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## PRESS RELEASE

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### **Updated Public University Funding Formula Ties Taxpayer Funding to Student Success and Equity Goals**

*Updates to the funding model approved today by the Higher Education Coordinating Commission strengthen a funding mechanism that is already showing solid results*

*Salem, OR* – At its February 11th public meeting, the Higher Education Coordinating Commission (HECC) approved updates to [the way Oregon distributes \\$837 million in taxpayer funding to the state’s seven public universities, a formula known as the Student Success and Completion Model \(SSCM\)](#). The changes, [summarized briefly here](#), are intended to create further incentives for universities to improve degree outcomes and equity for Oregon students.

First launched in 2015, Oregon’s outcomes-based funding formula aligns a large proportion of the state’s investment in public universities with the number of resident (in-state) students who complete a degree, with additional incentives for degree completion for historically underrepresented populations including students of color, low-income, rural, and veteran students. Since the model was launched in 2015, the annual number of degrees and credentials awarded per 1,000 full-time equivalent students (FTE) has grown by 9 percent, and the number of degrees and credentials awarded to students of color has increased 45 percent.

With its focus on “paying for outcomes,” the SSCM contrasts with other education funding formulas in Oregon and elsewhere that are primarily or entirely enrollment-driven.

David Rives, Chair of the HECC, said, “The changes approved today build on a track record of solid progress for increasing equitable outcomes. Our evidence shows that the architecture of the SSCM is working to hold public universities accountable to prioritizing supporting students all the way through graduation. Oregon taxpayers and policymakers can be assured that the state’s public investment is a smart investment in results for Oregon resident students.”

In addition to the 50 percent of the SSCM that is outcomes-based, 33 percent of the funding is based on course-level enrollment (“activities”), and 17 percent supports funding stability in recognition of the diverse missions of Oregon’s

public institutions (“mission differentiation”).

The changes approved today do not change the overall amount of state funding per resident, full-time student equivalent (\$7,702 during FY2020), which is dependent on the Oregon Legislature’s biennial determination of the total state investment. However, the changes slightly shift the projected distribution of funding among the institutions, strengthening the SSCM’s focus on underserved populations, modernizing definitions, improving the model’s functionality and consistency, and making necessary technical adjustments to align calculations with underlying policy goals.

Under the changes, more outcomes-based funding will be distributed for transfer student completions and underrepresented students, with an added bonus for the completion of students transferring from a community college, and 8 percent more funding for completions earned by those who identify as low-income, from an underrepresented racial/ethnic minority group, rural, or military veteran. With an update to how the area of student bonus is calculated, there will be slightly less funding distributed based on the area of study bonus for STEM (science, technology, engineering and math) programs to an average of just over \$1,500 per undergraduate degree. Since 2015, the number of STEM degrees awarded to Oregon residents has increased by 18 percent. The updates also modernize the definition of STEM programs to be more inclusive of developing technology fields, and modernize the definition of bilingual education to accurately account for all bilingual education graduates and ensure that institutions receive the added funding weight for them. The changes also provide a more sound and simplified approach to mission differentiation, a part of the formula that was previously unaddressed and was inherited from a previous model.

Jim Pinkard, director of postsecondary finance and capital for the HECC, said, “Oregon is already a leading state in outcomes-based funding, closely aligning our funding model with national best practices, and the changes approved today refine our approach even more. We are proud to have such solid commitment to student success among our university partners, and to be one of a handful of states with an equity mechanism that goes beyond a focus on low-income students.”

The approval today is the conclusion of a year-long process, and implementation of the changes will begin in fiscal year 2022. HECC embarked upon its first five-year review of the model during summer 2019 with the creation of a 21-member staff advisory workgroup that included institutional representatives, faculty and student representation, and consulting experts. The [permanent rule amendments pertaining to the updates are available here](#), and the changes are described in detail in the [SSCM Review – Final Report](#).

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*The State of Oregon's Higher Education Coordinating Commission (HECC) envisions a future in which all Oregonians—and especially those whom our systems have underserved and marginalized—benefit from the transformational power of high-quality postsecondary education and training. For more information, go to [www.Oregon.gov/HigherEd](http://www.Oregon.gov/HigherEd)*