

Impact of Public Higher Education Funding Highlighted in FY2021 SHEF Report

The State Higher Education Executive Officers Association (SHEEO)'s [FY2021 State Higher Education Finance \(SHEF\) report](#) examines the trends, context, and consequences of state higher education funding decisions through fiscal year 2021. HECC staff have prepared this document to highlight key trends for Oregon. While HECC cites the SHEF frequently because it reflects the most reliable available data we have for national comparisons of overall public investment in higher education, the experience of individual Oregon institutions or sectors is likely to differ from this overall picture.

1. Oregon enrollment declines over the last one, five, and ten years have been 2-3 times steeper than the national average.

Nationally, FY2021 marks the tenth consecutive year of enrollment declines, and enrollment at Oregon public institutions has dropped more sharply than the national average. From 2020 to 2021, enrollment in Oregon declined 5.8 percent, compared to a 3.0 percent national decline. Oregon's enrollment decline was driven by a 10.0 percent drop in community college enrollment (compared to 6.1 percent nationally) and a public university enrollment decline of 2.8 percent (compared to 0.9 percent nationally). While Oregon's overall population has grown 24 percent since 2000,¹ we enroll just 17 percent more students on an FTE basis than we did two decades ago.

Excerpt from Table 3.1 Public Higher Education Full-Time Equivalent (FTE) Enrollment by State

	2011	2016	2020	2021	1 year % change	5 year % change	10 year % change
Oregon	168,374	151,544	137,801	129,767	-5.8%	-14.4%	-22.9%
U.S.	11,654,967	11,085,435	10,924,333	10,600,381	-3.0%	-4.4%	-9.0%

2. Oregon's public investment in higher education increased 10 percent between FY2020 and FY2021 but remained well below the national average and ranked us 36th among all states.

Over the last decade, Oregon's public investment per student has increased 57.4 percent, more than all but four states, and moved us from almost the very bottom of this ranking. Enrollment declines and state funding increases contribute to Oregon's progress on this per-student measure. That said, 2021 funding levels remain well below the national average in per student funding (\$7,395 per student in Oregon vs. \$9,327 for the US average), and rank us 36th nationally.

Excerpt from Table 3.2 Public Higher Education Appropriations Per FTE by State (Constant Adjusted Dollars)

	2011	2016	2020	2021	Index to national avg	1 year % change	5 year % change	10 year % change
Oregon	\$4,699	\$5,307	\$6,717	\$7,395	0.79	10.1%	39.4%	57.4%
U.S.	\$7,930	\$8,174	\$8,927	\$9,327	1.00	4.5%	14.1%	17.6%

¹ Oregon Economic and Revenue Forecast, June 2022, Table C.1, page 58.

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3. While Oregon ranks 36th in overall public investment per student, sector-level investment (released for the first time in the 2021 report) varies, and the definitions for each sector are important to understand.

At \$5,580 per student FTE, Oregon's public investment in *public universities* ranked 45th nationally. At \$10,050 per FTE, Oregon's public (state and local) investment in *community colleges* ranked 13th nationally. SHEF data is the best available data for national comparisons but do not reflect certain funding policy choices made in Oregon, and any sector to sector or institution to institution comparisons within Oregon should be made with caution.

The SHEF defines public investment to include state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. For the community colleges, it includes property tax revenue. Education appropriations also include federal stimulus funding. Oregon's policies that apply to the distribution of state funds through Oregon's community college funding allocation formula and Oregon's public university funding model (SSCM) rely on certain definitions and parameters that are not reflected in the SHEF total. These definitions are different for community colleges and universities, and in some cases they are different from the definition used by SHEF for the FTE students in this calculation. For example, the community college funding model distribution for Oregon focuses on degree-seeking students as well as certain non-credit students (such as Adult Basic Skills, English as a second language, etc.). However, the FTE count used by SHEF in the community college calculation includes only degree and certificate seeking students (excluding these non-credit students). The public university funding distribution in Oregon focuses on resident degree-seeking students, while the FTE used by SHEF includes resident and nonresident students combined.

Excerpt from Table 3.2A Public Higher Education Appropriations Per FTE by Sector (Constant Adjusted Dollars)

	2020	2021	Index to national avg	1 year % change	2 year % change
Two-Year	\$9,092	\$10,050	1.08	10.5%	26.7%
Four-Year	\$5,055	\$5,580	0.63	10.4%	20.0%

4. Tuition and fees made up the majority of Oregon institutional revenue, and a larger proportion than the national average. Total educational revenue per student exceeded the national average.

When net tuition revenue is combined with public investment, total educational revenue per student for Oregon's public institutions exceeded the national average for the first time in recent history (\$16,031 vs. \$15,959 per student). Since 2011, only Washington DC has experienced a larger increase in educational revenue per student than Oregon's 48.4 percent inflation-adjusted increase. For community colleges, total educational revenue per student exceeds the national average by 10 percent. Public universities match the national average. The tuition and fees share of that total was 53.9 percent in Oregon, compared to 42.1 percent nationally (see *Table 4.3 Net Tuition as a Percent of Total Education Revenue by State*).

Excerpt from Table 4.2 Public Higher Education Total Education Revenue Per FTE by State (Constant Adjusted Dollars)

	2011	2016	2020	2021	Index to national avg	1 year % change	5 year % change	10 year % change
Oregon	\$10,801	\$13,270	\$15,256	\$16,031	1.01	5.1%	20.8%	48.4%
U.S.	\$13,619	\$15,155	\$15,784	\$15,959	1.00	1.1%	5.3%	17.2%

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- 5. At \$574 per student, Oregon’s state investment in financial aid is nearly 40 percent below the national average and is well below that our neighboring West Coast states, California (\$1,084/student) and Washington (\$1,904/student).**

State financial aid funding per FTE student adjusted for inflation was \$574 in 2021 in Oregon, 37.7 percent below the national average of \$921. Oregon’s financial aid funding has increased 50.8% in the past five years and 454.2 percent in the past ten years, driven largely by increases in community college financial aid and by concurrent enrollment declines.

In the past two years, Oregon has increased community college financial aid per student by 6.1 percent (versus a 13.0 percent increase nationally) while increasing four-year aid by 8.0 percent (compared to a 13.0 percent increase nationally) as noted in *Table 3.3A, public higher education state financial aid per FTE by sector*. To match Washington (\$1,904/FTE) or California (\$1,084/FTE), Oregon would need to substantially increase our state aid budget.

Excerpt from Table 3.3 Public Higher Education State Financial Aid Per FTE by State (Constant Adjusted Dollars)

	2011	2016	2020	2021	Index to national avg	1 year % change	5 year % change	10 year % change
Oregon	\$104	\$381	\$586	\$574	0.62	-2.0%	50.8%	454.2%
Washington	\$911	\$1,234	\$1,440	\$1,904	2.06	32.2%	54.3%	108.9%
U.S.	\$682	\$725	\$847	\$921	1.00	8.8%	27.0%	35.0%

- 6. Effect on affordability: A large percentage of Oregon students (43 percent according to the HECC Statewide Snapshots²) cannot meet college expenses.**

Numerous findings in the SHEF report highlight the significant challenge of college affordability for students and families in Oregon:

- A. Public funding for higher education remains relatively unchanged over time when adjusted for inflation (\$7,395 in 2021 versus \$7,830 in 2001 versus \$7,231 in 1980 as noted in Table 3.2)
- B. The student share (net tuition) of total educational revenues has grown significantly over time (54% in 2021 versus 36% in 2001 versus 25 percent in 1980 as noted in Table 4.3)
- C. Financial aid funding per student has increased recently but remains well below the national average when adjusted for inflation (\$574 in 2021 versus \$104 in 2011 versus \$194 in 2001 as noted in Table 3.3)

² HECC Office of Research and Data, Statewide Higher Education Snapshots, 2021.