

Impact of Public Higher Education Funding Decisions Highlighted in 2020 SHEF Report

The State Higher Education Executive Officers Association (SHEEO)'s [2020 annual State Higher Education Finance \(SHEF\) report](#) examines the trends, context, and consequences of state higher education funding decisions through fiscal year 2020. The HECC Office of Postsecondary Finance and Capital has highlighted key trends for Oregon in this document. The data from which this is drawn reflects the entirety of Oregon's public postsecondary system, including community colleges, public universities, grant aid, and other postsecondary programs. The experience of individual Oregon institutions is likely to differ from this overall picture.

1. Oregon enrollment declines were steeper this year than the national average; and enrollment peaks and valleys have been more severe for Oregon over the last decade than for the country overall.

HECC data shows that during and after the great Recession (2008-2012), Oregon's enrollment increased much faster than the national average. And in the time since, our enrollment dropped more sharply than the national average. Year over year from 2019 to 2020, enrollment in Oregon declined at a steeper rate than national averages, declining 4.5 percent compared to a 0.6 percent national decline. This decline was driven substantially by a 7.8 percent drop in community college enrollment (as compared to a 0.9 percent drop nationally) versus a four-year enrollment decline of only 2.1 percent (as compared to a 0.2 percent gain nationally). Compared to 2010, full-time-equivalent (FTE) student enrollment at Oregon public institutions was down 13.9 percent compared to a national increase of 4.0

Excerpt from Table 3.1 Public Higher Education Full-Time Equivalent (FTE) Enrollment by State

	2010	2015	2019	2020	1 year % change	5 year % change	10 year % change
Oregon	160,037	155,725	144,290	137,801	-4.5%	-11.5%	-13.9%
U.S.	11,384,682	11,118,040	11,001,099	10,932,489	-0.6%	-1.7%	-4.0%

percent.

2. Oregon's public investment in higher education increased in 2020 but remained well below the national average, ranking 31st among states.

From 2015 to 2020, the State of Oregon increased public funding for higher education per full time equivalent (FTE) student by 42.8 percent, more than any other state in the country and well above the national average of 10.1 percent. Of the 48 states with declines in funding during the Great Recession, Oregon is one of eighteen states that fully recovered to pre-Recession levels in 2020. That said, 2020 funding levels remain well below the national average in per student funding (\$6,977 per student in Oregon vs. \$8,636 for the US average). It is also worth noting that much of this increase has been driven by Oregon's steeper than average declines in enrollment as well as increased state funding. Oregon is a relatively generous funder of community colleges (23 percent above the national average) but is not for four year institutions (41 percent below the national average)

Excerpt from Table 3.2 Public Higher Education Appropriations Per FTE by State (Constant Adjusted Dollars)

	2010	2015	2019	2020	Index to national average	1 year % change	5 year % change	10 year % change
Oregon	\$4,951	\$4,886	\$6,258	\$6,977	0.81	11.5%	42.8%	40.9%
U.S.	\$8,154	\$7,840	\$8,392	\$8,636	1.00	2.9%	10.1%	5.9%

SHEF Highlights for Oregon

3. Tuition and fees made up the majority of Oregon institutional revenue, and a higher percentage than the national average.

In the decade spanning 2010 to 2020, in all but six states, every state's public institutions have, in aggregate, increased net tuition revenues per FTE student. For Oregon institutions collectively, net tuition revenue increased 58.2 percent on a per-student basis since 2010, compared to a national average of 25.8 percent.

Excerpt from Table 4.1 Public Higher Education Net Tuition Revenue Per FTE by State (Constant Adjusted Dollars)

	2010	2015	2019	2020	Index to national average	1 year % change	5 year % change	10 year % change
Oregon	\$4,965	\$7,851	\$8,079	\$7,853	1.17	-2.8%	0.0%	58.2%
U.S.	\$5,346	\$6,710	\$6,822	\$6,723	1.00	-1.4%	0.2%	25.8%

When this revenue is combined with public appropriations to produce a measure of the total revenue per student, Oregon institutions had total revenue levels just below the national average (\$14,830 per student in Oregon versus \$15,273 for the US as a whole). The tuition and fees share of that total was 53 percent in Oregon compared to 43 percent nationally (see Table 4.3 Net Tuition as a Percent of Total Education Revenue by State).

Excerpt from Table 4.2 Public Higher Education Total Education Revenue Per FTE by State (Constant Adjusted Dollars)

	2010	2015	2019	2020	Index to national average	1 year % change	5 year % change	10 year % change
Oregon	\$9,915	\$12,737	\$14,338	\$14,830	0.97	3.4%	16.4%	49.6%
U.S.	\$13,444	\$14,469	\$15,131	\$15,273	1.00	0.9%	5.6%	13.6%

4. Oregon's financial aid funding was below the national average, although higher than the state's investment a decade ago.

State financial aid funding per FTE student adjusted for inflation was \$569 in 2020 in Oregon which is 31 percent below the national average of \$830. Oregon's financial aid funding has increased 75.2% in the past five years and 10.9% in the past ten years, driven largely by increases in community college financial aid and by concurrent enrollment declines. In the past year, Oregon has increased community college financial aid per student by 13.1 percent (versus a 9.5 percent increase nationally) while increasing four-year aid by only 2.8 percent (compared to a 6.0 percent increase nationally). To match Washington (\$1,430/FTE) or California (\$813/FTE), Oregon would need to substantially increase our state aid budget.

Excerpt from Table 3.3 Public Higher Education State Financial Aid Per FTE by State (Constant Adjusted Dollars)

	2010	2015	2019	2020	Index to national average	1 year % change	5 year % change	10 year % change
Oregon	\$513	\$325	\$530	\$569	0.69	7.4%	75.2%	10.9%
U.S.	\$654	\$709	\$776	\$830	1.00	7.0%	17.1%	26.9%

SHEF Highlights for Oregon

5. Effect on affordability: A large percentage of Oregon students cannot meet college expenses.

Numerous findings in the SHEF report highlight the significant challenge of college affordability for students and families in Oregon: 1) While public funding for higher education recovered since the Great Recession, it remains below prior Recession levels (\$6,977 in 2020 versus \$7,604 in 2001); 2) The student share through tuition of the total cost of education over the last 19 years has grown from 35.9 percent to 53.0 percent (Table 4.3 Net Tuition as a Percent of Total Educational Revenue by State); 3) Financial aid funding has increased during the past decade when adjusted for inflation; and 4) Oregon has shown a greater reliance on tuition, offset slightly by marginally higher financial aid.