



# TRU+ PSU Financial Sustainability Funding Recommendations

Joint Committee on Ways and  
Means, Education Subcommittee

**Ben Cannon, Executive Director, HECC**

February 12, 2024

# Overview

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## Background

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## Understanding the Problem

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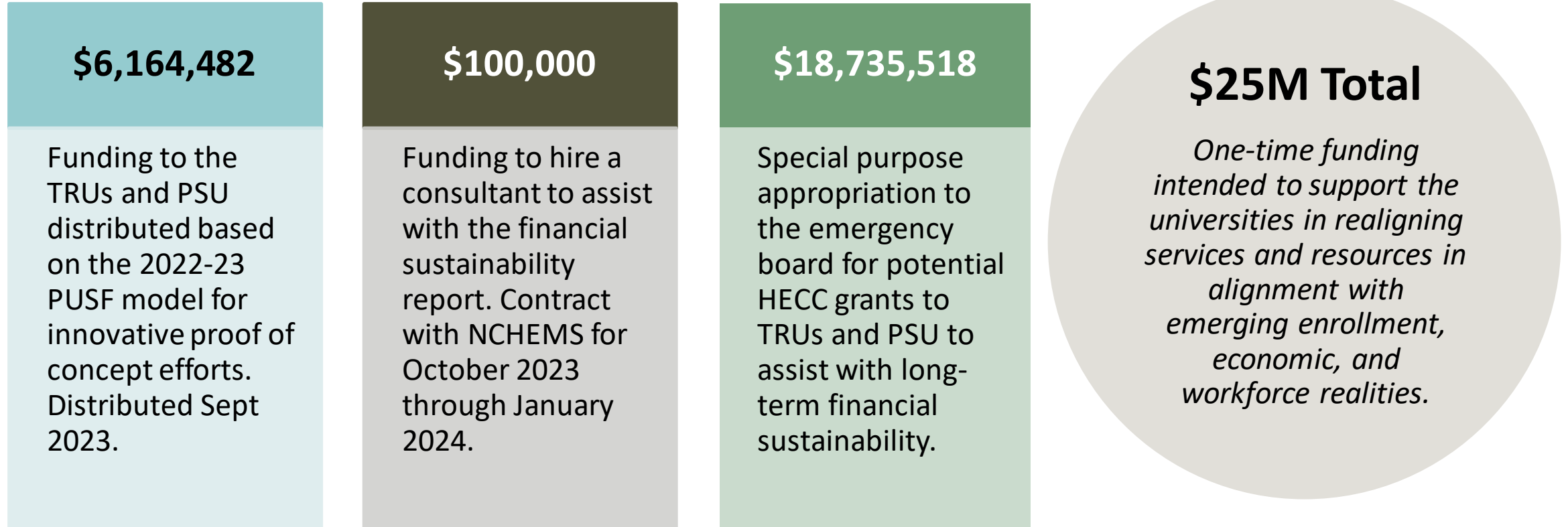
## Recommendations

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### HECC Strategic Roadmap

- Transform and innovate to serve students and learners best.
- Center higher education and workforce training capacity on current and future state needs.
- Ensure that postsecondary learners can afford to meet their basic needs.
- Create and support a continuum of pathways from education and training to career.
- Increase public investment to meet Oregon's postsecondary goals.

# Components of Funding



**Acronyms:** TRU refers to the technical and regional universities (EOU, OIT, SOU, WOU). PUSF is the public university support fund. NCHEMS is the National Center for Higher Education Management Systems.

# Workgroup Assumptions

- Oregonians are best served by a higher education system that combines centralized coordination with local governance and management. The governance of the institutions is left to the independent university boards.
- Financial viability, sufficiency, and sustainability, across all funding sources, are the responsibility of the university boards.
- The HECC is the state's agent in fostering collaboration and coordination among public institutions of higher education. HECC observes the work of institutional boards in maintaining financial viability and stewarding public resources and serves as a trusted third-party reporting to the legislature.
- A review of the public university funding distribution model is outside the scope of this endeavor although it is possible some of the workgroup's recommendations may inform a future review.

# Workgroup Process

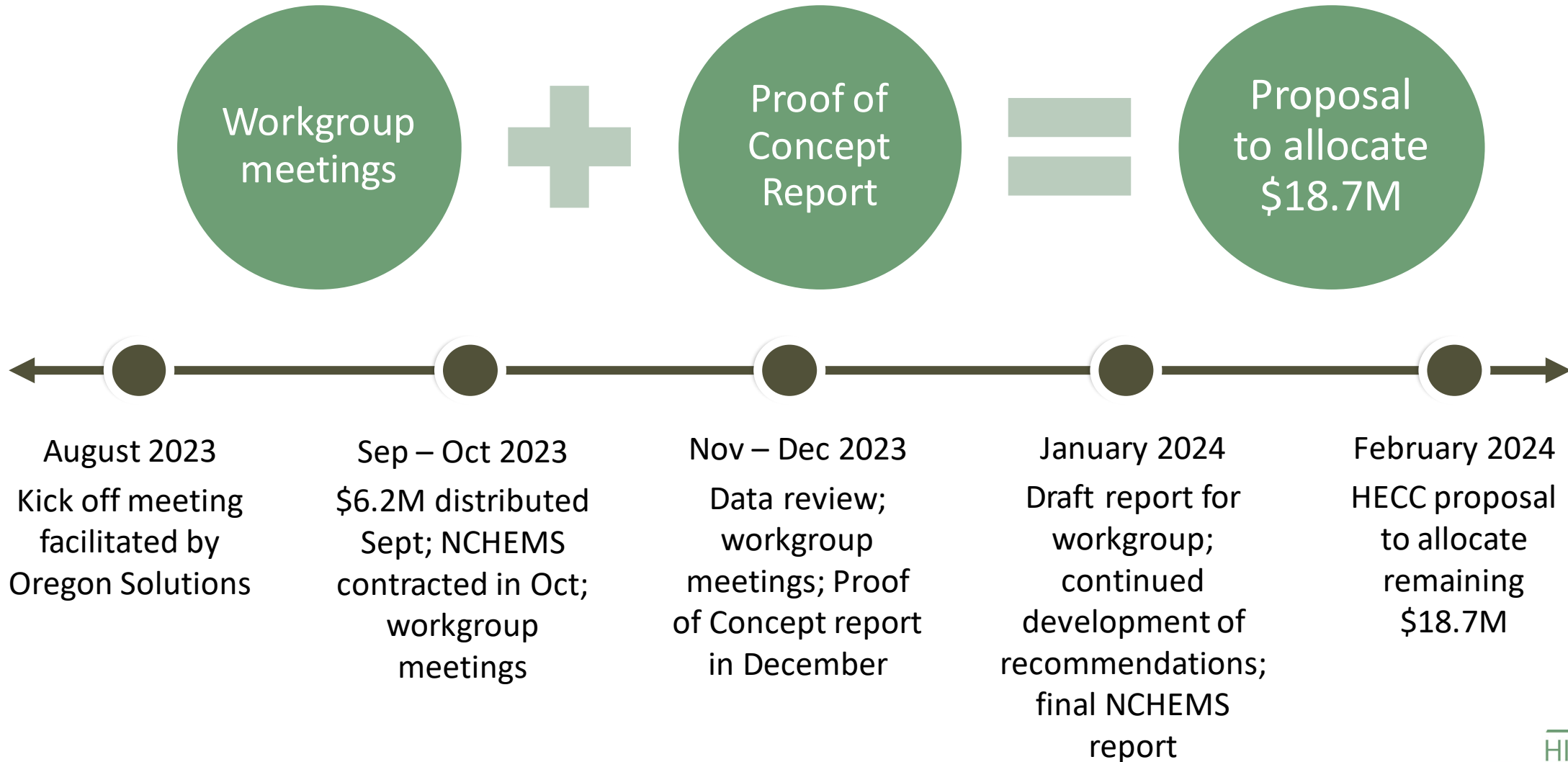
- Workgroup meetings facilitated by Oregon Solutions.
- Workgroup included all five universities plus AAUP-Oregon, AFT-Oregon, SEIU Local 503, OSA, and IFS.
- 17 meetings from August 2023 to January 2024.
- Additional partners included via campus engagement.
- Commission adopted recommendations at meeting in January 2024.

## Additional Information

- ✓ Oregon Solutions facilitated workgroup meetings and collaborated with members to develop consensus.
- ✓ NCHEMS charged with workgroup engagement, gathering and analysis of information and options. Wrote budget note report with input from workgroup.

**Acronyms:** AAUP is the American Association of University Professors. AFT is the American Federation of Teachers. SEIU 503 is the Service Employees International Union. OSA is the Oregon Student Association. IFS is the Interinstitutional Faculty Senate.

# Workgroup Timeline



# Proof of Concept Report

- Met budget note deadline.
- One report for all five universities.
- Included projects for the \$18.7M.

- Since the funding was received in September 2023, there is little information on outcomes.
- Report includes spend plans, detailed expectations, and proposed measures for success.

## Key Takeaways

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Many of the projects align with existing efforts or a future direction already planned.

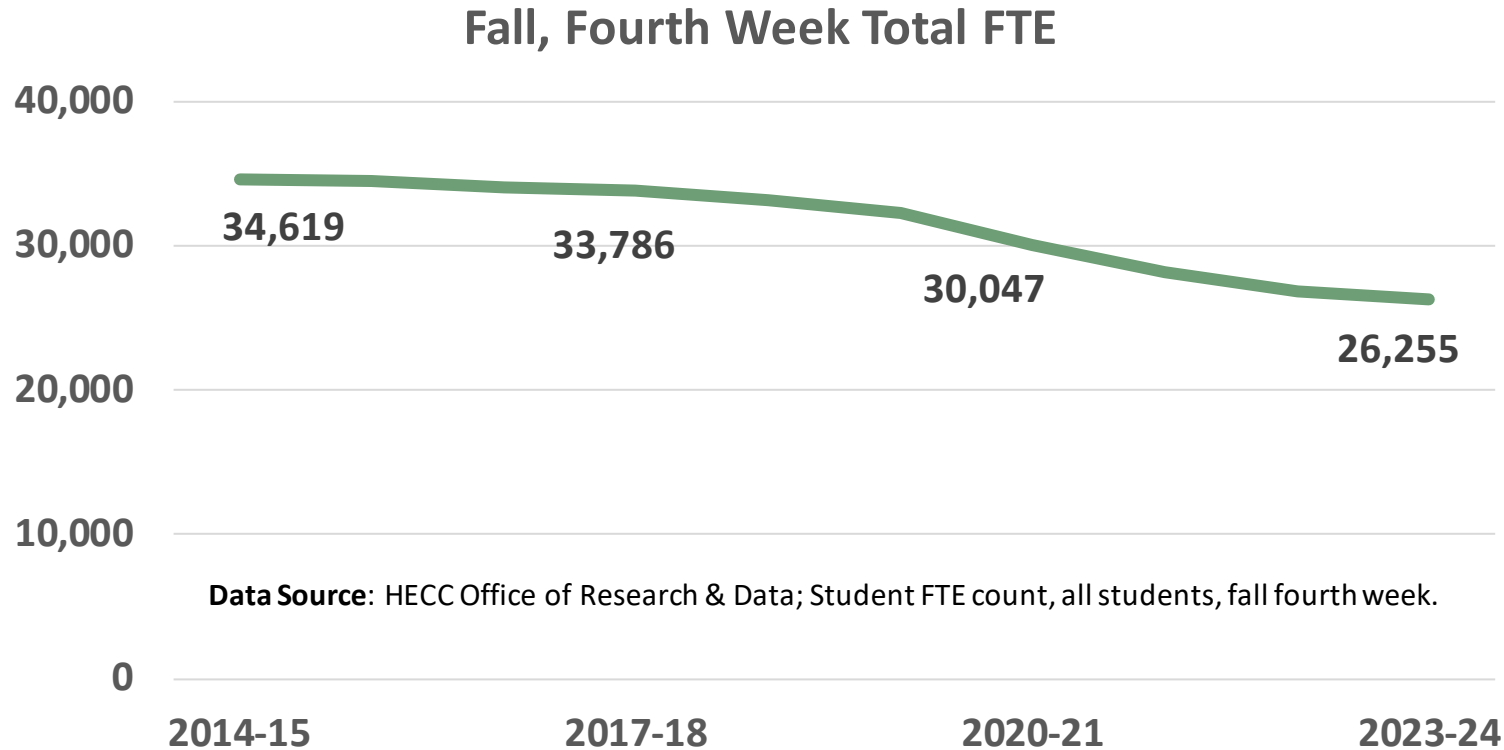
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NCHEMS noted they were worth pursuing, but failing to understand their potential impact is a missed opportunity.

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Evidence suggests collaboration is key; report proposes to use some funding for collaborative projects, but none were noted.

# Trend in Enrollment



- 24% loss for TRUs and PSU in total enrollment during the past decade.
- Losses concentrated among white students. Hispanic/Latinx students have increased.
- Great variance in the extent to which they serve adult students.

With the number of high school graduates expected to decline, effectively reaching adult learners will be an imperative going forward.



# Retention, Completion, Transfer

## Retention

TRUs and PSU have lower retention rates than national averages for their respective sectors.

## Completion

TRUs and PSU have lower six-year, full-time graduation rates than national averages.

## Transfer

The number of transfer students has declined with the bulk of the change coming from out-of-state or private institutions.

Improving retention and completion rates will be an important strategy to stabilize enrollment. Part-time students will become increasingly important audiences.

# What does the Future Hold?

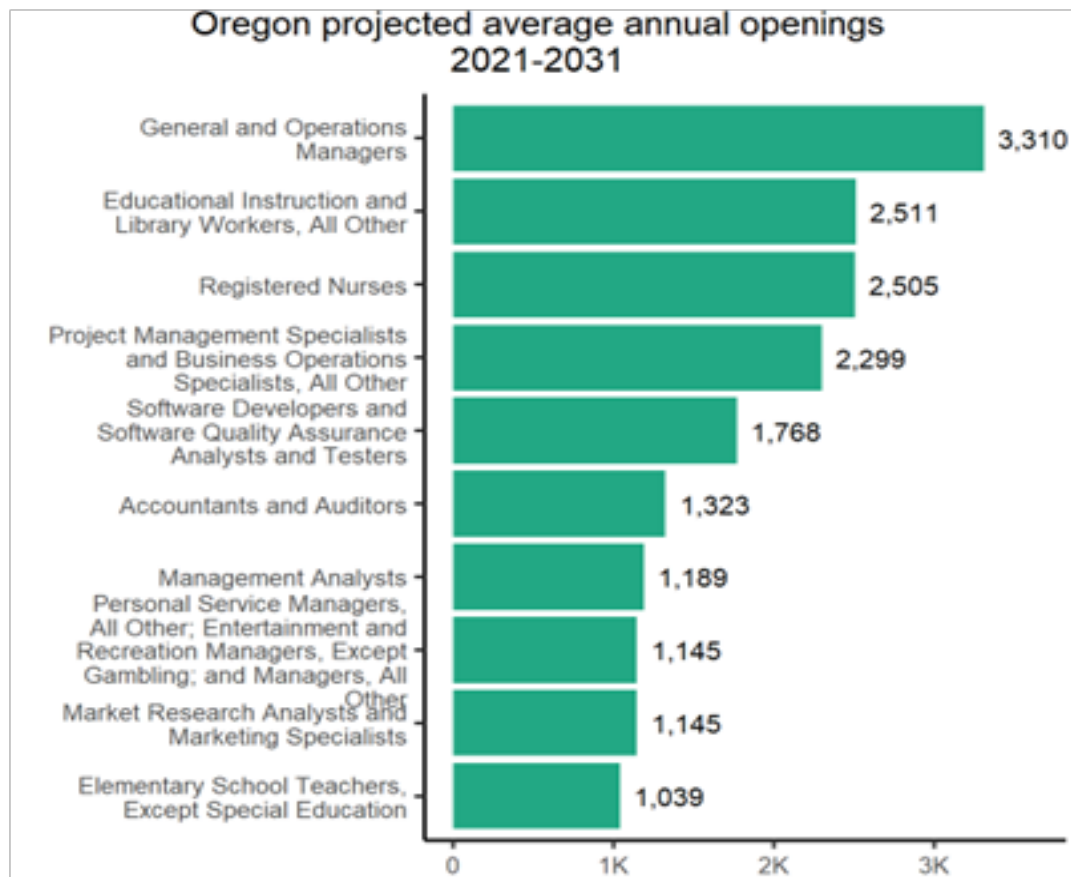
Oregon's population during the next 25 years will become older, less white, and will be distributed differently around the state.

- The universities will not be able to rely on resident students under age 25 for financial stability. The decline in HS graduates in other states, like California, might be steeper than Oregon.
- Population growth will take place almost entirely among non-white residents, particularly Hispanic/Latinx.
- Effectively serving rural learners will continue to be important going forward.

Oregon has among the lowest rates in the nation of students going to college directly from high school. Can that be improved?

- Oregon's rate has not declined to the same extent the national rate has over the past decade. Improvement could offset the expected decline in high school graduates.

# Projected Workforce Needs



Sources: State of Oregon Employment Department, IPEDS.

Through 2031, the number of Oregon jobs that typically require a bachelor's degree is expected to grow 13%.

Regional projections by workforce area are included in the report.

Mission scope is important because financial viability cannot be improved by each of them simply expanding their role to attract more students.

# Financial Position

*“The overall picture indicates fragility although none are in a moment of emergent crisis. They are vulnerable to extraordinary financial pressures.”*

## Operating Losses

All have been operating at a loss for most of the five-year period analyzed.

## Insufficient Reserves

Only one has sufficient reserves when compared to appropriate benchmarks.

## Lack of Capacity

Even with recent improvement, they lack the ability to cover long-term debt if repayment was necessary.

## An awareness of the conditions is reflected in recent audit statements:

- *“The university will need to realize both cost reductions and revenue growth to achieve a balanced budget.”*
- *“The university will need to adapt to revenue uncertainty and reduce or cap costs to improve efficiencies.”*
- *“It is critical the university rethinks its operations to envision itself as a financially sustainable enterprise.”*

# Other State Approaches

*“Oregon’s approach to addressing financial issues early by awarding dollars to support proactive transformation is unique.”*

Most other states have convened task forces requiring institutions to submit data or complete financial monitoring or have reviewed administrative functions.

Some states have mandated consortia for shared services or for program delivery.

# Facts to Inform Recommendations

Changing statewide demographics are shifting the students they serve, and will be serving, in the future.

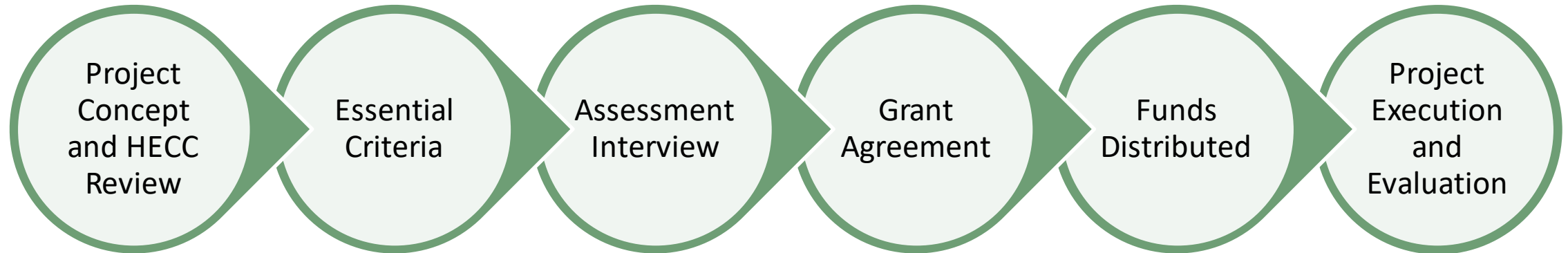
They all face enrollment challenges that will impact revenue.

They have room to grow retention.

They are currently in fragile financial positions.

Each of them have unique paths to financial sustainability that can be strengthened through collaboration.

# Proposed Evaluation Process



**The recommendation is to take the time needed to develop projects that have the greatest potential to support long-term financial sustainability.**

- A six-step process through project execution with workgroup involvement.
- Largely workgroup driven with HECC involvement to evaluate suitability for collaboration.
- Uses funding ceilings to maximize clarity while guarding against inefficient duplication.

# Essential Criteria Assessment

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Essentially a go, no-go determination to ensure alignment with legislative intent.

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A project will receive a “yes”, “no”, or “not yet” for each of the criteria. A project must receive a “yes” for all of them to move forward.

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The assessment team may include external partners in addition to current workgroup members.

## Essential Criteria

- Demonstrates evidence of potential or actual realignment of offerings and resources with enrollment and economic realities.
- Meets definition of financial sustainability.
- Achievable with one-time funding and does not result in ongoing cost.
- Demonstrates meaningful campus engagement.
- Aligned with Strategic Roadmap.



# Assessment Interview

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Once a project meets the essential criteria, a full proposal will be evaluated.

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The assessment team will interview the submitting institution(s) and provide supportive feedback and assess additional dimensions.

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Additional questions will be used to assess for potential collaboration.

## Assessment Questions

- How does the project align with broader institutional sustainability strategies?
- How does the project contribute to a balanced budget?
- How does the project support the institution's role and scope?
- Has the project been designed with sufficient resources to achieve its intended outcomes?
- What are the intended outcomes for both the state/region and institution?

# HECC Recommendations

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HECC requests the release of \$18,735,518 GF from the Special Purpose Appropriation for grants to PSU and the TRUs.

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The funding will be awarded based on the process described for projects that focus on enrollment, student success and retention, administrative services and efficiencies, and workforce development.

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PSU will be eligible for up to \$7.0M in funding with each TRU eligible for \$2.3M. The remaining \$2.5M is reserved for collaborative projects. Grants will be awarded by June 30, 2025.

*“The past is not prologue for the future of regional public higher education. While the fundamental reason for the creation of public institutions remains, the needs they were created to address have changed. The future requires them to consider how they may have to change to adapt.”*

National Association of College and Univ Business Officers (NACUBO) and Baker Tilly, *Path to Sustainability Project*, 2023.

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The Oregon State Seal is partially visible behind the text. It features a central figure holding a torch and a plow, surrounded by the words "OREGON" and "1859".

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