. These presidents described a wide range of
levels of cooperation and non-cooperation in the current offering of distance education classes. They wondered if this legislative experience would strengthen or weaken the levels of cooperation.

The legislative session was described by one legislator and by an editorial in the Oregonian as the “Kum by Yah” session, referring to the popular camp song. The legislator’s meaning in this reference was that the session began and continued with the spirit of everyone working together harmoniously, avoiding conflicts, like at summer camp. This harmony or avoidance of serious conflict was possible because there were reasonable revenues to fund needs and there was not well-organized opposition to the Governor’s budget.

After the community college appropriations bill was signed, the state and national economic conditions declined. The resulting decline in state revenue had a significant impact on the financial situation for community colleges. The impacts of the changing state revenue projections are described in the Epilogue.
CHAPTER FIVE - CONCLUSIONS

The work of describing and understanding the issues of this research lead to the following set of seven conclusions.

The first conclusion is that unity among Oregon community colleges during the 2001-2003 legislative session was highly successful. To be fully understood, this success must be considered in the context of the 2001-2003 legislative session and of prior community college approaches to the legislature. This was the first legislative session during which the community colleges have made a commitment to support one legislative proposal to the exclusion of all other proposals. During prior sessions, community colleges primarily worked individually with their legislators or with groups of community colleges to pursue funding for specific colleges or programs. Oregon community colleges have had relatively stable relationships with the state. Prior to the property tax limitation Measures 5, 47 and 50, one-quarter of the community college revenue came from the state. Community colleges were not major players in the state budgeting process. After these Measures passed, the local ability to raise revenue was limited shifting significant funding responsibility to the state. As a result, community colleges now receive half of
their revenue from the state. Also because of the measures, the K-12 funding similarly shifted to the state. This increase in state funding moved the community colleges into more intense competition with other state agencies such as the K-12 systems, the Oregon University System and Corrections Department. Additionally during the 1990's, while this funding shift was occurring, Oregon's economy and therefore the state revenues were expanding rapidly. During the 2001-2003 session the economy and revenues were growing much more slowly, which intensified the competition for state resources.

Four perspectives on unity are important. First, the unity was a central factor in securing the $45 million increase to the Community College Support Fund. Unity made possible a simple message which represented all 17 community colleges. The simple message (Community colleges need $45 million because of enrollment increases) was needed because the budget development processes are cluttered with messages of need from every agency, constituency and interest group. Legislators, members of the Governor's office and members of the public were able to remember and state the community colleges' needs. The parties who were involved in the budget development processes recognized the community college position in the
midst of the myriad competitors for state dollars. Only the K-12 system had a comparably simple, easily remembered position ($5.2 billion for K-12).

Second, the community colleges' act of establishing unity and their ability to maintain unity throughout the session impressed the Governor's office and the legislators. Unity changed the perceptions of competence of community colleges as participants in the political processes. Prior to this session, community colleges were perceived as competing with other agencies and among themselves for state funding. Many of the community colleges made strong lobbying efforts individually but were not seen as a strong total group. This session, primarily because of the commitment to unity, community colleges became seen as being serious players in the political processes, as being more politically mature and competent, and as having political influence in the state processes of budget development.

Third, unity presented the perception that community colleges know what should happen for community colleges in Oregon. During the 1999-2001 session, with the many individual college requests, community colleges were not perceived as understanding and pursuing their collective needs. There did not appear to be the perception of community colleges as state educational leaders.
Fourth, the successes of unity do not dictate or even suggest a movement toward a state system of governance of community colleges. No evidence was found that a state system would increase state support for community colleges or that a state system would be consonant with the political, educational, and community aspirations of the Oregon citizens. Furthermore the successes of unity do not negate the value of local control. Local control is very important to Oregonians. The local ownership and pride in local community colleges are probably significant factors in the high statewide approval rating of community colleges. With the importance of local control acknowledged, the shift of the control of revenue from primarily locally controlled sources to primarily state controlled sources will have long term implications for the local governance of community colleges. Presidents and local boards will continue to exercise their traditional control of their community colleges but with the complication of having less control of half of their revenue. This shift of revenue control may have implications for the range of autonomy of local boards and potentially on the mission of their institutions. Unity is still a powerful positive, response to new revenue structure which is effective at the state level and which therefore acts to retain local control. Even though some community colleges lost line item funding and were therefore financially disadvantaged during the session, it was clear from the research that unity was a powerful approach and probably saved community colleges
from further losses. If the community colleges do not demonstrate political maturity and compelling visions for community colleges, then there is the probability that someone else, the governor or the legislature, may impose their visions.

The second conclusion is that the processes for making a state budget are quite different from the public perceptions. The common understanding of state budgeting focuses on the legislature's initiation of bills, holding hearings and enacting budgets. As other authors have stated, the state legislature may act on the budget but the critical budget decisions are made before the budget request arrives at the legislature. The Governor and the Governor's office staff review all of the budget requests from the executive branch, forming these requests into a single request which is within the revenue limitations. The legislature does not have the time or expertise to independently study each agency's request, to evaluate the impact of different funding levels for agencies and to build a funding vision for the state. These are actions which occur in the agencies and Governor's office. The legislature within its committee structure holds hearings for each agency. Based on those hearings, the committees may cut funding or, in rare cases, work with the co-chairs to recommend increases. Oregon community colleges should not expect any increases in funding as a result of the legislative hearings. Once the Governor's proposed
budget is sent to the legislature, the task of the community colleges is to
convince the subcommittee and committee that the budget proposal is justified,
that the request should not cut and that the legislature should enact the
request as presented by the Governor.

The reality of budget formation presents community colleges with a
challenge. Community colleges must approach each legislator as though their
vote is essential for maintaining and increasing community college funding
while understanding that increases in funding for community colleges do not
come from activities of individual legislators. Community colleges have moved
from a time when local legislators could secure small increase for their
community college, with the majority of community college funding coming
from the local tax resource to a time when the community colleges are
uniformly dependent of the state for half of their revenues. In this new
environment, community colleges have no choice but to be serious, competent
players in the entire budgeting process for the state of Oregon, which means
working closely with the Governor in budget formation.

The third conclusion is that the Per Student Funding Model was not
accepted by the Governor or the legislature. While the Governor and most
legislators acknowledged that the community colleges needed an increase
and essentially everyone had heard about the $45 million request, almost no one used the Per Student Funding Model as an explanation for the increase request. Enrollment growth and the poor treatment of community colleges during the 1999-2001 session were the primary rationales for supporting the $45 million increase. Neither the Governor nor the legislature made a commitment for funding that would assure that community colleges state funding for each additional FTE. None of those interviewed indicated that the State had or would commit to an undefined level of funding to cover the costs of FTE increases. Such a commitment would probably require a change in the Current Service Level budgeting process. A Per Student Funding Model would require that the biennial funding request begin by incorporating the FTE increases. With the current service level process, agencies begin with the legislatively adopted budget from the last session. The Governor combines all of the current service level budgets and decides which agencies will receive additional funding. The Per Student Funding Model would insert increases for community colleges before this agency level evaluation and decision process took place. This would be a dramatic change in budgeting process which would impact every agency. There does not appear to be the broad political interest or support which would be needed to change the budget processes.
The fourth conclusion is that all community college leaders currently face and will continue to face tensions between the complex and the simple. Leaders must work with complex issues and then provide simple explanations for those issues. These tensions are powerful and inevitable. Presidents, administrative staff and local boards work with their college's issues in great detail over extended periods of time. It is not logical to assume that the Governor, legislators, the press or the general public would able to absorb, process or understand the same level of detail. Community colleges need to convert the complexities of their services, needs, and aspirations into simple, understandable messages. The tensions between the complex and the simple are not in themselves problems or failures by anyone; they are the natural results of differentiated levels of involvement in complex systems.

One example of these tensions exists between the complex financial needs of 17 very different community colleges and the need to present a relatively simple budget request to the Governor and the legislature. The simple request cannot adequately reflect the diverse needs developed by dedicated staff and boards in the 17 community colleges. A similar tension exists between the complex funding formula and the simple, one-number appropriation for the Community College Support Fund. There is no way to use a simple formula to divide one amount among 17 community colleges
equitably while addressing all needs of each college. A third example of these tensions exists between the complex mission of the community colleges and the need to present relatively simple explanations of the community colleges’ mission and services to legislators, boards and the public.

Community college leaders at all levels need to find ways to address these tensions so constituents and state leaders can more fully understand and retain confidence in the community colleges. To the extent that these tensions are not addressed adequately constituents may perceive unity and collaboration as antithetical to their college’s interests; state leaders may see community colleges as less effective partners in addressing state and local issues. Future unity of Oregon community colleges may depend on the degree to which constituents understand and believe the relatively simple explanations of complex issues.

The fifth conclusion is that Oregon community colleges have great strength in their high approval rating, extensively quoted as a 91% approval rating. Almost all of those interviewed were very positive about community colleges. The community college leaders spoke at length about the levels of local support for their colleges. These positive factors provide a fundamental strength for community colleges. The challenge is to find multiple ways to
maintain approval ratings. One association official cautioned that community colleges received this approval rating without a specific plan to develop such high ratings. If the ratings dropped, it might be difficult to know how to increase the ratings to their current levels. Research has not been completed which explains the high approval ratings and the steps community colleges can take to retain their favorable ratings. Given this lack of research and given the need for gubernatorial and legislative support, it is reasonable to conclude that community colleges need to continue to actively promote their positive contributions to their local areas and to the state.

The sixth conclusion is that Oregon community colleges face twin challenges of developing tactics to promote their interests for each legislative session and of defining longer term strategies to deal with structural and contextual issues.

The tactics are essential because significant state budget shortfalls are predicted for the next two legislative sessions, 2003-2005 and 2005-2007. These shortfalls are estimated to be approximately $1 billion for the 2003-2005 session which will require substantial reductions in the $11 billion state budget. During the times of state budget reductions, the budget pressures from all agencies seeking state funding will be intense. For the 2001-2003
legislative session the Oregon community colleges developed and implemented a set of highly effective tactics to secure a funding increase. These tactics, which were described in Chapter 4, included a commitment to unity among the community colleges, establishing a trust relationship with the governor, implementing a Campus Action Plan for communicating with legislators, and supporting a single, unified funding proposal. All of these tactics were successful. Each future legislative session will require tactics appropriate for that session.

Longer term strategies are necessary because community colleges face significant long term structural issues including reliance on an instable state tax structure and the increased power of the governor and the legislature in the funding of community colleges. Oregon’s structural deficit, well-described by Weber and Fisher (1997), will extend into the foreseeable future. Unless Oregon community colleges provide the knowledge, leadership, and vision needed to develop a different, healthier, more stable funding structure for themselves, the community colleges will be confined to the current context. Each legislative session will involve the community colleges competing with the needs for more Kindergarten funding, more bio-technology research, more road repairs and more prison cells. Between sessions, community colleges will compete among themselves to secure larger portions of any funding.
increases or to retain as much of their current funding as possible when the state decreases funding. The range of local control will continue to be restricted to implementing a budget based on the revenue allocated by the state. In the next four to six years, this will probably mean implementing more cuts in service in the face of broad enrollment increases. The local communities have not voted to decrease community college services. The voters of the state voted to limit the property tax rates, Measures 5, 47, and 50, with the understanding that the funds lost would be replaced by the state. Convoluted logic, ideological issues, frustrations with tax rates and innocent hopes were fundamental to the successes of these measures. The local boards and presidents need to take the lead in defining the future for Oregon community colleges. No one else is capable of defining a future which is responsive to the needs and aspirations of the 17 community college service areas in Oregon.

Any change from the current context will require years of work. The community colleges have the potential strengths of logical allies, the K-12 system and the Oregon University System. Both of these groups face competitive challenges similar to the community colleges. The questions for the community colleges are whether they are willing to unite and provide the leadership and statesmanship to convert potential allies into partners for
change. No other group has the quality of leadership, the statewide connections and the local base to lead positive change in the funding processes for education.

The community colleges' locally elected boards, positive public image, and extensive service to students and other constituent groups provide potential, political capital which should not be wasted. If community colleges do not unite and provide the leadership in defining their own future, this potential will be wasted. In the past each community college used their local control to develop their local political capital as they decided. Now community colleges will either unite and develop the strategies to change the current context or they will face a redefinition of local control, of their relationship with the state and of their mission. Given that there is no coherent vision for community colleges which caused the change in funding, this redefinition will take place in an incoherent piecemeal process as the state balances its budget. Local boards and presidents will be in the continuous role of redefining their community college based on the state allocations. At best, this will be a frustrating process. At worst it will be "crazy-making" for the boards, presidents, students and communities.
Thus Oregon community colleges face an historic time of decision. Will they unite and develop strategies to secure a healthy future for their students, constituents, communities and the state? Will community colleges provide the leadership and statesmanship to develop partnerships for change? Or will the tensions of the current context cause increasing competition among community colleges? Will community colleges, in disunity, face the devolution of their local control and mission? Will the students who desperately need services from community colleges receive those services or will their needs not be met because of a lack of vision, leadership, statesmanship and hard work?

The final conclusion is that more research is needed. This descriptive research was intended to provide information and perspective on the research context which will be useful in future research. Almost every aspect of the research context generates important research questions. The following list is intended to illustrate the range of research questions which deserve attention. This is not intended to be an exhaustive list. A sample of the research topics should include the following:

- the degree to which the issues involved with enrollment growth were understood and accepted by legislators, other agency heads and community leaders, as arguments for increased funding.
- the level of the governor's and legislators' understanding of and
agreement with the missions of the Oregon community colleges. 
• the level of economic and social value the gubernatorial candidates and the new governor place on the activities of the community colleges. 
• the impact of the budget decisions from the 2001-2003 session on the services delivered by community colleges. 
• the local community college constituents understanding and perceptions of the funding actions of the 2001-2003 session. 
• the actions Oregon community colleges take in preparation for the 2003-2005 session. 
• the analysis of methods that community colleges use to determine and communicate their effectiveness. 
• the nature of partnerships developed by community colleges to support their budget requests. 
• the attitudes of community college constituents and leaders towards developing new funding processes for community colleges. 
• the attitudes towards, development of, and justification for the community college budget request for the 2003-2005 legislative session. 
• a comparison of Oregon community college funding with the funding of other states' community colleges.

Ongoing research will continue to be essential for the community colleges as
the colleges face a changing political and economic landscape. Research will help the colleges define themselves and communicate their meaning to the state in ways which will demonstrate the colleges' relevance to changing state problems and budget priorities.

In conclusion, the researcher offers the following observations to the Oregon community colleges. First, community colleges were responsible for many successes before and during the 2001-2003 legislative session. The community colleges need to recognize and celebrate those successes. Second, in spite of those successes, presidents and community leaders will continue to face challenges in obtaining needed state funding. The processes for community college funding from the state are unlikely to change within the next two sessions (2003-2005 and 2005-2007). There are no obvious political forces committed to fundamentally altering the revenue structure for community colleges. Community colleges will need to remain politically active and develop their local budgets with the recognition that state funding can be variable. Over the long term, community college leaders need to develop partnerships with K-12 and OUS to originate a plan that will provide more stable, predictable funding for education. Third, community colleges need to rebuild and strengthen their political unity. The unity among community colleges became much more than a tactical response to state budget battles.
Unity communicated community colleges’ politically maturity and ability to be full participants in the budgeting processes. Unity also communicated the community colleges’ ability to define their own needs and their shared vision for the future of community colleges. Fourth, community colleges have significant potential political power which emanates from their responsiveness to local needs, their local support, their high satisfaction ratings and the fact that they are controlled by a locally-elected board. This power base must be carefully nurtured or its potential will not be fully realized. Fifth, community colleges must make a high priority of building a trust relationship with the new governor. It was clear from this research that the governor sets the budget agenda and that once the agenda is set it is very difficult to increase state support. The trust relationship with the governor before the 2001-2003 session was highly effective. Sixth, community colleges need to work with each legislator and each legislative candidate to lay the groundwork for retaining the community college budget as proposed by the governor. The work of community colleges during the 2000 election needs to continue into the 2002 election. The community colleges also need to develop long term strategies to assure stable funding and the desired level of local control. Seventh, community colleges need to lead the research and data interpretation efforts which define the colleges. Certainly the community colleges need to be responsive to agency or legislative information requests. However, community
colleges need to take the lead in providing data and the interpretation of the data which communicates community colleges in the ways that they want to be seen. Finally, Community colleges need to continue to develop strong, exciting, easily understood visions for the future of Oregon community colleges. Community colleges must continue to convert the complex community college mission and services into visions which are easily communicated, which explain the existing partnerships with groups such as businesses, K-12 and OUS, and which communicate the relationships of community college services to state funding priorities. Developing these visions or statements in a rapidly changing state environment will not be easy but will be necessary in the complex competition for state resources.

Oregon community colleges have great strength in the quality of their staff, faculty and leadership. They also can draw strength from their local support and their high approval ratings. Oregon community colleges will need to mobilize their strengths to secure a healthy future.
Chapter One of this dissertation began with a discussion of community colleges intersecting with iceberg scale forces. This study described the processes of the development and enactment of funding for community colleges by the 2001-2003 legislative session during which education intersected with two such forces, term limits and the results of the property tax revolt. After the conclusion of the 2001-2003 regular session and the signing of the community college appropriations bill, Oregon experienced changes in both the legal status of term limits and the health of its economy which significantly impacted Oregon community colleges. These changes made this epilogue necessary; a description of the 2001-2003 session could not be complete without some description of the events that occurred after the close of the regular session and the signing of the community college funding bill. This epilogue contains the public information about the economic changes in Oregon and the actions of the governor and the legislature. The numbers cited by the various sources such as legislators, community members and newspaper reporters are not always consistent. Analysis of the numbers used in news articles, in political statements and in the proposed legislation, is
beyond the scope of this epilogue. The intention of the epilogue is to give an overview of the political and economic changes in the fourteen months following the end of the 2001-2003 regular session. These changes will be integral parts of the political, economic and social context of the 2003-2005 regular session during which community colleges will again be competing for resources.

The legal status of term limits changed as the result of a lawsuit challenging the constitutionality of term limits for state officials. On January 11, 2002 the Oregon Supreme Court struck down the Oregon Constitution amendment which established term limits for state officials. The Supreme Court ruled that the 1992 term limits initiative violated the constitutional provision that initiatives make no more than one unrelated change to the Oregon Constitution at one time. With the Supreme Court ruling, term limits ended for state officials; a legislator or former legislator whose service in the legislature and had exceeded the term limits would be able to file for re-election. While this change of legal context appears straightforward, the term limits supporters have vowed to place a new term limits initiative before the voters.

The 2001-2003 session approved most of the governor’s proposed budget with its increases without making serious cuts and without increasing
taxes. The state had sufficient resources to balance a budget with minimal conflict. Among those increases was the $45 million increase requested by the governor for community colleges. Politically, it was a fairly peaceful session. A legislator and an editorial described the session as the "Kum By Yah" session referring to the campus song with the implication that everyone was cooperative, like at camp. Seriously divisive issues were generally not addressed. Legislators "got along" with one another like good campers should. As the session ended, July 8, 2001, the facade of peace was about to end.

The legislature ended the 2001-2003 regular session at 5:15 am on July 8, 2001 with a balanced budget as required by the state Constitution. In Oregon, the expenditure budget is deemed balanced based on the forecast of revenues from the state Office of Economic Analysis (OEA). The quarterly Oregon Economic and Revenue Forecast (OEFR) is released by the Office of Economic Analysis on May 1st, September 1st, December 1st and March 1st. These forecasts along with news articles from The Oregonian, the state’s largest newspaper, and official press releases track the decline of the state revenue, the resulting increases in the revenue shortfall and the related political strife.
The May 1, 2001 OEFR revenue forecast (before the end of the session) from the Office of Economic Analysis for the 2001-2003 biennium stated:

Total General Fund resources for the biennium are projected to equal $11,362.8 million, including the expected beginning balance of $515.5 million. This is a decrease of just $2.3 million from the March (2001) forecast.

(Office of Economic Analysis. (2001a)

As required by the constitution, the final budget at the close of session on July 8, 2001 was balanced with the revenue projections.

By August 24, 2001, six weeks after the end of the regular session, the Oregonian article titled, "State Budget Crunch?", with a prophetic question mark, stated:

The issue: As Oregon's economic slump continues, state revenues are slipping. If they drop far enough, fast enough, the Legislature might have to come back in a special session to rebalance the 2001-2003 budget it approved last month.

What's at stake: The state budget may have enough built-in wiggle room to absorb the losses. But state programs, including health care and schools, could face deep cuts. Or, less likely, lawmakers could consider tax increases.

What's next: The scope of the problem will become clearer when the state economist releases the next quarterly revenue forecast, August 31.

("State budget crunch," 2001)
The OEFR released on September 1, 2001 removed the question mark from the issue of whether or not the state was facing a budget crunch by projecting a $243.9 million shortfall in revenues. The OEFR stated:

Forecasted General Fund revenues for the 2001-03 biennium now total $10,800.6 million. Projected revenues decreased by $243.9 million from the COS (Close of Session) forecast because of weaker economic expectations for the biennium. This is a reduction of just over 2 percent.

(Office of Economic Analysis, 2001b)

On September 11, 2001, the United States experienced terrorists attacks which affected the nation in many ways, not the least of which was the economic health of states. On October 7, 2001 the Oregonian article titled, “The Aftershocks Reach Salem,” stated:

In a news conference in Salem, he (Governor Kitzhaber) said a special legislative session to deal with the State’s fiscal problems, greatly intensified by the Sept. 11 attacks, was “increasingly certain”. The Governor wisely ordered state agencies to begin cutting budgets by 2 percent, readying for the prospect of deeper cuts.

But Kitzhaber and the GOP legislative leadership chose not to call the session just yet, and in the present situation -- changing faster than in anyone’s memory -- that’s understandable.

Oregon faces cutting hundreds of millions from its budget, but Oregon is hardly alone. Thursday, the bipartisan leaders of the National Governors Association appealed for federal help, noting that the states were facing rapidly declining revenues at the same time as mounting demands, for emergency assistance, security and public health.

(“The aftershocks reach Salem,” 2001)

The December 1, 2001 OEFR projected revenue shortfalls of $720.1 million. The OEFR stated:
Economic expectations changed markedly since the September forecast. The slowdown in Oregon's economy is now expected to be deeper and last longer than previously forecasted. Consequently, expected revenues for the biennium also decreased. The Office of Economic Analysis now projects General Fund revenue of $10,388.7 million for the 2001-03 biennium. Expected revenues decreased $11.9 million from the September forecast. Total General Fund resources for the biennium are expected to equal $10,747.5 million - approximately $720.1 million less than expected.

(Office of Economic Analysis, 2001c)

On December 16, 2001, the Oregonian summarized the budget picture as follows:

The Budget: The Legislature budgeted $12 billion in spending for 2001-2003, based on a state report forecasting that amount of general fund and lottery revenues would be available.

The shortfall: State officials predicted this month that, because the recession would reduce tax collections, revenues in 2001-2003 would be $710 million, or 6 percent, less than what was budgeted.

The response: Gov. John Kitzhaber, who has ordered agencies to propose cuts ranging from 2 percent to 10 percent, will release a rebalanced budget Jan. 7. The Legislature will meet in a special session, probably in February, to decide what combination of cuts and perhaps new revenue sources will be used to produce a final spending plan.

("The budget picture," 2001)

FIRST SPECIAL SESSION

The governor called the Oregon legislature into special session on February 8, 2002. Leading up to this session the governor and legislative
leaders emphasized the importance of developing an agreement between the House, Senate and Governor on ways to deal with the $715 million revenue shortfall which would allow the legislature to act quickly. The session began without an agreement. The Republican-controlled House and Senate worked on differing approaches to meeting the shortfall including different combinations of cutting appropriations and borrowing funds from reserve accounts. The biggest difference was in their borrowing from school funds. The Senate wanted to refer a measure to voters which would take $100 million from the Education Endowment Fund, a fund supported by lottery revenues which is primarily used to back school construction bonds. The House proposed borrowing from the Common School fund, which is an education trust fund established at statehood. The governor insisted on tax increases and on not borrowing from these reserve accounts because these account would be available only once and would therefore make these resources unavailable in the future.

The first special session moved from an attitudes described as upbeat on the first day to a more serious tone. Describing Saturday, the second day of the session, The Oregonian stated:

In the afternoon, Simmons called a news conference and criticized Kitzhaber for insisting on tax increases to help rebalance the state’s $12.3 billion budget for 2001-03. Kitzhaber has suggested lawmakers increase beer, wine and cigarette taxes and delay an income tax cut
scheduled to take effect during the 2002 tax year. He released a poll last week showing voters support his ideas.

"From shocking scenarios, to condescending commentaries, to political polling, the governor has tried every maneuver to find an agreement except one: compromise," Simmons said.

Minutes later, Kitzhaber said Republican leaders should have considered his tax-increase ideas. He would sign a legislative plan without tax increases, he said, if it included a limited amount of borrowing and deeper cuts than the $350 million House members approved Friday.

"The speaker is frustrated," he said of Simmons. "He's looking for someone to blame for a frustrating process."

(Lednicer & Mayer, 2002a)

The tensions between the Governor's desire for a stable solution and the legislative leadership's desire to solve the budget shortfall with borrowing and budget cuts became a dominant theme of the interactions between the branches of state government. On the final day of the first special session the House and Senate reached a compromise plan which included equal parts of spending cuts and using one-time revenue sources. The governor described these plans, particularly the borrowing of school funds as shortsighted. In an aptly titled article, Budget Battle will Outlast Session, the Oregonian described ending of the first special session:

Kitzhaber opposes much of the Republican plan, particularly the idea of tapping into school trust funds. He wants to increase taxes on alcohol and cigarettes, and to postpone an income tax cut approved by voters last year.
The governor is expected to veto at least a portion of the plan, bringing lawmakers back for another round of budget negotiations. "They shouldn't have much confidence those will become law," said Bob Applegate, a Kitzhaber spokesman. ...

Senate Minority Leader Kate Brown, D-Portland, predicted that Kitzhaber would veto Senate Bill 5547, the proposal containing more than $350 million in budget cuts. But she expects him to support other parts of the budget plan, including a bill allowing Sunday sales by state liquor stores to increase revenue.

To raise revenue, lawmakers plan to send a measure to voters in May that would allow legislators to take $120 million from the Education Endowment Fund. The pot of money receives 15 percent of lottery proceeds, and the investment earnings are used for school construction bonds. Dipping into the principal would reduce future earnings. The measure also would transform the fund into a rainy-day fund for schools in the future.

As a backup in case voters reject the idea of using the endowment fund, lawmakers would borrow the $120 million from the Common School Fund, which holds income from state-owned property and has existed for 143 years. The referral does not need Kitzhaber's signature.

The governor considers this approach short-sighted. ...

But in meetings Saturday night and Sunday morning, Republicans decided to send the measure to voters and use the Common School Fund as a backup. They also agreed to restore money to Oregon Project Independence, which provides help to the elderly with household tasks, and financing for prenatal care. And they agreed with the House to send a budget-balancing plan directly to Kitzhaber instead of trying to work out differences beforehand.

"At times, it was ebullient," Rep. Carl Wilson, R-Grants Pass, said of the meetings between House and Senate Republicans. "You saw a whole lot of hand-shaking and pats on the back. There was a sense of relief." (Lednicer & Mayer, 2002b)
This relief was short-lived. The governor opposed many of the 20 bills passed during the first special session and promised vetoes for some. The primary actions of the legislature were to propose borrowing $50 million from the state’s Tobacco Settlement Trust Fund, cutting $350 million in state programs, referring a measure to voters during a May 21st election which would take $120 million from the Education Endowment Fund, and providing an alternative plan of borrowing $120 million from the Common School Fund if the voters were to not approve the measure. Among the legislative actions were relatively minor bills such as the one which allowed the Oregon Liquor Control Commission stores to be open on Sunday with the expectation that Sunday sales would generate more revenue and the one which modified unemployment benefits. The legislative leaders left the capital saying that they had balanced the budget with a solid plan. The governor had a different opinion. The day after the end of the first special session, Lednicer and Hogan described the issues as follows:

Kitzhaber expects tax revenues may slip an additional $100 million by the time the next revenue forecast is released in March.

"It was clear the Legislature pushed much of the fiscal problems into the next biennium," Kitzhaber said. "They did not leave Oregon with a stable source of funding."

But Senate Republicans stressed, instead, that they managed to plug the budget hole without raising taxes. To spread that message, they received a list of "talking points" Sunday night to take with them to Rotary Clubs and newspaper editorial boards across the state.
They plan to emphasize that they shielded schools and senior programs from deep cuts, and that Kitzhaber's proposed tax increases are a bad idea during a recession. Calling lawmakers back to the Capitol for another session would be unproductive, said Senate President Gene Derfier, R-Salem.

"Not one Republican would agree to vote for a tax increase," said Derfier. "Without an increase, I don't know how we could adjust the budget any differently."

House Minority Leader Deborah Kafoury, D-Portland, was more optimistic. She said if Republicans accept some sort of a tax increase, Kitzhaber may soften his opposition to using one-time revenues, such as tobacco settlement money, to balance the budget.

"I'm hoping that when people regroup and realize we didn't accomplish much, they'll come back to the table," she said.

(Lednicer & Hogan, 2002)

On February 13th, two days after the end of the first special session, the governor announced that he would hold public hearings on the budget, possibly veto some bills and probably call the legislature back for another special session. Hogan described the tensions leading to possible vetoes:

Kitzhaber has said he wants to fill the shortfall by making some cuts, increasing beer, wine and cigarette taxes and delaying an income-tax cut.

Republicans say they want no new taxes, seeking to fill the gap with cuts and one-time revenue shifts such as borrowing from education and tobacco settlement trust funds. They say they could not get the three-fifths majority of both chambers needed to pass tax increases.

The bills targeted by Kitzhaber include the major cuts and revenue shifts
lawmakers approved, plus other bills that would allow Sunday liquor sales and borrow from the Common School Fund. (Hogan, 2002)

SECOND SPECIAL SESSION

The Governor called the legislature back for a second special session on February 25, 2002. The second special session lasted until March 2, 2002. The legislature, having had just two weeks between the end of the first special session and the convening of the second, began without an agreement in place. The legislature faced a $845 million shortfall in the biennium budget at the beginning of the special session which increased with the March revenue projection. The March 1, 2002 OEFR projected a revenue shortfall for the biennium of $863.7 million. The OEFR stated:

The beginning balance for the 2001-2003 biennium equals $363 million. This is $4.2 million higher than stated in the December forecast, resulting from final revision to expenditures for the 1999-2001 biennium. Total resources for the biennium, including the beginning balance, are expected to equal $10,640.0 - an $863.7 million shortfall relative to the COS (Close of Session) forecast. (Office of Economic Analysis, 2002b)

The second special session ended with the legislature proposing to solve the $845 million budget shortfall through $350 million in budget cuts and
$495 million in one-time revenues. Legislators rejected the governor's call for tax increases, including a 50-cent increase in cigarette taxes. During the first session and the second session, two measures were passed on the ballot for the May 21st election. Both measures would take funds from the Education Endowment Fund to decrease the cuts to K-12. The first measure asked for $120 million; the second asked for $220. The Oregon Secretary of State, who is responsible for elections, decided the second legislative action would be the measure included on the ballot. The second measure referred became Measure 13, which asked the voters to approve taking $220 million from the Education Endowment Fund. Their efforts are described as follows:

Lawmakers worked into the night Saturday on a Republican plan to balance the state budget without a tax increase.

It's a move they know Gov. John Kitzhaber, a Democrat, will reject and sets up the likelihood of a third special session this year.

But whether they return to the Capitol in a few days, weeks or months, would depend on exactly how, and when, the governor wielded his veto pen.

Complicating matters are two deadlines: the state treasurer says a balanced budget is needed by Friday to keep the state's credit intact and bills paid; and candidates for the Legislature must file to run by March 12.

(Lednicer & Mayer, 2002c)

The legislators left Salem with the assurance that the governor would veto some of their work. The governor vetoed the parts of the legislative plan,
which he called “stunningly irresponsible,” to use $67 million from the national tobacco settlement and $14 million for the surplus 9-1-1 taxes, which were held in reserve to upgrade emergency communications. To rebalance the budget the governor ordered $80 million in spending cuts. Mayer describes the governor’s comments as follows:

“We should never have arrived at this point in the first place,” Kitzhaber said.

Kitzhaber criticized the Legislature’s budget as “a continuation of their basic game plan to demonstrate that we can balance the budget without using new revenues, protect the tobacco industry at the expense of Oregonians and to run away from every tough political decision.”

(Mayer, 2002)

By mid-March the governor had vetoed the one-time revenue plan of the legislature and proposed additional spending cuts. After the second session the Oregonian projected that the community colleges were facing a 3.7% decrease in their state funding. Further reductions were expected to occur during the June special session. The reductions for community colleges are approximately half of the $45 million increase. However, it is essential to note that these reductions which occur during the first year of the biennium must be absorbed by the community colleges in one year, the last year of the 2001-2003 biennium. To give some perspective on the cuts facing education, the OUS (Oregon University System) is facing an 8.5% reduction. An analysis of...
the impact of these budget cuts could appropriately be the topic of a separate dissertation.

Measure 13 which was referred to the voters for the May 21st special election was defeated. The final budget balancing actions of the second session included the $220 million from Measure 13. During the campaign before the election, the governor advocated against the passage of Measure 13; the Republicans supported the measure. Measure 13 was defeated in the special election of May 21, 2002. This defeat left the state budget with a $220 million shortfall. The Oregonian May 29, 2002 editorial summarized the state's economic situation and the governor's proposals as follows:

The permanent problem is that Oregon's tax system chronically generates too little money -- even in good economic times -- to support the services Oregonians want and are willing to pay for. Kitzhaber's temporary solution calls for a combination of tax increases and revenue shifts that would spare public schools and statewide services from further crippling cuts while buying time for state leaders to come up with a more permanent fix.

The governor outlined his proposal in Eugene just hours after a new state forecast showed the potential state deficit ballooning to nearly $900 million for the current biennium. The culprits? Plunging income-tax collections, combined with the voters' defeat last week of Measure 13, which would have converted an education endowment fund into a rainy-day fund -- and then would have instantly drained most of it.

Kitzhaber, who led the campaign against that measure, pointed out Tuesday that just balancing the current biennium's budget isn't enough.
It would leave the new Legislature next January facing a $1.3 billion shortfall. Calling that irresponsible, he proposed instead a “bridge financing” plan that includes:

* Applying $80 million in tobacco-settlement money to the current biennium — a move he previously opposed unless tied to a cigarette tax increase.
* Adding another $124 million by disconnecting the state income tax from the federal economic-stimulus legislation that gives tax breaks to business.
* Raising another $89 million this biennium by increasing cigarette taxes by 50 cents a pack.
* Asking voters in September to approve a temporary increase in personal and corporate income tax rates.
* Putting Measure 13 before voters again, but this time as a true stability fund for schools — not to be tapped this biennium but in future emergencies.

(The governor’s fix,” 2002)

The budget shortfalls of Oregon were not unique to this state. In a June 4th article, Mayer described the pervasive nature of budget problems in states:

All but a handful of state governments are drowning in red ink, estimated to total $40 billion to $50 billion nationwide. And while election year rhetoric soars with talk of reforming the tax system or shrinking government, most states are grasping at the same life preservers as Oregon: spending cuts, cigarette and other “sin” taxes, gambling revenues, tobacco settlement money, cash reserves, trust funds and accounting gimmicks.

(Mayer, 2002b)
Mayer also described the common resistance to increasing taxes:

Most states have tried to protect schools from cuts and to avoid new taxes in an election year. And although some governors and legislative leaders have pushed for broad tax increases, such as the one proposed last week by Kitzhaber, most states have been unwilling to go there.

"The situation now is that discussions in state capitals across the country are virtually devoid of any discussion of general taxes," Perez (Arturo Perez, fiscal analyst for the National Conference of State Legislatures) said. He noted only a couple of exceptions. Kansas and Nebraska have adopted temporary sales tax or income tax increases.

(Mayer, 2002b)

By June 7, 2002, the legislature, controlled by Republicans, and the governor, a Democrat, were negotiating a plan to resolve the $860 million shortfall.

House Speaker Mark Simmons, saying "the problem is worse now and it requires a different solution," on Thursday proposed increasing the cigarette tax by $1 a pack and delaying a business tax break as part of his plan to rebalance the budget.

Simmons, R-Elgin, who led the resistance to any tax increases in the past two special sessions, also would make $100 million in spending cuts and revise an endowment fund measure that voters rejected last month.

"This is something we can find votes for and is politically viable," said Simmons, whose proposal is the first from Republican legislative leaders who must close a recession-driven $880 million shortfall in the 2001-03 state budget.

Republican and Democratic leaders plan to meet through Saturday to try to work out a deal before Gov. John Kitzhaber calls a third special session. The leaders emerged upbeat from their first round of talks.
Thursday and said they could be back in session within the next week or so if they reach a deal.

Kitzhaber, a Democrat, offered a proposal last week that called for raising personal and corporate income tax rates. Simmons didn't include those ideas, but there are some similarities: Kitzhaber would boost the cigarette tax by 50 cents a pack and also would use tobacco settlement money and delay state adoption of the new federal depreciation tax break.

Simmons wants to send Measure 13 back to voters, but this time would ask to take only $200 million from the education endowment fund instead of $220 million. He also would increase the state's cigarette tax to $1.68 a pack, which would bring in $180 million; shift a $211 million schools payment into the next budget period and draw down the ending balance for the current budget.

The plan would raise $940 million, enough to erase the shortfall and restore some of the $92 million in K-12 school cuts that came out of the last session.

(Lednicer, 2002a)

THIRD SPECIAL SESSION

The Governor called the legislature into a third special session June 12, 2002. In the following comments the governor expressed optimism:

"The situation calls for some kind of compromise plan that falls between my proposal of last week and the current Republican proposal," Kitzhaber said in a speech Monday to the Oregon AFL-CIO. "To me, this is our best hope to move beyond the rancor and partisanship that has marred the first two special sessions."
During two special sessions in February and March, lawmakers reduced spending by $450 million and raised about the same amount in revenues.

Democrats say any more program cuts—especially to the Department of Human Services, which assists Oregon's poor—would be unacceptable.

“This is already a population that's been hard hit by the recession,” said Senate Minority Leader Kate Brown, D-Portland. “My caucus members are going to go ballistic” about any Department of Human Services cuts.

Simmons said he didn’t think voters would approve an income tax increase. “Nothing has shown me that it’s viable,” he said. (Lednicer & Mayer, 2002d)

The Oregonian editorial of June 11, 2002 foreshadowed the session:

Here come Oregon lawmakers, already angry, fiercely divided and still hot from the recent election (the defeat of Measure 13). On Wednesday, the Legislature will open a special session only masochists or lobbyists could love, if there’s a distinction there.

Nearly everyone expects a mean and bitter encounter. However, if lawmakers agree on five general priorities on the eve of their third special session, they could surprise Oregonians with a calm and businesslike meeting that ends relatively quickly with a bipartisan plan to close an $880 million deficit.

(“The legislature returns,” 2002)

Those five general priorities were to spare education, K-12, community colleges and the OUS from more cuts, to not refer the tough decisions to the voters, to find prompt resolution to the budget crisis, to let the majority rule and to keep the state’s financial future in mind. On this last item the editorial stated:
The Legislature can't entirely close the anticipated $1.3 billion hole in the state's 2003-05 budget, but it must narrow the deficit. During the first two special sessions, the Legislature did little but widen the hole. It must make more prudent decisions this time.

("The legislature returns," 2002)

The third session began June 11th without a budget agreement in place and facing a $860 million deficit. Neither party began the session with the three-fifths majority required to pass revenue bills. By second day of the session the tensions were increasing, as described by Lednicer and Mayer:

In an echo of the standoff that characterized two previous special sessions this winter, Democrats said they wouldn't vote on reductions in agency budgets until Republicans introduced tax increase proposals to raise revenue. Republicans said they wouldn't vote on revenue bills until Democrats agreed to budget cuts......Lawmakers are under some pressure to resolve the shortfall quickly. Schools must finish their budgets by June 30, and every month's delay in passing a cigarette tax increase could cost the state $8 million or $9 million in lost tax revenue.

They also face pressures from outside the Capitol. The Oregon Republican Party has paid for billboards on Interstate 5 between Portland and Salem urging lawmakers not to increase taxes. And the Oregon School Employees Association has begun radio ads reminding listeners of the importance of public education.

(Lednicer & Mayer, 2002e)

The tensions between Senate and House increased as the legislators propose a wide variety of cuts, borrowing and accounting maneuvers to balance the budget. After a week in session, legislators and journalists described the session as being paralyzed and as being divided on tribal lines.
Various legislators complained about the lack of direction and the inability of the House and Senate to develop a common plan. The House passed several packages which included borrowing, one-time funds and tax increases. The Senate rejected them, primarily because the tax increases were not acceptable. There were numerous charges of bad faith bargaining and refusal to compromise. On June 21st, the Senate Majority leader, Gene Derfler, (R-Salem) replaced Lenn Hannon as chair of the budget committee with Steve Harper (R-Klamath Falls). Lednicer described the removal as:

The Oregon Senate president, bowing to Republicans who don't want to raise taxes to help fill an $860 million budget shortfall, gave them a chance Thursday to come up with a plan.

Senate President Gene Derfier, A-Salem, who backs tax increases as part of a plan to rebalance the $12 billion budget, yanked the like-minded chairman of the budget committee and replaced him with a fiscal conservative who has said he'll vote for tax increases "when pigs fly."

The standoff between Republicans who want deeper program cuts and those willing to offset some cuts with tax increases has deadlocked the Senate since Monday. A no-taxes proposal will be a "tough battle" for those who want to pursue it, but Derfler said he had to give them their chance.

"Until this is resolved, we can't go anyplace," he said.

(Lednicer, 2002b)

Senator Hannon's reaction to his removal gave an insight into the level of tensions which existed in the legislature:
Lenn Hannon, the longest-serving Republican in the Oregon Legislature, looked and talked like a crushed man Thursday.

"We've now got a Legislature run by people who don't have the Oregon vision, who don't have any idea what it is," Hannon said. "To them, government is this big evil force that needs to be ridden out of town and put in a barn somewhere."

Hannon wasn't referring to rival Democrats. He was describing fellow members of his own party -- "bush-league politicians who don't have the slightest idea what they're doing," and who forced him out of his chairmanship of the Senate Budget Committee.

"They're going to bring this state down to its knees," Hannon said.

(Lednicer, 2002b)

For two weeks the legislators discussed various plans. The House sent one plan to the Senate where it was rejected because it included a tax increase. By June 27th the frustration was building:

But that hope (of an agreement and adjournment) faded when objections prompted Senate President Gene Derfler to recess the chamber until this morning.

Derfler, R-Salem, exasperated that two weeks of work had not produced a deal to eliminate the $860 million shortfall in the $12 billion budget, earlier in the day threatened to send senators home if they couldn't agree on a plan. He said he would adjourn and let Gov. John Kitzhaber balance the budget by cutting state services.

(Lednicer & Mayer, 2002f)

In a final compromise, the third special session proposed using $400 million in one-time revenue, delaying the phase-in of an income tax cut, and
sending to the voters a 60 cents per pack increase in cigarette tax and a $150 million restructuring of and withdrawal from the Education Endowment Fund in a September 17th special election.

In May the voters defeated a similar measure which would have taken $220 million. If the Endowment measure would be defeated in September, the K-i 2 budget would be reduced by $150 million.

If the Measure passes, the Endowment fund will produce $7 million less in scholarships each year for community college students. Finally, in an action which impacted both K-i 2 and community colleges, the legislature shifted the last payment for the biennium to the first payment of the next biennium. For the K-i 2 schools this was a $211 million impact. For the community colleges, the impact was $56 million. The action allowed the K-i 2 and community colleges to borrow up to the $211 million and $56 million respectively with the expectation that they would be able to repay the loans from an appropriation of the 2003-2005 legislative session. One legislative session is unable to commit the next legislative session to any specific action and to any specific appropriation amount. Given that the estimates of the budget shortfall for the next legislative session are $1.4 billion in a $12 billion budget, K-i 2 and community colleges have no guarantee that the funds will be available during the 2003-2005 session to fully repay the amounts that they can borrow.
The legislature went home from the long, 18 day, third special session with the expectation that they would be recalled for a fourth special session. There were several reasons which could necessitate a fourth special session. The OEFR to be issued on September 1 could show a further decline in the economy with reduced revenues, the voters could defeat one or both of the Measures in the September 17th special election and the governor could veto some or all of their legislation. During the week following the session and over the July 4th holiday, the governor worked with his staff and agency directors to determine the impact of decisions which he could make. The governor had repeatedly opposed any borrowing against future revenue or against one time revenue. One part of this opposition was concern about the estimated $1.4 billion revenue shortfall that the state is facing for the 2003-2005 session. Besides meeting with his staff, the governor took the unusual step of scheduling a public hearing to solicit perspectives on the potential vetoes.

The governor held this hearing in Portland with about 100 people in attendance. At the hearing, Kitzhaber posed the following question: If I (the governor) veto the Legislature's budget plan, how should Oregon deal with the deep cuts to schools and community colleges that would result? In an August 3rd editorial, with the title, A State with No Good Answers, the Oregonian described the hearing as follows:
In two-plus hours of testimony that followed, no one truly answered his question.

Instead, what followed was a profoundly depressing hearing that captured just about everything disturbing about public debate in Oregon, including the deep ideological divisions and complete lack of confidence in civic leaders.

If Kitzhaber took anything away -- other than a sense of overwhelming relief that the end of his last term is near -- it should have been this: There's no realistic way to protect schools and community colleges if he vetoes the Legislature's plan.

There's no time, no willing-and-able leadership in the Legislature, no public consensus, no chance in his last months in office that Kitzhaber can veto more than $267 million in education spending, and not have it fall on schools and community colleges.

("A state with no good answers," 2002)

On July 10 the governor presented his attitudes about the legislative actions and his potential vetoes:

Blasting a "mediocre" Legislature for producing a budget rebalancing plan whose components "make the kind of accounting we saw at Enron and WorldCom look simple," Gov. John Kitzhaber said Tuesday that he was unhappy with the Legislature's work but stopped short of saying he'd veto it.

The Democratic governor said he opposes three parts of the plan lawmakers approved in a special session last month: issuing bonds against the state's cigarette tax, allowing schools to borrow money from future budgets and taking money from a trust fund for schools.

He said he would provide a list Thursday of what he is considering for vetoes. He has until Aug. 9 to veto or sign bills or let them become law without his signature.

(Lednicer, 2002c)

The potential of a veto and the August 9th deadline for veto or signature
became the focus of the state. Kitzhaber held hearings all day on July 18th to take public testimony the impact of possible vetoes.

The governor tried to focus Thursday's hearing on two bills: Senate Bill 1022, which would double the first school payment of the 2003-05 budget period and allow school districts to borrow against that payment at the end of this biennium, and House Bill 4056, which would use cigarette tax revenues to back a $50 million bond for schools.

Kitzhaber said he sees SB 1022 as the more troubling of the two, saying it is no better than some questionable corporate accounting practices.

And while he acknowledged that vetoes of the bills could result in more than $250 million in additional schools and community college cuts, he said the types of financing contained in them were troubling and would lead to more borrowing and problematic accounting in the future.

"I have in fact come to the conclusion that risking these cuts is better than allowing this type of financing to go forward," Kitzhaber said. (Hogan, 2002b)

With that philosophical foundation, the governor evaluated the difficult issues and vetoed $317 million in educational funding. He gave a live television and radio address to the state explaining his decision. He also called the legislature back for a fourth special session so they would have the opportunity to override his vetoes:

Four weeks before students return to classes, Gov. John Kitzhaber vetoed $317 million in education financing Wednesday, saying the Legislature must find a more dependable source of revenue for schools.

The governor, who has scolded lawmakers for avoiding politically difficult decisions, has given them a dramatic choice: Keep a plan he
derided as fiscally dishonest or dump it and ask voters to raise taxes in an election year.

In an unprecedented live address on television and radio, the Democratic governor said he would call a fourth special session next week to give lawmakers a chance to override his vetoes. He said that a fifth session will be necessary in September to deal with another anticipated revenue shortfall and financing for fighting wildfires, and that lawmakers should use that opportunity to put a temporary income tax increase on the November ballot.

(Lednicer, 2002d)

All concerned parties were actively lobbying legislators before the fourth special session. The Oregonian conducted a state wide poll with the following results:

Oregon voters give Gov. John Kitzhaber a thumbs-up on his budget vetoes and a thumbs-down on his call for more income taxes, a new poll for The Oregonian shows.

The statewide survey shows half of voters in favor and 40 percent opposed to Kitzhaber's decision to veto two bills that use borrowing and accounting maneuvers to help fill the state's budget shortfall.

But voter support for the governor ends with his proposal to enact a temporary income-tax increase to help protect schools and other services during the recession. The numbers were almost reversed on the tax increase: 55 percent of voters said they would oppose it, compared with 41 percent in favor.

(Mapes, 2002a)
FOURTH SPECIAL SESSION

The governor called the legislature into the fourth special session, August 16th. The purpose of the session was to rebalance the state budget, given the governor's veto of $317 million of school related funding. The governor vetoed the $267 million shift of school funding from 2001-2003 session to the 2003-2005 session. Part of these funds, $211 million, were designated for K-12 and part, $56 million, were for community colleges. The governor also vetoed $50 million in bonds which would be repaid by revenue from future cigarette taxes. The legislature had the options of overriding one or both of the vetoes. In Oregon a veto override requires a two-thirds majority in both the House and the Senate. The legislature could have let the vetoes stand and find a combination of cuts and revenue which would have made up the $317 million shortfall. Unlike previous three sessions, the legislature did not have a new revenue forecast to work with, just the vetoes.

The fourth special session was characterized by intense lobbying of legislators. The Republicans, joined by school lobbies worked to find the Democratic vetoes to make up the two-thirds majority needed to overrode. The governor was lobbying Democrats to support his vetoes. In the initial vote in the House, the Republicans were not able to secure the votes need to override
Oregon legislators abruptly halted their special session Friday after House Republican leaders were unwilling to give Gov. John Kitzhaber a partial victory on his vetoes of two school financing bills. After furious lobbying by both sides, the House narrowly upheld Kitzhaber's veto of one of the bills. But House Speaker Mark Simmons, R-Elgin, suddenly adjourned the chamber until Tuesday to try pressure at least one more Democrat to change votes—which would give Republicans the two-thirds majority necessary to override the veto.

The move, which gives school lobbyists more time to twist arms, intensified the bitter standoff between the Democratic governor and Republican legislative leaders over the best way to pay for schools. (Mapes & Esteve, 2002)

By the end the fourth special session, on August 20th, the legislature sustained the governor's veto of the $50 million bond which would have been repaid with cigarette tax revenue. The legislature overrode the governor's veto of the $267 funds shift to the next biennium. By the end of the session the state was beginning to learn about the September 1 OEFR. Esteve described the beginning of the discussion:

Oregon lawmakers kept one school funding bill intact but killed another Tuesday to end an acidic special session, only to learn they may be called back in a matter of weeks to deal with yet another budget crisis. Gov. John Kitzhaber says he'll order a record-shattering fifth special session early next month because another yawning hole is developing.
in the state budget, this one estimated to grow as large as $300 million as tax revenue continues to fall short because of the state's stumbling economy.

(Esteve, 2002a)

Just four days later the estimate of the revenue shortfall increased from $300 million to $350 million. Hogan described the worsening financial picture:

Gov. John Kitzhaber offered a graphic snapshot Friday for anyone wanting to know just how bad the state budget picture could be.

The Democratic governor said he expects the state's quarterly revenue forecast next Thursday to show at least an additional $350 million plunge in tax receipts for the 2001-03, $12 billion budget.

And if talks next week with key lawmakers fail to find any way to increase revenue, the missing $350 million could translate into significant, across-the-board cuts in state services.

(Hogan, 2002c)

Three days later the estimate had increased another $100 million to a shortfall of $450 million. On August 27th, Esteve describes the increasing shortfall and the governor's reaction:

Oregon's budget crisis deepened Monday with news that the state shortfall has swelled to at least $450 million, and Gov. John Kitzhaber expects to release his plan today for emergency tax increases and program cuts.

Kitzhaber wants Republican leaders in the Legislature to quickly run out their own proposal and immediately begin a series of public hearings to come up with a compromise budget fix.

Then, sometime next week, he'll call the Legislature into its fifth special
session of the year to ink the deal in time to send a possible tax vote to the November ballot. (Esteve, 2002b)

FIFTH SPECIAL SESSION

On August 28th, the governor issued an ultimatum, either the legislature has to approve new revenue during the fifth special session to cover the estimated $450 million shortfall or he would make across the board cuts to balance the budget. Esteve describes this ultimatum:

Stuck with a $482 million state budget shortfall, Gov. John Kitzhaber gave Oregon lawmakers a stark choice Tuesday: approve new revenue or face drastic cuts, such as a shorter school year, closed youth prisons and fewer state troopers on the highways.

Kitzhaber, gambling that legislators don't have the stomach for such deep reductions, scheduled a fifth special session for Tuesday (September 3) and told Republican leaders to come up with their own plan to rebalance the budget. (Esteve, 2002c)

With this ultimatum, the foundations for the fifth special session were laid. A lobbyist called it the biggest game of chicken that he had ever seen. The House Speaker Simmon's plan included balancing the budget by allowing the across the board cuts to stand in the non-educational budget areas of the state and to ask voters to authorize $250 million in bonds which would be repaid by revenue from cigarette taxes to cover the educational needs.
The Legislature has the authority to call itself into special session by majority vote. The legislature called itself into special session for the first time in history on Sunday, September 1st, two days before the date set by the governor. The tensions and issues for the session are described by Mayer and Hogan as round 5 of the budget fight:

It's coming down to that all-American urge to pull out the credit card when lawmakers meet tonight for a record fifth time this year to rebalance the state budget.

This time the focus will be on a Republican plan asking voters to pass a bond measure backed by future cigarette taxes to protect schools, and perhaps other services, from deep cuts.

The move continues the confrontation between Democratic Gov. John Kitzhaber, who's opposed borrowing to fill the budget hole since the first special session in February, and Republican leaders, who see short-term debt as a reasonable emergency measure to avoid raising Oregonians' taxes or severely slashing programs.

The debate has its roots in a basic disagreement over how to manage the public's money.

(Mayer & Hogan, 2002)

The September 1, 2002 OEFR was released on the prior Friday, August 30th, and showed an additional revenue shortfall of $482 million. This OEFR needs to be considered in the context of the September 17th special election. During that election voters would be voting on approximately $220 million which the legislature had previous considered as a part of balancing the budget. If either or both of those measure were not approved by the voters
then the legislature would have that additional amount(s) to cover to rebalance the budget. Another important perspective is that the legislature had since the close of session, July 8, 2001, made cuts or found other revenue for approximately $1.2 billion out of a $12 billion original budget. Additionally the legislature entered this session with all of the emotional energies and well-entrenched positions which came from the previous four sessions. It was going to prove to be a long session.

The OEFR for September 1, 2002 contained important information for the legislators and the state. The OEFR highlighted the $1.7 billion difference between the Close of Session forecast and the forecast fourteen months later. Of this $1.7 billion approximately $1.2 billion had been resolved in the previous special sessions. The OEFR stated:

• The June 2002 forecast produced a substantial downward revision in the General Fund revenue forecast for the 2001-03 biennium. The majority of the revision related to fiscal year 2001-02. Weaker earnings in tax year 2001 led to significantly lower net final payments in April and May than previously expected. The balance of the revision owed to the bonus depreciation allowance contained in the Job Creation and Worker Assistance Act of 2002.

• Similarly, the September revenue forecast presented herein falls considerably below June’s forecast. The Office of Economic Analysis (OEA) expects General Fund revenues of $9.355 billion for the 2001-03 biennium. This constitutes a $379.6 million decline from the previous forecast and a $1.7 billion shortfall relative to the COS (Close of Session) forecast. In contrast to June’s shortfall, the bulk of September’s revision relates to fiscal year 2002-03 and is based on two compounding factors: additional shortfalls in 2001-02 collections,
realized in the months following the June publication, produce a lower base to which a given set of growth expectations are applied. Second, recent economic indicators point to a somewhat delayed and weaker recovery than that projected a quarter earlier. Lower expected growth rates through mid-2003 applied to a lower base result in significantly lower projected revenues for the remainder of the biennium.

-Projected revenues for the 2001-03 biennium are now $482.4 million less than total legislatively-adopted appropriations.

(Office of Economic Analysis, 2002d)
By September 2, a significant division was intensifying between House Republicans. House speaker Simmons remained adamant that there be no new taxes. Representative Witt was arguing that the “no tax” plan did not have the votes; Mayer and Esteve describe this situation as follows:

The Legislature began a record fifth budget-balancing special session Sunday night and quickly started work on a plan to borrow $250 million for schools and other services.


<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>General Fund and Lottery Fund Resources</td>
<td>$12,070</td>
<td>$10,379</td>
<td>-$1,691</td>
<td>$12,069</td>
</tr>
<tr>
<td>General Fund and Lottery Fund Expenditures</td>
<td>11,974</td>
<td>$10,861</td>
<td>-$1,113</td>
<td>$13,453</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$96</td>
<td>$0</td>
<td></td>
<td>$121</td>
</tr>
<tr>
<td>Shortfall</td>
<td>$0</td>
<td>-$482</td>
<td></td>
<td>-1,505</td>
</tr>
</tbody>
</table>

$ in millions

(Governor's Office, 2002)
The plan’s chief backer, House Speaker Mark Simmons, R-Elgin, said the state must go into debt to stave off cuts that could chop weeks off the school year or increase class sizes throughout the state. “It’s an investment that I believe will pay off great for Oregon,” Simmons said, likening his proposal to a student taking out a college tuition loan. But there were indications that the proposal, which was introduced as a bill, may not have the support it needs to survive in the always-contentious House. “It’s does not have the votes,” said Rep. Bill Witt, R-Cedar Mill, who is working on a competing plan that includes some higher tax revenue. “It’s a long way off. I’ve talked to at least eight Republicans not in support of it.” Simmons said he hasn’t done his own vote count, but expects “in the final analysis, we’ll have sufficient support.” Democrats are even less likely to back Simmons’ proposal, which would allow the state to borrow against increased cigarette taxes that voters have been asked to approve Sept. 17.

(Mapes & Esteve, 2002)

The House speaker, Mark Simmons was emphatic that there were not enough votes for a tax increase in the House. Tax increases require a three-fifths vote in both the House and the Senate, meaning 36 votes in the House and 18 in the Senate. Republican controlled both the House and the Senate by majorities of 32-28 in the House and 16-14 in the Senate. Any tax increase would require bi-partisan support to reach the three-fifths level.
By September 4th the speaker's plan to ask voter to approve a bond of $250 million which would be repaid with future cigarette tax revenues did not have the votes to pass it. Hogan and Mayer describe the conflict within the Republican party:

The House had been expected to vote on the Simmons plan Tuesday morning. The bond measure would be referred to the Nov. 5 ballot, and also would depend on voter approval of a 60-cent cigarette tax increase in the Sept. 17 special election.

But the House vote never occurred. Instead, Republicans met behind closed doors most of the day as Simmons tried to find the votes for his plan.

"This has reached the level of insanity," Witt said at one point, as he angrily walked out of a GOP caucus meeting. "It's getting very emotional and very testy. There was a fair amount of screaming."

Witt said the speaker kept pushing his plan, despite the lack of support. He said Simmons stressed that he needed Republicans to support the plan so that his bargaining position would improve.

(Hogan & Mayer, 2002)

September 5th was the deadline for initiatives to be included on the November ballot. The time between September and the ballot in November was needed to write the official description of the initiative, and allow for the inclusion of comments from supporters and opponents of the initiative which are included in the voter's pamphlet. This pamphlet is sent to each voter in Oregon. The time was also needed for the production and distribution of the mail-in ballots. Oregon has shifted to all mail-in ballots for its elections.
In the fifth special session, the September 5th deadline brought consideration of a compromise plan which included a proposal for Oregon's first tax increase in 20 years. The proposal, by Representative Witt, was considered in the Republican caucus. Esteve describes the situation:

"It got highly emotional and loud, and, yeah, I thought it was personal," Witt said. "Two different members basically accused me of not being loyal."

But, icy looks aside, Witt's proposal to combine a temporary income tax increase with borrowing and budget cuts has become the core of a compromise that could end the fifth, and probably final, special legislative session of the year.

Witt's effort to steer a middle course through a bitterly divided Legislature -- a feat that has eluded Republican leaders -- could be a key to avoiding deep cuts to schools, prisons, state police and other state programs.

(Esteve, 2002d)

On September 6th legislators and the governor were still negotiating to find a workable solution. The negotiations centered on the mix of borrowing, of cuts and of increased taxes which would fill the budget shortfall and be politically acceptable. At the beginning of the day the mix included $100 million in cuts, $100 million in bonds, and $300 million in taxes. On September 6th, the Senate also narrowly defeated, by a tie vote, the elimination of the Public Employees Retirement System (PERS). Senate President Derfler still stated that he would not support a tax increase without
significant reform in the PERS system. PERS is projected to face a shortfall in revenue and therefore require additional public funding.

By Sunday September 8th, all parties were still negotiating with the hope that a tax package could still be placed on the November ballot if the legislature passed a law modifying the election procedures. Negotiations continued through September 8th and 9th. By the 10th, Esteve and Mayer describe the governor's feeling about raising taxes as:

After pushing for months for a statewide vote on a temporary tax increase, Gov. John Kitzhaber conceded Monday that time has run out, and he appeared resigned to either borrowing money or making deep cuts in state programs.

At a meeting with legislative leaders, Kitzhaber said any hope for passing a tax increase is "doomed" and said he would not veto a Republican plan to borrow as much as $350 million to help cover an expected $482 million shortfall in the current $12 billion budget.

The statement marked a rare capitulation for the governor, who, through vetoes and appeals to the public, has tried repeatedly to persuade lawmakers to resist the temptation to borrow against future revenue and instead face the issue of taxes head on. But, absent hundreds of millions of dollars in program cuts, Kitzhaber said he doesn't see any other way to end the Legislature's fifth special session of the year.

(Esteve & Mayer, 2002)

The negotiations which followed this meeting centered on the nature of the tax increase proposal and the specific agencies or programs to be cut. Some legislators wanted any tax increase to specifically aid schools, while
others wanted to have the increase be general revenue. Those arguing for a targeted increase felt the voters would not support an increase unless it directly helped their schools. In the discussion of budget cuts, there was a wide range of proposals including the attempt by some legislators to make cuts of selected programs permanent. Among those proposed for permanent cuts were Oregon Public Broadcasting, the Multnomah gang taskforce and the pre-kindergarten programs. Many legislators who had issues with programs used this opportunity to raise their concerns and request cuts. One of the cuts made in community college funding was $2.9 million for self-improvement classes, which were not defined in the legislation. The lobbying relating to both the proposed tax increase and the cuts was intense. Several business lobbying groups, such as the Associated Oregon Industries, argued that the legislature should avoid new taxes during a recession. Other groups lobbied for or against specific funding allocations.

Over the period of September 10th to the 14th there were a number of votes on different tax packages. In many votes the Democrats were accused of defeating the tax proposals. Given the need for the three-fifths majority to pass a tax package the Republicans did not have sufficient number of Republicans votes in either the House or Senate to pass a tax package. The Republican were holding the Democrats responsible for not support their proposal to send
a tax measure to a special election in December of January. Many Democrats opposed the ballot referral measure, maintaining that the legislature should make decision. They argued that the legislature could enact the tax increase and thereby assure schools of the operating funds for this year. A referral was, in their view, an abrogation of the legislative responsibility and left the schools in limbo until the election. Mapes description of a vote on a House plan gave an indication processes in the legislature during these days:

Thirteen days into a special session marked by political gridlock, the Oregon House on Friday for the first time passed a plan to fill the $482 million budget gap.

However, the plan died several hours later in the Senate, once again casting doubt on whether the lawmakers are any closer to an actual solution.

Over almost unanimous Democratic opposition, the Republican-led House on a 33-26 vote passed legislation to borrow $400 million while cutting about $80 million from existing programs.

Gov. John Kitzhaber has made it clear he'd veto such a bill and, after several hours of backroom discussions, it was clear the Senate didn't have the votes to test the governor. The Senate defeated the borrowing bill on a 17-13 vote, with three Republicans joining all of the Democrats in opposition.

(Mapes, 2002)

One of the pressures on the legislators was the impending October 1st implementation of the governor's across the board cuts of the $482 million if the legislature has not resolved the budget shortfall by that time. The impact of these cuts were wide reported as including the layoff of 130 state troopers, the
release of 4000 prisoners and shortening the school year for
K-12 by three weeks. With this impending deadline and with the paralysis of the
legislative processes the frustrations were becoming more
intense as indicated by the many heated comments on the press.

On September 16th, another bill to close PEAS was passed in Senate
and defeated in the House. The governor met with House Democrats to
discuss referring a tax increase to the voters. On the 17th the House approved
for the first time sending a tax measure to the voters; the measure was
defeated in the Senate. In the Senate, Senate President Derfler and others
said that they would not vote for a tax increase until costs of PERS
were "brought under control." On the 18th the Senate was close to passing a
tax bill and to adjournment, but Esteve described the situation:

A go-home deal brokered by Senate leaders fell apart late Tuesday,
apparently after one lawmaker had a last-minute change of heart about
his earlier support of a proposed income tax increase.
The switch, reportedly by Sen. Frank Shields, of Portland, brought
plans for a late-night adjournment crashing to a halt and left in doubt
how the Legislature will bring its record-setting fifth special session to an
end.

"We had a deal, and the Democrats backed out of it," said Senate
Majority Leader David Nelson, R-Pendleton. He said he was told by
Senate Minority Leader Kate Brown, D-Portland, that Shields had
changed his mind after once supporting a proposal to put a temporary
income tax increase to a statewide vote.

(Esteve, 2002e)
Esteve described the sometimes angry negotiations and recriminations which preceded and followed the vote. He quoted Derfler, the Senate President as saying that “Everyone’s mad at each other.” There were rumors that the Senate might simply quit, leaving the governor’s across the board cuts in place.

On the same day, September 18th, the election results for the special September 17th election were released. Both measure 19 and Measure 20 were approved by voters in a 3 to 2 margin. Measure 19 converted the Education Endowment Fund into a “rainy-day” fund and at the same time took $150 million from the fund for K-12 schools. Measure 20 increased the tax on cigarettes by 60 cents per pack which would raise about $70 million in the 2001-2003 biennium and about $114 million per year thereafter. Neither measure impacted the $482 shortfall that the legislature faced.

Finally, late on the 18th, the Senate approved the referral of a three year income tax increase. Esteve described the decisions as follows:

Spurred by a desire to quit fighting and go home, lawmakers crafted a deal late Tuesday night that brought the Oregon Legislature’s record-setting fifth special session to an end.

The linchpin of the compromise was final approval by the House and Senate to refer a temporary income tax increase to voters in a special statewide election Jan. 28.
Other elements of the package include borrowing $150 million against Oregon's share of the national tobacco settlement, eliminating state inheritance taxes and making about $50 million in selected cuts to the current budget.

Taken together, the bills more than cover the current $482 million shortfall in the state's $12 billion 2001-03 budget. The package staves off, at least for now, deep cuts in state programs, including school aid, prisons, state police and services to the elderly, needy and disabled.

However, if voters reject the tax increase, which would raise an estimated $315 million, the cuts would go into effect.

“We've given Oregonians an opportunity to preserve the fabric of the state or to rip it apart,” said Senate Minority Leader Kate Brown, D-Portland.

The record-breaking fifth special session ended a 10:39 p.m. in the House and 1 a.m. on the 19th in the Senate. Much will be written and said about the five special sessions during 2001, but at the adjournment the commonly stated feeling among legislators was that they simply wanted to leave and not return.

RESULTS OF THE SPECIAL SESSIONS

Tracking the impact on community colleges of actions of the legislature during the special sessions has been difficult and will take some time to develop accurate data of the impact on individual community colleges. Table
14 presents the best information available at the end of the fifth special session. This table is derived from data sent by email to the community colleges from the Deputy Commissioner of the CCWD. Given the time, extensive analysis would be appropriate for the numbers in this table and the related impact on community colleges. Such analysis is beyond the scope of this epilogue. However, several general observations about the results of the legislative actions are in order. First, all of the line item amounts, which were the subject of considerable discussion during the regular session, were deleted. Second, the legislature made, for the first time, a programmatic decision about the general services of community colleges when it cut funds for self-improvement classes. Previous to this action, the legislative decisions have been about a specific line item program or about the amount to the funds which would be distributed through the formula. Third, the community college will have fewer funds for the 2002-2003 year than they had for the 2000-2001 year. Finally, community colleges will individually need to decide whether to borrow operating funds to cover all or part of the final payment of $56 million which as been shifted to the next biennium. With that decision will come some degree of risk that the 2003-2005 legislature will appropriate fewer funds than are needed to repay the full $56 million.
### TABLE 14. Results of Special Sessions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Community College Support Fund (CCSF) for 2000-2001, the last year of the 1999-2001 biennium</td>
<td>$209,293,662</td>
</tr>
<tr>
<td>Total Community College Support Fund (CCSF) Appropriation for 2001-2003 Biennium at the Close of the Legislative Session</td>
<td>$465,568,191</td>
</tr>
<tr>
<td>Reductions during the Special Sessions--February 2001 through September, 2002</td>
<td></td>
</tr>
<tr>
<td>Skill Centers</td>
<td>&lt;$800,000&gt;</td>
</tr>
<tr>
<td>Oregon Advanced Technology Center (OATC)</td>
<td>&lt;$200,000&gt;</td>
</tr>
<tr>
<td>Sabin Center</td>
<td>&lt;$1,030,000&gt;</td>
</tr>
<tr>
<td>Baker County Annexation</td>
<td>&lt;$561,917&gt;</td>
</tr>
<tr>
<td>Past Annexations</td>
<td>&lt;$1,122,803&gt;</td>
</tr>
<tr>
<td>Distance Learning</td>
<td>&lt;$602,565&gt;</td>
</tr>
<tr>
<td>Regional Partnerships</td>
<td>&lt;$1,220,000&gt;</td>
</tr>
<tr>
<td>Central Oregon Community College University Center</td>
<td>&lt;$269,259&gt;</td>
</tr>
<tr>
<td>Contract Out of District (COD) Allocations</td>
<td>&lt;$1,590,000&gt;</td>
</tr>
<tr>
<td>State Budget Reductions - 2nd Special Session</td>
<td>&lt;$13,899,546&gt;</td>
</tr>
<tr>
<td>Proposed Across the Board Reductions (See Note 1)</td>
<td>&lt;$14,107,486&gt;</td>
</tr>
<tr>
<td>Reduction of Self-improvement course</td>
<td>&lt;$2,900,000&gt;</td>
</tr>
<tr>
<td>Subtotal of Reductions</td>
<td>&lt;$38,303,576&gt;</td>
</tr>
<tr>
<td>Total CCSF funds available for Formula Distribution for the biennium at the end of the 5th Special Session</td>
<td>$427,264,615</td>
</tr>
<tr>
<td>Total State Formula Resources distributed during the first year of the biennium, 2001-2002</td>
<td>$220,270,037</td>
</tr>
<tr>
<td>Total State Formula Authorizations for Formula Distribution 2002-2003 (See Note 2)</td>
<td>$206,994,578</td>
</tr>
<tr>
<td>Total actual Funds available for Formula Distribution 2002-2003 (See Note 2)</td>
<td>$150,994,062</td>
</tr>
</tbody>
</table>
Note 1 on Table 14: This $14.1 million would be the community college portion of the across the board cuts which would take place if the $317 million income tax increase measure does not pass. This measure has been referred to voters for a January 28, 2003 special election.

Note 2 on Table 14: The actual amount of state funds to be distributed in 2002-2003 are $56,000,516 less than the $206,994,578 indicated. House Bill 5091 reduced the CCSF by the $56 million but Senate Bill 1002 allowed $56 million of the 2003 legislative appropriation to be accrued to 2002-2003, which means that community colleges will not receive the $56 million during 2002-2003 but will be able to individually borrow their portion of the $56 million with the hope that 2003-2005 Legislative session will appropriate an additional $56 million to cover the loans.

CONCLUSION OF THE EPILOGUE

The transition from a “Kum By Yah” session to the bitter divisions of the special sessions deserve separate study. However, it is reasonable to say that the conflicts evidenced in the battles to rebalance the budget during the special sessions will be part of the political environment during the 2003-2005 legislative session. Even though the political and economic environment of the
state may have changed during the fourteen months after the close of the 2001-2003 regular session, the seven conclusions stated in Chapter 5 remain valid.

First, unity of the community colleges was successful during the 2001-2003 regular session. Unity will be even more important in the competition for scarce resources during the 2003-2005 regular session. Second, understanding the budget process and the relative influence of the parties will be essential as the state faces additional budget shortfalls. Third, the Per Student Funding Model was not accepted during the 2001-2003 regular session. Given budget constraints, it is highly unlikely that the state will make an unqualified commitment to fund enrollment growth. Fourth, community college leaders will continue to experience tension between highly complex situations and the need to provide simple, easily understood explanations. As the competition resources intensifies, the need for high quality but simple explanations will become more pronounced. Fifth, Oregon community colleges will continue to have strength in their high rating and local support base. Having a strong political base will be more important in future legislative sessions. Sixth, powerful marketing strategies for the 2003-2005 and 2005-2007 regular sessions will be more necessary than perceived at the end of the 2001-2003 session. The statement of this conclusion in chapter 5 remains accurate but understated. Seventh, research on the issues listed in Chapter 5...
will become more important as the competition for state resources becomes more intense.

The 2003-2005 regular session convenes January 13, 2003, just four months after the end of fifth special session. The gubernatorial candidates who are competing for election in November 2002 will face constant questions about the funding issues for state government. Incumbent legislators who are reelected in November will carry the experiences and, probably, scars from the five special sessions of 2002. New legislators will have faced serious debate on the state funding during their campaigns. The new governor and the legislature will, by all estimates, face an additional $1.0-$1.5 billion deficit for the 2003-2005 session from the current service level budget. Unless miracles occur between the end of this epilogue and the beginning of the 2003-2005 session, the governor and legislators will not enter the session with a successful model of bi-partisan problem solving. On January 28, 2003, two weeks after the opening of the 2003-2005 regular session, the voters will decide the fate of the $317 million tax increase, Measure 28, referred by the legislature. The community colleges will still depend on the state for half of their revenue. The demand for community college services will continue to increase. The demands on community college leaders will be greater during the 2003-2005 session than in previous ones.
These conditions reinforce the initial observation of this dissertation, stated in the first sentence of Chapter One: Community Colleges exist in a rapidly changing environment. Community colleges will continue to intersect with large scale forces into the foreseeable future. Oregon community colleges will continue to exist in a complex, competitive financial environment. Oregon community colleges will continue to provide essential services to over 500,000 Oregonians each year. Research continues to be needed to guide community colleges as they navigate into the future. The updating of this epilogue ends with the end of the fifth special session, September 19, 2002.


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