
Docket Item:

2021-23 Biennial State Funding and Formula Summary Report

Summary:

The HECC's biennial Budget Report Summary (BRS) is new and improved. It will now include information across all public institutions of higher education and will no longer include operating budget summaries. The new report is called the *Biennial State Funding and Formula Summary Report*.

It includes information on institutional support, capital, and debt service funding appropriated in the current biennium for the public universities, community colleges, and OHSU and how that funding is allocated. It does not include information for any other HECC office or program, including student financial aid.

Docket Material:

For years, the HECC has published a report called the Budget Report Summary (BRS). It was a reference document containing the Legislatively Approved Budget (LAB) allocations of state appropriations for the public universities only and included detailed information on the funding formula. The scope of the report was limited to state resources designated for Oregon's public universities.

In an effort to better communicate the totality of state funding for institutional support, capital, and debt service across all public institutions, a revised version of the report has been created and renamed the *Biennial State Funding and Formula Summary Report*. The intent is to provide a reference document that includes all state appropriations for all public higher education institutions for the current biennium and to provide the details on how these resources are allocated. The report will not include state appropriations for any other HECC office or program including student financial aid.

The BRS also included a section called, "Education and General Other Funds Revenue." The intent of that section was to provide a summary of budgeted university revenues. This was a holdover from the former Oregon University System (OUS), when universities were subject to expenditure limitations on any such revenues directly collected. This information was provided to DAS for their use in monitoring expenditure limitations. The universities are no longer subject to such expenditure limitations.

As a result, this report will not include any information on institutional budgets. All details related to an institution's revenues and spending can be found in the operating budgets of the institutions available on their respective websites as approved by their governing boards. A summary of the universities' general fund spending for the current fiscal year (FY2022), and its impact on the universities' general fund balances, will be provided during the December F&A meeting.

Staff Recommendation:

For discussion and informational purposes only.

STATE FUNDING AND FORMULA SUMMARY 2021-2023 Biennium



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INTRODUCTION

This report is a reference document containing Legislatively Approved Budget (LAB) allocations of state appropriations and includes both institutional support and capital funding. It provides detailed funding information along with a discussion of the funding formulas. This document contains information specific to the 2021-23 biennium and, where noted, the estimated 2022 fiscal year distributions for the community colleges, public universities, and OHSU.

For information on an institution’s planned revenues and spending, please consult its individual budget, often available through the respective institution’s website. This report is limited to state support for Oregon colleges, universities, and OHSU, including capital funding, and does not include budget information for any other HECC office or program.

THE HIGHER EDUCATION COORDINATING COMMISSION (HECC)

The HECC does not have the authority to regulate specific expenditure choices or revenue budgeting by institutions. That authority is vested in the independent governing boards of the institutions. However, the HECC is charged through ORS 350.075(3)(f) with the responsibility to:

Adopt rules governing the distribution of appropriations from the Legislative Assembly to community colleges, public universities listed in ORS 352.002 and student access programs. These rules must be based on allocation formulas developed in consultation with the state’s community colleges and public universities, as appropriate.

The major allocation rules for the Student Success and Completion Model (SSCM) are codified as Oregon Administrative Rules (OAR) 715-013-0025 and 715-013-0040. Additionally, OAR 715-013-0060, 715-013-0062, 715-013-0064 and 715-013-0066 provide the allocation basis for various state program funds for the public universities. For the community colleges, the formula allocation rules are codified in OAR 589-002-0120 (and related rules) defining the allocation of the Community College Support Fund (CCSF).

2021-23 BIENNIAL FUNDING SUMMARY

Total appropriations for institutional support and debt service for the 2021-23 biennium increased by \$220.2 million (or 10.5%) compared to the 2019-21 biennium as shown in Table 1. This includes \$9.8 million in American Recovery Plan Act (ARPA) funding. In addition, the Legislature authorized \$485.5 million in capital projects.

	2019-21*	2021-23	Variance	
Institution Support	1,807,830,341	1,985,412,651	177,582,310	9.8%
ARPA funding	-	9,758,700	9,758,700	100.0%
Debt service (GF + LF)	289,413,431	322,290,139	32,876,708	11.4%
Total Support	2,097,243,772	2,317,461,490	220,217,718	10.5%
Capital Construction**	279,384,997	485,541,912	206,156,915	73.8%

*Not adjusted for reductions that occurred during the 2nd special session in 2020.
 **2021-23 includes \$7.1M in ARPA funding for three projects.

SUPPORT FOR PUBLIC UNIVERSITIES

The public university support fund (PUSF) was funded at the level the institutions requested to accommodate actual cost growth. The institutions' request was adjusted after HECC had submitted its Agency Request Budget (ARB) to reflect the lowered contribution rate for PERS.

The statewide public services were funded at the current service level (CSL). Funding was added for building maintenance associated with OSU-Extension, which was a line item of funding previously included in the mission differentiation component of the student success and completion model (SSCM). Additionally, funding was added for the berry research initiative and the Wine Research Institute.

Existing state programs were funded at CSL. Funding was added for the Veterinary Diagnostic Lab, which was a line item of funding previously incorporated in the SSCM. Funding was also added for the Strong Start Program across all the universities intended to provide pipeline students with the strategies and skills needed to successfully enroll and complete degree programs. Additional funding was added for specific programs, including \$5.5 million for OIT's applied computing and clinical laboratory facilities, \$1 million for PSU's Center for Women's Leadership, and \$1.1M for OSU to create a wildfire risk map among others.

Sports lottery funding increased by 17%, largely based on the expected funding distribution from the Oregon Lottery Commission. The proportional distribution between institutions will remain the same as it was during the 2019-21 biennium. The majority of sports lottery funding is to be spent on athletic programs with 50% earmarked for women's athletics.

OREGON HEALTH & SCIENCE UNIVERSITY (OHSU)

OHSU's programs were funded at CSL. Two million was added on a one-time basis for the Children's Integrated Health Database which includes child-related data from a variety of sources. This collaborative effort includes data from the Oregon Health Authority, Department of Human Services, and the Oregon Department of Education. OHSU will work with the Oregon Longitudinal Data Collaborative (OLDC) within the HECC's Office of Research and Data on this project.

SUPPORT FOR COMMUNITY COLLEGES

The Community College Support Fund (CCSF) was funded at the level the institutions requested to accommodate actual cost growth. The institutions' request was adjusted after the ARB to reflect the lowered contribution rate for PERS.

Funding for the two skills centers in the Portland area and for a program aiding first generation and other under-represented students were funded at CSL. Additional funding of \$10.4 million was added for an interagency arrangement with the Department of Corrections (DOC) for education services for adults in custody. This reflects a new arrangement where DOC no longer has a direct financial relationship with the community colleges who provide these services. Instead, DOC will transfer the funding through the agreement with HECC, which will then provide payments to the community colleges.

AMERICAN RECOVERY PLAN ACT (ARPA) FUNDING

ARPA funding was provided to all states to address pandemic related issues and to affect economic recovery. The Oregon Legislature appropriated over \$2 billion in ARPA funds during the 2021 regular session. A total of \$16.9 million in ARPA funding was appropriated on behalf of higher education institutions including \$9.8 million for program projects and \$7.1 million for capital projects.

This total includes funding for 11 different higher education related projects totaling \$9.8 million as listed in Table 2. This was done out of \$240 million appropriated to the Department of Administrative Services (DAS) in Section 74 of HB 5006 (2021).

Institution	Project	Amount
PCC Rock Creek	Washington county investments	2,155,000
PCC Cascades	Fire science Program	330,000
Mt Hood CC	Retractable pool cover and diversity center	2,400,000
OSU Cascades	Little Kitts Early Learning	1,000,000
Ag Exp Station	Wheat research, Columbia Basin Ag Center	100,000
Southwest Oregon CC	Fire training, trade school, STEM learning	350,000
Umpqua CC	Scholarships/support for CDL training students	200,000
Lane CC	Career and technical education	500,000
Chemeketa CC	Fire engine	323,700
PSU	Open for fall, open for all	400,000
Columbia Gorge CC	Child care, Ag Tech Ed Study, Spanish GED	2,000,000
	Total Funding	\$ 9,758,700

Also, ARPA funding of \$7.1 million was appropriated for three capital projects including \$3.5 million for the demolition of Cascades Hall at SOU, \$636,812 for the infill of a sink hole at Umpqua Community College, and \$3 million for a grant to the Pendleton Round Up Foundation to be used as matching funds for the Facility for Agricultural Resource Management (FARM) at Blue Mountain Community College.

DEBT SERVICE

Taking advantage of historically low interest rates, the state refinanced existing debt during 2020. Even after new projects, this refinancing lowered total debt service payments by 7.5% when considering all debt service, from \$556.4 million during 2019-21 to \$514.4 million during 2021-23. This significantly reduced the debt service paid by the institutions.

However, when looking at debt service paid with state general and lottery funds only, the total increased 11.4% from \$289.4 million during 2019-21 to \$322.3 million during 2021-23 as noted below in Table 3.

Table 3: General and Lottery Fund Debt Service

	Public Universities	Community Colleges	OHSU	Total
2019-21	225,247,724	40,349,557	23,816,150	289,413,431
2021-23	252,374,373	46,345,516	23,570,250	322,290,139
Variance	27,126,649	5,995,959	(245,900)	32,876,708
	12.0%	14.9%	(1.0%)	11.4%

CAPITAL CONSTRUCTION

In all, \$485.5 million in new state bond authorization and federal funding was appropriated during 2021-23 for 16 new capital projects. This includes funding for capital improvement and renewal (CIR) for the public universities which increased by \$15 million to a total of \$80 million. This total also includes \$7.1 million in ARPA funding provided for three projects as noted above. A complete list can be found later in this report.

Ten new capital projects were funded for the universities, including one project for OIT that received authorization for an early sale in Fall, 2021. Funding for six new community college projects was provided. Also, six community college projects were reauthorized for the 2021-23 biennium. With the exception of the OIT project authorized for early sale, the projects were consistent with the HECC's prioritization as outlined in the agency request budget (ARB).

SUPPORT FOR PUBLIC UNIVERSITIES

Total institutional support and debt service funding for the public universities grew \$135.1 million (10.3%) from \$1.31 billion during 2019-21 to \$1.44 billion during 2021-23 as noted in Table 4. Public University funding primarily flows through the following five programs:

1. Public University Support Fund (PUSF): The PUSF is the state’s primary direct funding contribution for university operations and is allocated to institutions via the Student Success and Completion Model (SSCM). A funding history is included in Table 5.
2. Public University State Programs: State Programs are largely non-academic programs at public universities focusing on a public university’s public service mission. This category also includes any one-time funding streams that are for non-academic programs. Items which are not recognized as continuing State Programs (or are not explicitly so) are referred to as “Targeted and One Time Appropriations.”
3. Statewide Public Service Programs (SWPS): This funding stream provides funding for the three SWPSs at Oregon State University (Agricultural Experiment Station, Extension Service and Forest Research Laboratory). It also includes Lottery Funds for the voter-approved Outdoor School Program administered by the Extension Service.
4. Sports Lottery: This appropriation of Lottery Funds provides support to academic and athletic scholarships at each of the seven public universities.
5. Public University Debt Service: This funding provides for debt service payments on state paid bonds and debt for public universities. Some bonds (XI-Q, XI-G and Lottery) have debt service paid by the state, some (SELP loans) are paid by a mix of state appropriation and institution revenues, and yet other types (XI-F (1) bonds) have debt service paid by the associated institution. More detail on bond types and other capital financing programs is available in the debt service section of this document.

Table 4: History of Biennial Appropriations to the Public Universities

Program		2013-15	2015-17	2017-19	2019-21	2021-23
General Support	Public University Support Fund	522,845,511	667,327,500	736,898,582	836,898,583	900,000,000
	State and Targeted Programs*	25,755,757	39,120,363	44,646,108	44,951,997	67,163,309

Program		2013-15	2015-17	2017-19	2019-21	2021-23
	Subtotal	548,601,268	706,447,863	781,544,690	881,850,580	967,163,309
Debt Service & Sports Lottery	General Fund Capital	0	0	1,690,000	975,000	0
	General Fund Debt Service	89,165,306	119,704,939	153,230,455	190,547,780	220,088,731
	Sports Lottery	8,000,000	8,240,000	8,240,000	14,099,809	16,514,607
	Lottery Funds Debt Service	25,571,489	31,887,710	31,881,610	33,744,795	32,285,642
	Federal Fund Capital	0	0	0	0	3,500,000
	Subtotal	122,736,795	159,832,649	195,042,065	239,367,384	272,388,980
Statewide Public Services	Agricultural Experiment Station	55,275,282	63,121,066	66,088,861	76,183,861	84,882,999
	Extension Service	39,909,526	45,601,540	47,717,403	56,002,403	59,293,902
	Outdoor School (LF)	0	0	24,000,000	45,305,847	49,418,728
	Forest Research Laboratory	6,070,772	9,771,107	10,224,041	11,424,041	12,095,480
	Subtotal	101,255,580	118,493,713	148,030,305	188,916,152	205,691,109
Grand Total		772,593,643	984,774,225	1,124,617,060	1,310,134,116	1,445,243,398
*Includes \$1.4 million in GEER funding for the Strong Start Program, COFA funding from SB 553, and the Berry Research and Wine Research funding from HB 5006.						

Table 5: History of PUSF Allocations by Institution by Fiscal Year

Institution	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Eastern Oregon University	19,096,072	19,715,521	19,898,918	20,186,725	20,996,848	21,500,357
Oregon Tech.	23,682,597	24,952,656	26,034,493	27,455,306	29,421,164	30,282,841
Oregon State University	101,748,583	106,575,415	114,798,771	121,751,891	134,780,799	141,233,996
Portland State University	76,357,519	81,299,418	87,900,756	91,390,178	99,712,571	103,273,398
Southern Oregon University	20,263,320	21,107,213	20,845,008	21,270,175	22,696,196	23,559,133

University of Oregon	62,658,731	64,204,431	67,773,522	69,090,989	75,630,666	78,668,321
Western Oregon University	22,470,679	23,195,346	23,828,838	24,673,012	26,842,062	28,300,231
Grand Total	326,277,501	341,050,000	361,080,306	375,818,276	410,080,306	426,818,277

LEGISLATIVELY ADOPTED BUDGET (LAB) SUMMARY

The HECC's main budget bill for 2021-23 is SB 5528 (2021) which provides both operating and debt service funding for the universities. The budget reconciliation bill is HB 5006 (2021) which appropriated additional funding for targeted, one-time projects and programs at several institutions. There were multiple other bills that appropriated additional targeted and one time-time funding to Oregon State University for different studies and purposes. Funding by bill, grouped by type of funding, is included in Table 6.

Table 6: 2021-23 Legislatively Adopted Appropriations

Program		SB 5528	HB 5006	Other Bills*	Total
General Funds	Public University Support Fund	900,000,000	-	-	900,000,000
	State and Targeted Programs	52,614,889	10,268,836	2,879,584	65,763,309
	Agricultural Experiment Station	84,646,077	236,922	-	84,882,999
	Extension Service	59,293,902	-	-	59,293,902
	Forest Research Laboratory	12,095,480	-	-	12,095,480
	Debt Service	220,088,731	-	-	220,088,731
	Total General Funds	1,328,739,079	10,505,758	2,879,584	1,342,124,421
Lottery Funds	Sports Lottery	16,514,607	-	-	16,514,607
	Outdoor School (LF)	49,418,728	-	-	49,418,728
	Debt Service	32,285,642	-	-	32,285,642
	Total Lottery Funds	98,218,977	0	0	98,218,977
Federal Funds	Targeted Programs (Strong Start)	1,400,000	-	-	1,400,000
	Capital Projects (SOU Demolition)	-	3,500,000	-	3,500,000
	Total Federal Funds	1,400,000	3,500,000	0	4,900,000
Total Appropriated Funding		1,428,358,056	14,005,758	2,879,584	1,445,243,398
*Other bills include: SB 553, SB 762, HB 2785, and HB 3114 as summarized below.					

SB 553 – Provides that a student who legally entered United States under Compact of Free Association treaty between United States and Republic of Palau, Republic of the Marshall Islands or Federated States of Micronesia and who has not previously established residence in any state or territory of United States other

than Oregon qualifies for exemption from nonresident tuition and fees at public universities and is eligible to receive state and university scholarships or other financial aid.

SB 762 – Directs Public Utility Commission to convene workshops.

HB 2785 – Directs State Department of Agriculture to establish grant program to fund upgrades to establishments expected to operate under program of state meat inspection, construction of new establishments expected to operate under program of state meat inspection and expansion of certain establishments that operate under program of federal inspection.

HB 3114 – Appropriates moneys from General Fund to Department of State Lands, State Department of Fish and Wildlife and Higher Education Coordinating Commission in certain amounts for certain purposes related to ocean chemistry.

OTHER BILLS

There are a number of other bills that passed providing funding for institutions for various purposes. This funding is not included in the summary tables above and totals \$18,099,150 for the 2021-23 biennium.

SB 551 – \$12,900,000. Provides that part-time faculty member at public institution of higher education qualifies for employee-only health care benefits if part-time faculty member works at level equal to at least half of full-time equivalent employee during at least three of four previous academic terms.

HB 2378 – \$200,000. Directs Higher Education Coordinating Commission to establish competency-based education pilot program.

HB 2835 – \$4,999,150. Requires each community college and public university to hire benefits navigator to assist students in determining eligibility and applying for federal, state and local benefits programs.

For a full legislative summary, including all key investments and bills approved during the 2021 session pertaining to higher education, please view the Legislative Resources page on the HECC's website: <https://www.oregon.gov/highered/policy-collaboration/Pages/2021-Session.aspx>

COMPARISON OF BIENNIAL APPROPRIATIONS

Table 7 compares state appropriations over the past two biennia by category. Percentage changes from the past biennium to the current biennium are in the far-right column of the table.

Table 7: Biennial Comparison

Program		2019-21	2021-23	Change from 2019-21	
General Funds	Public University Support Fund	836,898,583	900,000,000	63,101,417	7.5%
	State and Targeted Programs	44,951,997	65,763,309	20,811,312	46.3%
	Agricultural Experiment Station	76,183,861	84,882,999	8,699,138	11.4%
	Extension Service	56,002,403	59,293,902	3,291,499	5.9%
	Forest Research Laboratory	11,424,041	12,095,480	671,439	5.9%
	Debt Service	190,547,780	220,088,731	29,540,951	15.5%
	Capital Construction	975,000	-	(975,000)	(100%)
	Total General Funds	1,216,983,665	1,342,124,421	125,140,756	10.3%
Lottery Funds	Sports Lottery	14,099,809	16,514,607	2,414,798	17.1%
	Outdoor School (LF)	45,305,847	49,418,728	4,112,881	9.1%
	Debt Service	33,744,795	32,285,642	(1,459,153)	(4.3%)
	Total Lottery Funds	93,150,451	98,218,977	5,068,526	5.4%
Federal Funds	Targeted Programs (Strong Start)	-	1,400,000	1,400,000	100%
	Capital Projects (SOU Demolition)	-	3,500,000	3,500,000	100%
	Total Federal Funds	0	4,900,000	4,900,000	100%
Total Appropriated Funding		1,310,134,116	1,445,243,398	135,109,282	10.3%

STUDENT SUCCESS AND COMPLETION MODEL

Largely informed by the Oregon Equity Lens, the current public university funding formula, the Student Success and Completion Model (SSCM), is an outcomes-based approach designed to promote resident student success, support differentiated missions, and to provide funding stability. During its creation in 2015, the commitment was made to undertake a formula review every five years.

The current review process began in the summer of 2019 with the creation of a formula advisory workgroup to advise HECC staff. Fourteen workgroup meetings were held during the twelve months from October 2019 through October 2020. HECC staff made recommendations to the Commission during its November 2020 funding and achievement subcommittee meeting.

The workgroup was charged with considering a number of 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.

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.

The SSCM is comprised of three funding categories, Mission Support, Outcomes Based Funding, and Activities based Funding. The following pages will describe in detail each component, and how the calculations work.

Table 8 describes the data and calculations used in determining allocations for each category of funding in the SSCM.

Table 8: SSCM Funding Component Matrix

Funding Category	Data	Calculations
Mission Support Funding	<ul style="list-style-type: none"> Base Funding, Regional access, and Public service funding is based on resident FTE Research Support- Three-year average of research expenditures 	<ul style="list-style-type: none"> Base funding of \$2.9M, variable based on resident FTE for smaller institutions. Regional access funding based on resident FTEs, a funding amount per FTE, and an institutional size factor. Research support average proportional share, total cap of \$2.5M per institution and \$5M total Public services \$330 per resident FTE, maximum of \$4.7 per institution.
Activity-Based Funding	<ul style="list-style-type: none"> Three-year average of SCH completions by discipline (CIP) and student level. 	<ul style="list-style-type: none"> After removing Mission Support funding from the total PUSF allocation, 40 percent of remaining funding is allocated to ABF. Average multiplied by cost weights corresponding to discipline and student level.

Funding Category	Data	Calculations
Outcomes-Based Funding	<ul style="list-style-type: none"> Three-year average of resident degree and certificate completions by discipline and student level and non-resident doctoral degrees Three-year average of resident, baccalaureate transfer degrees. Three-year average of underrepresented student completions (resident baccalaureate) (see Equity Focus) 	<ul style="list-style-type: none"> Degrees at all levels are funded: BA/BS through PhDs, including graduate certificates Cost-weighting adjustments are made to reflect program duration and type (CIP code) Additional weighting awarded for BA/BS degrees earned by underrepresented students and degrees in high-demand and high-reward areas Allocations for transfer students are discounted relative to non-transfer students Bonus allocation for transfer students from an Oregon Community College

Figures 9 and 10 summarize the SSCM including the current year split between categories and the estimated allocation by category for each university. As a result of the formula review changes there will be a hold harmless implemented in FY2022. Figure 10 reflects the hold harmless affecting the OBF component only. For more details regarding the allocations between institutions, as well as the hold harmless, please reference the SSCM workbook, which can be found on the HECC's [website](#).

Figure 9: FY2022 Estimated PUSF Allocation by Category

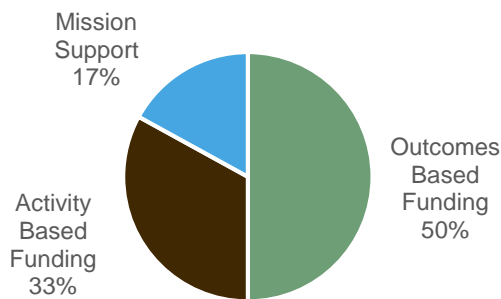
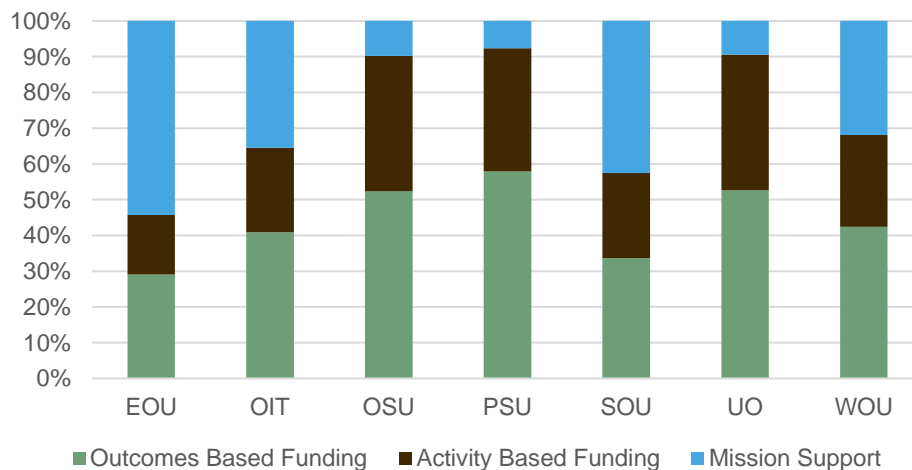


Figure 10: FY2022 Estimated PUSF Allocation by Institution



MISSION SUPPORT

Mission Support (MS) Funding supports the unique regional, research and public service missions and activities of each university. It supports public services and institution-specific missions which include research, dual credit, enhanced academic programming, regionally-focused outreach, and others. It also provides a stable foundation of financial support for each institution. There are four components:

- **Base funding** – \$2.9 million per institution. This is to provide a stable foundation of financial support for essential operations including those fixed costs that are independent of enrollment and is similar to the base payment mechanism included in the community college funding formula (CCSF). A variable amount of funding is also included in this component based on the number of resident FTEs and a dollar value per FTE for those institutions with resident FTE enrollment of less than 4,000 FTEs. This is in recognition that those institutions lack an economy of scale.
- **Regional Access** – a formula driven allocation for regional access to ensure the availability of public higher education for all Oregonians. The design is also similar to the base payment mechanism included in the CCSF in that it includes funding per resident FTE up to 4,000 FTEs. The calculation is based on the number of resident FTEs, a funding amount per FTE, and an institutional size factor. An additional amount is added for FTEs below that level but is capped at \$2.2 million. This funding only applies to the technical/regional institutions along with an allocation for OSU-Cascades calculated using the same process. A table listing all the institutional size factors is included in the appendix.
- **Research Support** – a formula approach based on the three-year average of federal research expenditures as reported by the National Center for Education Statistics (NCES). The funding total for this component is capped at \$5.0 million total. The amount each institution receives is based on their proportional share of the total spending with the amount for each institution capped at \$2.5 million.
- **Public Services** – calculation is based on a dollar value of \$330 per resident FTE with a maximum allocation of \$4.7 million per institution. This funding is to ensure institutions have resources available to provide public outreach and services to the general public with a focus on underserved populations.

Figure 11: Relative Size of Mission Support Components

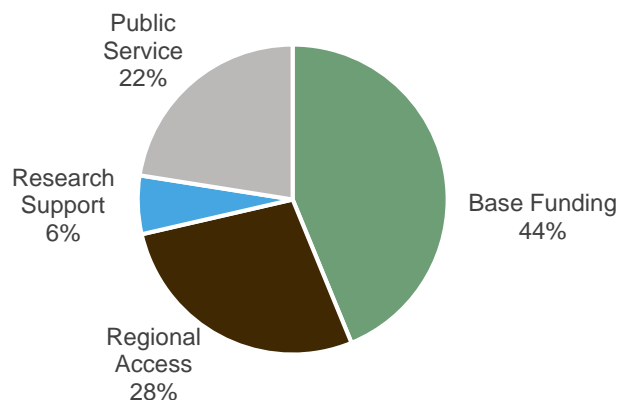


Table 12 shows the breakdown of Mission Support Funding by component and institution. Each university receives base funding and funding for public services. Only the TRUs (and OSU-Cascades) receive regional access funding. And only OSU, PSU and UO receive research funding.

Table 12: FY2022 Estimated Mission Support Funding by Component and Institution

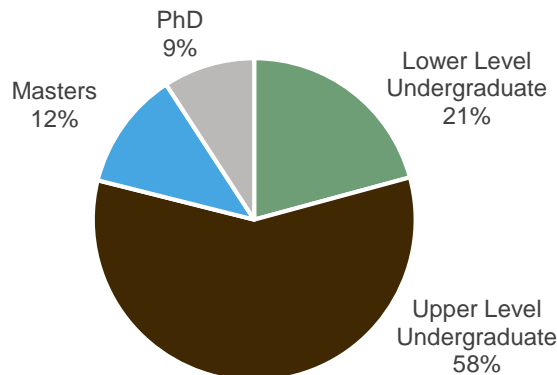
	Base Funding	Regional Access	Research Support	Public Service	Total
EOU	7,337,851	3,572,000	5,577	452,760	11,368,188
OIT	5,110,774	4,410,949	41,302	830,280	10,393,306
OSU	2,900,000	-	2,500,000	4,700,000	10,100,000
OSU Cascades	-	2,905,000	-	232,650	3,137,650
PSU	2,900,000	-	654,871	4,480,740	8,035,611
SOU	5,545,778	4,424,000	8,689	733,920	10,712,387
UO	2,900,000	-	1,135,598	3,528,360	7,563,958
WOU	4,334,932	4,215,941	4,412	985,380	9,540,665
Grand Total	31,029,335	19,527,891	4,350,449	15,944,090	\$ 70,851,765

ACTIVITIES BASED FUNDING

Activity-Based Funding (ABF) is a points-based system that distributes resources based on student credit hour (SCH) completions of Oregon resident students at undergraduate and graduate levels. SCH are funded based on the number of completions in each recognized CIP code, averaged over a three-year period. The ABF portion of the formula is designed to support access and success and to recognize the cost differences, based on student level, field of study, and degree level. This component includes the following principles:

- Enrollment driven – 40% of remaining PUSF funds, after Mission Support.
- Focus on Resident students – For SSCM purposes, the count of resident students includes students receiving tuition equity for non-citizens, as well as tuition equity for veteran, resident students.
- Focus on implied cost recovery – Designed to be a reimbursement for the cost of delivering instruction. Different courses cost different amounts to deliver as reflected by cost weights.

Figure 13: Relative Size of Activities Based Components



ABF Funding Pool = (Total PUSF – Mission Support) * 40%

The example below in Table 14 includes hypothetical data to show how weighted hours are calculated for one university. All resident student, completed hours are collected for all levels of instruction, across all disciplines. Cost weights are then applied for each level/discipline combination. The result is the number of weighted hours then used to calculate an institution’s ABF allocation.

Table 14: Calculation of Weighted Hours (One University using Hypothetical Data)

Course Level	Academic Discipline	Average Credit Hours	Cost Weight	Weighted Hours
Freshman / Sophomore	Engineering	5,000	1.98	9,900
Junior / Senior	Psychology	2,500	0.92	2,300
Master's	Education	2,250	1.38	3,105
Doctoral	History	1,100	2.96	3,256
Total Points		10,850		18,561

All weighted hours for all institutions are added up, then the total number of weighted hours is divided into the available funding to get a dollar value per weighted hour as shown below:

$$\$147,117,601 \div 4,274,921 = \$34.41 \text{ per completed SCH}$$

The dollar value per weighted hour (\$34.41) is then multiplied by the total weighted hours for each institution to get the funding for each institution. Table 15 shows the FY2022 estimated activities-based funding by institution.

Table 15: FY2022 Estimated OBF Points and Funding by Institution

	Points	Funding (\$)
EOU	104,796	3,606,456
OIT	208,105	7,161,711
OSU	1,541,373	53,045,003
PSU	1,094,923	37,680,797
SOU	180,299	6,204,829
UO	914,848	31,483,687
WOU	230,577	7,935,118
Grand Total	4,274,921	\$147,117,601

Figure 16: FY2022 Estimated Average Funding Earned per Completed SCH

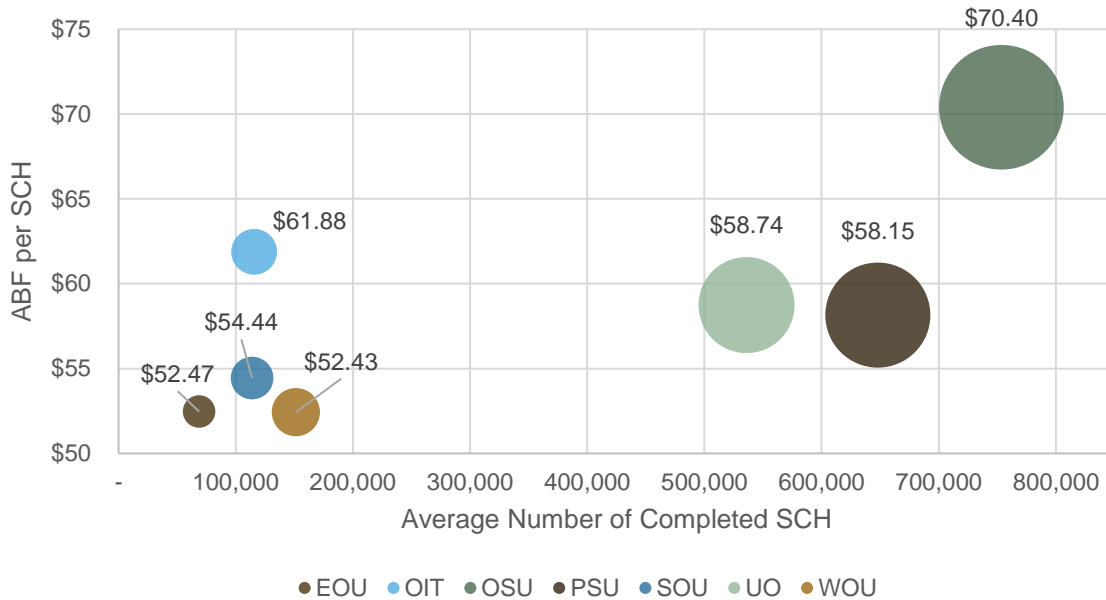


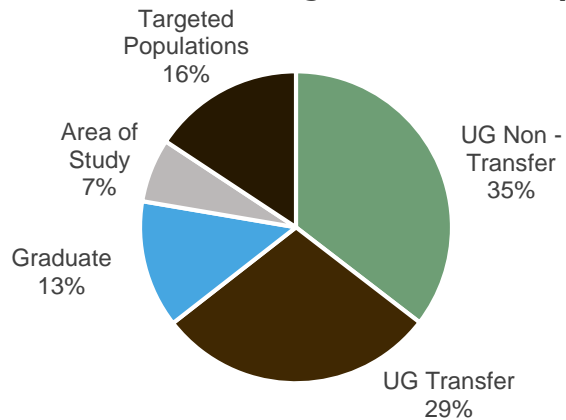
Figure 16 displays the estimated, average amount of PUSF funding earned by an institution per completed student credit hour (SCH) in FY2022. The difference observed between institutional averages is due to the program mix at each campus and the relative enrollment levels between programs.

OUTCOMES BASED FUNDING

Outcomes-Based Funding (OBF) is also a points-based system that rewards degree and certificate completions by Oregon resident students to align with the state’s goal of 40-40-20. This portion of the formula includes incentives for institutions to drive completions in order to align with the state’s goals. The four primary incentives provide additional weighting in the OBF portion of the formula. The incentives are:

- Degree level (Bachelors 2.0, Masters 1.0, Professional 1.0, Doctoral 1.4, Certificate 0.2)
- Academic discipline and level of instruction (cost weight)
- Area of study bonus for high-demand and high-reward fields (STEM, health, and bilingual education)
- Completions by underrepresented students (racial minority, low-income, rural and military veteran)

Figure 17: OBF Components



OBF Funding Pool = (PUSF – Mission Support) * 60%

Table 18 includes hypothetical data as an example of how OBF points are awarded. All resident student degrees are collected for all levels of instruction across all disciplines. Degree weights are then applied by type of degree. A cost weight is applied by level/discipline combination, and then the area of study bonus, transfer discount, transfer bonus, and the targeted population bonus are applied. This results in a number of points for each university.

Table 18: Calculation of Outcomes Based Weighted Hours (Hypothetical Data)

Type of Degree	Academic Discipline	Average # of Degrees	Degree Weight	Cost Weight	Area of Study Bonus	Transfer Discount	Transfer Bonus	Targeted Population	Points
Non-transfer Bachelor's	Engineering	1.00	2.00	2.10	0.4	0.0%	0.0%		4.6
PU Transfer	History	1.00	2.00	1.24	0	37.5%	0.0%		1.6
CC Transfer	History	1.00	2.00	1.24	0	37.5%	37.5%		2.5
Master's	Education	1.00	1.00	1.18	0	0.0%	0.0%		1.2
Doctoral	Psychology	1.00	1.40	2.35	0	0.0%	0.0%		3.3
Underrepresented		1.00						1.0	1.0
Total Number of Outcomes Points for One University:									14.2

Table 19 shows the estimated outcomes-based points and funding by institution for FY2022. All outcomes points for all institutions are added together, then the total number of points is divided into the available funding to get a dollar value per point.

$$\$220,676,401 \div 50,220 = \$4,394.19 \text{ per outcomes point}$$

The dollar value per point is then multiplied by the total points for each institution to get the funding for each institution.

Table 19: FY2022 Estimated OBF Points and Funding by Institution

	Points	Funding (\$)
EOU	1,439	6,324,962
OIT	2,297	10,094,718
OSU	16,767	73,677,344
PSU	14,537	63,878,372

SOU	2,067	9,081,110
UO	10,050	44,161,855
WOU	3,063	13,458,040
Grand Total	50,220	\$220,676,401

Figure 20: FY2022 Average Amount Earned per Non-transfer, Baccalaureate Degree

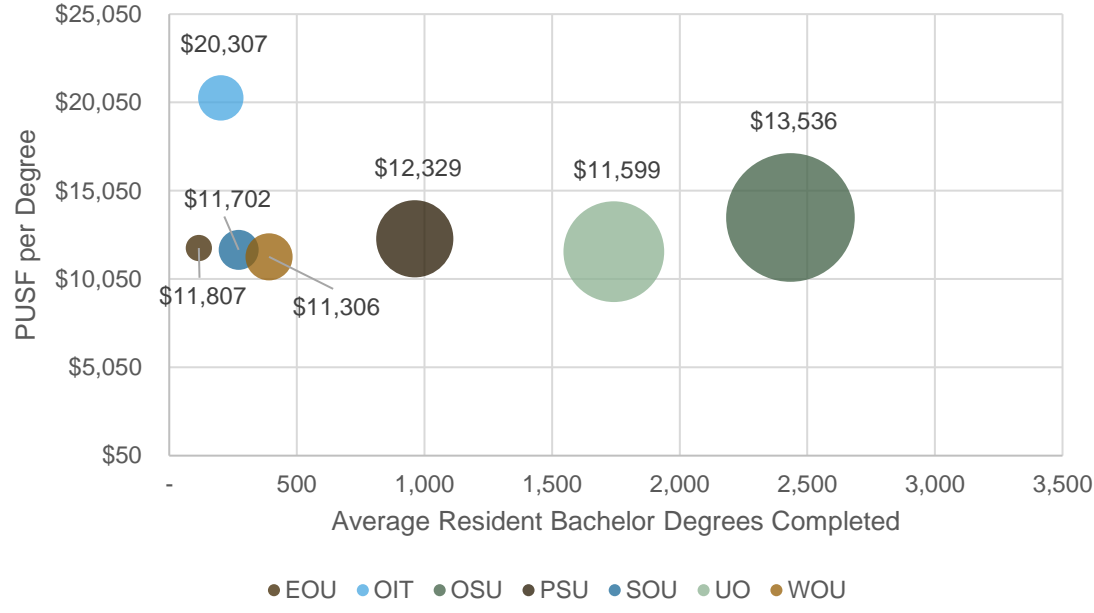


Figure 20 represents the average allocation earned through the OBF portion of the SSCM for a non-transfer, undergraduate degree at each institution. It also does not include the Student Population Bonus. The average value by institution varies due to the program mix at each university and the relative levels of enrollment in each offered undergraduate program.

Figure 21: What's a Degree Worth?

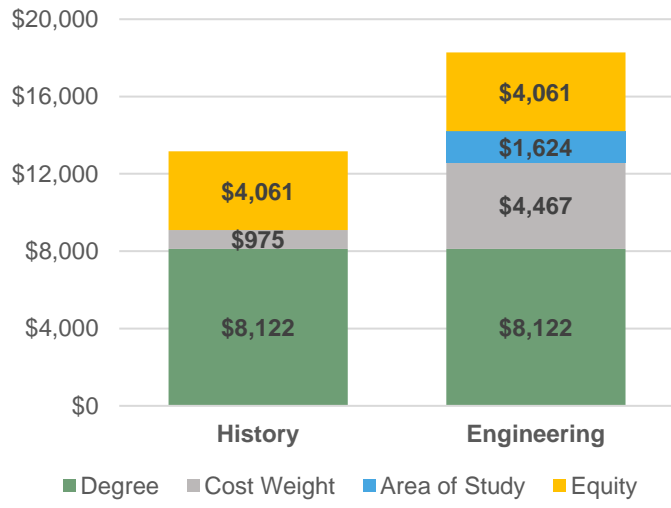


Figure 21 provides a look at what a resident, non-transfer, undergraduate degree is worth to a university in two different disciplines. This assumes one equity characteristic. The history degree is worth \$13,158 while the engineering degree is worth \$18,274. In both cases, the base funding per degree is the same. The equity funding is the same in both as well. The difference is due to the area of study bonus for engineering (20%) and the larger cost weight for engineering (55%) as opposed to history (12%).

Table 22: FY2022 Estimated Funding by Formula Component

	Outcomes	Activities	Mission Support	Total Funding
EOU	6,304,786	3,606,456	11,745,926	21,657,168
OIT	12,382,481	7,161,711	10,738,650	30,282,842
OSU	73,362,166	53,045,003	13,677,505	140,084,674
PSU	63,127,307	37,680,797	8,302,615	109,110,719
SOU	8,762,469	6,204,829	11,068,334	26,035,632
UO	43,615,517	31,483,687	7,815,290	82,914,494
WOU	13,121,675	7,935,118	9,857,679	30,914,472
Grand Total	220,676,401	147,117,601	73,205,999	441,000,001

Table 23 summarizes how much PUSF funding is earned on average for each FTE in FY2022. Student FTE is based on Fall 2020 data.

Table 23: FY2022 Estimated PUSF Funding per FTE by Institution

Institution	Public University Support Fund	Average FTE	PUSF per FTE
Eastern Oregon University	21,657,168	1,372	15,785
Oregon Tech	30,282,842	2,516	12,036
Oregon State University	140,084,674	15,697	8,924
Portland State University	109,110,719	13,578	8,036
Southern Oregon University	26,035,632	2,224	11,707
University of Oregon	82,914,494	10,692	7,755
Western Oregon University	30,914,472	2,986	10,353
Grand Total	\$ 441,000,001	49,065	\$ 8,988

For a more in-depth look at the SSCM calculations, as well as funding broken down even further, please see the current SSCM workbook, located on the “Funding Model Technical Resources” page of HECC’s website: <https://www.oregon.gov/highered/institutions-programs/postsecondary-finance-capital/Pages/university-funding-model-technical-resources.aspx>.

EQUITY FOCUS

A key feature of the SSCM is its central focus on equity, particularly through serving students from traditionally underrepresented populations. This commitment did not come to fruition by accident, and is indeed a key part of the HECC’s work through its “[Equity Lens](#),” which states the following:

“We believe that resource allocation demonstrates our priorities and our values and that we demonstrate our priorities and our commitment to rural communities, communities of color, English language learners, and out of school youth in the ways we allocate resources and make educational investments.”

This equity lens also matches one of the key findings related to higher education institutions made by the Oregon Legislature, which found that “institutions should provide educational access to all segments of Oregon’s diverse population.”

The SSCM supports equity most directly through the completion portion of the model, by providing “bonuses” to institutions that graduate resident undergraduate students from targeted sub-groups. This is both an incentive to increase student achievement and completion from these groups but also recognizes the often substantial additional costs associated with supporting such students to completion. These groups are: (1) low income students (defined as Pell Grant recipients); (2) students from underrepresented minority groups; (3) rural students (as defined by graduating high school location); and (4) military veterans. These rewards are additive and based on three-year rolling averages of those resident, undergraduate students awarded degrees.

In the SSCM, a bonus is applied for bachelor degree completions for students who identify as a member of one of the targeted populations.

A full 16% of the outcomes funding in the formula in FY2022 will be distributed to the institutions based on the completion of underrepresented students. This works out to an average bonus of \$6,405 for each of these graduates within the targeted populations.

In FY 2022, the estimated amount allocated for the Student Populations bonus is \$34,543,084. On average, 5,393 graduates in the past three years had at least one of these characteristics. This works out to an average incentive of \$6,405 for each graduate within the targeted groups as shown in Table 24.

Table 24: FY2022 Estimated Allocations to Targeted Student Populations

No. Characteristics	EOU	OIT	OSU	PSU	SOU	UO	WOU	Total
1 characteristic	194	231	1,514	1,815	279	980	380	5,393
2 characteristics	83	92	493	615	92	450	186	2,011
3 or more	16	10	69	26	4	57	32	214
Grand Total	293	333	2,076	2,456	375	1,487	598	7,618
\$ allocation	1,331,465	1,512,655	9,398,324	11,085,578	1,691,941	6,782,120	2,741,001	\$34,543,084
Average Incentive	6,863	6,548	6,208	6,108	6,064	6,921	7,213	\$6,405

DISTRIBUTION AND ANNUAL TRUE UP PROCESS

Allocated funds are distributed to institutions on a quarterly basis. While exceptions may exist periodically, especially among one-time appropriations where an institution may require a non-standard distribution schedule due to legislative requirements, the following funding distribution schedule is administered by the HECC:

Table 25: Public University Distribution Schedule

	First Fiscal Year 49% of Biennial Appropriation				Second Fiscal Year 51% of Biennial Appropriation			
	July (Q1)	October (Q2)	January (Q3)	April (Q4)	July (Q5)	October (Q6)	January (Q7)	April (Q8)
Distribution:	36%	24%	24%	16%	36%	24%	24%	16%
Data:	Estimated	Final	Final	Final	Estimated	Final	Final	Final

Due to the timing of data reporting, the SSCM allocation requires a true-up during each fiscal year. Prior to the beginning of the fiscal year, an estimated SSCM funding allocation is calculated using estimated data. The process assumes current academic year enrollment and degree completion elements equal to prior year data. For example, in the first quarter of FY2022, the three-year average was based on data from FY2019, FY2020, and an estimate of FY2021 (which is the same as FY2020). Using this preliminary allocation, the first quarterly funding distribution was made in July.

The allocation difference between the preliminary and final SSCM allocations results in either over-distribution or under-distribution of funds in the July distribution. These variances are corrected during the second quarter (October) funding distribution which is called the true-up.

STATE PROGRAMS

In addition to continuing state programs, any additional one-time or legislatively directed funding, outside of the regular budget, flows through the State Programs area. However, institutional funds from non-state sources that flow directly to the institutions are generally not subject to review by the rules specified in state law. Therefore, unless otherwise noted, this document includes only state appropriated funding for State Programs.

Additionally, some appropriations categorized here as State Programs are considered one-time or are intended for targeted, short-term programs. For that reason, the funding included in Table 26 is broken into two categories: ongoing state programs and targeted or one-time appropriations. More detail on each category is outlined in subsequent tables starting with ongoing state programs in Table 27. Descriptions for each project are included as well.

Table 26: FY2022 Public University State Programs

Institution	Ongoing	Targeted or One-Time	Total
Eastern Oregon University	163,908	693,443	857,351
Oregon Tech.	1,373,731	5,769,672	7,143,404
Oregon State University	13,173,899	4,233,956	17,407,856
Portland State University	5,420,596	1,992,459	7,413,055
Southern Oregon University	1,140,774	385,246	1,526,020
University of Oregon	2,149,088	847,541	2,996,629
Western Oregon University	307,056	616,393	923,449
Total Public University State Programs	\$ 23,729,052	\$ 14,538,710	\$ 38,267,764

Table 27: FY2022 Ongoing Public University State Programs

	EOU	OIT	OSU	PSU	SOU	UO	WOU
TallWood Design Institute	-	-	1,947,743	-	-	-	-
Dispute Resolution	-	-	-	504,589	927,042	-	-
Oregon Solutions	-	-	-	1,293,455	-	-	-
Fermentation Science	-	-	710,255	-	-	-	-
Signature Research	-	-	283,204	29,812	-	283,204	-
Labor Education Research Center	-	-	-	-	-	569,847	-
Ocean Vessels Research	-	-	355,128	-	-	-	-
Oregon Renewable Energy Center	-	273,666	-	-	-	-	-
Population Research Center	-	-	-	249,423	-	-	-
Institute for Natural Resources	-	-	228,674	-	-	-	-
Clinical Legal Education	-	-	-	-	-	199,438	-
Oregon Climate Change Research Institute	-	-	179,246	-	-	-	-
Willamette Falls Locks Commission	-	-	-	103,993	-	-	-
Agricultural Channel Habitat Complexity Study	-	-	114,931	-	-	-	-
Vet Diagnostic Lab	-	-	1,465,519	-	-	-	-
Engineering Technology Sustaining Fund (ETSF)	163,908	1,100,065	7,889,199	3,239,324	213,732	1,096,599	307,056
Grand Total	163,908	1,373,731	13,173,899	5,420,596	1,140,774	2,149,088	307,056

STATE PROGRAM DESCRIPTIONS

TallWood Design Institute

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

Dispute Resolution

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

Oregon Solutions

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

OSU Fermentation Science

This funding was intended to "expand fermentation science programs" at Oregon State University. Fermentation science funding supports Oregon's fast-growing beer, wine and spirits industries and is one of the only programs of its type in the country.

Signature Research

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

Labor Education Research Center

The Labor Education and Research Center (LERC) at the University of Oregon was established in 1977 in order to give workers and labor unions in Oregon access to the resources and expertise of the state's higher education system. Working from offices in Eugene and Portland, LERC's faculty have backgrounds in adult

education, political science, labor and public policy, history, and community organizing. LERC offers a wide range of non-credit workshops and customized trainings in areas such as representation skills, effective communication, building inclusive organizations, labor history, political economy, and the law.

OSU Ocean Vessels Research

This state-funded program provides ship days for the use of the Research Vessel (R/V) Oceanus in the research and study of Oregon's coastal waters. The appropriation for the current biennium funds 24 days of ship use during the biennium, including fuel, supplies and labor.

Oregon Renewable Energy Center

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

Population Research Center (PRC)

The mission of PRC, located at Portland State University, is to provide population data, information, and research analysis for Oregon and its communities. In addition, it has the responsibility of acting as the lead state agency in working with the U.S. Census Bureau to disseminate information at local levels.

Institute for Natural Resources

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

Clinical Legal Education

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

Oregon Climate Change Research Institute

The Oregon Climate Change Research Institute (OCCRI) facilitates research, serves as a climate change information clearinghouse, provides technical assistance, and at least once each biennium, assesses the state

of climate change science as it relates to impacts on Oregon. OCCRI is housed within the OSU College of Oceanic and Atmospheric Sciences (COAS).

Willamette Falls Locks Commission

Oregon Solutions is facilitating the Willamette Falls Locks Commission (WFLC). Senate Bill 256 established the commission to advise state, local, and regional government agencies on development and implementation of a plan for repair, reopening, operation, and maintenance of the Willamette Falls navigation canal and locks. The commission may recommend formation of an intergovernmental agreement. The commission is also directed to keep the Oregon congressional delegation informed.

Agricultural Channel Habitat Complexity Study

Funding to perform a study of the benefits and impacts of maintenance activities on habitat complexity and other biological parameters in traditionally maintained channels.

Veterinary Diagnostic Lab

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

Engineering Technology Sustaining Funds (ETSF)

This funding is intended to support engineering and technology programs at all seven institutions. An allocation formula provides some base funding to all institutions but bases nearly all funding on degrees earned by Oregon residents in engineering and technology fields, institutional research expenses in those fields, and the wages earned by both residents and non-resident graduates in these targeted fields. Like the SSCM, outcomes, expenses, and wages are based on three trailing years.

TARGETED OR ONE-TIME APPROPRIATIONS

The following are targeted appropriations not explicitly defined by the legislature as continuing funding. Therefore, consistent with prior practice, all items below are considered one-time.

Table 28: FY2022 Targeted or One-time Public University State Programs

	EOU	OIT	OSU	PSU	SOU	UO	WOU
Strong Start GF	693,443	269,672	385,246	1,502,459	385,246	847,541	616,393
Center for Women's Leadership				490,000			
Molluscan Broodstock Program			83,300				
Cooperative Institute for Marine Resources Studies			49,000				
Ocean Acidification			49,000				

Clark Meat Science Center Upgrades			147,000				
Wildfire Risk Map			557,640				
OIT Applied Computing and Clinical Lab		5,500,000					
OSU Wind Energy Study			209,271				
OSU Berry Research			73,500				
OSU Wine Research			2,680,000				
Grand Total	693,443	5,769,672	4,233,956	1,992,459	385,246	847,541	616,393

STATEWIDE PUBLIC SERVICE PROGRAMS

Funding for the Statewide Public Service Programs (SWPS) is provided in the HECC's budget bill which is SB 5528 (2021) for 2021-23. These programs, all housed at Oregon State University, play a vital role throughout the state of Oregon, particularly in rural areas and in relation to natural resource industries or key environmental issues.

Table 29: FY2022 Public University Statewide Public Service Programs

Statewide Public Service Programs	FY 2020	FY 2021	FY 2022
Agricultural Experiment Station	37,268,842	38,790,019	41,592,670
Extension Service	27,441,177	28,561,226	29,054,012
Forest Research Laboratory	5,597,780	5,826,261	5,926,785
Grand Total	\$ 70,307,819	\$ 73,177,527	\$ 76,573,467

Agricultural Experiment Station

The Oregon Agricultural Experiment Station is the principal agricultural research agency in the state. Its mission is to conduct research in the agricultural, biological, social, and environmental sciences for the benefit of Oregon.

Extension Service

The Oregon State University Extension Service connects Oregonians to science-based expertise, education, and partnerships including 4-H; public health; agriculture, forestry, and natural resources; and community development.

Forest Research Laboratory

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

LOTTERY FUNDS

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 a component of public university support funding as described below.

Table 30: 2021-23 Lottery Funds Appropriations

Institution	Sports Lottery	Extension Service - Outdoor School	Total
Eastern Oregon University	2,858,543		2,858,543
Oregon Tech.	2,858,543		2,858,543
Oregon State University	1,206,401	49,418,728	50,625,129
Portland State University	2,667,633		2,667,633
Southern Oregon University	2,858,543		2,858,543
University of Oregon	1,206,401		1,206,401
Western Oregon University	2,858,543		2,858,543
Grand Total	\$ 16,514,607	\$ 49,418,728	\$ 65,933,335

Sports Lottery

Sports Lottery resources are 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.

Funding for the Sports Lottery program increased \$2.4 million or 17.1% from the prior biennium based on projected Lottery Commission revenue distributions.

Extension Service – Outdoor School

Outdoor School builds self-sufficiency and leadership skills, helps students understand the interdependence of Oregon's rural and urban areas, develops critical thinking skills and improves school attendance and retention rates. Outdoor School aims 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.

Funding for the Outdoor School program increased \$4.1 million or 9.1% from the prior biennium based on projected Lottery Commission revenue distributions.

OREGON HEALTH AND SCIENCES UNIVERSITY (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, creates new knowledge, translates scientific research into therapies for disease, provides compassionate and evidence-based patient care, and improves health statewide through access and policy initiatives.

OHSU offers professional degrees in dentistry, nursing, medicine, pharmacy (OHSU/OSU), other health professions (physician assistants, radiation therapy, dietetics, laboratory medicine and EMT training in conjunction with OIT), and several PhD and Master’s degrees along with certificate programs in the sciences. It also educates a large number of interns, residents and fellows in over 80 accredited specialty programs in medicine and dentistry. OHSU receives state funding to support the School of Medicine, School of Nursing, School of Dentistry, the Oregon Poison Center, and the Child Development and Rehabilitation Center (CRDC).

Program	2015-17	2017-19	2019-21	2021-23	Variance 21-23 to 19-21
Education and General <i>(Includes School of Medicine, School of Nursing, School of Dentistry, and Office of Rural Health/Area Health Education Centers)</i>	60,621,979	63,107,291	65,757,797	70,585,382	7.3%
Child Development & Rehabilitation Center	7,964,430	8,290,972	8,639,192	9,010,678	4.3%
Oregon Poison Center	2,548,619	2,653,112	2,764,543	2,883,418	4.3%
Scholars for a Healthy Oregon	5,165,000	2,688,381	-	-	-
Primary Health Care Loan Forgiveness Program	1,033,000	537,676	-	-	-
Grand Total	77,332,846	77,277,432	77,161,532	82,479,478	6.9%

COMMUNITY COLLEGE SUPPORT FUND

The Community College Support Fund (CCSF) is the state's primary funding vehicle for Oregon's 17 community colleges, providing about one-third of their general funding in a given year. The funding model is based on enrollment using a three-year rolling average, provides a base payment for stability, and equalizes the total public resources per FTE.

The principles of the funding model include access by which the funding follows the student; quality to ensure adequate funding per student; equality in which total public resources per FTE are equalized across colleges and protected from erosion using growth management; and stability by which a three-year weighted average is used along with a base payment.

There are three components including categorical funding, base funding and enrollment funding. Categorical funding is taken off the top to support certain programs. Base funding provides stable, predictable funding for basic district operations and is weighted to provide sufficient resources to smaller districts.

Enrollment funding considers total public resources (i.e. state funding plus local property tax revenue) to ensure equality of funding per student, a three-year weighted average to ensure stability, and a growth management component (i.e. a stop-gain mechanism) to prevent the erosion of funding per student to provide predictability.

Categorical funding consists of four set asides whereby funds are taken off the top for distribution to support specific activities. The four set asides total \$10.0M during the 2021-23 biennium representing 1.4% of the total CCSF. They are:

Corrections - A program which allows prisoners to take community college courses. The state pays a portion of this cost, and the overall allocation to this program increases at the same rate as the overall CCSF. This program is set at \$2.5M for the 2021-23 biennium.

Contracts Out of District (COD) - This program pays for a relatively small number of students from regions of Oregon that are not in a community college service district (such as Harney County) to take classes offered by a neighboring community college district. The cost of coursework is reimbursed to the offering district. This program has been funded at \$300,000 the past three biennia.

Distance Learning - This program funds efforts to increase distance learning at all 17 community colleges. The funding level was set at 0.276% of the CCSF several biennia ago and now increases by the same proportion as the overall CCSF. This program is set at \$2.0M for the 2021-23 biennium.

Commission Strategic Fund - A fund to incentivize statewide activities and to assist community colleges in meeting legislative expectations. HECC staff reviews, ranks and approves proposals to incentivize statewide activities. Requests for assistance in meeting new requirements stemming from legislative change are brought to the Commission.

The funding level for this program is set by the HECC in consultation with the College presidents. The HECC set this level at 0.75% of the CCSF resulting in a total of \$5.2M for 2021-23. Unused funds remaining in the current biennium's strategic fund will be allocated through the formula.

The proportional distribution of funds between the components of the CCSF for the 2021-23 biennium is displayed in Figure 31 at right with a historical summary of CCSF funding included in Table 32.

Figure 31: CCSF Components

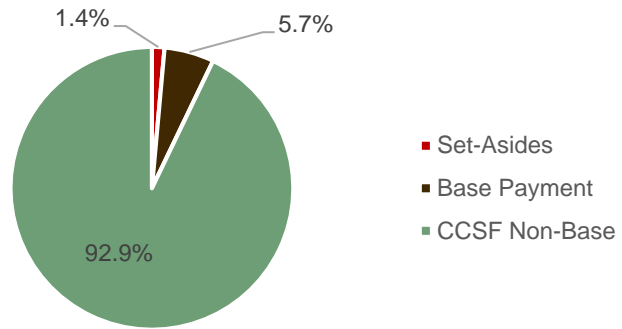
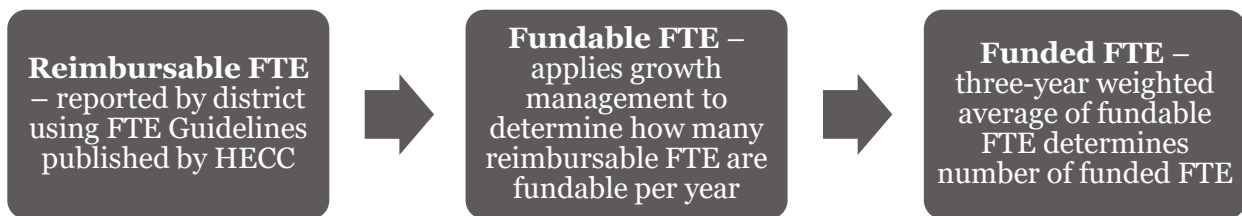


Table 32: History of Biennial Appropriations to Community Colleges (In Thousands)

Biennium	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
CCSF	\$395,500	\$464,900	\$550,000	\$570,264	\$640,927	\$699,022
Debt Service	\$15,705	\$16,635	\$24,638	\$26,800	\$34,836	\$37,190
Grand Total	\$411,205	\$481,535	\$574,638	\$597,064	\$675,763	\$736,212

The remaining 98.6% of the CCSF is distributed via base payments and enrollment funding. Both of which are based on the number of funded FTE which is the weighted average of fundable FTE during the last three academic years. Fundable FTE are the number of reimbursable FTE that are eligible after applying the growth management component.



One reimbursable FTE is defined as 510 clock hours of instruction (which approximates 15 credits per term for each of three terms in a given year). Only courses taught to residents of Oregon, Idaho, Washington, Nevada and California that are physically taught within Oregon are reimbursable. Hobby or recreation courses are not considered reimbursable. These border state students typically pay resident tuition, which is not the case for Oregon residents taking courses in these border states.

Reimbursable students include those high school students attending community college in Oregon. Reimbursable courses include career-technical education, lower-division collegiate, postsecondary remedial, adult basic skills, adult high school diploma and health/safety/workforce development courses.

The FTE count is also subject to a “hold harmless” methodology that equalizes the clock hours between those institutions that have 11-week quarters and those that have 12 for the fall term only. This allows for all similar courses at institutions, regardless of whether they have the extra week of instruction, to be equal in terms of fundable FTE for that term. All 17 community colleges utilize an 11-week term for the winter and spring quarters (and an 8-week term for the summer), with Central Oregon, Columbia Gorge, Mt. Hood, Portland and Oregon Coast Community Colleges utilizing a 12-week fall term.

An annual FTE audit is conducted every fall to determine which courses are reimbursable and therefore included in an institution’s annual count. This audit is conducted in concert between the HECC’s Office of Research and Data and the HECC’s Office of Community Colleges and Workforce Development (CCWD). Additional details on which FTEs are reimbursable and how the audit process is conducted is available in a publication called *FTE Guidelines for Oregon Community Colleges* produced by CCWD.

The growth management component (GMC) is then applied to the number of reimbursable FTE to determine the number of fundable FTE. The GMC is intended to prevent erosion in the level of funding per FTE for all colleges with an FTE count greater than 1,100. Essentially this is a stop-gain mechanism in that it stops one or more fast-growing colleges from consuming the majority of any additional formula funding year to year. It compares reimbursable FTE to prior year data to determine each college’s fundable FTE count as shown in Table 33 with an example calculation.

Table 33: Example Calculation of Fundable FTE			
Step	Description	Value	Source/Calculation
A	Annual Growth Factor (AGF)	-3.59%	Separate calculation; see Appendix C
B	Reimbursable FTE	2,530	Reported by example district
C	Preliminary Cap #1: Prior Year FTE Cap	2,258	Lesser of Prior Year FTE Cap + AGF (2,342*96.41%) <u>or</u> Reimbursable FTE (2,530)
D	Preliminary Cap #2: Prior Year Fundable FTE	2,258	Prior Year Fundable FTE + AGF
E	FTE Cap	2,258	Greater of C or D
F	Fundable FTE	2,258	Lesser of Reimbursable FTE <u>or</u> FTE Cap
The calculations above assume that both the prior year FTE cap and prior year fundable FTE are 2,342.			

The number of fundable FTE is then weighted using a three-year rolling average, with 40% based on the most recent year and 30% based on each of the two years prior to determine the number of funded FTE for each college. Table 34 includes an example calculation. The number of funded FTE is important because it is used to calculate the base payment and enrollment funding.

Table 34: Example Calculation of Funded FTE

3 Years Prior	30% * 2,429 =	729
2 Years Prior	30% * 2,342 =	703
Prior Year	40% * 2,258 =	903
Funded FTE		2,335

The CCSF utilizes enrollment in three primary ways. First is the base payment, which ensures a minimum level of funding to all institutions. The base payment provides funding for essential district operations for fixed costs that do not alter based on enrollment. The base payment increases funding stability and predictability for the colleges.

The base payment ensures a minimum level of funding to all colleges. It provides funding for essential district operations for fixed costs that do not change based on enrollment. The base payment increases funding stability and predictability for the colleges. Example calculations are included in Table 35.

Table 35: Example Calculations of Base Payments

	College A	College B
Funded FTE	1,646	483
Base Funded FTE (Max 1,100)	1,100	483
Base per Realized FTE	x \$973	x \$973
Subtotal, Realized FTE	\$1,070,432	\$469,959
Base Adjustment (for <1,100 FTE)		1,100
Less Funded FTE		- 483
FTE Below Base		617
Adjusted Base Per Unrealized FTE (1/2 * \$973)		X \$486
Subtotal, Unrealized FTE	\$ -0-	\$299,862
Preliminary Base Funding	\$1,070,432	\$769,891
College Size Factor	x 1.2062	x 1.3513
Base Payment	\$1,291,155	\$1,040,259
Funding per FTE	\$784	\$2,154

The base payment is calculated using a flat rate per funded FTE up to 1,100 FTE. These are referred to as realized FTE and all districts receive credit for them in their base payment calculation. The flat rate per funded FTE of is \$973 for the current fiscal year and is adjusted annually for inflation using the consumer price index (CPI).

An additional amount is added for only those districts with a funded FTE level below 1,100 FTE at half the flat rate. The FTEs below 1,100 are referred to as unrealized FTE. The rate per unrealized FTE is \$486 currently or half the rate of a realized FTE. This is essentially a small institution supplement.

This funding for realized and unrealized FTE is added and then adjusted for the size of the college based on enrollment using the number of funded FTE. A list of the current college size factors can be found in Appendix C. Smaller institutions receive more funding per FTE than larger institutions. Table 36 includes the estimated FY2022 base payments.

College	Funded FTE	Preliminary Payment	College Size Factor	Final Payment
Blue Mountain	1,541	\$1,070,432	1.2062	\$1,291,155
Central	4,099	1,070,432	1.0054	1,076,212
Chemeketa	8,862	1,070,432	1.0000	1,070,432
Clackamas	5,964	1,070,432	1.0000	1,070,432
Clatsop	1,261	1,070,432	1.2062	1,291,155
Columbia Gorge	821	934,807	1.2784	1,195,058
Klamath	1,905	1,070,432	1.1347	1,214,619
Lane	7,267	1,070,432	1.0000	1,070,432
Linn Benton	4,770	1,070,432	1.0027	1,073,322
Mt. Hood	6,776	1,070,432	1.0000	1,070,432
Oregon Coast	467	762,367	1.3513	1,030,186
Portland	22,156	1,070,432	1.0000	1,070,432
Rogue	3,953	1,070,432	1.0054	1,076,212
Southwestern	2,005	1,070,432	1.1347	1,214,619
Tillamook Bay	469	763,277	1.3513	1,031,416
Treasure Valley	1,425	1,070,432	1.2062	1,291,155
Umpqua	2,472	1,070,432	1.0641	1,139,047
Grand Total	76,214	\$17,446,499		\$19,276,317

The enrollment funding is then allocated by the relative proportion of funded FTE at each district via a two-step process. The first step is calculating the total public resources (TPR) per FTE. This involves determining the total amount of public resources available for distribution by subtracting the base funding (i.e. sum of all base payments) and then dividing by the total number of funded FTE across all colleges. The TPR per FTE can also be expressed including base funding. This process can be seen in Table 37 using estimated data for FY2022.

Table 37: Calculating the Total Public Resources (TPR) per FTE	
CCSF Funding Available	\$347,907,468
Property Taxes Available	+ 211,775,385
TPR Available	\$559,682,853
Less Base Funding	- 19,276,317
TPR for Distribution	\$540,406,536
Total Funded FTE for all colleges	76,214
TPR per FTE	\$7,091
<i>TPR per FTE (with base funding)</i>	<i>\$7,344</i>

The second step involves applying the funded FTE percentage to the total TPR available for distribution. Then, the property taxes assessed for the district are subtracted leaving the enrollment funding to be distributed to the college. This process can be seen in Table 38 using estimated funding for FY2022 but using hypothetical fundable FTE and property tax assessment data for one college.

Table 38: Example Calculation of Enrollment Funding	
Fundable FTE Percentage (1,836/76,214)	2.41%
TPR for Distribution	X \$540,406,536
TPR Funding	\$13,023,798
Less Property Taxes Assessed	- \$6,264,585
Enrollment Funding	\$6,759,212

In this example, the college will receive \$6.8 million in state funding through the formula to be added to \$6.3 million in property tax revenue providing \$13.0 million in total public resources to support 1,836 funded FTEs. This results in \$7,344 per FTE in total public resources.

A chart of the TPR and the breakdown between property taxes and CCSF for the current fiscal year is included in Table 39. These values are based on projected property tax assessments and will change as the actual property tax assessments are included in the calculations.

Table 39: Estimated FY2022 TPR by College

College	TPR per FTE	Taxes per FTE	% of TPR	CCSF per FTE	% of TPR
Blue Mountain	\$7,929	\$4,643	58.6%	\$3,285	41.4%
Central	\$7,353	\$5,087	69.2%	\$2,267	30.8%
Chemeketa	\$7,211	\$2,935	40.7%	\$4,277	59.3%
Clackamas	\$7,270	\$3,890	53.5%	\$3,380	46.5%
Clatsop	\$8,114	\$4,249	52.4%	\$3,865	47.6%
Columbia Gorge	\$8,546	\$1,851	21.7%	\$6,695	78.3%
Klamath	\$7,728	\$1,346	17.4%	\$6,383	82.6%
Lane	\$7,238	\$3,242	44.8%	\$3,996	55.2%
Linn Benton	\$7,316	\$2,109	28.8%	\$5,207	71.2%
Mt. Hood	\$7,249	\$2,240	30.9%	\$5,009	69.1%
Oregon Coast	\$9,297	\$3,166	34.1%	\$6,131	65.9%
Portland	\$7,139	\$1,911	26.8%	\$5,228	73.2%
Rogue	\$7,363	\$4,230	57.4%	\$3,133	42.6%
Southwestern	\$7,696	\$3,410	44.3%	\$4,286	55.6%
Tillamook Bay	\$9,291	\$3,143	33.8%	\$6,148	66.2%
Treasure Valley	\$7,997	\$2,056	25.7%	\$5,941	74.3%
Umpqua	\$7,551	\$1,839	24.4%	\$5,713	75.6%
Grand Total	\$7,344	\$2,779	37.8%	\$4,565	62.2%

GROWTH MANAGEMENT

The CCSF includes two components meant to limit the growth of funded FTE at any one institution relative to others. The first is the HECC’s “biennial growth management component.” According to OAR 589-002-0120 6(c)(C)(ii):

(C) The state board has authority, on a biennial basis to, set the “quality growth factor” that may increase or decrease the number of FTE that will be counted for funding purposes above or below the Biennial Growth Management Component. The state board will consider the following principles as guidelines for setting the “quality growth factor”:

(i) Balance the desire to support growth beyond that which is funded through the funding formula distribution model with the desire to enhance quality by increasing the level of funding provided on a per-student FTE basis.

- (ii) The TPR per FTE should not erode by more than 5% on an annual basis.
- (iii) Where current TPR per FTE is determined to be insufficient to support the “quality of education” desired, a growth factor could be established that would increase the TPR per FTE.
- (iv) If revenue is significantly reduced during a biennium, the Board may reduce the “quality growth factor.”

This allows the HECC to, in effect, adjust the value of each FTE in order to maintain stable funding for each institution. The HECC has maintained this component at 0.0% in the current biennium, meaning it is not adjusting the value of each FTE.

The second such mechanism is the “Growth Management Component” (GMC) which is intended to ensure that substantial increases in FTE at any institution with more than 1,100 FTE (every community college except Columbia Gorge, Oregon Coast and Tillamook Bay) will not erode the funding for other institutions.

As a general rule, if any institution with more than 1,100 FTE sees an increase in FTE of 5% or more higher than the overall change in FTE, it may be subject to the GMC. Institutions that exceed the relevant cap have their funded FTE reduced for formula purposes. The GMC has not been utilized since 2015-16 (where it reduced Klamath CC’s funded FTE by 93) and is not likely to impact funding in the near future due to flat or declining enrollment at most community colleges.

DISTRIBUTION AND ANNUAL TRUE UP PROCESS

Payments are made eight times each biennium, with five in the first year of biennium and three in the second. In the first year of the biennium, payments are made in July (based on the prior biennium’s funding level), August, October, January and April. In the second year, payments are made in August, October and January. With the exception of the July payment, each of the payments is equal in size, although the relative distributions to each community college differ.

The August payment of each year is based on estimated FTE data which assumes that the FTE in the most recently completed year is equal to that of the prior year. Then in October, final FTE data is incorporated into the model and the forthcoming payments are adjusted to reflect any relative changes. For example, the final 2017-18 academic year FTE data showed a relative increase at Mt. Hood Community College and a relative decrease at Lane Community College, which resulted in slight adjustments to future payments.

The other adjustment that is made every year is based on property tax assessments in each district, which are incorporated into the January payment. Property taxes are combined with CCSF calculations to produce a measure of the Total Public Resources (TPR) per FTE for each institution. OAR 589-002-0120(c)(C)(ii) states that the TPR may not decrease more than 5% year over year for any one college, a form of a “stop-loss” mechanism. If that occurs, due to a substantial change in tax assessments for any one institution, their state funding per FTE may change to meet this requirement.

There is also an additional adjustment made in some years due to projected unexpended funds in the CCSF set-asides. If there are such funds, they are distributed at the same relative percentages each community

college received over the year in question. Any such adjustments, often referred to as “reconciliation payments”, are made in the current biennium.

INTERCEPT PAYMENTS

The distributions made during August, October and January of every year also include “intercept payments”, which are payments made related to debt service for pension obligation bonds issued on behalf of the colleges. Pursuant to details provided by the trustee (Wells Fargo and US Bank), a portion of each of these distributions is “intercepted” and sent directly to the trustee. The combined pension obligation bond payments total \$42.3M in the current fiscal year. Table 40 summarizes the recent trend in intercept payments over time:

Table 40: Intercept Payments Made on Behalf of Community Colleges (In Thousands)

College	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Blue Mountain	\$891	\$919	\$954	\$1,002	\$1,035
Central	\$1,110	\$1,159	\$1,212	\$1,287	\$1,339
Chemeketa	\$4,705	\$4,903	\$5,104	\$5,362	\$8,052
Clackamas	\$2,557	\$2,645	\$2,746	\$2,894	\$5,135
Clatsop	\$594	\$621	\$652	\$685	\$727
Columbia Gorge	\$332	\$345	\$358	\$383	\$401
Klamath	\$0	\$0	\$0	\$0	\$0
Lane	\$4,895	\$5,115	\$5,340	\$5,669	\$5,916
Linn Benton	\$2,523	\$2,616	\$2,718	\$2,845	\$2,985
Mt. Hood	\$4,764	\$4,973	\$5,199	\$5,478	\$8,324
Oregon Coast	\$188	\$197	\$206	\$212	\$224
Portland	\$0	\$0	\$0	\$0	\$0
Rogue	\$1,683	\$1,743	\$1,806	\$1,899	\$3,321
Southwestern	\$1,143	\$1,200	\$1,255	\$1,320	\$1,391
Tillamook Bay	\$136	\$142	\$152	\$159	\$169
Treasure Valley	\$1,025	\$1,069	\$1,119	\$1,178	\$1,246
Umpqua	\$1,027	\$1,066	\$1,109	\$1,158	\$1,980
Grand Total	\$27,570	\$28,713	\$29,930	\$31,531	\$42,245

TIMBER TAX REVENUE

Community colleges also receive a small amount of timber tax revenue (around \$50,000-\$80,000 a biennium) distributed on an annual basis each May. These funds are distributed in equal shares to all 17 community colleges. These timber taxes, combined with the CCSF, are the primary source of state level funds for community colleges. A summary of the historical funding for each institution is included in Table 41 with estimated FY2022.

Table 41: CCSF Appropriations to Community Colleges (In Thousands)

College	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Blue Mountain	\$6,317	\$3,815	\$6,481	\$3,648	\$6,301
Central	\$11,437	\$5,979	\$10,692	\$6,218	\$11,385
Chemeketa	\$40,013	\$23,589	\$42,846	\$26,151	\$46,612
Clackamas	\$19,441	\$12,097	\$23,131	\$13,900	\$24,741
Clatsop	\$3,267	\$2,417	\$4,895	\$3,202	\$5,941
Columbia Gorge	\$5,245	\$3,214	\$5,957	\$3,794	\$6,754
Klamath	\$9,183	\$6,047	\$11,532	\$7,814	\$14,831
Lane	\$31,100	\$17,016	\$31,073	\$19,397	\$35,526
Linn Benton	\$25,254	\$15,766	\$28,676	\$17,473	\$30,656
Mt. Hood	\$34,482	\$21,116	\$39,455	\$24,098	\$41,850
Oregon Coast	\$2,299	\$1,470	\$2,811	\$1,884	\$3,507
Portland	\$116,842	\$71,367	\$132,203	\$81,043	\$142,900
Rogue	\$11,753	\$6,948	\$13,616	\$8,404	\$15,114
Southwestern	\$9,496	\$5,710	\$10,071	\$6,030	\$10,646
Tillamook Bay	\$1,967	\$1,330	\$2,701	\$1,872	\$3,522
Treasure Valley	\$8,643	\$5,082	\$9,506	\$5,849	\$10,409
Umpqua	\$13,776	\$8,563	\$15,558	\$9,742	\$17,386
Grand Total	\$350,513	\$211,529	\$391,203	\$240,520	\$428,081

COMMUNITY COLLEGES AND PROPERTY TAXES

A key portion of funding for Oregon’s 17 community colleges is local property tax revenue. Property taxes are considered both in the distribution of the CCSF and in the setting of the biennial current service level (CSL). In the current biennium, the CSL was decreased due to an expected increase in property tax revenues.

Oregon’s property tax system is not straightforward. This is due to three ballot measures passed in the 1990s (Measures 5, 47 and 50) which amended Oregon’s constitution relating to property taxes. Measure 5, passed in 1990, capped property taxes at a rate of \$5 per \$1,000 in assessed value for schools and \$10 per \$1,000 in assessed value for general government. This resulted in what is known as “compression”, where property tax rates were reduced to comply with these limits.

Measures 47 and 50, passed in 1996 and 1997 respectively, capped the growth of the assessed value of property at 3% annually above 90% of the market value of property in the 1995-96 tax year, with some exceptions, such as for new construction and substantial remodeling of existing homes. These two measures combined to create permanent rates, which are rate limits based on the rates prior to Measures 5/47/50.

Voters can elect to exceed these rates for two reasons. First, a local option levy may be proposed which increases the base rate to fund operations, most commonly for schools or public safety. These levies must be approved by the voters every five years. Second, voters may elect to increase property taxes to bond for capital projects. Bond levies are not subject to compression or limitation under measures 5/47/50.

Each community college submits annually the amount of assessed property tax revenue it expects to receive to the HECC for inclusion in the CCSF. This does not account for any discounts or uncollected revenues. Table 42 summarizes assessed property taxes for each community college with estimated FY2022:

Table 42: Property Taxes for Community Colleges (In Thousands)

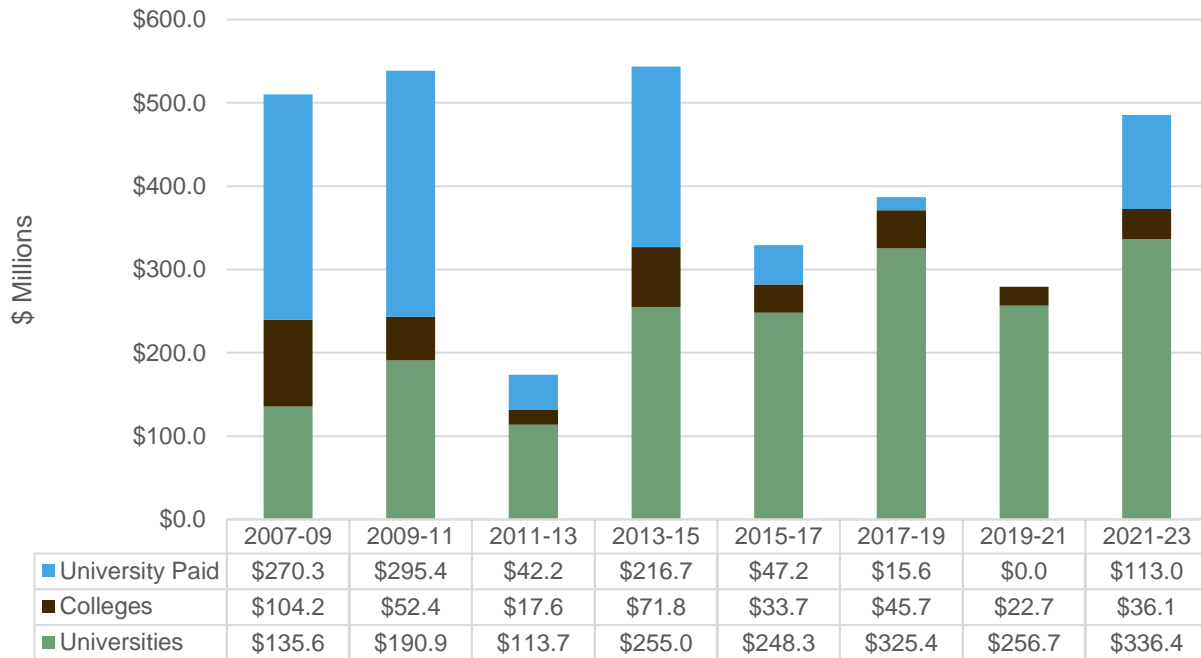
College	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Blue Mountain	\$5,633	\$5,940	\$6,387	\$6,760	\$7,155
Central	\$16,700	\$17,737	\$18,674	\$19,732	\$20,849
Chemeketa	\$21,752	\$22,715	\$23,764	\$24,861	\$26,008
Clackamas	\$19,200	\$20,074	\$20,965	\$22,054	\$23,200
Clatsop	\$4,545	\$4,723	\$4,898	\$5,123	\$5,359
Columbia Gorge	\$1,164	\$1,226	\$1,284	\$1,397	\$1,520
Klamath	\$2,199	\$2,240	\$2,325	\$2,441	\$2,563
Lane	\$20,052	\$20,995	\$21,734	\$22,628	\$23,558
Linn Benton	\$8,331	\$8,693	\$9,127	\$9,582	\$10,058

Mt. Hood	\$12,802	\$13,323	\$13,744	\$14,444	\$15,179
Oregon Coast	\$1,272	\$1,320	\$1,374	\$1,425	\$1,478
Portland	\$35,648	\$36,853	\$38,600	\$40,428	\$42,342
Rogue	\$13,881	\$14,478	\$15,016	\$15,844	\$16,719
Southwestern	\$5,915	\$6,087	\$6,357	\$6,593	\$6,838
Tillamook Bay	\$1,245	\$1,306	\$1,372	\$1,422	\$1,473
Treasure Valley	\$2,540	\$2,557	\$2,646	\$2,784	\$2,930
Umpqua	\$3,738	\$3,899	\$4,100	\$4,317	\$4,545
Grand Total	\$176,617	\$184,168	\$192,366	\$201,834	\$211,775

CAPITAL CONSTRUCTION AND DEBT SERVICE

The Oregon Legislature has recently made significant investments in community college and university capital projects. Since 2009, the State Legislature has invested \$3.2 billion in state-issued bonds for post-secondary education as noted in Figure 43 below:

Figure 43: State Issued Bonds for Postsecondary Education



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 universities only, XI-G bonds for colleges and universities, and XI-Q bonds for universities only.

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

Occasionally the state will provide other capital funding. This could include direct revenue program debt like lottery bonds in which dedicated lottery revenues pay the debt service. Or it could include direct appropriations which often involve smaller projects with funds dispersed via grant agreement that do not incur debt on behalf of the state. ARPA federal funding of \$7.1 million was appropriated during 2021-23 for three projects.

CAPITAL CONSTRUCTION PROJECTS

The Legislature approved \$485M in new capital projects for higher education during 2021-23 as noted in Table 44. This funding reflects an increase from \$65M to \$80M for Capital Improvement and Renewal (CIR) dollars for universities. The CIR funding allocation is shared among all seven public universities based on a framework of adjusted gross square feet and the weighted density of students, faculty and staff.

Six new projects were approved for the community colleges while seven existing community college projects were reauthorized.

Table 44: Legislative Funding of Capital, 2021-23 (Project Costs Only)

Universities	Project	XI-Q	XI-G	XI-F (1)	ARPA	TOTAL
All	Capital Improvement and Renewal	80,000,000	-	-	-	80,000,000
EOU	Inlow Hall Renovation Phase II	17,700,200	564,900	-	-	18,265,100
OIT*	OMIC R&D Center for Innovation Phase II	5,000,000	-	-	-	5,000,000
OSU	Cordley Hall Renovation Phase II	61,000,000	25,000,000	-	-	86,000,000
OSU-CC	Student Success Center	8,800,000	5,000,000	-	-	13,800,000
PSU	The Gateway Center Reuse and Extension	45,000,000	5,000,000	18,000,000	-	68,000,000
UO	Heritage Renovation Project	52,650,000	5,850,000	-	-	58,500,000
WOU	Student Success Center	20,680,000	660,000	-	-	21,340,000
OIT	New Residence Hall Facility	-	-	55,000,000	-	55,000,000
OSU	Reser Stadium West Grandstands	-	-	40,000,000	-	40,000,000
SOU	Cascade Hall Demolition	-	-	-	3,500,000	3,500,000
Subtotal, Universities		290,830,200	42,074,900	113,000,000	3,500,000	449,405,100

Colleges	Project	XI-Q	XI-G	XI-F (1)	ARPA	TOTAL
BMCC**	Facility for Agricultural Resource Mgt	-	6,500,000	-	-	6,500,000
BMCC***	Facility for Agricultural Resource Mgt	-	-	-	3,000,000	3,000,000
Central Oregon**	Classroom building remodel	-	8,000,000	-	-	8,000,000
Chemeketa	Bldg. 7 Remodel	-	8,000,000	-	-	8,000,000
Clatsop**	Maritime Science building	-	7,996,994	-	-	7,996,994
Klamath	Childcare Learning Complex	-	1,500,000	-	-	1,500,000
Linn Benton	Agricultural Center	-	8,000,000	-	-	8,000,000
Mt Hood**	Accessibility upgrades, lab, DM	-	8,000,000	-	-	8,000,000
Oregon Coast**	Workforce Ed and Resiliency Center	-	8,000,000	-	-	8,000,000
Rogue	Transportation Technology Complex	-	7,000,000	-	-	7,000,000
Tillamook Bay	New CTE Building, Renovations	-	8,000,000	-	-	8,000,000
TVCC**	Nursing Allied Health Professions Center	-	4,950,000	-	-	4,950,000
UCC	Land Movement Reparation	-	-	-	636,812	636,812
Subtotal, Colleges		-	75,946,994	-	3,636,812	79,583,806
	TOTAL	290,830,200	118,021,894	113,000,000	7,136,812	528,988,906
	New Funding**	290,830,200	74,574,900	113,000,000	7,136,812	485,541,912

*Received approval for an early bond sale in October 2021 (HB 5006). Bonds for other projects will be sold spring 2023.

**Reauthorization projects excluded from new funding

***\$3 million in federal funds limitation for a grant to the Pendleton Round Up Foundation

Source: SB 5005 and HB 5006

2021-23 PROJECT DESCRIPTIONS

All Public Universities – Capital Improvement and Renewal

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

Eastern Oregon University – Inlow Hall Renovation Phase II

Inlow Hall, the original campus building (1928), is the 2nd project phase of the renovation that will complete the seismic work started in phase I, addresses critical life-safety issues, replaces the roof system, updates the fire safety systems, and preserves the historic integrity of the building.

Oregon Institute of Technology – OMID R&D Center for Innovation Phase II

The project is to construct two new research labs within the Research and Development (R&D) facility, including a powdered metal handling vault and airlock to support the addition of laser powder bed fusion and binder jetting methods of additive manufacturing to the facility.

Oregon Institute of Technology – New Residence Hall Facility

The New Residence Hall project will add new capital bed traditional residence hall facility on the Klamath Falls campus of Oregon Tech.

Oregon State University – Cordley Hall Renovation Phase II

The second phase of this major renovation of the central biological science teaching facility at OSU will continue to update the teaching facilities, reduce a major amount of deferred maintenance, and bring the building up to modern safety standards.

Oregon State University – Reser Stadium West Grandstands

The Reser Stadium West Grandstand project replaces the west grandstand of OSU's football stadium. Construction and accessibility standards will be updated and retrofitted.

Oregon State University – Cascade Campus-Student Success Center (New Construction)

The project is to construct a new Student Success Center on the Cascades Campus which will be used to provide academic and career advising, tutoring, mental health counseling, study spaces and a health wellness center.

Portland State University – The Gateway Center Reuse and Extension

Portland State University proposal prescribes a capital renewal approach that repurposes the Art Building and expands it with a commercial component to leverage private resources and at completion, PSU will have the capacity needed to withdraw from a costly land lease.

Southern Oregon University – Cascade Hall Demolition

A one-time grant of \$3.5 million to Southern Oregon University (SOU) to demolish Cascades Hall, and remove an estimated deferred maintenance backlog totaling \$12 million.

University of Oregon – Heritage Renovation Project

The Heritage Renovation Project will remodel and update Villard and University Hall to preserve these National Historic Landmarks, to serve the needs of UO students. Renovations will reduce deferred maintenance, bring the safety systems up to modern standards, and create new academic facilities.

Western Oregon University – Student Success Center (New Construction)

The project is to construct a new Student Success Center building that will house student services such as advising, tutoring, student support groups, computer labs, and smart classrooms.

Blue Mountain CC – Facility for Agricultural Resource Management

The project is to design and construct a new facility to support animal science programs, including veterinary assistant/technician, equine and the livestock judging and rodeo teams.

Central Oregon CC – Classroom Building Remodel

The project is to construct a new classroom building on the campus in Redmond. The facility will include science and computer laboratories, classrooms, student study areas, and support spaces. In addition, the project will include instructional technology and technology infrastructure.

Chemeketa CC – Building 7 Remodel

The project will redesign and remodel of learning spaces, upgrades and replacements to many of the building interior and exterior and possibly targeted seismic reinforcements to enable the building to serve as an emergency response space.

Clatsop CC – Maritime Science Building

The project includes the purchase of currently leased Marine and Environmental Research Training Station (MERTS) campus land, renovation of the existing science building, and construction of a new Maritime Science Building on the MERTS campus.

Klamath CC – Childcare Learning Complex

KCC will construct a Childcare Learning Complex on the KCC campus that would integrate training space for KCC Early Childhood Educator program participants, provide a critical childcare resource, and provide structured learning gateways for pre-K youth participants.

Linn Benton CC – Agricultural Center (New Construction)

Linn-Benton Community College will build a new Agricultural Pavilion that will house horses and multiple other species of livestock for instructional purposes.

Mt Hood CC – Accessibility Upgrades, Dental Hygiene Lab and Deferred Maintenance

The project will improve accessibility, update classrooms and labs, and modernize elevators. In addition, the project includes replacing sidewalks and parking as well as improvements to address deferred maintenance such as replacement of roofs and building envelopes.

Oregon Coast CC – Workforce Education and Resiliency Center

The project is to construct a new building to provide space for workforce development, academic programs, student study areas, as well as administrative and faculty offices.

Rogue CC – Transportation Technology Complex

Rogue Community College (RCC) will offer a growing number of Transportation Technology and Industry Partners Program expansion through new facilities at the Redwood Campus.

Tillamook Bay CC – New Building, Renovations (New Construction)

TBCC will expand the CTE facilities to accommodate the growing number of programs and staffing to support these programs since receiving self- accreditation. This project includes the construction of a new building and remodel of the existing main building.

Treasure Valley CC – Nursing Allied Health Professions Center (New Construction)

The project will construct a new building to serve as a Nursing-Allied Health Professions Center that will provide classrooms and lab spaces for students, as well as an office suite for nursing instructor and instructional support spaces.

Umpqua CC – Land Movement Reparation

This project is to mitigate the loss of a large and dangerous slide and sink hole on UCC property. Since UCC's property insurance does not cover land movement, the reparation would have left a large deficit in the college's finances. UCC will start the project as soon as funds become available.

CAPITAL DEBT SERVICE

General fund and Lottery fund debt service for 2021-23 increased to \$322.3 million compared to \$289.4 million for 2019-21. The general fund and lottery fund share combined amounts to 63% of total debt service for 2021-23 as shown in Figure 45 with more details included in Table 46.

This information is for state-backed bonds only and does not represent the total outstanding debt service for the institutions since they have the ability to issue debt on their own. Also, the total long-term liabilities noted in their annual financial reports will include pension obligation debt, pension liabilities, and other debt.

Figure 45: Proportion of Debt Service, 2021-23

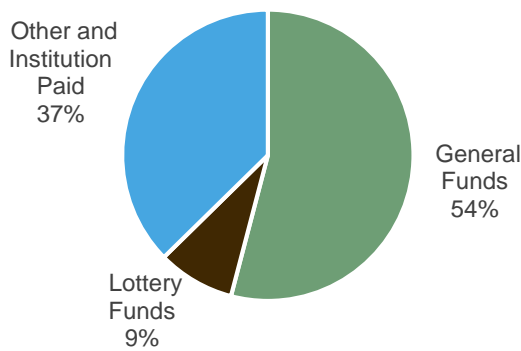


Table 46: Debt Service by Funding Type, 2021-23

	General Funds (GF)	Lottery Funds (LF)	Subtotal, GF + LF	Other Funds and Institution Paid	Total
Public Universities	191,502,929	33,744,795	225,247,724	225,617,084	450,864,808
Community Colleges	29,071,915	11,277,642	40,349,557	3,126,855	43,476,412
OHSU	23,816,150	-	23,816,150	38,218,756	62,034,906
2019-21 Total	244,390,994	45,022,437	289,413,431	266,962,695	556,376,126
Public Universities	220,088,731	32,285,642	252,374,373	158,058,983	410,433,356
Community Colleges	34,511,969	11,833,547	46,345,516	530,575	46,876,091
OHSU	23,570,250	-	23,570,250	33,500,908	57,071,158
2021-23 Total	278,170,950	44,119,189	322,290,139	192,090,466	514,380,605
Variance	33,779,956	(903,248)	32,876,708	(74,872,229)	(41,995,521)
	13.8%	(2.0%)	11.4%	(28.0%)	(7.5%)

APPENDIX A: GLOSSARY AND COMMON ABBREVIATIONS

GLOSSARY

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

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

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

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

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

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

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

Fiscal Year (FY) - The 12-month period beginning July 1 and ending June 30, used by the state government for accounting purposes. Fiscal year designation is based on the year in which it ends [e.g., fiscal year 20189 (FY 2019) runs from July 1, 2018 - June 30, 2019.]

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

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

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

Inflation - Defined as the annual change in the Consumer Price Level (CPI) in the Portland, OR metro region as determined by the Bureau of Labor Statistics.

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

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

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

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

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

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

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

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

Statewide Public Service Programs (SWPS) - Oregon State University's three Statewide Public Service Programs (Extension Service, Agricultural Experiment Station and Forest Research Laboratory) established to improve the lives of Oregonians through discovery, outreach, and learning focused on critical issues of importance to communities throughout the state and the world. New this biennium is the voter-approved Outdoor School program to be administered by the Extension Service.

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

Mission Support (MS) Funding to support the unique regional, research and public service missions and activities of each university. Largely "line item" funding for services, programs or general operations.

Activity-Based Funding distributes resources based on student credit hour (SCH) completions of Oregon resident students at undergraduate and graduate levels.

Outcomes Based Funding (OBF) rewards degree and certificate completions by Oregon resident students. Completions by underrepresented students (underrepresented minority, low-income, rural and veteran status) and those in academic disciplines classified as high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula.

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

COMMON ABBREVIATIONS

ARB - Agency Requested Budget

BRS - Budget Report Summary

CIP - Classification of Instructional Programs Codes

CSL - Current Service Level

DS - Debt Service

E&G - Education and General

EOU - Eastern Oregon University

ETIC - Engineering Technology Industry Council

ETSF - Engineering Technology Sustaining Funds

FF - Federal Funds

FTE - Full-Time Equivalent Student

FY - Fiscal Year

GF - General Fund

GRB - Governor's Recommended Budget

HECC - Higher Education Coordinating Commission

LF - Lottery Funds

LAB - Legislatively Adopted Budget

MS - Mission Support

NCES - National Center for Education Statistics

OBF - Outcomes Based Funding

OF - Other Funds

OIT - Oregon Institute of Technology

OSU - Oregon State University

OSU CC - Oregon State University-Cascades

OUS - Oregon University System

OHSU - Oregon Health and Science University

PSU - Portland State University

PUSF - Public University Support Fund

RAM - Resource Allocation Model

SCH - Student Credit Hour

SELP - State Energy Loan Program

SHEEO - State Higher Education Executive Officers Association

SOU - Southern Oregon University

SSCM - Student Success and Completion Model

SWPS - Statewide Public Service Programs

TRU - Technical and Regional University

UO - University of Oregon

WICHE - Western Interstate Commission for Higher Education

WOU - Western Oregon University

APPENDIX B: FORMULA TECHNICAL RESOURCES

Information related to the Student Success and Completion Model (SSCM) can be found online at <https://www.oregon.gov/highered/institutions-programs/postsecondary-finance-capital/Pages/university-funding-model-technical-resources.aspx>.

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

Information related to the community college funding model can be found online at <https://www.oregon.gov/highered/institutions-programs/ccwd/Pages/community-college-support-fund-distribution.aspx>.

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

DISTRIBUTION PLAN

The Commission's funding distribution plan for the current fiscal year can be downloaded from the same locations as referenced above. The distribution plan contains all appropriations and their amounts distributed to each institution each quarter. The distribution plan is updated as necessary to reflect changing appropriations or changing data used in the formula models. The distribution plan is shared with institutions and state partners alike.

APPENDIX C: CCSF FACTORS

Example Annual Growth Factor (AGF) Calculation			
Step	Description	Value	Source/Calculation
A	Prior Biennium CCSF Reimbursable FTE Annualized	110,678	Formula calculations
B	Prior Biennium TPR Annualized	\$337,041,314	CCSF funding + district's assessed property taxes (from January 2011)
C	Prior Biennium's TPR per Fundable FTE	\$3,045	B/A
D	CCSF Current Service Level in Budget	6.57%	HECC Agency Request Budget
E	Cost Adjusted TPR per Fundable FTE	\$3,245	C*(1+D)
F	TPR Annualized	\$333,409,768	Formula calculations; CCSF funding + projected district assessed property tax
G	Preliminary Fundable FTE	102,746	F/E
H	Biennial Growth Component	-7.17%	(G-A)/A
I	Biennial Quality Growth Factor	0.0%	HECC Commission
J	Total Biennial Growth Management Component	-7.17%	H+I
K	Annual Growth Factor	-3.59%	J/2

Current College Size Factors			
If FTE is:	Size Factor	If FTE is:	Size Factor
0-750	1.3513	2,751-3,250	1.0108
751-1,250	1.2784	3,251-3,750	1.0081
1,251-1,750	1.2062	3,751-4,250	1.0054
1,751-2,250	1.1347	4,251-4,999	1.0027
2,251-2,750	1.0641	5,000+	1.0000

HIGHER
EDUCATION
COORDINATING
COMMISSION

