

PUBLIC TESTIMONY ON PROPOSED CHANGE TO  
ADMINISTRATIVE RULE 715-013-0040



# Oregon Tech Public Testimony

August 11th and 12th, 2021

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# Statement of Support



Oregon Institute of Technology ("Oregon Tech") supports the proposed change in Administrative Rule 715-013-0040 Public University Support Fund Distribution Factors to establish a hold-harmless provision for SSCM allocations in the first year (FY 2022) of the 2021-23 biennium.

## Related Issue

- While we are very appreciative of this adjustment for the first year, which will cover the large negative funding impact to Oregon Tech in FY2022, it does not address the continued significant funding reduction to Oregon Tech going into the second year (FY 2023) of the biennium.
- Worse yet, this one-time adjustment does not address what we believe is a structural flaw in the design of the revised SSCM allocation formula that results in a disproportionately large negative funding outcome for only one of the seven universities in the 2021-2023 biennium and beyond.

# Impact to Funding Allocations



- The revised Student Success and Completion Model (SSCM) formulary, combined with the removal of the stop loss provision, would leave Oregon Tech with a \$2.6M funding cut in the 2021-23 biennium, even as funding to the Public University Support Fund (PUSF) increased by \$63.1M (8%).
- As a result, in the 2021-23 biennium, the six peer public universities are positioned to receive an additional \$65.7M comprised of the \$63.1M increase in the PUSF and the \$2.6M reduction to Oregon Tech. See Table 1 below.

**Table 1: SSCM 2021-23 Biennium Funding Allocations**

	EOU	OIT	OSU	PSU	SOU	UO	WOU	TOTAL
2019-21 SSCM Allocation (\$836M)	\$ 42,497,205	\$ 59,704,007	\$ 276,014,796	\$ 202,985,970	\$ 46,255,329	\$ 154,298,988	\$ 55,142,294	\$ 836,898,589
2021-23 SSCM Allocation (\$900M)	44,239,476	57,132,814	286,530,309	224,207,723	53,784,231	170,328,229	63,777,217	899,999,999
<b>Funding change over prior biennium</b>	<b>\$ 1,742,271</b>	<b>\$ (2,571,193)</b>	<b>\$ 10,515,513</b>	<b>\$ 21,221,753</b>	<b>\$ 7,528,902</b>	<b>\$ 16,029,241</b>	<b>\$ 8,634,923</b>	<b>\$ 63,101,410</b>
Percent change over prior biennium	4.1%	-4.3%	3.8%	10.5%	16.3%	10.4%	15.7%	7.5%

Data Source: 6-1-2021 HECC Workbook and Scenario Documents without stop-loss or hold-harmless

# Background



- Due to divestment in STEM programs, the revision of the SSCM formula was anticipated to reduce the amount of funds allocated to Oregon Tech, but only at a modest level, even if the PUSF had not increased.
- The HECC has also stated that it was not their desire to create unintended negative funding outcomes for the public universities when the PUSF was increased.
- Nevertheless, despite a \$63.1M (8%) increase to the PUSF for the 2021-23 biennium (up from \$836.9M to \$900M), Oregon Tech's funding would be **cut by \$2.6M** instead of even a modest increase. This is due to the combined effect of the revised formula and the removal of the stop-loss provision.
- This funding outcome is counter-intuitive and is uniquely and materially punitive to Oregon Tech. This surely cannot be the outcome that HECC intended, given that Oregon Tech has demonstrated three consecutive years of new freshman enrollment growth (+9%, +14%, and +11% in fall 2018, fall 2019, and fall 2020, respectively). In addition, Oregon Tech reduced the tuition increase by 1% for all fall 2021 students, anticipating at least a modest increase in the SSCM allocation corresponding to the expected PUSF increase to \$900M.

# Background (continued)



- Even with a hold-harmless provision applied in the first year of the 2021-23 biennium, Oregon Tech still has a funding reduction for the biennium and does not benefit from any of the additional funding in the increased PUSF intended to support and advance the seven public universities in Oregon.
- In documents distributed by HECC on April 1, 2021, Oregon Tech was projected to incur a **\$1.3M** reduction if PUSF funding remained flat at \$836.9M going into the new biennium and the stop-loss was kept in place as shown in Scenario A in the following slide. The logical expectation when the PUSF increased to \$900M was that Oregon Tech would see a nominal increase as shown in Scenario B. Instead, by late May 2021, the final numbers were projected as shown in Scenario C with a negative **\$2.6M** funding cut compared to the previous biennium.
- Oregon Tech would have certainly objected strongly and not passively accepted this outcome during the discussions, if this information had been shared then.

# Funding Comparatives Table



**Table 2: Funding Scenarios**

**Scenario A- PUSF Remains as \$836.9M: 2021-23 Biennium Funding Reduction due to SSCM Revision but WITH Stop-loss**

Oregon Tech SSCM Funding Impact	Biennium 2019-21		Biennium 2021-23		Decrease	
	FY 2020	FY 2021	FY 2022	FY 2023	Variance	%
If PUSF Unchanged at \$836.9M						
Annual Funding	\$ 29,421,165	\$ 30,282,842	\$ 28,489,623	\$ 29,883,278		
<b>Biennium with Stop-loss</b>		59,704,007		58,372,901	<b>(1,331,106)</b>	<b>-2.2%</b>

Data Source: 4-1-2021 HECC Workbook Projections

**Scenario B- PUSF increased to \$900M: 2021-23 Biennium Funding Increase projected based on scale-up from \$836.9M**

Oregon Tech SSCM Funding Impact	Biennium 2019-21 (\$836.9M)		Biennium 2021-23 (\$900M)		Increase	
	FY 2020	FY 2021	FY 2022	FY 2023	Variance	%
If PUSF Increased to \$900M						
Annual Funding	\$ 29,421,165	\$ 30,282,842	\$ 30,634,003	\$ 32,132,557		
<b>Biennium with Stop-loss</b>		59,704,007		62,766,560	<b>3,062,553</b>	<b>5.1%</b>

Data Source: Internal-scale up calculation based on growth in PUSF funding from \$836.9M to \$900M

**Scenario C- PUSF increased to \$900M: 2021-23 Biennium Funding Reduction due to SSCM Revision and WITHOUT Stop-loss**

Oregon Tech SSCM Funding Impact	Biennium 2019-21 (\$836.9M)		Biennium 2021-23 (\$900M)		Decrease	
	FY 2020	FY 2021	FY 2022	FY 2023	Variance	%
If PUSF Increased to \$900M						
Annual Funding	\$ 29,421,165	\$ 30,282,842	\$ 27,995,079	\$ 29,137,735		
<b>Biennium Without Stop-loss</b>		59,704,007		57,132,814	<b>(2,571,193)</b>	<b>-4.3%</b>

Data Source: 5-27-2021 HECC Workbook and 6-1-2021 PUSF Scenarios

# Summary



- I. Oregon Tech is appreciative of the proposed Administrative Rule change to implement a hold harmless provision in the first year of the 2021-23 biennium.
- II. We ask that, as a temporary measure, the hold harmless feature be extended to the second year as well to keep Oregon Tech annual funding at \$30,282,842 for FY 2023 also, until a long-term solution can be researched to address the structural flaw in the funding model.
- III. Finally, we ask that the Commission support the development of a five-year transition plan to minimize the sudden and disproportionately punitive impact the SSCM formula revision has had on current and future funding allocations to Oregon Tech, which has just been designated "Oregon's polytechnic university."



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