



## **HECC 2026 Legislative Summary:**

### **Key Postsecondary Education Budget and Policy Bills**



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**Learn more about the Higher Education Coordinating Commission at [www.oregon.gov/highered](http://www.oregon.gov/highered).**

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## INTRODUCTION

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This Legislative Report provides an overview of a selection of key investments and bills approved during Oregon’s 2026 Legislative Session pertaining to postsecondary education in Oregon and tracked by the Higher Education Coordinating Commission (HECC). The HECC is a state commission and agency dedicated to 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. The HECC’s statutory authorities include advising the Oregon Legislature and the Governor on higher education policy, and the development of biennial budget recommendations for public postsecondary education and workforce training in Oregon.

The 83rd Legislative Assembly convened on February 2, 2026, and adjourned Sine Die on March 6, 2026. Prior to the session, every expectation was that constrained budget resources would lead to modest cuts to HECC and institutions in order to maintain a balanced statewide budget. Due to an unexpectedly strong revenue forecast and the passage of legislation disconnecting the state tax system from some changes made to federal taxes in 2025, this scenario did not come to pass.

Instead, this session focused on issues of financial sustainability and the health of institutions of higher education, marked by the mid-session announcement by Southern Oregon University of concerns about future cash flow.

The Legislature’s response to this news was robust, providing funds to shore up SOU finances, but also passing legislation to require HECC to develop recommendations about future system sustainability and delivery of higher education, and providing \$2.5M to support this effort. This work foreshadows what is likely to become a major area of focus in the 2027 legislative session that will convene in January.

As always, the HECC is grateful for the engagement of a wide array of public and private partners, especially including legislators who took the issue of higher education sustainability seriously this session, and with whom the agency will continue to work closely in the interim on this important issue.

## MODIFICATIONS TO THE 2025-27 LEGISLATIVELY ADOPTED BUDGET

This section summarizes alterations made to the 2025-2027 Legislatively Adopted Budget during the 2026 short session. The Higher Education Coordinating Commission (HECC) budget includes funding for: Oregon’s 17 community colleges; Oregon’s seven public universities and Oregon Health and Science University (OHSU); state financial aid and student access programs; capital bonding authority for the public institutions; Oregon’s nine local workforce development boards; workforce and state service programs; and HECC agency operations.

The 2026 session saw a HECC net total funds increase of \$3,000,862 through House Bill 5204, the short session state agency biennial adjustment bill, plus a \$15M appropriation to the Emergency Board for distribution to the HECC. The Legislature also modified several capital construction projects through SB 5701.

### HB 5204

Table 1: Modifications to the HECC Budget by Amount and Category (HB 5204)

Short Session 2026 Budget Adjustments	Adjustment Amount
HB 4124 Higher Education Systems Study	\$2.5M (GF)
Consulting Support to Southern Oregon University - Long-Term Financial Sustainability Plan	\$0.5M (GF)
Statewide Compensation Plan and Other Adjustments	\$2.6M (Total Funds)
Net Debt Service & Bond Issuance Adjustments	-\$2.6M (Total Funds)
<b>HECC Total</b>	<b>\$3.0M (Total Funds)</b>
EBoard Special Purpose Appropriation for HECC - SOU Projected Operational Shortfall	\$15.0M (GF)

HB 5204 includes a one-time \$2.5 million General Fund appropriation to HECC to develop data-informed proposals for systemic action to increase the resilience and sustainability of Oregon’s postsecondary system. This work may build on the findings and recommendations of HECC’s “Spending and Efficiency in Oregon Public Universities” report submitted to the Joint Committee

on Ways and Means Education Subcommittee in January 2026, as well as the work directed by HB 4124 (2026).

Additionally, the bill includes a one-time \$500,000 General Fund appropriation to HECC to utilize external consultants to support Southern Oregon University (SOU) in developing a long-term financial sustainability plan by the end of April 2026.

The measure includes a special purpose appropriation to the Emergency Board of \$15 million in General Fund to be allocated to HECC to address a projected operational funding shortfall for SOU during the 2026-27 fiscal year. This allocation is contingent on HECC submitting a report to the Emergency Board in June 2026 on SOU’s updated financial modeling and operational plan to continue through June 30, 2027.

The HECC received an increase of roughly \$2.6M in total funds budget, including just under \$1.6M General Fund, for the statewide Compensation Plan and Other Adjustments. These funds support mid-biennium changes in expenses determined at the statewide level, particularly cost of living adjustments and other required changes to employee compensation and benefits.

HB 5204 also included a number of adjustments to the HECC’s budget for debt service and bond issuance costs. These adjustments resulted in roughly a \$2.6M decrease in the HECC’s total funds budget, as well as shifts among fund types. These changes generally reflect updates to the state’s plans for charging the associated expenses, which should decrease and shift accordingly.

**SB 5701**

The Legislature made several adjustments to previously approved capital construction projects, including the addition of approximately \$42M for the Oregon State University-Cascades Student Health and Recreation Center. A complete list of adjustments can be found in Table 2. There is an accompanying six year budget limitation found in SB 5702 related to expenditure of the funds approved in SB 5701.

Table 2: New and Adjusted University and College Capital Projects (SB 5701)

Project	Adjustment	Purpose
Oregon State University - Cascades Student Health and Recreation Center, New Project	\$32M, Article XI-G bonds and \$10M, Article XI-Q bonds	The project includes land reclamation, site development, and construction of a student health and recreation center on the Cascades campus.
Portland State University - Portland Center for the Performing Arts Parking Structure	\$0 - Change in Scope	During the 2025 session, the Legislature approved \$52.5M in Article XI-F bonds for a parking structure for the Center. The Center itself will be a public-private partnership. As part of the negotiations, PSU staff have determined flexibility in the use of authorized financing is necessary beyond the parking portion of the Center. PSU has

		been granted a change to broaden the scope of the project to incorporate the construction, furnishing and equipping of structured parking as well as other auxiliary uses as may be necessary. This may include the construction and furnishing of commercial kitchen, conference, office, banquet, studio, and retail spaces.
Portland State University - Performing Arts and Culture Center, Adjustment of Bond Type	\$35M, Article XI-Q bonds and -\$35M Article XI-G bonds	During the 2025 session (SB 5505), the legislature approved \$85 M in Article XI-G bonds for the Center. A portion of matching was intended to come from City of Portland tax increment financing (TIF). However, the timeline for that process will extend beyond the deadline required for match to sell the bonds in Spring 2027, jeopardizing approximately \$35M in match.
Portland State University - Student Housing, Expansion of Scope	\$15M, Article XI-F bonds	During the 2025 session, the Legislature approved \$85M in Article XI-F bonds for a new student housing facility at PSU. The project involves demolishing an existing, aged building and constructing a new residential building on west campus supporting approximately 576 beds and student support spaces. Increasing costs will require an additional \$15M in bonds to complete the project.
Western Oregon University - Heritage Hall Roof Replacement, Emergency Funds	\$3.1M, Article XI-Q bonds	Emergency funds were approved to replace a roof on Heritage Hall, a student housing facility with bed capacity of 412. The roof of Heritage Hall has failed, resulting in water intrusion, and will require removal and replacement to prevent displacement of students and interior damage.
Southwestern Oregon Community College - Welding and Manufacturing Trades Center Modernization, Scope Change and Reduction		- \$3M Approved replacing the Student Uplift and Collaboration Create Expanded Support and Success project authorized in the 2025 legislative session with the Welding and Manufacturing Trades Center Modernization project and reducing the amount to be financed to \$5,070,000. The project will remodel

		Fairview Hall, which houses the college’s welding, pre-apprenticeship, machining and millwright trades center. Modernization is required to ensure building systems remain functional, to improve life safety, and to ensure programs meet emerging industry standards.
Portland Community College, Rock Creek Campus Building Complex	\$0 - Change in Scope	Modifies the scope of the Rock Creek Campus Building Complex, Phase I project authorized in the 2023 legislative session to allow renovations to the existing Rock Creek Building 2 in addition to constructing a new facility on the Rock Creek Campus for the Building Construction Technology program.

## **BILL SUMMARIES**

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**NOTE:** Bill summaries are an unofficial analysis of the effect of bills provided by staff. They are not intended to capture every requirement or nuance contained in a piece of legislation, and do not carry the force of law. If there are any ambiguities or differences between the summary and the statutory text, the statutory text controls. Budget bills and appropriations pass-through bills without other legislatively established policy elements are not included in this section. Resolutions and other legislative measures that are not law are also not included.

### **BILL SUMMARIES: POSTSECONDARY INSTITUTION GOVERNANCE**

#### **HB 4124: REPORT ON IMPROVEMENTS TO THE PUBLIC POSTSECONDARY EDUCATION SYSTEM**

The bill directs the HECC to study the condition of Oregon’s postsecondary education system and develop recommendations for an improved framework that supports access to postsecondary education institutions for students across geographic locations; fuels regional and statewide economic development and employment opportunities; and improves the financial viability of each postsecondary institution and the system as a whole by addressing factors like enrollment, increased personnel costs, changes in federal law, and sector-specific inflationary costs. The study must evaluate the distinct missions of each category of postsecondary institution and opportunities for collaboration, restructuring, or integration in the postsecondary system. HECC is required to consult with faculty, staff, students, and other public institution partners in the development of the report, and must preliminarily report to the Legislature by October 1, 2026, and submit a final report by April 1, 2027.

*Effective Date:* March 31, 2026

#### **HB 4079: FEDERAL IMMIGRATION ENFORCEMENT NOTIFICATION ON CAMPUSES**

Requires the governing boards of public universities, community colleges, and OHSU to adopt a policy for notifying the campus community, including students and employees, when a federal immigration authority is confirmed to have entered a campus for immigration enforcement. The policy must specify at least one administrator or their designee who is charged with confirming the presence of a federal immigration authority and notifying the campus who will receive training on a regular basis. The policy is also required to be posted on the institution’s website.

*Effective Date:* September 30, 2026

#### **HB 4066: OREGON HEALTH AND SCIENCE UNIVERSITY STUDENT BOARD MEMBER VOTING LIMITATIONS**

This bill prohibits the student member of the OHSU Board of Directors from participating in any discussions or actions by the board involving collective bargaining issues that affect students.

*Effective Date:* March 31, 2026

## **BILL SUMMARIES: WORKFORCE DEVELOPMENT AND TRAINING**

### **HB 4134: INCREASE IN STATE LODGING TAX FOR WILDLIFE AND WILDFIRE PREVENTION PROGRAMS**

This bill increases the transient lodging tax and allocates 0.1 percent of the increase to the HECC for the Oregon Conservation Corps (OCC) program. This is anticipated to raise \$7M for OCC in the first full biennium (2027-2029). The change in tax is effective January 1, 2027.

*Effective Date:* June 5, 2026

### **SB 1512: PROSPERITY 10,000 PROGRAM**

The bill slightly modifies the goals and purposes of the Prosperity 10,000 workforce development program. It removes references to priority populations as the focus of the program, as well as specific hourly wage goals for participants. It adds new requirements that local workforce development boards award grants that address local critical workforce shortages and strategic workforce opportunities. Local boards must also consider grantees' history of providing workforce development services, as well as their intention to collaborate with other entities to deliver workforce development services, including K-12 and postsecondary institutions, employers, and community-based organizations.

*Effective Date:* January 1, 2027

### **HB 4033: TRANSFER OF VOLUNTEER DATABASE FROM HECC TO THE DEPARTMENT OF EMERGENCY MANAGEMENT**

This bill transfers the responsibility, powers, and authorities related to the Oregon Volunteers in Disaster (ORVID) database from the HECC to the Oregon Department of Emergency Management.

*Effective Date:* April 7, 2026

## ASSIGNED REPORTS AND BUDGET NOTES

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### REPORTS ASSIGNED BY LEGISLATION IN 2026

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<b>BILL</b>	<b>TOPIC</b>	<b>DESCRIPTION</b>	<b>DUE DATES</b>
HB 4124	Improvement in the public postsecondary education system	HECC, in consultation with colleges and universities, will evaluate the distinct missions of each category of public postsecondary institution and make recommendations for greater collaboration, restructuring, or integration in the postsecondary system.	<i>October 1, 2026 for a preliminary report; April 1, 2027 for the final report</i>
HB 4079	Federal immigration enforcement notification	HECC will submit a report to interim legislative committees on education that summarizes the property identified by each institution's governing board as a "campus" for the purposes of carrying out the requirements of the bill.	<i>October 1, 2026</i>

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## BUDGET NOTES

BILL	TOPIC	NOTE CONTENT
HB 5204	Southern Oregon University future financial planning	SOU and HECC will collaborate to develop a plan for the future delivery of higher education in southern Oregon, which demonstrates a balanced budget for the 2027-29 biennium and long-term financial sustainability, identifies programs that are meaningful to Southern Oregon and/or the state and how they can continue to be delivered, and evaluates options for sustainability, including partnerships with other institutions. The plan is due by <b>April 30, 2026</b> .
HB 5204	Southern Oregon University financial modeling and operational plan through June 30, 2027	HECC is required to report to the Emergency Board by <b>June 2026</b> on SOU's updated financial modeling and operational plan to continue through June 30, 2027. SOU is required to submit a report to HECC by <b>April 30, 2026</b> that details these actions. Beginning <b>May 2026</b> , SOU must provide monthly financial statements and an updated cash flow forecast to HEC, the DAS Chief Financial Office, and LFO, and summarize on a quarterly basis the operational status of the institution.

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