



FACT SHEET: HIGHER EDUCATION LEGISLATIVELY ADOPTED BUDGET, 2017-19

The 79th Oregon Legislative Assembly and Governor Kate Brown approved the 2017-19 Oregon postsecondary education Legislatively Adopted Budget (LAB) in July, 2017. The postsecondary education budget includes State funding for: Oregon’s 17 community colleges, Oregon’s seven public universities and Oregon Health & Science University (OHSU), state financial aid and student access programs to support college success, Oregon’s nine Workforce Investment Boards, capital investments in Oregon’s public institutions, and the Higher Education Coordinating Commission agency operations as the single statewide coordinating entity for postsecondary education.

About this summary: Investments summarized in this fact sheet include those in the Higher Education Coordinating Commission (HECC) budget bill (Senate Bill 5524) as well as the final budget reconciliation bill (House Bill 5006), and capital investments through Senate Bill 5505. This document focuses primarily on General Fund (GF) and Lottery Fund (LF) dollars, not Federal Funds (FF) and Other Funds (OF).

Higher education and workforce total: The funding for all postsecondary education and workforce entities represented in the HECC budget totals \$2,416.4M, including all types of funds, State, Federal, and Other Funds. General Fund (GF) and Lottery Fund (LF) total \$2,027.9M, a 4 percent increase from Current Service Level (CSL). The HECC budget represents 9.7% of the total State budget of \$20,929M.

	2015-17 LAB	2017-19 CSL	2017-19 LAB	PERCENT CHANGE
OREGON POSTSECONDARY EDUCATION BUDGET excluding capital	\$1,852.1M GF and LF	\$1,949.2M GF and LF	\$2,027.9M GF and LF	+9.5 from LAB +4.0 from CSL

The 2017-19 budget substantially maintains the State’s efforts to provide accessible, affordable, quality postsecondary and workforce opportunities for Oregonians, but significant challenges remain to fully support the trajectory toward Oregon’s educational attainment goals.

Statewide financial aid programs: The LAB substantially maintains investments in Oregon's key state financial aid programs:

- The LAB continues funding at the \$146.1M Current Service Level (CSL) for the **Oregon Opportunity Grant** (OOG), Oregon’s longstanding need-based financial aid program serving the lowest-income Oregonians with grants of up to \$2,250 toward postsecondary expenses. The OOG supports low-income students and families, including both recent high school graduates and adults, who attend eligible public and private Oregon colleges and universities. As a result of HECC-sponsored legislation in 2015, Oregon began using a new methodology for awarding the OOG, prioritizing the highest-need students first, instead of

awarding the grant on a first-come, first-served basis. Approximately 42,000 students used the OOG to fund their postsecondary educations in 2016-17.

- Maintains funding for the **Oregon Promise** for the biennium at \$40 M, providing grants to support tuition at Oregon community colleges for recent high school graduates and GED recipients. This investment represents an increase of \$28M from the 2015-17 budget of approximately \$12M that supported grants for only the first student cohort in 2016-17 (including the \$10M initial investment and \$3.6M supplemental funding approved in 2017, of which approximately \$2M is expected to be spent). Over 6,800 students received the grant in 2016-17. With the new investment, Oregon will be able to extend grants for current awardees and add grants for the upcoming new cohorts of eligible students entering community college in the next two years. However, the \$40M State investment **falls \$8M short of the full projected cost** for the status quo program in the upcoming biennium. In light of this shortfall, the Oregon Legislature through Senate Bill 1032 gave HECC permission to **implement limitations on eligibility for new grant applicants, using income-related criteria.**

Public Community Colleges and Universities: The LAB sustains the significant investment made last biennium and makes modest increases above CSL in Oregon's 24 public colleges and universities to support student success, campus operations and educational programs.

- **State support to Oregon's community colleges** funds educational and operational expenses for the 17 colleges. The LAB increases funding in the **Community College Support Fund (CCSF)** to \$570.3M, which is about \$20.3M more than the 2015-17 LAB and \$6.4M or 1.1 percent above the 2017-19 CSL. The community college budget also includes \$3.7M GF for targeted student success programming (including continued but reduced support for two Skills Centers and other activities), as well as \$0.46M Other Funds.
- **The Public University Support Fund (PUSF)** is the primary fund for State support of operational expenses at Oregon's public universities. The LAB increases funding in the PUSF to \$736.9M, or about \$69.6M more than the 2015 LAB and \$43.8M or 6.3 percent more than 2017 CSL. Under 2016-17 tuition plans approved by the HECC in June, 2017 and incorporated into a budget note, these additional funds will lower resident undergraduate tuition increases at Oregon Tech, Portland State University, Southern Oregon University, University of Oregon, and Western Oregon University by 3-4 percentage points per institution (Oregon State University and Eastern Oregon University will also receive a proportion of the additional funding through the HECC's PUSF distribution model, but are not required to use it to lower tuition.)
- **Public University State Programs** are funded at \$39.7M, a change of 0.5 percent over CSL. This includes \$25.6M to sustain engineering and technology related investments to the universities.
- **Statewide Public Service Programs:** The **Agricultural Experiment Station** is funded at \$66.5M GF, a 1.0 percent increase over CSL, and the **Forest Research Laboratory** is funded at \$10.2M GF, a 0.5% increase over CSL. **The OSU Extension Service** existing programs are funded at \$47.7M GF (a 0.5% increase over CSL) in addition, \$24M in Lottery Funds are included in the Extension Service budget to implement Measure 99 (2016) that establishes an Outdoor Schools Program.
- The LAB maintains Lottery Funds for the **Sports Action Lottery program** at the \$8.2M 2015-17 LAB level. Funds are dedicated primarily to intercollegiate athletics and graduate student scholarships.

Public Institution Capital Investments: Through Senate Bill 5505, bonding for new and reauthorized capital projects was authorized at the public community colleges and universities. State-funded bond authorizations include Article XI-Q bonds that are entirely State-funded, and Article XI-G bonds that require a campus match. The Legislature invested \$213.7 million in State-paid bonding (Article XI-Q and Article XI-G) for **13 new and reauthorized university capital construction projects at Oregon's seven public universities**, a 14.8 percent

increase over the prior biennium. Another \$50.6 million in State-paid bonds will help maintain existing facilities across Oregon's public universities, a 23.0 percent decrease from the prior biennium. Two additional campus construction projects received State General Fund appropriations totaling \$1.69 million. **Oregon's community colleges had 15 new and reauthorized projects authorized** for bonds (Article XI-G) totaling \$103.2M, a 99.9% increase above the prior biennium. This includes 12 new bond-funded projects authorized (Article XI-G) at \$84.8 M and an additional three bond-funded projects reauthorized that were originally approved in the 2013-2015 biennium.

Public Institution Debt Service: Debt service on previously approved capital projects for the public universities and community colleges reflects the significant investments in public institution capital bonding authorization in previous years. Public university debt service is \$403.5M (\$153.2M GF, \$31.9M LF, \$213.7 OF, and \$4.6M FF), an 11 percent increase in total funds from 2015-17 LAB. Community college debt service is \$39.0M (\$26.8M GF, \$11.7M LF, \$0.6M OF), a 7.2 percent increase in total funds from 2015-17 LAB.

Oregon Health & Science University (OHSU) support is virtually unchanged from 2015-17 LAB at \$77.3M GF, including education and rural programs, the Child Development and Rehabilitation Center (CDRC), and the Oregon Poison Center.

HECC Agency Operations: The LAB for HECC's agency office operations is \$41.5M total funds (a reduction of 2.6 percent from CSL), including \$18.5M GF (a reduction of 2.2 percent GF from CSL), and is expected to support 122 permanent staff members. With these reductions, HECC, like most State agencies in this budget cycle, will face reductions in agency-wide services and supplies and elimination of five permanent positions. One new position is added to administer duties formerly associated with the Talent Council, and some policy legislation pending analysis may affect staffing totals.

Targeted Workforce Initiatives: The LAB funds workforce initiatives at \$7.6M, a ten percent reduction from the 2015-17 CSL investment in these continuing initiatives, including the National Career Readiness Certificate, industry sector strategies, and on-the-job trainings, and others. However, support for activities previously overseen by the Oregon Talent Council are transferred to the HECC from the Employment Department, along with \$0.5M, bringing the total in this category to approximately \$8.1M.

Legislation of note: With the recent passage of House Bill 2311 (2017), Oregon has clarified its 40-40-20 educational goal to strategically refocus the 40-40-20 as a pipeline goal applying to young Oregonians rising through the education system, rather than to all adult Oregonians. It also requires the HECC to work with the Oregon Workforce Investment Board and institutional partners on creation of a new set of education goals for the adult population, aligned with career trajectories and job opportunities. With the passage of HB 2998, the State invested in significantly improving student transfer outcomes by creating foundational 90-credit major-specific pathways for transfer from community college to public universities; HECC will facilitate this work. With HB 2729, the State has invested in continuing efforts to develop and market free textbooks (Open Educational Resources) and course materials for use in Oregon colleges and universities. Numerous other bills of note are summarized in the HECC 2017 Legislative Summary.

PK-20 Education Investments: With additional targeted investments in the PK-20 education continuum, the State: preserved investments in early childhood education programs; invested \$170M for Measure 98 to support Career Technical Education, college preparation, and drop-out prevention; invested \$7.6M for the Graduation Equity Fund to address chronic absenteeism and improve graduation outcomes; established the Educator Advancement Fund (SB 182) to support excellent teaching; and funded development of Native American curriculum (SB 13) in K-12 public schools.

2017-19 HECC LEGISLATIVELY ADOPTED BUDGET

DESCRIPTION		2015-17 LAB	2017-19 CSL	2017-19 LAB	PERCENT CHANGE
STATE FINANCIAL AID	OREGON OPPORTUNITY GRANT: Oregon’s primary need-based financial aid program	\$140.9M	\$146.1M (\$125.2M GF, \$20.7M LF)	\$146.1M (\$125.2M GF, \$20.7M LF)	+3.7% from 2015-17 LAB 0% from CSL
	OREGON PROMISE: grants supporting community college tuition for recent high school graduates and GED recipients. For 1 cohort only in 2016-17 (includes 9.5M grants, 0.5M admin, \$2M expected to be spent of 3.6M additional investment approved in 2017)	\$12.0M (approximate)	\$19.8M GF	\$40.0M GF (\$34.7M in SB5524 and \$5.3M in HB 5006) For 3 cohorts	+321% from 2015-17 LAB 0% from CSL
COMMUNITY COLLEGES	COMMUNITY COLLEGE SUPPORT FUND (CCSF): public community college educational and operational expenses	\$550.0M GF	\$563.9M GF	\$570.3M GF	+3.7% from 2015-17 LAB +1.1% from CSL
	COMMUNITY COLLEGE STUDENT SUCCESS PROGRAMMING: including Skills Centers and targeted student support programming (details TBA).	\$14.3M GF	\$5.8M GF	\$3.7M GF	-74% from 2015-17 LAB -46% from CSL
	COMMUNITY COLLEGE DEBT SERVICE on previously approved capital infrastructure projects	\$35.1M GF/LF (\$24.6M GF, \$10.5M LF)	\$43.8M GF/LF (\$32.1M GF, \$11.7M LF)	\$39.0M TF (\$26.8M GF, \$11.7M LF, \$0.6M OF)	+11.0% from 2015-17 LAB TF -11.0% from CSL TF
	COMMUNITY COLLEGE CAPITAL INFRASTRUCTURE FUNDING: bond proceeds funding 15 new and	\$51.6M	N/A	\$208.7M OF (\$103.2M State Paid, \$101.5M	+99.9% from 2015-2017 LAB

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DESCRIPTION		2015-17 LAB	2017-19 CSL	2017-19 LAB	PERCENT CHANGE	
	reauthorized campus infrastructure projects at community colleges, through Article XI-G bond program.			Comm. College Paid)		
PUBLIC UNIVERSITIES	PUBLIC UNIVERSITY SUPPORT FUND (PUSF): educational and operational expenses at Oregon’s 7 public universities	\$667.3M	\$693.1M GF	\$736.9M GF	+10.4% from 2015-17 LAB +6.3% from CSL	
	PUBLIC UNIVERSITY DEBT SERVICE on previously approved capital projects	\$376.2 TF (\$119.7M GF, \$31.9M LF, 224.6M OF)	\$402.5M TF (\$161.7M GF, \$208.9M OF, \$31.9M LF)	\$403.5M TF (\$153.2M GF, \$31.9M LF, \$213.7 OF, \$4.6M FF)	+7.2% from 2015-17 LAB TF +0.2% from CSL TF	
	NEW CAPITAL FUNDING FOR PUBLIC UNIVERSITIES: Supports new general obligation bond proceeds and appropriations funding 21 new and reauthorized capital construction projects across all 7 campuses.	\$308.9M OF (\$252.0M State Paid, \$56.9 M University Paid)	N/A	350.9M OF Limitation (\$264.3M State Paid, \$86.6M Univ. Paid) \$1.69M GF Appropriations	+13.6% OF +4.9% State Paid	
	Statewide Public Services, OSU	AGRICULTURAL EXPERIMENT STATION	\$63.1M GF	\$65.8M GF	\$66.5M GF	+5.3% from 2015-17 LAB +1% from CSL
		FOREST RESEARCH LABORATORY	\$9.8M GF	\$10.2M GF	\$10.2M GF	+4% from 2015-17 LAB +0.5% from CSL
		OSU EXTENSION SERVICE: including funds for voter-approved Measure 99 (2016) that establishes an	\$45.6M GF \$0 LF	\$47.5M GF	\$71.7M (\$47.7M GF, \$24M LF)	+57% from 2015-17 LAB +51% from CSL (base only +0.5% w/o Outdoor School)

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DESCRIPTION		2015-17 LAB	2017-19 CSL	2017-19 LAB	PERCENT CHANGE
	Outdoor Schools Program.				
	STATE PROGRAMS: i.e. engineering and technology funds to the universities, Dispute Resolution Center, Oregon Solutions, Signature Research Centers, others.	\$39.1M GF	\$39.5M GF	\$39.7M	+1.5% from 2015-17 LAB +0.5% from CSL
OHSU	OHSU: including education and rural programs, Child Development and Rehabilitation Center (CDRC), and the Oregon Poison Center.	\$77.3M GF	\$75.7M GF	\$77.3M GF	0% change from 2015-17 LAB -2.1% change from CSL
HECC AGENCY OPERATIONS	HECC AGENCY OPERATIONS: including 122 permanent staff members performing policy and funding coordination across all sectors of postsecondary education and workforce.	\$47.9M TF (\$19.9M GF \$14.3M OF \$13.8M FF)	\$42.6M TF (\$18.9M GF \$9.6M OF \$14.1M FF)	\$41.5M TF (\$18.5M GF \$9.5M OF \$13.5M FF)	-13.4% TF from 2015-17 LAB -2.6% TF from CSL -2.2 GF from CSL
WORKFORCE INITIATIVES	TARGETED WORKFORCE INITIATIVES, including support for National Career Readiness Certificates, sector strategies, Back-to-Work Oregon, and others.	\$8.2M GF	\$8.5M GF	\$8.1M GF (including 0.5M for activities of the Talent Council)	-1.2% from 2015-17 LAB -5% from CSL (-10% from CSL before the transfer in of the Talent Council activities)