

# STATE FUNDING AND FORMULA SUMMARY

2023-2025 BIENNIUM  
AS OF JUNE 2024



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### **Accessibility Statement**

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## Executive Summary

This report is a reference document containing Legislatively Adopted Budget (LAB) amounts for the 2023-25 biennium, including the 2024 regular legislative session, for institution support, capital construction, and debt service. It also provides detailed information on how the community college and public university funding distribution formulas function, specifically in terms of how they calculate the amounts by institution.

The total funding for institutions of higher education often includes other sources not in this report such as tuition, grants, and auxiliary operations. Information about an institution's total revenues from all sources and related spending can be found in its audited annual financial report, often published on its website.

This report is limited to funding for institution support, capital construction, and debt service. It does not include information about any other HECC office or program, which can be found on the HECC's website.

### The Higher Education Coordinating Commission (HECC)

The HECC does not have the authority to regulate specific expenditure choices or revenue budgeting by public institutions of higher education. That authority is vested in the independent governing boards of the institutions. The HECC's responsibilities include the distribution of state funding as noted in ORS 350.075(3)(f) and maintenance of the related formulas. Current calculations and data related to the funding distribution formulas can be found on the HECC's website within the pages for the Office of Postsecondary Finance and Capital. Detailed explanations of the calculations are available.

### 2023-25 Biennial Funding Summary

Appropriated funding for support of Oregon's public institutions of higher education during the 2023-25 biennium total \$3.28 billion which represents an increase of \$105 million, or 3%, compared to the 2021-23 biennium as shown in Table 1.

<b>Table 1: Appropriations for Institution Support and Capital Construction</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Institution Support	2,124,841,163	2,317,134,230	173,557,549	8%
Pandemic Funding*	17,658,700	-	(17,658,700)	(100%)
Debt Service**	519,083,959	603,522,511	84,438,552	16%
Capital Construction	508,405,100	373,213,551	(135,191,549)	(27%)
<b>Total Funding</b>	<b>\$3,169,988,922</b>	<b>\$3,293,870,292</b>	<b>\$123,881,370</b>	<b>4%</b>
*Federal Funding appropriated to other state agencies for institutions of higher education.				
**Includes debt service paid by the State and the institutions for state-issued debt.				

## 2023-25 Funding by Sector

The growth in appropriations by sector varies as shown in Table 2. Institution support funding grew at a rate greater than CSL but was offset by pandemic related one-time funding provided during 2021-23. For 2023-25, support funding includes:

- \$800 million for Community College Support. This includes funding for the Skills Centers and First-Generation Student Grants.
- \$1 billion for Public University Support. An additional \$25 million was provided for fiscal sustainability for the technical/regional universities and Portland State University.
- \$141 million for OHSU. This includes funding for certain one-time programs.

Debt service funding increased for both the public universities and community colleges but decreased for OHSU. Capital construction funding decreased for the public universities but increased for the community colleges and includes:

- \$100 million for Public University Capital Improvement and Renewal along with bonding authority for six new university projects totaling \$235 million.
- Bonding authority for five new community college projects totaling \$37 million and reauthorization of six existing projects.

<b>Table 2: Appropriations by Sector</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Institution Support	1,276,853,225	1,361,842,656	84,989,431	7%
Pandemic Funding*	2,500,000	-	(2,500,000)	(100%)
Debt Service**	414,441,539	516,641,269	102,199,730	25%
Capital Construction	475,905,100	335,713,551	(140,191,549)	(29%)
<b>Subtotal, Universities</b>	<b>2,169,699,864</b>	<b>2,214,197,476</b>	<b>44,497,612</b>	<b>2%</b>
Institution Support	128,979,478	140,792,377	11,812,899	9%
Debt Service**	57,766,329	34,345,710	(23,420,619)	(41%)
<b>Subtotal, OHSU</b>	<b>186,745,807</b>	<b>175,138,087</b>	<b>(11,607,720)</b>	<b>(6%)</b>
Institution Support	719,008,460	814,499,197	95,490,737	13%
Pandemic Funding*	15,158,700	-	(15,158,700)	(100%)
Debt Service**	46,876,091	52,535,532	5,659,441	12%
Capital Construction	32,500,000	37,500,000	5,000,000	15%
<b>Subtotal, Colleges</b>	<b>813,543,251</b>	<b>904,534,729</b>	<b>90,991,478</b>	<b>11%</b>
<b>Total Funding</b>	<b>\$3,169,988,922</b>	<b>\$3,293,870,292</b>	<b>\$123,881,370</b>	<b>4%</b>
*Federal Funding appropriated to other state agencies for institutions of higher education.				
**Includes debt service paid by the State and the institutions for state-issued debt.				

## Support for Public Universities

Total institutional support funding for the public universities grew \$66.2 million or 5% to \$1.34 billion during 2023-25 as noted in Table 3. Public University funding primarily flows through the following programs:

1. **Public University Support Fund (PUSF)** – The PUSF is the state’s primary direct funding contribution for university operations and is allocated to the public universities via the Student Success and Completion Model (SSCM) which is explained later in this report. For 2023-25, the PUSF was funded at a total of \$1 billion, which includes COFA funding for EOU. This is \$28 million more than CSL.
2. **Other Support** – This includes funding for other programs that are specific to the biennium in which they are appropriated. These are separate and distinct from state programs. For 2023-25, this includes \$6.2 million of a larger \$25 million state investment in the fiscal sustainability of the technical/regional universities plus PSU with more details included in Table 6.
3. **Public University State Programs** – State Programs largely focus on an institution’s public service mission but can include academic and research projects as well. This category also includes one-time funding appropriated for short-term or targeted programs which may include cash-funded capital projects. Existing state programs were funded at CSL for 2023-25. More information is included in Tables 7, 8, and 9.
4. **Statewide Public Service Programs (SWPS)** – This includes funding for three programs at Oregon State University (Agricultural Experiment Station, Extension Service and Forest Research Laboratory) which were funded at CSL for 2023-25 with an additional \$10 million provided. Details are included in Tables 10 and 11. It also includes Lottery Funds for the Outdoor School Program which are funded at a level set by expected revenue collections.
5. **Sports Lottery** – This appropriation provides support to academic and athletic scholarships at each of the seven public universities and are funded at a level set by expected revenue collections. Details are included in Table 12.

<b>Table 3: Funding for Public Universities</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
PUSF	901,071,544	1,000,000,000	98,928,456	11%
Other Support	19,120,000	24,900,000	5,780,000	30%
State Programs	129,125,965	95,344,627	(33,781,338)	(26%)
SWPS	211,021,109	223,268,086	12,246,977	6%
Sports Lottery	16,514,607	18,329,943	1,815,336	11%
<b>Total</b>	<b>\$1,276,853,225</b>	<b>\$1,361,842,656</b>	<b>\$84,989,431</b>	<b>7%</b>
<b>NOTE:</b> The decrease in state programs is due to large, one-time funding during the 2021-23 biennium appropriated during 2022 2 <sup>nd</sup> special session.				

## Legislatively Adopted Budget (LAB) Summary

The HECC's main budget bill for 2023-25 is HB 5025 (2023 RS) which provides both operating and debt service funding for the universities. The budget reconciliation bill is SB 5506 (2023 RS) which appropriated additional funding for targeted, one-time projects and programs at several institutions. There were other bills that appropriated funding as well during the 2023 regular session. Funding by bill as appropriated during the 2023 regular legislative session is included in Table 4.

<b>Table 4: 2023-25 Appropriations by Bill, 2023 Regular Session</b>				
	<b>HB 5025</b>	<b>SB 5506</b>	<b>Other Bills*</b>	<b>Total</b>
PUSF	1,000,000,000	-	-	1,000,000,000
Other Support	6,164,482	-	-	6,164,482
State Programs	59,248,952	1,045,000	10,775,379	71,069,331
SWPS	237,017,505	135,000	6,115,581	243,268,086
Sports Lottery	18,329,943	-	-	18,329,943
<b>Total</b>	<b>\$1,320,760,882</b>	<b>\$1,180,000</b>	<b>\$16,890,960</b>	<b>\$1,338,831,842</b>
*Includes HB 2010, HB 2049, HB 2802, HB 3409, HB 3410, SB 80, SB 490, SB 955. The text and related analysis of these bills is published by the Oregon State Legislature at <a href="http://oregonlegislature.gov">oregonlegislature.gov</a> .				

Funding by bill as appropriated during the 2024 regular legislative session is included in Table 4a. SB 5701 (2024 RS) was the budget reconciliation bill while HB 5204 (2024 RS) was an education omnibus bill. After the 2024 session, the emergency board released \$18.7 million to the HECC for distribution to the TRUs and PSU for financial sustainability.

<b>Table 4a: 2023-25 Appropriations by Bill, 2024 Regular Session</b>				
	<b>SB 5701</b>	<b>HB 5204</b>	<b>Emergency Board</b>	<b>Revised Total</b>
PUSF	-	-	-	1,000,000,000
Other Support	-	-	18,735,518	24,900,000
State Programs	20,275,296	4,000,000	-	95,344,627
SWPS	(20,000,000)	-	-	223,268,086
Sports Lottery	-	-	-	18,329,943
<b>Total</b>	<b>\$275,296</b>	<b>\$4,000,000</b>	<b>\$18,735,518</b>	<b>\$1,361,842,656</b>

## Public University Support Fund (PUSF)

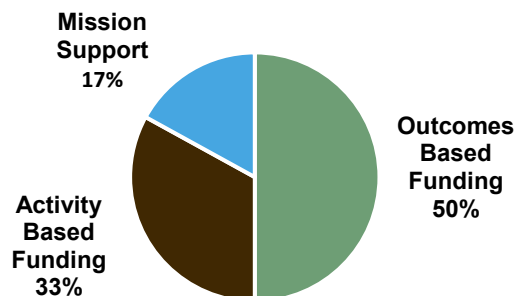
The Student Success and Completion Model (SSCM) is the funding distribution model used to allocate funding appropriated in the PUSF to the public universities. It is an outcomes-based approach designed to:

- Promote undergraduate, resident student success with a focus on underrepresented populations
- Support differentiated missions while ensuring regional access
- Provide funding stability

The biennial appropriation for the PUSF is split with 49% distributed in the first year of the biennium and 51% distributed in the second year. Within each year, the quarterly distribution is front loaded: 36% in Q1, 24% in Q2, 24% in Q3, and 16% in Q4. An annual true up process occurs in the fall during which the three-year average of data used in the distribution model is updated and the difference between the preliminary allocation and final allocation is calculated and settled.

Specific calculations and current data related to the SSCM can be found on the HECC's website within the pages for the Office of Postsecondary Finance and Capital. Two Oregon administrative rules (OARs) govern the SSCM. The first, OAR 715-013-0025, describes the data, function, behavior, and calculations. The second, OAR 715-013-0040, describes the degree weights, the cost weights, the area of study bonus, the priority populations bonus, and the transfer degree discount among other technical details.

The model includes three components with the proportion of the total funding noted: mission support (17%), activities-based funding (33%), and outcomes-based funding (50%). The relative proportion by component for each university varies. The technical/regional universities tend to receive more mission support funding while the research universities tend to receive more funding through activities and outcomes.



### Mission Support

This component provides funding in recognition of the unique regional, research, and public service missions of the universities. Funding for it is taken off the top and is limited annually to the prior year's allocation adjusted for inflation or a flat amount of the total available PUSF. It includes four components:

- **Base funding** – An allocation to support funding adequacy of fixed costs. The allocation includes a flat amount of \$2.9 million for each public university. It also includes a variable amount for those with less than 4,000 resident FTE. The difference between 4,000 FTE and the actual resident FTE count is multiplied by \$1,400 per FTE and a size factor (noted in Appendix C). The fixed and variable amounts are added together to determine the total base funding amount for each university.

- **Regional Access** – An allocation for financial stability of the regional universities to ensure geographic access to higher education for all Oregonians. This applies to the TRUs and OSU-Cascades. The allocation includes a basic allocation of \$1,000 per resident FTE up to 4,000 FTE. It includes an additional allocation, limited to \$2.2 million, in which the difference between 4,000 FTE and the actual resident FTE count is multiplied by \$1,200 per FTE and a size factor. Both allocations added together determine the total regional access funding amount for each university.
- **Research Support** – An allocation to support research activities. The total allocation is limited to \$5 million. The calculation is based on a three-year average of federal research spending. The allocation by university is the lesser of the proportional share of total research spending or \$2.5 million.
- **Public Service** – An allocation to support the public service mission of each university. The allocation per university is \$330 per resident FTE limited to \$4.7 million.

### **Activities-Based Funding (ABF)**

The ABF component is a weighted hours-based allocation that distributes funding for student credit hour (SCH) completions of Oregon resident students at all levels of instruction by academic program averaged over a three-year period. The ABF component encourages access and success and recognizes the cost differences by level of instruction and field of study. It is based on the following principles:

- **Enrollment driven** – The total funding available for ABF is equal to 40% of remaining PUSF after funding for Mission Support is deducted.
- **Focus on resident students** – Only data for resident students is included in the calculations. For SSCM purposes, the count of resident students includes those receiving tuition equity for non-citizens as well as military veterans residing in Oregon.
- **Focus on implied cost recovery** – Designed to be a reimbursement for the cost of delivering instruction. Different courses cost different amounts to deliver as reflected by cost weights used in the calculations.

The calculations are based on the number of resident student credit hours completed by level and academic discipline using a three-year average for each university. This includes the summer, fall, winter, and spring quarters for each of the three prior academic years. Cost weights are applied by level and discipline to get weighted hours. The number of weighted hours for all the universities are added up and divided in to the available funding to get a dollar value per weighted hour. That dollar value is then multiplied by the number of weighted hours for each university to calculate the total ABF funding for each university.

The majority of ABF (about 80%) is allocated for undergraduate students. The average funding per completed SCH at each university ranges from \$52 to \$70 based on the mix of hours completed by level of instruction and academic program. For example, STEM programs are generally higher cost so an above average proportion of STEM hours completed leads to more ABF distributed.



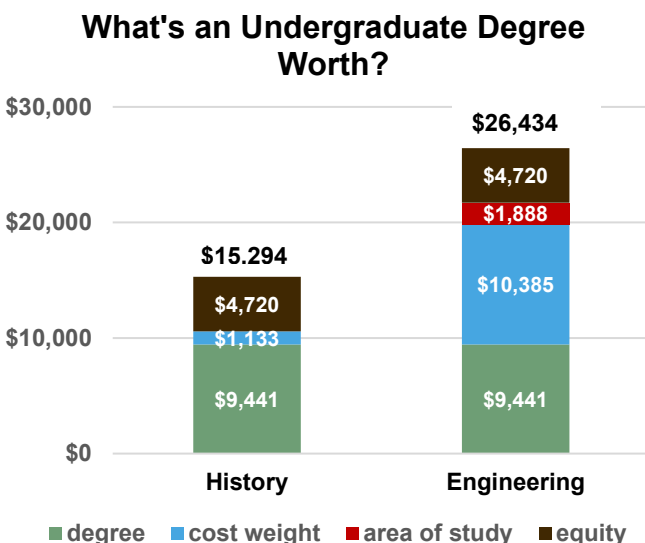
## Outcomes-Based Funding (OBF)

The OBF component is a points-based allocation that distributes funding for degree and certificate completions by Oregon residents, averaged over a three-year period, in alignment with the state's 40-40-20 goal. The OBF component recognizes the cost differences by level of instruction and field of study with the use of cost weights, recognizes the degree level, and includes an area of study bonus as well as a bonus for prioritized populations. The area of study bonus is for high-demand, high-reward fields including STEM, health, and bilingual education. Prioritized populations include students who are low-income, from a rural high school, military veterans, or are traditionally underrepresented as defined by racial or ethnic groups.

The calculations are based on the number of resident degree completions by level of instruction and field of study using a three-year average for the three prior academic years for each university. Non-resident doctoral degree completions are also included. The following adjustments to the three-year average number of degree completions are applied to calculate the number of points:

- **Degree weights** – Undergraduate at 2.0, master's at 1.0, professional at 1.0, doctoral at 2.0, and certificate at 0.2.
- **Cost weights** – By level of degree and field of study.
- **Transfer discount** – A discount of 37.5% is applied to degrees earned by students who transferred from another university.
- **Area of study bonus** – A 20% bonus is applied for degrees earned in high-demand, high-reward fields including STEM, health, and bilingual education.
- **Priority population bonus** – A sequential bonus (50-60%) is applied for degrees earned by low-income, rural, veteran, or underrepresented students; the bonus is based on the number of populations.

Once calculated for each university, the total number of points is added up and then divided in to the available funding to get a dollar value per point. That dollar value is then multiplied by the number of points for each university to calculate the total OBF funding for each university.



The majority of OBF (about 66%) is allocated for undergraduate degree completions. An undergraduate, non-transfer degree during FY2023 was worth \$9,441. The cost weights added additional funding from \$1,133 for liberal arts degrees (like history) to \$10,385 for STEM degrees (like engineering). The area of study bonus was worth \$1,888 (20% of \$9,441). The priority population bonus was \$4,720 (50% of \$9,441) for one population and averaged \$4,878 since some priority population students were in more than one population.

## Equity Focus

A key feature of the SSCM is its focus on equity, particularly through prioritizing traditionally underrepresented students in the outcomes-based funding component. This component was originally added during 2015 and subsequently strengthened during the 2020 review in alignment with the HECC's Equity Lens.

The SSCM supports equity within the outcomes-based component. Additional weight is provided for resident, undergraduate students who graduate and identify as being part of one or more prioritized populations. This is an incentive to increase the success and completion of prioritized students from these populations and recognizes the additional cost associated with supporting them through completion. The additional weight is additive for students who are in multiple populations and based on a three-year average of resident, undergraduate awarded degrees.

The prioritized populations include:

- Low-income students defined as Pell grant recipients
- Students who identify as part of a traditionally underrepresented racial/ethnic group
- Rural students as defined by the location of the high school from which they graduated
- Military veterans

During FY2023, 16% of the outcomes-based funding was distributed based on the completion of students in priority populations. This is an average of \$4,878 for each of these graduates. The total amount allocated was \$36 million. More information by university is included in Table 5.

<b>Table 5: FY2023 OBF Allocations for Priority Populations</b>						
	<b>Number of Populations*</b>				<b>Funding</b>	
	<b>One</b>	<b>Two</b>	<b>Three or More</b>	<b>Total</b>	<b>Total</b>	<b>Average</b>
EOU	181	81	12	274	1,344,393	4,907
OIT	232	84	13	329	1,607,009	4,885
OSU	1,419	496	65	1,980	9,643,470	4,870
PSU	1,810	690	25	2,525	12,271,833	4,860
SOU	254	85	5	344	1,666,802	4,845
UO	928	403	53	1,384	6,778,610	4,898
WOU	335	181	33	549	2,715,220	4,946
<b>Total</b>	<b>5,159</b>	<b>2,020</b>	<b>206</b>	<b>7,385</b>	<b>\$36,027,336</b>	<b>\$4,878</b>
*The three-year average of resident, undergraduate degrees earned by students who identify in one or more priority populations. The three-year period includes academic years 2020, 2021, and 2022.						

## Other Support

This program includes funding for certain projects that are separate and distinct from the other programs because they are discrete, one-time projects appropriated as a result of funding availability. Eight projects were funded in 2021-23 as noted in Table 6. For 2023-25, this includes the majority of a larger \$25 million state investment in the fiscal sustainability of the technical/regional universities plus PSU as described below.

<b>Table 6: Funding for Other Support</b>			
<b>Project</b>	<b>University</b>	<b>2021-23</b>	<b>2023-25</b>
Innovation District Landfill	OSU-CC	10,000,000	-
Grand Staircase	EOU	4,000,000	-
Cascade Hall Demolition	SOU	3,500,000	-
Visual and Performing Scholarship	EOU	1,000,000	-
Ag Research Center Modernization	OSU	250,000	-
Molluscan Brood Stock Program	OSU	170,000	-
Inst for Marine Resources Studies	OSU	100,000	-
Ocean Acidification	OSU	100,000	-
Financial Viability Funding	PSU	-	3,099,030
	OIT	-	876,365
	WOU	-	861,272
	SOU	-	722,594
	EOU	-	605,221
Financial Viability Funding (e-board)	TRUs + PSU		18,735,518
<b>Total</b>		<b>\$19,120,000</b>	<b>\$24,900,000</b>

The financial sustainability funding for the technical/regional universities (EOU, OIT, SOU, WOU) and PSU during 2023-25 is intended to support them in realigning institutional offerings and resources with current and emerging enrollment and economic realities to achieve long-term financial sustainability. The funding is intended for discrete, one-time investments that have an on-going effect, increasing revenue and/or decreasing expenses in subsequent biennia. The overall goal is to support them as they seek to become more fiscally sustainable in the future.

The state legislature committed a total of \$25 million for this purpose during 2023-25 which includes \$6.2 million for innovative proof-of-concept efforts, \$100,000 to assist with the coordination of a financial sustainability report, and \$18.7 million for potential HECC grants to assist the universities with long-term financial sustainability efforts. The \$18.7 million was released by the Emergency Board to the HECC in May 2024 for distribution.

## Public University State Programs

State Programs are activities at the public universities that focus on research, public service, or economic development. Many of these programs continue from biennium to biennium, but some are one-time funding appropriated for short-term or targeted activities which may include capital projects (construction or otherwise) funded with general, lottery, or federal funds.

Funding for ongoing state programs is provided at CSL for 2023-25. Remaining funding for Strong Start was re-appropriated for 2023-25 but is still considered one-time funding. Table 7 summarizes funding for state programs by university for 2023-25.

<b>Table 7: 2023-25 Funding for Public University State Programs</b>			
	<b>Ongoing</b>	<b>Targeted or One-Time</b>	<b>Total</b>
EOU	369,490	1,900,731	2,270,221
OIT	3,029,339	1,987,140	5,016,479
OSU	30,812,027	17,958,375	48,770,402
PSU	12,280,983	11,742,087	24,023,070
SOU	451,661	1,471,631	1,923,292
UO	6,873,911	4,884,523	11,758,434
WOU	644,397	938,331	1,582,728
<b>Total</b>	<b>\$54,461,809</b>	<b>\$40,882,818</b>	<b>\$95,344,627</b>
<b>Note:</b> The ongoing amounts by university may change since the ETSF distribution by university is estimated for the 2023-25 biennium and will be updated with available data.			

Table 8 summarizes the funding for ongoing state programs by program and university. Table 9 does the same for the targeted or one-time programs. Program descriptions are included for the ongoing programs while the sponsoring legislation is noted for the one-time programs.

<b>Table 8: 2023-25 Funding for Ongoing State Programs</b>		
<b>Program</b>	<b>University</b>	<b>Amount</b>
Engineering Technology Sustaining Funds	All	30,849,152
TallWood Design Institute	OSU	4,288,845
Dispute Resolution	UO and PSU	3,152,391
Veterinary Diagnostic Lab	OSU	5,132,009
Oregon Solutions	PSU	2,848,133
OSU Fermentation Science	OSU	1,563,951
Signature Research	PSU, UO, OSU	1,312,851

<b>Table 8: 2023-25 Funding for Ongoing State Programs</b>		
<b>Program</b>	<b>University</b>	<b>Amount</b>
Labor Education Research Center	UO	1,354,779
Ocean Vessels Research	OSU	781,976
Oregon Renewable Energy Center	OIT	602,602
Population Research Center	PSU	549,218
Institute for Natural Resources	OSU	503,531
Clinical Legal Education	UO	439,153
Oregon Climate Change Research Institute	OSU	394,693
Willamette Falls Locks Commission	PSU	228,988
Agricultural Channel Habitat Complexity Study	OSU	253,073
Environmental Justice Mapping Tool	OSU, PSU	206,464
<b>Total</b>		<b>\$54,461,809</b>

## Program Descriptions

**Engineering Technology Sustaining Funds (ETSF)** – Funding to support engineering and technology programs at all seven institutions. It is an outcomes-based formula that uses a set amount of base funding for each institution with the remaining funding distributed based on degrees to Oregon residents, research spending, and wages of graduates in targeted employment fields. Like the SSCM, degree outcomes, research expenses, and wages of graduates are all based on a three-year average of annual data.

The ETSF formula distributes base funding of \$130,000 per year to each institution to support one faculty member. The formula then distributes the rest of the funding equally across three categories as noted below.

- A. **Degrees to Oregon Residents** – The degrees to Oregon residents are those degrees conferred at all levels excluding graduate certificates. The targeted fields include computer science, engineering, mathematics, engineering technology, and for the following master's degrees earned only at the University of Oregon: biology, chemistry, physics, and materials sciences. All degrees are weighted equally among disciplines and levels.
- B. **Research and Development** – Doctoral degrees earned by residents and non-residents in the targeted fields account for 60% of the funding in this category. Research spending in the same fields is collected from the institutions as the basis of the remaining 40%.
- C. **Wages and Employment** – This category allocates funds equally based on whether or not graduates in targeted fields are employed in Oregon after graduation. It also accounts for the wages the individual earns. The data comes from the Oregon

Employment Department and is largely limited to those employees who are not self-employed.

**TallWood Design Institute** – The 2015 Legislature provided funding for what is now known as the TallWood Design Institute (previously known as the OSU Advanced Wood Products with UO). The TallWood Design Institute is the nation’s only research collaborative that focuses exclusively on the advancement of structural wood products. It conducts the research needed for widespread adoption of mass timber building technology in the U.S. The Institute is a partnership between Oregon State University and the University of Oregon, bringing together the strengths of OSU’s College of Forestry and College of Engineering, and the UO’s School of Architecture and Allied Arts.

**Veterinary Diagnostic Lab** – The OSU Veterinary Diagnostic Laboratory is a public-supported facility providing a full range of animal disease diagnostic services to veterinarians, livestock producers, pet owners, and biomedical researchers. In addition to diagnostic services, the Laboratory shares in the training of future veterinarians through instruction of veterinary medical students in the practice of diagnostic medicine.

**Dispute Resolution** – The UO administers the Oregon Office of Community Dispute Resolution (OOCDR) which provides mediation services and conflict resolution training to private parties. The OOCDR also provides funding and training support to 20 community dispute resolution centers, serving 25 Oregon counties. PSU administers the Oregon Consensus program, within the National Policy Consensus Center, which facilitates collaborative, agreement seeking processes that unite communities, government, and businesses to resolve differences and build durable agreements that address public issues. Funding is allocated between UO and PSU on a 60%/40% split by agreement of both institutions. OAR 715-013-0066 was adopted to allocate these funds via this agreed-upon split but was legislatively amended by HB 5050 (2019).

**Oregon Solutions** – Oregon Solutions (OS) at Portland State University promotes a new style of community governance, one based on the principles of collaboration, integration, and sustainability. OS is a state-funded program that brings together local groups to solve local problems using sustainable methods.

**OSU Fermentation Science** – This funding was intended to “expand fermentation science programs” at Oregon State University. Fermentation science funding supports Oregon’s fast-growing beer, wine and spirits industries and is one of the only programs of its type in the country.

**Signature Research** – Initiated by the legislature in 2003 to support the development of Signature Research Centers for Multi-Scale Materials and Devices at OSU, UO and PSU. The research focuses on integrating nanotechnology and micro-technology into product engineering and design. The overall mission of the initiative is to create high-wage jobs and quality economic development in the state. UO and OSU each receive 47.5% of the available funds and PSU receives the remaining 5%. OAR 715-013-0064 was adopted to allocate these funds.

**Labor Education Research Center (LERC)** – Established at UO in 1977 in order to give workers and labor unions in Oregon access to the resources and expertise of the state’s higher education system. Working from offices in Eugene and Portland, LERC’s faculty have backgrounds in adult education, political science, labor and public policy, history, and community organizing. LERC offers a wide range of non-credit workshops and customized trainings in areas such as representation skills, effective communication, building inclusive organizations, labor history, political economy, and the law.

**OSU Ocean Vessels Research** – This state-funded program provides ship days, including funding for fuel, supplies, and labor, for the use of the Research Vessel (R/V) Oceanus in the research and study of Oregon’s coastal waters.

**Oregon Renewable Energy Center** – Oregon Tech’s OREC program serves small and medium-sized companies seeking a university collaborator to prototype, test, validate and accelerate “cleantech” products, and renewable energy applications. OREC’s geo-heat center maintains a geothermal library of over 5,000 publications and provides information and technical assistance on the use of geothermal energy to thousands of constituents worldwide, with a focus on assisting small Oregon-based businesses with applications of geothermal energy.

**Population Research Center (PRC)** – The mission of PRC, located at PSU, is to provide population data, information, and research analysis for Oregon and its communities. In addition, it has the responsibility of acting as the lead state agency in working with the U.S. Census Bureau to disseminate information at local levels.

**Institute for Natural Resources (INR)** – A cooperative enterprise at OSU bringing the scientific knowledge and expertise of Oregon’s public universities and other Oregon higher education institutions to bear on natural resource management. The enacting legislation states that INR shall: (a) serve as a clearinghouse for scientifically based natural resources information; (b) provide scientifically based natural resources information to the public in integrated and accessible formats; (c) coordinate efforts with other state agencies and bodies to provide natural resources information to the public in a comprehensive manner; (d) facilitate and conduct research; and (e) provide information and technical tools to assist decision- making on natural resources issues.

**Clinical Legal Education** – This program provides funding to any accredited public or private institution of higher education within Oregon which provides clinical legal services to victims of domestic violence, stalking or sexual assault. Distribution of the funds is on an application basis. OAR 715-013-0060 has been adopted to assist with establishing the eligibility for and distribution of these funds. It is anticipated that the University of Oregon will receive all funds for this program for the upcoming biennium as they are the only eligible institution. Lewis and Clark had previously been eligible but no longer offers eligible services.

**Oregon Climate Change Research Institute (OCCRI)** – The Institute facilitates research, serves as a climate change information clearinghouse, provides technical assistance, and at least once each biennium, assesses the state of climate change science as it relates to impacts on Oregon. OCCRI is housed within the OSU College of Oceanic and Atmospheric Sciences (COAS).

**Willamette Falls Locks Commission** – Pursuant to SB 256 (2017), Oregon Solutions facilitated the Commission to advise state, local, and regional government agencies on the development and implementation of a plan for repair, reopening, operation, and maintenance of the Willamette Falls navigation canal and locks. This funding is distributed to PSU on behalf of Oregon Solutions.

**Agricultural Channel Habitat Complexity Study** – Originally authorized by HB 2437 (2019), this is funding for OSU to study the benefits and impacts of maintenance activities on habitat complexity and other biological parameters in traditionally maintained channels.

<b>Table 9: 2023-25 Funding for Targeted/One-Time State Programs</b>			
<b>Program</b>	<b>Source</b>	<b>University</b>	<b>Amount</b>
Strong Start Program	HB 5025	All	6,792,143
Cybersecurity Center for Excellence	HB 2049	PSU	4,900,000
Low Carbon Fuel Study	HB 3409	OSU	3,000,000
Wildfire Risk Map	SB 80	OSU	846,173
Chewaucan River Watershed Mgt	HB 2010	OSU and PSU	570,000
Just Futures Institute, Equitable Water Access	SB 5506/ SB 5701	UO	1,500,000
Outdoor Recreation	HB 3410	OSU	500,000
Juniper Removal Program	HB 2010	OSU	365,000
AgriStress Hotline	SB 955	OSU	300,000
Hiring Students at Nonprofits (Pilot)	HB 2802	EOU and PSU	294,206
Oregon Climate Service	SB 5506	OSU	250,000
Project Rebound	SB 5506	PSU	195,000
Statewide Water Conference	SB 5506	OSU	100,000
Ctr for Women's Leadership (2024 RS)	SB 5701	PSU	500,000
Student Scholarships (2024 RS)	SB 5701	OSU	10,000,000
In-Prison Courses (2024 RS)	SB 5701	PSU	126,000
Semiconductor Research (2024 RS)	SB 5701	OIT, OSU, PSU, UO	6,644,296
Behavioral Health Workforce (2024 RS)	HB 5204	EOU, OIT, PSU, SOU, WOU	4,000,000
<b>Total</b>			<b>\$40,882,818</b>

Descriptions and more detailed information for each of the targeted or one-time state programs can be found in the sponsoring legislation noted in Table 9.



## Statewide Public Service Programs (SWPS)

Most of the funding for these programs is provided in the HECC's budget bill, which is HB 5025 (2023 regular session). These programs, all housed at OSU, provide extensive public service and community outreach throughout Oregon with a presence in all 36 counties, particularly in rural areas and for natural resource industries and issues.

Funding during 2023-25 is at CSL plus \$10 million. The additional amount was allocated to the services proportionally after accounting for building maintenance funding which leads to a larger increase for the experiment station when compared to the others. Table 10 provides a summary of funding for all the services.

<b>Table 10: Funding for Statewide Public Services</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Agricultural Experiment Station	80,766,085	97,016,982	16,250,897	20%
Extension Service*	118,159,544	112,426,581	(5,732,963)	(5%)
Forest Research Laboratory	12,095,480	13,824,523	1,729,043	14%
<b>Total</b>	<b>\$211,021,109</b>	<b>\$223,268,086</b>	<b>\$12,246,977</b>	<b>6%</b>
*Includes funding for the Outdoor School Program.				

**Agricultural Experiment Station** – The principal agricultural research agency in the state as part of the land-grant mission of OSU. Its mission is to conduct research in the agricultural, biological, social, and environmental sciences for the benefit of all Oregonians.

**Extension Service** – The Extension Service connects Oregonians to science-based expertise, education and partnerships relating to public health, agriculture, forestry, natural resources, and community development. Two well-known partnerships are 4-H and the Outdoor School Program. Table 11 summarizes one-time funding, outside the HECC's budget, added for the Extension Service for 2023-25.

<b>Table 11: 2023-25 One-Time Funding for Extension Service*</b>		
<b>Program</b>	<b>Source</b>	<b>Amount</b>
Small Farms and Community Food Systems	HB 2010	5,085,581
Center for Outdoor Recreation Economy	HB 3410	3,000,000
Vine Mealy Bug Suppression	SB 5506	135,000
Wildfire Risk Map	SB 80	30,000
<b>Total</b>		<b>\$8,250,581</b>
*Included in 2023-25 total for Extension Service in Table 10.		

**Forest Research Laboratory** – Oregon's original research agency designed to help solve programs, create opportunities, and develop new understanding and innovation about forest ecosystems, forest management, and forest-derived renewable materials.

## Lottery Fund Programs

The Oregon Lottery was created by voters in 1984. Proceeds from lottery games fund several state government programs. Two of them, the Sports Lottery Scholarship Program and the Outdoor School Program, are components of public university support. Funding for the Sports Lottery Scholarship Program increased \$1.8 million or 11%.

Funding for the Outdoor School program was increased to \$56.4 million during the 2023 legislative session but then decreased by \$20 million during the 2024 legislative session due to an available balance of \$29 million resulting from reduced spending during the pandemic. Based on existing projections from the program staff, the offset provides sufficient funding to maintain current programming as well as to support one-time improvement grants to Outdoor School partners. Table 12 provides a summary.

<b>Table 12: Funding for Lottery Funds</b>			
	<b>Sports Lottery</b>	<b>Outdoor School</b>	<b>Total</b>
EOU	3,172,762	-	3,172,762
OIT	3,172,762	-	3,172,762
OSU	1,339,014	36,406,064	37,745,078
PSU	2,960,867	-	2,960,867
SOU	3,172,762	-	3,172,762
UO	1,339,014	-	1,339,014
WOU	3,172,762	-	3,172,762
<b>Total, 2023-25</b>	<b>\$18,329,943</b>	<b>\$36,406,064</b>	<b>\$54,736,007</b>
Total, 2021-23	16,514,607	49,418,728	65,933,335
Variance	1,815,336	(13,012,664)	(11,197,328)
	11%	(26%)	(17%)

**Sports Lottery** – Resources provided to support athletic programs and student scholarships. As outlined in ORS 461.543, 88% of all available funding shall be spent to fund athletic programs. Of that amount, 70% shall be for non-revenue producing sports with 30% for revenue producing sports with at least 50% of the total reserved for women’s athletics. The remaining 12% shall be spent on scholarships, equally split between merit-based and need-based.

**Outdoor School** – Programs offered through the Outdoor School build self-sufficiency and leadership skills, help students understand the interdependence of Oregon's rural and urban areas and develop critical thinking skills, and improve school attendance and retention rates. These programs aim to improve student achievement in the areas of science, technology, engineering, and mathematics through direct, hands-on experience, which is shown to strongly influence learning and career choices.

## Support for OHSU

OHSU has four public missions: education, clinical care, research, and statewide outreach. The university educates the next generation of health care professionals and biomedical scientists by offering professional degrees in dentistry, nursing, medicine, pharmacy (OHSU/OSU), and other health professions. It also educates a large number of interns, residents, and fellows in over 80 accredited specialty programs in medicine and dentistry.

Total support funding for OHSU grew \$11.8 million (9%) to \$140.8 million during 2023-25 as noted in Table 13. OHSU's programs were funded at CSL with exceptions and additional programs explained below.

<b>Table 13: Funding for OHSU</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Education and General	68,585,382	74,003,628	5,418,246	8%
30 x 30 x 2030 Plan	45,000,000	43,155,511	(1,844,489)	(4%)
Child Dev & Rehab Center	9,010,678	9,722,149	711,843	8%
Oregon Poison Center	2,883,418	4,011,089	1,127,791	39%
Oregon Child Integrated Dataset (OCID)	2,000,000	2,000,000	-	0%
Statewide Behavioral Capacity Dashboard (OBCC)	1,500,000	5,400,000	3,900,000	260%
Oregon Perinatal Collaborative (OPC)	-	1,000,000	1,000,000	100%
Area Health Education Center	-	1,500,000	1,500,000	100%
<b>Total</b>	<b>\$128,979,478</b>	<b>\$140,792,377</b>	<b>\$11,812,899</b>	<b>9%</b>

OHSU receives state funding for its education and general mission, which includes support for the School of Medicine, School of Nursing, and School of Dentistry. In total, this is noted as education and general funding in Table 13. OHSU allocates the funding internally as appropriate.

The 30 x 30 x 2030 Plan involves increasing the number of graduates in key health care professions programs (including nurses, clinical psychologists, physicians, physician assistants, public health leaders, and human nutritionists) by 30% and ensuring that 30% of its learners are from underrepresented populations by the year 2030. Of the \$45 million in funding appropriated during 2021-23, \$20 million annually will be used to expand capacity for ongoing health care education and pathway programs; the remaining one-time funding of \$25 million was used to establish the OHSU Opportunity Fund to provide tuition assistance and loan repayment to learners from underrepresented communities. For 2023-25, CSL was added to the \$40M in continuing funding which totals the \$43.1 million noted in Table 13.

The Child Development and Rehabilitation Center (CDRC) combines clinical excellence with innovative research to provide the best care for children with special health needs. The staff specialize in diagnosis, assessment, and intervention related to disorders affecting development. Funding for 2023-25 is at CSL.

An additional \$900,000 was provided to support the Oregon Poison Center to maintain its current level of service in light of the reduction in federal reimbursement rates for the State Children's Health Insurance Program from 97.8 percent to 72.2 percent. The Oregon Poison Center provides continuous, free emergency help for poisonings through its toll-free telephone number. It serves residents of Oregon, Alaska, and Guam.

Ongoing support was provided for the Oregon Child Integrated Dataset (OCID), which includes child-related data from a variety of sources. This collaborative effort includes data from the Oregon Health Authority, Department of Human Services, and the Oregon Department of Education. OHSU will be working with the Oregon Longitudinal Data Collaborative (OLDC) within the HECC Office of Research and Data on this effort.

Funding of \$5.4 million was provided to continue state support of the Oregon Behavioral Health Coordination Center (OBCC) at OHSU. Of this amount, \$1,400,000 is one-time funding. OBCC serves as a hub for information regarding acute and residential behavioral health services across Oregon. The Center includes a tool providing real-time data on facility capacity and available placement options for behavioral health patients.

Funding of \$1 million was provided on a one-time basis to distribute to the Oregon Perinatal Collaborative (OPC) for the purpose of decreasing maternal and infant mortality and morbidity with a focus on equity and decreasing disparities in maternal and infant health outcomes in urban and rural areas across Oregon.

Outside of the HECC's budget bill, additional funding was provided for the Area Health Education Center program. SB 490 provides \$1.5 million for the Area Health Education Center program to support the Oregon Academy of Family Physicians in promoting family medicine residency training programs, increasing training for residents in maternal and reproductive health care, and for developing programming for family medicine residency training programs.

## Support for Community Colleges

Total institutional support funding for the community colleges grew \$95.5 million or 13% to \$814.5 million during 2023-25 as noted in Table 14. Community college funding primarily flows through the following programs:

1. **Community College Support Fund (CCSF)** – The CCSF is the state’s primary direct funding contribution for college operations which is largely allocated to institutions via a distribution model. More detailed information about the model is included in the next section of this report. A small amount of timber tax funding, based on expected revenue collections, is distributed to the colleges and noted as other funds (OF). For 2023-25, the CCSF was funded at a total of \$800 million, which includes funding for the Skills Centers and First-Generation Grants. This is \$31.5 million more than CSL. More information can be found in Table 15.
2. **DOC Education Services** – This program includes funding from the Department of Corrections (DOC) to the HECC for distribution to the colleges who provide educational services for adults in custody. It was funded at CSL for 2023-25.
3. **Skills Centers and First-Generation Grants** – This program includes funding for the Margaret Carter and Sabin Schellenberg Skills Centers as well as funding for first generation student grants and is funded at CSL for 2023-25.
4. **Other Support** – This includes funding for other programs that are specific to the biennium in which they are appropriated as detailed in Table 16.

<b>Table 14: Funding for Community Colleges</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
CCSF – GF	699,022,295	795,605,543	96,583,248	14%
CCSF – OF	151,126	98,626	(52,500)	(35%)
DOC Education Services	10,370,459	10,864,866	494,407	5%
Skills Centers and First-Generation Student Grants	4,020,268	4,394,457	374,189	9%
Other Support	5,444,312	3,535,704	(1,908,608)	(35%)
<b>Total</b>	<b>\$719,008,460</b>	<b>\$814,499,197</b>	<b>\$95,490,737</b>	<b>13%</b>

## Community College Support Fund (CCSF)

State funding appropriated within the CCSF includes categorical funding for a number of set aside programs as well as funding for the community college distribution model. The distribution model includes a base payment for each of Oregon's 17 colleges and then allocates the remaining funding based on enrollment using a three-year average. Enrollment funding is equalized across local and state funding sources.

There are currently four set asides with two more beginning in FY2025. The two new set asides result from a formula review process that concluded in spring 2023. Funding for the set asides is taken off the top of the CCSF and summarized in Table 15. The set asides include:

- **Corrections** – Funding that allows adults in custody to take community colleges courses while incarcerated. The allocation changes by the same percentage as the overall CCSF.
- **Contracts Out of District (COD)** – Funding that allows students not in a service district to take courses in a neighboring district. The offering district is reimbursed based on the average formula funding per FTE.
- **Distance Learning** – Funding to increase the capacity and quality of distance learning programs in all districts. The allocation changes by the same percentage as the overall CCSF.
- **Strategic Fund** – Funding for statewide initiatives and for the colleges to meet new legislative requirements. The HECC established the percentage of CCSF, currently 0.75%, used for the fund.
- **(New) Student Support** – Funding to provide additional resources to support traditionally underrepresented students who have faced the highest barriers to success. The amount will eventually be 5% of the total CCSF.
- **(New) Student Success** – Funding to incentivize progression toward and completion of credentials in alignment with existing state higher education goals. The amount will eventually be 5% of the total CCSF.

<b>Table 15: Community College Support Fund</b>				
	<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Corrections	2,463,268	2,803,616	340,348	14%
COD	300,000	300,000	-	-
Distance Learning	2,004,917	2,281,934	277,017	14%
Strategic Fund	5,242,667	5,967,042	724,375	14%
Student Support	-	7,500,000	7,500,000	100%
Student Success	-	5,000,000	5,000,000	100%
Distribution Model	689,011,443	771,752,952	82,741,509	12%
<b>Total</b>	<b>\$699,022,295</b>	<b>\$795,605,543</b>	<b>\$96,583,248</b>	<b>14%</b>

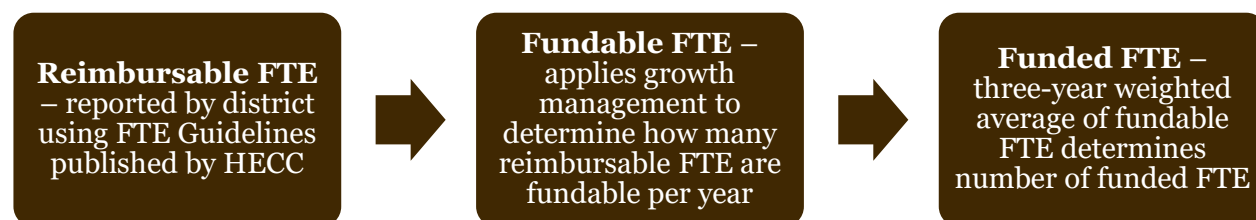
Funding for the set asides is distributed via grant agreement throughout the biennium. Funding for the distribution model is distributed in eight payments with five in the first year of the biennium and three in the second year of the biennium. Two of the eight payments in the first year occur in the first quarter of the biennium. There is no payment in the last quarter of the biennium. Any remaining set aside funding at the end of the biennium is allocated to the colleges through the distribution model.

The enrollment data for the three-year average is updated every fall and property tax information is updated at the end of each calendar year after the amount of property taxes to be assessed is determined. The distribution model is updated after both enrollment and property taxes are updated. Any difference between the preliminary and updated allocations are calculated and then amortized throughout the remaining payments.

Specific calculations and current data related to the distribution model can be found on the HECC's website within the pages for the Office of Postsecondary Finance and Capital. The administrative rules are codified in OAR 589-002-0120 (and related rules) defining the allocation of the Community College Support Fund (CCSF) including the set asides and the distribution model.

### **Funded FTE**

The community college distribution model includes two components: a base payment and equalized enrollment funding. Both are based on the number of funded FTE which is the weighted average of fundable FTE during the last three academic years. Fundable FTE are the number of reimbursable FTE that are eligible after applying the growth management component.



One reimbursable FTE is defined as 510 clock hours of instruction (which is 34 weeks in three terms times 15 hours per week). The FTE Guidelines stipulate that reimbursable courses are those taught in Oregon to residents of Oregon and neighboring states excluding hobby or recreation courses. An annual audit is conducted by CCWD to ensure compliance.

The Growth Management Component (GMC) is applied to the number of reimbursable FTE for each college. The GMC is intended to prevent erosion in the level of funding per FTE. It does not apply to colleges with an enrollment of less than 1,100 FTE. It compares reimbursable FTE to prior year data to determine each college's fundable FTE. The GMC calculations are outlined in OAR 589-002-120 (6) (c).

The number of fundable FTE is then weighted using a three-year average with 40% based on the most recent year and 30% based on each of the two years prior. This determines the number of funded FTE for each college which is then used in the calculations for the two components.

## **Base Payment**

The base payment ensures a minimum level of funding for essential district operations related to fixed costs that do not change based on enrollment. It increases funding stability and predictability for the colleges. A small college supplement is included based on enrollment.

The base payment for each college is calculated using a flat rate of \$1,047 (for FY2024) per funded FTE up to 1,100 FTE with the rate adjusted for inflation over time. For those colleges with less than 1,100 funded FTE, currently three, an additional amount is added which is the difference between 1,100 funded FTE and the actual funded FTE multiplied by half the flat rate. This is the preliminary base payment. The preliminary payment is then multiplied by the size factor (noted in Appendix C) to derive the final base payment for each college.

## **Equalized Enrollment Funding**

Enrollment funding is allocated by the relative proportion of funded FTE for each college. There are two steps involved. The first involves calculating the total public resources (TPR) available for distribution by adding the property tax revenue for all colleges to the available CCSF revenue and subtracting the total of base payments. Property tax data is collected from each college annually.

The second step is to apply the proportion of funded FTE for each college to the TPR available for distribution. This results in the TPR funding for the college. Then, the property tax revenue for the college is subtracted. This leaves the equalized enrollment funding the college will receive through the distribution model.

In general, state funding makes up about 60% of the TPR with property taxes accounting for the rest. This varies by college with some colleges contributing up to 70-80% of TPR through property taxes while some contribute around 20-30%. Property tax assessments across all 17 colleges have increased 19% in the five-year period from 2018 through 2022.

## **Intercept Payments**

Certain distributions made throughout the biennium are impacted by intercept payments which are related to debt service for pension obligation bonds issued by the colleges. Under ORS 238.698, the HECC is allowed, pursuant to a funds diversion agreement, to divert a portion of the calculated distribution for a college to the trustee (Wells Fargo and/or US Bank) responsible for the debt service.

The total value of these payments has increased from \$27.5 million in 2018 to \$42.2 million in 2022 representing a 53% increase. All but two of the colleges participate in this program. At least one of the two has issued their own pension obligation bonds separately.

## **Timber Tax Revenue**

The colleges annually receive a small amount of timber tax revenue from the Oregon Department of Revenue. It is distributed in equal shares to all 17 colleges. The revenue is generated by a natural resources tax resulting from logging activity on state lands.



## **Formula Review Process**

A formula review process concluded during spring of 2023. The Community College Support Fund (CCSF) Formula Review Workgroup was charged with the review and examination of Oregon's existing formula for alignment to, and support of, Oregon's higher education goals. The Workgroup was advisory to HECC staff.

The Workgroup included 26 members appointed by college presidents and other stakeholder groups. The HECC hired a third-party facilitator to help engage with Workgroup participants. The Workgroup met 13 times from March 2022 through early February 2023. HECC staff provided public updates to the Commission during nine meetings of its Funding and Achievement (F&A) subcommittee from August 2021 through December 2022, and made recommendations at the February 2023 meeting. Rule amendments were adopted by the Commission at its June 2023 meeting.

The Workgroup provided a range of important perspectives that inform the HECC's recommendations. Members reached common ground on the need to focus more on underserved student populations which includes adult learners, those pursuing career and technical workforce education, and those who typically experience the highest barriers to success. Workgroup members recognized the formula could be more student-centered in its alignment with the state's existing adult attainment goal and for equitable student success.

Workgroup members developed a framework that maintains much of the existing design while adding two, student-focused components: one for student support and one for student success. The four populations prioritized within both components include low-income learners, adult learners, career/technical workforce education seekers, and traditionally underrepresented learners as identified by race/ethnicity. Once fully implemented, HECC recommends distributing ten percent of total funding through these two, additional components.

Informed by the Oregon Equity Lens and in an effort to counteract potential unintended consequences, the proposed formula incentivizes credential completions by prioritized populations in the student success component of the formula while also providing necessary support funding up front. The recommendations build on the strengths of the current formula, align with state higher education goals, and center equitable student success.

The result is that redistributing funding based on prioritized equity populations will provide additional funding of approximately twelve percent per student based on initial calculations. The current distribution model does not address equitable outcomes or success in any way based on student characteristics. The proposed model is a modest step toward a more equitable approach that strikes a balance between providing sufficient funding to enable state goal aligned institutional behavior while avoiding unintended consequences.

## DOC Education Services

This program includes funding from the Department of Corrections (DOC) via an interagency agreement to the HECC for distribution to the colleges who provide educational services for adults in custody in DOC facilities. This program began during the 2021-23 biennium.

It was a new arrangement agreed to in 2021 where DOC no longer has a direct financial relationship with the colleges who provide these services. Instead, DOC transfers the funding through the agreement with HECC and HECC provides payments to the community colleges.

For 2023-25, the funding of \$10.9 million is slightly higher than the general rate of CSL inflation to reflect the expected actual cost.

## Skills Development Centers

This program includes funding for the two Skills Centers in the Portland metro area. Funding for 2023-25 is at CSL with \$351,557 appropriated for each center. The centers are:

- The Sabin-Schellenberg Professional Technical Center in Milwaukie, founded in 1967, provides opportunities to the students of North Clackamas School District and currently serves approximately 3,500 students in grades 9 through 12 who attend classes in career and technical education from farm to work at one of three campuses.
- The Margaret Carter Skills Center at PCC, founded in 1989, assists unemployed and underemployed, learners in becoming more self-sufficient by providing educational and occupational training to meet and match labor market opportunities. Those served are mostly adults who may have experienced the criminal justice system, may have dependents, may have not completed a GED, and are disproportionately students of color.

## First Generation Student Grants

As required by HB 3063 (2015), funding is provided for a grant program to increase the number of underserved, low-income, and first-generation college-bound students who enroll in community college and make progress toward a degree or a certificate. The grants can be used for services designed to increase student enrollment, retention and degree/certificate completion, including counseling programs, college initiatives, advising services, and assistance in obtaining financial aid. Funding for 2023-25 is at CSL totaling \$3.7 million.

## Other Support

This program includes funding for certain projects that are separate and distinct from the other programs because they are discrete, one-time projects appropriated as a result of funding availability. Five projects were funded in 2021-23 as noted in Table 16.

For 2023-25, this program includes \$180,000 in one-time funding for distribution to PCC, Chemeketa, Treasure Valley, and Central Oregon community colleges to provide bridge funding for delivery of college-in-prison courses for the 2023-24 academic year. This is related to Pell grant eligibility becoming available to those incarcerated students who meet the eligibility criteria. In addition, both PCC and Mt Hood CC were awarded just under \$1.7 million each in funding related to programs necessary to build the semiconductor career pipeline.

<b>Table 16: Funding for Other Support</b>			
<b>Project</b>	<b>Institution</b>	<b>2021-23</b>	<b>2023-25</b>
Renewable Energy Programs	Treasure Valley	2,500,000	-
Well Drilling Equipment	Klamath	975,000	-
Fire Training Tower	Southwest Oregon Coast	755,000	-
Land Movement Reparation	Umpqua	636,812	-
Takena Hall Elevator	Linn-Benton	577,500	-
Semiconductor Career Pipeline Funding	PCC		1,677,852
	Mt Hood		1,677,852
College in Prison Courses	Chemeketa	-	72,000
	PCC	-	36,000
	Treasure Valley	-	36,000
	Central Oregon	-	36,000
<b>Total</b>		<b>\$5,444,312</b>	<b>\$3,535,704</b>

## Capital Construction Projects

The Oregon Legislature can authorize state-issued bonds for capital investments in community college and public university construction projects. Within Article XI of the Oregon Constitution, there are three types of state-backed, general obligation bonds available for higher education capital projects. These include XI-F (1) bonds for public universities only, XI-G bonds for community colleges and public universities, and XI-Q bonds for public universities only.

- **XI-F (1)** bonds are backed by university revenues and can be utilized for non-E&G projects. The university pays the debt service for these bonds. These are often used for auxiliary projects. The HECC is responsible for conducting a revenue sufficiency analysis for each project funded with these bonds.
- **XI-G** bonds are matching bonds wherein the institution must provide a 1:1 match and are restricted to higher education institutions with the State paying the debt service.
- **XI-Q** bonds have no matching requirement, are restricted to state-owned buildings, and the State pays the debt service.

Occasionally the state will provide capital funding using other sources. This could include direct revenue program debt like lottery bonds in which dedicated lottery revenues pay the debt service. Or it could include direct appropriations which often involve smaller projects with funds dispersed via grant agreement that do not incur debt on behalf of the state. Any projects funded by direct appropriations are accounted for elsewhere in this report.

For 2023-25, the Legislature approved \$373.2 million in state-issued bonds for nine new projects. Table 17 summarizes how that compares to the prior biennium.

<b>Table 17: Bond Funding for New Capital Construction</b>					
<b>Type of Bond</b>		<b>2021-23</b>	<b>2023-25</b>	<b>Variance</b>	
Colleges	XI-G	32,500,000	37,500,000	5,000,000	15%
Universities	XI-G, XI-Q	362,905,100	325,513,551	(37,391,549)	(10%)
Universities	XI-F (1)	113,000,000	10,200,000	(102,800,000)	(91%)
<b>Total</b>		<b>\$508,405,100</b>	<b>\$373,213,551</b>	<b>(\$135,191,549)</b>	<b>(27%)</b>

Table 18 summarizes the investment by project, type of bond, and by sector. This includes \$100 million for Capital Improvement and Renewal (CIR) funding for the public universities. The CIR allocation is shared among all the public universities based on a distribution framework of adjusted gross square feet and the weighted density of students, faculty, and staff. Four new projects are included for the universities with five new projects for the community colleges.

<b>Table 18: 2023-25 New Capital Construction Projects</b>		
<b>Bond Type</b>	<b>Project</b>	<b>Amount</b>
XI-G	Lane CC – Science Building Improvements	8,000,000
XI-G	SW Oregon CC – SUCCESS Project	8,000,000
XI-G	Columbia Gorge CC – Renovation for Student Safety, Access, and Success	5,500,000
XI-G	Umpqua CC – Welcome/Health Science Center	8,000,000
XI-G	PCC Rock Creek – Campus Building Replacement	8,000,000
	<b>Total, Community Colleges</b>	<b>37,500,000</b>
XI-Q	Capital Improvement and Renewal (CIR)	100,000,000
XI-G, XI-Q	UO – Friendly Hall Renovation	72,718,650
XI-G	OSU – Collaborative Innovation Complex	71,975,000
XI-G, XI-Q, XI-F (1)	PSU – Vernier Science and Gateway Center	58,863,750
XI-Q	OIT – Geothermal System Emergency Renovation	17,956,151
XI-Q	SOU – Central Hall Renovation	6,000,000
XI-F (1)	PSU – Smith Memorial Student Union	8,200,000
	<b>Total, Public Universities</b>	<b>335,713,551</b>

Table 19 lists those community college projects that the Legislature reauthorized for the 2023-25 biennium. This allows the colleges more time to raise matching funds for Article XI-G bonds. The effort to raise matching funds may require voter referendums or other activities.

<b>Table 19: Reauthorized Capital Construction Projects</b>		
<b>Bond Type</b>	<b>Project</b>	<b>Amount</b>
XI-G	Central Oregon CC – Redmond Classroom Building	4,000,000
XI-G	Chemeketa CC – Building 7 Remodel	8,000,000
XI-G	Clatsop CC – Maritime Science Building	7,900,000
XI-G	Klamath CC – Childcare Learning Complex	1,500,000
XI-G	Oregon Coast CC – Workforce Ed and Resiliency Ctr	8,000,000
XI-G	Rogue CC – Transportation Tech Complex	7,000,000
	<b>Total, Community Colleges</b>	<b>36,400,000</b>

## **Project Descriptions**

**Lane CC – Science Building Improvements** – This renovation project will bring existing science labs up to current standards improving safety and physical access while reducing deferred maintenance issues.

**SW Oregon CC – SUCCESS Project** – This renovation project will address current buildings to combine student services to improve collaboration, relocate the library for equitable access and safety, and establish a student union where diverse individuals can engage in activities.

**Columbia Gorge CC – Renovation for Student Safety, Access, and Success** – This renovation project will foster student access, success, and safety and will address seismic resiliency, ensure ADA compliance, expand hybrid learning technologies, and improve campus safety. Multiple buildings are involved.

**Umpqua CC – Welcome/Health Science Center** – This renovation project creates a Welcome Center by consolidating multiple student services in one easily accessible location. It also creates a Medical Careers Training Hub to address critical workforce needs in the region.

**PCC Rock Creek – Campus Building Replacement** – This project involves the replacement of Rock Creek Campus Building 2 which has been identified as a priority. The building is at the end of its service life span and offers little flexibility for program growth.

**Capital Improvement and Renewal** – Capital improvement projects address deferred maintenance, code compliance, safety issues, and Americans with Disabilities Act (ADA) accessibility improvements for campus facilities.

**UO – Friendly Hall Renovation** – This renovation project addresses seismic, accessibility, efficiency, and code concerns. A Global Studies hub will be created as part of the project to include an academic/career support center anticipated to serve over 400 students.

**OSU – Collaborative Innovation Complex (CIC)** – The CIC is a replacement facility supporting research and education for materials science, computation, artificial intelligence, engineering and robotics. The project involves installing a world-class supercomputer and demolishing Weniger Hall removing \$70 million in deferred maintenance.

**PSU – Vernier Science and Gateway Center** – Funding for this project allows PSU to complete the Vernier Science Center and the Gateway Center for art and design. Both are existing renovation projects funded with state-backed bonds.

**OIT – Geothermal System Emergency Renovation** – This project funds the renovation of the geothermal wells that provide heating and electricity for OIT's Klamath Falls campus.

**PSU – Smith Memorial Student Union** – This project will address critical deferred maintenance issues including the replacement of air circulation fans that serve a majority of the building's heating and cooling needs, a roof repair/replacement, and replacement of elevators for better accessibility.

**SOU – Central Hall Capital Improvements (Phase II)** – this is funding to complete the renovation of Central Hall. Phase I was for work on the ground (second) floor. Phase II will complete work on the basement and top (third) floor and will complete building wide system upgrades.

## Debt Service

This funding provides for debt service payments on state issued bonds. Some bonds (XI-Q and Lottery) have debt service paid solely by the state, some are paid by a mix of state and institution revenues (XI-G), and yet other types (XI-F) are paid solely by the institution.

Total debt service, including debt service paid entirely by the institutions for state-issued bonds, increased by 14% to \$603.5 million for 2023-25. The general and lottery fund share combined amounts to 61% of total debt service during 2023-25 with details included in Table 20.

This information is for state-backed bonds only and does not represent the total outstanding debt service for the institutions. Total long-term liabilities noted in their annual financial reports will include other liabilities. As a result, the total liabilities reported in the institutions' annual financial reports will not tie to the numbers noted here.

<b>Table 20: Funding for Debt Service</b>				
	<b>General Fund</b>	<b>Lottery Fund</b>	<b>Other Funds</b>	<b>Total</b>
Community Colleges	39,658,732	11,821,800	1,055,000	52,535,532
Public Universities	257,895,787	32,960,086	225,785,396	516,641,269
OHSU	23,575,130	-	10,770,580	34,345,710
<b>Total, 2023-25</b>	<b>321,129,649</b>	<b>44,781,886</b>	<b>237,610,976</b>	<b>603,522,511</b>
Total, 2021-23	277,140,559	44,119,189	197,824,211	519,083,959
Variance	43,989,090	662,697	39,786,765	84,438,552
	16%	2%	20%	16%

## Appendix A - Glossary and Common Acronyms

**Agency Requested Budget (ARB)** – An agency’s requested biennial budget submitted to the Governor by August 30 of every even numbered year.

**Biennium** – A two-year fiscal period. Oregon approves a “biennial budget” every two years. It consists of two annual budgets, one for each fiscal year. The biennium runs from July 1 of an odd-numbered year to June 30 of the next odd- numbered year.

**Budget Note** – A legislatively expressed direction to a state agency or other part of state or local government to undertake certain activities, included in the budget report for a budget bill.

**Budget Report** – The document, prepared by the staff of the Joint Committee of Ways and Means, providing further details on how funds appropriated through a budget bill are to be spent.

**Current Service Level (CSL)** – A budgetary term that refers to any budget proposal which requests future funding for service provision “at the current level.” The Current Service Level will reflect changes due to inflation, labor contract changes, caseload changes, and any other changes required to continue to provide the same level of service. Beginning with this biennium, the universities have a separate CSL calculation developed in concert with the Legislative Fiscal Office.

**Debt Service** – Cash that is required for a particular time period to cover the repayment of interest and principal on a debt incurred by an institution. Debt service can be incurred and paid by via institutions, general fund or lottery funds.

**Distribution** – A quarterly disbursement of funds to institutions in concert with the rules set out via the SSCM and other specific legislative direction, operated in concert with OAR 715-013-0005.

**Fiscal Year (FY)** – The 12-month period beginning July 1 and ending June 30, used by the state government for accounting purposes. Fiscal year designation is based on the year in which it ends [e.g., fiscal year 2019 (FY 2019) runs from July 1, 2018 - June 30, 2019.]

**General Fund** – Fund used to account for all assets and liabilities of the state of Oregon except those particularly assigned for other purposes in another more specialized fund. It is the primary funding vehicle for public universities.

**Governor’s Recommended Budget (GRB)** – The recommended biennial budget of the Governor, released in December of every even numbered year.

**Higher Education Coordinating Commission (HECC)** – The body established by ORS 350.050 and appointed by the Governor for the purposes of coordinating and promoting higher education, workforce development and other related initiatives.



**Inflation** – Defined as the annual change in the Consumer Price Index (CPI) for the Western region of the United States as determined by the Bureau of Labor Statistics.

**Joint Committee on Ways and Means** – The primary budget writing committee of the Oregon Legislature, responsible for passing all budgets and jointly chaired by one member each from the majority party from the Oregon House and the Oregon Senate.

**Legislatively Approved Budget (LAB)** – The budget approved by the Oregon legislature, largely on a biennial basis.

**Lottery Funds** – Funds generated from proceeds from the Oregon State Lottery. Designated for specific purposes as outlined by Article XV, Section 4 of the Oregon Constitution such as Sports Lottery, Outdoor School and capital construction.

**Oregon Health Sciences University (OHSU)** – An independent corporation and institution of higher learning as established by ORS 353.020.

**Oregon University System (OUS)** – The former governing body for Oregon’s universities, abolished effective July 1, 2015 and primarily replaced by the HECC and the public universities.

**Public University** – Any institution of higher learning as defined in ORS 352.002, including; the University of Oregon (UO), Oregon State University (OSU), Portland State University (PSU), Oregon Institute of Technology (OIT), Western Oregon University (WOU), Southern Oregon University (SOU), and Eastern Oregon University (EOU). Regional campuses, including Oregon Tech-Wilsonville and Oregon State University-Cascades are considered a component of the parent institution, and not independent institutions.

**Public University State Programs** – Separately funded programs conducted at public universities that further the public service and educational missions of the institution. Provides General Fund support for certain institutes, centers, and programs operated by the public universities that address economic development, natural resource and other issues. Many of these programs have an industry-specific focus, matching state support with funds from private sector and other sources. It also includes any funding for programs designated as “one-time” (only intended to be funded for one biennium) or targeted appropriations which are made to specific programs but are not necessarily limited to one biennium.

**Public University Support Fund (PUSF)** – The primary state funding vehicle for Oregon’s public universities. The PUSF represents the state’s General Fund contribution to the operation of education, student support, research, and public service programs.

**Statewide Public Service Programs (SWPS)** – Oregon State University’s three Statewide Public Service Programs (Extension Service, Agricultural Experiment Station and Forest Research Laboratory) established to improve the lives of Oregonians through discovery, outreach, and learning focused on critical issues of importance to communities throughout the state and the world.

**Student Success and Completion Model (SSCM)** – The vehicle for determining PUSF allocations to the universities. It is split into three parts:

- Mission Support (MS) Funding to support the unique regional, research and public service missions and activities of each university.
- Activity-Based Funding (ABF) distributes resources based on student credit hour (SCH) completions of Oregon resident students at undergraduate and graduate levels.
- Outcomes Based Funding (OBF) rewards degree and certificate completions by Oregon resident students. Completions by underrepresented students (racial/ethnic group, low-income, rural and veteran status) and those in academic disciplines classified as high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula.

**Technical and Regional University (TRUs)** – The four technical and regional universities (EOU, OIT, SOU and WOU), as well as OSU-Cascades for some purposes, each of which offer a full slate of undergraduate and some graduate programs but few doctoral programs, and which primarily serve a specific regional area or technical focus of the state of Oregon.

<b>Common Acronyms</b>	
ARB	Agency Request Budget
CIP	Classification of Instructional Program Codes
CSL	Current Service Level
COFA	Compact of Free Association
DS	Debt Service
E&G	Education and General
EOU	Eastern Oregon University
ETSF	Engineering Technology Sustaining Fund
FF	Federal Funds
FTE	Full-Time Equivalent Student
FY	Fiscal Year
GF	General Fund
GRB	Governor's Recommended Budget
HECC	Higher Education Coordinating Commission
LF	Lottery Funds
LAB	Legislatively Adopted Budget
MS	Mission Support
NCES	National Center for Education Statistics
OBF	Outcomes-Based Funding
OF	Other Funds

<b>Common Acronyms</b>	
OIT	Oregon Institute of Technology
OSU	Oregon State University
OSU CC	Oregon State University – Cascades
OUS	Oregon University System
OHSU	Oregon Health and Science University
PSU	Portland State University
PUSF	Public University Support Fund
RAM	Resource Allocation Model
SCH	Student Credit Hour
SELP	State Energy Loan Program
SHEEO	State Higher Education Executive Officers Association
SOU	Southern Oregon University
SSCM	Student Success and Completion Model
SWPS	Statewide Public Service Programs
TRU	Technical and Regional University
UO	University of Oregon
WICHE	Western Interstate Commission for Higher Education
WOU	Western Oregon University

## Appendix B - Formula Technical Resources

### **Student Success and Completion Model (SSCM)**

Information related to the SSCM can be found online at:

<https://www.oregon.gov/highered/about/postsecondary-finance-capital/pages/university-funding-model.aspx>.

Two rules govern the allocations to the universities by the SSCM. The first, OAR 715-013-0025, describes the data, function, behavior, and calculations of the SSCM. The second, OAR 715-013-0040, describes the degree weights, the cost weights, the area of study bonus, the targeted populations bonus, and the transfer degree discount among other technical details.

### **Community College Distribution Model**

Information related to the community college distribution model can be found online at:

<https://www.oregon.gov/highered/about/postsecondary-finance-capital/Pages/community-college-funding-model.aspx>.

The formula allocation rules for the community college funding model are codified in OAR 589-002-0120 (and related rules) defining the allocation of the Community College Support Fund (CCSF).

### **Distribution Plan**

The Commission's funding distribution plan for the current fiscal year can be downloaded from the same locations as referenced above. Alternatively, it can be requested from the staff of the Office of Postsecondary Finance and Capital (PFC) within the HECC. Contact information is included on the HECC's website in the *Contact Us* section.

The distribution plan contains all appropriations and their amounts distributed to each institution each quarter. The distribution plan is updated as necessary to reflect changing appropriations or changing data used in the formula models. The distribution plan is shared with institutions and state partners alike.

## Appendix C - Institution Size Factors

<b>FTE Count</b>	<b>Size Factor</b>
0-750	1.3513
751-1,250	1.2784
1,251-1,750	1.2062
1,751-2,250	1.1347
2,251-2,750	1.0641
2,751-3,250	1.0108
3,251-3,750	1.0081
3,751-4,250	1.0054
4,251-4,999	1.0027
5,000+	1.0000

