



November 5, 2020

Chair David Rives
Commission Members
Executive Director Ben Cannon
Higher Education Coordinating Commission

Dear Chair Rives, Commissioners, and Executive Director Cannon,

When I arrived in Oregon over five years ago as the new president of the University of Oregon, I was aware that the state underfunded higher education. What I was unprepared for was that the state allocated its limited appropriations in a way that provided the University of Oregon far less funding per resident student than most of the other public universities in the state. Since my arrival, I have looked forward to the comprehensive review that the HECC committed to conduct when they adopted the Student Success and Completion Model (SSCM) in 2015. I greatly appreciate all of the work that Jim Pinkard and the HECC staff have done in revising the model. While the staff recommendation still results in the University of Oregon receiving a much lower funding level per student than most of the other universities in the state, the funding gaps have been modestly narrowed.

Therefore, on behalf of the students, faculty, and staff of the University of Oregon, I write to encourage the adoption of the proposed changes to the Student Success and Completion Model as recommended by the HECC staff. While the proposed formula changes do not include all of the components that the University of Oregon was hoping would be achieved, such as consistent base funding for all institutions, the changes are a definite step in the right direction.

The work of the HECC staff was particularly challenging given the fact that PUSF funding may be significantly cut next biennium if the state's economic forecast does not improve. Jim and his staff have approached this task with diligence, dedication, and humor, and we are appreciative of the work they have contributed to this effort.

Over the course of the last twelve months, the task force discussed many components of the SSCM and came up with a series of changes that we believe to be reasonable. These include:

- Updating the cost weighting in the cell values
- Implementing more consistent cost weighting for transfer students from community colleges and other universities
- Implementing a new community college transfer student bonus



- Awarding outcomes funding based on the number of students who graduate, instead of the number of degrees they receive
- Updating the definition of bilingual education
- Changing the area of study bonus to be additive instead of multiplicative
- Updating the definition of STEM fields eligible for the area of study bonus

The University of Oregon's support for the recommendation is not without concern and is contingent upon the commission *not adopting protections for the mission differentiation funding*, which would adversely affect those schools that receive the least amount of this funding. Even with the ground gained with the new formula recommendations, *the University of Oregon and Portland State University will still each receive over \$3,000 less per resident student of mission differentiation funding than the average received by each of the other five campuses*. Any "protection" of this mission differentiation funding would negatively impact the University of Oregon and Portland State University. Given that the University of Oregon and Portland State University are jointly responsible for the education of over 50% of the underrepresented students in Oregon's public universities, we do not feel that it would be equitable to adversely affect the funding of these campuses with any type of "mission differentiation protection." We are grateful that the HECC staff listened to our concerns related to this issue and put forward a proposal that addressed them.

Any changes to the SSCM will have ripple effects both immediate and prospective. The University of Oregon supports the current recommendations; however, we do have some reservations about the additional changes that were made to the cost weightings at the very end of the process.

As staff worked to prepare the final recommendations, changes were made to increase cost weights beyond the national peer comparison set for certain high-demand health care-related fields. Our understanding is that in some cases, the cost weighting that was applied to certain fields was doubled. This change was particularly beneficial to Oregon Tech. While the change may help to buffer the negative financial impact that Oregon Tech would have otherwise faced with the model update, we would encourage the commission to closely monitor the long-term effects of this action. As this change was applied to the cost weights, it represents a dynamic funding change that will grow as Oregon Tech continues to add students in these high-cost fields. As the proposed recommendation is adopted and implemented, we ask that these cost weights be watched very carefully to ensure they do not result in a redistribution of resources that would detrimentally impact other institutions. The proposal before the commission today is a delicate balance, and we are concerned that in the future these weights could tilt that balance to a point where FTE funding inequities among institutions are exacerbated.



We recognize that any decision the HECC makes on the funding formula will prove frustrating at some level to nearly all institutions. *We believe the proposal in front of you today represents a thoughtful and delicate compromise, and encourage your support.* We encourage the Commission to revisit the model on a routine basis and work toward the goals of more equitable funding for institutions, investing in research, and recognizing the costs associated with being a Carnegie tier 1 research university.

The changes you are considering today result in a formula that, if implemented as designed, will modestly shift resources toward institutions that produce a majority of Oregon's undergraduate degrees for traditionally underrepresented students. As our country, state, and campuses grapple with how we can address and undo generations of systemic racism, that outcome should be embraced with enthusiasm.

Finally, the University of Oregon is committed to working with other public universities and the HECC to advocate for increased investment in the Public University Support Fund, and need-based aid programs for Oregon students. Conversations about the funding formula are by their nature divisive, but our sincere hope is that these dynamics will not prevent us from working effectively together in the upcoming legislative session to secure the needed resources for all of our campuses and students.

Thank you for your dedicated service.

Sincerely,

A handwritten signature in dark ink that reads "Michael Schill". The signature is fluid and cursive.

Michael H. Schill
President and Professor of Law