

Docket Item:

Engineering Technology Sustaining Funds (ETSF) Workgroup Update

Summary:

At its December 2017 meeting, the Commission received an update on the ETSF workgroup charged with developing a long-term allocation model for ETSF. Since that time, the ETSF workgroup has met three times and developed a proposed model that will be largely based on outcomes. As currently composed, the workgroup's approach allocates 93% of 2019 ETSF funding according to three different categories of outcomes. The remaining 7% is allocated evenly across the institutions as baseline funding. This proposed model will be presented to a group of industry representatives, as requested by the Commission at its December meeting, in order to determine if this proposed model does an effective job of encouraging the continuing and future development of needed graduates in Engineering and Technology fields for Oregon industry. This industry group will see several versions of this model and its discussion will be critical to staff as it prepares a recommendation to the Commission.

The following docket item will discuss:

1. The proposed model, including the approaches that will be presented to the industry group.
2. A brief discussion of the industry group members and process.
3. A potential timeline for completion of this work following the meeting of the industry group.

Docket Material:

The Proposed Funding Model:

The proposed ETSF funding model, outside of the base funding described below, is distributed between three primary outcome categories that are responsive to the needs of Oregon industry. An ideal distribution of funding between these outcome categories will be discussed by the industry group at their upcoming meeting.

Base Funding:

In order to provide a minimum level of funding to each institution, the model proposes to provide \$130,000 a year in base funding to each institution, an amount necessary to support one faculty member per year. All other funds flow through the three outcome categories below.

All data is computed using three-year rolling averages in order to smooth out the impact of year over year data changes.

Outcome category 1 (Degrees to Oregon Residents):

This outcome category allocates funds to institutions based on production of resident degrees (at all levels) based on their CIP (degree codes) in the following fields:

Computer Science, Engineering, Mathematics and Computer Science, Engineering Technologies, as well as masters degrees for the following fields: Biology (UO/PSU only), Chemistry, Physics and Materials Sciences.

Outcome category 2 (Research and Development):

This outcome category allocates funds based on two factors. First, PhD degrees (earned by both residents and non-residents) in Computer Science, Engineering, Mathematics and Computer Science, Engineering Technologies. Second, research expenses in Computer Science, Engineering, Mathematics and Computer Science, Chemistry and Physics. The balance between how much of the funding in this outcome category will be determined by research expenses versus production of PhD graduates will be determined by the industry group.

Outcome category 3 (Wages and Employment in Oregon of Graduates from Targeted Programs):

This outcome category allocates funds based on whether graduates in the program areas covered above (residents and non-residents) are employed in jobs in Oregon a set period after graduation as well as the wages they earn as a quality control check, with each accounting for 50% of the funding within this outcome category. For example, for graduates 3 years ago, are they employed 3 years out, for graduates 2 years ago, are they employed 2 years out and for graduates 1 year ago, are they employed 1 year out? This data comes from the employment department and is largely limited to W-2 employees. Wage data is used in conjunction with an assumption that higher quality jobs tend to have higher wages.

Scenarios Before The Industry Group:

Four basic scenarios will be presented to the industry group as a starting point, although they may elect to suggest other alternatives. These scenarios allocate certain proportions of funding, excluding each institution's \$130,000 base, to each outcome category as follows:

- a. 40% Degrees, 40% employment, 20% research
- b. 35% Degrees, 35% Employment, 30% research
- c. 30% Degrees, 30% Employment, 40% Research
- d. 25% Degrees, 25% Employment 50% Research

In addition, the industry group will be asked to decide what percentage of the research and development funding should be based on research expenses versus doctoral graduates. The

resulting combination of the choices will substantially inform the model that staff will present to the Commission for consideration.

Industry Group Members and Process:

The industry group consists of the following members, listed in alphabetical order of their nominating institution. These members represent a broad cross-section of Oregon’s engineering and tech related industries and have a wealth of experience in developing and encouraging development of programs to help address Oregon’s talent job worker gap:

ETSF Industry Group Representatives			
Nominating Institution	Name	Affiliation	Industry
EOU	Darryl Abling	Pendleton UAS Test Range	Aerospace
OIT	Keith Brown	IBM	High Tech
OSU	TBD		
PSU	Eileen Boerger	CorSource	Software
SOU	Tim O'Rourke	Asante Healthcare	Healthcare
UO	Augie Sick	Cascade Prodrug/ONAMI	Biotech
WOU	TBD		

The industry group will meet on May 18 to consider the proposed models and the balancing of the various outcome categories. University representatives from the ETSF workgroup will attend and participate, specifically to discuss the logic of the proposed model.

Timeline for Completion of the ETSF Workgroup’s Work Following the industry Group Meeting:

Following the industry group meeting, provided that the industry group agrees on a proposed model, the earliest meeting at which HECC staff could present an administrative rule to the Commission for their review is June, with final approval of the rule by the Commission in August. This timeline could change if the industry group needs to meet multiple times or if concerns are raised by the Commission that require additional work on either the staff or the industry group’s part.

Staff Recommendation:

Not an action item. Discussion only.