
Docket Item: 5.0 - ACTION ITEM: CCSF Strategic Fund Level (*Recommendation to the full Commission*)

Summary:

This action item provides an overview of the Strategic Fund, Strategic Fund Planning Calendar and review process, and scenarios for the 2023-25 Strategic Fund. Setting the percentage of the Community College Support Fund (CCSF) each biennium requires HECC action.

Staff Recommendation:

Approval of recommendation for full Commission consideration on June 8, 2023

Recommended Motion:

Move to recommend approval to full Commission of Community College Support Fund: Strategic Fund investment of 0.75% for the 23-25 biennium.

Strategic Fund Overview

The Strategic Fund is created each biennium by setting aside a percentage of the Community College Support Fund (CCSF) prior to allocating funds through the distribution formula. The Strategic Fund is part of the Categorical Funding streams that are taken off the top of the CCSF before distributing the remainder through base funding and the distribution formula. To prepare to distribute funds at the beginning of the new biennium, the Higher Education Coordinating Commission must make a decision about the funding level of the Strategic Fund with sufficient time for staff to prepare the next biennium's quarterly disbursements.

As described in Oregon Administrative Rule (OAR) 589-002-0130, the Strategic Fund has two main purposes: 1) incentivizing statewide initiatives activities, or 2) assisting community colleges in meeting new requirements and expectations stemming from legislative change. Any unused monies remaining the current biennium's strategic fund are allocated through the distribution formula at the end of the biennium. As a portion of the CCSF, all Strategic Fund investments must go to Oregon community colleges.

History and 2023-2025

The Strategic Fund was established in the 2005-07 biennium with a 0.25 percent allocation from the Community College Support Fund. Between 2005-07 and 2013-15, the percentage of the CCSF devoted to the Strategic Fund grew from 0.25 to 0.75 percent. In 2015-17, it was increased to 1.5 percent, with significant investments planned for Career Pathways, data quality, and to assist community colleges in transitioning to outcomes-based funding (although that policy change did not take place at that time). In 2017-19 the amount was reduced to .75% and has remained at that percentage level since.

Historically, the Strategic Fund has invested most heavily in student success initiatives, including Career Pathways, Developmental Education Redesign, and improving the first-year experience. Investments have also been made in research and data quality, in particular the development of Data for Analysis (D4A), the community college data system. The Strategic Fund has also paid for dues and memberships for statewide initiatives including the Higher Education Recruitment Consortium, the Survey of Entering Student Engagement (SENSE), the Community College Survey of Student Engagement (CCSSE), and the Voluntary Framework of Accountability (VFA).

For the 2021-23 biennium, the Strategic Fund allocation was \$5,242,667. The table below provides an overview of the investments made from the Strategic Fund for the 2021-23 biennium:

Investment Area	Amount for 21-23 Biennium
Career Pathways Grants	1,600,000
Affinity Group Coordinator	100,000
Pathways to Opportunity	1,035,000
STEP (SNAP 50/50)	302,325
EMSI/Burning Glass/Lightcast	756,000
SENSE/CCSSE	50,000
Board and Staff Development	45,000
Applied Baccalaureate	75,000
Guided Pathways/ Co-requisites in Math	150,000
Cybersecurity	500,000
Lightcast ROI Study	196,000
PS Education Study	100,000
TOTAL	\$4,909,325

The remaining \$333,342 will be distributed through the funding formula as described above.

Strategic Fund Planning Calendar

To increase predictability and transparency around the planning and use of the Strategic Fund, the following planning calendar identifies key discussion and decision points throughout the biennium.

ODD NUMBERED YEARS	
<i>Date</i>	<i>Activity Description</i>
March – June	<ul style="list-style-type: none"> - Presentations to Higher Education Coordinating Commission (HECC) and Oregon Presidents Council (OPC) by Director of the Office of Community Colleges and Workforce Development (CCWD) about investments from previous biennium - Discuss overall funding priorities for next biennium - Discuss what percent of the Community College Support Fund (CCSF) should be set aside for Strategic Fund - Draft plan and budget for Strategic Fund to be discussed at OPC

August	- OPC to develop draft recommendations for Strategic Fund for new biennium
September - October	- Final recommendations for Strategic Fund presented at OPC - Presentation to HECC Funding and Achievement subcommittee about Strategic Fund priorities for the biennium
EVEN NUMBERED YEARS	
January	- Discussion of Strategic Fund activities and priorities at OPC
May	- Discussion of Strategic Fund activities and priorities at OPC - Update on Strategic Fund activities provided to HECC Funding and Achievement subcommittee
August	- Discussion of upcoming year's Strategic Fund priorities at OPC retreat
October	- Discussion of Strategic Fund activities and priorities at OPC

Review of Proposals for Funding

The process for approving proposals for funding is described as follows in ORS 589-002-0130:

- (5) The Director will review, rank and approve proposals to incentivize statewide activities. After each proposal is approved, the Director will provide the Commission with a report detailing the purpose of the activity, the amount of strategic fund monies approved, and the proposal's merit as assessed under the following parameters:
 - (a) Purpose of the proposal.
 - (b) How the activity supports the initiatives and work plans of the Office and the Commission.
 - (c) How the activity relates to the Commission's Key Performance Measures or other program-specific measures.
 - (d) If the funding one time (for this biennium) or will additional funding be needed in the future.
 - (e) If future funding is needed, how resources will be obtained and how the activity will be sustainable?
 - (f) The activity's impact on the state three years from now and five years from now.
 - (g) Anticipated changes.
 - (h) How progress will be measured.
 - (i) The Office will bring all requests for assistance in meeting new requirements or expectations stemming from legislative change to the Commission for discussion and consideration.
 - (j) The Office will assess the requests for assistance in meeting new requirements or expectations of the legislature based on the following parameters:
 - (A) Purpose of the proposal.
 - (B) How funds will be used to sustain or increase enrollment (not supplanting existing funds).
 - (C) If the funding is one time (for this biennium) or if additional funding will be needed in the future.

- (D) If future funding is needed, how those resources will be obtained and how the activity is sustainable.
- (E) The impact on the community college three years from now and five years from now.
- (F) How progress will be measured.
- (h) The Office will provide a recommendation and reasoning to the Commission on whether the request merits funding.

One goal of the review process is to develop a budget that provides adequate funding for strategic priorities as well as sufficient flexibility to address new needs and opportunities as they arise. Following the calendar and review process, the Director of CCWD works closely with OPC on planning and

budgeting the portion of the Strategic Fund devoted to incentivized statewide initiatives and provides regular updates to the HECC’s Funding and Achievement subcommittee about those activities and investments. In the case of assistance in meeting new requirements or expectations stemming from legislative change, proposals and recommendations will be brought to the Commission.

Potential Funding Levels for 2023-25

The table below identifies potential values of the Strategic Fund at different funding levels for the Community College Support Fund and at different percentages for the Strategic Fund. The Oregon Presidents Council has recommended funding at 0.75% of CCSF for 2023-25. Areas that have been identified for potential support include support for the Oregon Student Success Center and investments in improving student supports. Additional information regarding these recommendations will be shared in the fall.

2023-25 Strategic Fund Projections			
<i>CCSF Scenarios</i>		<i>Strategic Fund Scenarios</i>	
Source	Amount	1.00%	0.75%
GRB	\$759,700,000	\$7,597,000	\$5,697,750.00
LFO	\$800,000,000	\$8,000,000	\$6,000,000.00
OCCA	\$850,000,000	\$8,500,000	\$6,375,000.00