



Strategic Finance
Plan Overview:
Oregon Higher
Education
Coordinating
Commission

April 11, 2019

STRATEGY LABS

State Policy to Increase Higher Education Attainment



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**Relentlessly Focused
on Attainment**

Four Core Elements

State Commitment

Strategic Finance

Affordability

Innovation

STRATEGY LABS

State Policy to Increase Higher Education Attainment

Lumina's vehicle for higher education system change

Strategy Labs are an open platform for leaders and influencers in all 50 states to share research and data, encourage peer learning and provide opportunities for on-request support from Lumina Foundation and its state policy partners.



BACKGROUND

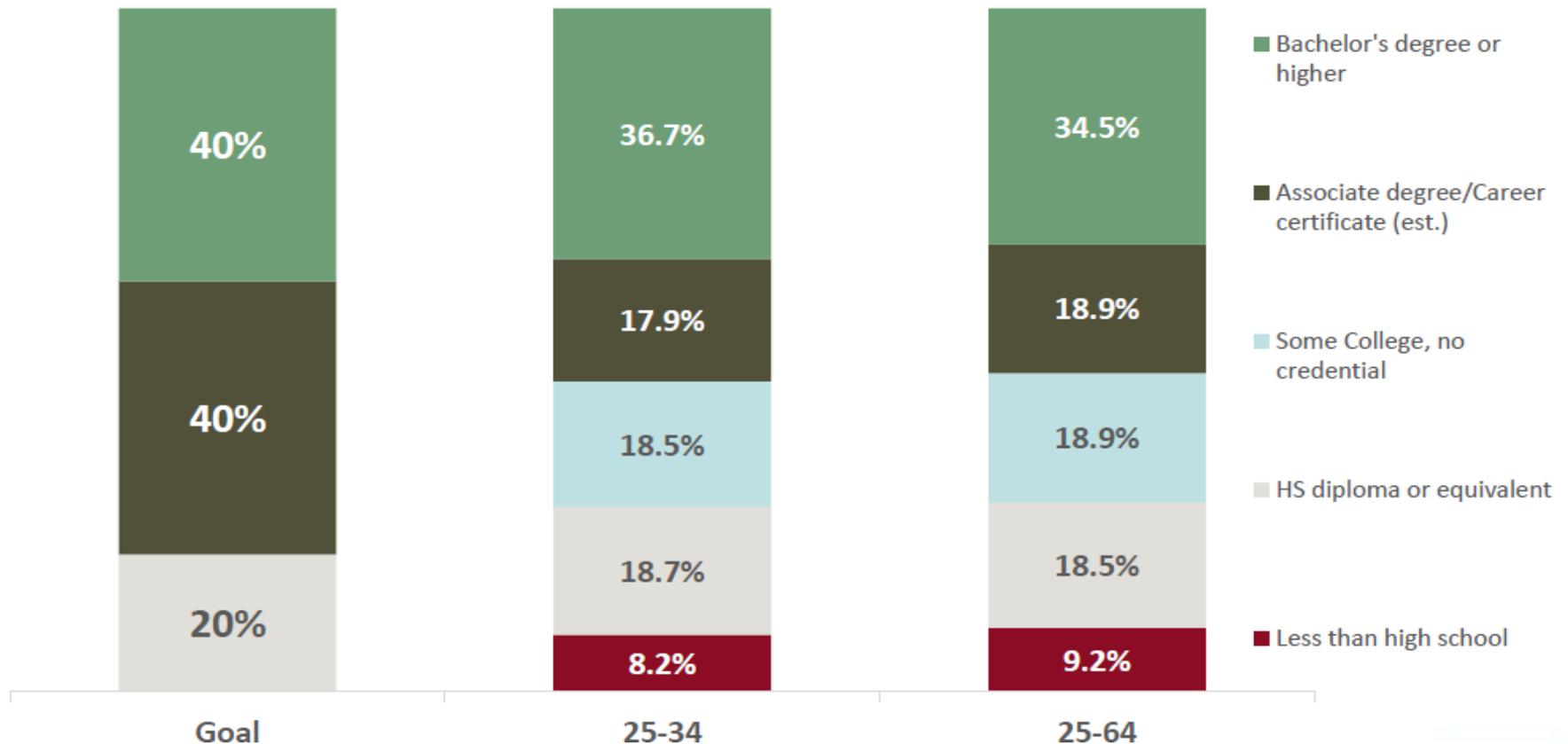
Strategic Finance Plan: Process

- Identify Stakeholders
- Goal Assessment and Degree Gap Analysis
- Cost Assessment and Estimation
- Financing and Resource Analysis
- Investment Strategies and Policy Levers Focused on Outcomes

40-40-20: Oregon's Current Attainment

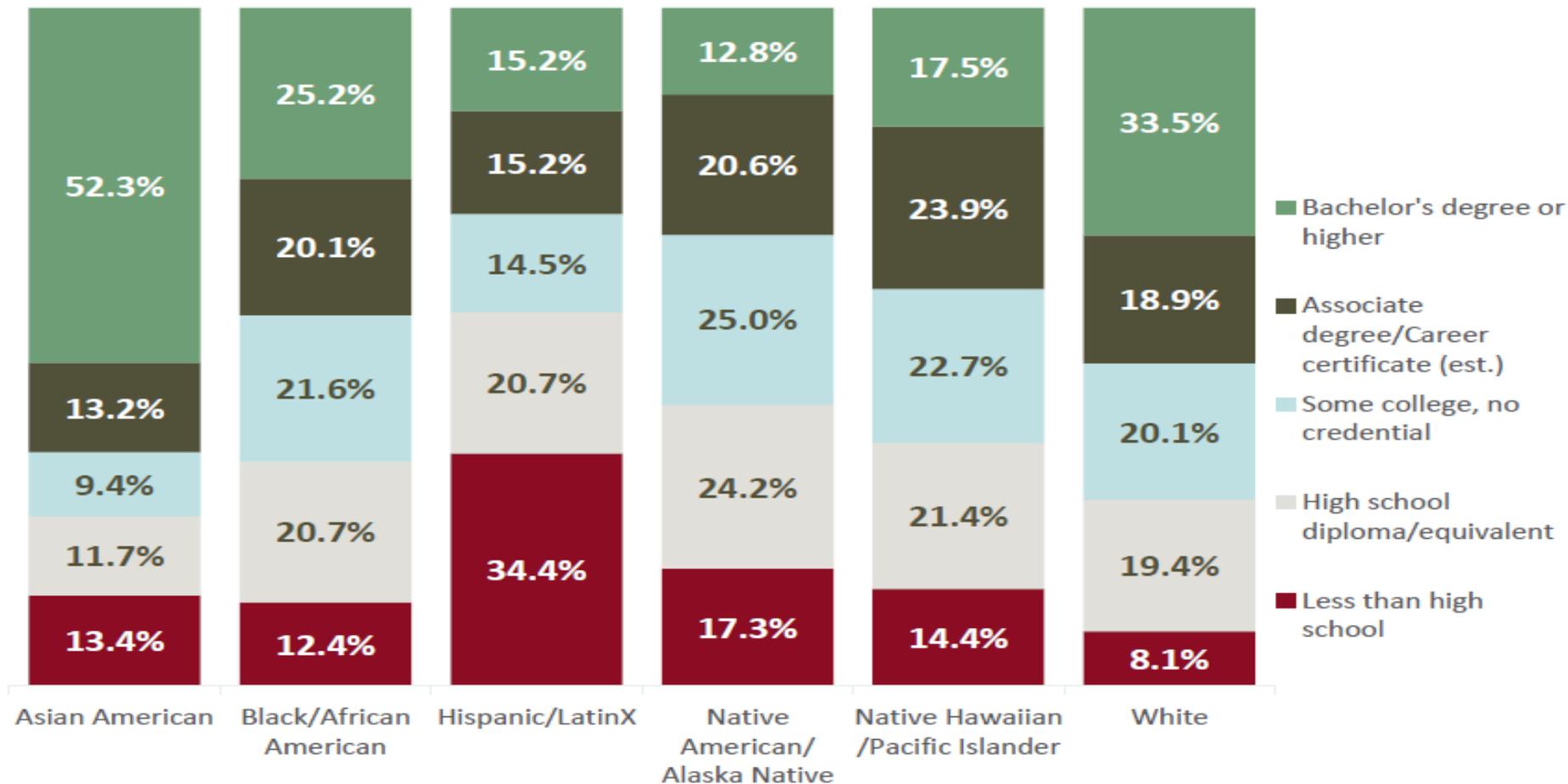
Oregon Educational Attainment Rates 2017

Versus 40-40-20 Goal - Oregon Young Adults and Working Age Adults



40-40-20: Serving Oregon's Equity Population

All Oregonians 25 and older in 2017

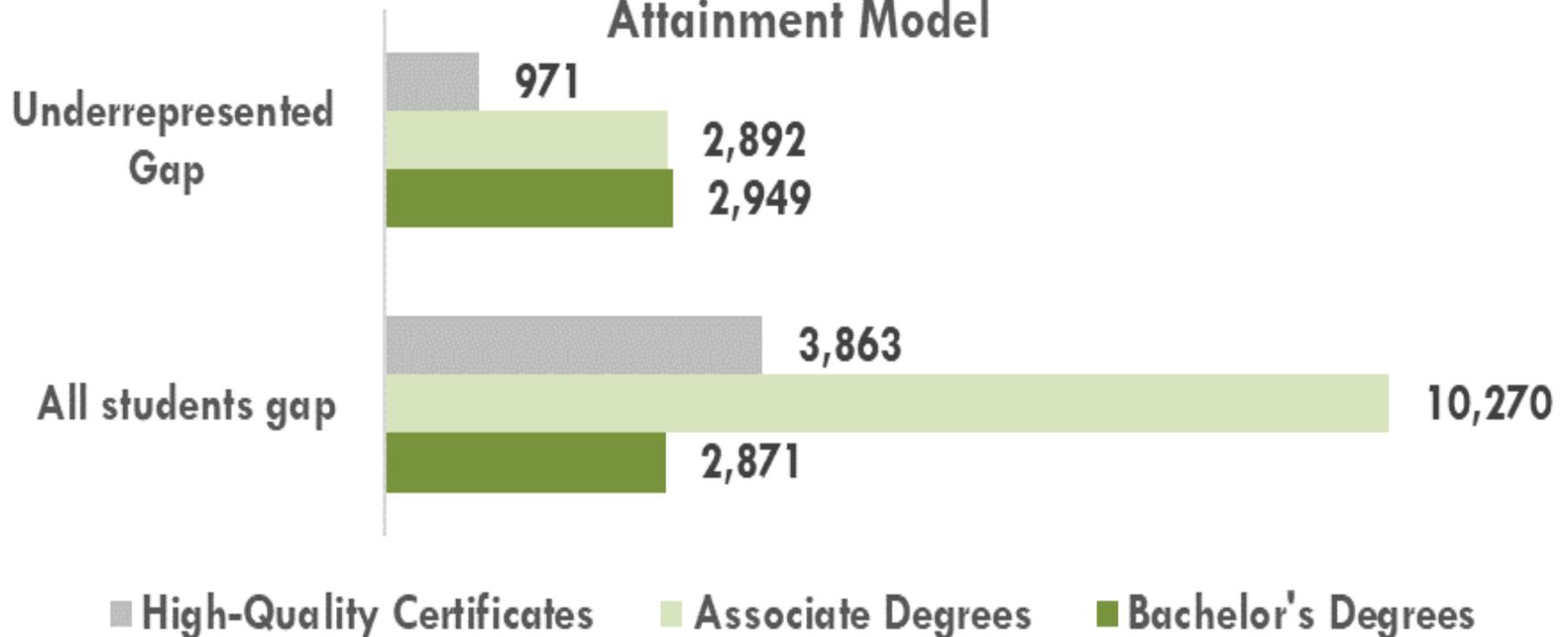


40-40-20: The Economic Impact of Attainment

- Higher Earnings:
 - Bachelor's and above:
 - Average earnings: \$66,500
 - Unemployment rate: 2.3%
 - Two-year degrees:
 - Average earnings: \$43,500
 - Unemployment rate: 3.4%
- Government Spending:
 - \$800 - \$2,7000 less on adults with a credential
 - Linked to better health care outcomes and lower incarceration rates

40-40-20: The Pipeline to Attainment

Estimated Additional Degrees Needed for the 2030 Cohort
Attainment Model





**HOW MUCH DOES
EDUCATION AND TRAINING
COST?**

Oregon's Cost per Completion

- Key Measure: Cost per Completed Year
 - Driven by three key factors: the annual cost of education, the time required to complete, cost of non-completers.
- Cost Estimates:
 - \$91,000 for a bachelor's
 - \$46,000 for an associate
 - \$23,000 for a one-year certificate.
- Similar to the national average

Cost Drivers Impacting Cost per Credential

- **Institutional expenditures**
 - Personnel
 - Other operating expenditures
- **Number of students served**
 - Utilization
 - Quality
- **Time**
 - Program duration
 - Credits taken
- **Attrition**
 - Students that enroll but do not complete

Cost Pressures for Consideration

- Sources of Upward Pressure on Costs
 - Serving underserved populations
 - Prioritized degree programs related to economic demands
 - Personnel and other costs may rise faster than inflation
 - Oregon Public Employees Retirement System (PERS)
- Sources of Downward Pressure on Costs
 - Economies of scale
 - New programs
 - Institutional efficiencies
 - Academic and Student Services

Cost to Achieve Attainment

- \$800 million
 - 3,900 certificates: \$88 million
 - 10,300 Associate's degrees: \$466.5 million
 - 2,900 Bachelor's degrees: \$262.7 million
 - 17,100 degrees, \$817.6 million



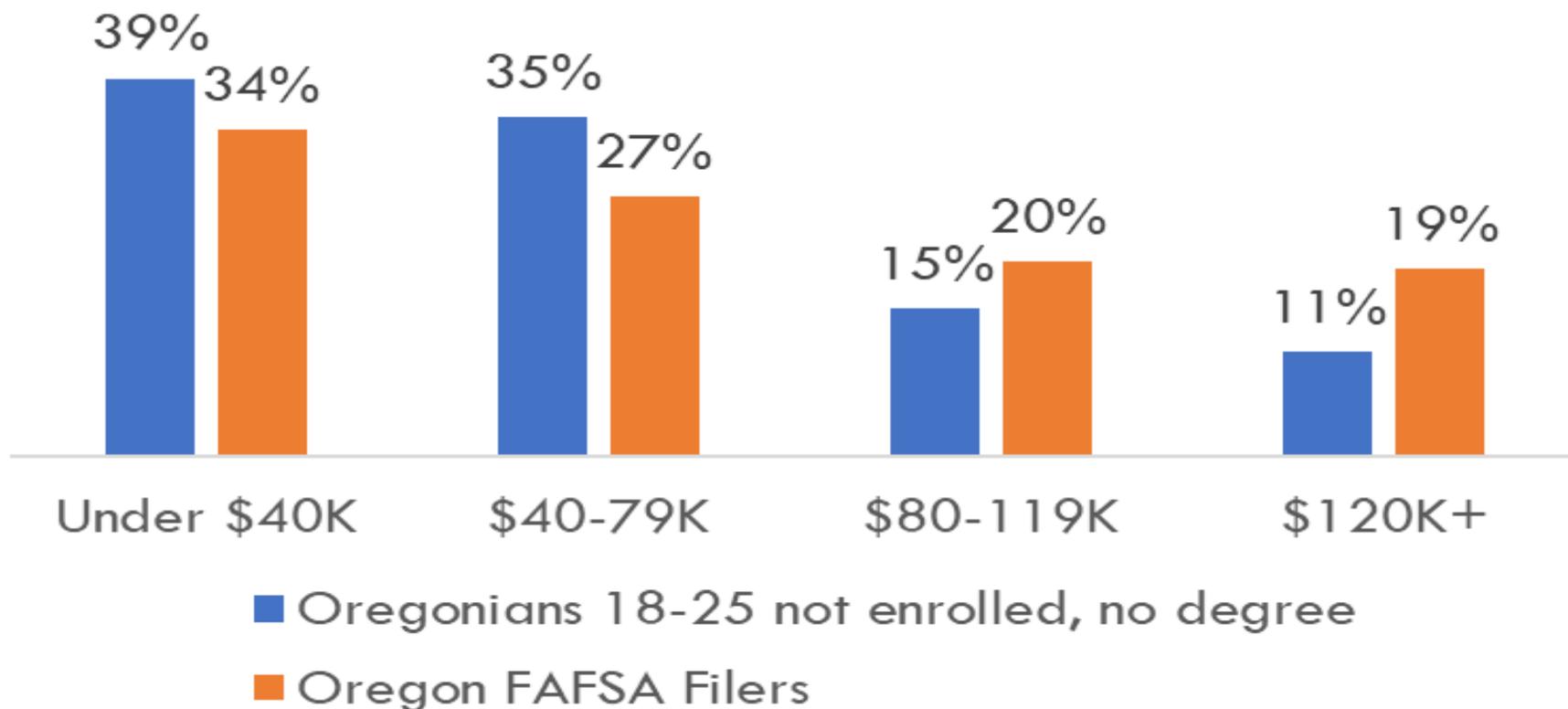
**WHO SHOULD PAY AND HOW
SHOULD PUBLIC INVESTMENT
BE DISTRIBUTED**

Sources of Funding

- Costs: \$23,000 – \$91,000
- Students and Families: Tuition and fees
- Taxpayers: State and local appropriations
- Private donors and investments: Generally a small portion of funding.
- Reallocation and savings: Redirecting resources gained through efficiency to reduce cost per degree.

Students and Families: Ability to Pay

Household Income Distribution



Federal Resources to Offset the Cost of College

Federal Resource: Pell Grants

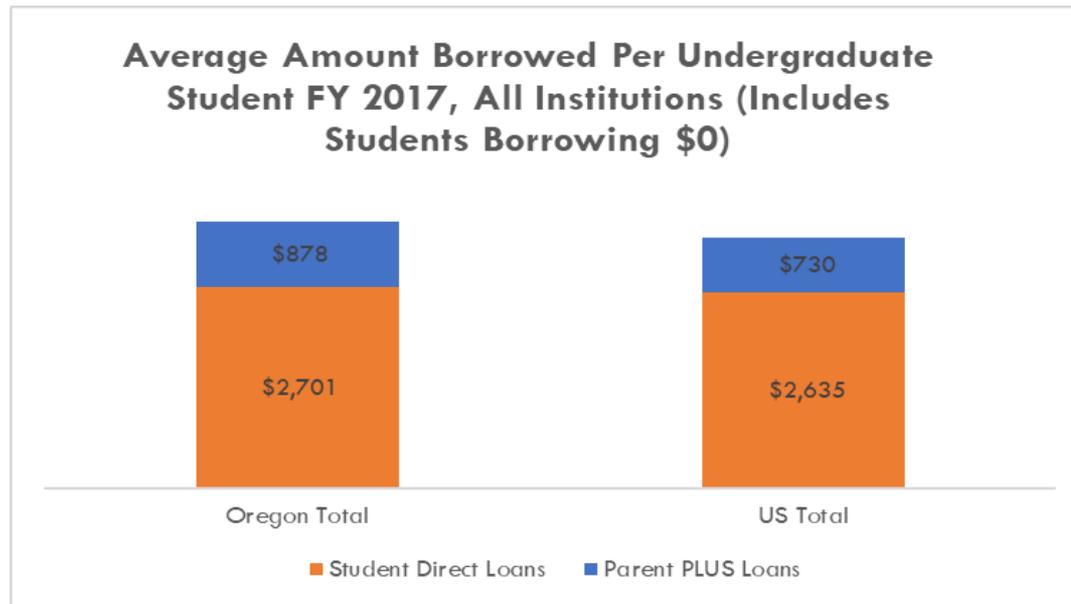
Current Oregon total:	\$300m
Est. Percent Eligible:	60%
Est. Average Amount:	\$4,000
Est. for 36,000 “Degree Years”:	\$86m

Federal Resource: Tax Credits

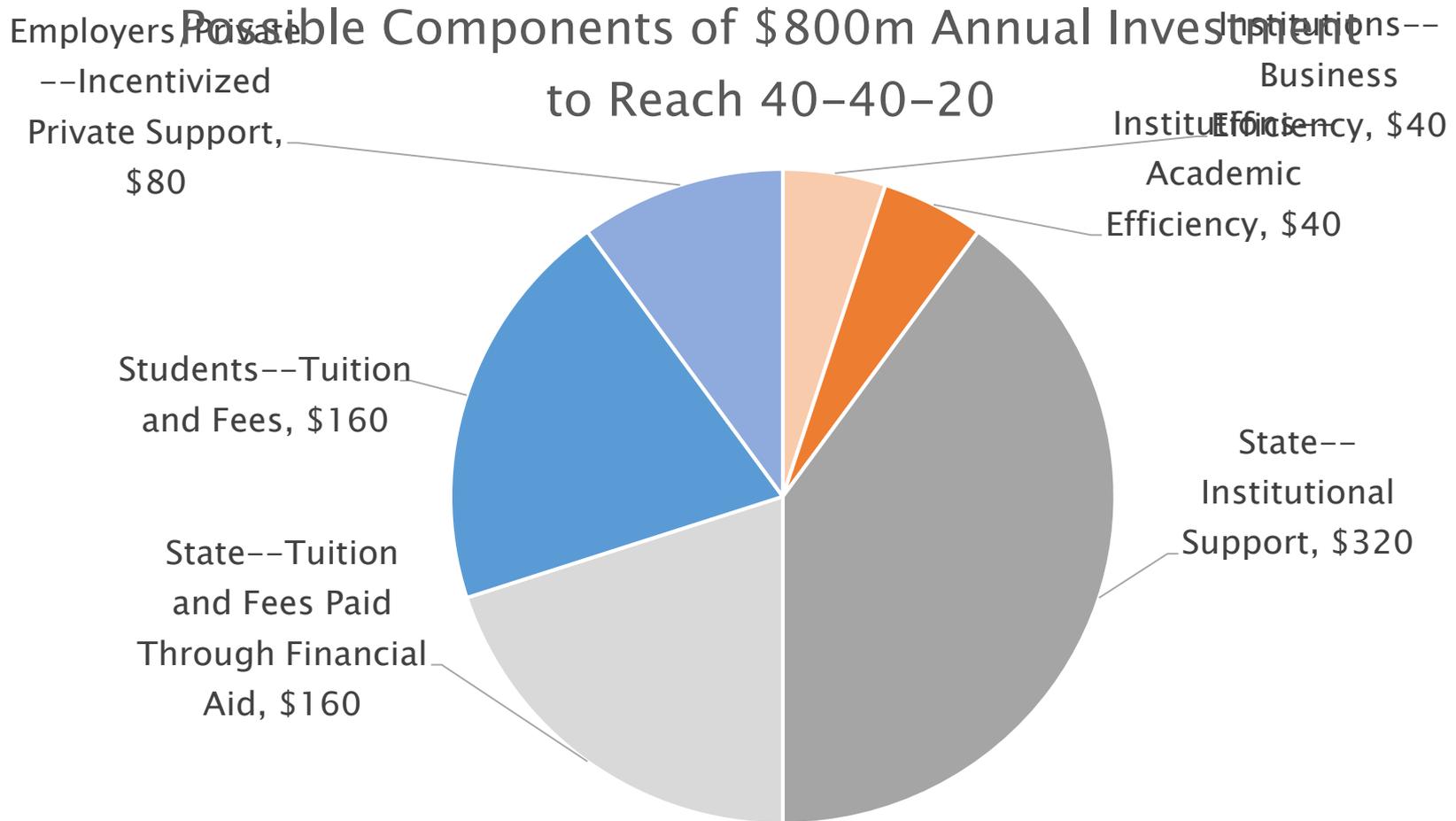
Current Oregon total:	\$200m
Est. Percent Eligible:	80%
Est. Average Amount:	\$1,500
Est. for 36,000 “Degree Years”:	\$43m

Work and Debt

- 74% of students enrolled in Oregon's postsecondary system were working.
 - Most of the students work between 1-20 hours, but 21% work between 31-40 hours per week.
- Oregon's student debt is about average.



Funding Oregon's Goal: Striking the Balance between Students and Taxpayers





POLICY LEVERS AND INVESTMENTS TO INCREASE ATTAINMENT

Existing Tools to Finance 40-40-20

- Institutional subsidies aligned to outcomes:
 - Sustain Oregon’s outcomes-based funding model for four-year institutions
 - Implement a model for the two-year sector
- Supporting students and affordability through financial aid:
 - The Oregon Opportunity Grant, Oregon Promise:
 - Fully fund, early commitment (OOG)
 - Fully fund, summer eligibility, and supporting the workforce (Oregon Promise)
- Addressing the cost of attendance through open educational resources (OER):
 - Quantify the impact of the state’s current investments
 - Expand OER to any state-funded dual enrollment courses

New Tools to Support 40-40-20

- Leveraging Federal Benefits
 - SNAP benefits
- Emergency Aid
 - Funding retention and completion: Panther Grant, Minnesota program
- Postsecondary Opportunities and the K-12 Pipeline
 - Dual enrollment as an equity tool, Colorado's ASCENT program.
- Student Success Initiatives
 - CUNY ASAP and wrap around services

Thank you.

Questions?

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