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**Docket Item:**

Student Success and Completion Model (SSCM) Review Process Update

**Summary:**

The SSCM is the HECC-adopted formula that determines how the majority of state funding for public universities (the legislatively approved budget for the Public University Support Fund) is distributed to Oregon's seven public universities.

This docket item serves as an update to the SSCM workgroup process. As we prepare for the workgroup's kickoff meeting in October, we recommend the subcommittee consider the guiding principles for the SSCM as described below. Following that, we list the primary and alternate members of the workgroup, as well as the proposed charge that will guide the workgroup along with an outline of its process.

**Docket Item Material:**

In accordance with rule, the HECC is committed to reviewing the SSCM during the 2019-2021 biennium. This review is intended to permit the Commission to address any changes in circumstance in the five years since the formula was adopted, as well as any unintended consequences that have occurred due to the implementation of the formula or other lessons learned.

**Operating Assumptions**

As part of the process, certain operating assumptions are made to establish the environment in which the formula exists. Fundamentally, the formula is designed to allow for the distribution of state funding in support of student access and completion and applies objectively to all public universities without regard to winners and losers. It is not a tool used to govern but rather a tool to marshal resources in the pursuit of the state's higher education goals. The governance of the institutions across all funding sources, including those revenues defined by the SSCM, is left to the independent university boards.

**Guiding Principles**

With the operating assumptions established, any changes to the funding model should:

1. Reflect the Commission's strategic plan and Equity Lens;
2. Focus on student access and success with an emphasis on underrepresented populations;
3. Encourage educational attainment in high-demand and high-reward disciplines;
4. Recognize and reward distinctions in institutional mission and scope;
5. Use clearly defined, currently available data; and
6. Maintain clarity and simplicity.

The Commission should allow staff to develop and execute an implementation plan if adopted modifications to the SSCM result in material changes to the universities' allocations, beginning in fiscal year 2021.

### **Potential Workgroup Charge**

The workgroup should consider at least six different features of the current SSCM. These areas, listed below, are based on staff discussions with both internal and external stakeholders. The workgroup will ultimately set the agenda at the kickoff meeting in October, and workgroup members will have the opportunity to discuss additional issues as appropriate.

The areas recommended to be considered by the workgroup include:

1. Cost Weights. The cost weights are an artifact of the Oregon University System's (OUS) Resource Allocation Model (RAM), which was the precursor to the Student Success and Completion Model. Those values were derived from the Delaware Cost Study and have not been updated in over two decades. The cost weights are applied to both the outcomes and activities portions of the formula according to the discipline and degree or student level in which they were earned.
  - a. The workgroup shall consider whether the cost weights should be updated.
  - b. The workgroup shall consider developing a cost study to aid in updating the cost weights.
2. Mission Differentiation. Mission differentiation recognizes and rewards distinctions between the seven universities in terms of their institutional mission, research, and size. Mission differentiation is inflated by the lesser of the year-over-year change in the Public University Support Fund or the Consumer Price Index. Funding for mission differentiation is subtracted from the overall PUSF, leaving the remainder to be allocated to outcomes and activities in the formula.
  - a. For small institutions, the workgroup shall consider a flat-funded supplement.
  - b. Other parts of the mission differentiation ("special items") shall be considered for obsolescence.
3. Incentive Stacking. The workgroup shall consider if the incentives within the formula are aligned with state priorities and are appropriate relative to the total outcomes-based funding available. A potential

technical change the workgroup shall consider is how to reliably count all veterans while excluding their dependents, who may be using the Post-9/11 G.I. Bill.

4. Transfer Degrees. Currently, a completion is only counted as a transfer degree if the student who earned the degree transferred from an Oregon community college to a public university. A discount is then applied to that completion's overall weight.
  - a. The workgroup shall consider if the completion funding should be shared by two or more public universities if the student transferred from one public university to another.
  - b. The workgroup shall also consider a discount to the completion at the public university from which the student graduated if the student transferred from another public university.
5. Performance Improvement. The current formula allocates funding according the volume, degree and student level, and program mixture of outcomes and activities at each institution, for each institution relative to each other. A potential alternative would allocate funding based on the year-over-year change on similar or identical measures, within each institution. The workgroup shall consider the merits of this proposal and, if appropriate, how to introduce such a change into the formula.
6. Bilingual Education. A bilingual endorsement earns an area of study bonus, not unlike the way Science, Technology, and Engineering (STEM) or health disciplines do. The Teacher Standards and Practices Commission of Oregon changed licensing requirements, allowing bilingual teachers to go without an endorsement to teach English for Speakers of Other Languages (ESOL). The workgroup shall consider how bilingual designations earned by teachers should be incentivized within the formula.

### **Workgroup Membership**

The membership of the workgroup shall include representation from the institutions, appropriate input from stakeholders, and input from consulting experts as appropriate. The consulting experts will participate to offer guidance and advice. Our intent is to recruit a community leader focused on educational equity. The membership as listed below includes 14 total members.

Universities – one member each as appointed by each university president

Oregon Student Association – one member

Interinstitutional Faculty Senate – one member

Consulting Experts – two members

Oregon Council of Presidents (OCOP) Representative – one member

Business/Workforce Representative – one member

Community Leader – one member

In July, the university presidents were asked to appoint members to the formula advisory workgroup. All presidents responded by appointing members from a wide breadth of institutional stakeholders. The universities appointed both a primary and alternate member to the workgroup with the expectation that the primary member will substantially engage in deliberative decisions of the workgroup. The alternate member will appear in the primary member's absence or to support the primary member's engagement.

Staff have also asked the Interinstitutional Faculty Senate, Oregon Council of Presidents, and consulting experts to engage in the workgroup's deliberations. Below is the workgroup's membership roster, including the alternates.

	<b><u>Primary</u></b>	<b><u>Alternate</u></b>
Eastern Oregon University	<b>Lara Moore</b> <i>VP, Finance &amp; Admin</i>	<b>LeeAnn Case</b> <i>Budget Director</i>
Oregon Institute of Technology	<b>Brian Fox</b> <i>VP, Finance &amp; Admin</i>	<b>Dr. Erika Veth</b> <i>Assoc VP, Enrollment</i>
Oregon State University	<b>Dr. Sherm Bloomer</b> <i>Budget Director</i>	<b>Jan Lewis</b> <i>Controller</i>
Portland State University	<b>Dr. Kevin Reynolds</b> <i>VP, Finance &amp; Admin</i>	<b>Kevin Neely</b> <i>Director, Govt Relations</i>
Southern Oregon University	<b>Jason Catz</b> <i>General Counsel</i>	<b>Greg Perkinson</b> <i>VP, Finance &amp; Admin</i>
University of Oregon	<b>Jamie Moffitt</b> <i>VP, Finance &amp; Admin</i>	<b>Dr. Brad Shelton</b> <i>Executive Vice Provost, Academic Operations</i>
Western Oregon University	<b>David McDonald</b> <i>Assoc VP, Public Affairs &amp; Strategic Initiatives</i>	<b>Dr. Ana Karaman</b> <i>VP, Finance &amp; Admin</i>
	<b><u>Primary</u></b>	<b><u>Alternate</u></b>
Council of Presidents	<b>Dana Richardson</b> <i>Executive Director</i>	<b>Sione Filimoehala</b> <i>Budget Director</i>
Interinstitutional Faculty Senate	<b>Dr. William Harbaugh</b> <i>Professor, University of Oregon</i>	
Oregon Student Association	<b>Britney Sharp</b> <i>SOU Student Body President</i>	<b>Fernando Arellano</b> <i>OSU – Cascades</i>

*Director, Legislative Affairs*

Consulting Expert	<b>Scott Boelscher</b> <i>HCM Strategists</i>
Consulting Expert	<b>Terri Taylor</b> <i>Lumina Foundation</i>
Industry/Workforce Representative	<b>First_Name Last_Name</b> <i>Title</i>
Community Leader	<b>First_Name Last_Name</b> <i>Title</i>

**Timeline**

We expect the formula advisory workgroup to meet once a month from October 2019 through March 2020. The kick-off meeting in October is tentatively scheduled for Thursday, October 17. The workgroup should expect to provide recommendations to HECC staff by the end of March 2020. HECC staff will then provide recommendations to the commission in April 2020 with the consideration of any potential rule changes in June 2020. Expected implementation would be FY2021.

**Potential Items for Future Commission Meetings**

**Overview of Existing Formula** – an overview of the existing components of the formula and how they have affected funding to the universities since inception

**Review of Oregon Experience** – a review of the impact the revised formula has had on student outcomes and institutional practices; this is work conducted in collaboration with the Office of Research and Data to better understand if the current formula is performing as expected

**Review of National Experience** – a summary and review of the national research recently conducted on outcomes based formulas with a focus on best practices and recommendations

**Institutions’ Panel** – inviting a panel composed of university representatives to speak to the impact the transition to outcomes based funding has had on their campus

**Industry Representatives Panel** – inviting a panel composed of industry and workforce representatives to discuss the formula and the behavioral incentives created for universities through the lens of employers

**Staff Recommendation**

Discussion only.