Docket Item:
2019-21 HECC Agency Request Budget: Public University Support Fund

Summary:

The Public University Support Fund (PUSF) represents the state's largest General Fund contribution to the operations of Oregon's seven public universities' education, student support, research, and public service programs. Allocated between the institutions by the Student Success and Completion Model (SSCM), the 2017-19 PUSF represents $736,898,583 million in state General Fund. For the current biennium, the universities estimate that state funding offsets 23% of Education and General (E&G) expenses, with the remaining 77% derived from tuition revenues and other sources. The PUSF and tuition rates are frequently linked in Legislative university board discussion and action, with an expectation that larger PUSF levels reduce or mitigate tuition increases for resident undergraduate students.

The PUSF is a significant portion of the HECC agency budget, and as such, is included in the HECC Agency Request Budget (ARB). By convention, the PUSF component of the ARB requires a Policy Option Package (POP) as the agency request typically exceeds state Current Service Level (CSL) funding. To offset expected cost increases at Oregon's public universities, prevent excessive tuition increases, and promote investment in student success, staff recommends a 2019-21 PUSF request of at least $923 million for the ARB.

Docket Material:

Oregon's seven public universities collectively request PUSF funding totaling $1 billion for 2019-21. At that funding level, the universities report tuition increases for resident undergraduate students will be below 3% for each year of the biennium with expanded financial aid opportunities and investments in recruitment, retention efforts, student support programming, and career services. Conversely, the universities report that a PUSF below $867 million may result in tuition increases for resident undergraduate students in excess of 5% at most institutions and halt progress recently made in student success models on campuses. To achieve this minimum $867 million PUSF, state funding must increase by $130 million, or 17.6% over the 2017-19 funding level of $737 million.

The remainder of this document will focus on two funding scenarios: the $867 million minimum PUSF funding level developed by the universities and a $923 million PUSF scenario developed by staff that would protect against large tuition increases, provide opportunity for additional investment in student support services, and create a stronger incentive for student success.

Universities estimate that the major cost drivers below will collectively generate $279 million in additional expenditures in the 2019-21 biennium compared to 2017-19.

2019-21 PUBLIC UNIVERSITY COST DRIVERS		
	Projected Increase Over 2017-19	
	($)	%
Salary & Pay	$ 118,688,390	7.0%
Health benefits	$ 32,568,375	9.3%
Retirement benefits	$ 86,133,005	25.1%
Other Personnel Expenses	$ 15,894,167	6.9%
Services & Supplies	$ 25,900,428	3.7%
Total	**$ 279,184,365**	**8.4%**

An $867 million 2019-21 PUSF combined with successive tuition increases at or below 5 percent at most universities will offset these projected cost increases and maintain status quo services and programming at institutions. It is noteworthy that an $867 million PUSF represents 17.6% growth in state support while E&G costs are projected to increase only 8.4% over the current biennium. This means that the state, through the PUSF, is assuming a larger share of cost increases than students and that the state share of university E&G expenses would increase slightly in the next biennium to 24%, on average.

For the 2015-17 and current biennium, the PUSF appropriation is approximately 3.7% of state General Fund revenues. An increase in PUSF to $867 million would boost this share of projected 2019-21 state general fund revenues to 4.1%.

Building off of the projected 2019-21 expense data, staff is recommending a 2019-21 PUSF of at least $923 million, $56 million greater than the projected minimum funding level needed to preserve status quo services and hold tuition increases below 5% at all institutions for each year of the biennium. If funded at $923 million, the PUSF will grow by $186 million (25%) compared to 2017-19 and represent 4.4% of projected state general fund revenues. At the institution level, each public university is projected to receive a PUSF allocation increase of between 15.4% and 27.6% overall, representing 3.5% and 7.4% more PUSF than the $867 million scenario. This addition funding would facilitate lower tuition increases and create new or expanded

investments in financial aid programs, student support services, completion efforts, and career services.

Across all universities, a $923 million PUSF represents a significant additional investment, even when accounting for projected cost increases.

PUSF PER FTE COMPARISON		
	2017-19	**2019-21**
PUSF	$736,898,583	$923,000,000
Resident FTE*	108,278	108,278
$ Per FTE	**$6,806**	**$8,524**

*Assumes constant enrollment at 2016-17 levels

Assuming that enrollment is constant at 2016-17 levels, a $923 million PUSF projects to increase funding by $1,719 per student (Full-Time Equivalent, or FTE, basis). Of that $1,719, 70% is required to offset the estimated cost increases reported above, leaving a projected $517 in unencumbered new funding.

$1,719 Per FTE Increase (projected)	
Offsets cost increases	**New resources**
$1,202	$517
(70%)	(30%)

In addition to per FTE funding, a valuable lens through which to evaluate different 2019-21 PUSF funding levels is the Student Success and Completion Model (SSCM), the funding allocation formula used to determine each public universities' share of PUSF on an annual basis. For the 2019-21 biennium, degree production will determine as much as 52% of the funding allocation, followed in importance by student credit hour completions, which will determine as much as 35% of the allocation. The remaining PUSF is generally distributed as line-item funding for specific, existing programming and general use. Allocating the largest share of funding according to degrees earned predominantly by Oregon resident students provides an incentive for public universities to invest in student success. The larger the PUSF, the greater the allocation earned by each qualifying degree. The table below summarizes projected values of various outcomes rewarded by the SSCM.

PER UNIT 2019-21 PUSF SCENARIO COMPARISON TO 2017-19 (PROJECTED)								
		2017-19	$867 Million			$923 Million		
		Average	Average	Increase		Average	Increase	
Degrees	BA/BS	$11,134	$13,161	$2,027	18.2%	$14,174	$3,040	27.3%
	BA/BS - Transfer	$6,775	$8,036	$1,260	18.6%	$8,654	$1,879	27.7%
	Masters	$6,225	$7,352	$1,126	18.1%	$7,918	$1,692	27.2%
	PhD	$17,026	$20,136	$3,110	18.3%	$21,686	$4,660	27.4%
	Professional	$8,799	$10,570	$1,771	20.1%	$11,383	$2,585	29.4%
	Grad. Certificate	$1,094	$1,297	$203	18.5%	$1,397	$303	27.6%
Credit Hours	Undergraduate 1	$37	$45	$8	20.4%	$48	$11	29.6%
	Undergraduate 2	$51	$61	$10	20.6%	$66	$15	29.9%
	Graduate	$56	$67	$11	20.3%	$72	$16	29.5%
	PhD	$102	$124	$21	20.9%	$133	$31	30.2%

Accepting $867 million as the PUSF required to offset cost increases and generally keep tuition increases below 5 percent in the 2019-21 biennium, the amount of otherwise unencumbered new per-degree funding can be isolated.

PER UNIT 2019-21 SSCM VALUES (PROJECTED)				
		$867 Million	$923 Million	
			Value	Increase ($)
Degrees	BA/BS	$13,161	$14,174	$1,013
	BA/BS - Transfer	$8,036	$8,654	$619
	Masters	$7,352	$7,918	$566
	PhD	$20,136	$21,686	$1,550
	Professional	$10,570	$11,383	$814
	Grad. Certificate	$1,297	$1,397	$100
Credit Hours	Undergraduate 1	$45	$48	$3
	Undergraduate 2	$61	$66	$5
	Graduate	$67	$72	$5
	PhD	$124	$133	$10

After accounting for the state's share of projected 2019-21 projected cost increases, a $923 million PUSF will, on average, provide $1,013 more funding for each non-transfer Bachelor's degree earned by an Oregon resident. This increases the incentive the SSCM places on undergraduate degree production by 9% over the current biennium.

The SSCM also provides additional incentive for undergraduate degrees earned by students who are identified as belonging to at least one of the following populations: underrepresented minority, low-income, rural, or veteran. For 2017-19, a Bachelor's degree earned by a student belonging to one of these populations is worth $3,328. A $923 million 2019-21 PUSF is projected to increase this premium to $4,246. In real, inflation-adjusted terms, this amounts to a $303 increase, increasing the incentive by 9%.

Similarly, the SSCM provides a premium for degrees earned in fields of particular value to the Oregon economy, like STEM and health areas of study. These premiums would grow, on average, from $2,567 to $3,260 for an undergraduate degree. Again accounting for projected cost increases at universities, the incentive power is improved by 9% over the current biennium, or $233 per qualifying degree earned by an Oregon resident.

Finally, while a national context for proposed funding levels for the 2019-21 biennium is not available, it is possible to estimate how a $923 million PUSF in the current biennium would have changed Oregon's standing in the State Higher Education Finance (SHEF) report, published annually by the State Higher Education Executive Officers Association (SHEEO). The SHEF report calculates a per-FTE measure of state support for higher education, but combines both the 2-year and 4-year sectors and does not restrict FTE figures to state residents. In the most recent iteration, which covers last fiscal year (2016-17), SHEF reports Oregon funded higher education at a rate of $6,514 per FTE, ranking 39th in the country. If the current biennium PUSF were $923 million, Oregon would have ranked 26th in the country with a funding level of $7,153 per FTE.

In summary, a minimum PUSF level of $923 million will restrict tuition increases at all public universities to 5% or less for resident undergraduate students, increase the state's share of E&G funding for public universities, provide sufficient funding for additional investment in financial aid and student success, and meaningfully increase the incentives embedded within the SSCM. A PUSF of $923 million also would represent an increased share of projected state general fund revenues compared to prior biennia and has potential to continue the momentum that Oregon has recorded recently in national measures of higher education funding. A PUSF exceeding $923 million would further assist in restricting resident tuition increases and provide for even greater investment in access and affordability programming, student success initiatives and student support services.

Staff Recommendation:

Discussion only. Staff recommendation is to consider a minimum Public University Support Fund of $923 million in the 2019-21 Agency Request Budget.

2019-2021
Oregon Public Universities
Consolidated Funding Request

May 16, 2018

Portland State University

Western Oregon University

Oregon State University

University of Oregon

Oregon Tech

Southern Oregon University

Eastern Oregon University

May 16, 2018

Higher Education Coordinating Commission
Neil Bryant, Chair
Ben Cannon, Executive Director
255 Capitol Street NE, Third Floor
Salem, Oregon 97301

Dear Chair Bryant and Members of the Commission,

On behalf of Oregon's seven public universities, enclosed is the consolidated operating funding request for the 2019-21 biennium. We appreciate the opportunity to work with the Higher Education Coordinating Commission to develop and articulate budget scenarios that recognize our collective fiscal challenges and opportunities for success.

In a global economy, a college degree is more valuable than ever. Higher education provides a path out of poverty for many Oregon students who are working hard to overcome difficult obstacles. Moreover, universities play a critical role in producing a prepared workforce for fields from engineering and computer science to teaching and the relevant job skills that come from the liberal arts. But this promise to the next generation will diminish if access to and graduation from public universities is curtailed.

As Oregon and the nation have recovered from the economic collapse of 2008, the state has struggled to make public university and community college students a priority. While General Fund revenues have steadily increased alongside economic recovery in most areas of the state, so too have the demand on programs and services and the cost to deliver them. Budget pressures faced by the state are no different than those faced by universities. Over the last two biennia, lawmakers have increased investments in the Public University Support Fund (PUSF). We are grateful for those investments and believe they will yield a high return for Oregonians. But the unfortunate reality is they are not enough to combat nearly two decades of cuts and ballooning mandated cost drivers.

Our unified funding request for the 2019-21 biennium is a total PUSF state investment of $1.0 billion to enable expanded investments in students. One billion dollars represents a $263 million increase (35.6 percent) over the 2017-19 appropriation. This funding level would guarantee most campuses do not increase tuition more than 3 percent, with some universities' boards of trustees choosing to go lower. It would also restore state per-student spending to pre-2001 levels.

In addition, the following is true: ***for most universities to keep tuition increases at or below 5 percent and also preserve current financial aid and student support services, state investment in the PUSF must increase by 17.6 percent—or $130 million—in the 2019-21 biennium, totaling $867 million.*** Even with this increase, the PUSF would constitute less than 4 percent of the state's General Fund budget,

and is necessary due to large, state-mandated cost increases the universities face related to insurance, retirement, and contracted labor agreements.

Economic forecasts indicate that tax revenues will continue to increase or plateau. However, for a number of reasons, a significant budget shortfall is expected in the next biennium. We must work together to bend the cost curves that will cripple our ability to keep college affordable. But cost cutting is not enough. We must also reform our revenue system to ensure adequate resources are available to fund educational opportunities from cradle to career. This is not an either-or scenario. We must do both.

We find ourselves at a critical juncture: the state can slow or stall investments in students, or together we can keep college affordable and prevent our young people from graduating with debt they are unable to pay back.

We look forward to our continued work together for Oregon students, families, and businesses.

Sincerely,

Thomas Insko
President
Eastern Oregon University

Michael H. Schill
President
University of Oregon

Edward Ray
President
Oregon State University

Linda Schott
President
Southern Oregon University

Rahmat Shoureshi
President
Portland State University

Rex Fuller
President
Western Oregon University

Nagi Naganathan
President
Oregon Institute of Technology

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Article I. Introduction

Future Ready Oregon demands sustained investment in a higher education ecosystem in which the skills of workers match the needs of businesses. Oregon's public universities are instrumental in achieving that outcome. They offer degrees in science, technology, engineering, mathematics (STEM), and public health, as well as journalism, business, law, and the liberal arts. Faculty members work with Oregon businesses to update, expand, and adapt their offerings to best meet the workforce needs of the 21st century.

Universities help fuel Oregon's economy. They develop the human capital that allows the state to attract and retain high-performing companies. They foster a climate of innovation, research, and commercialization that brings new products to market and incubates new companies in urban and rural communities.

Clearly, public universities are an essential cog in the cycle of Oregon's economic vitality. But it is students who drive change and push the state toward new frontiers.

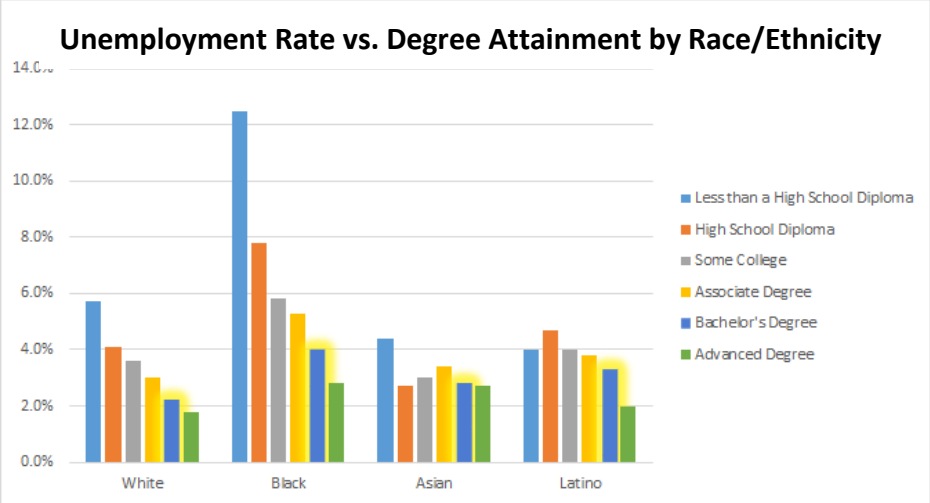
The Value of a College Degree by the Numbers

The unemployment rate of college graduates is half that of high school graduates, **2.5% vs. 5%**.

For black workers, the unemployment gap is wider, **3.4% vs. 9%**.

Weekly pay rates for college graduates is more than double that of high school graduates, **$1,227 vs. $678**, with disproportionate impacts on workers of color[1].

For the newest generation of Oregonians, public universities make the impossible seem possible. Compared to their counterparts, college graduates are more likely to be employed, have a higher median income, and are, on average, healthier citizens.[1] These societal effects are even more dramatic with students of color and first-generation students. Consider these finding from a 2016 study by the Bureau of Labor Statistics:



[2]

[1] Chen, Allen. *"More education: Lower unemployment, higher earnings." Career Outlook.* U.S. Bureau of Labor Statistics. April 2017.

[2] Bureau of Labor Statistics. 2017. *Unemployment rates and earnings by educational attainment.* DOI: https://www.bls.gov/emp/ep_chart_001.htm.

Affordability

Completing a college education remains difficult or impossible for too many Oregon students. For two biennia, the Oregon legislature increased investments in the Public University Support Fund (PUSF), though still not back to prerecession funding levels. These investments keep doors open and reduce barriers on campuses. However, more investment is needed if the state hopes to hold the line or cut the cost of college degrees, improve retention of vulnerable students, reduce student debt, make progress in closing achievement gaps, and achieve Oregon's 40-40-20 educational attainment goal.

The recent enhanced resources have helped flatten proposed steep tuition hikes, but have not increased overall university affordability. Why?

First, as state funding diminished, universities were forced to offset the disinvestment with increases in tuition and cuts to programs and services. There were not commensurate increases in state or local scholarship dollars—consequently, student debt increased substantially.

State Funding Per Student*

$9,315 in 1999-2001

$5,013 in 2011-2013

**Inflation-adjusted*

Second, universities face rapidly increasing costs, primarily in the areas of pension and health-care benefits. Every person who is employed by a university provides value. From food service workers, to the janitorial staff, to health center employees—each one serves the state of Oregon and students, and they deserve a living wage and an adequate retirement. The state and its institutions must recognize this reality, while also figuring out how to cope with the fact that unavoidable cost drivers related to employment will add more than $279 million to university budgets in the 2019-21 biennium. Absent continued aggressive state investment in the PUSF, students will again face steep tuition rate increases, as well as programmatic and services cuts.

Finally, universities have bolstered investments in the lives of students. Twenty years ago, universities were expected to teach courses, conduct research, host athletic events, and provide basic services like food and housing. Today, colleges recognize that the success of culturally, racially, geographically, and economically diverse student populations require more attenuated programming. As a result, one of the fastest-growing areas of institutional investment is in student support services. Central among these efforts are expanded academic advising programs aimed at improving retention and graduation outcomes. Beyond advising, universities provide a wide range of wraparound services to enhance student success and experience, including comprehensive public safety and resilience systems, mental and general health services, career placement offices, cultural resource centers, veterans' services, academic enrichment and support centers, and pipeline programs to improve pathways to a degree.

State Investment Is Critical in 2019-2021

For the 2019-21 biennium, Oregon's public universities request a state investment of $1 billion to enable expanded investments in students. A one billion dollar PUSF represents a $263 million increase (35.6 percent) over the 2017-19 appropriation. This funding level would guarantee most campuses do not increase tuition more than 3 percent, with some universities' Boards of Trustees choosing to go lower. It would also restore state per student spending to pre-2001 levels. A comprehensive assessment of the additional benefits to the students and the state is included later in this document.

The minimum investment above 2017-19 levels necessary to preserve most existing university programs and limit tuition increases to 5 percent or less at most state institutions is $130 million. Funding below $130 million will likely require significant tuition increases and necessitate substantial budget reductions. It will require students to bear the burden of growing labor-related costs such as health insurance and retirement. What is most important, it will imperil the collective commitment that the legislature, the Higher Education Coordinating Commission (HECC), and Oregon's public universities have made to our students to provide an outstanding education at an affordable price, and the opportunity that comes with having a college degree.

State funds support universities, but universities also support the state. They maximize outside investment to heavily augment state resources. Private philanthropy generates tens of millions of dollars in academic and institutional support annually. Likewise, public and private grants, investment income, sales and licensing, and technology transfer also drive tens of millions in yearly revenue. The vast majority of this institutionally generated revenue is reinvested in Oregon students, in state-owned buildings, and in local communities. When students thrive, so too do universities and communities.

Capital Investments

Investments in the PUSF offer all Oregon college-bound students the opportunity to receive an excellent education in their home state. Keeping Oregon's best and brightest must be our highest priority. Simultaneously, attracting the next generation of leaders from outside Oregon and beyond the United States requires not just excellent educators, but functional facilities. Over the past decade, the state's investment in university infrastructure through bonds has risen markedly. As a result, older facilities are being updated for modern safety requirements and contemporary pedagogy, and new education and research facilities are being built with public and private funds in key areas that meet universities' needs. Nevertheless, universities still have many aging facilities, which leave them with significant deferred maintenance challenges.

The recent commitment shown by the legislature should not only be sustained, it should grow. Increased investments in university capital construction projects enhance the student experience, create jobs across the state, and address significant deferred maintenance backlogs. Like investments in operating funds, investments in state capital projects at universities often leverage significant philanthropic funding, yielding a higher return for citizens.

Article II. Outcomes-Based Budgeting

Across all state funded educational programs (K-12, community colleges and public universities), the PUSF is unique because it is the only sector of the educational budget that receives General Fund resources using outcome-driven metrics. The HECC utilizes the Student Success and Completion Model (SSCM) to distribute state funding on the basis of the success of Oregon students, who are low-income, underrepresented minorities, rural students, and veteran students. Oregon is one of many states with an advanced outcomes-based funding system, and this links directly with the state's 40-40-20 educational attainment goal.

The universities look forward to working with the HECC to ensure long-term stability in the formula which supports the unique role of each institution.

> The SSCM creates the **strongest possible form of accountability**, and allows universities the freedom to design the interventions and investments that best serve their missions and the state's educational attainment goals.

Major institutional investments have been made in retention efforts, student support, and targeted financial aid in alignment with the HECC's strategic plan.

University Snapshot: Oregon Tech

HECC Strategy 3: Pathways

Oregon Tech's expanded integration of its **dual enrollment** programs have created opportunities for high school students to engage in high-quality, college level STEM and health-focused programs. These offer clear pathways into higher education. Since the creation of the SSCM, Oregon Tech has expanded its retention office from **two to six** staff members.

HECC Strategy 4: Student Support

Oregon Tech has begun proactive advising and engagement, particularly with students in their first year. This translates into immediate impact on Fall to Fall retention of **more than four percent.**

HECC Strategy 5: Financial Aid

Oregon Tech is increasing investments in financial aid to students during the last two years of education through **completion grants,** funded at a time when many students, particularly transfer students, have exhausted other sources of financial aid. This financial aid is funded through student supported increases in tuition, which are driven back into remissions, and through increased support from the Oregon Tech Foundation.

In total, these efforts are driven through a direct linkage between outcomes payments embedded within the SSCM and pulling them into the operating plans and investments within the university.

Article III. Changing Demographics Demand Increased Investment

According to the Office of Economic Analysis, Oregon's population continues to grow and become more diverse.[3] Primarily driven by immigration, the state now has a population of four million residents, which is a more than 8 percent increase since 2010. This growth has altered the racial and ethnic profile of Oregon. In 2016, nearly 25 percent of Oregonians belonged to a minority race or ethnic group.

These demographic trends are reflected in the enrollment at Oregon's public universities. Enrollment for students of color has steadily increased since 2000, a trend that is expected to continue. Oregon's higher education system is more representative of the population as a whole. In addition, universities are admitting greater numbers of first-generation and Federal Pell Grant-eligible students. With nearly half of Oregon's K-12 population qualifying for free or reduced lunch, the pipeline of college-bound students face a range of challenges that universities must be prepared to address.

First-generation, Pell-eligible, and traditionally underserved students need a different type and level of student services to ensure completion. First-generation students are more likely to have lower college retention and completion rates than their counterparts.[4] They are more likely to come from underrepresented backgrounds, have lower socioeconomic status, have English as a second language, and have lower test scores.[5] In fact, a National Study of Student Learning report found that, compared to their peers, first-generation students completed fewer first-year credit hours, took fewer humanities and fine arts courses, worked more hours per week, were less likely to participate in an honors program, were less likely to perceive that faculty members were concerned about their learning, and made smaller first-year gains on a standardized measure of reading comprehension.[6]

These and other factors tend to mean that first-generation and underrepresented minority students are more likely to be at a disadvantage before they even step onto campus. This can lead to a higher probability of attrition and increased loans and debt. Studies show that a student's sense of belonging is directly related to their persistence in school, which is directly influenced through interaction with the academic and social environments of the university. [7]

If Oregon is to make progress on closing structural and persistent achievement gaps, increased investment is needed. Any reduction in these services, or the funding that supports them, will have direct implications on student success and attainment, and will only exacerbate and expand achievement gaps among students.

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[3] State of Oregon Department of Administrative Services, Office of Economic Analysis. *Oregon's Demographic Trends.* December 2017. DOI: http://www.oregon.gov/das/OEA/Documents/OR_pop_trend2017.pdf.

[4] Ishitani, T. T. *"Studying attrition and college degree completion behavior among first-generation college students in the United States."* The Journal of Higher Education, 77*(5)*. September/October 2006. The Ohio State University. DOI: *https://doi.org/10.1353/jhe.2006.0042*.

[5] Cordoza, K. *"First-generation college students are not succeeding in college, and money isn't the problem." The Washington Post. 2016.*

[6] Ishitani, T. T. *"Studying attrition and college degree completion behavior among first-generation college students in the United States."* The Journal of Higher Education, 77*(5)*. September/October 2006. The Ohio State University. DOI: *https://doi.org/10.1353/jhe.2006.0042*.

[7] Darling, R. A.; Smith, M. *"First-generation college students: First year challenges." National Academic Advising Association.* Academic Advising: New Insights for Teaching and Learning in the First Year. 2007.

Article IV. Public University Support Fund Budget Scenarios

Background

Oregon's public universities receive state support through two primary funding channels:

- **Public University Support Fund**
  The PUSF is the state's General Fund contribution to the operation of the educational programs of the seven universities. Of the universities' education and general (E&G) funding, 78 percent is derived from student tuition and fees. E&G funds pay for the operation of instructional and support services to students, faculty members, and campus public service programs, and administrative support services.

By the Numbers

The 2017-19 PUSF appropriation accounted for only **22 percent** of total E&G funding for public universities.

- **State Programs**
  Funding for centers, institutes, and programs addressing statewide economic development, natural resources, and other needs are included in the State Programs and Statewide Public Services units. This appropriation is discussed in more detail later in the document.

Nexus between Increased Investment in the PUSF and HECC's Strategic Goals

The HECC has identified "Funding for Success" as one of four key areas of activity, with the goal of achieving **affordability**, **economic and community impact**, **equity**, and **student success**.

- **Affordability** – The HECC's recently released Statewide Higher Education Snapshots[8] report that across Oregon's public universities, students are struggling to make ends meet. Depending on the institution, between 58 percent and 68 percent of students were unable to meet expenses with expected resources (family contributions, student earnings, and grant aid). Frequently, the burden of affordability weighs most heavily on historically underserved students. Absent continuing and increased investment in the PUSF, tuition will climb at unsustainable rates making university degrees inaccessible or saddling students with oppressive debt burdens.

- **Economic and Community Impact** – Developing a well-trained workforce requires high-quality university programs and faculty, dynamic academic and research programs involving public and private employers, and students committed to staying and working in Oregon. A world-class faculty; Future Ready academic and research opportunities; and a diverse, intellectually curious student body are the pistons that will drive the state's economic engine and enliven communities both urban and rural. To move forward, universities need adequate resources to foster innovation and seed research. Students need pathways to achieving degrees that limit debt through scholarship opportunities and hold tuition increases at bay. Absent increased PUSF investment, the road ahead holds a different course – budget cuts, tuition increases, and unmanageable student debt. What is most important, there will be diminished economic and cultural vitality in all 36 counties.

- **Equity** – All public universities in Oregon share the HECC's commitment to diversity, equity, and inclusion. Collectively and individually, universities endeavor to eradicate discrimination, and

[8] http://www.oregon.gov/highered/research/Pages/snapshots.aspx.

identify and address cultural and ethnic barriers in recruitment and retention. Adhering to these core beliefs is critical if tomorrow's workforce is to reflect our collective demographics and values. Pursuing these moral and societal imperatives requires investments in human and economic capital. Multicultural centers, diversity councils, and professional symposiums and trainings are part of the fabric of our campus communities. Moreover, institutional aid such as **PathwayOregon at the University of Oregon** and **Four Years Free at Portland State University** ensure that low-income and first-generation resident students have access to scholarships that help them stay in school and incentivize success.

University Snapshot: The University of Oregon

PathwayOregon is more than a scholarship program. It is a promise—a commitment of financial and academic support, and a chance for a brighter future. It ensures that academically qualified, Pell-eligible Oregonians will have their tuition and fees paid through a combination of federal, state, and university funds for the entire time they are in school.

Since 2008, the UO has given more than **3,000** Oregonians the PathwayOregon promise. More than **60 percent are first-generation college students.** PathwayOregon students have demonstrated retention rates that meet or exceed the average of students who are not lower income. Some years, this rate reaches **90 percent.**

- **Student Success** – Beyond serving our diverse student populations, student success initiatives are a cornerstone of universities' efforts to improve recruitment, retention, and graduation rates. One of the worst outcomes is for students to incur the debt without attaining the degree. For universities, retention is a critical component of the financial well-being of the institution. Curbing outgoing transfers and promoting academic success bolster outcomes. As noted above, student success programs put upward pressure on university budgets. While improved enrollment and degree-attainment generate offsetting resources, they do not adequately defray all costs. Again, enhanced PUSF funding will improve student success.

Recent History of PUSF and Other Educational Revenue Sources

The PUSF has received important increases since 2015 that are helping to restore per student state funding to prerecession levels. However, as reflected in the table below, the increases are making modest inroads in the overall percentage of state support for public universities as compared to the total education and general costs.

There are several reasons the impacts may appear disproportionate to the investments. As with most Oregon public bodies, mandated cost drivers outpace increases in state revenue. However, because the

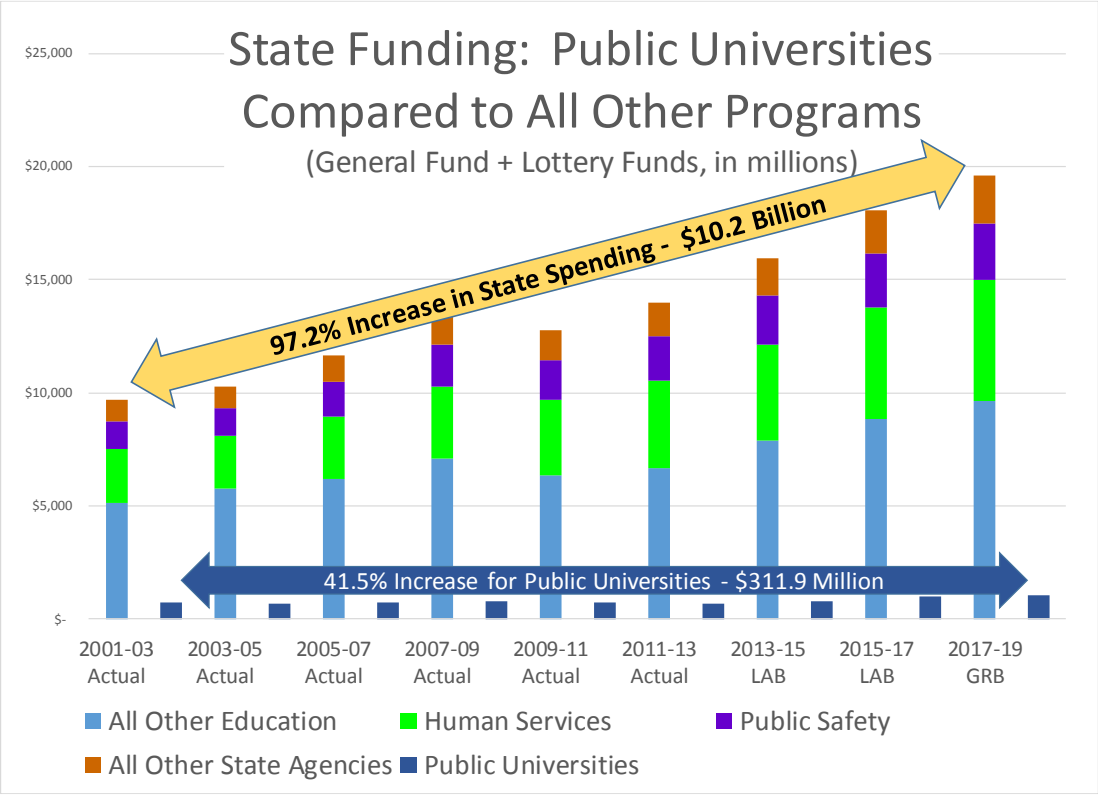
majority of public university costs are now paid through tuition and other revenue, those mandated costs have been shifted to those who can least afford it – the students.

Public Universities' State Appropriation (General Fund plus Lottery Funds)

Public University Support Fund						
2007-09 Final* LAB[1, 2]	2009-11 Final* LAB[1, 2]	2011-13 Final* LAB[1]	2013-15 Final* LAB	2015-17 Final* LAB	2017-19 LAB	2019-21 Request
$ 568,487,771	$ 522,352,575	$ 450,531,927	$ 522,845,511	$ 666,900,000	$ 736,898,583	$ 866,898,583
55,636,352	70,823,654	-	-	-	-	-
$ 624,124,123	$ 593,176,229	$ 450,531,927	$ 522,845,511	$ 666,900,000	$ 736,898,583	$ 866,898,583

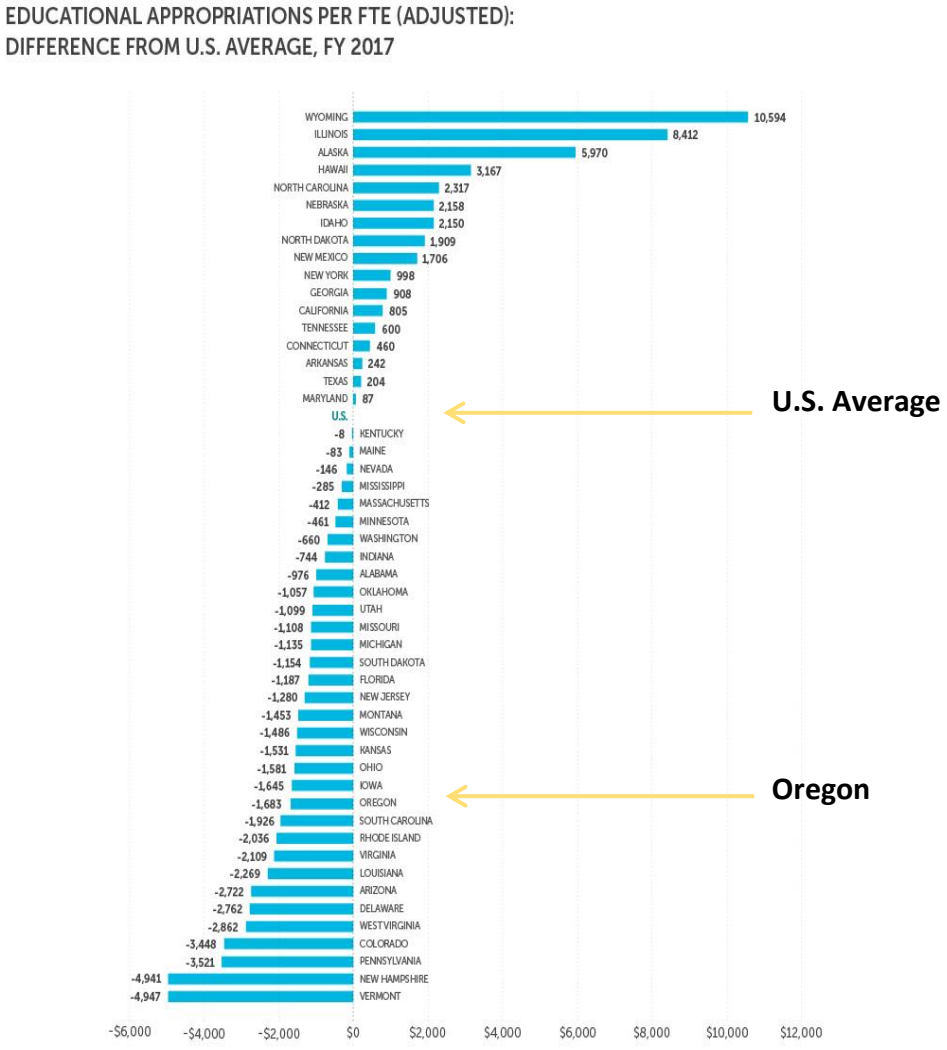
** "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding*
1) For biennia prior to 2013-15, E&G appropriations are retroactively split into PUSF and State Programs for comparability with subsequent biennia
2) For 2007-09 and 2009-11, E&G funding included federal stimulus funds passed through the state for operational support

Public Universities' Share of State Funding (General Fund plus Lottery Funds)



State investments are improving Oregon's per student investment nationally. Prior to the 2017-19 legislative session, Oregon ranked among the lowest in appropriations per FTE. While progress is being made, state investment remains the lowest among our western peers.

Per Student Funding Nationally



Increased Costs for Students and Cuts to Services

Current Service Level Budget (PUSF: $737 Million)

The "current service level" (CSL) is defined as the amount of state funding needed in a subsequent biennium to enable the same programs as are being provided in the current biennium. The Department of Administrative Services (DAS) and the Legislative Fiscal Office (LFO) consider the universities in a different fashion from state agencies in three significant ways:

1. Enrollment changes are not a factor in the CSL. As institutions gain (or lose) resident enrollments, General Fund calculations do not increase (or decrease) by an established formula, as is done for K-12 students.

2. Senate Bill 242 (2011) redefined the Oregon University System (OUS) as a public university system exempting OUS from certain state agency requirements and eliminating the traditional process for base adjustments for salaries and merit increases. Over the last several biennia, DAS and LFO have considered the universities essentially as independent contractors, resulting in significant decreases the CSL calculation.

3. Universities rely heavily on "other funds" – primarily tuition – for maintaining programmatic expenditures. Since 2008, while the overall cost of educating a university student has increased by 66.5 percent (as measured by increase in education and general expenditures), the share of this cost that is borne by students has increased by 101 percent.

Flat Funding Will Mean…

Tuition increases at or above 10 percent on many campuses.

Stalled progress on 40-40-20.

Cuts to student services such as academic advising, programming for underserved student populations, and financial aid.

Reductions in faculty and staff numbers.

Universities have sought an accurate definition of the CSL, which reflects the actual cost increases universities bear. The main difference between how DAS and LFO calculate the CSL and how the universities calculate their cost to continue current operations is that the universities factor in salary increases (driven by state-required bargaining) and the full anticipated increases in the Public Employee Retirement System (PERS) and the Public Employee Benefit Board (PEBB) (also driven by state-required participation). Recently, there has been a move to align the universities CSL calculation with that done for community colleges. While an improvement over the vendor methodology, it still falls short of the actual cost increases. **As a result, these costs have had to be covered by tuition increases.**

The single most important factor affecting college affordability over the last decade has been the decision to shift the cost of mandated employee benefits and salaries onto the backs of students. Failure to achieve CSL funding that reflects universities' actual costs, whether it is for the PUSF or the State Programs or Statewide Public Services programs, has a real and enduring effect on the ability of universities to fulfill their public service missions to the people of Oregon.

Education & General (E&G) Expenditures	FY08 Actuals	FY17 Actuals	Increase Dollars	Increase Percent
Total (in millions)	$ 903.2	$ 1,503.5	$ 600.29	66.5%
Student/University Share				
Dollars	$ 577.1	$ 1,163.7	$ 586.61	101.7%
Percent	63.9%	77.4%		

Cost Drivers for Continuing Current Programs - the Public Universities' CSL

The universities estimated the cost to continue current programs – a " Public Universities' CSL". The calculated increase for the 2019-21 biennium is 8.4%. The following table indicates the primary cost drivers that were considered, as well as specific aspects that were included or excluded in the calculation. As with any point-in-time estimate, amounts are subject to change as more information becomes available. The purpose of the calculation was to illustrate the gap between the universities' actual cost drivers and the state's current methodology for calculating CSL. For example, the DAS calculation of 2017-19 CSL was 5.2% compared to the universities calculation of 7.9%.

Cost Driver	Included	Excluded
Salary & Pay	Comparable pay increases on existing positions as incurred in 2017-19	New positions; position eliminations; other required hires such as compliance related FTE
OPE Health	Impacts on existing positions assuming: same PEBB rate increases experienced for 2017 and applied to each university's employee mix	Impact on new positions; impact from other required hires, such as compliance related FTE
OPE Retirement	Impact of anticipated PERS increases and estimated increases in ORP, which is linked to PERS changes, on existing positions	Impact on new positions; impact from other required hires, such as compliance related FTE; other increases (such as market or actuarial valuations) that will
OPE Other	Social security; Medicare; unemployment insurance; workers compensation; State Accident Insurance Fund (SAIF); Employment Relations Board (classified only); Mass transit taxing districts; deferred comp; compensated absences, GA tuition remission	New positions; position eliminations; other required hires such as compliance related FTE
Operating Expense	Supplies and services; capital outlay (minor equipment); student aid, net transfers; known cost escalators for current activities and programs per individual university plans	Cost drivers unique to new initiatives or programs

Costs increases were estimated on a **fiscal year basis**, so universities could consider potential impacts on tuition increases.

Estimated increases by category	2017-19 for reference	Consolidated FY20	Consolidated FY21	Consolidated 2019-21	Change from 2017-19	Ranges Across Universities FY20	Ranges Across Universities FY21	Ranges Across Universities 2019-21
Salary & Pay	6.8%	3.4%	3.3%	7.0%	0.2%	3.0% - 4.5%	2.8% - 4.4%	6.2% - 9.1%
OPE Health	9.7%	4.8%	4.9%	9.3%	-0.4%	4.0% - 5.0%	4.0% - 5.2%	8.2% - 10.3%
OPE Retirement	21.1%	20.0%	3.5%	25.1%	4.1%	12.9% - 27.7%	2.8% - 4.8%	17.8% - 30.6%
OPE Other	7.0%	3.2%	3.3%	6.9%	-0.1%	0.0% - 17.8%	0.0% - 4.4%	0.0% - 19.8%
Operating Expense	4.0%	1.7%	1.7%	3.7%	-0.3%	2.1% -3.0%	2.1% -3.0%	4.3% -8.1%
Total E&G	7.9%	4.9%	3.2%	**8.4%**	0.5%	4.5% - 7.2%	3.0% - 4.2%	7.8% - 10.0%

Maintaining Affordability for Students

Minimum University Recommended Budget (PUSF: $867 Million)

The minimum additional PUSF funding needed to maintain current services, limit impact on students and make progress toward the HECC's strategic goals is $130 million, bringing the total PUSF appropriation to $867 million. Funding below this level will result in tuition increases exceeding 5 percent at many, if not all institutions, and will jeopardize student success and imperil progress. State investment at this level represents a 17.6 percent increase over 2017-19 funding levels.

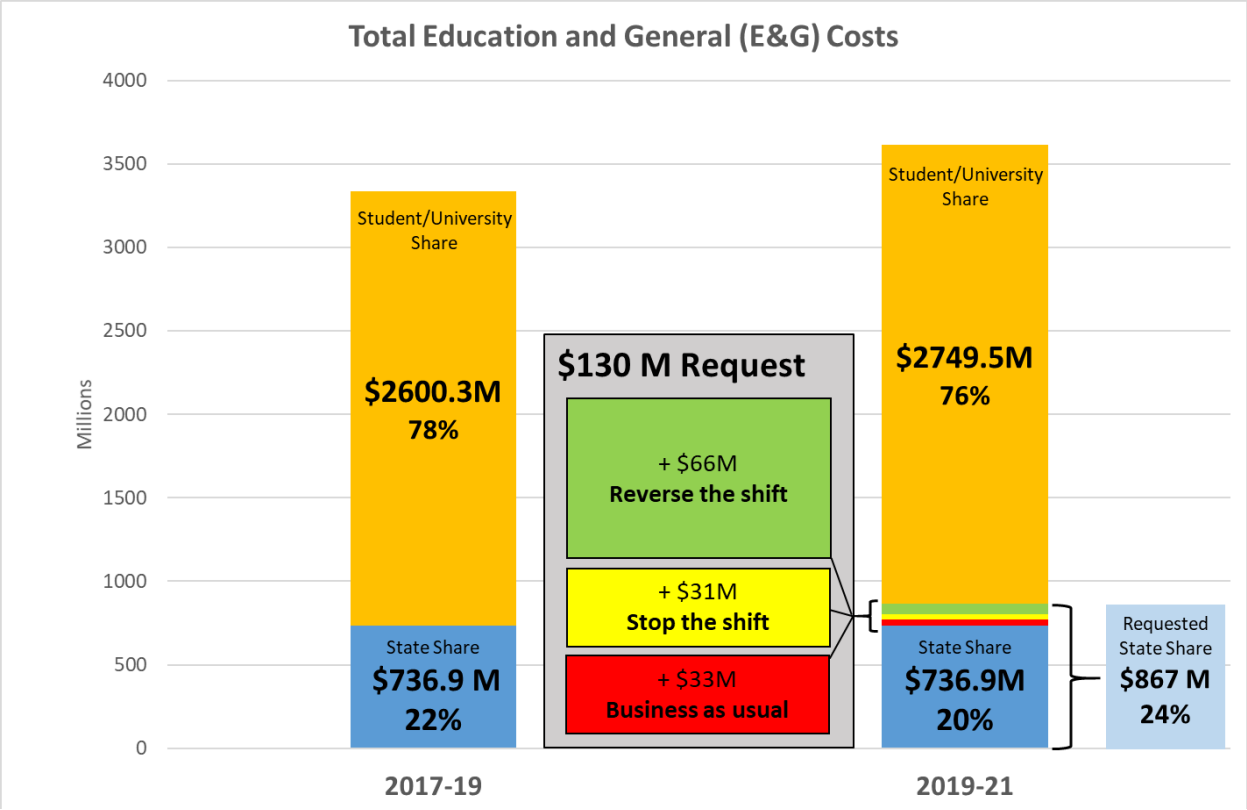
$130 Million Will Mean…

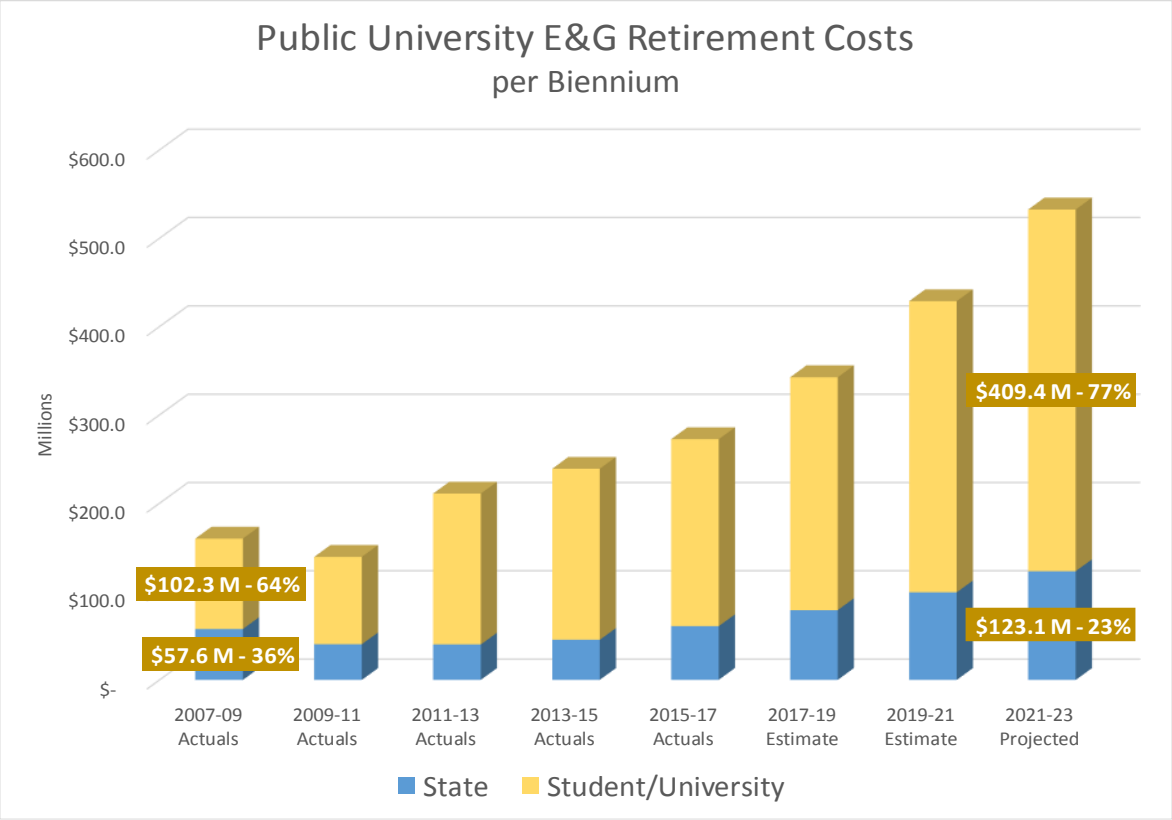
Most public institutions will be able to keep tuition increases **below 5 percent.**

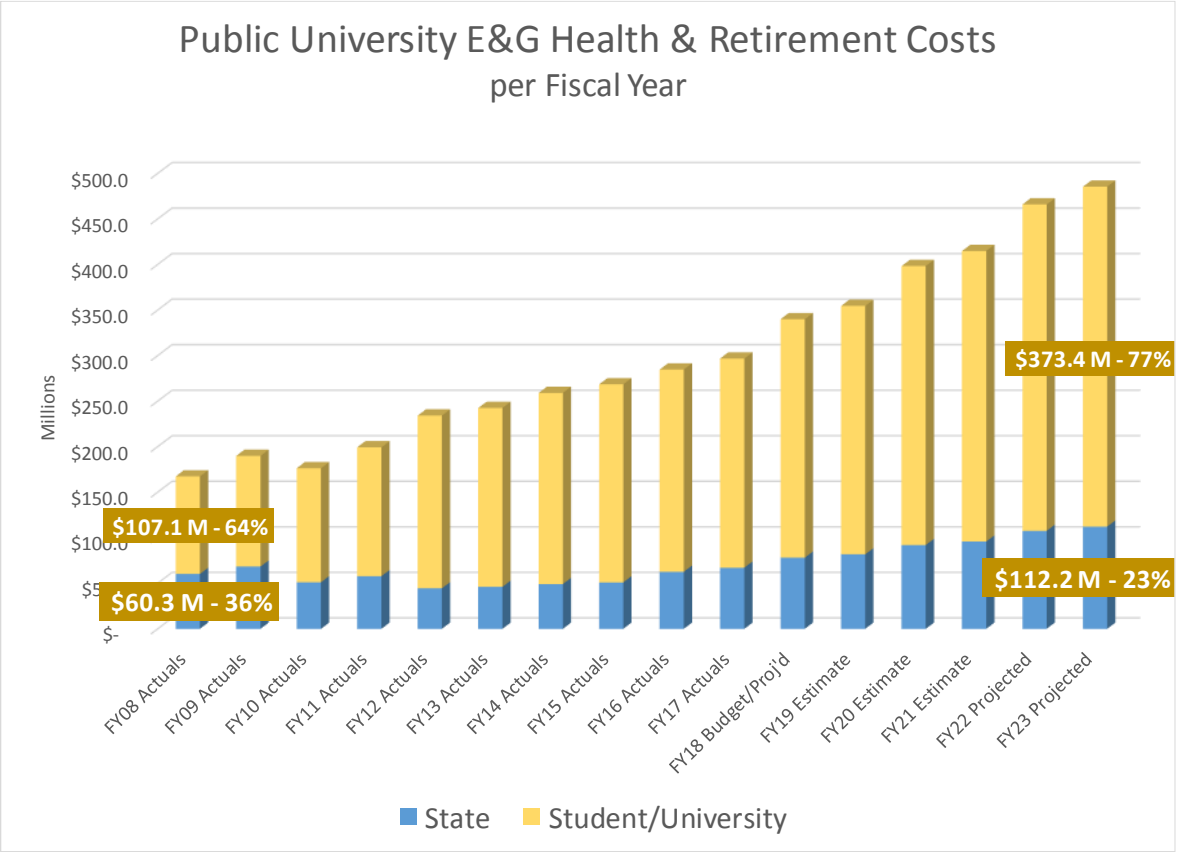
Strides made in implementing **student success** models will be preserved.

Student **debt will not increase** dramatically.

As detailed in the chart below, such an increase does not significantly augment university programs. Rather, it halts or limits the "shift" of mandatory cost drivers onto the students, those who can least afford it, and covers them with state resources. The primary cost drivers are contractual obligations related to salaries and benefits.




Public University E&G Retirement Costs
per Biennium
Millions
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$-
$102.3 M - 64%
$57.6 M - 36%
$409.4 M - 77%
$123.1 M - 23%
2007-09 Actuals
2009-11 Actuals
2011-13 Actuals
2013-15 Actuals
2015-17 Actuals
2017-19 Estimate
2019-21 Estimate
2021-23 Projected
State
Student/University


Public University E&G Health & Retirement Costs
per Fiscal Year
Millions
$500.0
$450.0
$400.0
$350.0
$300.0
$250.0
$200.0
$150.0
$100.0
$-
$107.1 M - 64%
$60.3 M - 36%
$373.4 M - 77%
$112.2 M - 23%
FY08 Actuals
FY09 Actuals
FY10 Actuals
FY11 Actuals
FY12 Actuals
FY13 Actuals
FY14 Actuals
FY15 Actuals
FY16 Actuals
FY17 Actuals
FY18 Budget/Proj'd
FY19 Estimate
FY20 Estimate
FY21 Estimate
FY22 Projected
FY23 Projected
State
Student/University

Improving Student Access and Outcomes

Optimal University Recommended Budget (PUSF: $1 Billion)

A Culture of Completion

If Oregon is serious about closing achievement gaps and raising attainment levels, the state must invest in student success services that recognize the changing demographics of Oregon student population. First-generation college students, those for whom English is a second language, nontraditional students, for example, fare better when they are provided with enhanced academic support in the form of advising, tutoring, career counseling; emerging new pedagogical models show promise in better serving adult learners.

Neither the state nor universities can expect that one new grant program or a single investment in advising services will foster a culture and expectation of retention and completion. Adequate resources must be provided on a sustained basis so institutions can provide holistic, wraparound services from freshman to senior year.

As the Oregon legislature works to develop funding and policy solutions to improve student success, high school graduation rates, and pursues policies to improve adult attainment through the Joint Committee on Student Success, it will mean the pipeline of college-bound Oregon students will increase. Public universities must be prepared to greet these students and ensure their success. It is our promise to the next generation.

A $1 billion total investment in the PUSF will give universities the funding necessary to keep tuition rate increases low and make targeted investments in institutional aid, as well as ensure students have the services they need to successfully complete and attain a college degree.

How Funding Would Be Deployed

Tuition Reductions – At $1 billion, most universities would likely be able to keep resident tuition increases at or below 3 percent for both years of the biennium.

Progression and Completion Grants – Completion grants are one financial aid tool that can be employed to combat students dropping out or taking on more debt. These are grants that will be targeted toward Oregon students who have exhausted all other resources, are on track to graduate in the next term or two, and have an outstanding financial gap that is prohibitive to them staying enrolled. The University of Oregon used an increase in state funds in the 2015-17 biennium to establish the Graduation Incentive Grant. While it was cut because of budget constraints in 2017-19, the UO awarded more than 136 scholarships to Oregon residents, enabling successful progress toward degree completion for these

$1 Billion Will Mean…

Keep tuition rate increases low and make targeted investments in institutional aid.

New investments in **student support services and financial aid like progression and completion grants and emergency continuation funds.**

Higher rates of **retention and completion.**

New academic models.

vulnerable students. With a $1 billion investment, the program would be replicated across other campuses, reinstituted at the UO and implemented in a more strategic way.

Universities have different models of completion grants at their disposal that could be pursued. Examples include: (1) a reactive model in which the campus identifies and supports a student on the verge of dropping out, (2) a model in which students are asked to take on some of the "risk" of the offered funding so the student takes an active ownership in their learning, their finances, and their overall goals, or (3) a hybrid of the two.[9]

Whichever model is chosen, universities will ensure that clear qualifying criteria are established, grant terms and conditions are identified, appropriate and effective data collection and program assessments are in place, adequate staff resources and support networks are available, and costs can be met.

Student Emergency Contingency Fund – Completion grants address longer-term financial needs of a student, but it is not always the case that need persists. Sometimes students experience unforeseen life events that cause financial distress and could lead to dropping out. For instance, perhaps a parent lost a job and can no longer offer assistance or the student was evicted from his or her apartment and needs funds to cover rent instead of buying text books. Emergency aid funds or hardship funds are the best way to address those smaller, one-time crises and keep students in school. With a $1 billion PUSF, Oregon universities would ensure that emergency continuation funds were established on all seven campuses. Below are some primary types of emergency aid:

Primary Types of Emergency Aid[10]

Type of Aid	Primary Use
Campus vouchers	Cover materials from the bookstore or meals from the dining hall; few barriers to distribution.
Completion scholarships	Cover outstanding balances for students poised to graduate or continue to the next semester.
Emergency loans	Address hardship related to the timing of a student's financial aid disbursement.
Food pantries	Address food insecurity on campus.
Restricted grants	Support students who experience unexpected hardship; typically require that students meet certain academic or other requirements.
Unrestricted grants	Support students who experience unexpected hardship; typically awarded without restrictions.

[9] Anderson, Chad B.; Steele, Patricia, E. *"Foiling the drop out trap: Completion grant practices for retaining and graduating students."* Coalition of Urban Serving Universities; American of Public and Land-Grant Universities.
[10] Kruger, Kevin; Parnell, Amelia; Wesaw, Alexis. *"Landscape analysis of emergency aid programs."* National Association of Student Personnel Administrators. 2016.

Enhanced Academic Advising and Student Support Services – Academic advising is a proven way to increase student retention and completion, especially for low-income, minority, and first-generation students.

Career Development and Career Services – Pathways to jobs after graduation is a critical part of a 21st century college education. With $1 billion PUSF, Oregon universities will enhance career development and placement resources for undergraduates with an emphasis on transferrable skills and soft skills to complement disciplinary knowledge. This would include FTE for additional career advising capacity, and FTE to oversee career-related experiential learning (mentoring, job shadowing, industry site visits, and internships).

Pipeline Programs – Universities will ensure the next generation is prepared to learn. This could include expanding programs like Pirates to Raiders and Bulldogs to Raiders at Southern Oregon University; Summer Academy to Inspire Learning (SAIL) at the University of Oregon, a free one-week summer program that serves middle and high school students from underrepresented backgrounds on curriculum like the college admissions process and the financial aid process; or the Science Program to Inspire Creativity and Excellence (SPICE), also at the University of Oregon, which enhances the STEM experiences for sixth, seventh, and eighth grade girls, through a set of proven intervention strategies.

University Snapshot: Southern Oregon University

The **Bulldogs to Raiders** began in the fall of 2015 at McLoughlin Middle School. This pathway program is made possible with the collaboration of SOU and the Medford School District. Each year, a new eighth grade cohort is selected to participate in the program.

The **Pirates to Raiders** Program is a partnership between SOU and the Phoenix-Talent school districts that support Latino students as they gain the skills to access a college education. This partnership leverages a wide range of resources to prepare eighth grade students for high school success and college readiness by providing a continuing support structure of social and family assistance, academic support, mentorship and strategic programming through 12th grade.

Bridge Programs – Increase the remission funding for the year-long Bridge Program to serve an additional 100 first-generation, Pell-eligible Oregon resident high school students for fall 2019. The Bridge Program is a holistic, strength-based approach to first-year success. It recognizes and develops the personal and cultural assets that incoming low-performing students, or those from underserved

communities, bring to bear. The Bridge Program links curriculum, student support, extracurricular and community-based learning, peer relationships, and job opportunities. It involves faculty members, student life personnel, academic and student affairs staff members, students, and administration.

New Academic Models for New Learners – State investment in the universities creates the ability to advance beyond current practices and embrace academic innovation serving new types of students such as adult learners. Competency-based education, experiential learning, accelerated and streamlined models all offer promise for improving completion by students not well served by traditional models built for recent high school graduates.

Looking to the Future

Each of Oregon's public universities serves a unique and diverse group of students. Investments at the $1 billion level would allow the state, through each university's boards of trustees, to determine how best to serve the students at each university. While some might be inclined to more significantly limit tuition increases, students may be better served by implementing modest tuition increases and funding enhanced financial aid and support services. Affordability is key, but it is merely one piece of the equation that results in student success.

HECC Requested PUSF Funding Scenarios and Impacts on Key Metrics

As required by 2019-21 PUSF Budget Development Information Request from HECC dated April 18, 2018.

PUSF	Increase over 2017-19	Access and Affordability	Student Outcomes	Progress to Degree	Student Services	Other Measures
$737 million (2017-19 LAB)	No increase	Tuition* increases at most campuses at or above 10 percent. ** Fewer Oregonians will seek a degree, especially students from families in poverty. Student debt will accelerate at an even higher rate. Recent progress toward 40-40-20 will be reversed.	Increased costs will force students to choose between academic progress and life needs. Support for students will diminish as the need for student support increases. Cuts to academic programs will limit the ability of students to graduate on time.	Increased costs will result in more students leaving without degree attainment, but with significant debt. Longer duration to degree attainment will result in increased costs to students.	Cuts to student services including academic advising and financial aid advisors. Increases in key programs assisting veterans, minorities, LGBTQ students, and low income students will be reduced or eliminated.	Roughly $ 1 million in cuts across the state, the equivalent of 11.1 permanent jobs. The entirety of benefits driven cost increases are borne by students and their families. Achievement / opportunity gaps widen.
$839 million	$102 million	Tuition increase at most	Cuts to student support	Increased costs will result in	Cuts to student services including	A portion of benefits driven

		campuses between 5 to 10 percent. Fewer Oregonians will seek a degree, especially students from families in poverty.	services, as well as academic programs limit the ability of students to graduate on time.	more students leaving without degree attainment, but with significant debt. Reduced degree attainment.	academic advising and financial aid advisors. Increases in key programs assisting veterans, minorities, LGBTQ, and low income students could be reduced or eliminated.	cost increases is borne by students and their families through tuition increases. Achievement / opportunity gaps widen.
$867 million	$130 million	Tuition increases below 5 percent at most universities for both years of the biennium. Preserves some recent investments in financial aid for rural, first generation, and under-represented students.	Gains made over the past two biennia will be sustained. Continued pressure on affordability and increased student debt.	Minimal progress in degree attainment.	Maintaining most recent investments in student services including academic advising and financial aid advisors. Recent investments in key programs assisting veterans, minorities, LGBTQ, and low income students may be maintained.	State assumes responsibility for benefits-driven cost increases, ensuring they do not fall on the backs of students and their families Minimal progress in closing systemic achievement / opportunity gaps.
$895 million	$158 million	Tuition increases below 5 percent at most universities for both years of the biennium. Preserves recent investments in financial aid for rural, first-generation, and under-represented students.	More stable persistence and graduation rates if funding is sustained over multiple years. Increased student involvement in experiential learning leading to higher retention rates.	Increased degree completion rates due to higher levels of retention to graduation.	Maintaining recent investments in student services including academic advising and financial aid advisors. Increase in academic support services such as supplemental instruction.	Small investments in programs to connect students to career internships and applied learning opportunities. Minimal progress in closing systemic achievement gaps.
$923 million	$186 million	Tuition increases at all campuses between below 5 percent for both years of the biennium. Many	Investments in enrollment and recruitment for more Oregonians.	Expanded services to students result in increased degree attainment.	Preserve and expand recent investments in student support services and	Investments in programs to connect students to career internships and

		campuses below 3 percent. Preserves recent investments in financial aid for rural, first generation, and under-represented students.	Augmented academic programs to better meet workforce needs and accelerate pathways to graduation. Increased remissions leading to lower post-graduation student debt.	Investments in completion grants aid students in graduating without lifetime of debt and no degree. Investments in Emergency micro grants to help students persist through personal difficulties.	academic advising. Integrated career services to better guide and prepare students for employment after graduation.	applied learning opportunities. Continued progress in closing achievement / opportunity gaps.
$1 billion	$263 million	Tuition increases at all campuses below 3 percent for both years of the biennium. Expanded financial aid for rural, first generation, and under-represented students. Increased tuition remissions leading to lower post-graduation student debt.	Investments in enrollment and recruitment for more Oregonians. Increased persistence and graduation rates if funding is sustained over multiple years. Augmented academic programs to better meet workforce needs and accelerate pathways to graduation. Increased curriculum redesign and improved transfer articulation.	Expanded services to students result in increased degree attainment. Investments in completion grants aid students in graduating without lifetime of debt and no degree.	Preserve and expand recent investments in student support services and academic advising. Integrated career services to better guide and prepare students for employment after graduation.	Investments in programs to connect students to career internships and applied learning opportunities. Continued progress in closing achievement / opportunity gaps. Continued progress in closing achievement gaps.

*ORS 352.102 grants university governing boards' authority to set tuition and mandatory fees at or below five percent. Tuition estimates at various funding levels represent assessments made by university administrators and do not represent commitments from respective Boards of Trustees.

**ORS 352.102 requires that all tuition and mandatory fee increases above five percent be approved by the HECC or the Legislative Assembly.

Article V. State Programs and Statewide Public Service Programs

The universities joint priority for State Programs and Statewide Public Service Programs (SWPS) is to participate in a true CSL of 8.4 percent to avoid erosion of program effectiveness and delivery over time. If the PUSF is increased by **$130 million**, a higher CSL calculation of 11.6 percent for the SWPS should be considered and supported.

State Programs

In 2013-15, the state divided education and general funding into the PUSF and an appropriation category of "State Programs." These consist of line-item appropriations to programs that "address economic development, natural resource, and other issues rather than provide support for student and institutions."

The State Programs facilitate the integration of the universities' multiple missions of instruction, research, and service. Rarely do university activities solely fall into a single silo. For example, while OSU Ocean Vessels Research is devoted to the "research and study of the waters of the Pacific Coast," students from OSU, UO, and Clatsop Community College all benefited educationally from participation in "Oceanography Boot Camp." While the Institute for Natural Resources at OSU and PSU is focused on the state's natural resources, more than 65 students both contribute to its efforts and participate in a learning experience. Another example is the TallWood Design Institute, which is a collaboration between OSU's College of Forestry and UO's College of Design. It offers applied research, expanded degree programs, incorporates technical training programs, and expands the potential economic development of an important natural resource in Oregon. While the weighting of expenditure categories vary from one state program to another, overall the predominance of compensation costs mirror that of the PUSF.

State Programs	Legislative Origin	2007-09 Final* LAB[1]	2009-11 Final* LAB[1]	2011-13 Final* LAB[1]	2013-15 Final* LAB	2015-17 Final* LAB	2017-19 LAB through 2018 session	2019-21 Request
Engineering Technology Sustaining Funds (previously ETIC)	SB 504 (1997)	37,280,000	30,981,350	27,387,573	14,225,106	24,451,274	25,596,618	27,746,734
OSU (w UO) TallWood Design Institute (prev Ctr for Advanced Wood Products)[2]	SB 5507 (2015)					2,500,000	3,558,605	3,857,528
UO (65%) & PSU (35%) Dispute Resolution programs	SB 904 (2003)	2,267,275	2,107,233	2,297,895	2,435,769	2,516,149	2,634,011	2,855,268
PSU Oregon Solutions program	HB 3948 (2001)	2,600,000	2,416,355	2,061,637	2,185,335	2,257,451	2,363,195	2,561,703
OSU Fermentation Science program	HB 5008 (2013)				1,200,000	1,239,600	1,297,665	1,406,669
UO (47.5%), OSU (47.5%), and PSU (5.0%) Signature Research Centers	HB 5077 (2003)	1,143,186	950,315	950,316	1,007,335	1,040,577	1,089,319	1,180,822
UO Labor Education Research Center (LERC)	(1977)	696,936	649,089	657,542	656,867	678,544	710,328	769,996
OSU Marine Research Vessel program	HB 3451 (2013)				300,000	619,800	648,833	703,335
PSU Population Research Center	(1956)	472,744	439,187	374,427	421,407	435,313	455,705	493,984
OSU Institute for Natural Resources	HB 3948 (2001)	459,675	427,196	364,484	386,353	399,103	417,797	452,892
Clinical Legal Education program (currently UO)	HB 2961 (2007)	231,678	331,750	318,450	337,557	348,077	364,381	394,989
OSU Climate Change Research Institute	HB 3543 (2007)	180,000	334,858	285,701	302,843	312,837	327,490	354,999
PSU Criminal Justice Policy Research Institute (Profiling)	HB 2002 (2015)					250,431	262,162	284,184
OIT Oregon Renewable Energy Center (OREC)								542,000
Industry Partnerships[3]		855,564	711,027	606,652	643,049	-		-
Oregon Metals Initiative (OMI)[3]		964,785	801,796	684,092	725,136	-		-
Rounding		-	-	-	-	-	1	-
Subtotal Ongoing State Programs		47,151,843	40,150,156	35,988,769	24,826,757	37,049,156	39,726,110	43,605,103
Targeted/One-time Appropriations								
OSU Potato Research at Hermiston Ag Research & Extension Center (one-time)	HB 5006 (2017)						260,000	
OSU position at North Willamette Research and Extension Center (one-time)	HB 5006 (2017)						120,000	
OSU Molluscan Broodstock Program at HMSC (one-time)	HB 5006 (2017)						570,000	
OSU Ocean Acidification (one-time)	HB 5006 (2017)						280,000	
OIT Oregon Renewable Energy Center (OREC) - one-time	HB 5006 (2017)						500,000	
PSU Oregon Solutions-Willamette Falls (one-time)	SB 256 (2017)						190,000	
OSU Northwest National Marine Renewable Energy Center (NNMREC)	HB 5201 (2018)						3,000,000	
Other Targeted/One-time					929,000	2,498,707	-	
Subtotal Targeted/One-time		-	-	-	929,000	2,498,707	4,920,000	
State Programs Total		47,151,843	40,150,156	35,988,769	25,755,757	39,547,863	44,646,110	

** "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding*
1) For biennia prior to 2013-15, E&G appropriations are retroactively split into PUSF and State Programs categories for comparison purposes
2) SB 5507 Budget Report and Measure Summary calls for Adv Wood Products to roll-up to $3.4M in 2017-19
3) Funding for Industry Partnerships and OMI transferred out of State Programs in 2015

The universities also acknowledge that Oregon Tech is faced with a unique institution-specific situation, with a state program that was authorized in statute in 2001 (ORS 352.745), but not funded until last session with one-time funding of $500,000. The universities request that the Oregon Renewable Energy Center (OREC) be included in line-item appropriations of ongoing "State Programs" in order to prevent erosion of effectiveness over time and to fulfil its statutory mission "to engage in renewable energy system engineering and applied research" as described in the Appendix.

Statewide Public Service Programs

The three programs that constitute the Statewide Public Services (SWPS) – the Agricultural Experiment Station (AES), the Extension Service (ES), and the Forest Research Laboratory (FRL) – are longstanding services benefitting Oregonians in all 36 counties administered through OSU. The SWPS activities are another example of how Oregon's land-grant university integrates instruction, research, and service missions. As noted with the state programs, it is vital to the integrity of these services that current service calculations reflect the true cost increases.

The Legislatively Approved Budget for the SWPS's current biennium (2017-19) included a CSL increase of 4.7 percent. However, this increase fell 3.2 percent short of the CSL that was estimated to be necessary to maintain current service levels. The SWPS' are now managing a shortfall for the biennium of $4 million. This shortfall resulted in about 15 unfilled faculty level positions as well as curtailed research efforts. For instance, the FRL trimmed its research on the Marbled Murelett by about $96,000.

Shortfalls in CSL are managed through attrition in positions (professors, research assistants, and office staff) as individuals retire or relocate. Management by attrition leaves little opportunity for strategic planning and no opportunity for maintaining investments in critical, developing areas of need. A shortfall in the CSL amount 2019-21 biennium will require further eliminate of services. For instance, the SWPS anticipates retirements in northeast Oregon, the mid-Columbia region, and the south Willamette Valley, in addition to research positions in pesticide management, entomology, and farm management. These positions will not be refilled unless the full increase is funded.

To compensate for the shortfall in the 2017-2019 biennium, the universities request an increase of at least 8.4 percent. If the PUSF is increased by $130 million, the univeristies request an 11.6 percent increase for SWPS for the 2019-21 biennium.

Statewide Public Services (SWPS)	2007-09 Final* LAB	2009-11 Final* LAB	2011-13 Final* LAB	2013-15 Final* LAB	2015-17 Final* LAB	2017-19 LAB Through 2018 Session	2019-21 Request: Univ CSL of 8.4%	2019-21 Request: ONLY With New Investment in PUSF
State General Fund								
Agricultural Experiment Station	58,937,209	53,498,403	51,793,494	55,275,282	63,121,066	66,088,861	71,640,325	73,755,169
Extension Service	42,642,380	39,087,553	37,463,402	39,909,526	45,601,540	47,717,403	51,725,665	53,252,622
Forest Research Laboratory	6,590,714	5,829,217	5,698,684	6,070,772	9,771,107	10,224,041	11,082,860	11,410,030
SWPS Total	108,170,303	98,415,173	94,955,580	101,255,580	118,493,713	124,030,305	134,448,850	138,417,821
				Increase over prior biennium		*4.7%*	*8.4%*	*11.6%*
Lottery Funds								
Outdoor School (Administered by Extension Service) [1]						24,000,000	44,000,000	44,000,000 [1]

** "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding*

1) Per Ballet Measure 99 (2016), the lesser of 4% of Lottery transfers ($46.806M in March 2018 OEA Revenue Forecast) or $22M per year

Engineering and Technology Sustaining Funds

Formed in 1997, the Engineering and Technology Industry Council (ETIC) was established to provide a private-public partnership between the OUS and the Oregon Graduate Institute (OGI). Starting in 2005, ETIC was overseen by the OUS' Industry Affairs Department. Its mission was "to make postsecondary engineering and technology education a strategic resource that fuels the Oregon economy and creates opportunity for all Oregonians." It established success criteria and measurements for investments in these areas, made specific investment recommendations, and monitored the results of these investments.

As part of the transition from OUS to the HECC, ETIC was renamed the Engineering Technology Sustaining Fund (ESTF) and 80 percent of its prior biennium funding—about $25 million—transitioned to the HECC for distribution. Universities that receive ESTF funding are providing the workforce and advanced research for the engineering and technology companies.

The premise of ESTF was to use modest state funding to build a nucleus of faculty members and programs that would leverage those dollars to create opportunities and impact across Oregon's high-technology sector. With that investment, Oregon's seven public universities increased the degrees awarded in engineering, computer science, and related fields from about 1,100 per year in 1999 to over 2,500 per year in 2016. 1,600 of those degrees in 2016 were awarded to Oregonians. Of the individuals receiving degrees in those fields in 2016, 1,308 were employed in Oregon in 2017. From 2012 through 2016, more than 5,000 graduates were employed in Oregon in 2017.

The ESTF also helped built research and development in high-technology fields. The seven universities increased annual externally funded research expenditures in these areas to more than $70 million in fiscal year 2016. From 1999 through 2016, OSU's College of Engineering alone increased research expenditures more than 350 percent for a total over those years of more than $458 million. Those funds employ faculty members, students, and research staff members across Oregon and contribute significantly to the communities in which the work is done.

The state's investment in ESTF created innovation and opportunity:

- **Oregon Tech** uses the ESTF to establish degrees in fields of emerging demand such as Health Informatics and Information Technology. The fund allows Oregon Tech to hire faculty members from industry that teach the next generation of engineers.

- **OSU** built the nation's 11th largest College of Engineering, in terms of undergraduates, and has licensed innovative technologies such as transparent semi-conductors.

- **UO** created a graduate internship program that forged partnerships with more than 75 organizations to advance the careers of 301 students; companies have contributed more than $11 million in paid internships.

- **SOU's** computer science program has placed more than half their graduates in positions in Jackson and Josephine counties and WOU's introductory computer science curriculum enrolls more than 30 percent women.

- These activities have leveraged private and corporate giving, which includes the $500 million gift to form the UO's Phil and Penny Knight Campus for Accelerating Scientific Impact and $250 million of private philanthropy to OSU's College of Engineering from 1999 through 2016.

If the state reduced or dissolved the ESTF, universities could not cover the loss with tuition or other cuts. This is a key source of funds that powers research and innovation at Oregon's public universities.

Article VI. Oregon Opportunity Grant

The Oregon Opportunity Grant (OOG) is Oregon's largest state-funded, need-based grant program for college students. During the current biennium, the legislature appropriated $145.9 million to the program.

Awards are prioritized according to each student's federal calculated expected family contribution (EFC), starting with EFCs of $0, until OOG funds are exhausted. During the 2017-18 academic year, students with an EFC of $3,500 or less received a $2,250 grant.

The process by which the Office of Student Access and Completion (OSAC) allocates funding ensures that those students with the most need are served first. However, because the OOG is chronically underfunded, many students with a high degree of need do not receive any state aid. Approximately 15,000 students who qualify for the Federal Pell Grant, which provides assistance to students with an EFC of $5,328 or less (that amount increases to $5,486 in 2018-19), are unsupported by the OOG. In addition, an untold number of potential students are not served because they do not apply and/or they do not attend. Because the $2,250 grant covers approximately 11 percent of the cost of attendance, many students are unable to attend even if they qualify and are awarded a grant. Inadequate funding for the OOG can lead students on a pathway to high college debt. Further, if those students cannot complete their education due to the high cost of attendance, they also lack the incomes to pay off that debt.

For the 2018-19 academic year, OSAC chose to implement a two-tier award system with community college students receiving up to $2,600 and four-year students receiving up to $3,200. This decision addresses the higher cost of attendance at the four-year institutions and is preferable to retaining grants at a lower amount but extending them to more students.

The Oregon Promise has increased the importance and awareness of the OOG for several reasons. First, the Oregon Promise relies on the OOG to provide funding for 46 percent of the community college students who participate in the Oregon Promise. Second, it creates a new pathway for students who may ultimately transfer to four-year institutions. In the coming years, it is reasonable for universities to anticipate an increase in the number of transfer students with high levels of need seeking the OOG to continue through to a four-year degree.

Oregon Opportunity Grant by the Numbers
2017-18 Academic Year

Of all Oregon Opportunity Grant funding…

47 percent supports **21,000** community college students.

46 percent supports **16,000** public university students.

7 percent supports **2,300** students attending four-year, non-profit univeristies.

Oregon has set ambitious goals to increase the number of Oregonians attending and finishing college. Attaining these goals will rely on a sustained increase in funding for the OOG, especially for historically underserved populations and low-income families.

To carry through recent OSAC decisions, **at least $112 million will be needed** to support students attending the four-year universities (17,500 students X $3,200 grants X two years). This is an increase of $33.25 million ($112 million less the current $78.75 million from 17,500 students X $2,250 grants X two years) over the current level of funding for OOG for students attending four-year universities. Increases will also be needed to support students attending community colleges. These increases could be included in either the Oregon Promise or the OOG.

Article VII. Sports Lottery and Equity Scholarships

Background

In 2005, the Oregon legislature passed HB 3466, which removed the Oregon State Lottery Commission's authority to operate "Sports Action" games. Prior to 2005, the proceeds of Sports Action games were used by the State Board of Higher Education to fund athletic programs at state institutions of higher education. This legislation established a new funding source for athletics programs by replacing the funds with one percent of the State Lottery transfers to the Economic Development Fund.

The legislation was necessary because the National Collegiate Athletic Association (NCAA) does not allow states that sponsor gambling on athletic events to host NCAA championship tournaments. The elimination of Sports Action games in Oregon made the state eligible to bid on opportunities to host NCAA tournaments. Since the passage of the bill, a wide range of tournaments have been held in Oregon, driving millions of dollars into the economy. During that same period of time, the state has allocated the statutorily required one percent only one time to the universities. The recent United States Supreme Court rule that the federal prohibition on state sports betting is unconstitutional may have an impact on Oregon's sports betting structure, but the impacts at this time are unknown.

History of Sports Lottery Allocation Methodologies

Period Covered	EOU	OIT	OSU	PSU	SOU	UO	WOU	Total
1989 – June 30, 1997	4.00 percent	4.00 percent	33.50 percent	17.00 percent	4.00 percent	33.50 percent	4.00 percent	100.00 percent
July 1, 1997 – June 30, 2007	5.00 percent	5.00 percent	30.14 percent	18.71 percent	5.00 percent	31.15 percent	5.00 percent	100.00 percent
July 1, 2007 – June 30, 2013								
First $1.8 million	5.00 percent	5.00 percent	30.14 percent	18.71 percent	5.00 percent	30.14 percent	5.00 percent	100.00 percent
Next $500,000	15.00 percent	15.00 percent	5.00 percent	20.00 percent	15.00 percent	5.00 percent	15.00 percent	100.00 percent
After Initial $2.3 million	8.00 percent	8.00 percent	23.00 percent	19.00 percent	8.00 percent	23.00 percent	8.00 percent	100.00 percent
2013-15 Biennium								
Legislative dollar limits			$1.0M			$1.0M		
Remaining $6M allocated by the SBHE for FY14 and by the HECC for FY15:								

By Formula	14.78 percent	14.78 percent		36.85 percent	14.78 percent		18.81 percent	100.00 percent

2015-17 Biennium – specific dollar amounts per legislative budget report for HB 5029 resulting in these shares:
2017-19 Biennium – specific dollar amounts per legislative budget report for SB 5524 resulting in these shares:

	11.1 percent	11.1 percent	12.5 percent	27.6 percent	11.1 percent	12.5 percent	14.1 percent	100.0 percent

Sports Lottery	2007-09 Actuals[1]	2009-11 Actuals	2011-13 Actuals	2013-15 Actuals[2]	2015-17 Actuals[2]	2017-19 Budget[2]	2019-2021 At Est 1 percent
EOU	920,979	725,207	653,078	886,640	913,239	913,239	*Estimate Per March 2018 OEA Revenue Forecast for Sports Lottery Allocations*
OIT	915,870	725,207	653,078	886,640	913,239	913,239	
OSU	2,946,595	2,300,009	1,949,531	1,000,000	1,030,000	1,030,000	
PSU	2,349,294	1,835,926	1,640,866	2,211,230	2,277,567	2,277,567	
SOU	918,992	725,207	653,078	886,640	913,239	913,239	
UO	3,017,636	2,387,020	2,022,010	1,000,000	1,030,000	1,030,000	
WOU	1,163,245	936,508	833,849	1,128,850	1,162,716	1,162,716	
Total	12,232,611	9,665,082	8,405,489	8,000,000	8,240,000	8,240,000	14,113,000

[1] 2007-09 initial distribution of statutory 1 percent; for all subsequent biennia, total allocation capped by Legislature
[2] For 2013-15, 2015-17, 2017-19, Legislature capped allocations to OSU and UO

Returning to Statutory 1 Percent - Supporting Diversity and Equity

Across Oregon, Sports Lottery funding allows students who might otherwise not have had access to college to attend universities. Funding intercollegiate athletics and graduate academic scholarships through Sports Lottery revenue has a proven positive effect on enrollment, retention, and diversity. **Sports Lottery funding is a primary way that campuses are able to meet Title IX requirements to equitably fund women's athletics.** Taking part in intercollegiate athletics while pursuing a degree generally has a positive multiplier effect on students. It promotes the skills that universities are teaching in the classroom: teamwork, problem solving, and informed decision making. Sports Lottery funding increases the overall goal of student diversity at every level: gender, geographic, ethnic, and economic background. The student athletes who benefit from these investments strongly support a return to the statutory 1 percent for Sports Lottery.

Article VIII. Campus Safety, Emergency Preparedness, and Resilience

Background

In the past three years, the public universities and colleges in Oregon have experienced two meningitis outbreaks, at the UO and OSU, significant ice and snowstorms during finals week that resulted in campus closures, and the tragic shootings at Umpqua Community College that left 10 people dead. The consequences of these and other recent emergencies have exposed the need to strategically invest in Oregon's education institutions to prevent, respond, and recover from unexpected events.

Oregon's challenge in the 21st century is in creating educational institutions that are future-ready and have a built-in capacity to not only weather the storms of change but have the capability to thrive in such environments.

Organizational resilience needs a trust-based learning culture, strong and diverse networks, unity of purpose, and effective situational awareness. Resilience both in the private and public sectors, including higher education integrates the concepts of enterprise risk management, preparedness, emergency management, business continuity/recovery, and organizational leadership. Weaving these concepts together through a continual agile learning process allows organizations to evolve and become more robust and nimble.

The State of Oregon should invest $15 million in operating funds to establish the **Oregon Campus Safety and Resilience Consortium.** This request is in line with the recommendations of the 2016 Campus Safety Work Group report. The lack of investment places the mission of Oregon's universities, colleges, critical research facilities and thousands of students at risk.

What Oregon's postsecondary education institutions provide is critical to the state to ensure that the workforce of tomorrow is ready and resilient for challenges they will face. To improve resilience, the state's postsecondary education institutions current level of resilience needs to be diagnosed and improved. The Benchmark Resilience Tool is a survey mechanism that has been developed and tested by Resilient Organizations (www.resorgs.org.nz) through more than a decade of research into what makes some organizations rise to the challenges presented by a crisis while others fail. The tool is based around 13 indicators of resilience that relate to an organization's leadership and culture, networks, and change readiness.

The proposed Oregon Campus Safety and Resilience Consortium would establish a statewide shared services training program for higher education institutions that focused on prevention, preparedness, incident response, continuity, and recovery. A model currently exists in Oregon for establishing such statewide training programs. The Oregon Partnership for Disaster Resilience developed and implemented a successful collaborative mitigation planning model for Oregon counties and cities. The premise of the proposed Oregon Campus Safety and Resilience Consortium is to develop a similar type of training and capacity building program that will be implemented across the state over a multiyear timeframe to advance campus safety and resilience statewide. The multidisciplinary Consortium will link the skills, expertise, resources, and innovation of higher education with state and federal agencies, and professional and trade organizations to strengthen prevention, preparedness, and overall resiliency.

The Consortium will leverage limited resources, both human and financial, to establish incident management teams, develop intercampus partnerships, build local capacities, and share resources to advance the safety and resilience of all of Oregon's postsecondary campuses and also build a resilience benchmarking process to track the state investment. The Consortium staff will spearhead the necessary work of planning for, preventing, responding, and recovering from crises and disasters that inevitably will affect our postsecondary institutions.

Funding Request

Potential action items for the Oregon Campus Resilience Consortium for the first five years are as follows:

1. Establish Oregon Campus Safety and Resilience Consortium and statewide training program as defined in the recommendations of the 2016 Oregon Campus Safety Work Group Report (CSWG).[11]

2. **Budget estimate. $3.5 million in seed funding for years one through five.**
    a. Funding would cover a core staff of four for the Oregon Campus Resilience Consortium for the first five years. Costs for the development and coordination of the statewide Type 3 Education Incident Management Teams to serve k-16 in Oregon;
    b. Four statewide trainings per year, as lined out in the CSWG Report;
    c. Statewide education-based crisis response exercises on testing mutual aid and training Incident Management Teams; and
    d. Establishment of an online collaborative resource center.

3. Conduct first Statewide Resilience Benchmark Tool to establish a baseline measurement for all public post-secondary institutions, against which progress can be monitored over time. The work would be in partnership Resilient Organisations.

4. **Budget estimate: $1.5 million**
    a. $750,000 for first assessment in years 1 and 2.
    b. $750,000 for secondary assessment in years 4 and 5.

5. Develop Resilient Campus grant program modeled on the Partnership for Disaster Resilience-Pre-Disaster Mitigation program and 100 Resilient Cities[12] initiative to establish campus resilience coordinators and training within Oregon. The grant would provide $50,000 to offset salary for the first five years and provide a campus resilience coordinators training and collaboration.

6. **Budget estimate: $6 million for years one through five.**
    a. $50,000 per campus for the 17 community colleges and seven four-year universities for the first five years.

7. Develop a physical security grant program to help fund critical public safety infrastructure including access control, cameras, alarms, data storage for video, mass notification, and lighting in existing buildings and campus infrastructure. Review existing purchasing cooperatives and/or develop new options to leverage statewide purchasing power for physical security infrastructure, including but not limited to access control systems, cameras, alarms, data storage solutions, lighting, and so forth.

8. **Estimate: $1.5 million, one-time**
    a. Enforce behavioral threat assessment and prevention requirements from the CSWG report. Create and fund a statewide threat-assessment team mentorship program to help develop multidisciplinary institutional or community-based threat-assessment and

[11] "Campus safety at Oregon's post-secondary education institutions." Community Planning Workshop, University of Oregon Community Service Center. October 2016.
[12] https://www.100resilientcities.org.

management teams. Develop a self-audit tool for behavioral threat-assessment teams to help PSEIs benchmark their prevention, preparedness, and mitigation capabilities.

9. **Estimate: $2 million**
    a. Develop a database of floor plans for campuses that do not already have such a data set for authorized first responders.

Article IX. Strategic Fiscal Stewardship and University Budget Cuts

Oregon's economy has been thriving in recent years, with unemployment at record lows and General Fund revenues growing. However, the state faces fiscal shortfalls because of structural budget challenges and large mandatory cost drivers. Solving Oregon's college affordability crisis requires significant increased state investment, but it also requires financial accountability and stewardship on behalf of public universities.

The shift to institutional governance allows public universities to be more financially agile to the benefit of students and the state. University boards of trustees dedicate time to identifying cost savings and efficiencies with the goal of reducing administrative overhead and ensuring that every available resource is spent to further strategic goals around affordability, attainment, and excellence for students. While the universities have sought to shield programs that directly affect students from cuts, it is uncertain whether this strategy can be maintained in the future given potentially underfunded state budgets. A $130+ million investment in the 2019-21 PUSF would ensure that universities minimize tuition increases and painful cuts that run counter to institutional missions.

Over the last two biennia, universities have cut faculty, staff, programs, and services worth millions of dollars. For example, at the University of Oregon alone, more than $16 million has been cut or saved from various sectors of the budget. This does not count one time savings, just recurring cuts and savings. Oregon State University made expense reductions of $20 million in the 2017-18 fiscal year to ensure that tuition increases could remain below five percent. Many of these cuts have been implemented as Oregon public universities continue to lag behind PAC-12 and national peers when it comes to faculty-to-student ratios and other key metrics. However, these fiscally prudent decisions are the right ones when operating in a constrained budget environment.

Institutional Examples

In addition to outright budget cuts and staff reductions, universities have implemented cost savings initiatives in the following areas, affecting education and general funds:

- Strategic purchasing
- Power plant/utilities
- Property and insurance
- Treasury operations
- Restructuring and process improvement

OSU and the UO, for example, both implemented campus-wide strategic contracts for multifunctional printer-copiers, saving more than $1.7 million over a five year period. Both institutions have also better leveraged their power plants and utilities, optimizing steam utilization and cogeneration plants, saving more than $1 million on an ongoing basis. Other examples of savings initiatives come from SOU, which has restructured processes related to travel, printing, and software, totaling hundreds of thousands in savings in fiscal year 2018.

While there have been great strides in improving the efficiency of operations, there is much more that can be done to address the mandatory cost drivers that directly affect access and affordability for Oregon students.

The universities are hopeful that the governor and legislature will thoroughly examine all options to relieve costs for institutions as is mandated in Senate Bill 1067 (2017). This could include addressing the effects of retirement costs, as well as a new actuarial analysis of university participation in the Public Employee Benefit Board. These conversations are consistent with the direction provided by Governor Brown in her April 10, 2017 letter to the Higher Education Coordinating Commission, where she stressed the importance of *"implement(ing) every possible cost savings, reduction, and efficiency in the public services we provide to Oregonians."*

If state leaders are unable to examine these issues and take action to rationalize and increase an archaic revenue structure, as well as reform state mandated benefits that crunch budgets today and in the future, no amount of investment in students and universities will be able to ensure access and affordability going forward. While past budget shortfalls have been addressed through one-time funding solutions, leveraging of federal resources and targeted cuts – trimming around the edges of this problem – is no longer an option.

Article X. Conclusion

The cost of higher education is rising for many reasons. Many students are graduating college with debt they cannot afford to pay back. That is not an acceptable reality. In order to remain competitive in a global economy, allow universities to keep offering students the skills they need to get good jobs, and ensure students from all backgrounds have access to an affordable, high-quality education, we must collectively focus on how to increase resources.

This budget submission identifies various funding scenarios and their impact on students, institutions, and the state. **Despite the many challenges ahead, a $1 billion investment in the Public University Support Fund will keep access and affordability a priority in Oregon.** We should not simply settle for subsisting biennium in and biennium out. We should strive for significant investment that sets Oregon apart from the region and nation. Together, we can make sure that a college education continues to provide a path out of poverty for the many Oregon students who are working hard to overcome difficult obstacles.

Article XI. Appendix

Tuition Table

UNIVERSITIES: PLEASE COMPLETE THE GREEN HIGHLIGHTED CELLS FOR FY19 ESTIMATED NET TUITION (TOTAL in first table, RES UG, in second table); prepopulated data in 1st table is what universities reported during CSL data gathering, which you can confirm or update as needed

HECC question B.6.

Please provide a calculation of the projected additional revenue from successive 2% annual increases (2% increase in FY20 followed by 2% increase in FY21) to tuition ~~and mandatory enrollment fees~~. Please show both the overall increase in revenue and that portion derived from resident, undergraduate students, itemized by fiscal year and institution. The calculation may take into account any remission policy or practice currently in place but should not assume additional remissions greater than what would result from existing policy or practice

Institution	Total Tuition*, net of remissions					
	FY19 **Estimated** Tuition* Revenue, Net	FY20 Increase 2.0%	FY20 Projected Revenue, Net	FY21 increase 2.0%	FY21 Projected Revenue, Net	2019-21 Projected Revenue Increase
EOU	$ 19,265,000	$ 385,300	$ 19,650,300	$ 393,006	$ 20,043,306	$ 778,306
OIT	$ 31,447,110	$ 628,942	$ 32,076,052	$ 641,521	$ 32,717,573	$ 1,270,463
OSU	$ 394,300,000	$ 7,886,000	$ 402,186,000	$ 8,043,720	$ 410,229,720	$ 15,929,720
PSU	$ 203,923,546	$ 4,078,471	$ 208,002,017	$ 4,160,040	$ 212,162,057	$ 8,238,511
SOU	$ 39,169,749	$ 783,395	$ 39,953,144	$ 799,063	$ 40,752,207	$ 1,582,458
UO	$ 431,438,890	$ 8,628,778	$ 440,067,668	$ 8,801,353	$ 448,869,021	$ 17,430,131
WOU	$ 40,098,000	$ 801,960	$ 40,899,960	$ 817,999	$ 41,717,959	$ 1,619,959
Total	$1,159,642,295	$23,192,846	$1,182,835,141	$23,656,702	$1,206,491,843	$ 46,849,548

Institution	Portion of above pertaining to Resident Undergraduates only, net of remissions					
	FY19 **Estimated** Tuition* Revenue, Net	FY20 Increase 2.0%	FY20 Projected Revenue, Net	FY21 increase 2.0%	FY21 Projected Revenue, Net	2019-21 Projected Revenue Increase
EOU	$ 13,486,000	$ 269,720	$ 13,755,720	$ 275,114	$ 14,030,834	$ 544,834
OIT	$ 17,337,515	$ 346,750	$ 17,684,265	$ 353,685	$ 18,037,950	$ 700,435
OSU	$ 157,200,000	$ 3,144,000	$ 160,344,000	$ 3,206,880	$ 163,550,880	$ 6,350,880
PSU	$ 89,691,000	$ 1,793,820	$ 91,484,820	$ 1,829,696	$ 93,314,516	$ 3,623,516
SOU	$ 16,943,172	$ 338,863	$ 17,282,035	$ 345,641	$ 17,627,676	$ 684,504
UO	$ 62,571,494	$ 1,251,430	$ 63,822,924	$ 1,276,458	$ 65,099,382	$ 2,527,888
WOU	$ 23,466,000	$ 469,320	$ 23,935,320	$ 478,706	$ 24,414,026	$ 948,026
Total	$ 380,695,181	$ 7,613,903	$ 388,309,084	$ 7,766,180	$ 396,075,264	$ 15,380,083

** Data shown for tuition only (net of remissions); mandatory enrollment fees excluded as they are designated to cover specific costs and not available as a general resource to the universities.*
Projected FY19 amounts do not take into account multiple rate structures or reductions due to drops and withdrawal; thus actual revenues could be lower.

Oregon Renewable Energy Center at Oregon Tech

1. Describe the nature of the request. Provide a description of the program the funding request supports, the clients that it serves and the frequency at which those clients receive service. Describe the purpose of the program and how it achieves that purpose. Describe how the program is delivered and what partners are necessary to guarantee success of the program.

The Oregon Renewable Energy Center (OREC) is an applied research center created by the Oregon State Legislature in 2001 (ORS 352.745). OREC speeds the integration and optimization of renewable energy resources with current power generation systems, and accelerates clean energy technologies in collaboration with industry partners.

Including OREC as a line-item appropriation of "State Programs" prevents erosion of effectiveness over time and fulfils its statutory mission "to engage in renewable energy system engineering and applied research." In the 2017-19 session, OREC received a one-time appropriation in HB 5006.

OREC leverages globally distinguished capabilities at Oregon Tech:

- First university in North America to generate most of the electrical power for its campus.
    - Two geothermal power plants and testing sites, including the 280kW geothermal power plant and the 1750kW geothermal plant.
    - 7,800 ground-mounted solar electric panels on nine acres of hillside at the Klamath Falls campus, with a total capacity of just under two megawatts.
- First ABET-accredited BS in Renewable Energy Engineering in the world; also offers a Master's degree in Renewable Energy Engineering.
- Home of the Geo-Heat Center, an internationally renowned repository of information and technical advice on geothermal energy development.

Oregon serves small and medium-sized companies seeking a university collaborator to prototype, test, validate and accelerate clean tech products, and renewable energy applications. OREC's geoheat center maintains a geothermal library of more than 5,000 publications, and provides information and technical assistance on the use of geothermal energy to thousands of constituents worldwide, with a focus on assisting small Oregon-based businesses with applications of geothermal energy.

Partners

OREC and Oregon Tech currently works with a multitude of partner industry organizations, universities, and community-based economic development entities. The partnerships help OREC expand its reach to small and medium-sized companies, fulfill its mission for public service in energy systems and applied research, and engage undergraduate and graduate students in relevant experiential learning to prepare the next-generation energy workforce.

<u>Industry Partners</u>

Arcimoto
Drive Oregon
Green Lite Motors
Kers Tech
Ker Avionics

Manufacturing 21 Coalition (M21)
NW Collaboratory for Sustainable Manufacturing
Northwest Renewable Energy Corp.
Oregon Manufacturing Extension Partnership (OMEP)
Oregon Solar Energy Industry Association
Oregon Aviation Industries
Pacific Northwest Defense Coalition (PNDC)
Pacific Power
Portland General Electric (PGE)
Powin Energy
Smart Grid Oregon
Sustainable Valley Technology Group

Community-based Partners
Klamath County Economic Development Association (KCEDA)
Klamath IDEA
Oregon BEST
Oregon Innovation Council
Oregon Metals Initiative
Oregon Wave Energy Trust
South Metro-Salem STEM Hub
South Central Economic Development District (SCOEDD)

University Partners
PSU: Oregon Transportation Research and Education Consortium (OTREC/ NITC)
PSU: Power Engineering Lab (ETIC funded collaboration)
UO: Center for Advanced Materials Characterization in Oregon (CAMCOR)
UO: 4+1 Industrial Internship Program Great Basin Center for Geothermal Energy
OSU, PSU, PCC: Oregon Manufacturing Innovation Center (OMIC)

2. Identify the amount that is being requested, by state fund type if not General Fund, and the number and classification of positions and FTE requested, if any. Provide explanation for any costs that are not directly related to positions and position-driven services and supplies.

Expense	Description and Classification	State Program Funding	Other Funding	Comments
OREC Director	.25 FTE OREC Director $30,000 + $15,000 OPE for 2 years (unclassified)	$90,000		Manage OREC, oversee centers of expertise and laboratory facilities, develop sustaining funding, work with Provost on granting applied research projects

Applied research grant projects	Applied research projects in line with statutory mission and OREC goals	$452,00		Industry driven applied research to optimize renewable energy resources and accelerate clean energy technologies
Administrative and Grant Writing Support	.5 FTE Admin Assistant @ $60K including OPE x 2 years; Classified position		$60,000	Oregon Tech will support this function through grants and sponsored projects administrative offices.
	1 grant writer/grant manager @ $100,000 including OPE x 2 years Unclassified position		$200,000	Oregon Tech will support this function through grants and sponsored projects administrative offices
Research Labs tied to industry needs and energy curriculum			$500,000	Future shared lab facilities will be grant funded in collaboration with other university partners or privately funded with business partners.
TOTAL		**$542,000**	**$820,000**	**Biennial Cost**

3. Explain how the request will advance the 40/40/20 goal, if appropriate. Include the impact of the request on the 40/40/20 goal, including the timeframe when any expected impact will be measurable.

OREC's projects increase the relevance and quality of the student experience at Oregon Tech, increasing output of Bachelor's and Master's level engineering students, while meeting the economic development needs of companies in rural Oregon. Undergraduate and graduate students participate in industry research projects at the technology readiness level of 3-7, providing career-related learning, increasing educational attainment and global competitiveness. OREC will offer multi-disciplinary projects for students across all disciplines in the College of Engineering, Technology and Management to ensure that Oregon Tech can reach its 40-40-20 goals by 2020. Success will be measured within two years through the following metrics:

- Value of contracts, grants or revenue from sponsored applied research
- BS and MS-level degrees awarded by Oregon Tech in energy and related fields
- % Employment of Oregon Tech graduates in Oregon
- # internships and industry-supported projects in related fields

4. If the request is not related to 40/40/20, explain what other state goals will be advanced by the request. Include the impact of the request on the goal, including the timeframe when the impact will be measurable.

While OREC **is related to 40/40/20** as explained in question #3 it is worth identifying other state goals that will be advanced by this request. Oregon's priorities of: **rural economic development** and **identifying affordable alternatives to carbon based energy sources**.

Rural Economic Development: OREC serves small and medium-sized companies seeking university collaborator to prototype, test, validate and accelerate clean tech products, and renewable energy applications. For example, Apparent Energy is an Ashland-based electric vehicle battery company that OREC will provide 3rd party validation testing for.

Identifying affordable alternatives to carbon based energy sources: OREC supports this goal through applied research with companies on renewable energy inventions.

The measure of this goal will be the viability and growth of OREC supported clean tech companies.

5. If the request is not related to a state goal, explain what institutional/agency goal will be advanced by the request. Included the impact of the request on the goal, including the timeframe the impact will be measurable.

The request is in line with 40/40/20 goals and the other state goals of rural economic development and identifying renewable energy alternatives to carbon based energy sources.

6. Indicate if the request requires or supports proposed statutory changes.

This request **does not** require or support statutory changes.

7. Describe any non-state revenues that support the program. Include a description of leveraged funds and the nature of how Oregon qualifies to receive the additional resources (competitive grant, federal matching program, private donation, performance bonuses, etc.). If the program has a dedicated funding stream, describe the dedicated source and the nature of the dedication (constitutional or statutory) providing legal citations to the dedication.

OREGON RENEWABLE ENERGY CENTER- Related Energy Systems and Applied Research Funding Sources: Fiscal Years June 30 2001- June 30, 2017

Title	Total FY 2001 - 2017
Geothermal Direct-Heat Utilization (Closed)	130,889.86
Geothermal Renewable Energy Assista (Closed)	996,123.81
Geothermal Information Outreach (Closed)	672,420.33
OREC DE-FG03-02ER-63373 (Closed)	485,000.00
GHC DE-FG02-06ER64214 (Closed) Power Plants	480,869.59
GHC DE-FG36-08G088022 (Closed)Power Plants	3,506,400.00
USDA-REAP Rural Energy for America (Closed)	79,663.96
USDA-REAP/Energy Audits Assist (Closed)	7,854.22
DOE/Boise St-Natl Geotherm Database (Closed)	467,840.41
DOE/Univ Nv Reno UNR-11-06 (Closed)	77,538.75
NREL TAA-1-31467-01 (Closed)	49,948.77
NREL TAA-2-31490-01 (Closed)	750,315.57
NREL TOA KLDJ-5-55052-00 (Closed)	241,536.37

DOE/BLA-Geothermal Analysis (Closed)	408,616.57
DOE/NREL Student Competition Rio Gr (Closed)	5,408.62
WSU GeoPowering the West Support (Closed)	15,998.03
ODOE Christmas Valley OTH-B Radar S (Closed)	181,727.62
PSU/OTREC Hybrid Vehicle Testing	133,202.99
NITC Combined Traction	111,077.22
NITC General Adaption of Electric Hybrid Drive	67,710.58
NITC Small Starts Projects	18,138.29
Federal Grants/Subgrants	**8,888,281.56**
OMD Christmas Valley RenewEnergy (Closed)	169,094.00
GHC-Oregon Dept of Energy (Closed)	40,385.67
UNR Geothermal Academy 13 (Closed)	19,683.00
Oregon/Nevada Grants	**229,162.67**
City of Glenwood Springs-GeoEval (Closed)	54,036.37
OREC Donations	75,070.26
PacPow BlueSky LowTemp Project (Closed)	100,000.00
GHC Residential Treatment Facility (Closed)	3,000.00
OR BEST Green Lite Hybrid Drive (Closed)	73,284.00
OR BEST - KersTech Comm Prg	69,565.59
Drive Oregon Match - NITC-OIT-03 (Closed)	15,000.00
OR BEST Integrated Battery System	83,999.10
BEST Project Grants	40,874.67
BEST - NW Energy Experience	76,946.48
BEST-KERR	161,823.44
BEST-Saber	75,000.00
Other Grants	**828,599.43**
All Grants	**9,946,043.66**
Energy Trust of Oregon _Geothermal Power Plants	**2,037,000.00**
	$11,713,720.70

8. If the request involves establishing or increasing fees, indicate the existing fees, the proposed fees, and the impact on revenue in the 2019-21 biennium.

Oregon Tech does not plan to establish or increase fees to pay for OREC services.