HIGHER EDUCATION COORDINATING COMMISSION

SPENDING AND EFFICIENCY IN OREGON PUBLIC UNIVERSITIES

JANUARY 2026

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Purpose of the Report

This report contains information about spending at Oregon's public universities and considers cost efficiency in response to a budget note included within the HECC's 2025-27 biennium budget bill (SB 5525, 2025 RS). The full text of the budget note and a collaborative timeline are included in the appendix. Additional financial information can be found in a report titled *Financial Sustainability of Oregon Public Universities, 2025* as presented to the HECC Funding and Achievement Subcommittee in June 2025 and posted on the HECC website.

The budget note directs the HECC to assess spending and cost efficiency at Oregon's public universities using common metrics and currently available data. The report is to include student to faculty and student to staff ratios, revenue and expenditure data, academic program growth and contractions, enrollment data, and completion data. The report shall identify and validate:

1. Factors contributing to changes in academic, research, student support, administrative, and facility costs.
2. Factors contributing to changes in revenue levels and composition.
3. Current and projected institutional debt and debt service.
4. Federal, state, and local regulations that can lead to financial strain.

The budget note also suggests the HECC may review and report on other issues related to preserving the integrity of the student experience while ensuring financial sustainability. The HECC is directed to report findings to the legislature during the 2026 session. The note says the report may include recommendations for coordinated and collaborative efforts to reduce institutional costs and students' cost of attendance.

Data and Analysis

The data in this report comes from publicly available sources including, but not limited to, the U.S. Department of Education's Integrated Postsecondary Education and Data System (IPEDS), the HECC Office of Research and Data, the HECC Office of Postsecondary Finance and Capital, and annual audited financial reports posted on the universities' websites. All sources are noted as appropriate. The general timeframe for analysis is the past decade; however, the period in each table is based on the availability of data which means the same period is not used consistently throughout the report.

Many of the data tables include an annual growth rate metric. The calculation used is for a *compound* annual growth rate (CAGR) which smooths the volatility associated with year-to-year variances over time. The calculation is defined as:

$$CAGR = (V_n/V_o) \text{ ^ } (1/\text{ Number of years}) - 1$$

Where V_n is the end value of the last year and V_o is the initial value of the first year. The difference between them, in years, is used in the calculation. For example, considering the undergraduate, resident tuition and mandatory fees for EOU in Table 6 on page 11, the calculation is as follows:

($10,709 / $7,449) ^ (1/9) – 1 = **4.1%**

For some of the tables, the beginning of the period noted is during the transition from the Oregon University System (OUS) to institutional governing boards. During the transition, some of the services provided by the Chancellor's Office transitioned to the universities while some transitioned to the University Shared Services Enterprise (USSE) or were eliminated. More information about USSE can be found later in this report. The reader should note this may impact the analysis.

With a few exceptions, financial data used in this report is not adjusted for inflation or regional cost of living variances. Rather, the annual growth rate over time for nominal data is compared to the annual growth rate of inflation. The inflation rate used for comparison is the consumer price index for urban consumers (CPI-U) for the western region of the United States available from the U.S. Bureau of Labor Statistics.

It should be noted for the reader's benefit that cost growth experienced by the universities has historically exceeded that of consumer-based inflation and that consumer-based inflation in the western region of the U.S. has historically exceeded that of the national average. With those caveats, national comparisons are included with the intent to provide context. A more detailed discussion of inflation can be found in the appendix.

Although university specific data are included, the analysis in this report is intended to communicate aggregated findings. As such, the reader should be cautioned against using much of this information to compare the performance of one university to another. This is because the universities face varied circumstances, due to funding sources, enrollment trends, program offerings, and infrastructure needs, that impact resource allocation decisions. Additional context by university can be found starting on page 39.

The latest date for which data in this report is included is FY2024. As a result, the report does not reflect the current financial condition of the public universities. Information about recent budget actions is included on pages 31 and 32. Collectively for FY2026, the universities report having planned cuts of $85.1 million and staffing reductions of 180 filled positions with 540 total positions closed. Also, recent forecasts suggest the state's economic outlook has changed with the state budget in a deficit.

Acknowledgement

This work is influenced by a report titled *Spending and Efficiency in Higher Education*, published by the Joint Legislative Audit and Review Commission for the Commonwealth of Virginia dated October 2024. A complete list of works cited is included in this report.

Key Findings

Cost efficiency is important for public higher education given the financial impact on students and their families. Public university cost efficiency can be viewed through both student and institution spending. Data included in this report finds that:

- Tuition rates have increased, and Oregon relies more than its peers nationally on tuition revenue. However, efforts by the universities and the state, including investments in financial aid, have kept the average net price (i.e., what students actually paid) from outpacing inflation over the past decade for students who receive financial aid. The trend for students who do not receive financial aid might differ.

- The overall growth in spending has exceeded that of consumer-based inflation. This is consistent with the national experience for higher education institutions and other public, labor-intensive entities in Oregon. This can be attributed to the rising cost of wages and benefits, specifically pension contributions. This can also be attributed to growth in other costs, some of which include insurance, compliance, technology, and additional student support costs.

- The growth in spending on institution support (i.e., accounting, procurement, legal, IT, etc.) is an outlier. Proportionally, spending on instruction and research has fallen from 43% to 37% while spending on public service and institution support has grown from 14% to 19%. The growth in operating costs per FTE exceeded inflation in part due to enrollment declines.

- Over the past decade, staffing has grown while enrollment has declined with significant variation by university. Staffing grew the most in academic and student support areas while also growing in institution support areas as well.

- When considering cost efficiency, the number of degree/certificate programs offered has grown significantly while *student to staff* and *student to faculty* ratios have declined. Degree productivity (i.e., the number of completions per 1,000 student FTE) and degree completion spending (i.e., the number of completions per $100,000 in spending) have both increased, suggesting improved efficiency.

Oregon public universities face the potential for limited enrollment growth due to forecasted demographic challenges, structural budget deficits, and increased public skepticism of value. As a result, public universities will have to look at optimizing operations. In a resource-constrained environment, efficiency is imperative.[1] These pressures will necessitate board leadership and community engagement to align operations and available resources with current and emerging realities to achieve long-term financial sustainability.

[1] Daniel Greenstein, *Facing the Future: How Higher Education Institutions Can Thrive Under a New Federal Compact*, Baker Tilly, July 4, 2025.

Implications and Recommendations

The findings in this report, combined with the demographic challenges facing higher education over the next couple decades and the state's constrained fiscal environment, strongly suggest that bold action is necessary to guarantee the ongoing vitality of Oregon's public universities. A detailed discussion of recommendations starts on page 35.

The recommendations focus on actions that substantially alter the structure for the delivery of public university services, including academic and administrative programs. The focus is on gaining economies of scale by increasing the "systemness" of the universities[2], as an opportunity to exploit the scale of the collective system as a competitive advantage.[3]

Many of the activities envisioned here will be time-consuming and, potentially, costly at the outset. A sustained legislative and Gubernatorial vision and commitment will be required to see this work through to the point where it could generate substantial savings while bolstering the value and vitality of all of Oregon's public universities.

The recommendations include:

1. The Legislature should direct HECC to work with all of Oregon's public higher education institutions, including community colleges, to develop a proposal, or proposals, for targeted institutional integration by January 2027.

2. The Legislature should require academic degree programs at public universities to be periodically reviewed and renewed by HECC.

3. The Legislature should consider appropriating a separate salary pool to support essential compensation increases for university employees.

4. In setting priorities for state higher education capital investments, the HECC and the Legislature should put a greater emphasis on the replacement of IT infrastructure.

5. The Legislature should continue funding targeted sustainability efforts at Oregon public universities.

[2] ORS 352.025(2): "The Legislative Assembly also finds that: (a) even with universities with governing boards, there are economy-of-scale benefits to having a coordinated university system; and (b) even with universities with governing boards, shared services may continue to be shared among universities."

[3] Deloitte Insights, 2025 Higher Education Trends, A look at the challenges and opportunities shaping America's higher education sector. Deloitte Center for Government Insights. April 2025.

Introduction

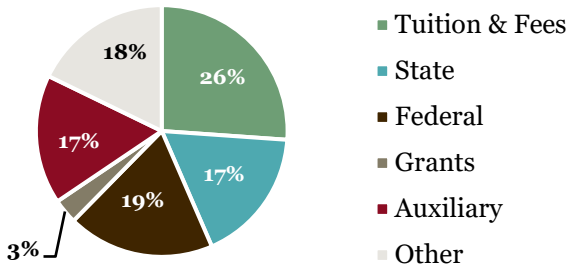
Oregon has a decentralized public four-year higher education system.
Oregon's seven public universities vary in size, scope, and mission. Together, they educate 123,984 students, approximately 80 percent of whom are undergraduates.[4] Overall, the seven universities will receive $2.4 billion in state appropriated funding for institution support, debt service, and capital construction during the 2025-27 biennium.[5]

The public universities in Oregon are not state agencies. Oregon Revised Statute (ORS) 352.033 notes they are governmental entities. Further, they are described as "independent public bodies legally separate from the state" in the state's comprehensive annual financial report. They are complex organizations with housing, dining, healthcare, and retail operations responsible for over eighteen million square feet of space in over 800 buildings serving all 36 Oregon counties.

Each university has an independent governing board with members appointed by the Governor. The board has the ultimate authority over institutional operations including the viability, sufficiency, and sustainability of the institution across all funding sources. The Oregon Higher Education Coordinating Commission (HECC) serves as a State of Oregon agency that coordinates funding and policy while convening partners across the public and private higher education and workforce landscape. A list of the HECC's powers, duties, and functions can be found in ORS 350.075.

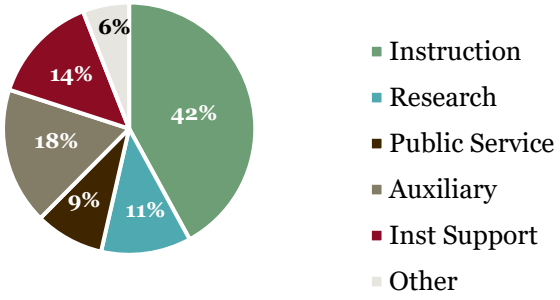
The public universities collect almost $4.3 billion annually in revenue and employ more than 21,000 staff.[6]
To operate, the universities rely primarily on revenue collected from students (e.g., tuition and fees) and on state appropriations through the public university support fund (PUSF) as shown in Figure 1. Across all funds, both sources make up 43% of total revenue. The federal government is also an important funding partner for financial aid and targeted research making up 19% of total revenue.

Figure 1: FY2024 Sources of Funding



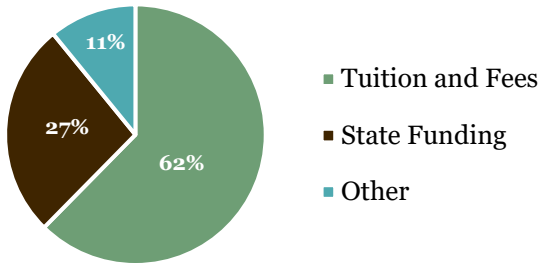
[4] Public University Data Dashboard, HECC Office of Research and Data, 2023-24 academic year, all residencies, all student types. Undergraduate includes high school students.
[5] State Funding and Formula Summary Report for the 2025-27 biennium, HECC Office of Postsecondary Finance and Capital. Table 2, page 4.
[6] Financial data is from the universities' annual financial reports. Staffing is from the November 2024 Higher Education Employees Annual Report for 2022.

Figure 2: FY2024 Uses of Funding



Institutional revenue funds a variety of instruction, research, and other functions. About two-thirds of revenue is used for academic and related spending which includes instruction, student support, research, and public service. Spending on auxiliary programs, which includes housing, dining, and athletics, accounts for 17 percent of total spending. The remainder is spent on institutional support and other functions as shown in Figure 2. Education and general (E&G) financial data is reported by the universities to the HECC Office of Postsecondary Finance & Capital annually via survey.

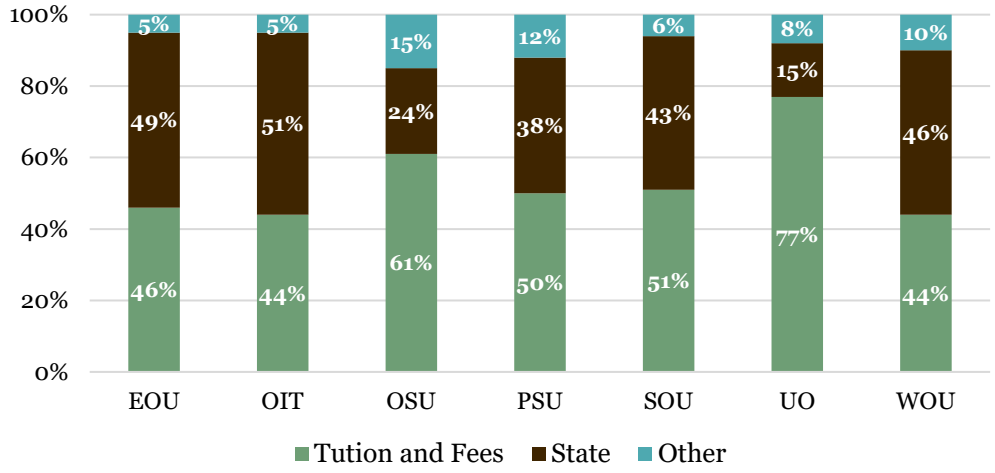
Figure 3: E&G Revenue, FY2024



Focusing solely on the E&G (or general) fund, for all seven universities, tuition and fee revenue makes up the majority as shown in Figure 3. This ratio is effectively reversed from previous generations during which state funding made up a larger share of E&G revenue, which impacts student affordability.

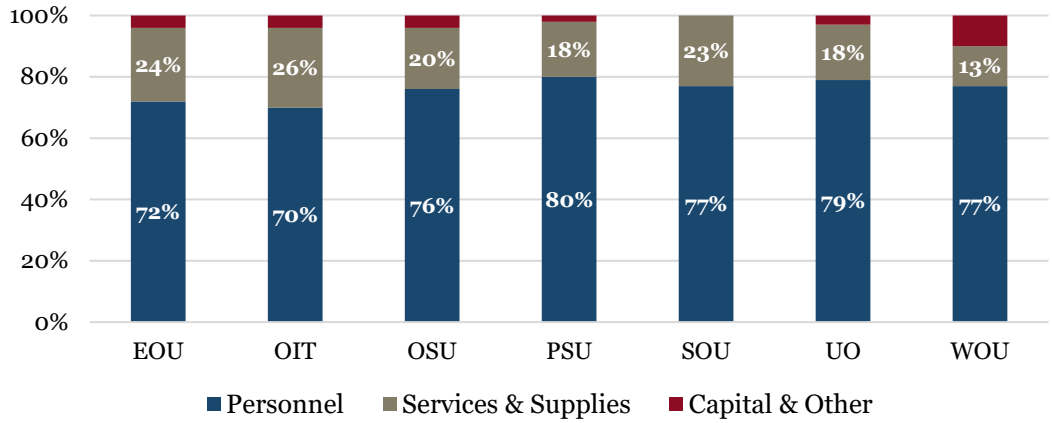
Specific revenue sources, as a proportion of total revenue, vary by university. The technical and regional universities are more dependent on state revenue as shown in Figure 4.

Figure 4: FY2024 E&G Revenue by University



Spending varies greatly by university and generally aligns with enrollment and mission. Since instruction, research, academic support, and student services are all labor-intensive activities, the largest expense by natural classification is for wages and benefits which make up about 70-80% of E&G spending as shown in Figure 5. The universities employed 21,119 faculty and staff during the fall of academic year 2022-23.[7] Some benefit expenses are outside the control of the university boards like pension contributions paid to Oregon PERS.

Figure 5: FY2024 E&G Expenses by University



Cost efficiency is a key tenet for public higher education given the costs to students and their families as well as the substantial amount of state funding involved. Higher education spending directly affects the cost to students through the amount charged for tuition and fees. This can affect students, their families, and society more broadly in the long-term especially for those who finance their education with debt. Additionally, the state's significant investment in public postsecondary education makes cost efficiency important.

[7] ORS 350.360 Annual Report on Higher Education Employees, November 2024.

Attentiveness to cost efficiency is also timely given declining student enrollment and other emerging trends. Overall, for the public universities, FTE enrollment is down 5% over the past decade, varying significantly by university.[8] Also, forecasted demographic challenges[9], uncertainty regarding long-term student demand[10], and potentially constrained state funding support all contribute to expected fiscal challenges.[11]

As noted in a recent study of Oregon higher education, the universities will have to increase the efficiency with which they provide educational services.[12] In another report, specifically for the technical/regional universities, it was noted the universities will not be able to grow their way to success by simply expanding their role and scope to attract more students. Although, it was also noted that improving retention can help significantly. The report concluded the universities will need to adapt to revenue uncertainty by managing costs and improving efficiencies over time.[13]

This report focuses on cost efficiency rather than academic quality and other priorities such as community and civic contributions. For public universities, achieving cost efficiencies (i.e., more outcomes for the same or less cost) can be complicated by the need to compete for faculty, staff, and students. Successfully competing often requires universities to increase spending on faculty and staff salaries to sustain academic quality, provide robust student support services, and improve campus amenities.

Some efforts to improve quality and address completion gaps, like increasing instructional staffing levels or enhancing student support, can reduce cost efficiency as measured by this report, but can contribute to student success. Similarly, some efforts to improve cost efficiency can negatively impact quality.[14] Furthermore, cost efficiency assessments reported within this report do not include an evaluation of the extensive long-term benefits of postsecondary education which include higher income levels of college graduates over their lifetime; research, knowledge, and innovation growth; workforce pathways that support Oregon's economic needs; and civic and cultural contributions to communities.

This report assesses spending and cost efficiency as requested by the Legislature. To do so, it includes three sections of analysis: student costs, university spending and staffing, and cost efficiency. The report also includes detailed recommendations for further consideration.

[8] Public University Data Dashboard, HECC Office of Research and Data. Statewide, all residencies, all student types.
[9] Financial Sustainability of Oregon Public Universities, HECC Office of Postsecondary Finance & Capital, 2025, p 17.
[10] Ibid, p 18.
[11] Ibid, p 20.
[12] Oregon Higher Education Landscape Study, National Center for Higher Education Management Systems (NCHEMS), September 2022.
[13] TRU+ PSU Financial Sustainability Funding: Analysis and Allocation Process, NCHEMS, January 2024.
[14] Spending and Efficiency in Higher Education, Joint Legislative Audit and Review Commission, Commonwealth of Virginia, October 2024.

Student Costs

The published price for tuition and fees has grown faster than inflation over the past decade while the total cost of attendance has not.
Universities charge tuition and related fees for students to attend, which is a large portion of the total cost of attendance. Rates can vary based on several factors including a student's academic year (or cohort), the number of credit hours, declared major, status (i.e., undergraduate or graduate), and residency. The governing boards have authority to set tuition and fee rates. Tuition and fee setting is complex with ORS 352.103 laying out requirements for an annual process at each university which requires staff and student participation.

Table 6 shows undergraduate, resident tuition and mandatory fees by university for the past decade, unadjusted for inflation. This is for full-time, entering students taking 45 credits over three terms in a given academic year. All incidental mandatory fees are included. The information is for the main campus only and for the entering (or freshman) student cohort as applicable. Differential tuition and course fees are not included. The average annual increase across all Oregon public universities over this period was 4.5%, compared to inflation of 3.3%.

The data for Table 6 is collected from the universities annually and calculated by HECC staff. National average data is from the College Board's Trends in College Pricing reports. Specifically, table 1A in the 2014 report and table CP-1 in the 2024 report. It should be noted that the University of Oregon transitioned to a guaranteed tuition program in academic year 2020-21 under which tuition and certain mandatory fees are locked for undergraduate students for five years from matriculation.

Table 6: Undergraduate, Resident Tuition and Mandatory Fees

University	Academic Year 2014-15	Academic Year 2023-24	Number Variance	Percent Variance	Annual Growth Rate
EOU	7,449	10,709	3,260	44%	4.1%
OIT	8,460	12,687	4,227	50%	4.6%
OSU	9,122	13,809	4,687	51%	4.7%
PSU	7,794	11,238	3,444	44%	4.1%
SOU	7,720	12,093	4,373	57%	5.1%
UO	9,918	15,667	5,749	58%	5.2%
WOU	8,277	11,025	2,748	33%	3.2%
Average	**$8,391**	**$12,461**	**$4,070**	**48%**	**4.5%**
National Avg	9,139	11,310	2,171	24%	2.4%

Universities establish a total cost of attendance, or sticker price, which includes tuition and fees, books and supplies, room and board, and personal expenses. Table 7 shows the change in the total cost of attendance for full-time students over the past decade unadjusted for inflation. This

data comes from the institutional reports of standard student budgets based on enrollment of 15 credits per term regardless of demographic breakout as reported in the Public Universities Data Dashboard. National average data is from the College Board's Trends in College Pricing reports, specifically figure 1 in the 2013 report and figure CP-1 in the 2022 report. The average annual increase across all Oregon public universities from 2013-14 to 2022-23 was 3.1%, compared to inflation of 3.2%.

Table 7: Total Cost of Attendance

University	Academic Year 2013-14	Academic Year 2022-23	Number Variance	Percent Variance	Annual Growth Rate
EOU	21,090	25,623	4,533	21%	2.2%
OIT	20,811	33,298	12,487	60%	5.4%
OSU	23,658	30,870	7,212	30%	3.0%
PSU	24,321	29,187	4,866	20%	2.0%
SOU	22,848	31,008	8,160	36%	3.5%
UO	23,965	33,639	9,674	40%	3.8%
WOU	21,981	25,158	3,177	14%	1.5%
Average	**$22,668**	**$29,826**	**$7,158**	**32%**	**3.1%**
National Avg	22,826	27,940	5,114	22%	2.3%

Tuition and fees along with room and board comprise the largest share of the cost of attendance. This share has grown over time with tuition and fees having grown the fastest. During academic year 2013-14, tuition and fees with room and board made up 76% of the average cost of attendance. A decade later, during 2022-23, it was 85%. Tuition and fees alone have grown from 31% to 36% of the total cost of attendance. Tuition and fees have grown the fastest, followed by room and board, as a share of all costs.[15]

The average net price (i.e., what students actually paid) has grown slightly less than inflation over the past decade with the published cost of attendance reduced for those receiving financial aid by an average of 40 percent.

For some students, the total cost of attendance may be partially offset by financial aid including institution remissions and waivers. As a result, most students pay less than the sticker price. The average net price is the total cost of attendance minus financial aid, but only for students awarded financial aid.

[15] Presentation to the HECC, August 8, 2024, Docket item 7.2a, Dr. Amy G. Cox, Understanding the Drivers of College and University Affordability, slide 11.

Table 8 shows the change in the average net price for admitted undergraduates who are Oregon residents and filed a complete FAFSA/ORSAA. This is the cost of attendance after subtracting public aid (i.e., Pell grants and OOG) and institution aid unadjusted for inflation. National average data is from the College Board's Trends in College Pricing reports, specifically figure 10 in the 2013 report and figure CP-9 in the 2022 report. The average annual increase across all Oregon public universities over this period was 2.9%, compared to inflation of 3.2%.

An estimated 26% of students during 2022-23 did not apply for financial aid while 32% did not receive financial aid. This means a fair number of students do not receive need-based aid and experience the full impact of tuition and fee increases. As a result, that may impact the calculation of the average in this metric.

Table 8: Average Net Price

University	Academic Year 2013-14	Academic Year 2022-23	Number Variance	Percent Variance	Annual Growth Rate
EOU	10,699	13,365	2,666	25%	2.5%
OIT	12,995	20,940	7,945	61%	5.4%
OSU	15,491	19,785	4,294	28%	2.8%
PSU	13,406	15,401	1,995	15%	1.6%
SOU	12,842	18,006	5,164	40%	3.8%
UO	16,270	22,864	6,594	41%	3.9%
WOU	13,723	14,278	555	4%	0.4%
Statewide	**$14,360**	**$18,564**	**$4,204**	**29%**	**2.9%**
National Avg	12,620	19,250	6,630	53%	4.8%

The average discount is calculated by dividing the difference between the net price in Table 8 and the total cost of attendance in Table 7 by the total cost of attendance. This shows students at Oregon public universities paid an average of 40 percent less than the published total cost of attendance. This is largely unchanged over the past decade and compares to an average discount of 31 percent nationally.[16]

Table 8a is a companion to Table 8 and provides a look at the average net price *by family income* for full-time, first-time undergraduate students awarded financial aid from grants/scholarships funded by federal, state, local, and/or institutional resources unadjusted for inflation. This includes all Title IV federal student aid including federal student loans. This data comes from the U.S. Department of Education IPEDS survey. The data shows that during academic year 2022-23, students who receive financial aid, and come from families in the lowest income bracket, paid just over $13,200 that year to attend an Oregon public university.

[16] Trends in College Pricing and Student Aid, 2022, figure CP-9, p 18. Net COA compared to published COA.

Table 8a: Average Net Price by Family Income

Income Group	Average Net Price (2022-23)	Compared to Global Average
$0 – $30,000	$13,242	(26%)
$30,001 – $48,000	$14,102	(21%)
$48,001 – $75,000	$16,066	(10%)
$75,001 – $110,000	$20,398	14%
$110,001+	$23,174	29%

Overall, student affordability has improved over time due to additional investments in both state and institution financial aid programs.
The affordability rate, defined as the percentage of students whose expected costs are greater than their expected resources, has declined from 64% during 2013-14 to 50% during 2022-23 as shown in Table 9. This data comes from the Public Universities Data Dashboard. A more robust discussion focusing on this metric is addressed in other HECC publications.[17]

Table 9: Affordability Rate

University	Academic Year 2013-14	Academic Year 2022-23	Variance
EOU	57%	32%	(25%)
OIT	60%	54%	(6%)
OSU	63%	48%	(15%)
PSU	69%	57%	(12%)
SOU	65%	51%	(14%)
UO	60%	50%	(10%)
WOU	61%	35%	(26%)
Average	**64%**	**50%**	**(14%)**

From FY2014 to FY2025, the total amount for institution remissions has grown from $114M to $247M for an average annual increase of 10%,[18] while funding distributed to the public universities for the Oregon Opportunity Grant (OOG) has grown on average 14% per year over the past decade.[19] Both of which have helped improve student affordability.

[17] Research Brief: Recent Improvements in College and University Affordability, HECC Office of Research and Data, Summer 2023.
[18] Fall E&G funding survey data collected by HECC Office of Postsecondary Finance and Capital, FY2024.
[19] Oregon Opportunity Grant disbursements by sector, data provided by HECC Office of Student Access and Completion, October 2023.

State funding has grown in the recent past but trails the national average and regional peers as shown in Tables 10 and 10a with Oregon public universities now more tuition dependent. This explains why tuition and fee charges are higher in Oregon. This data comes from the 2024 State Higher Education Finance Survey (SHEF), tables 3.2A, 3.3A, and 4.3A. Funding per FTE is adjusted for inflation to current dollars and includes support funds, state programs, and state financial aid funding. State appropriations for research, capital, and debt service are all excluded because the data is from a national survey that accounts for state-specific policy choices.

Table 10: Higher Education Funding and the Student Share of Cost

Year	U.S. Funding per FTE	Oregon Funding per FTE	Variance Funding per FTE	U.S. Net Tuition as % of Total Revenue	Oregon Net Tuition as % of Total Revenue
2019	$9,490	$5,368	(43%)	55.1%	71.7%
2023	$10,625	$6,706	(37%)	50.6%	68.2%
2024	$10,820	$6,200	(43%)	49.5%	69.7%
Variance, 2019 to 2024	**14%**	**15%**	**N/A**	**(5.6%)**	**(2.0%)**

Table 10a: Regional Data, FY2024

	Funding per FTE	Financial Aid per FTE	Net Tuition as % of Total Revenue
California	11,344	1,831	33.7%
Idaho	10,351	449	51.9%
Nevada	11,500	2,220	23.6%
Washington	13,268	2,608	48.1%
Regional Average	**$11,616**	**$1,777**	**39.3%**
Oregon	6,200	1,146	69.7%
OR vs Average	**(47%)**	**(36%)**	**N/A**

University Spending and Staffing

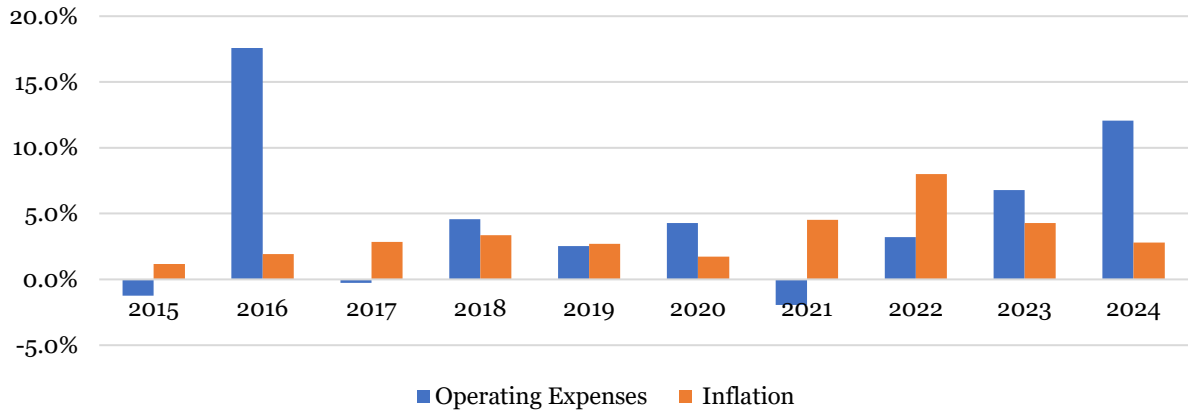
An important indicator of cost efficiency is how institutional spending has changed over time. Spending that grows faster than inflation can result from operational inefficiencies. Considering trends among different functions of spending is useful analysis as well. Growth in mission-critical functions (i.e., education and related) may lead to increased inefficiency; on the other hand, doing so may be necessary to align with strategic intent if focused on improving academic quality or reducing access and completion barriers.

Another related indicator of cost efficiency is how institutional spending per student has changed over time. Often during periods of enrollment growth, spending increases overall but declines on a per student basis implying either a reduced level of quality or improved cost efficiency through economies of scale. During periods of enrollment decline, if spending is not reduced, which can be difficult given fixed costs related to facilities and tenured faculty, spending per student often increases faster than inflation.[20]

Changes over time in staffing levels and spending on staffing are also efficiency indicators. Growth in staff positions that are indirectly related to the core mission may lead to cost inefficiency. Alternatively, fewer staff in certain positions may represent efficiency gained.[21]

The growth in operating spending has exceeded inflation, is on par with other labor-intensive public entities, and is comparable to the national experience.
In the past decade, from FY2015 through FY2024, the total growth in operating expenses for the public universities was 59%. The average annual growth in spending was 5.3% compared to inflation of 3.6% with the annual change for each noted in Figure 11. For context, other public entities in Oregon (i.e., State of Oregon, City of Portland, Multnomah County, Portland Community College) saw annual growth in spending of 5 – 10% over that same period.[22]

Figure 11: Annual Change in Spending and Inflation



[20] Spending and Efficiency in Higher Education, Joint Legislative Audit and Review Commission, Commonwealth of Virginia, October 2024, p 17.
[21] Ibid.
[22] Comprehensive Annual Financial Reports, FY2015 and FY2024, Statement of Activities, for entities referenced.

Volatility in spending during the 2015 to 2017 period is likely the result of the dissolution of OUS whereby the cost of system operations was distributed amongst the universities or eliminated. Similarly, the 2020 to 2022 period, due to COVID, experienced unusual fluctuations in both operating expenses and inflation.

Table 12 shows the trend in total operating expenses across all funds (i.e., enterprise wide) by university over the past decade. The dollar amounts are in thousands and unadjusted for inflation. The data is from the universities' annual audited financial reports with national data from the 2023 Digest for Education Statistics, table 334.10, published by the National Center for Education Statistics at the U.S. Department of Education.

As previously noted, the annual growth rate is 5.3% which is higher than inflation. However, this varies significantly by university from 2.8% to 6.7%. A national comparison is offered which suggests the annual growth in spending nationally has also been higher than inflation.

Of note, the period used for the national data is not the same. The national data is for FY2013 through FY2022. Also, the national data includes all four-year institutions both public and private, some of which include hospital operations which likely inflate the growth rate. This is because there is no easy way to calculate comparable national data for public universities only without including those with hospital operations.

Table 12: Operating Expenses in All Funds

University	FY2015	FY2024	Number Variance	Percent Variance	Annual Growth
EOU	49,110	77,504	28,394	58%	5.2%
OIT	61,379	109,764	48,385	79%	6.7%
OSU	921,028	1,591,854	670,826	73%	6.3%
PSU	449,907	578,174	128,267	29%	2.8%
SOU	77,889	107,264	29,375	38%	3.6%
UO	785,714	1,286,083	500,369	64%	5.6%
WOU	91,333	119,940	28,607	31%	3.1%
Total	**$2,436,360**	**$3,870,583**	**$1,434,223**	**59%**	**5.3%**
National Data	223,341,630	328,333,563	104,991,933	47%	4.4%

The amount paid for debt service on capital liabilities has increased 19% from FY2016 to FY2024. This is a key component of non-operating spending, although debt service remains manageable. Much of the debt issued for the universities in the recent past has been state-backed debt for capital construction. More information on capital-related debt, debt service payments, and the history of state capital investment is included in the appendix.

Table 13 shows the trend in education and related (E&R) spending over time by university. The data comes from the same sources as noted for Table 12. The dollar amounts are in the thousands and unadjusted for inflation.

E&R spending is a derived metric designed to help policy makers better understand the spending associated with educating students versus spending for research, public service, and auxiliary activities (i.e., housing, food service, retail, and athletics).[23] During FY2024, 44% of all operating spending at Oregon public universities was for E&R down from 48% a decade earlier. This is like the national experience of 48% during FY2022 and 52% a decade earlier. Also, the average annual growth in E&R spending for both Oregon and the nation is less than that of all operating expenses.

Table 13: Education and Related (E&R) Spending

University	FY2015	FY2024	Number Variance	Percent Variance	Annual Growth
EOU	28,936	43,635	14,700	51%	4.7%
OIT	42,216	64,697	22,481	53%	4.9%
OSU	345,412	566,100	220,687	64%	5.6%
PSU	227,323	317,229	89,907	40%	3.8%
SOU	45,774	68,793	23,019	50%	4.6%
UO	431,819	565,836	134,017	31%	3.0%
WOU	56,081	61,406	5,325	9%	1.0%
Total	**$1,177,562**	**$1,687,696**	**$510,134**	**43%**	**4.1%**
National Data	115,869,115	159,191,978	43,322,863	37%	3.6%

The growth in spending by category is consistent with the national experience; however, the growth in spending for institution support is an outlier.
Table 14 shows the trend in total operating expenses by functional category with a national comparison. The largest growth has been in public service followed by institution support. Although the growth in academic support and student services has outpaced general growth as well. The growth in the other category is masked by changes in net pension liabilities. If removed, the growth in that category totals 57% for an annual change of 5.1%.

As a proportion of the total, spending on instruction and research has fallen from 43% to 37% while spending on public service and institutional support has grown from 14% to 19%. This can result from operating below optimal enrollment thresholds resulting in institutional support costs consuming disproportionate shares of operating budgets.

The dollar amounts in Table 14 are in the thousands and unadjusted for inflation. The data is from the universities' annual audited financial reports with national data from the 2023 Digest

[23] Delta Project on Postsecondary Education Costs, Productivity, and Accountability, Issue Brief #2: Metrics for Improving Cost Accountability, February 2009.

for Education Statistics, table 334.10, published by the National Center for Education Statistics at the U.S. Department of Education. The categories listed are defined by the National Association of College and University Business Officers (NACUBO) and are considered industry standard. O&M Plant means operations and maintenance of plant facilities (buildings and large equipment) on campus.

Table 14: Operating Spending by Functional Category

Expense	FY2015	FY2024	Number Variance	% Var	Annual Growth	Annual Growth (U.S. Avg)
Instruction	753,534	1,000,473	246,939	33%	3.2%	3.1%
Research	295,293	447,270	151,977	51%	4.7%	3.4%
Public Service	144,201	342,891	198,690	138%	10.1%	4.0%
Academic Support	172,348	290,494	118,146	69%	6.0%	4.4%
Student Services	94,533	163,090	68,557	73%	6.2%	4.8%
Auxiliary Programs	469,536	679,913	210,377	45%	4.2%	2.5%
Institution Support	191,523	383,224	191,701	100%	8.0%	4.3%
O&M, Plant	116,630	159,527	42,897	37%	3.5%	5.9%
Student Aid	112,005	173,119	61,114	55%	5.0%	8.7%
Other	86,757	230,582	143,825	166%	11.5%	13.8%
Total	**$2,436,360**	**$3,870,583**	**$1,434,223**	**59%**	**5.3%**	**4.4%**

The growth in public service can in part be attributed to growth in related funding, including a doubling of appropriated amounts for state programs and statewide public services since the 2015-17 biennium. Likewise, spending on public services has grown due to relationships with federal, state, and other partners to provide services benefiting all Oregonians. This includes wildfire training for federal agency staff, early childhood education, healthcare services, and others.

The growth in spending on academic support and student services can be attributed to the increasing demand for tailored efforts that focus on support for student completion and success. Much has been heard recently about the need for expanded student support, for basic needs specifically, as reported by the Oregon Student Association.[24] As universities focus more on efforts to serve today's students[25], spending on student services has increased faster than overall spending.

The growth in spending on institutional support may be another issue. Collective spending on institution support, which includes administrative functions like executive, communications, legal, financial, accounting, space management, procurement, IT, and similar business services,

[24] Oregon Student Association (OSA), top issues identified in OSA Statewide Student Survey, slides presented to the HECC Funding and Achievement Subcommittee, May 8, 2024.
[25] HECC analysis of ORS 352.069 report, December 2024.

has increased from 8% of total operating spending to 10% in the past decade. Expressed on a per student basis, it roughly doubled from $2,200 to $4,600 per student. One way for the universities to improve cost efficiency and adapt to revenue uncertainty would be to manage the cost of institution support over time. More on this issue is included later in the report.

Table 14a includes a breakout of operating spending by natural classification, specifically for E&G funding (or general fund). The dollar amounts in Table 14a are in the thousands and unadjusted for inflation. This information comes from the universities in response to an annual survey conducted by HECC staff. The annual growth in the cost of retirement benefits is double that of the growth in wages. More information by university can be found in a report titled, *Financial Sustainability of Oregon Public Universities, 2025* as presented to the HECC Funding and Achievement Subcommittee in June 2025. That report can be found on the HECC website.

Table 14a: Operating Spending by Natural Classification for E&G Funding

Expense	FY2017	FY2024	Number Variance	% Var	Annual Growth
Salary & Wages	808,407	1,018,562	210,155	26%	3.4%
Health Benefits	158,944	201,020	42,076	26%	3.4%
Retirement Benefits	138,465	225,852	87,387	63%	7.2%
Other Benefits	109,468	137,195	27,727	25%	3.3%
Services and Supplies	273,402	389,869	116,467	43%	5.2%
Capital	17,738	16,540	(1,198)	(7%)	(1.0%)
Institutional Financial Aid	5,605	9,400	3,795	68%	7.7%
Net Fund Transfers	53,902	50,392	(3,510)	(7%)	(1.0%)
Total	**$1,565,931**	**$2,048,830**	**$482,899**	**31%**	**3.9%**

Operating costs per FTE have exceeded both the rate of inflation and that of spending overall in large part due to the cost of benefits and enrollment declines. When accounting for enrollment by considering the growth in operating expenses per student full-time equivalent (FTE), over the past decade the universities have experienced a 66% total increase or average annual increase of 5.8%. This is both higher than the rate of inflation and overall growth rate of spending. Table 15 includes additional information by university unadjusted for inflation.

Table 15: Operating Expenses per FTE

University	FY2015	FY2024	Number Variance	Percent Variance	Annual Growth
EOU	18,787	34,729	15,943	85%	7.1%
OIT	20,576	34,840	14,264	69%	6.0%
OSU	34,594	50,541	15,947	46%	4.3%
PSU	21,035	37,868	16,834	80%	6.8%
SOU	17,710	31,271	13,562	77%	6.5%
UO	33,113	54,574	21,461	65%	5.7%
WOU	19,025	33,545	14,520	76%	6.5%
Total	**$28,154**	**$46,793**	**$18,639**	**66%**	**5.8%**
National Data	19,111	28,520	9,409	49%	4.5%

The data in Table 15 comes from the universities' annual audited financial reports with FTE data from the Public Universities Data Dashboard. National data is from the 2023 Digest for Education Statistics, tables 334.10 and 303.25, published by the National Center for Education Statistics at the U.S. Department of Education. The national data covers a different period and includes all four-year institutions, both public and private, some of which include hospital operations. This is because there is no easy way to calculate comparable national data for public universities without including those with hospital operations.

It is reasonable to expect that spending increases as enrollment grows. Even with flat enrollment, spending may increase due to general wage and benefit cost growth over time. However, during periods of enrollment decline spending per student often continues to increase unless structural changes are made. It is also the case that the universities have fixed costs, such as facilities, insurance, utilities, or contractual obligations, that do not decrease when student enrollment declines.

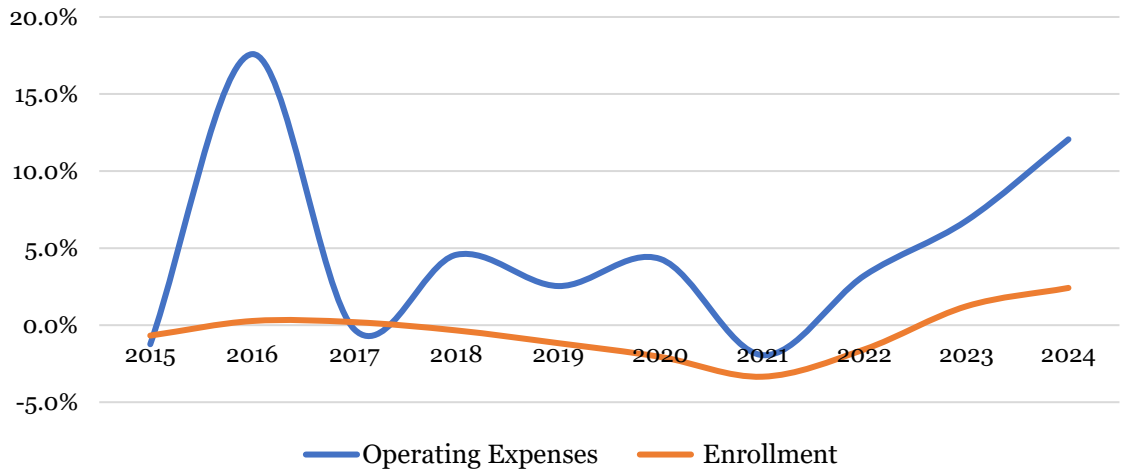
As noted in the Oregon Higher Education Landscape Study, "Public institutions in Oregon have higher expenditures per FTE in spending categories related to their missions. One explanation for this may be found in data that show Oregon's four-year institutions spend more on employee benefits, as a percentage of salaries, than do other states and the nation overall."[26] Considering the E&G (or general) fund spending from FY2017 through FY2025, total benefits have grown in cost from 50% to 56% of wages compared to a national average of around 40% to 45%. Total benefits have grown on average 4.9% annually with pension contributions alone increasing an average of 7.6% annually to an estimated $249.1 million during FY2025. For comparison, total revenue has grown an average of 3.6% annually.

[26] National Center for Higher Education Management Systems (NCHEMS), Oregon Higher Education Landscape Study, September 2022, p 14 and 75 (figure 56).

Also, considering data in Table 15, there is a significant difference in spending per FTE by type of university. For UO and OSU combined, spending per FTE increased by 54% from $33,896 to $52,267. For the remaining universities, it increased by 78% from $20,185 to $35,893 influenced by enrollment changes. Granted, the TRUs and PSU are spending roughly 30 percent less per student than UO and OSU likely due to fewer research and public service demands.

Figure 16 compares annual growth in operating expenses over the past decade to enrollment growth. Average annual growth in spending was 5.3% while enrollment declined on average by 0.5% per year. This suggests significant fixed costs, costs uncorrelated to enrollment, and/or inflexible cost structures exist across the public universities. The period between 2015 to 2017 is likely anomalous due to the dissolution of the Oregon University System.

Figure 16: Annual Change in Spending and Enrollment



Staffing grew while enrollment declined with significant variation by university. Public universities are labor-intensive. The largest expense is staffing (i.e., both wages and related benefits), which makes up, on average, 78% of total E&G spending. The overall trend has seen staffing grow by nine percent while enrollment has declined seven percent. Granted, in the second half of the period noted, from 2018-19 to 2022-23, both student and staff FTE have declined, but not to the same magnitude. Table 17 includes more information.

The data in Table 17 comes from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). Specifically, from the frequently used variables, unduplicated 12-month student FTE and total staff FTE.

Table 17: Trend in Staffing and Enrollment

Year	Student FTE	Staff FTE	Student to Staff Ratio
2013-14	85,171	13,437	6.3
2014-15	84,684	14,059	6.0
2015-16	85,221	14,478	5.9
2016-17	85,729	15,008	5.7
2017-18	85,101	15,152	5.6
2018-19	84,702	15,303	5.5
2019-20	82,611	15,325	5.4
2020-21	79,921	14,485	5.5
2021-22	78,032	14,142	5.5
2022-23	79,103	14,628	5.4
Variance 2013-14 to 2022-23	**(6,068)**	**1,191**	**(0.9)**
	(7%)	**9%**	**(15%)**

It should be noted that ORS 350.360 requires the HECC to conduct an annual review of each public institution of higher education with respect to the employment of all employee groups. The most recent version, titled *Report to the Oregon Legislature, Higher Education Employees, 2025,* can be found at the HECC's website. Although IPEDS data is also used in this report, to allow for a longer period of analysis, the data in both sources is consistent.

Table 18 shows the trend in staffing by university using the same source of data as in Table 17. Three have experienced double-digit staffing growth while three have experienced negative staffing growth since 2013-14. The three with negative staffing growth have also experienced some of the largest enrollment declines.

Table 18: Trend in Staffing by University

University	Academic Year 2013-14	Academic Year 2022-23	Number Variance	Percent Variance
EOU	321	377	56	17%
OIT	366	476	110	30%
OSU	4,654	5,494	840	18%
PSU	2,541	2,535	(6)	0%
SOU	624	523	(101)	(16%)
UO	4,204	4,544	340	8%
WOU	727	679	(48)	(7%)
Total	**13,437**	**14,628**	**1,191**	**9%**

Staffing grew the most in academic and student support areas while also growing in business and financial operations support.
Table 19 looks at the trend in staffing by select occupations. Positions related to the core mission (i.e., instruction, research, and public service) have decreased slightly over time even though total instruction FTE has increased as shown in Table 21. Staffing increased the most in student affairs, academic affairs, and other educational service areas likely due to additional support in academic advising, counseling, and related areas.

It should be noted that changes in staffing levels in categories not directly related to the mission are not always correlated to cost inefficiency. For example, staffing may be mandated due to investments by federal, state, or local funding partners. Also, universities may make business decisions to forego outsourcing certain activities, which may also increase staffing levels.

The data in Table 19 comes from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). Specifically, from the frequently used variables, average salaries and full-time equivalent staff, and FTE staff by occupational category. The other category includes librarians, auxiliary, maintenance, security, technology services, and positions for which the need may not be correlated to enrollment.

The growth in business and financial operations staffing (i.e., accounting, payroll, procurement, etc.) could be related to the movement away from the use of shared administrative support services as described later in this report. It is also likely that the number of student and academic affairs support staff has grown due to increased compliance and reporting requirements. Recent data on unfunded mandates for the public universities identified 475 total reporting mandates, nearly 300 of which are federal and approximately 154 are state, related to discrimination provisions to financial aid programs to copyright requirements.[27]

Table 19: Trend in Staffing by Select Occupations

Category	Academic Year 2014-15	Academic Year 2022-23	Number Variance	Percent Variance
Instruction, Research, and Public Service	5,869	5,603	(266)	(5%)
Student and Academic Affairs, and Other Education Services	742	996	254	34%
Business and Financial Operations	1,688	1,932	244	14%
Office and Administrative Support	1,477	1,355	(122)	(8%)
Other Staff	4,283	4,742	459	11%
Total FTE Staff	**14,059**	**14,628**	**569**	**4%**

[27] HECC analysis of ORS 352.069 report submitted by the universities, December 2024.

Cost Efficiency

Each university has an independent governing board with members appointed by the Governor. Ultimately, governing board decisions determine spending levels based on available revenue. The changing higher education landscape will require efforts by the universities to maximize efficiency, manage spending, and improve student affordability.[28] To assess cost efficiency, several topics are considered including the number of degree/certificate programs offered, the alignment of staffing levels with enrollment, degree productivity and degree completion spending, the use of shared administrative services, efforts to monitor and control cost drivers, and the trend in costs outside the control of the governing boards.

The number of degree and/or certificate programs offered in the past decade has increased significantly while enrollment has declined during the same period. Table 20 includes the trend by university. This includes all degree and certificate programs at all levels across all academic disciplines. Some of these are certificate programs related to specific program offerings. The data comes from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). Specifically, from completions, number of programs offered, all award levels, and all CIP codes as accessed July 2025.

Table 20: Programs Offered

University	Academic Year 2013-14	Academic Year 2022-23	Variance
EOU	38	71	87%
OIT	46	50	9%
OSU	253	273	8%
PSU	205	303	48%
SOU	68	107	57%
UO	210	240	14%
WOU	72	265	268%
Totals	**892**	**1,309**	**47%**

It is important to note that an increasing number of academic programs offered does not by itself equate to cost inefficiency. Some of the programs included in Table 20 are academic concentrations, endorsements, and certificate programs which may have added little to no additional, incremental cost or were added with a net neutral fiscal impact.

An increasing number of programs offered over time may have broader benefits such as research and knowledge expansion, civic contributions, a focus on specialized workforce needs, or may even be related to preserving the student experience. However, if incremental, additional

[28] Spending and Efficiency in Higher Education, Joint Legislative Audit and Review Commission, Commonwealth of Virginia, October 2024, p 43.

cost is incurred due to an increasing number of programs offered, and a university is increasingly dependent on tuition revenue with incremental revenue not available to cover additional costs, then the number of programs offered may become a factor in financial sustainability planning.

***Student-to-staff* and *student-to-faculty* ratios have declined over time and differ from the national experience.**

To assess the alignment of staffing levels with enrollment, the student-to-staff ratio is calculated. This includes all staff of the university regardless of function in which they are employed. As noted previously, changes in staffing levels may not be correlated to cost inefficiency. Staffing levels in some areas might be mandated by external funding partners or due to business decisions unrelated to enrollment. However, declining ratios can result from operating below optimal enrollment thresholds creating structural cost inefficiencies.

The trend by university is shown in Table 21. The data comes from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS). Specifically, from the frequently used variables, unduplicated 12-month student FTE and total staff FTE.

Overall, the ratio has declined fifteen percent from 2013-14 to 2022-23 leading to fewer students per staff member. This is because total staffing across the universities combined grew nine percent while the number of student FTE declined seven percent. By university, it varies significantly.

Table 21: Student-to-Staff Ratio

University	Student FTE (2013-14)	Staff FTE (2013-14)	Ratio (2013-14)	Student FTE (2022-23)	Staff FTE (2022-23)	Ratio (2022-23)
EOU	2,894	321	9.0	2,164	377	5.7
OIT	2,994	366	8.2	3,059	476	6.4
OSU	24,795	4,654	5.3	28,790	5,494	5.2
PSU	21,400	2,541	8.4	15,905	2,535	6.3
SOU	4,394	624	7.0	3,709	523	7.1
UO	23,771	4,204	5.7	21,970	4,544	4.8
WOU	4,923	727	6.8	3,506	679	5.2
Total	**85,171**	**13,437**	**6.3**	**79,103**	**14,628**	**5.4**

The student-to-faculty ratio can similarly be calculated. This is often referred to as the student/teacher ratio. The trend by university is shown in Table 22 using data from the same source as noted for Table 21. Overall, the ratio has declined fourteen percent from 2013-14 to 2022-23 leading to fewer students per instructional staff (faculty) member. This is because total instructional staff across the universities combined grew eight percent while the number of student FTE declined seven percent. By university, it varies significantly. All but SOU

experienced a decline. The TRUs plus PSU experienced an average decline in this ratio of eighteen percent while UO and OSU averaged a twelve percent decline combined.

Table 22: Student-to-Faculty Ratio

University	Student FTE (2013-14)	Faculty FTE (2013-14)	Ratio (2013-14)	Student FTE (2022-23)	Faculty FTE (2022-23)	Ratio (2022-23)
EOU	2,894	115	25.2	2,164	147	14.7
OIT	2,994	147	20.4	3,059	196	15.6
OSU	24,795	1,046	23.7	28,790	1,436	20.0
PSU	21,400	1,010	21.2	15,905	957	16.6
SOU	4,394	247	17.8	3,709	176	21.1
UO	23,771	1,075	22.1	21,970	1,090	20.2
WOU	4,923	282	17.5	3,506	251	14.0
Total	**85,171**	**3,922**	**21.7**	**79,103**	**4,253**	**18.6**

For a national comparison, data from the U.S. Department of Education's Digest of Education Statistics (Tables 314.50 and 314.55) is used as shown in Table 23. The methodology is different than the calculations presented in previous tables because both public and private institutions are included. However, while ratios have decreased both nationally and in Oregon since 2017, during Fall 2022 there were roughly 25% fewer students per faculty or staff member in Oregon when compared to the national average. The same general trend can be noted using data found in the *2024 Higher Education Employees Report* as summarized in the appendix.

Table 23: National Comparisons, Public Four-Year Institutions

Ratio:	U.S. Fall 2017	Oregon Fall 2017	Variance Fall 2017	U.S. Fall 2022	Oregon Fall 2022	Variance Fall 2022
Student to Staff	4.7	3.6	(23%)	4.4	3.2	(27%)
Student to Faculty	14.4	10.2	(29%)	13.5	10.1	(25%)

Some efforts to improve quality and student success, like funding additional student support services, can reduce cost efficiency as measured by this report. If incremental additional cost is incurred as a result, and a university is increasingly dependent on tuition revenue with incremental revenue not available to cover the additional cost, then this may become a factor in financial sustainability planning.

The number of degree completions per 1,000 student FTE has increased as has the number of degree completions per $100,000 in spending suggesting improved efficiency. The statewide public university graduation rate has increased over the past decade with the six-year bachelor's degree completion rate at 68%.[29] Six-year bachelor's degree completion trends can be found in the Public Universities Data Dashboard.

However, degree productivity, which accounts for enrollment, is a different metric. It is an attempt to assess cost effectiveness. Table 24 shows the trend in degree productivity over time in the aggregate. It increases because the total number of degree completions for all students has increased while enrollment has declined. The data in Table 24 comes from the Public Universities Data Dashboard. The completions per 1,000 FTE metric is calculated by dividing the number of completions by the number of student FTE and then multiplying by 1,000.

The reader should be cautioned; this metric is different than a graduation rate which tracks student completion by cohort. This metric divides the number of completions by the number of students at a given point in time. As a result, degree productivity is subject to movement in both and should be considered contextually with other metrics if used in governance.

Table 24: Trend in Degree Productivity

Year	Student FTE	Degree Completions	Completions per 1,000 FTE
2014-15	86,537.5	21,979	254.0
2015-16	86,770.9	22,050	254.1
2016-17	86,940.0	22,953	264.0
2017-18	86,643.6	23,428	270.4
2018-19	85,631.2	23,675	276.5
2019-20	83,868.3	23,654	282.0
2020-21	81,062.4	23,955	295.5
2021-22	79,787.6	22,847	286.3
2022-23	80,765.7	21,937	271.6
2023-24	82,718.0	22,147	267.7
Variance 2014-15 to 2023-24	**(3,819.5)**	**168**	**13.8**
	(4.4%)	**0.8%**	**5.4%**

Another way to assess cost efficiency is to consider what is being produced relative to spending. Spending per degree will provide insight into how cost effective the universities are in meeting their educational mission. Table 25 shows the trend in spending per degree by considering the number of completions per $100,000 in spending (i.e., total operating expenses) for all seven universities in the aggregate. The data in Table 25 comes from the data dashboard for degree completions with operating expenses from the universities' annual audited financial reports.

[29] Public University Data Dashboard, 6-year Bachelor's Completion Rate Trends, July 2025.

The completions per $100,000 in spending metric is calculated by dividing expenses by completions and then multiplying by 100. The increase in the number of completions per $100,000 in spending over the past decade suggests improved cost efficiency. A similar trend is observed, although to a lessor magnitude, when restricting the analysis to E&G spending only.

Table 25: Trend in Spending per Completions

Year	Degree Completions	Total Operating Expenses ($ thousands)	Completions per $100,000 in spending
2014-15	21,979	2,437,159	1.1
2015-16	22,050	2,865,868	1.3
2016-17	22,953	2,858,161	1.2
2017-18	23,428	2,988,700	1.3
2018-19	23,675	3,064,521	1.3
2019-20	23,654	3,196,110	1.4
2020-21	23,955	3,133,949	1.3
2021-22	22,847	3,234,820	1.4
2022-23	21,937	3,454,051	1.6
2023-24	22,147	3,870,583	1.7
Variance 2014-15 to 2023-24	**168**	**$1,433,424**	**0.6**
	0.8%	**59%**	**58%**

The use of shared administrative services has declined over time, which may represent a lost opportunity. As noted earlier in the report and shown in Table 14, the annual growth rate for institution support spending over the past decade is almost double the overall growth rate for operating costs in general. Some of the growth can likely be attributed to insurance, compliance, technology, and additional student support costs; however, one way for the universities to improve cost efficiency would be to manage the cost of institution support. As such, a little background might be helpful as provided by USSE staff.

The University Shared Services Enterprise (USSE) was established during the dissolution of OUS in 2015 to manage shared administrative services once performed through the Chancellor's Office. USSE is not a separate legal entity. Rather it is established through a memorandum of understanding (MOU) executed by all seven public universities. The universities participate voluntarily and are allowed to select services as needed.

During the past decade, USSE has been shrinking and offering fewer services as the universities elect to perform more administrative functions in-house. During FY2015, USSE had 32 staff and an operating budget of $4.8 million. The services offered included financial reporting, IT hosting and maintenance, SEIU collective bargaining, payroll reporting and benefits

verification, risk management, and treasury management services including debt accounting and tax compliance. SEIU collective bargaining is required in statute.

During FY2025, USSE budgeted for a staff of 6.2 FTE totaling $1.5 million. USSE offered limited services including collective bargaining, accounting and tax compliance for debt, and endowment management. A summary of changes by type of service is offered below.

- Risk Management – These services were outsourced to a third-party provider during FY2016. The universities negotiate their own insurance needs.

- IT services – During FY2019, the TRUs outsourced IT hosting to AWS Cloud. USSE services were terminated as a result. This included almost half of the USSE staff at the time. Those positions were transitioned back to the universities or eliminated through natural attrition.

- Financial reporting – Four of the five universities are choosing to perform all financial reporting inhouse. This relates to the production and auditing of the annual financial statements. Since external auditing is required, each university will interact separately with an external auditor. USSE stopped offering these services as of June 30, 2024.

- Payroll and benefits reporting – Four of the six universities are choosing to perform this function inhouse which required USSE to terminate service as of June 30, 2024. As a result, two universities, OSU and EOU, have chosen to outsource this function to ADP.

There are ongoing efforts at the universities to monitor and control cost drivers. ORS 352.069, enacted by HB 3288 (2017), directs Oregon's public universities to submit a report to the HECC identifying the actions that have been taken to monitor and control cost drivers, such as administrative services. The version published in December 2022 shows total cost savings and fund balance usage of $56.2 million in FY2020 and $131.1 million in FY2021. Further, within the December 2024 version of the report, the universities report implementing strategies to reduce costs by carving off non-essential activities, when possible, such as:

- Across the board general fund budget reductions include reducing or eliminating vacant positions.
- Capital renewal reorientation.
- Across-the-board services and supplies reductions.
- Salary reductions for high-level managers.
- Furloughs, leave without pay, and use of the Workshare program.

A recent example is the University of Oregon reported to its board in September 2024 the results of savings initiatives across seven administrative support areas. This includes purchasing, treasury operations, utilities and energy, human resources, information services, and other services. Staff reported one-time cost savings of $34.8 million with recurring annual savings of $5.1 million.

Another example is the Administrative Modernization Program (AMP) at Oregon State University as approved by their board in June 2023. Intended to replace the university's 34-year-old core systems for HR, finance, budget, and grant management, the program is comprised of multiple projects staged over a three-year period. Currently budgeted at $81.3 million (including a $9.2 million contingency), the new systems will improve the student experience and reduce costs by an estimated $10 million per year beginning in FY2028.

Another example is the implementation of metrics at WOU to more adequately assess financial health. This includes establishing a baseline and target for the composite financial index (CFI) as well as utilizing the institutional viability metric (IVM) to assess viability based on financial position, market demand, and student outcomes.

Recent Budget Actions

More recent actions have occurred within the universities' education and general (E&G or general) funds to address and improve financial sustainability. These include:

EOU – During FY2025, a $4.8 million (or 8.4%) reduction occurred across all operating units through a shared governance approach to balance expenditures with available resources. The bulk of the reduction, $3.0 million, was in compensation.[30] EOU has also been able to leverage grants and other external funding sources to offset costs.

OIT – During FY2025, following a budget reduction of 1.3% the previous year, a $3.4 million (or 3.9%) reduction was enacted with divisions cut anywhere from 0.2% to 6.1%.[31] OIT has completed three consecutive years of spending reductions to better align spending with expected revenues.

OSU – In spring 2025, OSU began a proactive and collective budget reduction effort focused on containing costs and realigning resources. The result of these efforts has been a 5.2% ($43.8 million) overall reduction to E&G spending, beginning in FY2026.

PSU – During FY2025, PSU engaged in a financial sustainability effort called *Bridge to the Future* which focused on four key areas of adjustment: operational excellence, program revitalization and curricular stewardship, retirements, and net revenue growth.[32] PSU took action to reduce an $18 million operating deficit by reducing the workforce by approximately 104 FTE through vacancies, retirements, non-renewals, and limited layoffs. During September 2025, university leadership presented an updated plan to balance the E&G budget by FY2028. Staff anticipate needing to reduce costs by roughly $35 million through two major strategies: instructional portfolio rebalancing along with administrative and fiscal optimization.[33]

[30] April 2024 Finance and Administration Committee Meeting, FY2025 Preliminary E&G Budget, page 4.
[31] June 2024 Finance and Facilities Committee Meeting, Agenda Item 4.1, Table 1, page 5.
[32] Board of Trustees Meeting, November 2024, Agenda item 6c.
[33] Board of Trustees Meeting, September 26, 2025, Agenda item 11b.

SOU – On August 1, 2025, SOU declared financial exigency to transform the university to address existing structural deficits. During the September 2025 board meeting, a plan to reimagine the university was presented and a budget update was provided. The plan calls for an E&G budget target of $60 million, a more focused academic portfolio, and more than $10 million in savings over the next four years.[34]

UO – During FY2026, it was announced that staff were projecting a $25 – 30 million structural deficit in E&G funds necessitating budget reductions. Since that time, the president and provost have shared with the campus community a proposal to enact $29.2 million in recurring budget cuts, including eliminating 176 E&G funded positions. This includes 117 layoffs of faculty and staff enacted by September 2025.[35]

WOU – As noted in a recent review conducted by the Northwest Commission on Colleges and Universities (NWCCU), significant progress has been made in controlling expenses. Ongoing efforts have included assessment of vacant positions, maximizing revenue collection efforts, focusing on essential needs, enhancing student-centered activities, and identifying shared services and support opportunities.

There is current state investment in the technical/regional universities to improve long-term financial sustainability.

Additionally, during the 2023-25 biennium, the state invested $25 million to improve the financial sustainability of the four technical/regional universities (EOU, OIT, SOU, WOU) and PSU. The funding, which was appropriated to the HECC, is intended to support them in realigning institutional offerings and resources with current and emerging enrollment and economic realities to achieve long-term financial sustainability. The funds will be used for initiatives that seek to reduce ongoing costs, increase revenue, and improve recruitment and retention in the pursuit of student success.

Of the $25 million total, $6.3 million was allocated to the five participating universities through the existing funding distribution model. The remaining $18.7 million was awarded through a request for applications process. The fifteen projects funded via that process will generate an estimated net return of $95 million over the next five years after implementation. This is above the one-time cost of the projects. The projects include:

For EOU, the expansion of their current high-demand graduate health program array. They will add three additional graduate degree programs to serve regional workforce needs. The programs target adult and returning students by allowing them to complete the program online and by using clinical observation sites close to the students' home in collaboration with regional partners. An investment of $2.3 million will return an additional, estimated $2.3 million in net, incremental tuition/fee revenue during the first five years.

[34] Board of Trustees Meeting, September 11, 2025, Agenda item 2.1.
[35] Full Board of Trustees Meeting Materials, September 15-16, 2025, Agenda item 5e.

For OIT, five projects are funded totaling $2.3 million. These include three projects focused on optimizing the student experience through digital transformation, student retention and success coaching for online students, and supported re-entry for stopped-out students. The two remaining projects focus on the strategic realignment of financial operations with improved data analytics and improving course scheduling via improved course demand analysis and faculty workload management. Summed together, an investment of $2.3 million in these projects is expected to generate an estimated $3.9 million in net incremental revenue and cost savings within the first five years after implementation.

For PSU, $7.0 million in funding will be used for four programs that seek to reduce ongoing costs, increase revenue, and improve student success in alignment with its new strategic and financial sustainability plan. The four programs include:

- **Academic program revitalization** – a plan to engage the campus community to revitalize the academic program portfolio by aligning offerings with current realities including market demand and academic results. A $2.6 million investment is projected to save $10.5 million annually or an estimated $55.8 million in the first five years after implementation.
- **Operational excellence** – a plan to align administrative structures with PSU's current fiscal reality by building a hybrid model for service delivery which includes a more robust centralized approach. A $3.6 million investment is projected to save $5.5 million annually or an estimated $21.2 million in the first six years after implementation.
- **Data analytics to improve student success** – a project to transform student success initiatives by applying the Georgia State model of data analytics to improve student retention. A $363 thousand investment is projected to provide additional net incremental tuition/fee revenue of $468 thousand annually after implementation resulting from improved student retention.

For SOU, the plan is to invest in three projects aligned with their existing financial sustainability plan called SOU Forward. The projects include:

- **Core information system replacement** – a project that allows SOU to complete the enterprise technology infrastructure system transition from Banner to Workday. A $1.1 million investment is projected to save $700 thousand annually after implementation with a return on investment expected by year two.
- **Solar advancement** – an investment to achieve the goal of reducing energy reliance on non-renewables, allowing SOU to generate 100% of daytime energy use through solar. A total of $1.5 million in both state and federal funding minus expenses of $853 thousand is expected to generate savings of over $1.5 million in energy costs during the 25-year life span of the equipment generating a net financial impact of $2.1 million.
- **Website Replacement** – a plan to accelerate the existing website redesign effort. The goal is to be a more user-friendly, enrollment-centric, accessibility complaint model. A $323 thousand investment is expected to generate incremental net tuition/fee revenue of $567 thousand in the first year after implementation alone assuming a five percent growth in applications and a consistent yield rate.

For WOU, a comprehensive initiative to upgrade their current Banner system to enhance functionality to standardize and streamline existing administrative processes across departments. A $2.3 million investment is projected to save $750 thousand annually, mostly in personnel costs, with a total net financial impact of $1.1 million in the first five years after implementation.

Additionally, funding is set aside for collaborative activity. Currently this includes a shared services feasibility study to determine the best approach for the five universities to share similar administrative functions which could include some of the services previously provided by USSE. The universities have identified several services they believe are the best candidates for a shared model and are focused on determining the tangible next steps associated with implementation. Oregon's seventeen community colleges are also performing a similar analysis of the potential for shared administrative services.

Detailed Recommendations

The efficiency findings contained in this report, combined with the demographic challenges facing higher education institutions over the next 1-2 decades and the state's difficult fiscal environment, strongly suggest that bold action is necessary to guarantee the ongoing vitality of Oregon's seven public universities.

Aggregated data for the universities shows spending on core activities ("Education and General" accounts) growing annually at a rate greater than associated revenues. Despite the efforts that universities have made to balance annual budgets, including through spending cuts, forecasting shows that budget gaps are likely to continue into the near future. On the current path universities will be forced to continue to make substantial cuts annually or, in aggregate, fund balances will be completely exhausted within an estimated three to five years. More detailed information is included in the appendix starting on page 59. While each of the seven public universities will experience these trends differently – some perhaps even managing to stay cash-positive – Oregon needs all of its public higher education institutions to thrive.

There is no simple or obvious path forward. Many of the factors putting upward pressure on expenses at public universities are common to public sector employers generally, including the costs of providing health care, retirement, and living wages for employees. But universities face a dual threat in their ability to cover those rising costs through revenue increases. On the one hand, they face extraordinary competition for limited public (i.e. state) resources – a situation exacerbated by slowing growth forecasts for state revenue and recent federal cuts to health and human service programs. On the other, Oregon's demographics suggest that college enrollment is unlikely to grow quickly enough for tuition revenue to keep up with growing expenses, especially given students' increasing sensitivity to college costs. Especially given Oregon universities' unusually high dependence on tuition for revenue, this creates an unsustainable dynamic. While some institutions may be short-term winners in the growing competition for a stable or declining pool of students, the system as a whole is harmed.

Oregon's experience is not unique. Colleges, universities, systems, and states across the country are experiencing similar pressures. Only a few high-growth states can still afford a system of higher education built on the "every campus for itself" model of the past. Since 2020, dozens of public and private colleges and universities have closed campuses or shut down altogether. Others are exploring or undertaking major steps to restructure for institutional sustainability.

At an *institutional* level, persistent budget deficits leave campus leaders with few good options. This is complicated by shared risks and shocks that echo across institutions. Eventually, they are forced to cut expenses: including some of the very programs and positions that are vital for sustaining the public's confidence, the community's support, and, most importantly, the student enrollment that is critical for revenue.

At the *inter-institutional* or state level, other, more creative options emerge. Alignment, partnership, and planning can help to sustain access to high quality education for Oregonians

while closing at least some of the gap between expenses and revenues. In the emerging environment, interdependence is structural, not incidental.[36]

Each of Oregon's seven public universities is vital for its community, its region, and the state. The purpose of our recommendations is to ensure that each of the seven not only survives, but flourishes. Drawing from the findings and analysis contained within this report, our recommendations focus on actions that would substantially alter the structure for the delivery of public university services, including academic and administrative programs. They focus on optimizing economies of scale by increasing the "systemness" of our institutions.[37] They promote the coordination and partnering of programs and services as a way to expand access while keeping public education affordable for Oregonians.[38]

Increasing *systemness* does not mean creating a *university system*.[39] It would be a mistake to think Oregon's challenges can be met by focusing on governance. A centralized system governed by a single board and executive – such as the one Oregon had for public universities until 2015 – isn't necessary to establish the types of inter-institutional partnerships and careful differentiation that we envision. Moreover, the experience of other states – as well as Oregon's prior to 2015 – teaches us that a single central governance structure does not in and of itself guarantee robust systemness. Oregon's universities, and the State, have benefited from the philanthropy, innovation, and accountability that were fostered by the separation of the Oregon University System into seven individually governed entities. Our challenge now is to better harness and coordinate the energy of these independent institutions to achieve collective outcomes that no single institution could achieve on its own.

Pursuing these strategies will not be easy. A sustained legislative and Gubernatorial vision and commitment will be required to see this work through to the point where it could generate substantial savings while bolstering the value and vitality of all of Oregon's public universities.

Recommendations:

1. An opportunity exists for Oregon to exploit scale to create a competitive advantage in workforce and talent development on a regional or statewide basis, and to drive collaboration rather than competition.[40] **The Legislature should direct HECC, in consultation with all of Oregon's public higher education institutions, including community colleges, to develop a proposal, or proposals, for**

[36] Dan Greenstein, Managing Director, Baker Tilly Advisory, *The System is the Strategy*, blog post, 12/13/2025.
[37] ORS 352.025(2): "The Legislative Assembly also finds that: (a) even with universities with governing boards, there are economy-of-scale benefits to having a coordinated university system; and (b) even with universities with governing boards, shared services may continue to be shared among universities."
[38] Deloitte Insights, 2025 Higher Education Trends, A look at the challenges and opportunities shaping America's higher education sector. Deloitte Center for Government Insights. April 2025.
[39] Oregon Higher Education Landscape Study, National Center for Higher Education Management Systems (NCHEMS), September 2022, p 21, recommendation #4: "Oregon's public postsecondary education sector should adopt coordinated, collective, systematic behaviors, which can be achieved without resorting to governance changes."
[40] TRU+ PSU Financial Sustainability Funding, National Center for Higher Education Management Systems (NCHEMS), January 2024, p 48: "Moving forward, it will be imperative for the institutions to identify collaborative strategies for financial sustainability."

targeted institutional integration by January, 2027.

- "Institutional integration" can take different forms. At one end of the continuum, it could involve a full merger of two or more institutions; at the other, it could involve a cooperative of independent fiscal and academic entities operating under a single system policy umbrella and seamlessly sharing certain programs and services.
- Planning should consider models for integration on a statewide or regional basis. An example of the former could include a formal affiliation between the state's regional universities; the latter could include combining services provided to the same region by a community college and a public university.
- Priority should be given to institutions that express interest in deeper levels of integration, but planning should consider all institutions and potential options.
- The final plan, or plans, should show how integrated institutions would share certain administrative services (e.g. payroll, procurement, compliance, auditing, IT, legal) over and above what they already share today. This should be informed by the result of the shared services analysis that consultants are currently undertaking for PSU and the Technical and Regional Universities (TRUs), but may be broadened to include other institutions as well. An independent, third-party entity could be considered for the provision of certain shared services.
- The final plan, or plans, should show how integrated institutions would share certain academic programs and student services in order to maintain or enhance access and options for students while reducing duplication.

2. Today, new degree programs and significant changes to degree programs must be approved by HECC, but no mechanism exists for the State to review programs for sustainability, value, or other criteria. **The Legislature should require academic degree programs at public universities to be periodically reviewed and renewed by HECC.**

    - Legislation could require academic degree programs to periodically demonstrate that they produce value for students and communities, don't unnecessarily duplicate other institutional offerings, are critical to the institution's mission, and meet minimum enrollment or other financial sustainability requirements.[41]
    - Legislation should strictly limit the factors HECC could use to determine a program should not be renewed, and should provide universities with a substantial window (e.g. 1-3 years) for program corrections before potential closure. HECC should be required to take into account impacts on underrepresented students, institutional missions and priorities, statewide workforce needs and not strictly financial returns to the individual, and must be guided by well-researched policy, not ideological preferences.
    - Likely would require amendments to ORS 350.075 and 352.089.

[41] Donna M. Desrochers, Rick Staisloff, and Katie Hagan, *The Financial Sustainability of Higher Education: Bright Spots & Challenges 2012 to 2022*, RPK Group, February 2025 p 6, recommendation #5.

3. Alongside the biennial adoption of the Public University Support Fund, the Legislature should consider **appropriating a separate salary pool to support essential compensation increases.** This would set reasonable, state-level expectations for institutions and their employee groups about biennial compensation increases.

4. Many public universities rely on IT systems that are 20+ years old. These systems are inadequate for current needs and vulnerable to cyberattacks. Some institutions are preparing to replace enterprise-wide systems, or are in the process of doing so. **In setting priorities for state higher education capital investments, the HECC and the Legislature should put a greater emphasis on the replacement of IT infrastructure.**[42]

    - State-backed bonds (Article XI-Q and XI-G) can be used for IT infrastructure, as long as they create a capitalized asset. Using state-backed bond funding to replace major IT systems would reduce institutional costs and improve operational efficiency. State funding can also be used as an incentive for institutions to build common IT platforms that can help promote inter-institutional integration as described under recommendation #1 above.

5. The one-time funding that the Legislature provided in 2024 to improve financial sustainability efforts at the TRUs and PSU supported efforts to streamline academic programs, improve student services, and share administrative services. **The Legislature should fund targeted sustainability and integration efforts at public universities.**[43]

    - Expanding this work to encompass all public universities – and possibly community colleges – would help achieve the benefits of a broader, collective approach.
    - The Legislature should consider establishing a strategic fund within the Public University Support Fund that could be deployed for these purposes. This could resemble the strategic fund within the Community College Support Fund.

[42] Dan Greenstein, Managing Director, Baker Tilly Advisory, *The System is the Strategy*, blog post, 12/13/2025: "For most systems [of higher education],… a new operating model [will require] the development of interoperable data and technology infrastructure that works across campuses and integrates education, business, and admin functions."

[43] Oregon Higher Education Landscape Study, National Center for Higher Education Management Systems (NCHEMS), September 2022, p 25, recommendation #4c: "Oregon should incentivize collaborative activity among institutions and between institutions and other partners…partially supported with state funds, both to seed activity and to ensure its sustainability."

University Feedback

This section allows the public universities the opportunity to provide additional context for the benefit of the reader. The goal is a more complete and shared understanding. The content of this section is verbatim feedback provided by the universities who are listed alphabetically.

Eastern Oregon University

Eastern Oregon University (EOU) appreciates the analysis provided through the Higher Education Coordinating Commission's *Spending and Efficiency in Oregon Public Universities* report. We recognize the Legislature's intent in calling for greater attention to cost efficiency, financial sustainability, and student affordability. As Oregon's rural-serving university, EOU has taken deliberate steps to manage costs responsibly while protecting access and quality for the students and communities we serve.

Affordability and Student Costs

EOU remains committed to being Oregon's most affordable public university. Over the past decade, EOU recorded the lowest increase in total cost of attendance among all Oregon public universities, just 21% compared to the statewide average of 32%. The average net price for EOU students has grown at a modest 2.5% annually, below both state and national averages. Most importantly, EOU's affordability rate improved from 57% to 32% in that period, reflecting targeted investments in financial aid and remission programs. Looking forward, EOU will continue to expand affordability initiatives by strengthening financial aid outreach, improving financial literacy resources, and aligning tuition-setting strategies with our mission to serve rural, first-generation, and adult learners.

Spending and Operational Efficiency

EOU has acted decisively to balance expenditures with available resources. In FY25, EOU implemented a $4.8 million budget reduction (8.4%) across all units through a collaborative governance process, with the most significant savings achieved in compensation. EOU has also been able to leverage grants and other outside funding sources to offset costs. At the same time, EOU has demonstrated fiscal discipline in managing debt, reducing long-term capital liabilities by nearly 30% since 2015 and keeping debt service growth among the lowest of Oregon universities. Recent operational efficiencies include outsourcing payroll tax reporting to ADP, eliminating duplicative administrative processes, and aligning spending with enrollment realities. It is essential to note that many EOU employees already "wear many hats," carrying responsibilities across multiple roles or departments. This has long been part of EOU's culture of efficiency and demonstrates that the university is already operating with lean staffing structures relative to our obligations. Through active and engaged fiscal management, we will continue to pursue efficiency strategies through vacancy management, shared services, and rigorous budget discipline.

Staffing and Student Success

Like all Oregon universities, EOU has seen staffing grow as enrollment declined, but our growth has been strategic. Staffing increases have been concentrated in academic and student support areas, including academic advising, counseling, and compliance—areas all directly linked to

improving retention and student outcomes. EOU will continue sustaining targeted staffing in high-impact areas and invest in faculty development and digital learning capacity to ensure academic quality while maintaining cost efficiency.

Academic Program Alignment
While the data indicates EOU has expanded its academic program portfolio from 38 to 71 offerings (+87%), this is misleading, as those numbers now include academic concentrations, endorsements, and certificates. Changes to our academic programs have been made to better serve our regional workforce and have often been implemented without increasing costs or achieved with a net neutral fiscal impact.

This includes the development of graduate programs developed in collaboration with regional leaders that address shortages in rural healthcare and are expected to generate significant enrollment and tuition revenue growth.

Detailed analysis of the degree offerings listed in the table of the draft report for both 2013-14 and 2023-24 are:

- 2013-14: 21 majors, 7 masters, 2 AA, and 8 certificates = 38
- 2022-23: 42 majors and concentrations (31 majors + 11 concentrations), 7 BAS's, 1 AA, 16 masters with endorsements, 5 certificates = 71

The totals of 38 and 71 programs in the report are accounted for, yet it appears that 16 unique concentrations in the 2013-14-degree count were not included. Including these brings the 2013-14-degree count to 54, which in turn reduces the increase to 31%.

In addition, three of the BAS degrees added since 2017 have identical program requirements as their BA and/or BS versions, meaning no new program courses were needed. Likewise, the IT Management degree was built entirely on existing courses, and no additional resources were required.

With the $2.3 million investment of sustainability funding, EOU is expanding high-demand graduate programs that will support both regional workforce needs and financial sustainability. Our future program strategy will focus on aligning our offerings with labor market demand, with a particular emphasis on healthcare, education, and technology. We will continue to expand our online and hybrid delivery options to serve adult and rural students.

Shared Services and Collaboration
EOU acknowledges and shares concern about the statewide decline in shared administrative services and the resulting rise in institutional support costs. To counter this trend, we have already adopted outsourcing solutions and are participating in the TRU+PSU sustainability initiative. EOU is also currently in discussions with regional partner education providers to collaborate on shared resources. We remain committed to working with peer institutions to explore service models in areas such as information technology, procurement, and compliance, ensuring administrative functions are managed at the lowest sustainable cost.

Financial Sustainability
EOU has a strong record of conservative fiscal management, as evidenced by declining long-term debt and proactive expense reductions. Even as enrollment headwinds persist, we remain committed to aligning our operations with available revenues, maintaining prudent reserves, and protecting affordability for our students. Our multi-year financial planning emphasizes efficiency, collaboration, and innovation to ensure long-term stability.

Conclusion
Eastern Oregon University is proud of its progress in advancing affordability, efficiency, and financial stewardship while remaining true to its mission as Oregon's most affordable, rural-serving university. The EOU Board of Trustees has been actively engaged in guiding the university's financial and strategic decision-making. Together, the administration and Board are focused on preserving student affordability and access while maintaining prudent fiscal stewardship.

We are deeply committed to ongoing collaboration with the HECC, the Legislature, and our peer institutions to identify and implement strategies that reduce institutional costs, enhance student affordability, and sustain high-quality educational opportunities for all Oregonians.

Oregon Institute of Technology
We appreciate the opportunity to provide additional context relative to Oregon Tech in response to the Higher Education Coordinating Commission's (HECC) Spending and Efficiency in Oregon Public Universities report which highlights key trends and outlines important observations and insights related to the challenging operating environment impacting Oregon's Public Universities (OPUs).

Background
Oregon Tech has a more than $286 million financial impact to the Oregon economy (a 2.5:1 multiplier) and supports more than 2,500 jobs annually (source: 2023 Economic, Fiscal and Social Impact Analysis- Beacon Economics). Oregon Tech has the highest return on investment of any Oregon Public University and upon graduation its students earn a median starting salary of $61,000 annually (source: 2023 College Education ROI Report).

Like most universities, Oregon Tech has been impacted by the nationwide higher education enrollment decline. This drop occurred primarily in FY 2022, FY 2023 and FY 2024 and stabilized in FY 2025. Even so, Oregon Tech's enrollment is still down about 19% from just four years ago. To remain competitive, Oregon Tech is ensuring its undergraduate, graduate and doctoral degree programs are closely aligned with Oregon's workforce needs and that resources are efficiently managed to meet the needs of students, faculty, staff and to support the university's mission.

Oregon Tech made significant budget reductions in response to enrollment declines between FY 2023 and FY 2025 totaling $3.1 million and utilized $1.85 million from reserve during that same time to achieve balanced operating budgets, while keeping annual student tuition rate increases below five percent. Oregon Tech was able to avoid faculty and staff layoffs or deferments during

the enrollment downturn and maintained quality academic degree programs, while continuing to focus resources on student success, stabilizing enrollment, improving student retention and investing in technology.
While the current fiscal year features a slight enrollment increase, Oregon Tech is revisiting its academic strategic plan, the university strategic plan and business operations to identify opportunities for improved efficiencies and operational effectiveness.

Student Costs
Oregon Tech has worked diligently to limit annual growth in tuition and mandatory fees. Over the past nine years, annual tuition and fee increases have averaged 4.6% compared to the OPU overall average of 4.5% for the same period as shown in Table 6 of the HECC Spending and Efficiency in OPUs report. This still makes balancing the annual budget a challenge as OPUs have not consistently received the minimum biennial University Base Funding (UBF) necessary to offset escalating expenses concentrated primarily in increasing labor, benefits, utilities, technology, compliance and regulatory costs. When state appropriations fall short of covering cost inflation, this increases the dependance on student tuition and triggers additional cost reductions. Since OPUs are labor intensive by the nature of higher education, reducing positions can impact academic quality and student success.

Although Oregon Tech's growth in total cost of attendance over the nine-year period is higher than peer OPUs as shown in Table 7 of the HECC Spending and Efficiency in OPUs report, it was recently discovered that the Oregon Tech Office of Financial Aid revised one of the factors used in the methodology for reporting a few years ago. Rather than using base resident tuition, Oregon Tech uses base resident tuition plus differential tuition in the calculation, resulting in a higher total cost of attendance figure, even though the majority of Oregon Tech students do not enroll in programs requiring differential tuition. If this anomaly were netted from the calculation, the annual growth rate for Oregon Tech would approximate 3.6% for the same period, closer to the 3.1% average for OPUs.

Oregon Tech has gradually increased annual student tuition and fee remissions from 14% of gross tuition four years ago to 19% of gross tuition last year. Over the period this is a 36% increase in remissions. This represents $8 million in university funded tuition scholarships and waivers to students for FY 2025 and totals more than $21 million over the past three years.

University Spending and Staffing
As the HECC Spending and Efficiency in OPUs report outlines, a good portion of the overall growth in university operating expenditures between FY 2015 and FY 2024 is attributable to administrative support functions being realigned to the OPUs or the University Support Services Enterprise (USSE) as part of the necessary transition following the dissolution of the Oregon University System (OUS) in 2015. Table 12 in the HECC Spending and Efficiency in OPUs report highlights the change in total operating expenses over the period.

Although Oregon Tech has the highest growth rate in Operating Expenditures over the nine-year period following the dissolution of the OUS at 6.7% annually, it is important to note Oregon Tech is a polytechnic university and that during that same period, Oregon Tech was experiencing enrollment growth in some of those years which put additional pressure on

required support services and infrastructure as well as investment in equipment and additional technology to support its hands-on small group learning model. Oregon Tech also established the Oregon Manufacturing and Innovation Center (OMIC) as a new start-up during this time. OMIC is a unique education and workforce training facility with its own dedicated state funding as well as unique staffing, infrastructure and equipment needs. Oregon Tech was also transitioning its multiple Portland Metro locations into a single consolidated campus with an enhanced infrastructure during the early portion of this period. Finally, depreciation expense on six new or fully renovated buildings increased operating expenses by nearly $10 million over the same period while research grant expenditures increased by nearly $7 million from FY 2015 to FY 2024.

Given this additional context, along with the transition of many administrative support services to the campus level or through the USSE contracted arrangement, it is not surprising that Oregon Tech's overall operating expenses grew significantly over the period.

Institutional support is a subset of total operational spending and has been particularly impacted in recent years by growing compliance and regulatory requirements, escalating labor and benefits costs, information technology and infrastructure investments, migration to cloud-based applications and software as a service (SAS). Most expenses transferred to OPUs following the OUS dissolution were in the institutional support category due to their classification. Even during periods of slow enrollment growth or a limited downturn, many institutional support expenses are fixed by disposition they will not vary directly with changes in enrollment.

Oregon Tech staffing growth in the period between FY 2014 and FY 2023 is primarily attributable to hiring additional staff for growing programs, enhanced academic and student support services, compliance and regulatory affairs, new operations such as OMIC and the Portland Metro campus realignment in addition to adding the support staff needed to provide the administrative functions previously performed at OUS.

Cost Efficiency

Although Oregon Tech added four new programs between FY 2014 and FY 2023, these were strategic investments and were carefully analyzed to evaluate student demand, workforce alignment and advancing career pathways. The process also involves development of a financial proforma to determine what other university resources may be necessary to appropriately support new programs. In some cases, dedicated or unique equipment is essential to the curriculum to simulate real world experiences in the classroom or laboratory. As a polytechnic university, there are often synergies among the degree programs mix that can expand or enrich the student experience or that may also be essential to supporting workforce development opportunities or partnerships.

Oregon Tech continues to have a small student to faculty ratio compared to many OPU peers as highlighted in Table 22 of the HECC Spending and Efficiency in OPUs report. This is an important metric to support small-group hands-on learning experiences.

Oregon Tech has completed three prior consecutive years of spending reductions to better align spending with expected revenues and continues to pursue additional efficiencies such as implementation of the Banner Finance ERP module and Millenium Fast for budgeting. Oregon Tech is also partnering with four other OPUs (SOU, WOU, EOU and PSU) and a leading higher education consultant with proven experience in evaluating shared services opportunities. This initiative is supported through one-time funding from the Oregon legislature. The in-depth assessment will explore and evaluate shared services opportunities among the universities and will recommend a viable path forward including action steps along with a financial analysis outlining return on investment from improved efficiencies and standardization which could bend the cost curve, thereby slowing the rate of growth for support costs for the universities.

Oregon Tech has adjusted to an initial shortfall in enrollment following the COVID years and is positioned to remain a strong and vibrant university serving the state and northwest region.

Oregon State University

Thank you for the opportunity to provide institution-specific context for the Higher Education Coordinating Commission's Spending & Efficiency in Oregon Public Universities Report. Oregon State University (OSU) supports the collective comments submitted on behalf of all Oregon public universities. We offer the following OSU-specific comments to ensure the report accurately reflects our unique mission, funding structure, and cost drivers.

As Oregon's only land grant university and the state's premier R1 research university, OSU operates at a scale, complexity, and scope unmatched by other Oregon public universities. These distinctions create structurally different cost profiles, revenue sources, and compliance requirements that must be considered when interpreting spending and efficiency metrics.

Research Intensity Drives Higher, Mission-Aligned Costs

The report does not account for OSU's status as a premier R1 university where costs are higher due to:

- Specialized research infrastructure (labs, shared research facilities)
- Highly specialized research faculty and staff
- Substantial regulatory, safety, grant management, and compliance requirements

Research growth should be understood as a positive indicator of institutional performance, not cost inefficiency. OSU's research expenditures are cost-reimbursed and produce significant economic value for Oregon – including new jobs, increased tax revenue, and Oregon-based start-ups - as outlined in OSU's Economic Impact Report. Because research staffing and infrastructure scale independently of student enrollment, research intensity will inflate per-student FTE spending metrics in ways not comparable to more teaching-focused institutions.

OSU's Statewide Public Service Mission Significantly Shapes Staffing and Spending

As Oregon's only land grant university, OSU receives substantial dedicated funding for Statewide Public Services (SWPS) - $118M in FY26 – to support Extension, the Agricultural Experiment Stations, and the Forest Research Laboratory. These funds:

- Are restricted to specific statutory purposes

- Support research, outreach, and community-based program not tied to classroom instruction
- Increase staffing and operating costs in categories which may appear unrelated to the academic core

Recent legislative investments - in organic agriculture, water research, wildfire education, and Extension – have appropriately increased SWPS staffing. These increases should not be interpreted as administrative growth or cost inefficiency.

OSU's Enrollment Trajectory Is an Outlier Among Oregon Universities
While the report notes a 7% decline across OPUs, OSU's enrollment grew 16% during this same period – primarily through increased access for Oregonians. This growth has:

- Expanded demand for student support and compliance services
- Increased the need for crisis intervention, mental health support, and sexual assault prevention
- Driven a tripling of disability accommodation requests in the last three years

Additionally, OSU, UO, and PSU have higher proportions of graduate enrollment (OSU & UO at 16%, PSU at 23%), which are costlier to education but essential to Oregon's research and high-skill workforce needs. These enrollment patterns significantly affect cost and staffing comparisons across OPUs.

OSU Delivers Exceptional Economic Returns to the States
Despite comparatively lower state funding levels, OSU remains a strong public investment.

- OSU generated $3.5 billion in statewide economic impact in FY2024.
- For every $1 of state support, OSU returned $13.18 to Oregon's economy.

This return reflects OSU's research intensity, statewide footprint, and land-grant mission – all of which require infrastructure and administrative support beyond that of other OPUs.

OSU Has Maintained Student Affordability Through Significant Institutional Aid
The published price of tuition is not an accurate measure of affordability. OSU's average net price increased only 2.5% annually between AY2014 and AY2023 – below CPI growth over the same period – largely due to OSU's substantial investment in institutional aid:

- Federal aid: 54%
- State aid: 6%
- **OSU institutional aid: 31%**
- External aid: 9%

OSU provides this aid despite low state appropriations, and these investments represent real institutional costs borne by the university, to support students' access and success.

Growth in Institutional Support Costs Reflects Statewide, Federal, and Systemic Requirements
Like the other OPUs, OSU faces increasing administrative costs, including those driven by:

- Cybersecurity, ERP modernization, and basic IT infrastructure

- Federal and state compliance (Title IV, VI, IX, HEA; tax compliance)
- Research administration and safety requirements
- Necessary augmentation of legal, audit, treasury, payroll, and board support functions.

These are mandatory compliance and modernization costs, not discretionary spending.

OSU Continues to Lead in Cost Containment and Modernization
OSU has taken decisive steps to control long-term costs, including:

- An enterprise modernization effort centered on Workday, expected to generate an estimated $10.8M in recurring savings.
- Full centralization of HR, payroll, financial services, and accounting.
- Exploration of additional centralization in IT and marketing and communications.
- A proactive FY2026 budget reduction effort, producing a 5.2% ($43.8M) decrease in Education & General spending.

These actions demonstrate a rigorous and disciplined approach to institutional efficiency.

In conclusion, OSU's spending and efficiency must be understood within the context of its research intensity, statewide obligations, enrollment growth, and mission-critical compliance requirements. These factors meaningfully differentiate OSU from other Oregon universities and should inform interpretation of cost comparisons across OPUs.

Oregon State University remains committed to transparency, stewardship, and partnership as the state continues to assess university spending and efficiency. Thank you for considering this additional context.

Portland State University

Portland State University remains deeply committed to advancing cost efficiency, ensuring student affordability, and maximizing the return on investment for the State of Oregon. We are proud of the work our staff and faculty have completed towards these goals to date, and want to emphasize the importance of reviewing institution-specific data to fully reflect the efficiency measures already underway at PSU, and the value of an urban research institution with an access mission. PSU would like to highlight the following items for Members of the Oregon Legislature, the Higher Education Coordinating Commission, and other readers of the report:

1. Demonstrable Leadership in Net Price and Affordability

We are pleased to see the report acknowledge a trend across universities of stabilizing net price growth. At Portland State University, the data shows the institution living up to its access mission: during the period analyzed in the report, PSU's average net price growth was only 1.6%, which is significantly lower than the national average growth of 4.8%. Furthermore, PSU's average discount rate for financial aid recipients has also increased from 45% to 47%, which is higher than the national average of 31%. This performance is a direct outcome of PSU's commitment to equity and access, demonstrating that cost management and affordability are central to our institutional mission.

2. Prudent Fiscal Management

While the report concludes that operating spending growth has exceeded inflation, in aggregate, the data at all institutions does not support that narrative. For example, while inflation from 2015 to 2024 was 3.6%, PSU expenses grew by just 2.8% during that same time frame.

3. PSU's Institutional Support Spending Mirrors National Average

The report suggests that institutional support spending is an outlier. PSU data shows that this is not the case for the institution; the institutional support spending grew at 4.6%, which is very similar to the national average of 4.3% and not comparable to the aggregate growth of 8% over all Oregon Public Universities.

4. Evidence of Efficient Staffing and Administrative Optimization

The report notes that staffing grew in academic and student support. However, the data provides more nuance for PSU. While staffing in academic and student support areas did grow by 56 FTE, this was balanced by a decrease of the same amount in business and financial operations support. Overall, PSU's total staff FTE decreased by 106 FTE, contrasting sharply with the aggregated growth of 569 FTE for all Oregon Public Universities.

Additionally, during the 2024-25 fiscal year, PSU took actions to reduce an $18 million operating deficit. Through that work, we reduced our workforce by approximately 104 FTE through vacancies, retirements, non-renewals, and limited layoffs.

These reductions are significant and affirm that PSU is ahead of the curve in administrative and fiscal optimization, ensuring a focus on the core mission while improving student-to-staff ratios.

5. A Commitment to Ongoing Cost Efficiency

The most recent proactive workforce adjustments cited above are key components of our institution-wide financial sustainability plan, *The Bridge to the Future*. This initiative is a multi-year effort that began by addressing the aforementioned $18 million operating deficit in the last fiscal year and is now focused on achieving a balanced E&G budget. A commitment to stewardship is at the heart of this initiative. Carefully managing our financial, natural, and cultural resources is vital to reaching our aspirations and continuing our important work for our students and communities long into the future.

Our current financial sustainability planning includes an ongoing commitment to achieve approximately $35 million in net cost reductions by FY2027-28. This aggressive target is being pursued through two primary, data-informed strategies:

- Instructional Portfolio Rebalancing: This effort is focused on maximizing resources by aligning academic programs with student demand, community needs, and institutional strengths, sunsetting programs that are no longer delivering value compared to cost, and ensuring the most cost-efficient delivery of our educational offerings.

- Administrative & Fiscal Optimization: This strategy targets administrative efficiencies across all units. As evidenced by the staff reductions noted above, we are consistently reviewing and restructuring administrative functions, leveraging technology, and eliminating redundancies to achieve sustainable cost savings without compromising essential student support services.

Southern Oregon University

On behalf of Southern Oregon University (SOU), thank you for the opportunity to review and provide feedback on the latest draft of the Budget Note report concerning the cost drivers of higher education in Oregon. We appreciate the Commission's diligent work in examining the complex financial landscape facing our state's public universities. The report provides a valuable starting point for understanding the systemic pressures on our institutions.

We have only three additional comments on the draft for your consideration:

- We appreciate that you note in many instances the significant variations among universities in various aspects of E&G spending and revenue. Southern Oregon University believes the report would be enhanced by identifying the factors contributing to these significant differences in terms of costs, tuition increases, and sizes of reserve funds. A deeper analysis here would acknowledge the diverse missions, operational scales, and regional economic factors that influence each institution's financial strategy and position.
- Furthermore, wherever possible, we request that the report list the actual ranges of variation for key financial metrics, rather than relying solely on collective figures or averages to portray all universities. This transparency will provide the Legislature and stakeholders with a clearer, more accurate understanding of individual university challenges and successes. Providing a range allows for a more informed discussion on tailored solutions, rather than a one-size-fits-all approach that may not serve the unique needs of institutions like SOU and the communities they serve.
- Finally, we note that a consistent theme of this report is around shared services. We propose including an estimation of potential savings if universities increase their use of shared services. Southern Oregon University is committed to exploring efficiencies and believes a data-driven analysis of shared services could highlight tangible opportunities for cost containment across the system. Quantifying these potential savings would provide a clear path forward for collaborative efforts and demonstrate a commitment to fiscal responsibility.

Thank you again for considering these crucial points. We are confident that their inclusion will result in a more robust, equitable, and actionable final report that better serves the entirety of Oregon's higher education landscape. We look forward to continuing to work with you and the Commission on this important initiative to help universities operate efficiently while supporting students and fulfilling their respective missions.

University of Oregon

Thank you for the opportunity to provide institutional context for some of the data charts in the Spending & Efficiency in Oregon Public Universities report. There are a few tables below for which we would like to provide additional information.

Table 6: Undergraduate, Resident Tuition and Mandatory Fees

In the fall of 2020, the University of Oregon implemented a Guaranteed Tuition Program for undergraduate students. This program locks tuition rates and administratively controlled mandatory fees for incoming cohorts of undergraduate students for five years. In order to implement the program in a revenue-neutral manner, the institution had to increase tuition by a larger increment in 2020 than would be necessary if tuition were increasing annually for all students each year. This, at least in part, accounts for why our tuition rates appear higher than other universities in Table 6.

It's important to recognize that this chart is not an apples-to-apples comparison since the rates shown for the UO will not change for the entering cohort of students for five years whereas other schools will be increasing their rates each year. The other important factor that affects tuition rates is the level of state appropriation that each university receives. As Figure 4 of the report shows the University of Oregon receives the lowest level of state funding as a percent of revenue.

When analyzed on a "per fundable" student basis, the institution receives thousands of dollars less per student than the other universities. This low level of funding affects tuition rates. Please note that the issues related to the guaranteed tuition program and the low level of state funding that the institution receives also affect the data in Tables 7 (Total Cost of Attendance) and Table 8 (Average Net Price).

Table 21: Student to Staff Ratios

As noted in the report in the text at the start of this section, the staff numbers in this table reflect all staff, regardless of function or how they are funded. There are a few issues that one should keep in mind when looking at this data to avoid misinterpretation.

The first is that increases in funding in areas not directly related to instruction (e.g., increases in research awards or public service state funds) will lead to increased staffing that has nothing to do with student headcounts. The second is that increased success in philanthropy (which funds new initiatives that need staffing) leads to an apparent "reduction" in efficiency or lower student/staff ratio.

Finally, it is very important to note that institutions make different choices about outsourcing certain functions (e.g., facilities, food service, child care) that can have significant impacts on staffing levels. For example, in the last five years, the University of Oregon has opened several residence halls with dining venues that are fully paid for with auxiliary housing and dining revenue, but whose operation increase staff and thus the institution's staff/student ratio. Many other universities outsource these functions.

Western Oregon University

We believe that this report, as mandated by the budget note and compiled by HECC, clearly demonstrates that Western Oregon University has been, and continues to be, a fiscally responsible steward of state resources. We also feel it develops a clear argument for the state, rather than to cut funding, to increase investment in higher education.

As we have seen this year, SOU was forced to declare financial exigency, and that could also become a reality for WOU if we see continued and drastic decreased funding. Enrollments have been on the decline for over a decade, and yet we have struggled to meet our student needs, provide wage increases for our employees, and serve the needs of our state. **Western Oregon University has a student body that is 82% Oregonian, 50% First-generation 27% Latino, 42% students of color, and 41% Pell eligible**. We are the first and only public four-year Hispanic Serving Institution in the state of Oregon. We don't believe the state should continue to cut resources from an institution that is doing the work Oregon states that it needs and wants done. We can perform at an even higher level if we have adequate funding. In fact, over the last decade, degree completions per $100,000 in spending increased 71.4% at Western, thus demonstrating that investment does indeed pay off.

The data compiled by HECC clearly illustrates the fiscal responsibility our university consistently demonstrates. During the last decade, Western Oregon University held operating expense growth to only 3.1%, which is below the 4.4% growth for the TRUs, 5.3% growth for public universities, the annual national average of 4.4%, and inflation of 3.6%. And WOU also achieved the best affordability rate of any public university in the same period, a 26% improvement. This point is underscored by the fact that Western held the annual average growth rate of tuition and fees to 3.2% over the last ten years, **the lowest of any public university in Oregon**. The total cost of attendance grew by only 1.5% over this period, and the average net price grew by only 0.4%, again both **the lowest rates of any public university in Oregon.**

Our staffing over the last decade has also dropped 7%; the only other public university to reduce staffing over that period is SOU. We are also better than the national average on student to staff as well as student to faculty ratios. And because 77% of our budget is personnel, we are consistently facing difficult choices in order to balance the budget. We are an economic engine that fuels Polk and Marion counties, and we provide needed opportunity for socio-economic mobility within the region. We educate people to join the workforce in needed areas. For example, we are consistently a top producer of classroom-ready teachers. The regional universities are also an incredible value for the state; our entire operating budget is around $76 million dollars, and the state funding formula provides 46% of that amount. The state investment in our university is currently around $38 million per year. To put that in perspective, the operating budget of the HECC is around $115 million.

State support per FTE at the public universities in Oregon was $11,631 at the turn of the century. Now, 25 years later, it is $9,959 (adjusted for inflation). We are also now 46th in the nation in state support for public universities. In short, we have survived a decade of scarcity, making incredibly difficult decisions to maintain fiscal viability and serve the citizens of Oregon. In the last three years, we have cut our structural deficit in half by cutting expenses and eliminating 42

FTE. To balance the budget this year, we anticipate cutting another $4 million in expenses, an act that will demand a combination of cutting student-facing services, raising tuition, and eliminating another 10-15 FTE. And this does not account for the possible reduction in our funding for this biennium.

This level of funding can't continue, and Oregon can't keep demanding that colleges provide the absolute cheapest product that can be delivered and still expect universities to keep the doors open. We are at a level that is too thin to keep cutting. Additionally, we have lost several key grants because of new federal policy and procedure changes, and we are working under the threat of attacks to institutions because of their focus on DEIA initiatives. And our benefits obligations to employees will also increase in 2027. CSL computations never take into account the actual increases in wages and benefits for employees.

This is a pivotal moment for the state, and for Western Oregon University. Your oldest public institution stands ready to continue serving our citizens. Indeed, we have been doing so without wasting funds or resources, meeting the needs of a student body that is made up of the highest percentage of first-generation students in the state. We ask that you consider what we have done and imagine what we can accomplish if we are not in a constant state of fiscal uncertainty.

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Appendix

Development Timeline

Within the HECC's budget bill (SB 5525, 2025 RS) for the 2025-27 biennium, a budget note was included regarding spending efficiency. HECC staff are directed to assess the spending and cost efficiency at the public universities using common metrics and currently available data. The commission is directed to report any findings to the Legislature in the 2026 legislative session which may include recommendations "for coordinated and collaborative efforts to reduce institutional costs and students' cost of attendance."

For timely submission to the Legislature, the resulting report will be scheduled for consideration during the December 2025 F&A subcommittee, and full commission meeting. As noted in the proposed timeline below, HECC staff will consult with partners through two rounds of feedback with the Commission retaining final editorial control.

Date	Event
Friday, August 22, 2025	HECC staff send an initial draft to partners for review
Monday, September 29	Deadline for initial feedback on draft to HECC staff
Wednesday, October 15	HECC staff provide response to feedback received
Monday, November 17	Deadline for final feedback to HECC staff
Monday, December 1	Deadline for HECC staff to finalize report for Commission
Wednesday, December 10 Thursday, December 11	HECC Subcommittee and Commission meetings
January 2026	Submission of report to Legislature

Full Text of the Budget Note

The Subcommittee recognizes the realities and cost drivers facing Oregon's public universities:

- **Growing need, declining enrollment, increasing staff**: By 2031, 72% of jobs are expected to require postsecondary education or training. A labor shortage in skilled sectors exists due to fewer college graduates. Yet, the last ten years has seen an overall decline in student enrollment, often with an increase in staffing. Because salaries and benefits are an institution's biggest expense, an increase in personnel costs without an increase in students could jeopardize a school's financial sustainability.
- **Student Support**: Universities say that part of the reason college costs are going up is because students need more support. Students also want a more personal college experience and more chances to learn outside regular classrooms. Today, more students are first generation, part-time, older, or from rural areas, and colleges need to adapt to serve them better. Oregon universities also want to improve how many students stay in school and graduate, since their retention and Completion rates are lower than the national average. To help students stay and succeed, schools are offering more tutoring,

writing and math help, food and housing support, technology services, mental health support, and staff who help raise money and build alumni networks. Because many students worry about getting a good job after college, universities have expanded career center services.

- **Grow to Compete/Survive**: Another reason costs have gone up is that when faced with funding shortfalls, schools attempted to grow their way out of the problem by opening new sources of revenue. Many launched new programs in popular areas like business and data analytics. Others increased their online offerings and opened satellite campuses. They also recruited out-of-state, including international students, who could afford to pay full price. To do all of this, colleges had to spend money – hiring more faculty and staff, advertising to attract students, offering more scholarships and tuition discounts. In going after these expansion efforts, institutions inadvertently engaged in unhealthy competition, vying for the same students, faculty, and other resources, unintentionally raising recruitment and retention costs. Experts now say this kind of growth won't solve the financial problems colleges face.
- **Federal, State, and Local Policies and Regulations**: In addition to program expansion and greater student demand for services, institutions point to the growing number of accreditation activities and government regulations for the increase in administrators and support staff. New federal policies could worsen the shift of funding reliance toward state support. Responding to potential federal efforts to withhold and reevaluate federal funding for universities could prompt institutions to hire attorneys and other professionals to stay in compliance or mitigate the impact of new policies. An anticipated wave of higher education program realignment directives will need compliance managers, consultants, and other experts to shepherd deals and manage Reorganization. Universities will need to adapt to uncertainty by continuing to manage costs and by implementing programs to improve efficiencies over time.

To inform future budgeting requests and decisions, as well as the upcoming review of the Student Success and Completion Model (SSCM) for distributing the Public University Support Fund (PUSF), the Subcommittee directs the Higher Education Coordinating Commission, in consultation with public universities listed in ORS 352.002, to assess the spending and cost efficiency at Oregon's public universities. Additionally, the commission shall use common metrics and analyze available data, including student to faculty and student to staff ratios, revenue and expenditure data, academic program growth and contractions, enrollment data, and completion rate, to identify and validate:

1) Factors contributing to changes in academic, research, student support, administrative, and facility costs;
2) Factors contributing to changes in institutional revenue levels and composition;
3) Current and projected institutional debt and debt service; and
4) Federal, state, and local regulations that can lead to financial strain on institutions.

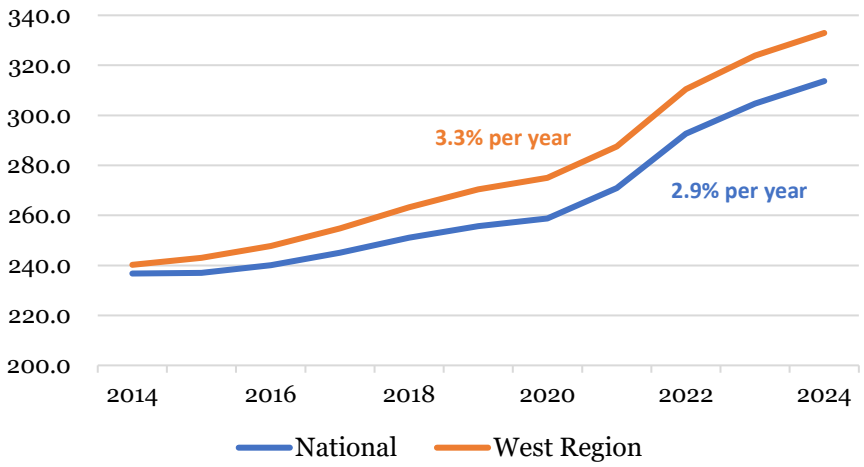
The commission may review and report on other issues related to preserving the integrity of the postsecondary experience for students while maintaining budget levels and operational strategies that ensure long-term financially sustainable for institutions. The commission is directed to report the findings of this assessment to the Joint Committee on Ways and Means in

the 2026 legislative session. The report may include recommendations for coordinated and collaborative efforts to reduce institutional costs and students' cost of attendance.

Inflation – Higher Education

Inflation is a key cost driver since it can impact many of the routine expenses faced by the universities. One perspective on inflation is the consumer price index for urban consumers (CPI-U) as reported by the U.S. Bureau of Labor Statistics. The growth in the CPI-U over time often influences wage and benefits expense growth. Figure A shows the growth in CPI-U over time for both the western region and the national average.

Figure A: CPI-U Trend



Although the year-to-year increases are similar, inflation in the western region has grown faster than the national average. As such, the general cost of living is higher in the western region of the country.

Inflation spiked to over 8.0% during the pandemic but has now fallen back to the 2.3% to 2.5% year over year range for the western region. Inflation in the western region averaged 2.3% from 2000 through 2020. With that in mind, higher inflation in the future compared to the recent historical average might lead to higher spending.

Another perspective on inflation is the Higher Education Cost Adjustment (HECA) created by the State Higher Education Executive Officers (SHEEO). It is designed to more accurately measure the inflation institutions face, largely through personnel costs which comprise 75% of the measure. The other 25% is related to general growth in services and supplies costs.

Table B includes a comparison of both inflation measures over time. The average inflation for each of the past four decades is noted along with the inflation over the past four years of the current decade. Historically, institution-based inflation (HECA) has outpaced consumer-based inflation (CPI-U). However, that trend reversed itself in the 2010's through the early 2020's;

and, during 2024, HECA has once again started to outpace consumer-based inflation. This may create upward pressure on tuition/fee rates at a time when pricing power is limited for most.

The HECA data in Table B comes from the State Higher Education Finance Survey, data adjustments file. The CPI-U data is from the U.S. Bureau of Labor Statistics for the Western Region.

Table B: Comparison of Inflation Measures

Time Period	HECA Nationally	CPI-U Western Region	Variance
1980's Average	5.5%	4.6%	0.9%
1990's Average	3.2%	3.1%	0.1%
2000's Average	3.2%	2.6%	0.6%
2010's Average	2.0%	2.1%	(0.1%)
2020 to 2021	2.8%	4.5%	(1.7%)
2021 to 2022	5.1%	8.0%	(2.9%)
2022 to 2023	4.2%	4.3%	(0.1%)
2023 to 2024	3.6%	2.8%	0.8%

Long-term Capital Liabilities and Debt Service Payments

The amount paid for debt service on capital liabilities has increased from FY2016 to FY2024 as shown in Table C with amounts noted in thousands of dollars. The data comes from the universities' annual audited financial statements, specifically the statement of cash flows. This is a key component of non-operating spending.

Table C: Debt Service Paid on Capital Liabilities

University	FY2016	FY2024	Number Variance	Percent Variance
EOU	2,787	3,243	456	16%
OIT	3,840	6,350	2,510	65%
OSU	37,055	67,497	30,442	82%
PSU	22,522	26,185	3,663	16%
SOU	4,137	4,621	484	12%
UO	76,650	68,870	(7,780)	(10%)
WOU	6,106	5,375	(731)	(12%)
Totals	**$153,097**	**$182,141**	**$29,044**	**19%**

The value of long-term, capital-related debt over time is shown in Table D with amounts noted in thousands of dollars. The data comes from the universities' annual audited financial statements, specifically the statement of net position. These numbers are limited to long-term liabilities but do not include other non-current liabilities such as pensions, OPEB, or compensatory absences.

Table D: Value of Long-Term Debt

University	FY2015	FY2024	Number Variance	Percent Variance
EOU	24,844	17,565	(7,279)	(29%)
OIT	41,136	68,899	27,763	67%
OSU	406,392	947,485	547,093	133%
PSU	256,316	168,520	(87,796)	(34%)
SOU	44,649	53,710	9,061	20%
UO	728,940	963,061	234,121	32%
WOU	57,587	39,822	(17,765)	(31%)
Totals	**$1,559,864**	**$2,259,062**	**$699,198**	**45%**

In future years, debt service payments for both the universities and the State of Oregon are summarized in Table E and noted in thousands of dollars. The universities are projected to owe a total of $3.66 billion for long-term capital liabilities. The State of Oregon will owe $2.32 billion in GF and LF funding for state-backed bonds previously issued assuming no additional projects are authorized.

The data in Table E comes from the universities' annual audited financial statements and does not include other non-current liabilities such as pensions, OPEB, or compensatory absences. State of Oregon paid debt service is for state backed bonds sold for the benefit of the public universities including GF and LF sources only as provided by the Oregon Department of Administrative Services (DAS).

Table E: Projected Debt Service

Time Period	Universities	State of Oregon
2025 – 2029	$850,538	$788,633
2030 – 2039	1,160,497	1,167,312
2040 – 2049	960,725	359,778
2050+	684,148	6,501

History of State Capital Investment and Facility Condition

During the past twenty years, the State of Oregon has authorized $3.3 billion in state-backed bonds for capital construction projects at the public universities including for the Capital Improvement and Renewal (CIR) program as noted in Table F. This includes Oregon Constitution Article XI, sections F, G, and Q bonds designated for the public universities.

Table F: State Investment by University, 2005-2025

University	Bonding Authorized
All universities (CIR)	$514,965,559
EOU	70,915,251
OIT	214,823,440
OSU – Corvallis	667,615,196
OSU – Cascades	98,053,454
PSU	636,593,410
SOU	111,351,700
UO	816,440,540
WOU	135,609,034
Total	**$3,266,367,584**

The facility condition index (FCI) is a standard metric used to assess the quality or condition of existing facilities. Measuring the FCI over time provides indication of progress in maintaining adequate facilities. The collective FCI for the public universities has improved from 20% in 2002 to the current rate of 9.8%. Lower is better with an FCI below 10% considered ideal.

Table G includes the calculated FCI (deferred maintenance / replacement value) for each public university as of Fall 2024 for education and general use facilities only. The calculation for OSU includes the Cascades campus which currently has no deferred maintenance.

Table G: Facility Condition Index by University as of Fall 2024

University	Current Replacement Value	Deferred Maintenance	FCI
EOU	507,273,354	106,685,145	21%
OIT	607,018,497	66,128,995	11%
OSU	7,075,954,703	353,279,217	5%
PSU	2,779,841,758	264,485,355	10%
SOU	615,637,654	137,580,000	22%
UO	4,201,956,800	561,425,247	13%
WOU	496,984,827	104,427,886	21%
Total	**$16,284,667,593**	**$1,594,011,844**	**9.8%**

Trend in E&G Fund Data – FY2017 to FY2025

This section summarizes financial data for the public universities over time. Revenue, expense, and fund balance information is included for the general fund, or Education and General (E&G) funds, only. Key takeaways are summarized with additional details in Table H.

Revenues

- Gross tuition and fee revenue, across all students, has grown on average annually by 3.7%. However, remissions (i.e., institutional financial aid) have grown on average by 11% per year more than doubling to $257 million by FY2025 with the remissions rate increasing to 16%. Net tuition and fee revenue totals $1.3 billion in FY2025 and makes up 64% of all revenues.
- Total revenue has also grown on average annually by 3.6%.
- State appropriations have grown on average annually by 5.4%. Collectively state funding makes up 26% of revenue.

Expenses

- Spending for wages and healthcare has grown annually by 3.5% and 3.6% respectively while retirement contributions have grown annually by 6.9%. Personnel costs make up 77% of all spending.
- Spending for services and supplies has grown 4.5% per year and now makes up 18% of all spending. Growth can be attributed to increases for insurance, technology, and other support costs.
- Total spending has grown on average annually by 4.0%.

Impact on Fund Balances

- Collectively, the fund balance has grown $89 million (34%) to a total of $353 million by the close of FY2025. However, this represents the same 17% of total revenue in FY2025 as it did in FY2017.
- The universities have two months of reserves, compared to a recommended two and half, meaning they could continue operating for two months without additional revenue. This varies significantly by university. One of them has less than one month of reserves.

Key Takeaways

1. The growth in spending has been outpacing the growth in revenue. This creates difficulty in maintaining a balanced budget and diminishes financial sustainability.
2. The magnitude of this trend was masked by the pandemic. During FY2021 spending dropped 5% while revenue declined 0.6%. However, in the four years since, spending has grown 6.6% annually while revenues have grown 4.9% annually reducing the collective fund balance by $47.2 million or 12%.
3. As a result, the governing boards are grappling with a structural mismatch between spending growth and revenue growth necessitating informed discussions in collaboration with communities served to create a stable operating environment.

Table H: General Fund (E&G) Financial Data

Public Universities

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Annual Growth
Revenues										
Gross tuition and fees	1,201,446,133	1,251,167,441	1,270,152,082	1,300,342,840	1,296,856,539	1,342,845,391	1,415,969,337	1,499,415,508	1,602,740,921	3.7%
Less fee remissions	(114,448,125)	(123,088,477)	(123,439,261)	(138,448,560)	(157,580,060)	(176,669,722)	(202,982,083)	(229,384,299)	(257,173,326)	10.7%
Net tuition	**1,086,998,008**	**1,128,078,964**	**1,146,712,820**	**1,161,894,280**	**1,139,276,478**	**1,166,175,669**	**1,212,987,254**	**1,270,031,209**	**1,345,567,595**	**2.7%**
State operating funding	**361,177,677**	**381,652,848**	**399,808,055**	**432,431,227**	**449,419,853**	**475,571,984**	**491,535,932**	**534,414,538**	**549,451,464**	**5.4%**
State paid debt service	5,534,828	5,411,824	5,388,827	5,388,824	5,388,824	5,338,579	5,338,578	5,338,579	5,338,579	-0.5%
Indirect cost recovery	72,633,560	76,807,595	79,161,917	80,213,592	81,774,258	88,600,693	101,478,559	107,849,437	114,182,741	5.8%
All other	69,355,688	64,275,864	81,625,755	75,461,136	69,421,783	66,070,052	88,792,052	111,321,160	102,136,907	5.0%
Total revenues	**1,595,699,762**	**1,656,227,095**	**1,712,697,374**	**1,755,389,059**	**1,745,281,196**	**1,801,756,977**	**1,900,132,375**	**2,028,954,923**	**2,116,677,286**	**3.6%**
Year-to-Year growth:		3.8%	3.4%	2.5%	-0.6%	3.2%	5.5%	6.8%	4.3%	
Expenses										
Salary & Wages	808,406,796	822,824,466	871,831,110	890,818,858	864,873,287	917,857,435	946,689,642	1,018,815,075	1,067,032,550	3.5%
Benefits: Health	158,944,167	111,480,094	172,208,555	179,678,039	182,732,303	174,033,187	187,700,248	201,851,495	210,979,899	3.6%
Benefits: Retirement	138,464,703	113,456,420	168,850,231	192,359,317	189,309,615	197,758,049	203,353,176	226,755,136	236,565,878	6.9%
Benefits: Other	109,468,222	230,808,179	116,574,878	122,363,471	121,991,123	115,531,792	123,886,115	137,071,608	135,212,385	2.7%
Supplies & Services	273,402,133	286,085,803	318,490,242	305,093,641	285,876,400	330,013,664	368,234,925	389,430,975	389,392,630	4.5%
Capital Expenditures	17,737,592	12,968,626	19,032,960	14,110,275	11,856,657	11,783,339	13,623,232	16,572,827	13,930,538	-3.0%
Institutional Student Aid	5,605,044	7,022,677	8,302,280	8,493,745	8,034,353	7,459,273	8,520,429	9,399,873	8,991,792	6.1%
Net Fund Transfers	53,902,073	49,189,034	45,701,659	35,912,669	(4,076,797)	9,990,339	46,855,961	50,392,354	80,030,535	5.1%
Total expenses	**1,565,930,731**	**1,633,835,299**	**1,720,991,917**	**1,748,830,016**	**1,660,596,940**	**1,764,427,078**	**1,898,863,729**	**2,050,289,342**	**2,142,136,207**	**4.0%**
Year-to-Year growth:		4.3%	5.3%	1.6%	-5.0%	6.3%	7.6%	8.0%	4.5%	
Net Income (Loss)	**29,769,031**	**22,391,796**	**(8,294,543)**	**6,559,043**	**84,684,255**	**37,329,899**	**1,268,646**	**(21,334,419)**	**(25,458,921)**	
As a % of Revenue	2%	1%	0%	0%	5%	2%	0%	-1%	-1%	
Fund Balance Information										
Beginning Fund Balance	231,836,084	263,964,589	282,130,328	271,457,189	276,955,177	361,350,044	400,206,892	401,079,907	378,614,011	
Additions/Deductions	2,359,474	(4,226,057)	(2,378,596)	(1,061,054)	(289,388)	1,526,949	(395,632)	(1,131,477)	(197,568)	
Ending Fund Balance	**263,964,589**	**282,130,328**	**271,457,189**	**276,955,177**	**361,350,044**	**400,206,892**	**401,079,907**	**378,614,011**	**352,957,522**	
Balance as a % of Revenue	17%	17%	16%	16%	21%	22%	21%	19%	17%	
Months of Operating Balance	2.0	2.0	1.9	1.9	2.5	2.7	2.5	2.2	2.0	
Additional Information										
% of Revenue that is Tuition	68%	68%	67%	66%	65%	65%	64%	63%	64%	
% of Revenue that is State	23%	23%	24%	25%	26%	27%	26%	27%	26%	
Remission Rate	10%	10%	10%	11%	12%	13%	14%	15%	16%	
Wages/Benefits, % of Total:	78%	78%	77%	79%	82%	80%	77%	77%	77%	
S&S as % of Total:	17%	18%	19%	17%	17%	19%	19%	19%	18%	

FY2026 E&G Budget Summary

The FY2026 E&G fund budgets for the public universities covering academic year 2025-26 are summarized below. This includes the year-to-year trend in enrollment, tuition/fee revenue, total revenues, and total expenses along with the projected impact on the fund balance. These budgets may continue to change over time.

FY2026 E&G Budgets							
Annual Change:	**EOU**	**OIT**	**OSU**	**PSU**	**SOU**	**UO**	**WOU**
Enrollment	(3.7%)	2.9%	2.5%	(2.3%)	(1.8%)	0.9%	(3.4%)
Net Tuition and Fee Revenue	4.0%	4.9%	11.1%	5.5%	3.2%	2.6%	0.2%
Total Revenue	0.6%	2.5%	5.9%	(1.4%)	4.1%	2.5%	(0.1%)
Total Expense (and net transfers)	5.8%	3.3%	3.9%	-0-	(4.1%)	3.6%	2.9%
Additional Data:							
Operating Gain (Loss)	($0.6M) (1.1%)	-0-	($3.7M) (0.4%)	($10M) (2.9%)	($1.8M) (2.8%)	($2.0M) (0.3%)	($4.1M) (5.7%)
Ending Fund Balance (months)	$10.1M 2.2	$15.4M 2.4	$99.5M 1.4	$82M 2.9	($4.1M) (0.8)	$117.6M 2.0	$9.5M 1.6
% of Revenue from State	47%	49%	23%	37%	45%	15%	48%

The following should be noted for this data: The enrollment trend is full-time equivalent from fall 2024 to fall 2025. The operating gain (loss) is expressed as a percentage of total revenues. The ending fund balance is expressed as months of revenue. The financial data comes from the annual E&G survey conducted by HECC staff except for UO whose data comes from December 2025 board materials.

Key Takeaways

1. The trend in fall enrollment year over year is negative for four of the universities.
2. Spending growth in total varies widely with growth in personnel costs making up most of the increase. Services & supplies increases are generally for insurance, utilities, and contractors.
3. Six of the universities are projecting an operating loss for FY2026 with spending growth outpacing revenue growth. Granted, the universities are taking action to close these budget gaps as much as possible throughout the year. This leaves fund balances further diminished with all but one below a generally accepted standard.

Projections – FY2027 and Beyond

This section provides a forecast for the collective E&G fund based on assumed year-to-year changes by category. This information is intended to support a policy conversation and should not be used for any other purpose. Key assumptions are noted with details in Table I while key takeaways are noted with details in Table J.

Broader Trends

The broader trends that inform these projections are outlined in the report titled, *Financial Sustainability of Oregon Public Universities, 2025*. These include:

- Enrollment headwinds and demand uncertainty will continue to suppress revenue. Improving persistence rates may help, but it is unlikely sustainability will be achieved through program expansion and enrollment growth of traditionally aged learners.
- Balancing expenses with available revenue will continue to be a struggle. A trend masked by the pandemic that necessitates challenging the status quo.
- Recent increases in state funding are having a positive impact on student affordability. However, growth in state funding going forward will likely lag its recent trend.
- Potential, additional costs lurk outside primary expense drivers due to extraordinary federal policy uncertainty and other factors.

Key Assumptions

Based on the trends noted, the forecast focuses on five key assumptions including gross tuition/fee revenue, remissions, state funding, wages, and PERS contributions. These include:

- Gross tuition and fee revenue is expected to grow 4.0 – 4.5% annually which is higher than projected consumer-based inflation of 3.0 – 3.5%.
- The remissions rate is expected to continue at 15% of gross tuition/fee revenue.
- State funding is expected to grow 3.5 – 4.5% annually, which is lower than the past decade. Granted, this may be less likely given the state's revenue forecast. Table K includes historical information on state funding for higher education.
- Wages are assumed to grow at a rate consistent with that projected by DAS for state employees including 7.25% for FY2027 and 4.5% annually thereafter.
- PERS contributions are expected to grow at 7.0 – 7.5% annually, which is similar to the recent past, based on plan adjustments and side account contributions.

Key Takeaways

1. With the assumptions noted, spending continues to exceed available revenue. If that continues, fund balances will be exhausted in 3 to 4 years. Granted, one will have to cut spending by at least 4.5% *this year* to avoid exhausting its fund balance.
2. Even under a more generous revenue scenario, with state funding growth at the recent annual average of 5.5 – 6.0%, a structural gap persists. Alternatively, with state funding growth at 5.5 – 6.0% and gross tuition/fee revenue growth at the recent pace of 6.0 – 6.5% with a 15% remission rate, the gap closes. However, the likelihood of that is low given the demographic, student affordability, and state revenue pressures expected.
3. It is difficult to see how financial sustainability will be achieved in the future without improved spending efficiency. Yet, the changes needed to accomplish that will likely face significant cultural push back due to rigid labor models.

Table I: Assumptions Used in Forecast

Component	Rate	Notes
Revenues:		
Gross tuition and fees	**4.5%**	**annual growth based on adjusted historical average** Pre-pandemic (FY2017 to FY2020) average was 2.7%; post-pandemic (FY2022 to FY2025) was 5.4%, 3.6% is the avg since FY2017; however, inflation is expected to be around 3.0-3.5% with T/F about 1.0-1.5% higher than CPI. This assumes little to no enrollment growth or decline and is likely at the top end of price growth potential. This includes all student types (i.e., UG, grad, resident, non-resident) and all fees (i.e., mandatory and otherwise).
Remissions	**15.0%**	**percent of gross T/F revenue based on current remission rate** The universities have increased this rate from 10% to 15% since FY2017; assumes no further growth in the rate itself, although the total number of dollars available for remissions will growth with gross T/F revenue growth.
State operating funding	**3.5%**	**annual growth based on current CSL; historical is 5.5%** State funding has been growing abnormally higher over the past decade; but with more state funding committed to healthcare, natural resources, and other areas in the recent past, funding for higher education may grow at a lower rate. Essentially this assumes the current biennium to biennium growth continues based on the current revenue forecast.
State debt service	-0.5%	Annual decline based on historical average; this is SELP and should decline as those arrangements mature.
Indirect cost recovery	4.1%	Based on growth in general inflation. Assumes grant funding will continue, which may be impacted by federal policy.
All other revenue	3.0%	Based on historical growth in this category.
Expenses:		
Salary & Wages	**4.5%**	**7.25% growth for FY2027; annual growth thereafter based on DAS budget instructions (for state employees)**
Benefits: Health	3.7%	annual growth based on historical average
Benefits: Retirement	**7.0%**	**annual growth adjusted for assumed reduction due to PERS changes; historical is 7.6%; recent three-year trend is 8.1%.**
Benefits: Other	13.3%	percentage of salary & wages based on historcial average
Supplies & Services	4.1%	annual growth based on general inflation included in DAS budget instructions
Capital Expenditures	0.1%	growth based on historical average
Institutional Student Aid	4.5%	annual growth based on growth of gross tuition/fee revenue
Net Fund Transfers	0.5%	annual growth based on historical average
Fund balance adjustments		Assuming no adjustments.

Notes:
The key drivers of both revenues and expenses are bolded. These are key assumptions.
The DAS Budget Instructions referenced are: 2025 Budget & LC instructions, DAS CFO, March 2024, p 48.

Table J: Forecasted General Fund (E&G) Financial Data

Public Universities

	FY2025	FY2026e	Assumed Rate:	FY2027e	FY2028e	FY2029e	FY2030e	FY2031e	Annual Growth
Revenues									
Gross tuition and fees	1,602,740,921	1,698,204,847	4.5%	1,774,624,065	1,854,482,148	1,937,933,845	2,025,140,868	2,116,272,207	4.7%
Less fee remissions	(257,173,326)	(267,755,644)	15.0%	(266,193,610)	(278,172,322)	(290,690,077)	(303,771,130)	(317,440,831)	3.6%
Net tuition	**1,345,567,595**	**1,430,449,203**		**1,508,430,455**	**1,576,309,826**	**1,647,243,768**	**1,721,369,738**	**1,798,831,376**	**5.0%**
State operating appropriations	**549,451,464**	**552,312,207**	**3.5%**	**571,643,134**	**591,650,644**	**612,358,416**	**633,790,961**	**655,973,645**	**3.0%**
State debt service appropriations	5,338,579	4,959,331	-0.5%	4,934,534	4,909,862	4,885,312	4,860,886	4,836,581	-1.6%
Indirect cost recovery	114,182,741	100,587,478	4.1%	104,711,565	109,004,739	113,473,933	118,126,364	122,969,545	1.2%
All other	102,136,907	92,829,488	3.0%	95,614,373	98,482,804	101,437,288	104,480,407	107,614,819	0.9%
Total revenues	**2,116,677,286**	**2,181,137,707**		**2,285,334,061**	**2,380,357,874**	**2,479,398,718**	**2,582,628,355**	**2,690,225,966**	**4.1%**
Expenses									
Salary & Wages	1,067,032,550	1,121,281,165	4.5%	1,171,738,817	1,224,467,064	1,279,568,082	1,337,148,646	1,397,320,335	4.6%
Benefits: Health	210,979,899	217,776,711	3.7%	225,834,450	234,190,324	242,855,366	251,841,015	261,159,132	3.6%
Benefits: Retirement	236,565,878	267,181,320	7.0%	285,884,012	305,895,893	327,308,605	350,220,208	374,735,622	8.0%
Benefits: Other	135,212,385	137,814,416	13.3%	156,143,734	176,910,850	200,439,993	227,098,512	257,302,615	11.3%
Supplies & Services	389,392,630	405,008,149	4.1%	421,613,483	438,899,636	456,894,521	475,627,197	495,127,912	4.1%
Capital Expenditures	13,930,538	13,908,921	0.1%	13,922,830	13,936,753	13,950,690	13,964,640	13,978,605	0.1%
Institutional Student Aid	8,991,792	8,597,356	4.5%	8,984,237	9,388,528	9,811,012	10,252,507	10,713,870	3.0%
Net Fund Transfers	80,030,535	34,348,937	0.5%	34,520,682	34,693,285	34,866,752	35,041,085	35,216,291	-12.8%
Total expenses	**2,142,136,207**	**2,205,916,976**		**2,318,642,245**	**2,438,382,334**	**2,565,695,021**	**2,701,193,810**	**2,845,554,381**	**4.8%**
Net Income (Loss)	**(25,458,921)**	**(24,779,269)**		**(33,308,184)**	**(58,024,459)**	**(86,296,303)**	**(118,565,455)**	**(155,328,416)**	
As a % of Revenue	-1%	-1%		-1%	-2%	-3%	-5%	-6%	
Fund Balance Information									
Beginning Fund Balance	378,614,011	352,957,522		324,020,558	290,712,374	232,687,914	146,391,611	27,826,157	
Additions/Deductions	(197,568)	(4,157,696)		-	-	-	-	-	
Ending Fund Balance	**352,957,522**	**324,020,558**		**290,712,374**	**232,687,914**	**146,391,611**	**27,826,157**	**(127,502,259)**	
Balance as a % of Revenue	17%	15%		13%	10%	6%	1%	-5%	
Months of Operating Balance	2.0	1.8		1.5	1.2	0.7	0.1	(0.6)	

Notes:

FY2025 and FY2026 numbers above are from the universities from the annual E&G survey conducted by HECC staff.

Years FY2027 and beyond are projected using the assumed rates noted.

Table K: Oregon State Budget over Time

General and Lottery Funds ($ in Millions)

Funding by Program Area:	2009-11 Actuals	2011-13 Actuals	2013-15 Actuals	2015-17 Actuals	2017-19 Actuals	2019-21 Actuals	2021-23 Actuals	2023-25 Legislatively Approved	2025-27 Legislatively Adopted	Variance, 25-27 to 09-11	
K-12 Education	5,728.1	6,072.5	7,163.1	7,974.6	8,919.5	9,269.5	9,671.6	10,732.9	12,115.2	6,387.1	112%
Postsecondary Education	1,407.6	1,281.1	1,473.9	1,805.1	2,036.9	2,296.8	2,787.4	3,129.2	3,343.3	1,935.7	138%
Human Services	3,294.1	3,888.5	4,276.6	4,888.8	5,317.4	6,084.1	7,671.5	12,120.0	13,824.8	10,530.7	320%
Public Safety	1,785.2	1,959.5	2,128.5	2,368.6	2,582.5	2,794.7	2,713.7	4,371.3	4,864.5	3,079.3	172%
Judicial and Legislative Branch	566.1	673.2	734.2	806.6	874.4	1,007.6	1,012.7	1,038.9	1,154.0	587.9	104%
General Government	753.6	784.0	884.0	988.5	1,207.3	1,949.2	3,944.7	3,646.1	3,035.0	2,281.4	303%
Total	**$13,534.7**	**$14,658.8**	**$16,660.3**	**$18,832.2**	**$20,938.0**	**$23,401.9**	**$27,801.6**	**$ 35,038.4**	**$ 38,336.8**	**$ 24,802.1**	**183%**
Biennial growth for Postsecondary:		-9%	15%	22%	13%	13%	21%	12%	7%		
Biennial growth in funding for Total:		8%	14%	13%	11%	12%	19%	26%	9%		
Proportional Share:											
K-12 Education	42.3%	41.4%	43.0%	42.3%	42.6%	39.6%	34.8%	30.6%	31.6%		
Postsecondary Education	10.4%	8.7%	8.8%	9.6%	9.7%	9.8%	10.0%	8.9%	8.7%		
Human Services	24.3%	26.5%	25.7%	26.0%	25.4%	26.0%	27.6%	34.6%	36.1%		
Public Safety	13.2%	13.4%	12.8%	12.6%	12.3%	11.9%	9.8%	12.5%	12.7%		
Judicial and Legislative Branch	4.2%	4.6%	4.4%	4.3%	4.2%	4.3%	3.6%	3.0%	3.0%		
General Government	5.6%	5.3%	5.3%	5.2%	5.8%	8.3%	14.2%	10.4%	7.9%		

Source:

2025-27 Budget Highlights, LFO, October 2025, page 9. For 2021-23, 2023-25, and 2025-27.
2023-25 Budget Highlights, LFO, September 2023, page 9. For 2019-21.
2021-23 Budget Highlights, LFO, March 2022, page 5. For 2017-19.
2019-21 Budget Highlights, LFO, September 2019, page 6. For 2015-17.
2017-19 Budget Highlights, LFO, September 2017, page 7. For 2013-15.
2015-17 Budget Highlights, LFO, September 2015, page 6. For 2011-13.
2013-15 Budget Highlights, LFO, September 2013, page 6. For 2009-11.

Growth in:	Total State	Higher Ed
FY2015	$ 9,416.10	$ 902.55
FY2024	$ 17,519.20	$ 1,564.60
Annual Growth Rate:		
	7.1%	**6.3%**

Notes:

The trend in funding for K-12 is affected by the exclusion of other funds like student success and federal funding.
General Government includes economic development, natural resources, transportation, consumer/business services, and administration.
2025-27 does not include $801.2 million in the emergency fund.


HIGHER
EDUCATION
COORDINATING
COMMISSION
OREGON
1859