



Postsecondary Education and Workforce Structure, Governance, and Funding

PRESENTED TO THE JOINT
COMMITTEE ON WAYS AND
MEANS, SUBCOMMITTEE ON
EDUCATION

Ben Cannon, Executive Director, HECC

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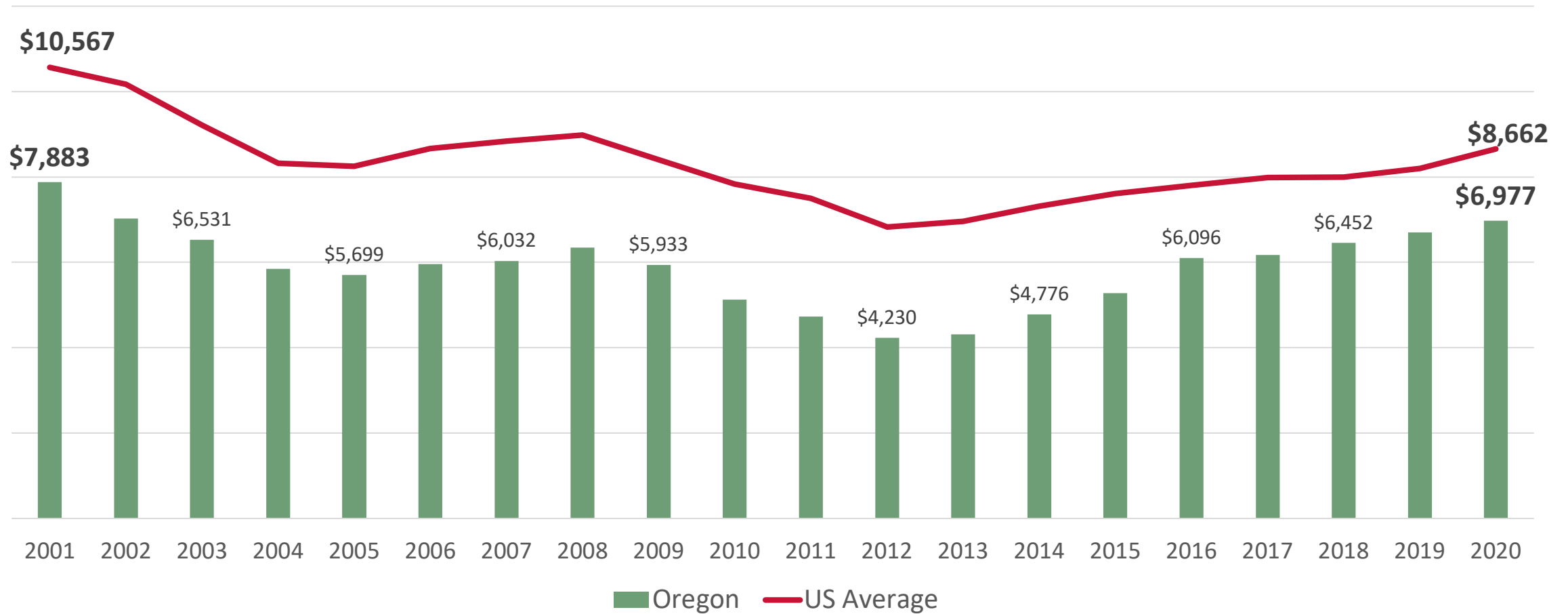
Environmental Factors: History and Dynamics of Postsecondary Education Funding

BEN CANNON, Executive Director



Oregon's Public Investment in Higher Education has Increased in Recent Years but Remains Well Below the National Average, Ranking 34th Among States

Higher Education Appropriations per FTE Student (inflation adjusted)



Oregon Ranks Low Nationally in Appropriations per Student

Rankings Based on Preliminary Report for FY 2020

Funding per student (FTE) in Oregon is 19% below the national average, even with large increases during the past decade.

- Since FY 2010, Oregon has increased public funding per FTE student by 40.9%.
- Since FY 2015, Oregon has increased public funding per FTE by 42.8%, the second highest in the country. This is partly due to steep enrollment declines during the same period.

Oregon continues to rank low (34th) for public appropriations per FTE student: \$6,977 vs. \$8,662 for the U.S. in FY 2020.

How does Oregon Rank? SHEF National Data for Fiscal Year 2020

	Increase in appropriations per FTE since 2010	Increase in appropriations per FTE since 2015	Educational appropriations per FTE nationally
Oregon Rank	2nd	2nd	34th

Oregon's National Position in Funding Student Grant Aid is Significantly Lower than Average, and Trails our Neighbors

FY 2019	U.S. Average	Oregon amount	Oregon rank
State Financial Aid per FTE	\$808	\$575	25th

Oregon's investment is significantly lower than border states Washington and California, and is lower than the national average.

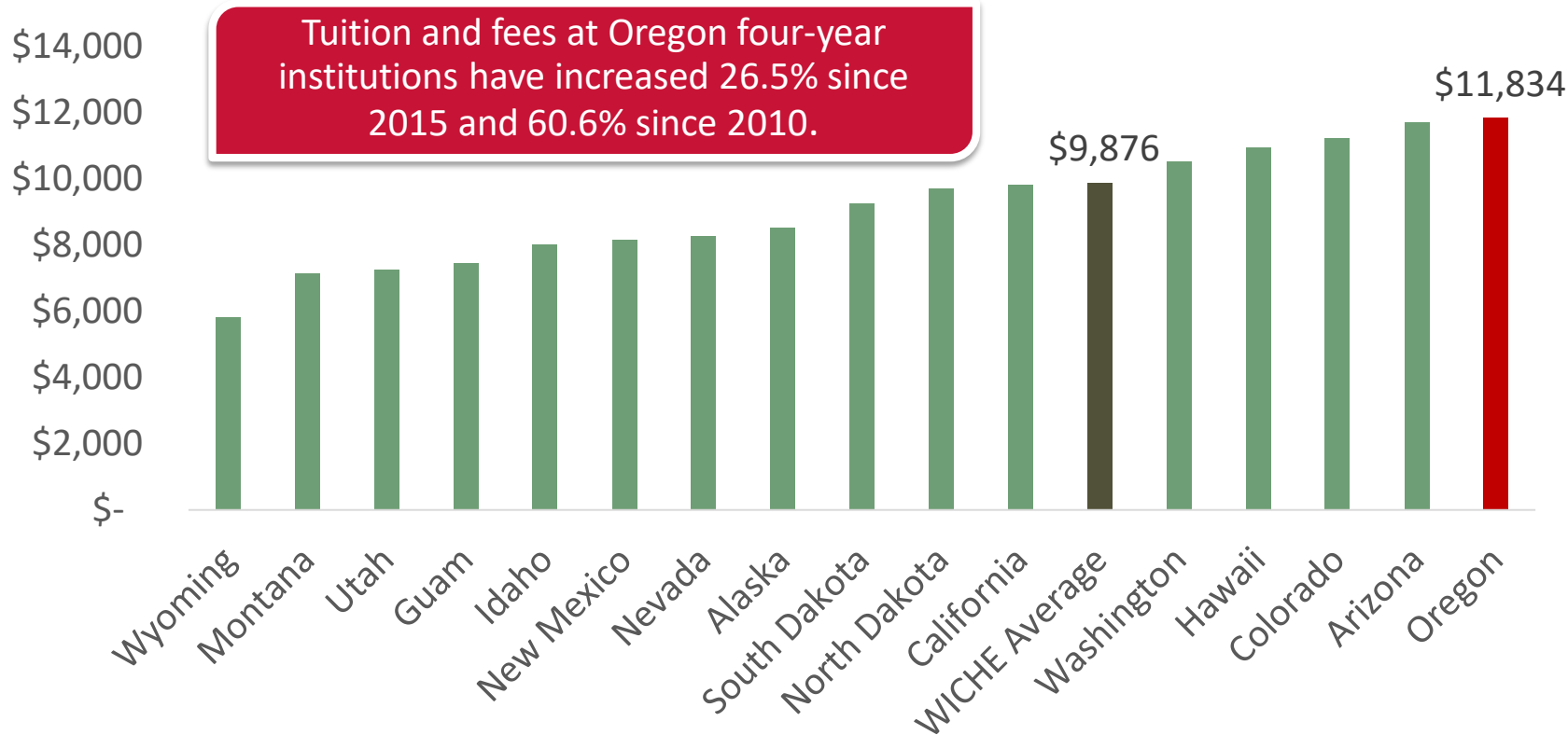
The great majority, **93.3%** of Oregon's financial aid investments go to students at public institutions.*

Other States

Tennessee amount	Louisiana amount	Georgia amount	Washington amount	California amount
\$2,271	\$2,009	\$1,985	\$1,879	\$1,454

Oregon Four-Year Tuition and Fees are the Highest in Western (WICHE) states

State Average Resident Undergraduate Tuition and Fees at Four-Year Institutions, Weighted, 2020-21



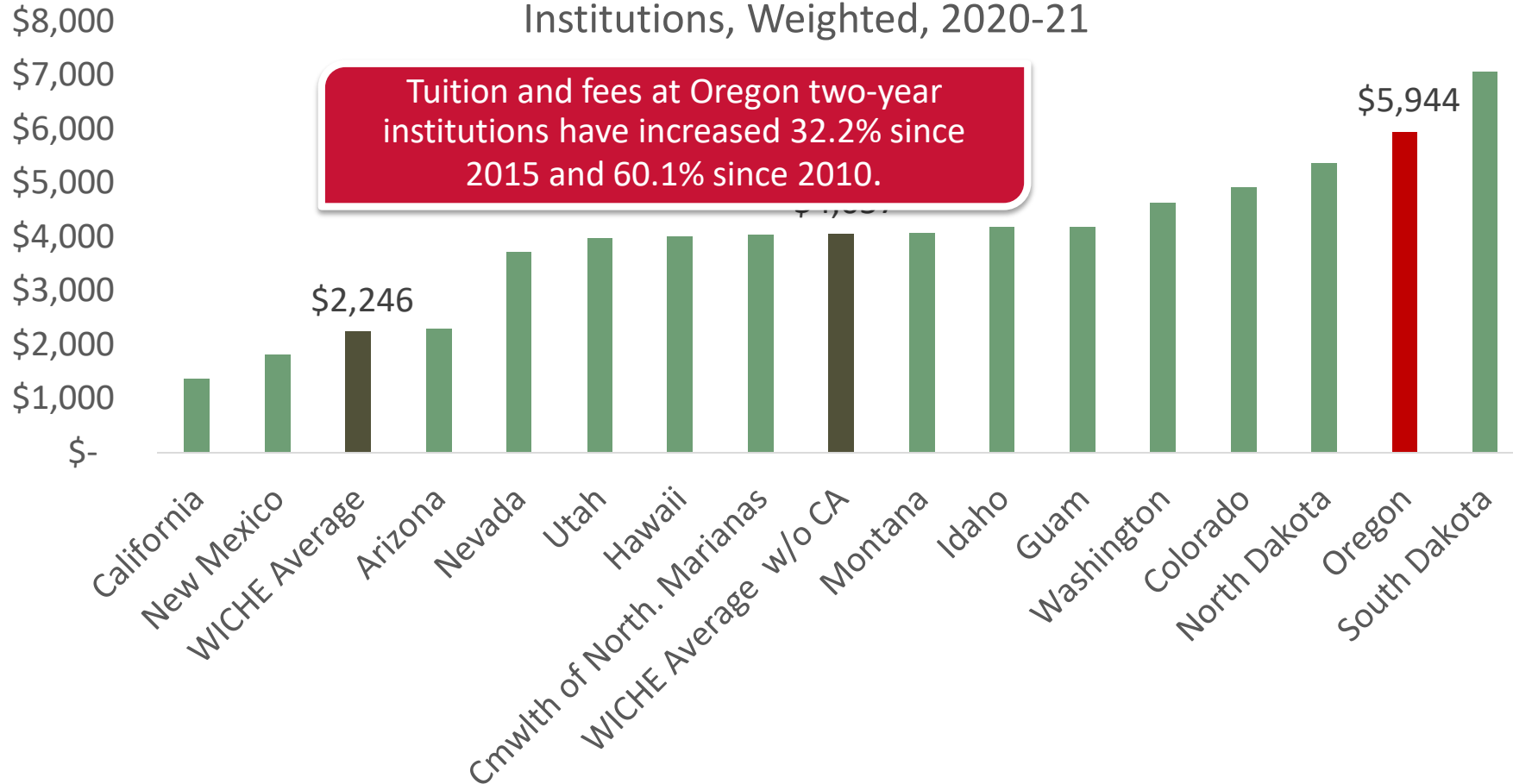
Tuition and fee levels are impacted by the costs and revenue of the institutions, and are closely impacted by state appropriations.

University tuition and fees are generally set by the Board of Trustees. Each campus has community and stakeholder processes to inform and shape the proposed increases.

- Should the combined annual increase in resident undergraduate tuition and mandatory enrollment fees exceed 5% for a public university, the HECC or the Oregon Legislature must approve the increase.

Oregon Two-Year Tuition and Fees are 2nd Highest in Western (WICHE) states

State Average Resident Undergraduate Tuition and Fees at Two-year Institutions, Weighted, 2020-21

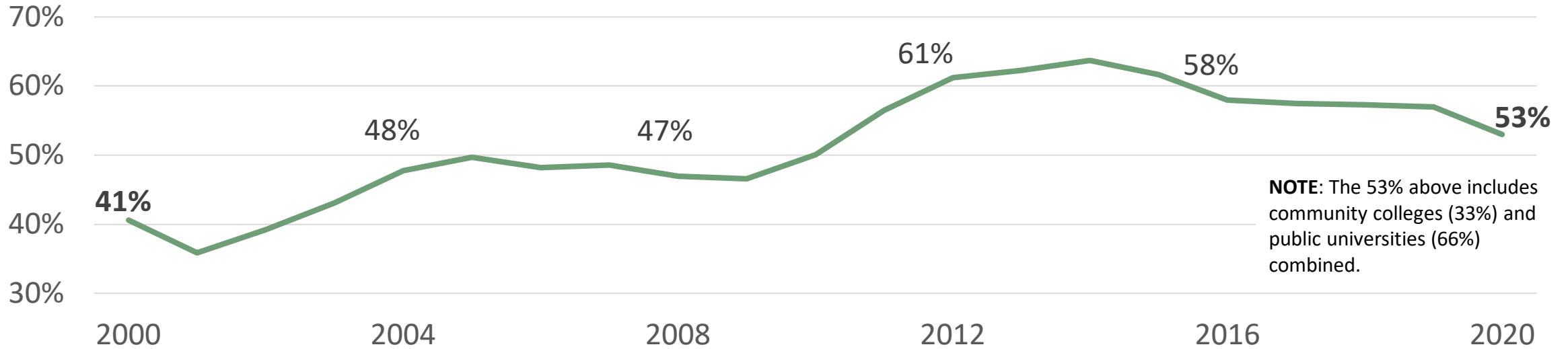


Tuition and fee levels are impacted by the costs and revenue of the institutions, and are closely impacted by state appropriations.

At the community colleges, tuition and fees are set by the locally elected governing board of each community college on an annual basis.

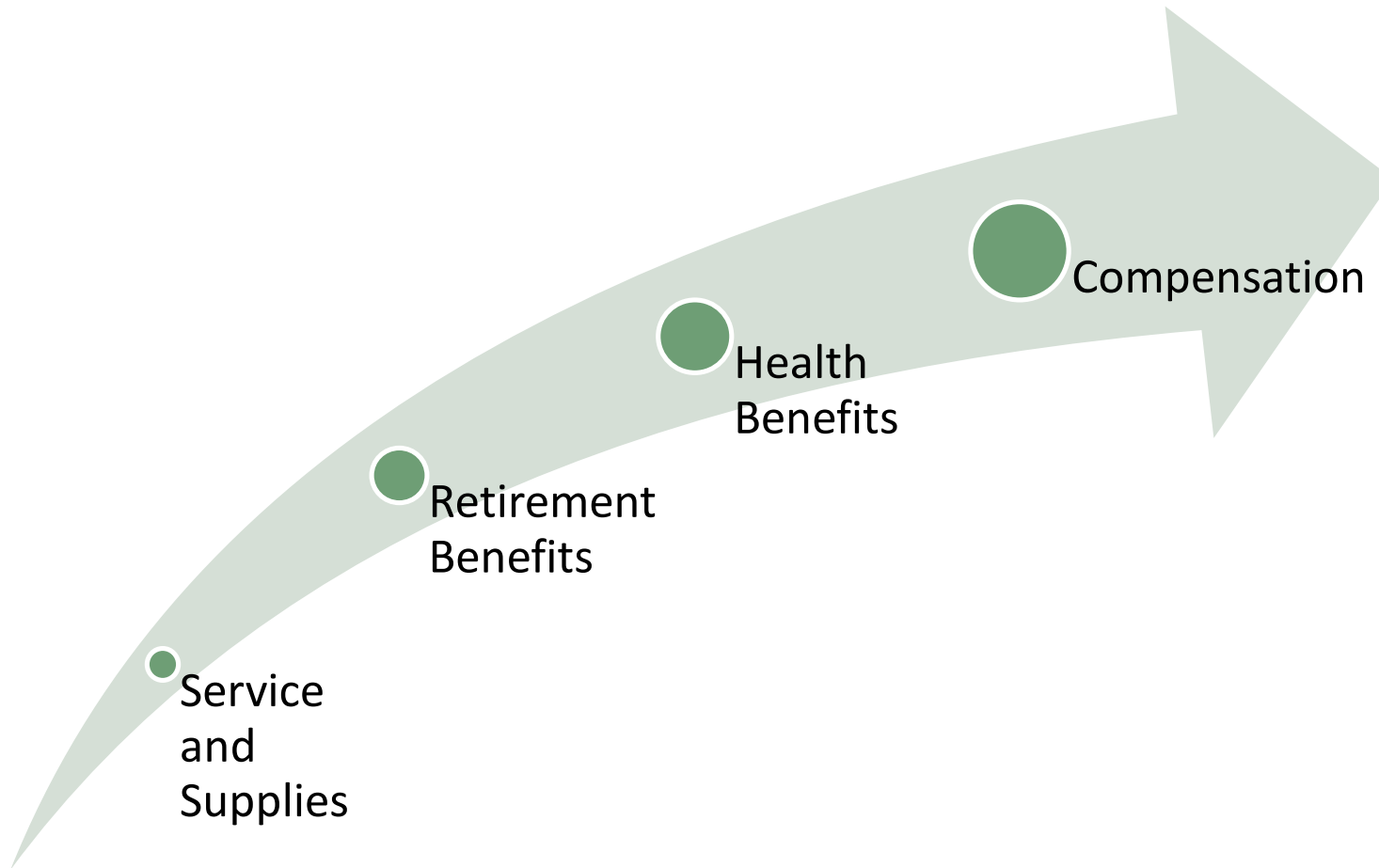
The Result of State Investment: Students and Families Are Taking on an Increased Share of College Costs

Student Share of Total Educational Cost



Students are now paying a much larger share of the total cost of their attendance. According to the preliminary 2020 SHEF report, from 2010-2020, net tuition and fee revenue at Oregon public institutions increased by 58% compared to 27% nationally. In 2020, net tuition and fee revenue per student of \$7,853 in Oregon was 17% higher than the national average of \$6,732.

While Oregon Has Struggled with State Investment, Public Institutions Face Significant Cost Drivers



Budget Cost Drivers

Projected Increase over 2019-21

Universities	Community Colleges
--------------	--------------------

7.4%

6.2%

Fiscal Impact of Pandemic on Institutions

ADDED COSTS

Added costs have included: technology and support for remote learning and student services; emergency paid leave for workers; PPE and cleaning; as well as testing and contact tracing.

LOST REVENUE

Lost revenue includes: reduced tuition and fee revenue due to reduced enrollment, and reduced auxiliary revenue which includes housing, dining, and athletics.

SPENDING REDUCTIONS

Many public institutions have already implemented budget and spending reductions, hiring freezes, use of fund balances, and other measures, but the degree of uncertainty in is unprecedented.

Estimated impact through spring 2021:

\$111.5 M in added costs
+\$414.2 M in lost revenue
\$525.7 M total impact*

***About 20% of Education and General Funds (E&G) budgets**

**Wildfires -
estimated impact
of \$4.8 M to date**

Federal Relief to Oregon Institutions, 2020-2021

Oregon Institutions, Higher Education Emergency Relief Fund (HEERF)

Institution	CARES Act - HEERF I (Spring 2020)				CRRSAA Act - HEERF II (January 2021)			
	Student Aid	Institutional	Other	TOTAL	Student Aid (minimum)	Institutional (maximum)	Other (TBD)	TOTAL
Community Colleges	\$20.37M	\$20.37M	\$2.44M	\$43.17M	\$20.37M	\$77.61M	\$4.34M	\$102.32M
Public Universities	\$29.99M	\$29.99M	\$1.26M	\$61.23M	\$29.99M	\$73.19M	\$1.77M	\$104.95M
Private Institutions	\$13.00M	\$13.00M	\$3.65M	\$29.65M	\$11.80M	\$16.17M	\$0.28M	\$28.25M
TOTAL	\$63.35M	\$63.35M	\$7.34M	\$134.05M	\$62.16M	\$166.97M	\$6.39M	\$235.51M

Governor's Emergency Education Relief Fund (GEER),

GEER I: Through Section 18002 of the CARES Act, dollars were reserved for allocation to governors' offices based on a formula that considers the states' 5-24- year-old population and the preliminary 2020 formula count for Title I, Part A ESSA distributions. **\$10 million of the GEER I for Oregon were approved to support the urgent needs of postsecondary education students impacted by the pandemic.**

Governor's Emergency Education Relief Fund (GEER),

GEER II: Through Section 312(a) of CRRSAA, additional dollars were reserved for allocation to the Governor's Emergency Education Relief Fund to be awarded to states based on a formula stipulated in the legislation. Dollars are for discretionary for use in K-12 and higher education.

Oregon's Public University Funding Formula Holds the Universities Accountable to the State's Student Success and Equity Goals

The Student Success and Completion model, first launched in 2015, shifted the formula for distribution of state funds to the seven universities from a longstanding model based on enrollment, to a model focused on completed course hours and resident student graduation, to promote progress toward Oregon's educational attainment goals.

The funding model holds institutions accountable for student success and equity by adding **incentives for improved graduation for targeted populations such as historically underrepresented student groups** (including students of color, low-income, rural, and veteran students), **and degrees achieved in high-demand fields.**

50 percent of the state funding distributed is now outcomes-based, 33 percent is based on course-level completions ("activities"), and 17 percent supports funding stability in recognition of the diverse missions of Oregon's public institutions.

The HECC completed an extensive review and update to the model in 2020-21. The changes create further incentives for universities to improve degree outcomes and equity for Oregon students.

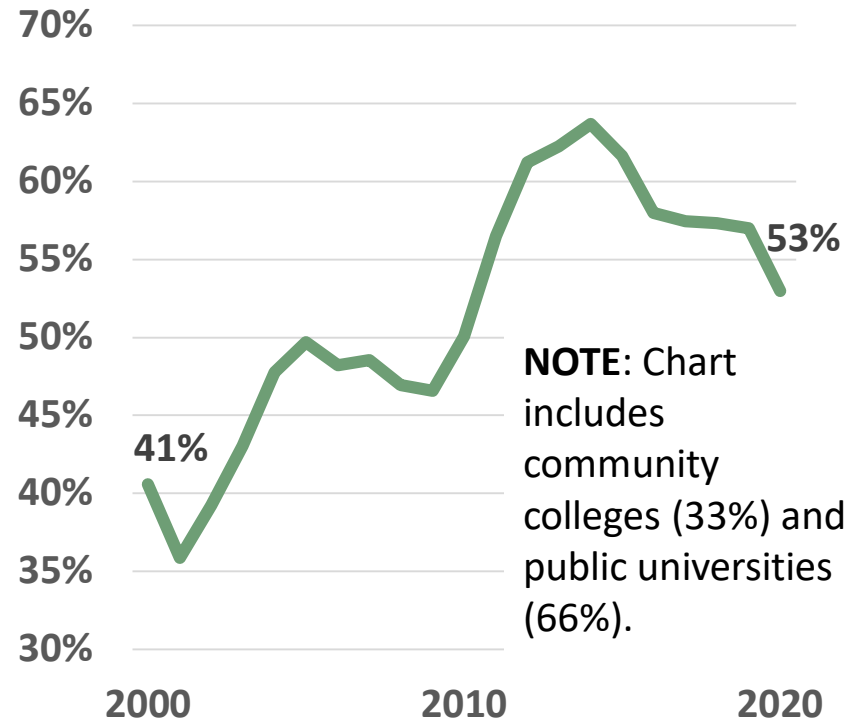
The Bigger Picture: With Limited State Funding, Students and Families have Taken on Higher Proportion of Costs. State Investment Supports Student Success.

Public funding 34th in nation

19% below national average

11% reduction in per FTE funding since 2001 (adjusted for inflation)

Tuition as Share of Total Education Revenue



For every extra \$1,000 per student a state spends on its public, four-year colleges...

- A student's odds of earning a bachelor's degree by age 25 increases by 1.5%
- The likelihood a student will take on debt decreases by 2%
- The total amount a student borrows decreases by over \$5,000 by age 35

Source: State Investment in Higher Education: Effects on Human Capital Formation, Student Debt, and Long-Term Financial Outcomes of Students, Federal Reserve Bank of New York, September 2020.

Note: Total revenue includes tuition, fees, and public appropriations. Education and General Funds.

Source: [2020 State Higher Education Finance \(SHEF\) Report](#), Tables 3.2, 3.4 and 3.5.

Governance, Structure, Strategic Planning

BEN CANNON, Executive Director



Our Vision for Oregon Postsecondary Education:

“The Higher Education Coordinating Commission (HECC) envisions a future in which all Oregonians -- and especially those whom our systems have underserved and marginalized – benefit from the transformational power of high-quality postsecondary education and training.”

“It is a future where innovative colleges, universities, and training providers, both public and private, help Oregonians to reach their highest potentials, build trajectories to family-wage careers, foster a more just society, and break patterns of intergenerational poverty.”

“It is a future where postsecondary education fuels a resilient economy by anticipating workforce needs and by fostering innovation, research, and knowledge. In the future we envision, all Oregonians enjoy well-lived lives thanks to the myriad benefits of postsecondary education and training...”

From the HECC Strategic Framework, December 2017

Our Mission:

The mission of the Higher Education Coordinating Commission, derived from its [chartering statutes](#) is to:

- **Dramatically and equitably improve postsecondary educational attainment levels;**
- **Improve Oregon’s economic competitiveness and quality of life; and**
- **Ensure that Oregon students have affordable access to colleges and universities.**

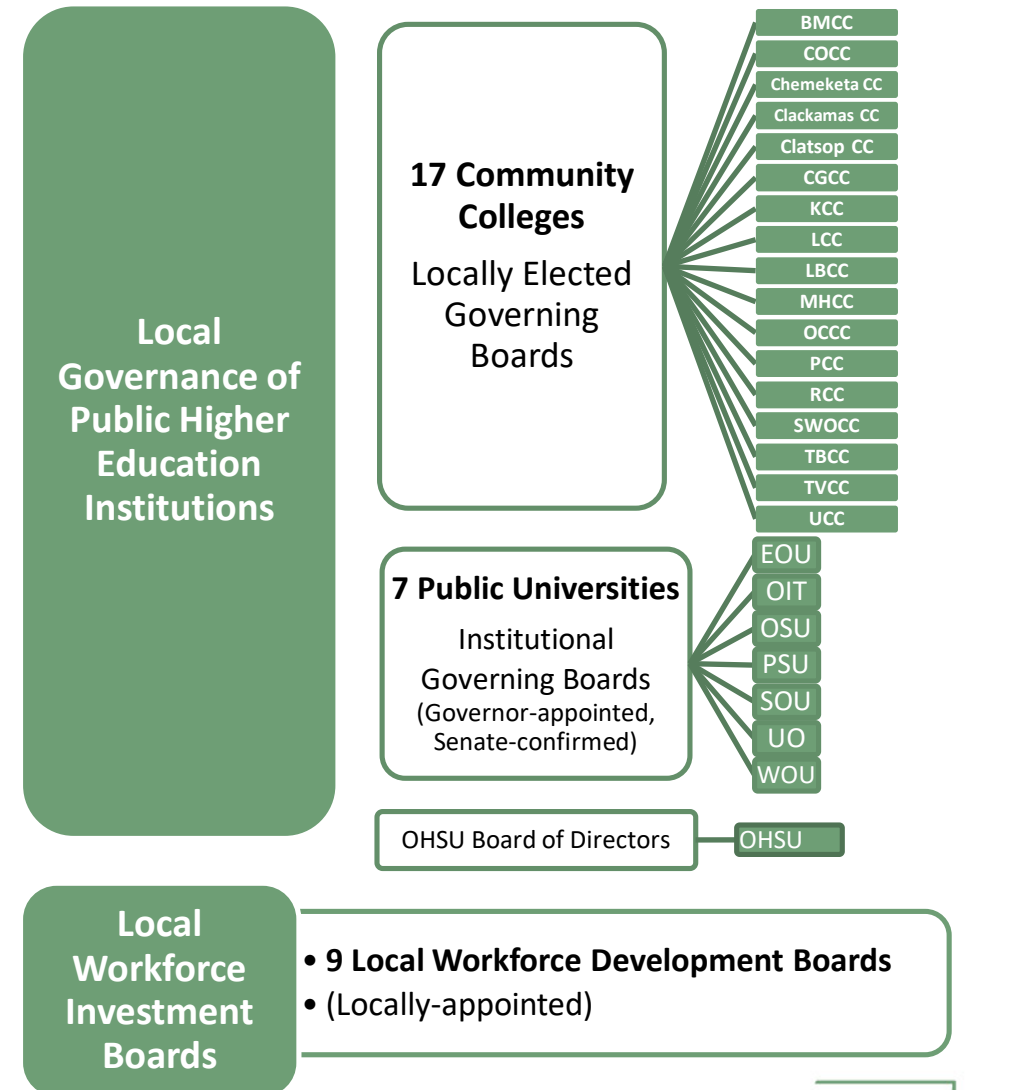
State Postsecondary Education Structure and HECC's Coordinating Role

HECC and affiliated boards

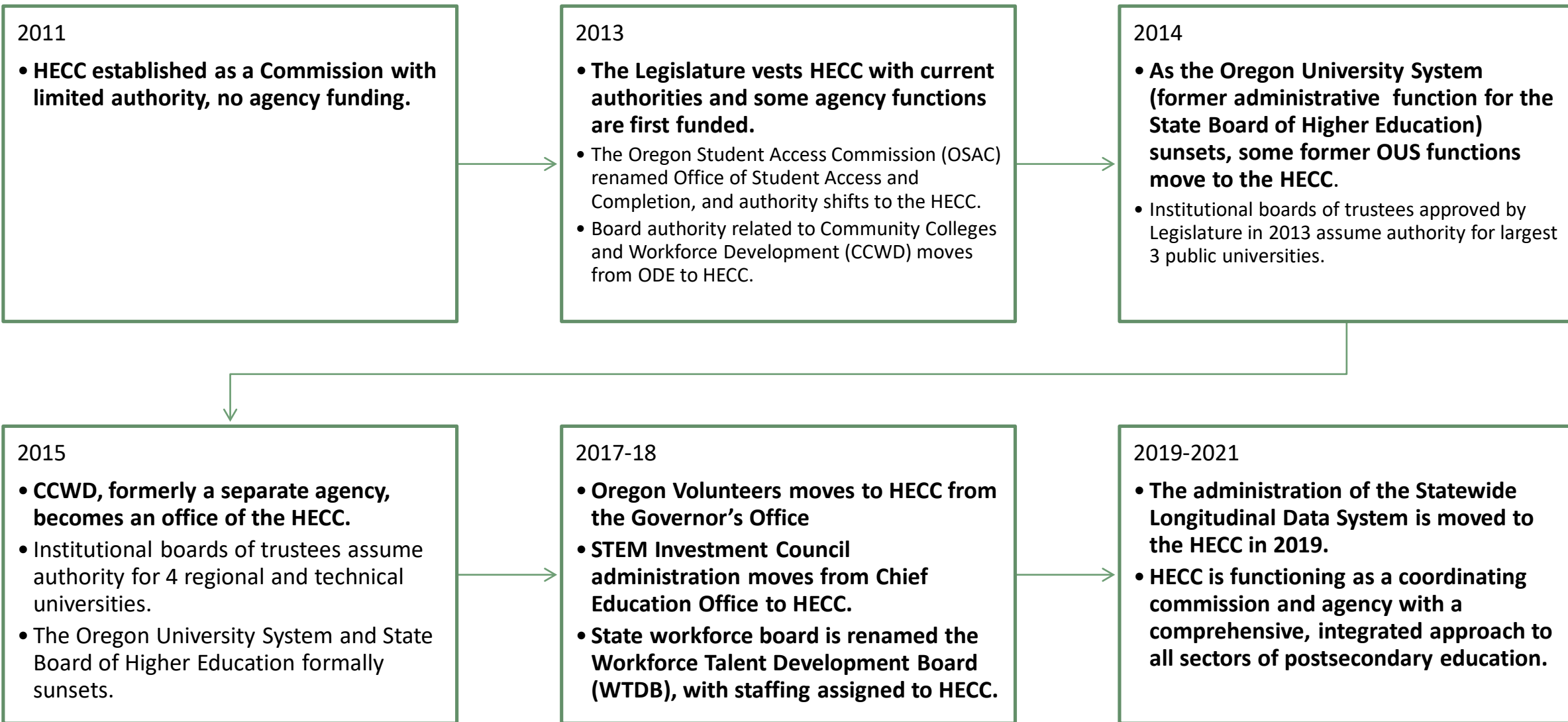
- Statewide coordination of postsecondary education policy and funding:
 - Responsibility across all sectors of higher education and workforce, public and private
 - A clearly-defined focus on coordination, not governance
 - The agency's work is guided by the HECC 14-member Commission (*Governor-appointed, senate-confirmed*).
 - The Agency is organized in 8 offices.
 - In addition to the HECC Commission, the HECC Office of Workforce Development is guided by the following state boards:
 - **Oregon Volunteers Commission**
 - **STEM Investment Council**
 - **Workforce and Talent Development Board**
 - **Oregon Youth Corps**

State of Oregon Partners

- Oregon Governor
- Oregon Legislature
- State Agencies and Boards/Commissions
 - Early Learning Council
 - Youth Development Council
 - Oregon Department of Education, Oregon State Board of Education
 - Teachers' Standards and Practices Commission
 - Employment Department



HECC History : Significant Changes Since the Commission was Formed



Our Key Responsibilities

The HECC supports state goals for postsecondary education and training by a wide range of policy and funding strategies including:

- setting a strategic vision for postsecondary education and advising state leaders;
- administering the statewide higher education and workforce biennial budget of \$2.9 billion (2019-2021)
- authorizing programs and degrees;
- administering statewide financial aid, workforce, and educational programs;
- research, evaluation, and analysis.

We also directly serve Oregonians by awarding grant and scholarship aid to students, and connecting Oregonians with workforce and training resources.



The HECC is a coordinating board, not a governance board, and we work in collaboration with many partners across the postsecondary landscape.

HECC Structure and Membership

HECC Commission:

14 Member Volunteer Commission, Governor-Appointed

HECC Voting Members:

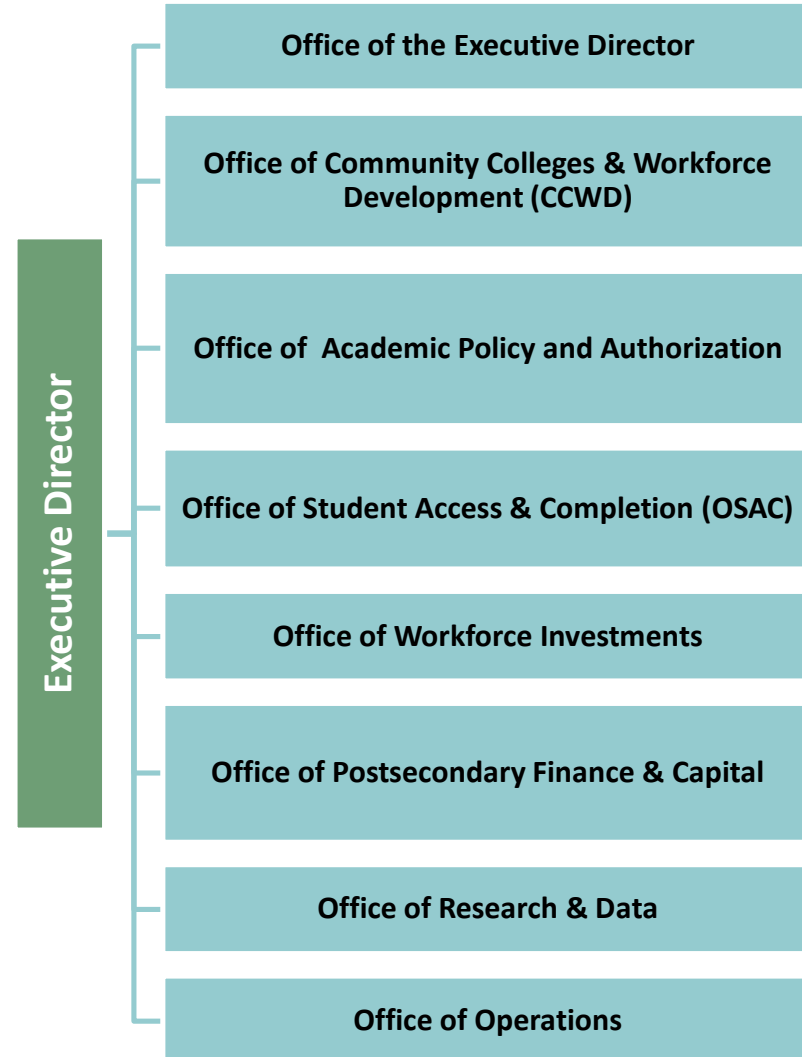
- DAVID RIVES, Chair
- SANDY ROWE, Vice-Chair
- VANESSA BECKER
- TERRY CROSS
- HELEN EDWARDS
- RICARDO LUJAN VALERIO
- RAMON RAMIREZ
- LARRY ROPER
- DUNCAN WYSE

HECC Non-voting members

- LEE AYERS-PREBOSKI (public university faculty)
- ENRIQUE FARRERA (staff)
- FRANK GOULARD (community college faculty)
- SHELBY PICK (university student)
- ROSSY VALDOVINOS TORRES (community college student)

HECC Agency

The agency's permanent positions decrease by nine positions from 148 to 139 and FTE decreases from 133.4 to 131.2 in the GRB.



HECC Strategic Planning to Achieve State Goals

www.oregon.gov/highered/about/Pages/strategic-plan.aspx

Strategic Plan 2016-20

The HECC is required by statute (ORS 350.075(d)) to adopt a strategic plan for state postsecondary goals. The HECC's *2016-20 Strategic Plan* charts a path forward to make progress for all Oregon's current and future students.

Strategic Framework 2017- 2021

As an addendum and update to the 2016-2020 Strategic Plan, the Commission in 2017 adopted a Strategic Framework 2017-2021 that will guide its strategic action in the coming years. The Framework concisely describes the Commission's vision, mission, values, and beliefs, and **defines four key areas of activity to achieve goals established by the 2016-20 Strategic Plan.**

Strategic Roadmap 2021-22

Since late 2019 the HECC has worked with partners on developing a Strategic Roadmap for the future of postsecondary education in Oregon. **This collaborative work is in progress.**

We will report further on this work in our conclusion.

HECC received input from more than 1,600 Oregonians: Read the [Stakeholder Outreach Insights Report here](#)

Four Strategic Action Areas Guide

HECC's Work to Achieve Four Key Goals

Our strategic work is in four priority areas. Through these strategic priorities, we aim to achieve our goals of **AFFORDABILITY, EQUITY, STUDENT SUCCESS,** and **ECONOMIC AND COMMUNITY IMPACT.**

REPORTING to steer progress:

- We use data analysis and reporting to steer progress toward state attainment and equity goals.

FUNDING for success:

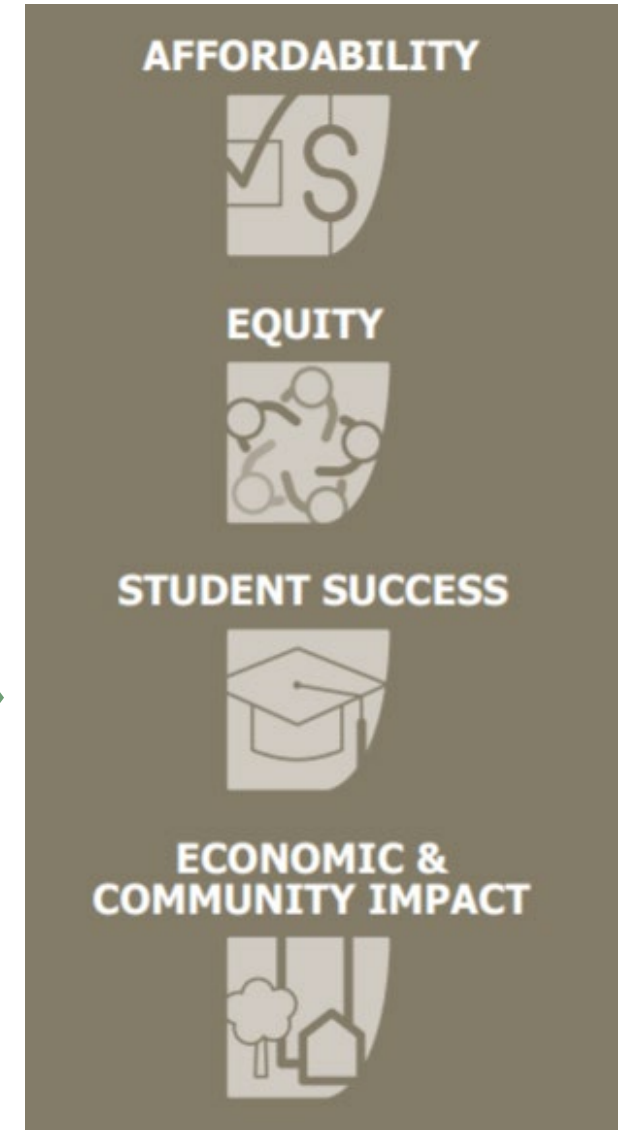
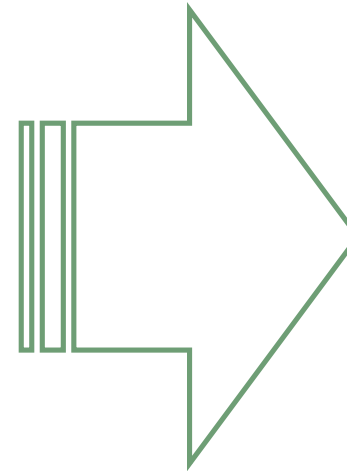
- We develop funding strategies to prioritize student success.

Streamlining Learner PATHWAYS:

- We make it easier to navigate and succeed in education and training and link graduates with careers.

Expanding Opportunity through OUTREACH:

- We work to ensure equitable access to college and career resources.



A Few of the Strategic Actions HECC Taken So Far to Improve Equitable Outcomes

REVAMPED FUNDING FORMULA FOR UNIVERSITIES

In 2015, we overhauled the way we allocate state funding to the seven public universities. Oregon now significantly weights outcomes for students of color in our funding distribution.

FINANCIAL AID FOR DACA AND UNDOCUMENTED STUDENTS

Working with the Legislature, we have helped Oregon to become one of just a handful of states nationwide that administers its financial aid programs without regard to a student's immigration status.

TARGETED GRANTS

We have developed and/or administer several grant programs specifically geared toward driving equity outcomes and prioritizing service to marginalized communities.

TRANSFER COMPASS

Working to implement groundbreaking 2017 legislation to significantly improve transfer credit pathways from 2 to 4-year public institutions.

EQUITY LEADERSHIP

After years of HECC proposing it, the Legislature in 2019 created and funded the agency's first permanent position focused on diversity, equity, and inclusion.

LUMINA TIE PARTNERSHIP

With the support of a privately funded "Talent, Innovation, and Equity Partnership" grant, we are bringing more diverse leaders to the public policy table than we ever have before.

HECC Budget Components

RAMONA RODAMAKER, Deputy
Director



HECC: Total Agency Budget

Activity	Description	2019-21 LAB	2021-23 CSL	2021-23 GRB
Higher Education Coordinating Commission Agency Budget	Includes all special payments, personal services, services and supplies, and debt service funds for all HECC programs.	\$2.885 Billion Total \$ 2,184 M GF \$ 144.4 M LF \$ 404.9 M OF \$ 151.8 M FF	\$2.861 Billion Total \$ 2,308 M GF \$ 154.3 M LF \$ 249.1 M OF \$ 148.8 M FF	\$3.181 Billion Total \$ 2,281 M GF \$ 152.5 M LF \$ 598.9 M OF \$ 148.7 M FF

Change from
2019-21

+10.2% from LAB
+11.2% from CSL

Some Key Impacts of the Governor's Recommended Budget

The base HECC budget is \$3.18 B Total Funds, a 10.2% increase from the 2019-21 LAB and a 4.44% increase in General Funds.

Community Colleges and Public Universities are flat funded at 2019-21 LAB levels. This is a 4.1% cut to CSL and occurs as the pandemic has increased costs and reduced revenues for institutions. It will likely cause spikes in tuition and fees, and significant program cuts.

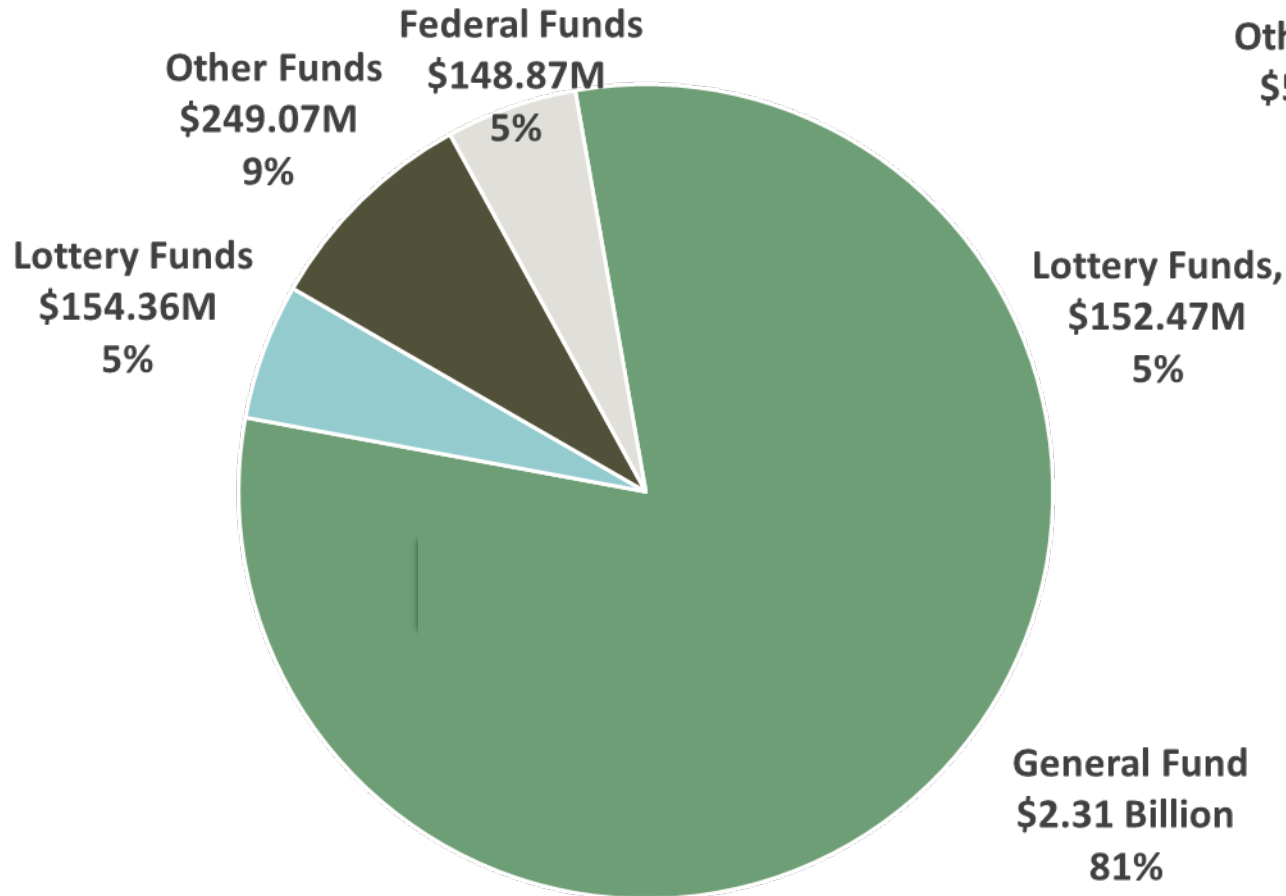
The state's largest need-based financial aid program, the Oregon Opportunity Grant, is funded at CSL; with rising student costs, this means HECC will provide fewer grants to support affordability for low-income Oregonians.

Most current activities of the HECC statewide coordinating agency are maintained, and there are investments in college access programs (\$5M), COFA (\$4M), health benefits for part-time faculty (\$10M), and increased DEI staffing (\$540K).

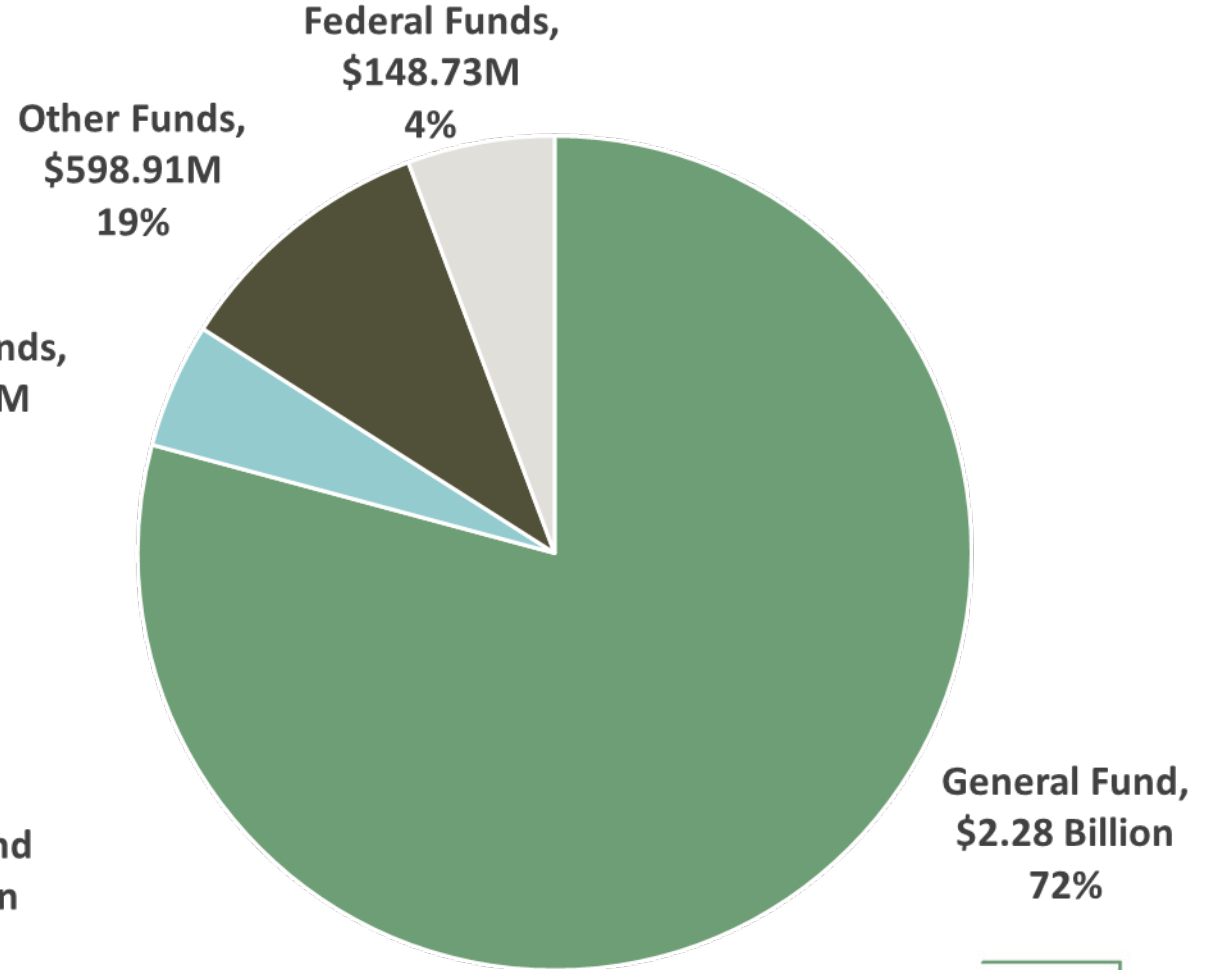
The GRB supports proposals for new employment opportunities for underserved youth (\$11.7M), transfer pathways (\$550K), IT modernization of the state's financial aid system (FAMIS-\$5.1M), and funds for college access outreach programs (\$9M).

HECC Budget By Fund Type

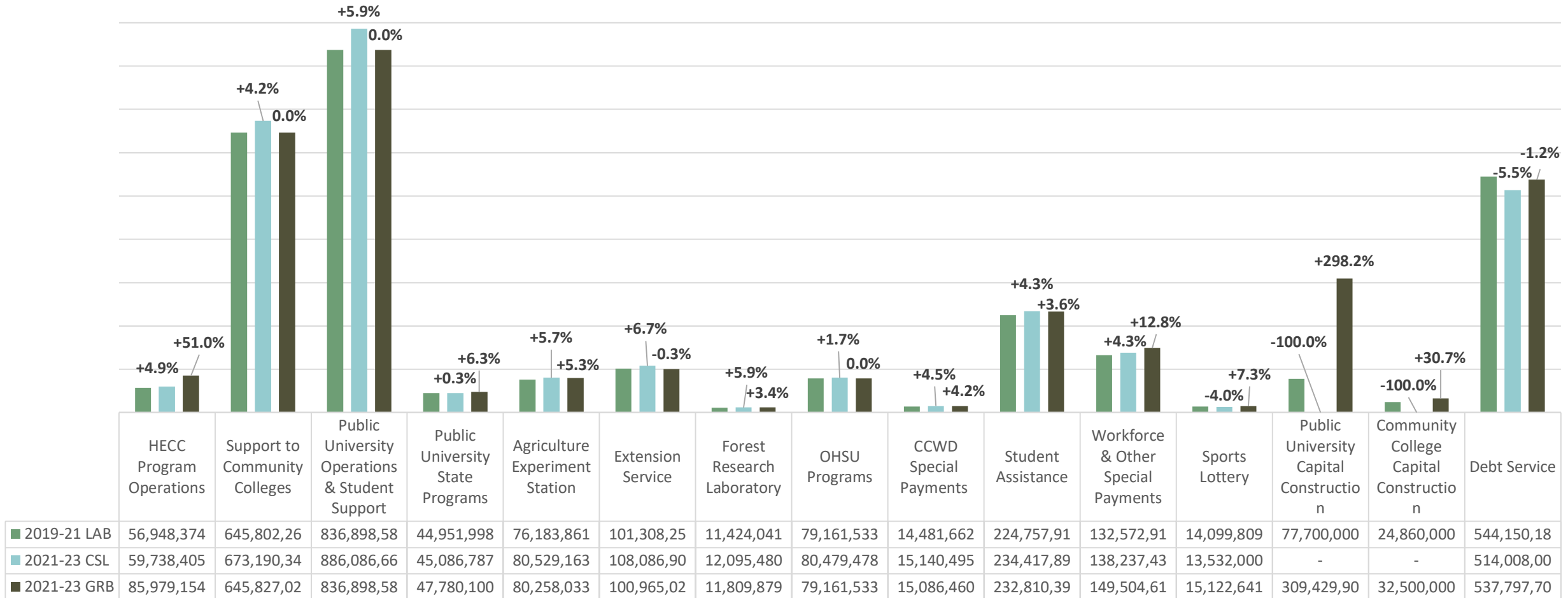
**Current Service Level:
\$2.86 Billion**



**Governor's Recommended Budget:
\$3.18 Billion**



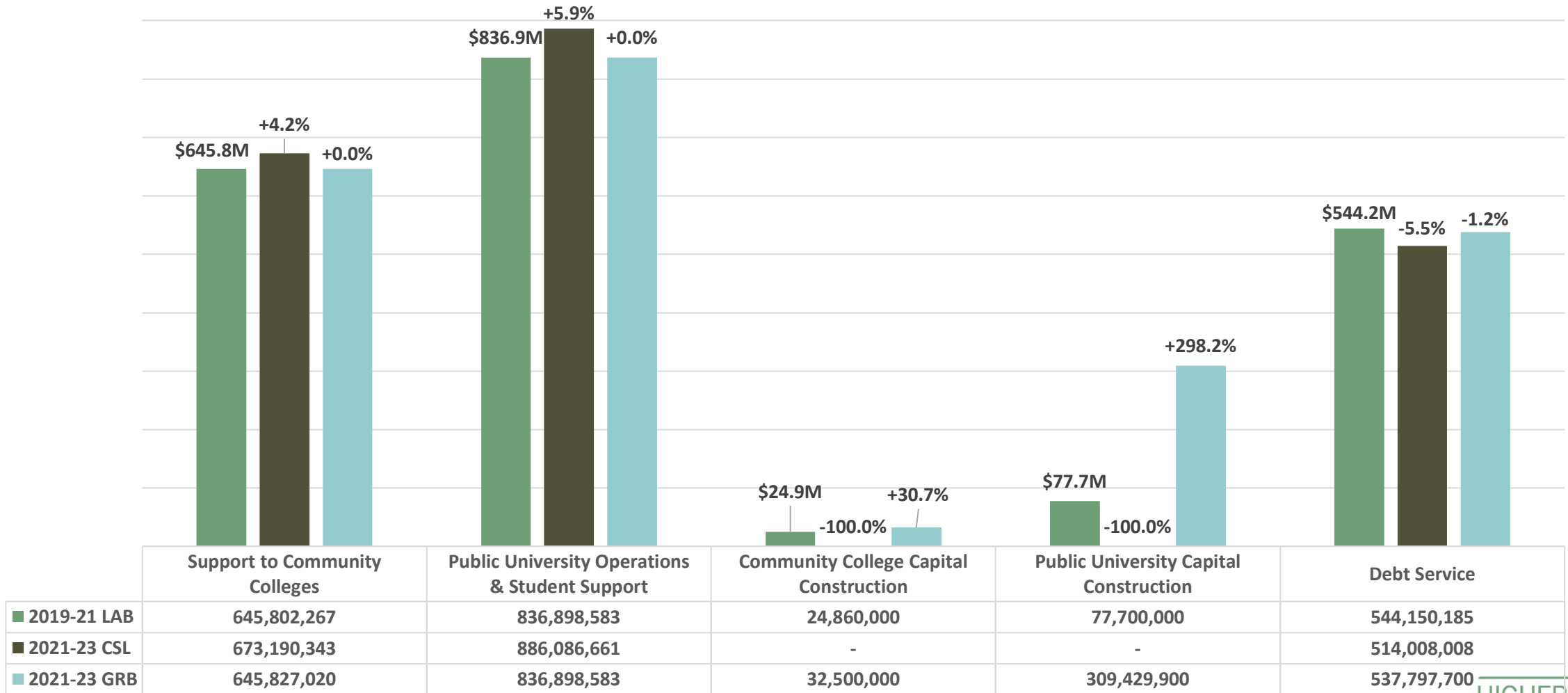
Net Change from 2019-21 LAB to 2021-23 CSL and GRB



■ 2019-21 LAB ■ 2021-23 CSL ■ 2021-23 GRB

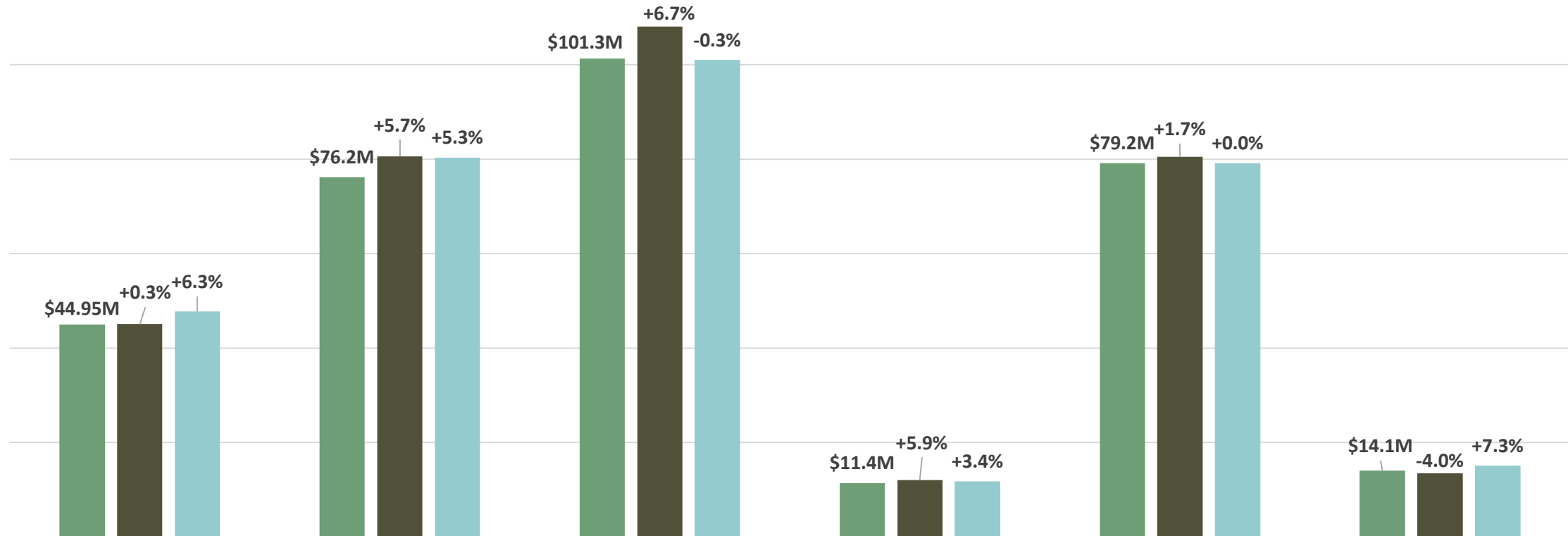
Net Change from 2019-21 LAB to 2021-23 CSL and GRB

Public Institution Operational Funds, Capital Construction, and Debt Service



Net Change from 2019-21 LAB to 2021-23 CSL and GRB

State Programs, Statewide Programs, OHSU, Sports Lottery

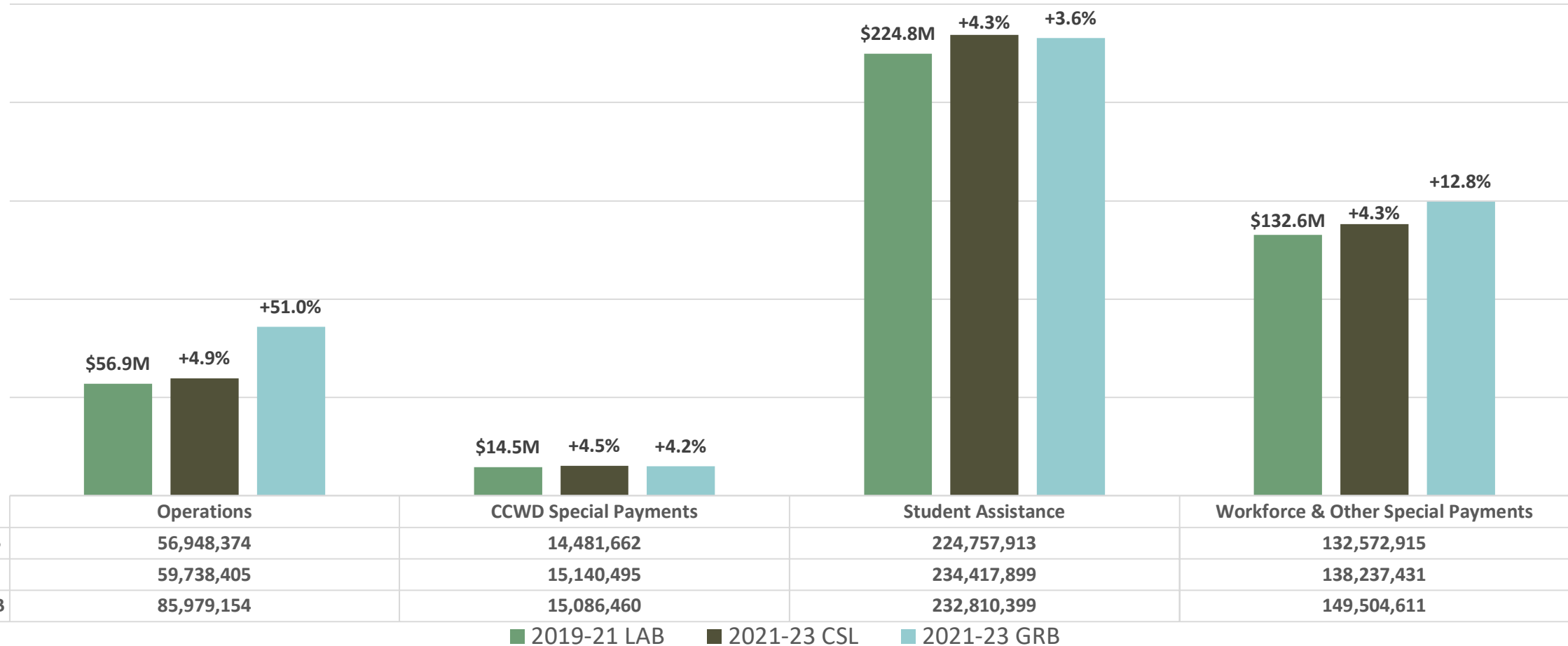


	Public University State Programs	Agricultural Experiment Station	Extension Services	Forest Research Laboratory	OHSU Programs	Sports Lottery
■ 2019-21 LAB	44,951,998	76,183,861	101,308,250	11,424,041	79,161,533	14,099,809
■ 2021-23 CSL	45,086,787	80,529,163	108,086,902	12,095,480	80,479,478	13,532,000
■ 2021-23 GRB	47,780,100	80,258,033	100,965,028	11,809,879	79,161,533	15,122,641

■ 2019-21 LAB ■ 2021-23 CSL ■ 2021-23 GRB

Net Change from 2019-21 LAB to 2021-23 CSL and GRB

HECC Operations, Student Assistance (Financial Aid), Workforce & Other Special Payments

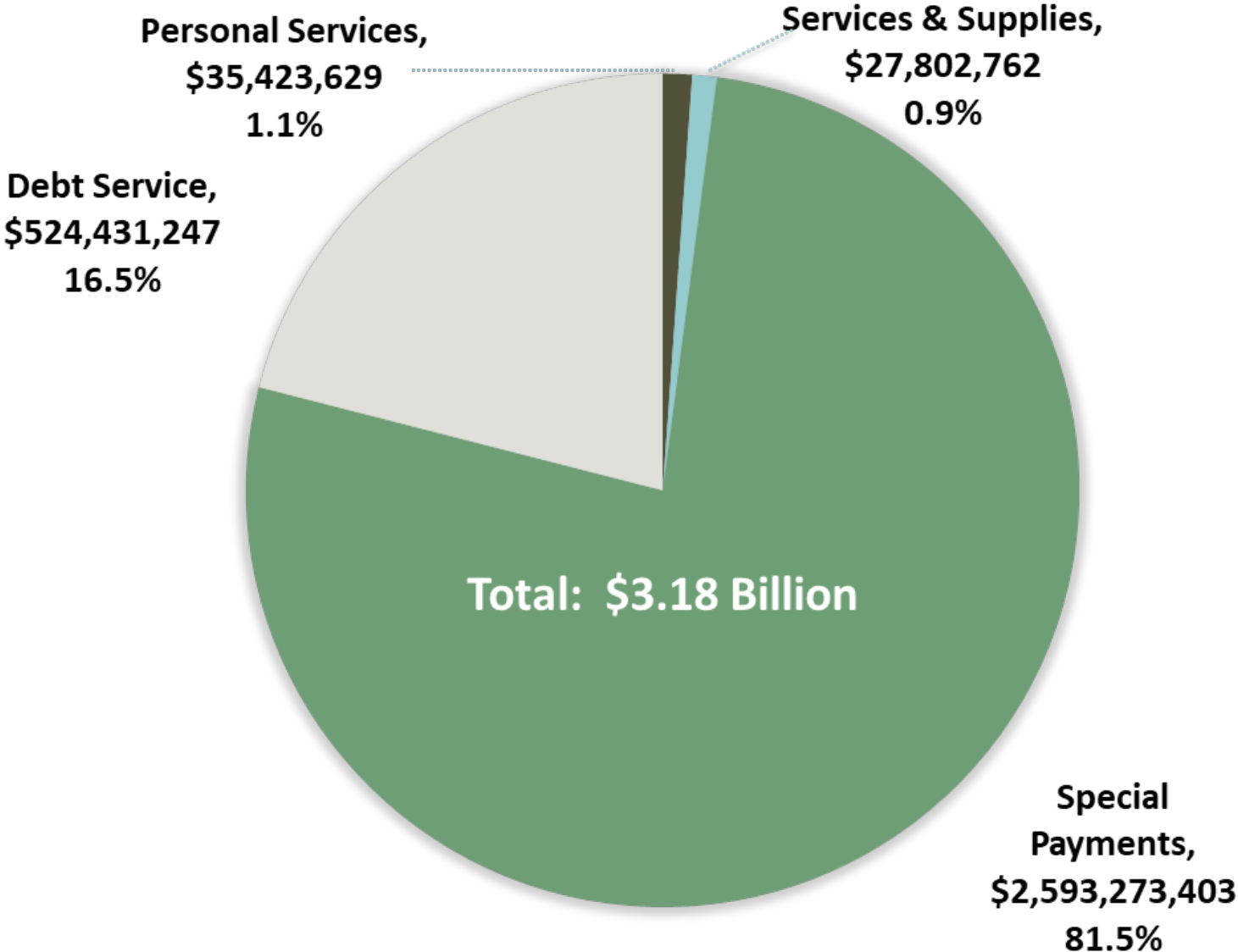


	Operations	CCWD Special Payments	Student Assistance	Workforce & Other Special Payments
2019-21 LAB	56,948,374	14,481,662	224,757,913	132,572,915
2021-23 CSL	59,738,405	15,140,495	234,417,899	138,237,431
2021-23 GRB	85,979,154	15,086,460	232,810,399	149,504,611

■ 2019-21 LAB ■ 2021-23 CSL ■ 2021-23 GRB

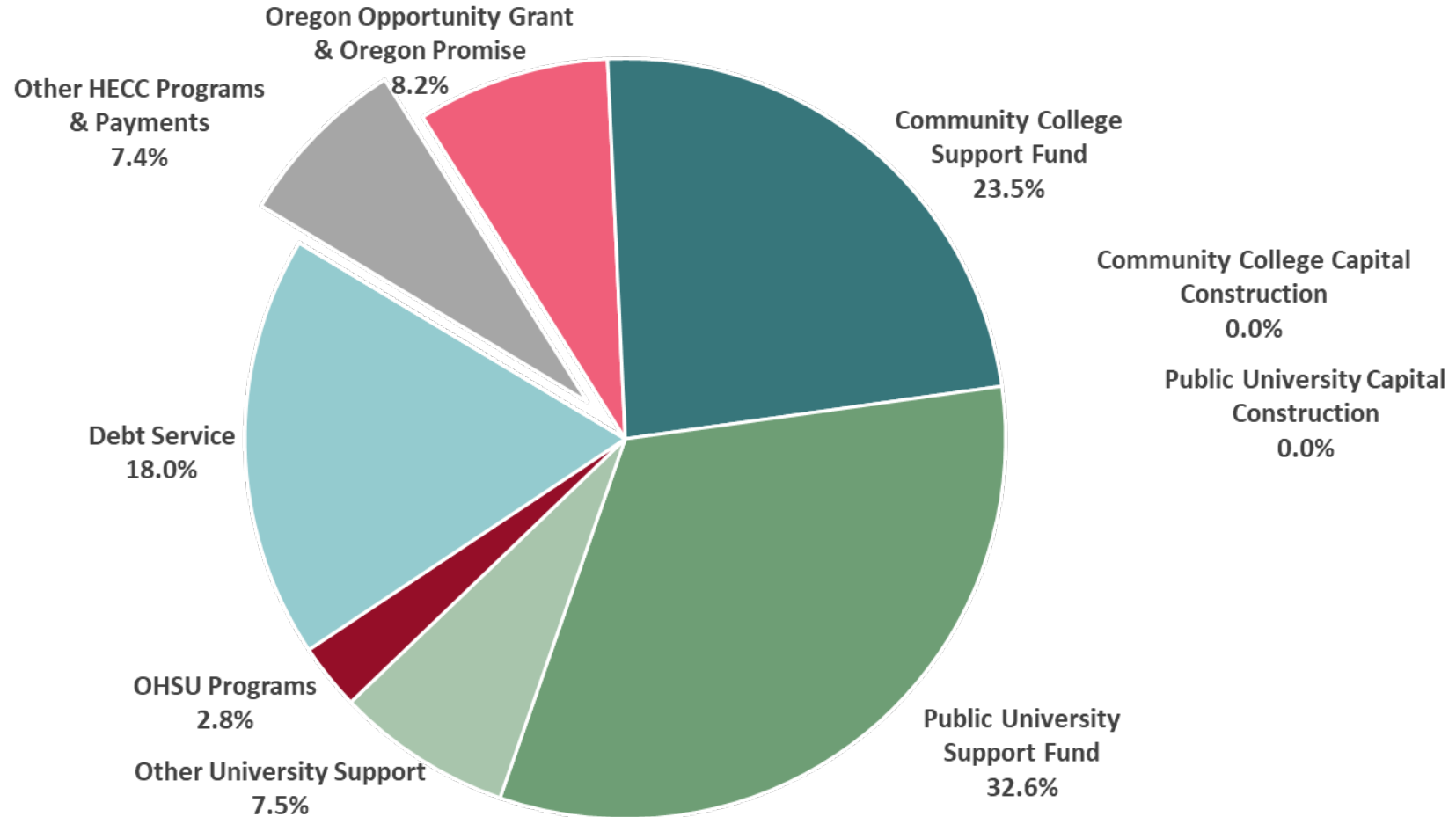
*2021-23 Director's (Operations) budget includes a \$18M funds transfer from DAS; \$4.0 million for pass-through payments to various education related non-profits; \$10.0 million for part-time faculty health care; and \$4.0 million for COFA tuition equity.

GRB Budget By Expenditure

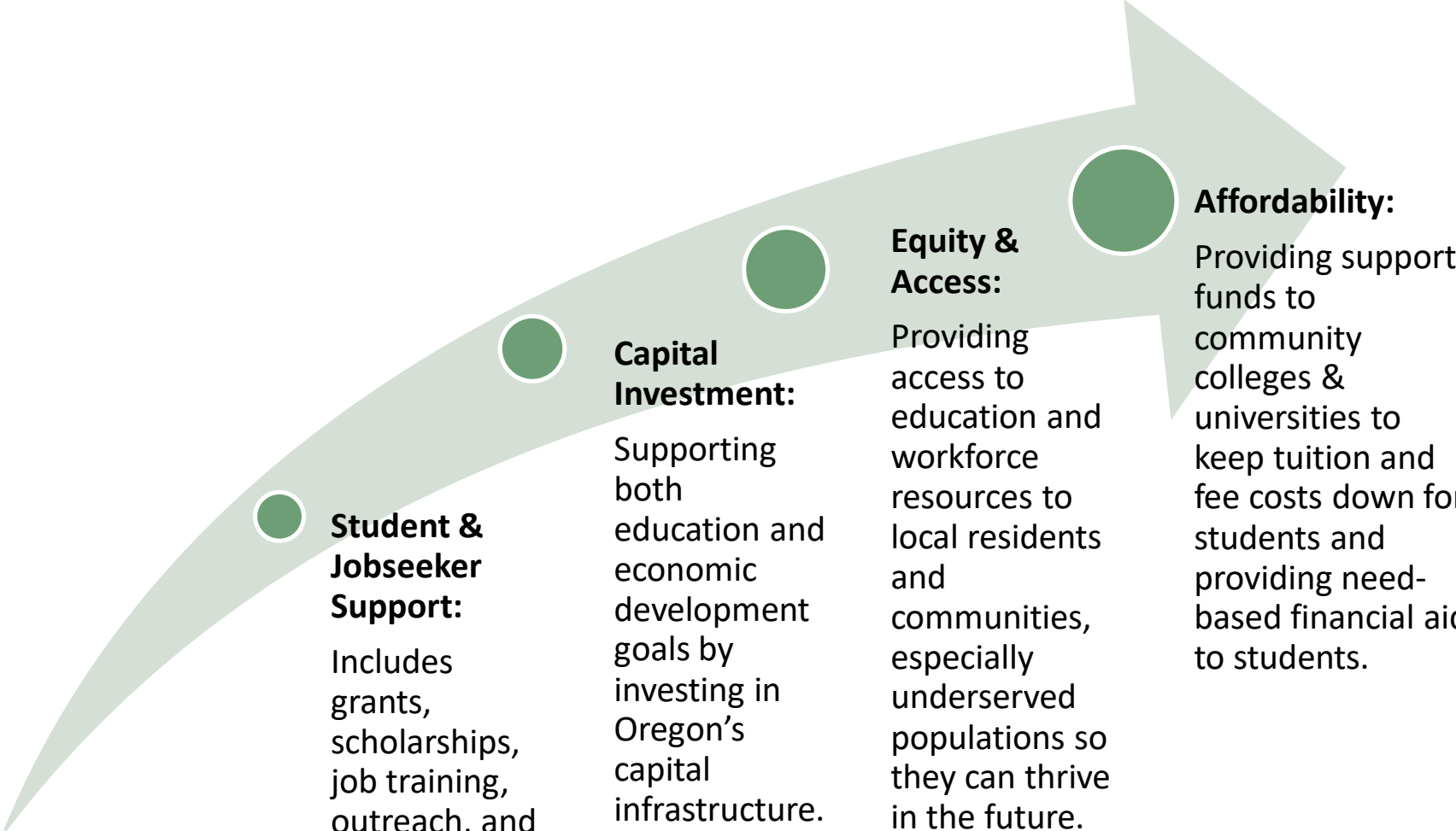


Current Service Level (CSL):

92.6% of HECC Budget Directly Supports Universities and Community Colleges



What Drives HECC's Budget?



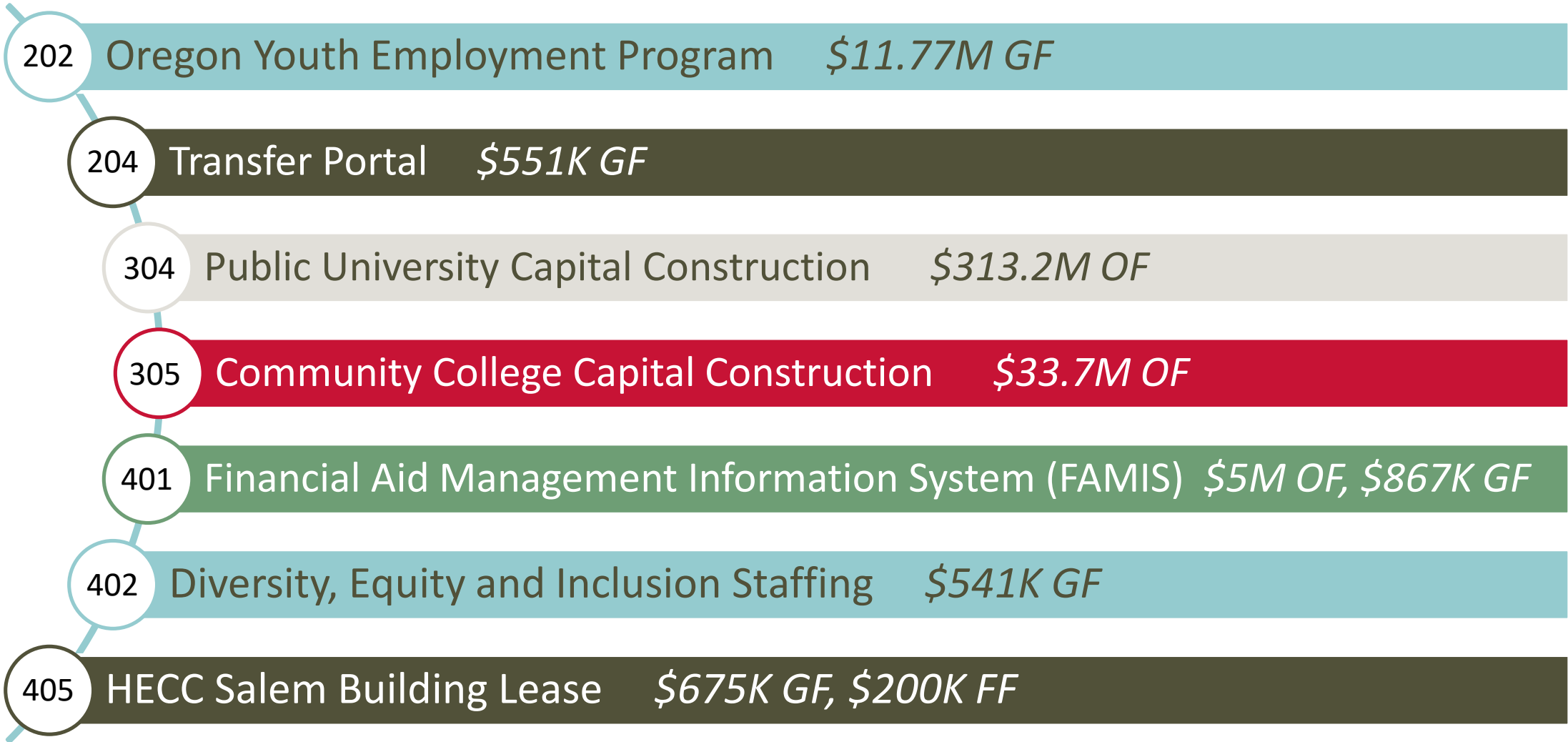
Student & Jobseeker Support:
Includes grants, scholarships, job training, outreach, and other direct assistance to Oregonians.

Capital Investment:
Supporting both education and economic development goals by investing in Oregon's capital infrastructure.

Equity & Access:
Providing access to education and workforce resources to local residents and communities, especially underserved populations so they can thrive in the future.

Affordability:
Providing support funds to community colleges & universities to keep tuition and fee costs down for students and providing need-based financial aid to students.

HECC Policy Option Packages in GRB



Key Performance Metrics and Legislation

RAMONA RODAMAKER, Deputy Director

Data on the our KPMs is interspersed throughout our presentations and all KPM data is included in the Appendix.



Key Performance Metrics

Key Performance Metrics

KPM	Milestone
1	Oregon high school graduates attending college Percentage of Oregon students enrolled in college within 16 months of their 4-year high school cohort graduation date
2	Racial/ethnic differences among Oregon high school graduates attending college
3	College credits earned by K-12 students Amount of postsecondary credit per graduate awarded to K-12 students
4	Oregon educational attainment Percent of young Oregon adults with postsecondary degree or certificate
5	Community college completion and transfer rate Percentage of community college students who complete an associate degree or certificate or who transfer to the university system within three years
6	Racial/ethnic differences for community college completion and transfer rate
7	Public university graduation rate Percentage of public university college students who complete a bachelor's degree within 6 years
8	Racial/ethnic differences for public university graduation rate

Key Performance Metrics

Key Performance Metrics

KPM	Milestone
9	Percentage of resident enrolled students who are incurring unaffordable costs Percentage of resident enrolled students who are incurring unaffordable costs adjusted with institutional aid
10	Racial/ethnic differences in percentage of resident enrolled students who are incurring unaffordable costs
11	Earnings of community college completers Median earnings of community college completers five years after completion
12	Racial/ethnic differences in earnings of community college completers
13	Earnings of bachelor's degree completers Median earnings of graduates with bachelor's degrees five years after completion
14	Racial/ethnic differences in earnings of bachelor's degree completers
15	Customer service (required) Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information
16	Commission best practices (required) Percent of total best practices met by the Commission

HECC-Sponsored Legislation: Priority Legislation

HB 2092– Oregon Youth Employment Program:

- Youth, particularly minority youth, are chronically underserved by entry-level jobs that provide the basis for positive development of employment skills. HECC is proposing funding the program, requiring the majority of opportunities go to identified underserved youth and be designed in partnership with those communities directly to provide meaningful paid job and experiential opportunity.

HB 2093– Financial Aid Redesign:

- The state funds two primary financial aid programs, the Oregon Opportunity Grant and the Oregon Promise. HECC intends to redesign these programs to emphasize financial need as the primary method of determining financial aid eligibility, to provide for differentiated programs for pipeline and returning learners, and to fund students on a first dollar basis, ensuring the neediest students can use other forms of aid for their expenses.

Credit Transfer:

- In 2017, the legislature adopted HB 2998, requiring the establishment of core and major transfer pathways for students. This legislation lacked clear expectations for alignment, a single point of decision making, and accountability provisions, and as a result, progress has been made, but it has been incomplete. HECC sponsored SB 76, portions of which are now included in SB 233, which is likely to absolve these key observed issues.

HECC-Sponsored Legislation: Other Agency Concepts

SB 75– Deceased or Disabled Public Safety Officer Program Funding:

This concept solidifies the Commission’s authority to utilize Oregon Opportunity Grant funds to provide awards to qualified recipients of aid under the Deceased or Disabled Public Safety Officer Program, replacing a prior authority that has eroded over the course of years as statutes have been modified.

SB 77– Minor Revisions:

This concept proposes to make minor and technical revisions to statutes. These changes typically cover issues such as program name changes, statutory clarifications, and repeals of outdated language.

HB 2089– Klamath Community College Boundary Change:

The Higher Education Coordinating Commission is tasked with determining the boundaries of community college service districts. When the Commission issues a boundary change order, ratification by the legislature is required. This concept proposes to ratify an order by the Commission to include an unincorporated portion of Lake County into the Klamath Community College district.

HECC-Sponsored Legislation: Other Agency Concepts

HB 2090– Boundary Change Process Modifications:

Over the last two years, the Commission and staff have worked on two boundary change issues, the first such issues the Commission has considered since its founding. The Commission has determined that the statutes, written in the 1970s, require clarification and modernization to account for current processes and college funding mechanisms.

HB 2091– Lane Community College Boundary Change:

This concept proposes to ratify an order by the Commission to include an unincorporated portion of northwest Lane County into the Lane Community College district, if such an order is approved by the Commission.

SB 77– Minor Revisions:

This concept proposes to make minor and technical revisions to statutes. These changes typically cover issues such as program name changes, statutory clarifications, and repeals of outdated language.

Other Bills That Include New Investments Supported in the GRB

SB 553– Provides the right of in-state tuition for students who are citizens of the Republic of Marshall Islands, the Federated State of Micronesia, and the Republic of Palau who live in Oregon under the Compact of Free Association (COFA), provided Oregon is their first state of established residency. **The Governor’s Recommended Budget (GRB) dedicates \$4 M to this proposal.**

SB 551/HB 3007 – Health care for faculty. The GRB invests **\$10M GF to support health care benefits for public institution part-time faculty** who provide instruction at multiple institutions.

HB 2412 – Appropriates \$500,000 to College Possible. Amendments are expected to be introduced to this bill to represent GRB investment levels for College Possible, ASPIRE, AVID, BUILD EXITO, and TRIO. **The GRB provides \$1 M to each entity.**