

Docket Item:

Community College Support Fund Investments

Summary:

This item provides initial staff recommendations on Community College Support Fund Investment levels for the 2017-19 biennium. The investments are divided into two buckets: 1) Maintaining Services, and 2) Expanding Opportunities. A description of each investment is provided below.

Docket Material:

The Community College Support Fund (CCSF) Investment levels for the 2017-19 biennium start with the 2015-17 funding level of **\$550 million**.

Maintaining Services

In order to maintain services, external cost drivers and an increase to current service level should both be considered. Both are described below.

External cost drivers

Community colleges were asked to identify the projected costs of staying in compliance with new or expanded state and federal mandates, including: Cleary Act/ Title IC Compliance, Public Employee Retirement System (PERS), health care costs related to the Affordable Care Act (ACA), paid sick leave, minimum wage increases, the Fair Labor Standards Act (FLSA), and continuation of funding for academic counselors and first-year experience related to the Oregon Promise. The total projected cost of these external cost drivers is estimated at **\$70.2 million**.

Current service level estimate

Due to the fact that the Department of Administrative Services (DAS) has not yet provided the Current Service Level (CSL) calculation for the 2017-19 biennium, and that the \$70.2 million does not include Cost of Living Adjustments (COLA) or replenishment of community college reserves, this should be considered a minimum. An additional 3 percent investment over 2015-17 funding levels would cost **\$16.5 million**.

Investment to Maintain Services: \$86.7 million

Expanding Opportunities

Based on a model developed by the National Center for Higher Education Management Systems, Oregon's community colleges will need to produce an additional 144,612 certificates and 76,351 associate's degrees by 2025. Using 2013-14 as a base year and maintaining a stable level of state and local investment per FTE, state investment would need to increase an average of 11.5 percent each year. Following this pattern and applying it to state funding only, the investment in 2017-18 would need to be 23 percent over 2015-16 $[(\$550,000,000/2)*1.23 = 338,250,000]$ and the 2018-19 investment would need to be 34.5 percent over 2015-16 $[(\$550,000,000/2)*1.34.5 = 369,875,000]$, for a total investment of \$708.1 million. This is an additional

investment of **\$168.1 million** over the 2015-17 biennium. Oregon's community colleges have identified two main areas to concentrate additional investments that will assist Oregon in meeting its 40-40-20 educational attainment goal.

Guided pathways and affordability:

The guided pathways umbrella includes expansion of successful student support programs, developmental education redesign, increased advising, improved student placement, prisoner re-entry programs, better use of data, and improved alignment with K-12 and with the university system. The affordability umbrella includes helping students address housing and food insecurity, providing emergency loans to students, improved transportation and childcare options, expanded use of open educational resources, and keeping tuition affordable. These investments are expected to have significant positive impacts on retention and completion.

CTE/STEM expansion:

Meeting the needs of the Oregon economy and the state's employers will require additional investments in Career and Technical Education and improvements in the way students are supported through STEM (Science, Technology, Engineering, and Math) degree programs. These investments will be particularly helpful in helping Oregon's community colleges to meet the growing demand for certificates and other industry recognized credentials. These investments are expected to have a significant positive impact on certificate production and workforce readiness.

Investment to Expand Opportunities: \$168.1 million

Total Proposed Community College Support Fund Investment for 2017-19: \$794.8 million

Staff Recommendation:

Information item