
Pathways to Progress:

A Strategy for Steering, Cheering and Persevering
to Achieve Oregon's Higher Education Goals

Higher Education Coordinating Commission
2014-15 Strategic Plan

March 2014

We will foster and sustain the best, most rewarding pathways to opportunity and success for all Oregonians through an accessible, affordable and coordinated network for educational achievement beyond a high school diploma.

Vision Statement, Higher Education Coordinating Commission, November 2013

Table of Contents

Executive Summary.....	1
The New Governance Landscape	1
A Strategy for Achieving Oregon’s Higher Education Goals.....	1
Goals, Timeline and “Next Steps Plan”	3
Mapping the Pathways to Opportunity and Success	5
Learning from the Work that Created Our Mission.....	7
The Value of Postsecondary Education	7
The Challenge of 40-40-20	11
Recent Efforts Provide a Roadmap for Our 40-40 Pathways.....	16
The New Governance Landscape	21
Expanding, Supporting and Sustaining the Pathways to Progress	27
An Action Plan for 2014-15.....	31
Broaden the Pathways to Our 40-40 Goals.....	31
Make the Pathways Accessible, Affordable and Supportive for Students	33
Steer the Higher Education Enterprise	36
"Cheer" the Promotion of College Completion and Career Readiness	39
Conclusions and Comments.....	41

Executive Summary

The pathways to educational success today reach far beyond the classrooms of the last century. Seamless pathways from pre-school through college and career training must be created and sustained so that students can advance at their best pace, learn in their best environments and achieve to their full potential. The state's 40-40-20 goals go even further, committing us to a future to be realized less than a generation from now, in which all Oregonians will complete their educations and gain the ability to contribute to our society and economy.

As the Higher Education Coordinating Commission, we have the responsibility of overseeing the critical segments of the pathways to educational success from the point at which students are completing their high school diplomas and moving forward to learning, training and mastering skills in college and career training programs. We undertake this responsibility at a time of significant challenge, change and urgency. Our success will require more than good intentions or the construct of aspirational goals; it will require reinvention, recommitment and reinvestment.

The New Governance Landscape

We are a coordinating commission for students, mindful of the state's interest in their success as contributing members of society, rather than a governing board for colleges and universities concerned with their viability as institutions. Our goal is to build accessible and affordable pathways to opportunity and success for Oregonians that can be sustained by innovative and high-performing public and private institutions of postsecondary education throughout the state.

Old Paradigm	New Paradigm
The public system is managed to sustain institutions	The public system is organized to maximize student success
Constraints in state budgeting encourage cost shifts to institutions and students that obfuscate issues of capacity and affordability	Impacts of constraints in state budgeting on institutions and students will be clarified
State provides resources to institutions based on enrollment	Increasingly, state provides resources to institutions to maximize learning outcomes and student success
Centralized governance and management of universities	Centralized coordination; local governance and management

A Strategy for Achieving Oregon's Higher Education Goals

In exercising our responsibilities, we see four distinct functions by which we will organize our work; advise the Oregon Education Investment Board, the Governor, and the

Legislative Assembly; implement their directives; and work with the state's educational institutions, students and community partners.

1. Broaden the pathways to our 40-40 goals

It is our responsibility to draft the state's blueprints and prospectus for building and sustaining the pathways to educational success beyond high school and to keep us on track to the state's 40-40 goals for the completion of postsecondary certificates and college degrees. We will encourage increased efficiency and a "more-smarter-faster" approach to achieving our 40-40 goals. More students moving more efficiently along better-organized pathways that lead to faster completion of certificates and degrees will raise the "return on investment" for both students and the state. But we also recognize that more resources will be needed to achieve the "more."

2. Make the pathways accessible, affordable and supportive for students.

Students and their families now bear the heaviest financial burdens for pursuing an education beyond high school. As a result, their ability to sustain their contribution to the achievement of our 40-40 goals is even more problematic than the ability of the state to increase its financial support for the postsecondary education enterprise. Mindful of these challenges, we will accelerate student progress by straightening the pathways to certificates and degrees and helping students navigate the increasingly complex array of choices that confront them.

3. "Steer" the higher education enterprise.

It is our responsibility to both challenge and support our state-sponsored institutions to meet the needs of students and the state with cost-effective, high-quality programs of training, study and research. This will require a firm and steady hand on the wheel in a tight-loose relationship with institutions whose governing boards bear primary responsibility for the delivery of postsecondary education. We envision a concerted effort, in a cooperative environment, to take advantage of technological innovations in education delivery, address the needs of our economy and society and respond to the financial constraints that confront Oregon's working families.

4. "Cheer" the promotion of college completion and career readiness.

Oregon has failed to prepare a workforce to fill high-skill, high-wage jobs. This has shortchanged Oregonians' participation in the world of work and has forced employers in our most dynamic industries to import college-educated talent from outside the state. In addition, our Latino and other minority communities, which have had low rates of participation in postsecondary education, represent the fastest growing populations of students in Oregon. These realities challenge us to create a broader and more inclusive culture of college aspiration to achieve our 40-40 goals. We will engage Oregonians and under-represented communities to raise the profile of higher education, with the help of philanthropic, educational and community-based partners. And, we will support initiatives to meet the needs of first-time college students and under-represented populations.

GOALS, TIMELINE AND "NEXT STEPS PLAN"

2014

2015

	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	
Broaden the pathways and accelerate progress to our 40-40 goal																		
1.1	Clarify application of 40-40 goals to school-age and working adults	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.2	Coordinate with OWIB regarding "middle 40" strategies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.3	Work with OWIB to create formal relationship with workforce partners	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.4	Develop statewide metrics for monitoring progress to 40-40	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.5	Develop profile of students to be served and needs to be met	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1.6	Provide budget guidance to CCs, universities, OSAC, OUS, CCWD	✓																
1.7	Prepare consolidated budget request	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Make the pathways accessible, affordable and supportive for students																		
2.1	Complete tuition freeze study	✓																
2.2	Complete report on state financial aid programs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.3	Complete analysis of free two years at community colleges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.4	Prepare integrated recommendations regarding financial aid, access and affordability	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.5	Consider Pay It Forward pilot project	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.6	Prepare legislation for inter-state program approvals (SARA)	✓																
2.7	Investigate creation of a web-based portal for navigating the post-secondary system	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2.8	Select national website for comparative data on affordability and value	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Duration of Action: Ongoing: Task Complete:

2014 2015

GOAL	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	
"Steer" the higher education enterprise																		
3.1																		
3.2																		
3.3																		
3.4																		
3.5																		
3.6																		
3.7																		
3.8																		
"Cheer" the promotion of college completion and career readiness																		
4.1																		
4.2																		
4.3																		

Duration of Action: Ongoing: Task Complete:

Mapping the Pathways to Opportunity and Success

The pathways to educational success today reach far beyond the classrooms of the last century. They begin with a comprehensive system of learning in early childhood, transition to more expansive and rigorous curriculums in our elementary and high schools and continue on to encompass up-to-date technical training, high-quality college and university educations and relevant life-long learning for adults in a variety of settings.

Oregon's design for the education pathways from pre-school through college and career training exemplifies this vision of a seamless and well-sequenced continuum through which students can advance at their best pace, learn in their best environments and achieve to their full potential. Our 40-40-20 goals for high school and college completion demand even more, committing us to a future to be realized less than a generation from now, in which all Oregonians from all walks of life will complete their educations and gain the ability to contribute to our society and economy.

Gov. John Kitzhaber has called these 40-40-20 goals the "North Star" for our education system, from pre-school to graduate school – an image that reminds us that those numbers are not ends in themselves, but beacons for the success they offer to our students and the state. Achieving those numerical goals will empower our people and invigorate our economy. These effects, in turn, will help to reverse decades of relative decline in personal income in Oregon and establish a virtuous circle of rising incomes, more revenue to invest in education, a more productive workforce and greater prosperity.

As the Higher Education Coordinating Commission (HECC), we have been given the responsibility for overseeing the critical segments of the pathways to educational success from the point at which students are completing their high school diplomas and moving forward to learning, training and mastering skills in college and career training programs. We undertake this responsibility at a time when:

- The state now provides 32 percent less financial support for postsecondary education on a per-student basis than it did five years ago;
- Oregon ranks 46th of the 50 states in state appropriations per full-time-equivalent student in our public colleges and universities;
- Our three largest universities have been given broad new authorities under recently established governing boards of business and community leaders to energize their endeavors and expand opportunities for Oregon students;
- Our regional and technical universities, some of which are facing severe financial constraints, are attempting to redefine their roles in a new system of university governance;
- Community colleges have seen their enrollments spike and then plateau in response to the roller-coaster effects of a volatile economy;
- The costs of pursuing a postsecondary education are exceeding the breaking point for working families of low and moderate incomes;
- An increasing proportion of students are defaulting on their student loans;

- Educators are concerned about an increasing reliance on part-time and adjunct faculty, whose terms of employment limit their ability to meet the needs of students outside the classroom;
- State leaders have signaled the importance of controlling tuition and expanding access for Oregon students who have been under-represented in our colleges and universities;
- State revenue growth in recent years has failed to match pre-recession growth rates and is projected to continue at this historically slower pace for the remainder of the decade; and
- A three-year effort to restructure the state’s support for education at all levels is moving from organization to implementation.

In short, we are taking the steering wheel for the state’s postsecondary education enterprise at a time of significant challenge, change and urgency. Our success will require more than good intentions or the construct of aspirational goals. Achieving the state’s 40-40 goals will require reinvention, recommitment and reinvestment.

Our responsibilities in this endeavor align, first and foremost, with the interests of students and their success in navigating the pathways among and within institutions that provide postsecondary education. We are a coordinating commission for students, mindful of the state’s interest in their success as contributing members of society, rather than a governing board responsible for managing the affairs of our institutions. The financial health and academic excellence of our institutions are critically important, but those aspects of our postsecondary education system are now primarily the responsibility of the 21 separate boards that govern the state’s 24 public colleges and universities.

Our goal is to build and support the pathways to Oregonians’ opportunity and success that can be sustained by innovative and high-performing institutions of postsecondary education throughout the state.

To quantify this goal and set a deadline for achieving it, we have adopted as our mission achievement of the state’s statutory target of having 40 percent of adult Oregonians with a four-year degree or better and another 40 percent with a two-year degree or postsecondary certificate by the year 2025.

Public colleges with locally elected boards

Blue Mountain Community College	Clatsop Community College	Linn-Benton Community College	Rogue Community College
Central Oregon Community College	Columbia Gorge Community College	Mt. Hood Community College	Southwestern Oregon Community College
Chemeketa Community College	Klamath Community College	Oregon Coast Community College	Tillamook Bay Community College
Clackamas Community College	Lane Community College	Portland Community College	Treasure Valley Community College
			Umpqua Community College

Public universities with appointed institutional boards

Oregon State University	Portland State University	University of Oregon
-------------------------	---------------------------	----------------------

Public universities with an appointed system board (SBHE)

Eastern Oregon University	Oregon Institute of Technology	Southern Oregon University	Western Oregon University
---------------------------	--------------------------------	----------------------------	---------------------------

Learning from the Work that Created Our Mission

In 2011, the Oregon Legislature established “40-40-20” as the state’s goal for educational attainment in Oregon with the passage of Senate Bill 253. That legislation declared that “the mission of all education beyond high school in Oregon includes achievement of the following by 2025:

- (1) *Ensure that at least 40 percent of adult Oregonians have earned a bachelor’s degree or higher;*
- (2) *Ensure that at least 40 percent of adult Oregonians have earned an associate’s degree or post-secondary credential as their highest level of educational attainment; and*
- (3) *Ensure that the remaining 20 percent or less of all adult Oregonians have earned a high school diploma, an extended or modified high school diploma or the equivalent of a high school diploma as their highest level of educational attainment.”*

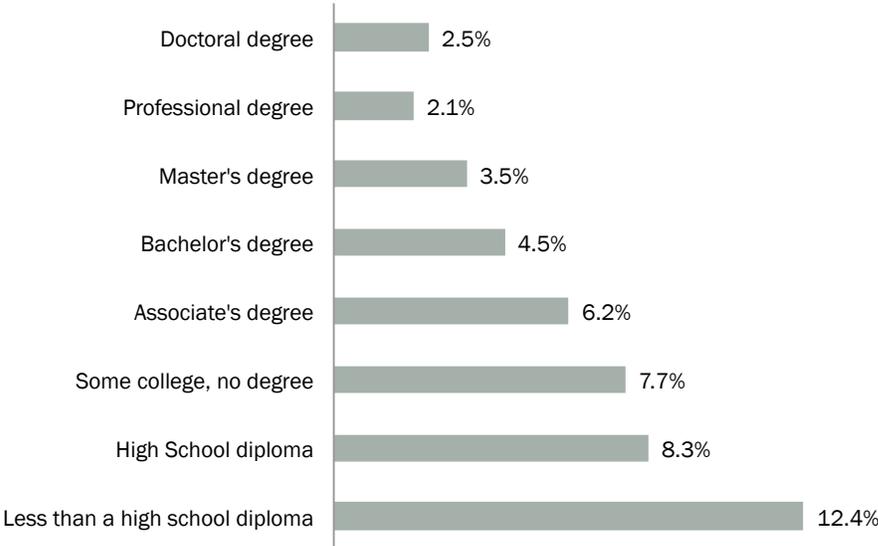
But, even before its enactment in statute, educators, policy makers and community leaders began promoting the importance of 40-40-20 as a target for enabling individual opportunity and achieving societal success in an increasingly knowledge-based global economy. Their work over the past seven years has charted the territory and developed a suite of strategies for achieving what we now refer to as the “first 40” for four-year degrees and the “second 40” for two-year degrees and work-related certificates.

We will take full advantage of the groundwork established by our predecessors, as we advance our strategies and action plans for 2014 and beyond.

The Value of Postsecondary Education

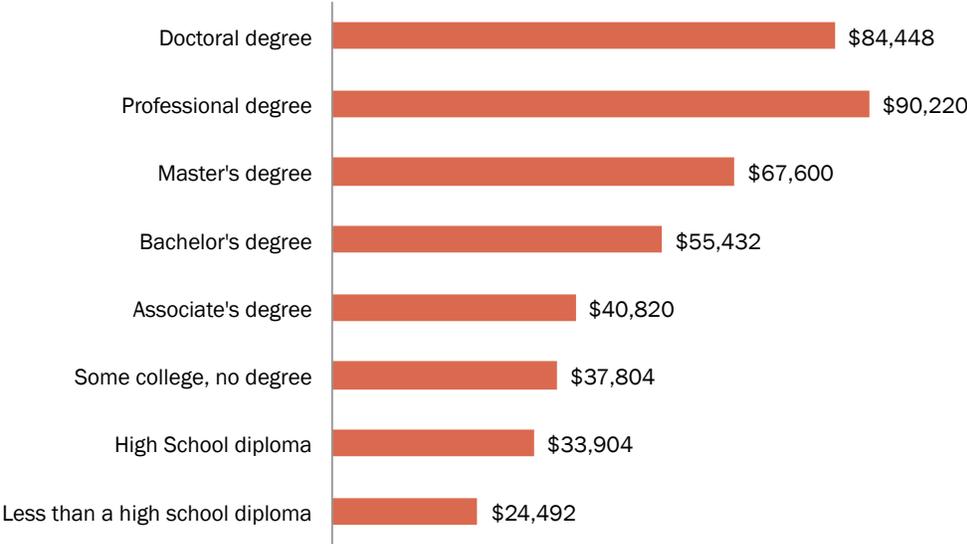
Despite diminishing state support and increasing cost shifts to individuals for the pursuit of postsecondary education, students who complete two-year and four-year degrees still stand to gain significant benefits in the form of employment and income.

Figure 1. Unemployment rates by educational attainment level, U.S., 2012



Source: Bureau of Labor Statistics, Current Population Survey

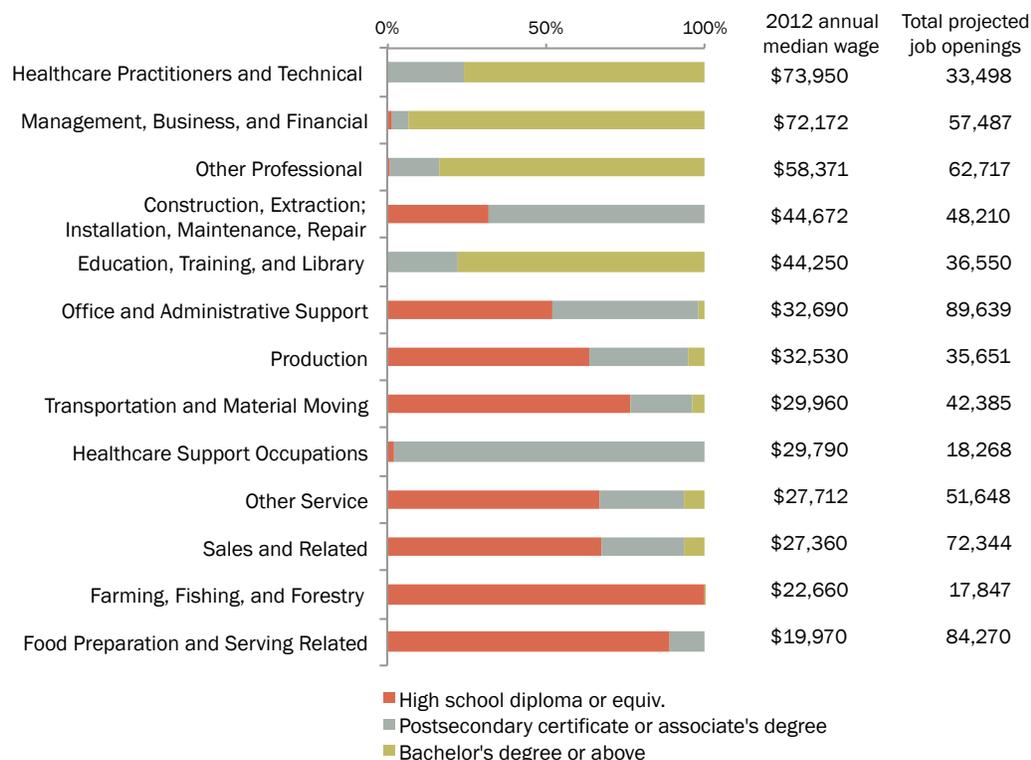
Figure 2. Median annual earnings by educational attainment level, U.S., 2012



Source: Bureau of Labor Statistics, Current Population Survey

Further, there is a marked trend toward higher educational requirements for the high-paying jobs of the future.

Figure 3. Preliminary projected job openings in Oregon, by competitive education level, 2012-22



Source: ECONorthwest analysis of data from the Oregon Employment Department and the Bureau of Labor Statistics

And there is increasing recognition of the value of work-related, postsecondary certificates and the need for skilled workers in a variety of high-wage occupations and industry sectors.

Even in a slow-growth, job-challenged recovery, employers report that there are too few qualified applicants for jobs that require skills that can be obtained with postsecondary education programs, including many programs that do not entail the investment of time required to earn two-year and four-year degrees.

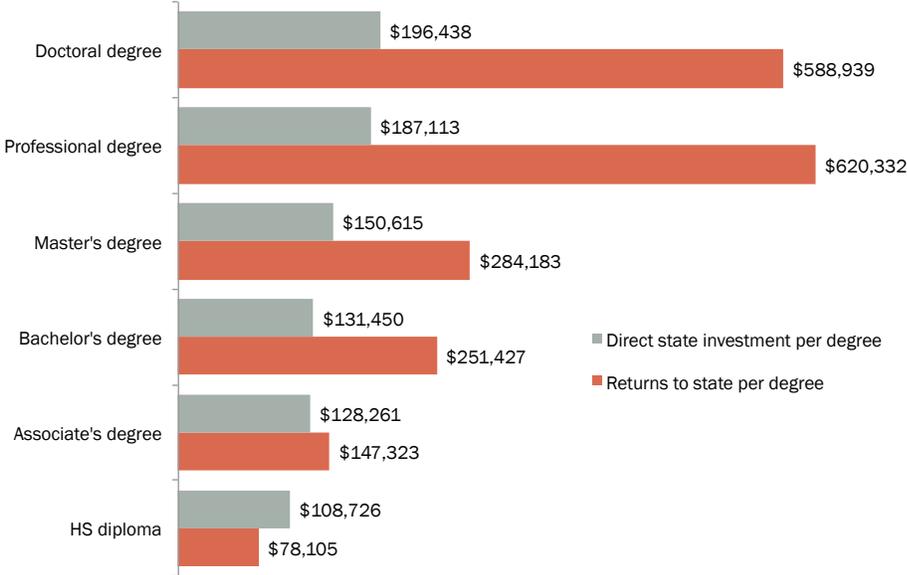
Clearly, postsecondary education is critical to individual opportunity. According to a Lumina Foundation poll released in February 2013, “Nearly all Americans (97%) say having a degree or certificate beyond high school is at least somewhat important to a person’s financial security.” But this is “postsecondary education” broadly defined. A “certificate beyond high school” encompasses far more than two-year and four-year degrees, a reality that is captured in the state’s expansive definition of the “middle 40.”

Further, postsecondary education is critically important, not just to individual opportunity, but also to the state’s economy and to its return on investment in education and job training. A skilled workforce is more than a competitive advantage in today’s economy; it

is an economic necessity. A lack of skilled, highly-educated and creative workers can quickly handicap a state's economy and, eventually, retard its innovation and slow its growth.

These realities shape the state's returns on investment from pre-school to graduate school. Based on prior studies documenting the benefits of increased tax revenues and positive social behaviors expected from higher levels of educational attainment, the Oregon University System (OUS) found that the state's economic and social returns for its investment in education turn positive only after a student progresses beyond K-12 to the achievement of a postsecondary certificate or degree.

Figure 4. Direct state costs and estimated returns to the state, per degree, Oregon

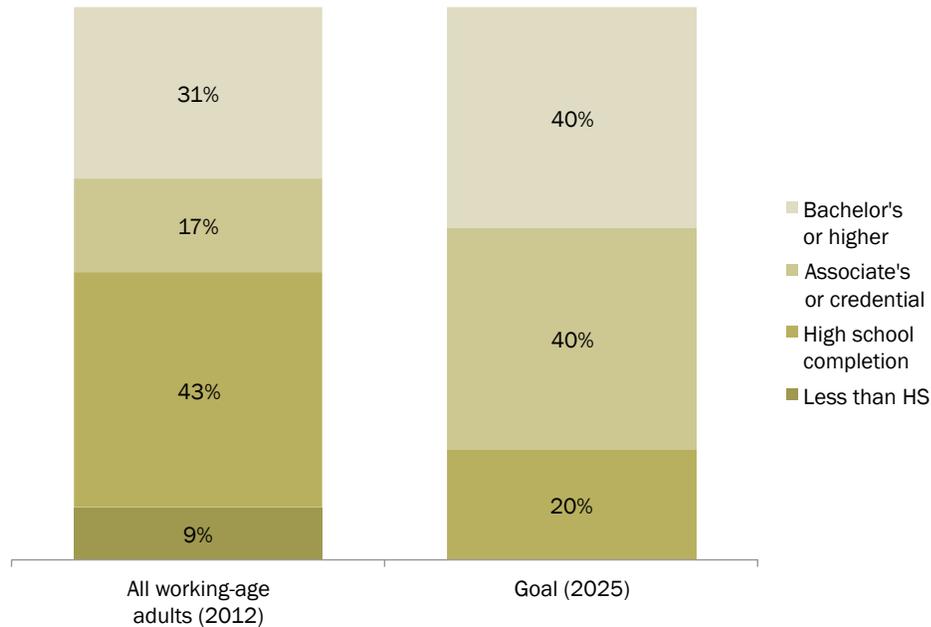


Source: Oregon University System analysis of various data sources

The Challenge of 40-40-20

Oregon has far to go to reach the “first 40” (four-year degrees and above) and even farther to go to reach the “second 40” (two-year degrees and postsecondary certificates) in its commitment to get to 40-40-20 by 2025.

Figure 5. Current educational attainment of Oregon adults, versus the 40/40/20 goal



Note: Working-age adults are 25-64 years old. The high school completion group includes people who self-report to have some college but no degree; the number of individuals in this group with certificates or credentials is unknown. Source: ECONorthwest analysis of data from the American Community Survey (2012), the Oregon Department of Education, the National Student Clearinghouse, and Oregon community college publications.

But the challenges of 40-40-20 are more than numerical. They are also systemic, demographic, economic and increasingly cumulative. And, there are fiscal challenges to consider as well.

The systemic challenge

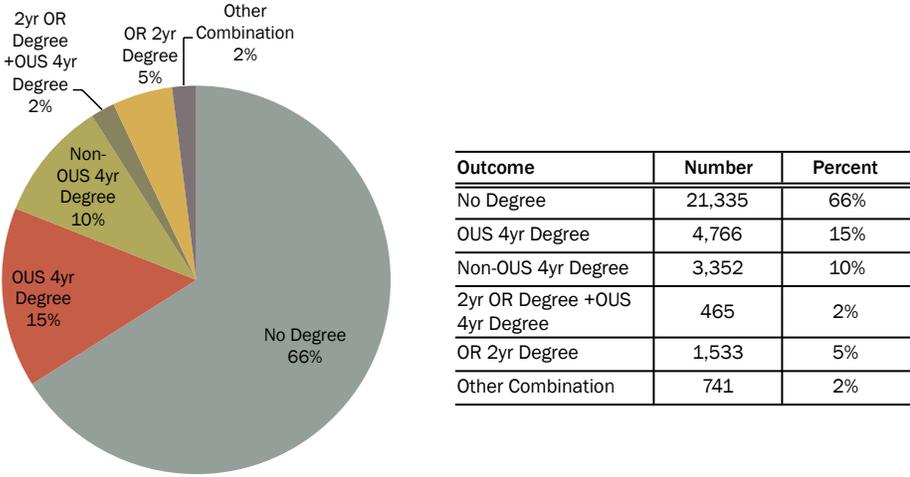
A profile of students in our K-12 system, from today's high school seniors to the first graders who represent the high school class of 2025, reveals even greater challenges to achieving our postsecondary education goals.

Available data indicate that only 39% of students who enter high school graduate within five years and proceed to enroll in a college or university within one year after graduation.

The Legislature and the Governor, acting through the Oregon Education Investment Board (OEIB) and the state's educational leaders, are applying increased attention to improving the quality and rigor of K-12 education and forging better connections across the broader P-20 system – from early investments in pre-kindergarten learning to preparation for college and career readiness in high school. These efforts should improve

the productivity of the K-12 pipeline. But students in the pipeline will require more support.

Figure 6. Postsecondary outcomes in 2012 for Oregon’s high school graduating class of 2005

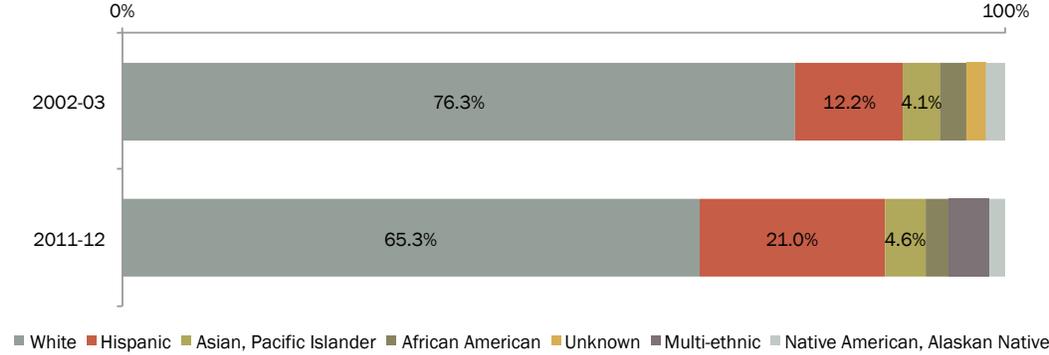


Source: ECONorthwest analysis of data from Oregon Department of Education and National Student Clearinghouse

The demographic challenge

Demographic trends reveal that an increasing number of students will come from racial and ethnic groups who have had less success in our K-12 system and have been under-represented in our postsecondary institutions. Not only will these students require more targeted and effective teaching and support in K-12, they are less likely to come from families with college-going experience and less likely to pursue their educations beyond high school.

Figure 7. Race/ethnicity of Oregon’s K-12 students, 2002-03 versus 2011-12



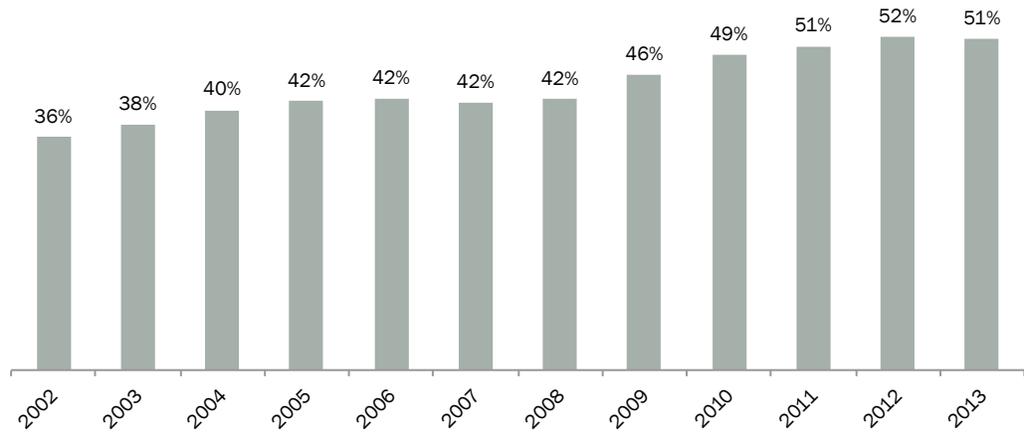
Source: ECONorthwest analysis of Oregon Department of Education data

The economic challenge

Changing demographics combined with increasing levels of poverty and stagnant middle class incomes intensify the economic challenge of 40-40-20.

The poverty rate among families with children has been increasing. These children must contend with more unstable family lives, are often inhibited in their learning by lack of nutrition and food insecurity and suffer greater learning losses during summer and extended breaks in the school calendar than do students from more economically secure families.

Figure 8. Percent of Oregon K-12 students eligible for free- or reduced-price lunch

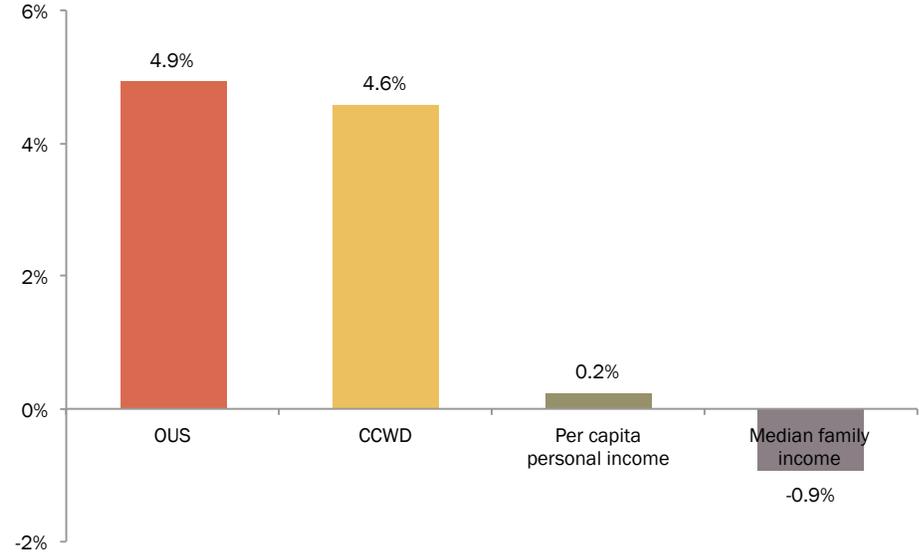


Source: ECONorthwest analysis of Oregon Department of Education data

But poverty is not the only economic challenge. As working-family incomes grow more slowly, the shift of the costs of higher education to tuition payers has created barriers to entry and obstacles to persistence for both poor families and for increasing numbers of low-income and middle class families as well.

During the past decade, as state support for postsecondary education declined, tuition payments per FTE at our community colleges and public universities have increased by more than 4.5 percent per year, while median family incomes have declined by 0.9 percent.

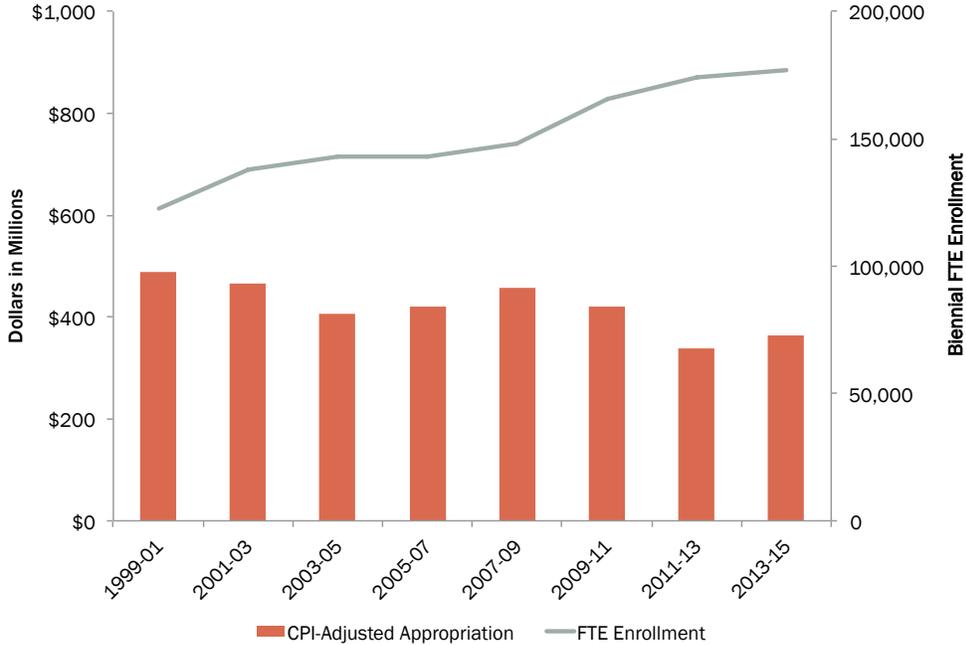
Figure 9. Annual growth rates for real tuition payments per FTE versus income (in 2012 dollars), Oregon, 1999-2012



Source: ECONorthwest analysis of data from OUS, CCWD, and U.S. Census Bureau

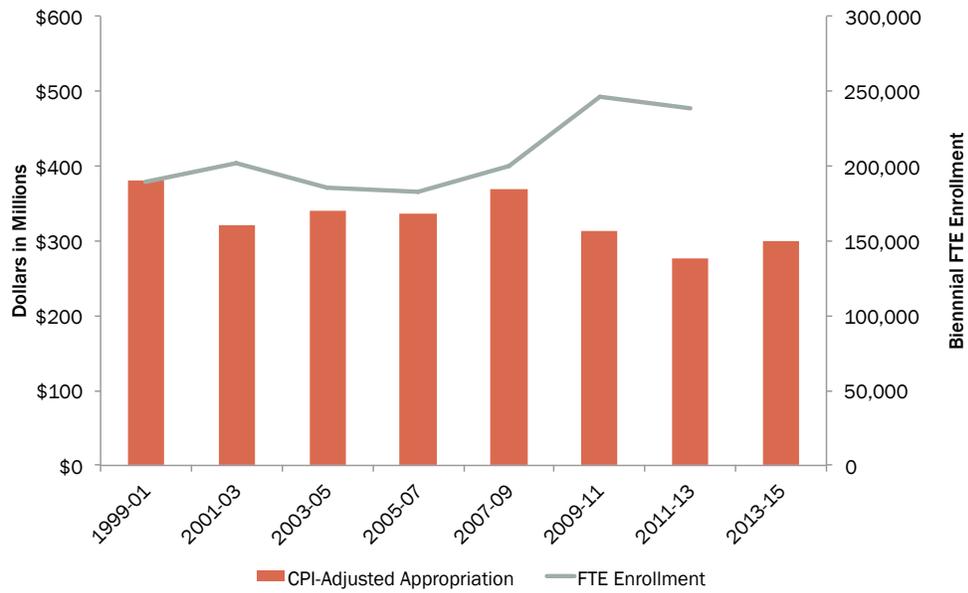
During this same period, state support for its community colleges and universities declined, while enrollment climbed, which intensified the reliance on tuition to cover costs and keep up with demand.

Figure 10. Oregon University System biennial state appropriations and FTE enrollment, 1999-2015



Source: OUS Fact Book 2013

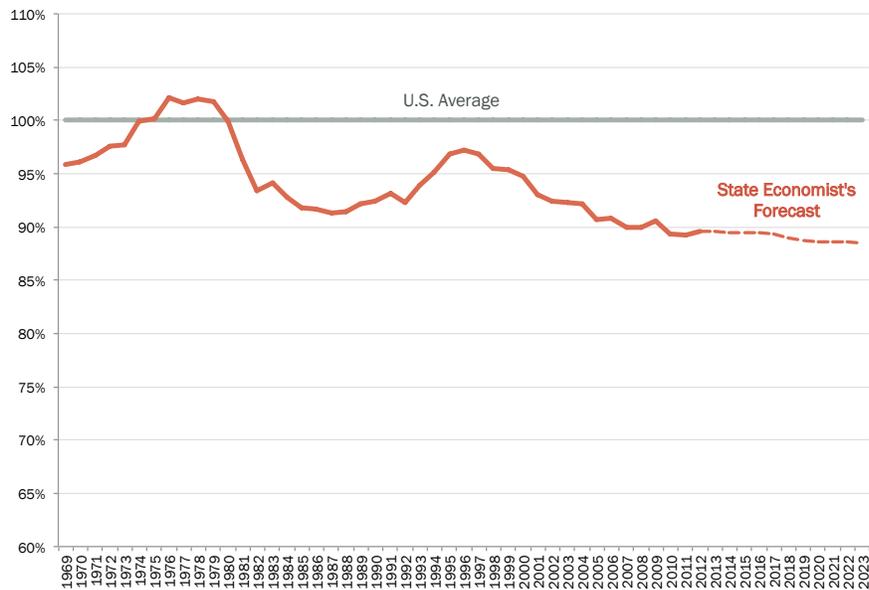
Figure 11. Community college biennial state appropriation and FTE enrollment, 1999-2015



Source: ECONorthwest and Department of Community Colleges and Workforce Development

Finally, Oregon’s per capita personal income has been declining relative to that of other states, to the point where it now averages 90 percent of the national average. As personal incomes decline, our public resources decline relative to those of other states, an effect that has been magnified by Oregon’s heavy reliance on income taxes to support education. This can create a self-reinforcing cycle of scarcity in which declining incomes undercut our ability to reinvest in strategies to overcome this decline.

Figure 12. Oregon’s actual and projected per capita personal income as a share of the U.S. average, 1969-2023



Source: ECONorthwest analysis of Urban Institute—Brookings Institution Tax Policy Center data

The challenge of cumulative effects

The in-migration of college-educated workers from other states and countries has provided a positive contribution to our 40-40 goals, but not enough to offset the growing population of young and middle-aged adults who lack postsecondary credentials.

In fact, the numbers of Oregonians beyond high school age who have not attained a high school diploma and those who have completed high school but have not completed any level of postsecondary education continue to increase every year. Apart from the reasons for their under-achievement, their numbers present a challenge that will require interventions beyond the traditional K-12 pipeline. Although the overwhelming majority of adults in this category are employed, many face fragile futures and constrained opportunities because of their lack of postsecondary education. Also, their life situations make it problematic to reach these students with traditional education programs.

These effects, combined with Oregon's lagging personal income growth, threaten to create a downward spiral of diminishing personal and public resources, making it harder for both the state and its people to afford the investments needed to raise educational achievement.

The fiscal challenge

Since the recession of 2008, the state has had to adjust to slower-growing revenues. Recent revenue forecasts confirm that the state is on a trajectory of revenue growth that will average 5.0 to 5.5 percent a year for the remainder of this decade. This compares to revenue gains averaging 6.5 percent in the two decades preceding the recession. Even with higher revenue growth in those earlier decades, the state was forced to disinvest in postsecondary education because of the need to backfill property tax losses for K-12 schools at the local level and the need to meet rising demands and increasing costs in its health care and corrections programs. Success in controlling the growth of costs of health care and corrections, as demonstrated in the 2013-15 budget, will help to free up resources for education. But slower revenue growth going forward will continue to constrain state resources.

Recent Efforts Provide a Roadmap for Our 40-40 Pathways

In the face of these challenges, educational leaders and policy analysts have identified numerous opportunities to step up the state's production of postsecondary degrees and certificates with and without additional resources. The scope and promise of their efforts can be seen in the following survey and summaries of their work.

POSTSECONDARY QUALITY EDUCATION COMMISSION (PSQEC)

This commission was created by Executive Order in 2007 and appointed by Gov. Ted Kulongoski to create a quality education model for postsecondary education in Oregon. The commission, which was co-chaired by Ed Ray, president of Oregon State University, and Mary Spilde, president of Lane Community College, produced two reports.

- In its first report (November 2008), the commission adopted the 40-40-20 goals (subsequently enacted in statute) and outlined a proposed framework to demonstrate the investments and policy changes needed to achieve those goals.

Its full report can be found here:

<http://www.ous.edu/sites/default/files/factreport/psqec/PSQECRecommendationsMay2010.pdf>

- In a subsequent report (May 2010), the commission offered a “student flow” model, developed by the National Center for Higher Education Management Systems (NCHEMS), to demonstrate the method by which progress to the 40-40 goals could be achieved, including:
 - Higher input rates – high school graduation, college going directly out of high school, and the participation of older adults; and
 - Better throughput rates – first-to-second year retention, transfers from two-year to four-year institutions and successful completion of degrees and certificates.

In this report, NCHEMS recommended strategies to:

- Improve remedial/developmental education;
- Create more opportunities for high school students to take college-level course work;
- Reach out to adults with some college but no degree to “bring them back into the fold;”
- Improve counseling and advising;
- Create more flexible course offerings;
- Offer more creative modes of delivery, combining distance and face-to-face learning;
- Create more clear, direct and accelerated paths to completion; and
- Focus on high-value certificates.

The full report can be found here:

<http://www.ous.edu/sites/default/files/factreport/psqec/PSQECfinal2008.pdf>

OREGON COMMUNITY COLLEGE STUDENT SUCCESS PLAN

The Department of Community Colleges and Workforce Development (CCWD) created the Oregon Student Success Steering Committee to develop a multi-year strategic plan for student success in the community college system. Its 2008 report includes a visual model, “Framework for Measuring Student Success,” that displays the colleges’ diverse student populations and their sometimes “non-linear” educational pathways. The report also includes recommendations for improving student retention rates, policies related to non-credit workforce training and a system to disaggregate performance data, on a college-by-college basis, to identify high-performing colleges and share their best practices.

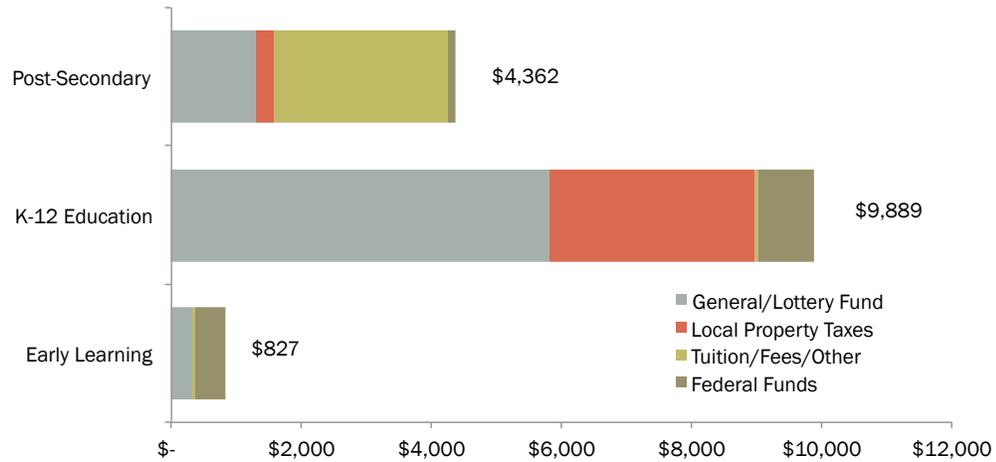
The full report can be found here:

<http://www.odccwd.state.or.us/files/pdf/StudentSuccessReport08.pdf>

OREGON EDUCATION INVESTMENT TEAM

Created by executive order of Gov. John Kitzhaber in 2011, this group laid the groundwork for the creation of the OEIB. Its work products included an analysis of state spending in all phases of the P-20 continuum.

Figure 13. Oregon’s budgeted public education investment, 2011-13 (in millions)



Source: State Budget and Management Division, Oregon Department of Education, community college websites and financial offices, and OHSU financial office

The Governor’s team also commissioned the first iteration of high-level strategies to achieve the state’s 40-40-20 goals for high school and college completion. At the outset, the team noted that, “Absent a significant change in policy and investment, Oregon is headed for 30/18/42 (and 10 percent dropouts) rather than 40-40-20.” The team recommended applying the 40-40-20 goals to students in the K-12 pipeline through 2025 rather than a “rigid interpretation” that would apply these goals to the entirety of the state’s working age population. Specific to the postsecondary goals of 40-40, the team found that:

- Certificate attainment rates must increase by 129 percent from 2011 through 2025;
- Associate’s degree attainment rates must increase by 57 percent; and
- Bachelor’s degree attainment rates must improve by 29 percent.

The full report can be found here:

<http://www.oregon.gov/gov/oeit/docs/oeit40-40-20strategy7-25-11.pdf>

OEIB’S OREGON LEARNS REPORT

In its initial report to the Oregon Legislature (December 2012), the OEIB quantified the gaps to achievement of the 40-40-20 goals and the then-current spending levels across the P-20 continuum.

The executive summary of this report can be found here:

<http://www.oregon.gov/gov/oeib/docs/oregonlearnsexecsumwithlink.pdf>

TASK FORCE ON HIGHER EDUCATION STUDENT AND INSTITUTIONAL SUCCESS

Created by House Bill 3418 (2011), this task force identified both foundational and programmatic barriers to student and institutional success in its initial report to the Legislature.

In its final report (October 2012), the task force recommended four strategies to overcome these barriers and improve student and institutional success:

- Replicate and adapt effective practices within base budgets;
- Improve funding in the 2013-15 budget;
- Turn best practices into standard practices at institutions; and,
- Fund further research into, and analysis of, the Oregon Opportunity Grant program.

The full report can be found here:

<http://www.ous.edu/sites/default/files/dept/plan/HB3418TaskForceFINALREPORT10.15v2eh.pdf>

NCHEMS DASHBOARD

At the direction of the PSQEC and in subsequent collaborations with OUS and the Oregon Community College Association, NCHEMS constructed an interactive data base that can be used to project likely outcomes for inputs such as increased K-12 graduation rates and higher levels of degree production in Oregon's postsecondary institutions. This so-called "NCHEMS dashboard" continues to inform budget and policy development for our community colleges and universities.

The dashboard can be found here:

<http://www.nchems.org/NCHEMSCLASPOregonModel.swf>

2012-13 HECC REPORTS

In 2012-13, the newly established HECC oversaw the production of four reports mandated by legislation.

1. **Western Governor's University (WGU):** In response to House Bill 4059 (2012), the HECC completed a report on a potential partnership with WGU and its online education programs. This report outlined options that ranged from promoting WGU in Oregon to a state-branded partnership that includes eligibility for Oregon residents enrolled in WGU for state financial aid. It recommended continuing the state's current working relationship with WGU. Additional HECC recommendations included:
 - Create "a web portal to assist all Oregonians in having a 'one stop' place to explore all educational opportunities available in the state, including all authorized and accredited programs from other states;"
 - Conduct a gap analysis "to determine what need has not been met by existing institutions in Oregon to inform future state and institutional partnerships;" and

- Consider whether to open up the Oregon Opportunity Grant to all Oregon students regardless of whether the institution in which they enroll is located in the state.

The full report can be found here:

<http://www.oregon.gov/gov/docs/OEIB/HECC3.pdf>

2. **Credit for Prior Learning (CPL):** Also in response to House Bill 4059 (2012), the HECC established an advisory committee representing community colleges, public universities, not-for-profit institutions and for-profit private career colleges to work on ways to increase the number of students who receive academic credits for prior learning. The legislation mandated annual reports to the Legislature.

The committee's first report (December 2012) found that efforts supporting credit for prior learning varied widely within and between postsecondary sectors. It called attention to the extensive staff time and resources needed to put a CPL system in place and the need to consider costs to students and faculty.

The full report can be found here:

<http://www.oregon.gov/gov/docs/OEIB/HECC4.pdf>

The committee's second report (December 2013) contained draft standards for CPL, including a call for the development of institutional policies and procedures, evidence-based assessments, transferability and transcription, data collection and reporting, faculty and staff development and tuition and fee structures.

The full report can be found here:

<https://ccwd.oregon.gov/studentsuccess/edocs/HB%204059%20Report%202013%20FINAL.pdf>

The HECC approved the report and draft standards at its December 2013 meeting and asked the committee to investigate and develop plans for a pilot project in 2014-15.

3. **Textbook Affordability:** As directed by House Bill 4058 (2012), the HECC also produced a report on textbook affordability, which included recommendations to :
 - Alter the tuition and fee schedule at OUS schools to include instructional materials;
 - Create an Open Education Resource website archive, wiki or portal;
 - Create a cost of instructional materials index;
 - Promote use of materials with Creative Commons and traditional copyright/licensing rights;
 - Negotiate statewide licenses for full access to a publisher's library; and
 - Investigate the possible use of "custom editions" by faculty and publishers.

The full report can be found here:

<http://www.oregon.gov/gov/docs/OEIB/HECC6.pdf>

4. **Common Course Numbering (CCN):** As directed by House Bill 2979 (2013), the HECC convened a work group to “identify strategies to establish a CCN system for lower-division undergraduate courses,” a project that has a 30-year history in Oregon. The work group noted that the foundation for its work is common learning outcomes. It surveyed successful practices in other states and recommended “regular and ongoing convenings across postsecondary sectors to facilitate the alignment of essential learning outcomes at the course and major level as the consistent foundation for CCN.”

The full report can be found here:

http://www.oregonlegislature.gov/citizen_engagement/Reports/CCN_Report2013.pdf

OEIB EQUITY LENS

At its November 2013 meeting, the HECC adopted the OEIB’s Equity Lens “to ensure **every** learner is adequately prepared by educators focused on equity for meaningful contributions to society...[and] confirm the importance of recognizing institutional and systemic barriers and discriminatory practices that have limited access for many students in the Oregon education system.” In doing so, the HECC committed to using disaggregated data to guide our research and decisions and using the Equity Lens principles to guide our work groups and subcommittees.

The full report can be found here:

<http://education.oregon.gov/Documents/Final%20Equity%20Lens%20Adopted.pdf>

The New Governance Landscape

The HECC has been given the responsibility for ensuring educational success from the point at which students are completing their high school diplomas and moving forward to learning, training and mastering skills in college and career training programs.

Originally chartered by the Legislature in 2011, the commission was given new authorities in 2013 with the enactment of House Bill 3120 and Senate Bill 270 to reflect the reorganization of postsecondary governance.

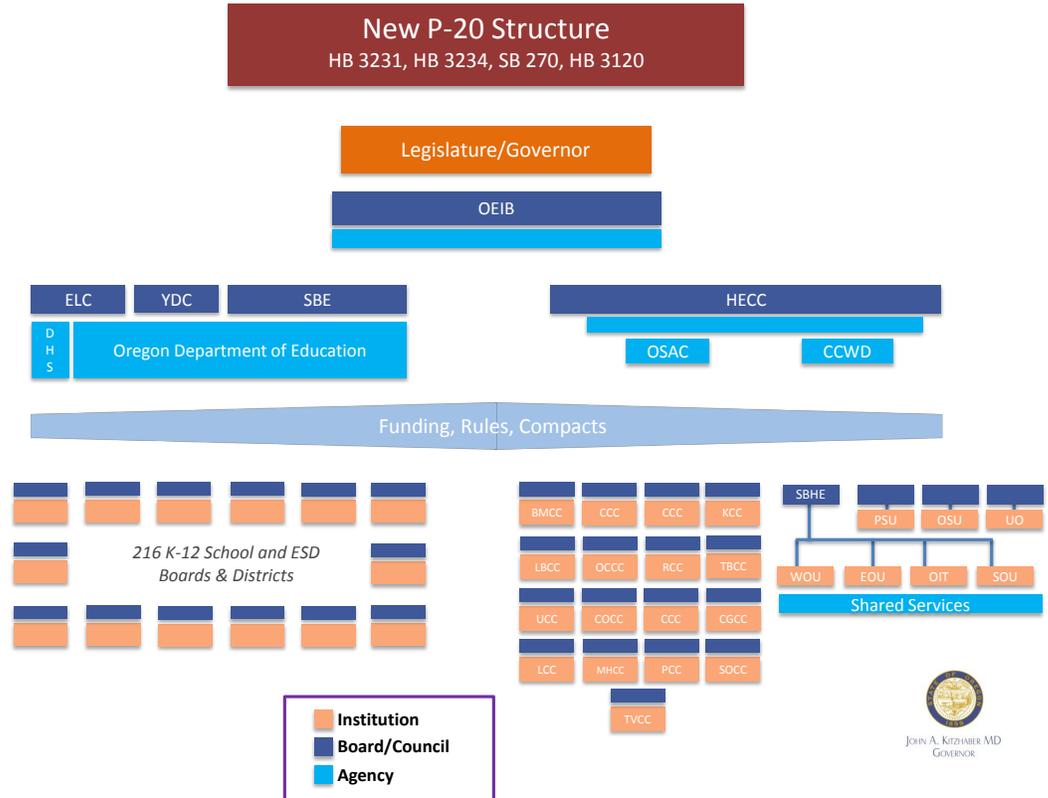
This legislation established the HECC as the single point of statewide authority for:

- Degree authorization (SB 242, 2011);
- Licensing of private career schools (SB 242, 2011);
- Public universities, by transferring authorities held by the State Board of Higher Education for developing the biennial budget request, allocating legislatively appropriated resources, and approving mission and significant changes in academic programs (SB 270, 2013)*;
- Community colleges, by transferring authorities currently held by the State Board of Education for developing the biennial budget request, allocating legislatively approved resources and approving significant changes in academic programs (SB 270, 2103)*:

- Student success, by transferring authorities currently held by the Oregon Student Access Commission for oversight of the Oregon Opportunity Grant and other student success programs*;
 - Advising the OEIB on state goals and achievement compacts for community colleges and universities;
 - Adopting a strategic plan for achieving the state’s postsecondary goals; and
 - Recommending to the Governor and the OEIB a consolidated higher education budget request aligned with the strategic plan.
- *Effective July 1, 2014

We assume these responsibilities in the context of a more decentralized governance system for the state’s 17 community colleges and seven four-year universities. In this new structure, we are appointed by the Governor, we report to the OEIB, and we advise the Legislature.

Figure 14. Oregon’s public education institutions and governance structure



The leadership of institutional governing boards, the coordination of the HECC and the OEIB and the budget and policies established by the Legislature constitute a new paradigm for governing, guiding and funding the state’s postsecondary system of education.

Old Paradigm	New Paradigm
The public system is managed to sustain institutions	The public system is organized to maximize student success
Constraints in state budgeting encourage cost shifts to institutions and students that obfuscate issues of capacity and affordability	Impacts of constraints in state budgeting on institutions and students will be clarified
State provides resources to institutions based on enrollment	Increasingly, state provides resources to institutions to maximize learning outcomes and student success
Centralized governance and management of universities	Centralized coordination; local governance and management

Workforce development

We recognize the important role played by our community colleges, CCWD, the Oregon Workforce Investment Board (OWIB) and its regional boards and the Oregon Employment Department. Coordination among these entities will add great value to the development of our strategies for the “middle 40” and for raising the educational attainment of our adult population.

In Executive Order 13-08, Gov. John Kitzhaber asked the OEIB and the OWIB to identify ways to achieve common results across the education and workforce system and subsequently asked the HECC to join in this discussion with particular attention to the middle 40 goal. In a communication to the chairs of the HECC and OWIB, dated Jan. 23, 2014, the Governor requested that they join a taskforce to “clarify the roles and responsibilities of the two boards and of the education and workforce partners to achieve our middle 40 and workforce goals.”

The institutional network

In addition to Oregon’s community colleges and public universities, there is a larger network of postsecondary institutions and educational providers serving Oregon students whose roles and capacities are intergral to achievement of the state’s goals for educational achievement. The HECC’s responsibilities to oversee and coordinate the delivery of education by these instituions varies greatly, but the commonality of purpose among and between these entities is reflected in the HECC’s Vision Statement to “foster and sustain . . . an accessible, affordable and coordinated network for educational achievement beyond a high school diploma.”

Institution type	Subtype	Number of institutions	HECC responsibilities
Oregon public universities	--	7	Funding allocations, state budget development, program approvals, mission approvals, coordination
Oregon Health and Sciences University	--	1	Coordination
Oregon community colleges	--	17	Funding allocations, state budget development, program approvals, coordination
Oregon-based private, degree-granting schools	Exempt due to religious or accreditation status	62	Coordination
	Non-exempt	30	Degree authorization, coordination
Non-Oregon degree-granting schools (distance education)	Exempt due to religious status and/or lack of physical presence in Oregon	144	Coordination
	Non-exempt due to physical presence in Oregon	82	Degree authorization, coordination
Oregon private career schools (non-degree granting)	--	220	Licensure, teacher registry, coordination

Legislative mandates for 2014-15

Our commission began its work with a list of mandates from the 2013 Legislature for one-time studies and reports to be undertaken in the current biennium. These include the following:

HB 2970 directed the HECC to develop standards related to requirements for associate transfer degrees in specific areas of study, including business and engineering.

HB 2979 created a HECC work group to study how to establish common course numbering for lower-division undergraduate courses in Oregon public colleges and universities.

HB 3472 directed the HECC to consider the creation of a proposed pilot program, called “Pay Forward, Pay Back,” as an alternative to the current system of tuition and fees required to attend institutions of higher education and, if it determines such a pilot program is warranted, to submit a proposed pilot program to the 2015 Legislature. This same legislation directed the HECC to study whether OUS universities can successfully implement a tuition freeze, including consideration of Western Oregon University’s “Western Tuition Promise” program and Florida’s “Finish in Four” program.

Also, in the February 2014 session the Legislature empowered and tasked the HECC with the following:

HB 4018 authorized the HECC to participate in the State Authorization Reciprocity Agreement (SARA) and to impose fees to recover costs from educational institutions in Oregon that elect to join SARA. This legislation also established CCWD as a department of the HECC. Finally, this legislation tasked the HECC with notifying the Governor if a university does not meet its financial and performance requirements.

HB 4019 requires the HECC to identify annually the federal or national entity that best provides information about the affordability and value of institutions of higher education in Oregon and to work toward developing a website that provides information on the affordability and value of higher education institutions operating in Oregon.

HB 4058 amends the 40-40-20 goals to include apprenticeship programs in the middle 40 for two-year degrees and certificates.

HB 4116 directs the HECC and CCWD to establish a competitive grant program to increase community college enrollment among under-served, low-income and first-generation students.

SB 1524 directs the HECC to study how Oregon can provide two years of free tuition and fees to all Oregon high school graduates who attend community colleges and to report to the Legislature by Sept. 30, 2014. In its report, the HECC must consider the number of students who would participate in the program, the anticipated annual cost of the program, the capacity of community colleges for additional enrollment, program eligibility criteria and the possibility of requiring students to first apply other financial aid (such as the Pell Grant) toward their tuition.

SB 1525 authorizes the HECC to administer interstate education agreements, such as SARA, and directs the HECC to advise and assist the OEIB on state goals and achievement compacts for state postsecondary institutions, strategic investments in Oregon’s community colleges, public universities and student

access programs and the coordination of postsecondary data collection for the state's longitudinal data system.

SB 1566 directs the OWIB to collaborate with other advisory bodies responsible for workforce development, including the HECC.

Expanding, Supporting and Sustaining the Pathways to Progress

In exercising our responsibilities, we see four distinct functions by which we will organize our work, support the OEIB, advise the Governor and the Legislative Assembly, implement their directives and work with the state's educational institutions, students and community partners. We characterize these four functions as:

- *Broadening and improving the pathways to our 40-40 goals;*
- *Making these pathways accessible, affordable and supportive for all students;*
- *“Steering” the enterprise of institutions that provide postsecondary education to accelerate progress for our students and the state; and*
- *“Cheering” the participation of Oregonians in a culture of educational aspiration, college completion and career readiness to create a self-sustaining cycle of individual opportunity, educational attainment, civic pride and economic accomplishment.*

1. Broaden the pathways to our 40-40 goals

It is our responsibility to draft the state's blueprints and prospectus for building and sustaining the pathways to educational success beyond high school and to keep the state on track to the state's 40-40 goals for the completion of postsecondary certificates and college degrees. We expect to develop multiple drafts of these plans as we orient our efforts to achieve Oregon's college completion and career readiness goals in the seven state budget periods remaining until the benchmark year of 2025. This will be an iterative process, with check-ins and adjustments along the way. But we are determined from the outset to measure our progress by the ability of all students to access and complete affordable, meaningful and rewarding programs of training and study beyond those that constitute a high-value high school diploma.

We will encourage increased efficiency and a “more-smarter-faster” approach to achieving our 40-40-20 goals. More students moving more efficiently along better-organized pathways that lead to faster completion of certificates and degrees will raise the “return on investment” for both students and the state. Better use of resources to promote more cost-effective practices, such as the use of articulation agreements and transfers among institutions, will encourage the “smarter.” But we also recognize that more resources will be needed to achieve the “more.” As we seek to broaden our educational pathways to serve more students, we will seek to secure appropriate commitments of state resources for both human and physical capital and promote better coordination with private providers.

Finally, we recognize that our institutions contribute to the state's economy and their educational mission through the creation of new knowledge and the application of that knowledge to industry. Thus, we view research and public services as an important component of the state's postsecondary infrastructure.

Our tools for exercising this function, in conjunction with the OEIB, are:

- The construction of recommended state budgets for institutional capacity and student support;
- The development of the postsecondary elements of a longitudinal data base; and
- The refinement of our 40-40 goals and the development and use of key metrics to keep us on track and on pace to achieve those goals.

2. Make the pathways accessible, affordable and supportive for students.

Students and their families now bear the heaviest financial burdens for pursuing an education beyond high school, far in excess of the commitment required of taxpayers to achieve our state's education goals. With this reality in mind, we recognize the need to not just wave the banner of 40-40-20 but to raise a warning flag as well. After decades of decline in taxpayer support for our public colleges and universities, and with annual real tuition rates increasing four times more quickly than most household incomes, the idea of working one's way through college is no longer an option. It is now only one of many coping mechanisms that often involve drawing down family assets and incurring significant loan debt as well. Viewed in purely financial terms, a college degree remains a compelling investment in future earnings power. But future returns can vary widely, depending on the cost of a program and the prospects for remuneration thereafter. It is worth keeping in mind that, even if today's level of tuition and fees remains constant, the financial trajectories to the state's 40-40 goals constructed to date assume that students and their families will continue to pay the largest share of the cost for their pursuit of an education beyond high school. This is a highly questionable assumption. The ability of students and their families to sustain their contribution to the achievement of our 40-40 goals is even more problematic than the ability of the state to increase its financial support for the postsecondary education enterprise.

Mindful of these challenges, we will apply our institutional "steering" function (described in the following section) to accelerate student progress and straighten the pathways to certificates and degrees. We will investigate how we can best help students navigate the increasingly complex array of choices that confront them. It is our responsibility to help students make well-informed decisions about the programs they choose that best fit their goals and life situations and the utility of the degrees they pursue in the economy and society.

Our tools for exercising this function are:

- The approval or rejection of tuition increases above the statutory ceiling of five percent per year for universities with their own governing boards;
- The monitoring and assessment of tuition policies across all of the state’s postsecondary institutions;
- The “policy shop” functions, for the Governor, the OEIB and the Legislature, of identifying best practices, analyzing the effectiveness of programs and initiatives, developing policy options and designing pilot projects;
- The “consumer protection” functions of regulating private career schools and authorizing degree programs by private institutions that are not regionally accredited; and
- The administrative capacity to design and implement mechanisms for guiding and coaching students through their postsecondary education choices.

3. “Steer” the higher education enterprise.

Despite decades of disinvestment by the state in postsecondary education, our community colleges and universities have managed to serve more students and produce more degrees. Much of this achievement has come at the expense of student and family budgets. But gains in efficiency, as evidenced by the expansion of online learning, have contributed to this pattern of “achievement in spite of disinvestment” in ways that offer great potential for the future. Offsetting these gains, it is also clear that reductions in full-time faculty and reductions in student support services necessitated by continual budget reductions have constrained the ability of our institutions to make greater progress in the persistence and graduation rates of their students.

It is our responsibility to both challenge and support our state-sponsored institutions to meet the needs of students and the state with cost-effective, high-quality programs of training, study and research. This will require a firm and steady hand on the wheel in a tight-loose relationship with institutions whose governing boards bear primary responsibility for the delivery of postsecondary education.

We envision a concerted effort with the state’s community colleges and universities to move from the old era of “achievement in spite of disinvestment” to a new era of “greater achievement in response to reinvestment,” beginning with the funding increases provided by the Legislature in the current biennium. To do so, we and they will have to take advantage of technological innovations in education delivery, address the needs of our economy and society and respond to the financial constraints that confront Oregon’s working families.

Consistent with our commitment to access, affordability and student success, we will work to clarify and align standards for learning outcomes that can accelerate students’ progress to certificates and degrees.

Our tools for exercising this function are:

- The distribution of budgeted funds to institutions;
- The approval of public university missions and “any significant change” to the academic program of a community college or public university;
- Annual evaluations of each university with a governing board;
- Providing advice and assistance to the OEIB in the development and monitoring of state goals contained in achievement compacts;
- Use of our convening authority to complete the Legislature’s directive to establish a system of credit for prior learning, promote efficient articulation and transfer programs among postsecondary institutions and, in collaboration with faculty, encourage the adoption of practices to make textbooks more affordable for students;
- In conjunction with the OEIB, coordinate efforts with K-12 districts and ESDs, advance STEM initiatives and other high-value career programs and set expectations for schools of education to better meet the needs of the P-20 continuum; and
- Development and encouragement of best practices in educational delivery.

4. *“Cheer” the promotion of college completion and career readiness.*

Oregon has failed to prepare a workforce to fill high-skill, high-wage jobs. This has shortchanged Oregonians’ participation in the world of work and has forced employers in our most dynamic industries to import college-educated talent from outside the state. In addition, our Latino and other minority communities, which have had low rates of participation in postsecondary education, represent the fastest growing populations of students in Oregon. These realities challenge us to create a culture of college aspiration to achieve our 40-40-20 goals that can create a self-sustaining cycle of individual opportunity, educational attainment, civic pride and economic accomplishment.

Our tools here are both hortatory and financial. The former involves engagement of our communities to raise the profile of higher education in Oregon, with the help of philanthropic, educational and community-based partners. The latter involves support of initiatives to meet the needs of first-time college students and under-represented populations.

An Action Plan for 2014-15

Action items completed at the time of the release of this plan are indicated by a check mark. Those slated for completion during the remainder of the biennium are indicated by an arrow.

1) Broaden the Pathways to Our 40-40 Goals

a) Refine and sharpen the 40-40 goals.

We recognize that the state's postsecondary 40-40 goals will require different strategies for students in the K-12 "pipeline" and for adults in the workforce. Strategies for K-12 students are premised on a longer term, "supply side" commitment, while strategies for working-age adults are geared to more immediate, "demand side" workforce needs with greater emphasis on the "middle 40." These distinctions are captured in a policy document advanced to the OEIB.

The document can be found here:

http://education.oregon.gov/Documents/HECC/January_9,_2014/3.2_Refining_40-40-20.pdf

Much work remains to be done to identify the certificates that will qualify for the middle 40 along with two-year degrees. This work will be informed by the ongoing research of the Oregon Employment Department, the guidance of the OWIB and its regional boards, and the involvement of community colleges.

→ **ACTION 1.1:** Clarify the application of our 40-40-20 goals to school-age students and working-age adults – by April 2014.

→ **ACTION 1.2:** Coordinate with the OWIB to identify high-demand occupations and related degree/certification programs in the "middle 40" – Ongoing.

In a letter to the chairs of the HECC and the OWIB in January of this year, Gov. John Kitzhaber asked them to establish a joint taskforce to identify areas of overlap in the missions of the two boards, clarify roles and responsibilities, create a common set of goals with measurable outcomes and create a more formalized relationship between workforce and education partners.

→ **ACTION 1.3:** Work with the OWIB to clarify roles and responsibilities and create a more formalized relationship with workforce partners – by August 2014.

b) Develop and use key metrics to track the progress to 40-40.

We will develop system-wide metrics to highlight and track Oregon's progress to 40-40 and our relative standing in regard to funding and outcomes compared to other states and nations.

This will draw on the OEIB's experience with achievement compacts (see Section 3d, below) and incorporate comparators for public funding, student contributions, community/philanthropic support, institutional performance and educational attainment nationally and internationally.

In addition to using these metrics to monitor progress to established goals, we will consider their use to highlight the relative strengths and weaknesses of institutions to help inform student choices. (See Section 2g below.)

→ **ACTION 1.4:** Develop statewide metrics for monitoring progress to 40-40-20 and Oregon's standing in relation to other states and nations – by May 2014.

c) Develop a profile of students to be served.

As documented in the "Challenge of 40-40-20" section above, a growing number of students whose success will be critical to achieving our 40-40 postsecondary goals will come from low-income families, from racial and ethnic minorities who have historically been unrepresented in our colleges and universities and from students who are likely to be the first in their families to have pursued an education beyond high school. Identifying the needs of these students will be essential to designing programs that can assure their success.

→ **ACTION 1.5:** Develop a profile of Oregon's population of students to be served that reflects the needs of students who have been under-represented in our colleges and universities – by December 2014.

d) Develop biennial budget recommendations.

Our Funding and Achievement Subcommittee considered the following principles by which to guide its work on constructing recommended budgets for future biennia:

- Elevate affordability for students over institutional interests;
- Balance entrepreneurial independence/local control with the need for coordination and synergies;
- Connect to K-12 and OEIB's P-20 continuum; and
- Focus on outcomes.

[Note: It is expected that the subcommittee will have additional recommendations regarding weighted funding for under-represented students and for higher cost programs in high-demand fields of study. These will be addressed in Section 3. But they will also influence the construction of budget requests.]

In addition to funding for operations, budget development will also address statewide public services, research and capital needs.

The Funding and Achievement Subcommittee has adopted as its working priorities for the 2013-15 budget the development of funding mechanisms that

support efforts to serve under-represented students and better reflect the cost of high-demand programs.

- ✓ **ACTION 1.6:** Prepare budget development guidance for community colleges, universities, CCWD, OUS and the Oregon Student Access Commission (OSAC) and communicate this guidance – by February 2014.

This process was initiated with a letter to community college and university presidents and the OUS Chancellor's office to solicit responses to the HECC's proposed budget framework.

- **ACTION 1.7:** Prepare a consolidated budget request for 2015-17 – by September 2014.

This will involve:

- Aggregated budget requests for community colleges and universities, focused on our 40-40 goals, with separate categorization for operations and capital;
 - Detailed budget requests for student support, such as the Oregon Opportunity Grant program and ASPIRE;
 - Separate requests for statewide services, such as forestry research and agricultural services; and
 - Supplemental requests for university research.
- e) **Assist in developing the postsecondary elements of a longitudinal database.**

To support the OEIB's State Longitudinal Data Base System, the HECC is charged with designing and maintaining a postsecondary "data warehouse" to track student progress and success from enrollment through completion and beyond. The HECC will partner with existing data owners to define the set and scope of elements needed, identify intergovernmental agreements required and develop the processes necessary to protect confidentiality of individual student records. The HECC will work to prepare an extract of longitudinal records to the OEIB on a quarterly basis beginning in 2015-17.

2) Make the Pathways Accessible, Affordable and Supportive for Students

- a) **Respond to requests for approval of tuition increases above five percent per year by universities with governing boards.**

The HECC will act on requests if and when received.

- b) **Monitor tuition policies for their impact on students and the state's 40-40 goals.**

Pursuant to HB 3472, the HECC was tasked by the Legislature to conduct a study of the costs and benefits of freezing tuition increases generally and, more specifically, guaranteeing a fixed rate of tuition for incoming undergraduate students (as with the Western Oregon University Promise program). Included in

this study is an estimate of the long-term costs of continuing the Legislature's September 2013 appropriations to buy down tuition increases.

✓ **ACTION 2.1:** Complete tuition freeze study and report to the Legislature – by February 2014.

c) Review and develop recommendations for improving the state's financial aid programs.

At the request of the OEIB, the HECC has established a work group to analyze the efficacy and benefits of the Oregon Opportunity Grant program, review the accuracy of its cost of attendance and affordability measures, and recommend alternative program designs for different levels of state investment.

→ **ACTION 2.2:** Complete initial report on financial aid redesign to OEIB – by April 2014.

Pursuant to Senate Bill 1524 (2014), the HECC has been directed to study how Oregon could provide two years of free tuition and fees to all Oregon high school graduates who attend community colleges. (See "Legislative mandates for 2014-15" above.) Our commission will take on this task in the light of the above findings and recommendations of its Financial Aid Work Group. Prior to the 2015 Legislative session, our commission will attempt to reconcile, integrate and prioritize options for student financial aid beginning with the 2015-17 biennium.

→ **ACTION 2.3:** Complete an analysis of a program that offers two years of free community college and report to the Legislature – by September 2014.

→ **ACTION 2.4:** Prepare recommendations for the OEIB and the Legislature that integrate and prioritize options for improving the state's financial aid programs and promoting access and affordability – by September 2014.

d) Design a pilot project for Pay It Forward.

Pursuant to House Bill 3472 (2013), the HECC has established a work group to:

- Develop a detailed plan for a pilot program for Pay It Forward, for a specified cohort or subgroup of students at one or more postsecondary institutions in Oregon that can be implemented during the 2015-17 biennium;
- Include a budget that identifies and quantifies the source of funding and the cost of administration for the life of the program; and
- Consider alternative models for promoting access and affordability for postsecondary students, to be forwarded to the Student Success Subcommittee.

The plan developed by this work group will be considered by the HECC for possible presentation to the Legislature in 2015. Our commission will also address the possibility of a Pay It Forward pilot as part of its integration and prioritizing of financial aid programs, pursuant to Section 2c above.

→ **ACTION 2.5:** Design and analyze a Pay It Forward pilot project for consideration by the HECC and possible presentation to the Legislature in 2015 – by September 2014.

e) Organize administrative functions and secure resources to improve student access and affordability.

Beginning in July 2014, the HECC's agency responsibilities will include the administration of the state's financial aid programs through OSAC and, potentially, the organization of statewide initiatives to maximize student financial aid generally.

f) Ensure the efficient administration of consumer protection functions.

The HECC houses two offices that provide oversight and administration for the authorization of degree programs and the licensure of private career schools:

- The Office of Degree Authorization administers laws, standards and services that protect students, holders of legitimately earned degrees, institutions, businesses, employers, patients, clients and licensing boards.
- The Private Career School office licenses private career schools and provides educational leadership, technical assistance, training and support to over 235 private career schools in Oregon.

The systems currently in place for states to manage and regulate the delivery of postsecondary education vary in methods and approach. These different systems create barriers for students and institutions to access and provide education across state lines, a problem that has become more acute with the expansion of online learning. For this reason, the HECC will consider exercising its authority to join Oregon to the voluntary State Authorization Reciprocity Agreement, which provides national standards for the interstate offerings of postsecondary distance education courses and associated programs.

✓ **ACTION 2.6:** Prepare legislative changes for inter-state program approvals for the 2014 legislative session – by February 2014.

g) Design mechanisms for guiding and coaching students through their postsecondary education choices.

The HECC will use its institutional “steering functions” to accelerate student progress and straighten the pathways to attainment of certificates and degrees. This will include the development of learning standards to assure that our institutions adopt common approaches to recognizing progress on the pathways to completion. Examples include common course numbering, articulation agreements and credit for prior learning, as addressed in the institutional steering section that follows.

The Student Success Subcommittee will investigate the development of a “net cost calculator” and data showing best estimates of demand for degrees by field of study.

The Student Success subcommittee will also investigate the creation of a web-based portal to facilitate students’ navigation of the system, with a feature that allows students to “mix and match” course offerings from multiple providers and institutions and “stack” credits in a straight-line path to attainment of certificates and degrees. In this effort, the subcommittee will build on and learn from the efforts of OUS’s Office of Student Success Initiatives related to K-16 alignment, including the Articulated Transfer Linked Audit System (ATLAS), a web-based system designed for more effective transfer of credits between community colleges and OUS institutions.

→ ACTION 2.7: Investigate the development of a web-based portal, based on OUS’s experience with the ATLAS program – Ongoing.

House Bill 4019 (2014) requires the HECC to identify annually the federal or national entity that best provides information about the affordability and value of institutions of higher education in Oregon. Also, this legislation requires postsecondary institutions to link to the entity identified by the HECC from their websites. Finally, this legislation requires the HECC to work toward developing a website that provides information on the affordability and value of higher education institutions operating in Oregon, which is consistent with the action item above.

→ ACTION 2.8: Survey national websites with information on postsecondary affordability and value and select one for use by postsecondary institutions in Oregon – by June 2014.

3) “Steer” the Higher Education Enterprise

a) Develop models for, and oversee, the distribution of budgeted funds to institutions.

The HECC has launched an early outreach program to solicit from the administrators of our community colleges and universities their observations and recommendations regarding:

- What is not working well under the current formulas; and,
- Eliminating barriers to effective achievement.

The HECC intends to provide enough lead time for institutions to respond to any change in the funding formula and does not anticipate any significant changes in funding formulas for the 2014-15 fiscal year. However, it is also possible that proposed funding enhancements in the 2015-17 biennium will be based in part on outcomes achieved in the 2014-15 fiscal year.

In examining the potential benefits of outcomes-based funding formulas, the HECC will be mindful that shifting the share of costs borne by the state or by students does not improve the return on investment (ROI) in the aggregate. Instead, such shifts simply redistribute costs and benefits. What can improve ROI and create a win-win for both the state and students is to reduce costs, achieve new efficiencies and/or accelerate completion.

→ ACTION 3.1: Develop distribution formula – by December 2014.

→ ACTION 3.2: Implement distribution formula – by July 2015.

→ ACTION 3.3: Advance funding and related policy recommendations of the Funding and Achievement Subcommittee – by September 2014.

b) Approve university missions and significant program changes.

House Bill 3120 (2013) authorizes the HECC to approve the mission statements of the universities and to “approve or disapprove any significant change to the academic program of a community college or university.”

The HECC has designated one of its members as its liaison, along with the HECC Executive Director and staff, to review the mission of the universities and adopt the necessary rules for overseeing the program approval process for community colleges and universities.

→ ACTION 3.4: Approve university missions and establish program approval process – by September 2014.

c) Evaluate universities with governing boards.

Pursuant to Senate Bill 270 (2013), the HECC is responsible for submitting annual evaluations to the Legislature for each university with a governing board and make recommendations regarding each university’s “ability to meet academic goals and fulfill its fiduciary responsibilities.” Evaluations must include a report on outcomes, measures of progress, goals and targets. Although these evaluations will not be due until the conclusion of the 2014-15 academic year, we have decided to establish the criteria by July 2014 to provide the universities with appropriate guidance at the start of this year.

→ ACTION 3.5: Develop evaluation criteria and communicate to university boards – by July 2014.

d) Develop, and monitor progress toward, state goals contained in achievement compacts.

Our role is to advise and assist the OEIB in the development of these goals in annual achievement compacts with community colleges, public universities and student access programs.

e) Use convening authority to promote cooperation, inter-institutional transfer and articulation programs and coordination with K-12.

Predictable pathways that are easy to follow are critical to broadening access and enhancing students' progress to certificates and degrees. Facilitating seamless transfers and minimizing wasted credits allows the process to become more intuitive and transparent for students.

Statewide collaborative efforts have addressed these goals with the Associate of Arts-Oregon Transfer (AAOT), Associate of Science-Oregon Transfer (ASOT), Oregon Transfer Module (OTM) and Core Course Equivalency programs between and among community colleges and universities. Faculty and staff feedback into these multiple efforts over the past 15 years began with alignment of content and has recently shifted to alignment of learning outcomes and course equivalencies. Additional work needs to be done to ensure the continuation and refinement of these efforts.

The HECC will continue to promote and facilitate these efforts and will consider the potential for a system-wide audit of how existing articulation and transfer programs are working.

→ ACTION 3.6: Use our convening authority to promote the alignment of programs to common standards for learning outcomes and establish reliable assessments among and between our colleges and universities – Ongoing.

f) Advance a system of credit for prior learning.

Pursuant to House Bill 4059 (2012), the HECC is charged with increasing the number of credits earned and types of credit for prior learning (CPL) offered by Oregon's postsecondary institutions, while maintaining quality assessments of learning. To meet this charge, a CPL Advisory Committee is working to establish a pilot project that will involve at least one community college and one university in the 2014-15 academic year.

→ ACTION 3.7: Launch Credit for Prior Learning pilot project – by July 2014.

g) Develop and encourage the adoption of best practices.

The OEIB has undertaken a number of grant-funded pilot projects that will advance STEM initiatives and promote regional collaborations among K-12 school districts, postsecondary institutions and community partners. These will inform the work of the HECC in promoting better alignment with the state's P-20 system.

Also, surveys and analyses of best practices both in-state and throughout the nation can provide useful action plans for our institutions, as demonstrated by the HECC's earlier work on textbook affordability.

Finally, the HECC has found that it can use its convening authority to good effect in promoting the adoption of such best practices, rather than attempting to mandate educational practices through rules or budget policies. This approach is

consistent with the tight-loose governance model now in effect for the state and its postsecondary institutions.

→ ACTION 3.8: Use our convening authority to encourage the adoption of practices to make textbooks more affordable for students, in collaboration with community college and university faculty – Ongoing.

4) “Cheer” the Promotion of College Completion and Career Readiness

a) Engage the public in the creation of a culture of college going and completion.

Oregon ranks 12th out of 29 states reporting sufficient data in the share of full-time students earning an associate’s degree within three years of college entry. The state ranks 5th among 25 reporting states in the share of full-time students earning a bachelor’s degree within six years of college entry.

Programs such as Complete College America and federal initiatives for college attainment have created a drumbeat of encouragement for college going and completion.

At the state level, programs such as ASPIRE and GEAR UP have demonstrated the effectiveness of early outreach and support for low-income and first generation college-going students.

At the local level, programs such as the Bernard Daly Educational Fund in Lake County have proven that well-tailored financial aid programs can motivate students to pursue education beyond high school.

The HECC will work to raise the profile of ongoing efforts. One example would be an annual recognition event for Oregon Opportunity Grant recipients.

→ ACTION 4.1: Complete an inventory of national and state-level polling and interviews regarding the attitudes of the public toward higher education, especially parents and students. Supplement findings with targeted polling to complete the picture in Oregon – Ongoing.

We also recognize that the magnitude of the challenges we face exceeds the capacity of our budget and staffing. Success in creating and sustaining a culture of college aspiration will depend in large measure on the engagement of civic organizations, community groups and partners in education, culture and business.

→ ACTION 4.2: Develop and implement an outreach and external communications plan – by May 2014 and ongoing thereafter.

Preliminary research indicates that as many as 20 percent of Oregon students enrolled in our postsecondary institutions may be eligible for federal Pell grants but not receiving them, thereby raising their cost of attendance and retarding their progress to completion. With more than \$400 million in Pell grants flowing to Oregon students every year, this “under-subscription” rate could amount to as much as \$80 million annually in foregone resources for our postsecondary students.

The HECC is examining plans for pilot projects focused on high school counseling, the processing of applications for late-enrolling community college students and outreach to targeted populations and communities to boost the Pell take-up rate in the 2014-15 school year. Longer term, we see the need for a more coordinated, statewide effort to monitor Pell applications and promote greater participation in the program.

→ **ACTION 4.3:** Move forward with plans to work with high schools to boost the filing of FAFSA applications and establish a “control tower” function to monitor Pell participation in the future – beginning April 2014 and ongoing.

Finally, we will work to develop and implement plans for outreach to minority communities and to low-income students from rural communities, consistent with the goals of the OEIB/HECC Equity Lens and the imperatives of our 40-40 goals.

b) Build support for financing postsecondary education in Oregon.

The greatest challenge to any realistic plan for the achievement of our 40-40 postsecondary goals is lack of resources. “Smarter” and “faster” can only take us so far. There is no dearth of best practices and compelling ideas for expanding access and improving student success. And there is great potential for achieving new efficiencies and economies of scale in online learning. But all of these initiatives will require additional resources, as will the infrastructure of our institutions and the capacity of their faculty and staff to meet the demands for postsecondary education that we hope to create and sustain.

To these ends, we will seek the engagement and support of the philanthropic foundations, civic organizations, businesses, labor unions, community leaders and individual Oregonians to help finance new initiatives and bring new ideas to fruition. We also recognize that completion of the 40-40-20 project will require the engagement of citizens and organizations, not just as supporters and donors, but as voters and taxpayers willing to support the reinvestment needed to achieve our vision of opportunity and progress for our people and our state.

Conclusions and Comments

We appreciate the many comments and critiques of this plan that we have received from students, faculty and administrators in our community colleges, public universities and private institutions; from members of the Legislature; from our colleagues at the OEIB and other state agencies, boards and commissions; from community organizations and from individual Oregonians.

As we have been repeatedly reminded during the development of this plan, Oregon colleges and universities are about much more than certificates and two- and four-year degrees. Our community colleges, for example, dedicate substantial resources to the valuable work of GED preparation, adult basic skills courses, and community/continuing education. At public universities, research and graduate education creates new knowledge that helps fuel our economy, improve our society, and prepare the next generation of scholars and innovators. The HECC understands its mission to include a responsibility for helping to nurture and foster these activities. At the same time, we are mindful that our commission exists partly in order to recommend state priorities for higher education from among a variety of overlapping goods. This will be no easy task given the breadth of our institutions' missions and the extraordinary value that each of their activities contributes to their local communities and the state. While 40-40-20 will serve as an important guidepost as we attempt to discern and establish state priorities, we appreciate that it does not encompass all that is valuable about higher education. Particularly as we look beyond the certificate and degree-seeking students who are at the heart of 40-40-20, we will emphasize our partnerships with other state entities whose interests in these areas overlap with our own, such as the Youth Development Council, the OWIB and the Oregon Innovation Council.

We have not been able to incorporate all suggestions we have received in the course of circulating multiple drafts of this report, nor were we able to resolve all the differences of perception, emphasis or policy. But we expect that, where there are areas of disagreement or concern, we will work in consultation and partnership to find common ground on the pathways to progress we envision here.

To that end, we note the following questions and concerns that we will continue to work to answer and address.

- What explains the increase in the costs of higher education, beyond the impacts of cost shifts to students?
- “Steering” is not the exclusive function of the HECC. Or, to put it another way, there are multiple steering wheels. Every community college and university board has steering functions and responsibilities for its own institution.
- The relationship of the HECC’s responsibility for monitoring and assessing the impact of tuition policies to the autonomous authority of the community colleges to establish tuition rates can create tensions going forward.
- Unaffordability is not always the most significant barrier for students. Sometimes the unavailability of certain courses is a greater barrier. Thus, the relationship

between affordability for students and the capacity of our institutions needs to be examined.

- Community colleges contribute not just to the postsecondary “40-40,” but to the secondary “20,” by virtue of GED programs, adult high schools, middle colleges and dual enrollment. Recognition of, and support for, these activities will require ongoing attention.
- The benefits and trade-offs of relying on out-of-state students to subsidize in-state students deserves more attention.
- The quality of educational offerings should not be an arms’ length concern for the HECC.
- Better assistance and counseling for students can straighten the pathways for students and minimize time spent on courses unrelated to a degree.
- HECC should look first at redistributing new funds, rather than existing funds, in its funding distribution formulas.
- Research matters. By focusing only on undergraduate student success, the HECC may be ignoring the most important aspect of being a research university.
- Enrollment of Oregonians at many of our universities has flat-lined or declined this year. Our focus should be squarely on the educational attainment of Oregonians.
- More should be said about the connection between individual educational attainment and jobs and personal income growth.
- This is more an action plan than a strategic plan. The action plan for the remainder of this biennium should inform a five-year strategic plan thereafter.