COMPANION TO STATE FUNDING AND FORMULA SUMMARY

2025-27, Historical Background

Companion to State Funding and Formula Summary, 2025-27Historical Background, July 2026. Developed by the Higher Education Coordinating Commission, Office of Postsecondary Finance and Capital.

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EXECUTIVE SUMMARY

This report is a reference document intended to serve as a companion to the State Funding and Formula Summary Report (SFFS). This report contains similar data as the SFFS but for prior years/biennia to provide historical context. Also, like the SFFS, this report is limited to funding for institutional 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.

TOTAL BIENNIAL FUNDING

Appropriated funding for support of Oregon's public institutions of higher education by type for past biennia is shown in Table 1. Institution support funding by sector is shown in Table 1A.

Table 1: Total Biennial Appropriations

Biennium	Institutional Support	Debt Service	Capital Construction	Total Funding
2017-19	1,585,816,261	233,030,455	386,610,786	2,205,457,502
2019-21	1,806,917,300	316,734,802	279,384,997	2,403,037,099
2021-23	2,070,419,860	340,733,434	493,355,100	2,904,508,394
2023-25	2,322,034,229	365,911,535	373,213,551	3,061,159,315
2025-27	2,443,600,502	425,650,761	534,547,853	3,403,799,116

Note: Includes debt service paid by GF and LF sources only. Institution paid debt service is not included.

Table 1A: Institution Support Appropriations

Biennium	Public Universities	Community Colleges	OHSU	Total Funding
2017-19	934,552,834	573,985,995	77,277,432	1,585,816,261
2019-21	1,083,266,542	644,827,267	78,823,491	1,806,917,300
2021-23	1,222,431,922	719,008,460	128,979,478	2,070,419,860
2023-25	1,366,742,656	814,499,196	140,792,377	2,322,034,229
2025-27	1,426,122,941	870,399,998	147,077,563	2,443,600,502

Note: OHSU appropriations prior to 2015-17 come from 2021 OHSU Factbook, page 51.

SUPPORT FOR PUBLIC UNIVERSITIES

Total institutional support funding for the public universities over time is shown in Table 2. This includes funding for the public university support fund (PUSF), state programs, statewide public service programs (SWPS), and sport lottery. **Other support funding, which is for programs specific to the biennium in which they are appropriated, is not included in this report**; however, information on that funding is included in the State Funding and Formula Summary report for the respective biennium. Prior reports may also be known as the Budget Report Summary (BRS).

Table 2: Funding for Public Universities

Biennium	PUSF	State Programs	Statewide Public Services	Sports Lottery	Total
2017-19	736,898,582	41,383,947	148,030,305	8,240,000	**934,552,834**
2019-21	836,898,583	43,351,998	188,916,152	14,099,809	**1,083,266,542**
2021-23	901,071,544	93,824,662	211,021,109	16,514,607	**1,222,431,922**
2023-25	1,024,900,000	100,244,627	223,268,086	18,329,943	**1,366,742,656**
2025-27	1,094,915,684	67,324,286	245,030,046	18,852,925	**1,426,122,941**

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 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.

HISTORY OF THE OREGON PUBLIC UNIVERSITY FUNDING MODEL

In 1929, the Oregon Legislature passed chapter 251 (Oregon Unification Bill), which abolished each school's board of regents and created a single nine-member board to provide oversight to all state supported institutions, the Oregon State Board of Higher Education. In the early 1980's the Oregon

State Board of Higher Education adopted the Budget Allocation Model (BAS). The model was based on other education delivery models, and similarly designed models were used by other states to distribute funding to higher education institutions. Success using this model depended upon consistent state support and moderate changes in enrollment. It included 240 categories of expense and was used to identify funding levels needed.

Prior to 1997, all revenue was pooled and distributed according to the BAS. Beginning in academic year 1999-2000, universities were allowed to keep tuition revenue, and state funds were allocated using an enrollment driven model called the Resource Allocation Model (RAM). The RAM was intended to determine the level of state funding needed to adequately fund instructional costs to be used as a base for the state funding request, as well as to allocate the funding among the institutions. Since state funding never kept up with the determined base, the RAM was generally used for allocation only. The 240 categories of expense used in the BAS were replaced with a 12-cell matrix that represented the cost differences across level and discipline.

There were three components of the RAM:

- Core Component, primarily enrollment driven but recognizes certain fixed costs.
- Mission Component, relating to specific missions of each institution.
- Incentive Component, rewards innovation, reform, cost-effectiveness, and program success using measurable outcomes.

Funding was allocated through two mechanisms: per FTE and targeted programs. The Per FTE basis was calculated using the average cost to educate students and the fundable FTE across the institutions. Targeted programs generally provided funding to support state policy decisions and mission related programs (i.e., regional support, engineering, research, SWPS).

Beginning in June 2014, the HECC convened a workgroup of representatives from each of the seven public universities, as well as faculty and student leadership, to develop an outcomes-based funding model to allocate the Public University Support Fund (PUSF). The process concluded with adoption of administrative rules by the HECC in April 2015, operationalizing the Student Success and Completion Model (SSCM) for implementation in the 2016 fiscal year. There was a four-year phase in period that was completed in FY2019.

The SSCM was designed around the following principles to:

- Reflect the HECC's strategic plan and Equity Lens.
- Focus on student access and success with an emphasis on underrepresented populations.
- Encourage high demand/high reward degrees.
- Recognize/reward differentiation in institutional mission and scope.
- Use clearly defined, currently available data.
- Maintain clarity and simplicity.

- Utilize a phase-in period to ensure stability, beginning with 2015-17 biennium.

The SSCM is comprised of three funding categories:

1. Mission Support (MS) Funding supports the unique regional, research and public service missions and activities of each university.
2. Activity-Based Funding distributes resources based on student credit hour (SCH) completions of Oregon resident students at both the undergraduate and graduate levels.
3. Completion Funding rewards degree and certificate completions by Oregon resident students. Completions by underrepresented students (underrepresented minority, low-income, rural and veteran status) and those in academic disciplines in high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional resources by the allocation formula.

During the creation of the SSCM, the commitment was made to undertake a formula review every five years. The first review process began in the summer of 2019 with the creation of a formula advisory workgroup to advise HECC staff. HECC staff made recommendations to the Commission during its November 2020 funding and achievement subcommittee meeting.

The work group was charged with considering several issues including simplifying and modernizing elements of the formula, exploring possible policy improvements, and evaluating the effectiveness of the data elements included in the formula calculations. Both equity and affordability considerations helped guide deliberations.

As a result of the 2020 review, the policy priorities of the formula remain unchanged. It remains outcomes-based with a focus on Oregon residents while prioritizing undergraduate education, recognizes the unique missions of the institutions while ensuring regional access, and continues to focus on underrepresented populations in the pursuit of equity. Table 3 includes a summary of allocations by university over time.

Table 3: SSCM Allocations by University

University	2022	2023	2024	2025	2026
EOU	21,507,563	22,193,485	23,230,779	24,119,191	25,406,242
OIT	28,310,747	32,136,328	34,256,343	35,944,412	36,765,157
OSU	140,974,517	147,324,334	159,156,115	168,670,164	176,265,990
PSU	110,825,596	113,641,551	119,822,965	119,144,439	117,427,196
SOU	25,959,998	26,497,548	27,495,219	28,317,282	28,651,893
UO	82,711,238	85,623,888	92,420,796	98,962,469	104,473,104
WOU	30,710,343	31,582,867	33,070,673	34,272,602	34,734,731
Total	441,000,002	459,000,001	489,452,890	509,430,559	523,724,313

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 equipment). Table 4 summarizes funding for all state programs over time.

Table 4: Funding for State Programs by Program

Program	2017-19	2019-21	2021-23	2023-25	2025-27
ETSF	25,596,618	27,004,433	28,591,598	30,849,152	33,009,205
TallWood Institute	3,558,605	3,754,328	3,974,986	4,288,845	4,589,149
Veterinary Diagnostic Lab	-	-	2,990,855	5,132,009	3,373,121
Dispute Resolution	2,634,011	2,429,882	2,921,696	3,152,391	3,047,559
Oregon Solutions	2,363,195	2,493,171	2,639,705	2,848,133	1,673,459
Fermentation Science	1,297,665	1,369,036	1,449,500	1,563,951	1,404,777
Signature Research	1,089,319	1,149,231	1,216,776	1,312,851	1,342,638
Labor Education Research Center	710,328	1,098,396	1,162,953	1,354,779	836,730
Ocean Vessel Research	648,833	684,519	724,751	781,976	644,796
Oregon Renewable Energy Center	500,000	527,500	558,503	602,602	587,674
Population Research Center	455,705	480,769	509,026	549,218	538,788
Institute for Natural Resources	417,797	440,776	466,682	503,531	469,902
Clinical Legal Education	364,381	384,422	407,016	439,153	422,329
Oregon Climate Change Research	327,490	345,502	615,809	644,693	245,022

Program	2017-19	2019-21	2021-23	2023-25	2025-27
Willamette Locks	190,000	200,450	212,231	228,988	3,452,964
Ag Channel Study	-	239,583	234,553	253,073	220,921
Environmental Justice Mapping	-	-	191,355	206,464	9,625,593
Targeted Programs	1,230,000	750,000	44,956,667	45,532,818	1,839,659
Total	**41,383,947**	**43,351,998**	**93,824,662**	**100,244,627**	**67,324,286**

The targeted programs change from biennium to biennium because they are funded for one biennium, or for a limited time based on legislation. In some cases, targeted programs become ongoing. For the purposes of this table, if funding has been appropriated for multiple biennia it is considered ongoing and has its own line.

Table 5 summarizes the ongoing state programs, the date they were established, and their original enabling legislation.

Table 5: State Programs Summary

Program Name	University	Year Established	Enabling Legislation or Statute
Engineering Technology Sustaining Funds	All	1997	ORS 351.663
TallWood Design Institute	OSU	2015	SB 5507 (2015)
Dispute Resolution	UO, PSU	2003	HB 3948 (2001)
Veterinary Diagnostic Lab	OSU	2021	SB 5528 (2021)
Oregon Solutions	PSU	2001	ORS 184.423
Fermentation Science	OSU	2013	HB 5008 (2013)
Signature Research	OSU, PSU, UO	2003	HB 5077 (2003)
Labor Education Research Center	UO	1977	N/A
Ocean Vessels Research	OSU	2013	HB 3451 (2013)
Oregon Renewable Energy Center	OIT	2018	ORS 352.221
Population Research Center	PSU	2013	HB 5031 (2013)
Institute for Natural Resources	OSU	2001	ORS 352.808
Clinical Legal Education	UO	2007	HB 2961 (2007)
Oregon Climate Change Research Institute	OSU	2007	HB 3543B (2007)
Willamette Falls Locks Commission	PSU	2017	SB 256 (2017)
Agricultural Channel Habitat Complexity Study	OSU	2019	HB 2437 (2019)
Environmental Justice Mapping Tool	OSU, PSU	2022	HB 4077 (2022)

STATEWIDE PUBLIC SERVICE PROGRAMS (SWPS)

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 in related to natural resource industries and issues. Table 6 provides a summary of funding for the statewide public services over time.

Table 6: Funding for Statewide Public Services

Biennium	Agricultural Experiment Station	Extension Service*	Forest Research Laboratory	Total
2017-19	66,088,861	71,717,403	10,224,041	**148,030,305**
2019-21	76,058,861	101,433,250	11,424,041	**188,916,152**
2021-23	80,766,085	118,159,544	12,095,480	**211,021,109**
2023-25	97,016,982	112,426,581	13,824,523	**223,268,086**
2025-27	103,810,098	126,427,433	14,792,515	**245,030,046**

Note: Extension Service funding amounts include Outdoor School, which is lottery funded.

As part of OSU's land grant mission, in 1887, Congress passed the Hatch Act creating Agricultural Experiment Stations followed by passage of the Smith Lever Act in 1914, which created Extension Services. The Oregon Legislature then created the Forest Research Laboratory in 1941. Further details on each of these three programs are below.

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.

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 a number of state government programs. Two of them, Sports Lottery and the Outdoor School Program, are components of public university support funding. Funding for the Outdoor School Program is included in the Extension Service in the previous table.

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 which 70% shall be for non-revenue producing sports, 30% for revenue producing sports and at least 50% for women's athletics. The remaining 12% of funding shall be spent on scholarships, equally split between scholarships based on merit and financial need.

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.

Table 7 provides a summary of lottery funding over time while Table 8 summarizes sport lottery funding by university over time.

Table 7: Lottery Funding by Program

Biennium	Sports Lottery	Outdoor School	Total Funding
2017-19	8,240,000	24,000,000	**32,240,000**
2019-21	14,099,809	45,305,847	**59,405,656**
2021-23	16,514,607	49,418,728	**65,933,335**
2023-25	18,329,943	36,406,064	**54,736,007**
2025-27	18,852,926	48,060,583	**66,913,509**

Table 8: Funding for Sports Lottery by University

University	2017-19	2019-21	2021-23	2023-25	2025-27
EOU	913,239	2,440,561	2,858,543	3,172,762	3,263,286
OIT	913,239	2,440,560	2,858,543	3,172,762	3,263,286
OSU	1,030,000	1,030,000	1,206,401	1,339,014	1,377,218
PSU	2,277,567	2,277,567	2,667,633	2,960,867	3,045,345
SOU	913,239	2,440,560	2,858,543	3,172,762	3,263,286
UO	1,030,000	1,030,000	1,206,401	1,339,014	1,377,218
WOU	1,162,716	2,440,561	2,858,543	3,172,762	3,263,286
Total	**8,240,000**	**14,099,809**	**16,514,607**	**18,329,943**	**18,852,925**

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 many interns, residents and fellows in over 80 accredited specialty programs in medicine and dentistry. Table 9 provides a summary of OHSU funding over time.

Table 9: Funding for OHSU

Program	2017-19	2019-21	2021-23	2025-27	2025-27
Education and General	63,107,291	67,419,755	68,585,382	74,003,628	79,183,883
30 x 30 x 2030 Plan	-	-	45,000,000	43,155,019	46,178,589
Child Development and Rehab Center	8,290,972	8,639,193	9,010,678	9,722,521	10,403,097
Oregon Poison Control Center	2,653,112	2,764,543	2,883,418	4,011,209	4,291,994
Oregon Child Integrated Dataset	-	-	2,000,000	2,000,000	2,140,000
Statewide Behavioral Capacity Dashboard	-	-	1,500,000	5,400,000	4,280,000
Oregon Perinatal Collaborative	-	-	-	1,000,000	500,000
Area Health Education Center	-	-	-	1,500,000	-
Other Targeted Programs	3,226,057	-	-	-	-
Viability Study	-	-	-	-	100,000
Total	**77,277,432**	**78,823,491**	**128,979,478**	**140,792,377**	**147,077,563**

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. OHSU allocates the funding internally as appropriate. They also receive continued funding for the Child Development and Rehab Center, and Oregon Poison Control Center. All other targeted or one time funding is included in the *other targeted programs* category.

SUPPORT FOR COMMUNITY COLLEGES

Total institutional support funding for the community colleges is shown in Table 10. This includes funding for the community college support fund (CCSF), DOC education services, Skills Centers and First-Generation Student Grants, and other support. The CCSF includes a portion of other funds (OF) for timber tax revenue distributions. Other support is funding for programs specific to the biennium in which they are appropriated.

Table 10: Funding for Community Colleges

Biennium	CCSF (GF)	Timber Tax (OF)	DOC Education Services	Skills Centers and First-Generation Student Grants	Other Support	Total
2017-19	570,263,942	45,810	-	3,676,243	-	**573,985,995**
2019-21	640,926,933	45,810	-	3,854,524	-	**644,827,267**
2021-23	699,022,295	151,126	10,370,459	4,020,268	5,444,312	**719,008,460**
2023-25	795,605,543	98,626	10,864,866	4,394,457	3,535,704	**814,499,196**
2025-27	854,254,344	105,333	11,321,190	4,719,131	-	**870,399,998**

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.

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 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. The amount has been set at $300,000 per biennium.
- **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.
- **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.
- **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.

Enrollment funding is equalized across local and state funding sources. Table 11 summarizes the funding for the CCSF including the set aside programs. Table 12 summarizes the CCSF funding distributed by college over time. Note: Total Public Resources includes local property taxes and state support through the CCSF.

Table 11: Community College Support Fund

Program	2017-19	2019-21	2021-23	2023-25	2025-27
Corrections	2,009,540	2,258,547	2,463,268	2,803,616	3,010,287
COD	300,000	300,000	300,000	300,000	572,115
Distance Learning	1,635,615	1,838,289	2,004,917	2,281,934	2,450,149
Strategic Fund	4,276,980	4,806,952	5,242,667	5,967,042	8,542,543
Student Support	-	-	-	7,500,000	30,000,000
Student Success	-	-	-	5,000,000	20,000,000
Distribution Model	562,041,807	631,723,145	689,011,443	771,752,952	789,679,250
Total	**570,263,942**	**640,926,933**	**699,022,295**	**795,605,544**	**854,254,344**

Table 12: CCSF Distributions by College (in thousands)

College	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Blue Mountain	10,805	10,781	11,843	11,647	11,812	11,810	12,875	13,286
Central	25,774	25,551	27,531	28,044	30,377	31,774	35,078	35,867
Chemeketa	53,839	53,968	58,946	59,721	63,345	63,560	69,808	70,517
Clackamas	34,938	36,114	40,154	40,540	42,684	43,169	47,939	49,291
Clatsop	7,165	7,906	9,027	9,392	9,529	9,361	10,160	10,361
Columbia Gorge	5,404	5,503	6,177	6,446	7,216	7,448	8,579	9,227
Klamath	9,623	10,352	11,792	12,927	15,465	17,035	20,312	21,064
Lane	44,514	43,474	47,344	48,511	52,033	52,217	56,956	57,308
Linn Benton	28,667	29,710	32,552	32,872	34,854	34,847	38,479	38,867
Mt Hood	40,686	41,498	46,140	46,450	49,865	50,559	56,516	56,974
Oregon Coast	3,110	3,306	3,669	3,954	4,329	4,770	5,410	5,856
Portland	129,992	132,767	146,256	148,540	159,790	163,682	176,697	176,595
Rogue	23,301	23,706	26,352	26,977	27,336	26,764	28,514	29,565
Southwestern	13,560	13,722	14,503	14,675	14,923	15,498	16,626	17,330

College	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Tillamook Bay	2,859	3,099	3,611	3,934	4,396	5,012	5,880	6,475
Treasure Valley	9,522	9,491	10,301	10,577	11,394	12,100	13,474	14,021
Umpqua	14,897	15,257	16,862	17,322	18,541	18,942	20,315	20,616
Total	458,655	466,206	513,060	522,528	557,889	568,547	623,616	633,219

HISTORY OF THE OREGON COMMUNITY COLLEGE FUNDING MODEL

Before 1957, high schools ran and paid for adult education programs. In 1957, the Legislature provided the first direct state funding to community colleges and created the first funding formula. Colleges received $4.17 per each term hour or 20% of operating expenses, whichever was less. Over the next few biennia, the reimbursement rate was increased to 67% of operating expenses. The original intent was to fund the colleges with two-thirds state funds and one-third local funds.

In 1967, the Legislature changed the funding formula to a tiered system. Colleges received a different reimbursement rate for different levels of FTE enrollment. The 1967 funding formula provided:

$575 per FTE for the first 400 FTE

$475 per FTE for the next 300 FTE

$433 per FTE for the next 700 FTE

The tiered system remained until 1987 with each college's FTE number determined via projections for the upcoming biennium. Between 1967 and 1987, the Legislature increased the reimbursement rate per FTE and occasionally altered the tiers. It began increasing the rate for the second year of the biennium in 1971.

By 1987, the formula provided:

- For FY 1986: $1,468/FTE for the first 1,100 FTE and $1,114/FTE for each FTE over 1,100
- For FY 1987: $1,512/FTE for the first 1,100 FTE and $1,148/FTE for each FTE over 1,100

In addition, the Legislature began providing line-item appropriations to colleges in 1967. They granted the State Board of Education the authority to develop rules to implement formula funding in 1971 and allowed the redistribution of unused funds between colleges in 1973. By 1984, the Board changed the calculation for the base FTE amount and stopped using projected FTE counts. They turned to an average of actual FTE for the two proceeding years with a projection for the current year. A hold harmless was applied as well.

In 1987, the Legislature repealed the mechanics of the funding formula from statue transferring the power to create the formula to the State Board of Education. The Legislature also discontinued line-item appropriations providing a lump sum to the State Board of Education for distribution.

The Legislature offered broad guidelines including:

- No state aid for hobby and recreation courses
- Procedures for proper and accurate record keeping
- Procedures that will insure reasonable year-to-year stability in funding

The Board, on average, changed the formula once every biennium. In 1995, the precursor to the current formula was created with the FTE count based on a three-year average, an operational base payment of $400 per FTE up to 1,100 FTEs, and 50% of property tax collections included in the formula with colleges floored at the previous year's allocation. Colleges were capped at 10% growth per year.

The current formula was created in 1999 with per-FTE funding plus an operating base. Caps and floors were eliminated. Timber tax was included for the first time. Equity payments of $3.6 million were provided to bring the colleges up to a statewide average for per-FTE resources. The strategic fund was created. And a five-year phase-in was allowed for the transition to the new formula design.

In 2001, equity payments were repealed. Equity was achieved in 2004 when all colleges were allocated the same funding amount per FTE after factoring out the base payment. A growth management component was added around 2010 to prevent the erosion of funding per FTE.

A formula review process concluded during spring of 2023. Rule amendments were adopted by the Commission at its June 2023 meeting. 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, ten percent of total funding will be distributed through these two additional components.

Informed by the Oregon Equity Lens and to counteract potential unintended consequences, the redesigned formula incentivizes credential completions by prioritized populations in the student success component of the formula while also providing necessary support funding up front. It builds on the strengths of the previous formula, aligns with state higher education goals, and centers equitable student success.

INTERCEPT PAYMENTS

CCSF distributions are impacted by intercept payments which relate to debt service for pension obligation bonds (POBs) issued by the colleges. The original intercept agreement dates to 2003 and has been supplemented four times during 2004, 2005, 2021, and 2022. This arrangement is considered a credit enhancement which improves the credit rating for the bonds jointly issued by the colleges, thereby reducing borrowing costs.

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 a trustee (Wells Fargo or US Bank). The diversion (or intercept) agreement is a three-way agreement between the community colleges who choose to issue POBs, a trustee, and the HECC. The HECC is not legally liable to pay the trustee if CCSF payments no longer exist for some reason. A summary of intercept payment amounts by college is included in Table 13 over time.

Table 13: Intercept Payments by College (in $ Thousands)

College	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Blue Mountain	919	954	1,002	1,035	1,085	1,121	1,164	1,212
Central	1,159	1,212	1,287	1,339	1,411	1,476	1,542	1,615
Chemeketa	4,903	5,104	5,362	8,052	8,896	9,114	9,410	9,795
Clackamas	2,645	2,746	2,894	5,135	5,790	5,956	6,105	6,299
Clatsop	621	652	685	727	763	788	812	852
Columbia Gorge	345	358	383	401	418	438	456	479
Klamath	-	-	-	-	-	-	-	-
Lane	5,115	5,340	5,669	5,916	10,509	10,815	11,198	11,665
Linn Benton	2,616	2,718	2,845	2,985	3,114	3,199	3,299	3,435
Mt. Hood	4,973	5,199	5,478	8,324	9,219	9,460	9,787	10,200
Oregon Coast	197	206	212	224	232	238	248	258
Portland	-	-	-	-	-	-	-	-
Rogue	1,743	1,806	1,899	3,321	3,733	3,838	3,934	4,059
Southwestern	1,200	1,255	1,320	1,391	1,468	1,518	1,572	1,645
Tillamook Bay	142	152	159	169	174	-	194	201
Treasure Valley	1,069	1,119	1,178	1,246	1,307	1,347	1,395	1,465
Umpqua	1,066	1,109	1,158	1,980	2,217	2,276	2,349	2,439
Total	**28,713**	**29,930**	**31,531**	**42,245**	**50,336**	**51,585**	**53,468**	**55,619**

Note: Two of the colleges (Klamath and Portland) have not participated in this program to date.

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.

SKILLS DEVELOPMENT CENTERS

This program includes funding for the two Skills Centers in the Portland metro area. 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 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.

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 and Lottery bonds for community colleges and public universities, and XI-Q bonds for public universities only. Certificates of Participation and lottery funded bonds have also been used in the past.

- **Certificates of Participation (COPs) –** A form of borrowing that permits the investor to participate in a stream of lease payments, installment payments or loan payments relating to the acquisition or construction of specific equipment, land or facilities. These have been replaced by the XI-Q bonds for the universities.
- **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.
- **Lottery bonds** have no matching requirements, and the State pays the debt service. Funds are raised from proceeds of State Lottery Operations.
- **XI-Q** bonds have no matching requirement, are restricted to state-owned buildings, and the State pays the debt service.

Tables 14 summarizes appropriations for state-issued bonds for new capital construction by type of bond over time.

Table 14: Bond Funding for Capital Construction 2007-2027

Biennium	COP	LRB	XI-F (1)	XI-G	XI-Q	Total
2017-19	-	9,000,000	15,600,000	169,635,786	192,375,000	**386,610,786**
2019-21	-	-	-	72,534,997	206,850,000	**279,384,997**
2021-23	-	-	75,000,000	77,524,900	320,830,200	**473,355,100**
2023-25	-	4,000,000	26,200,000	144,293,000	241,720,551	**416,213,551**
2025-27	-	-	137,540,000	141,789,887	206,017,966	**485,347,853**

Source: DAS Capital

OTHER CAPITAL PROJECTS

Occasionally the state will provide capital funding using other sources. This could include direct revenue 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. These direct appropriations are shown in table 15 below.

Table 15: Other Capital Funding

Project	Biennium	Source	Type	Project Amount
Klamath Falls CC Well Drilling	2021-23	E-Board	GF	975,000
SOU Cascade Hall demolition (ARPA $)	2021-23	HB 5006	FF	3,500,000
UCC land movement reparation (ARPA $)	2021-23	HB 5006	FF	636,812
EOU Grand Staircase (ARPA $)	2021-23	HB 5202	FF	4,000,000
WOU steam line replacement project	2021-23	HB 5202	GF	16,500,000
UO Equipment for Knight Campus	2021-23	HB 5202	GF	10,142,845
OSU Innovation district landfill	2021-23	HB 5202	GF	10,000,000
OSU Hatfield housing project	2021-23	HB 5202	GF	6,500,000
UO Oregon Hazards Lab (OHAZ) Wildfire Camera	2021-23	HB 5202	GF	4,500,000
SWOCC new fire training tower	2021-23	HB 5202	GF	755,000
Linn-Benton Takena Hall elevator	2021-23	HB 5202	GF	577,500
SWOCC Elevator modernization	2025-27	HB 5006	GF	247,500
				58,334,657

DEBT SERVICE

This funding provides for debt service payments on state issued bonds. Some bonds (XI-G, XI-Q and Lottery) have debt service paid solely by the state and yet other types (XI-F) are paid solely by the institution. A summary of debt service paid solely by the state, including general fund and lottery fund only, by type of institution is included in Table 15.

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

Table 16: Funding for Debt Service

Biennium	Community Colleges	Public Universities	OHSU	Total
2017-19	26,800,000	153,230,455	53,000,000	**233,030,455**
2019-21	34,835,776	226,899,026	55,000,000	**316,734,802**
2021-23	34,389,452	251,343,982	55,000,000	**340,733,434**
2023-25	51,480,532	290,855,873	23,575,130	**365,911,535**
2025-27	56,970,537	341,791,931	26,888,293	**425,650,761**

Note: Includes debt service paid by general fund and lottery fund sources only. Institution paid debt service is not included.

HIGHER EDUCATION COORDINATING COMMISSION

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