



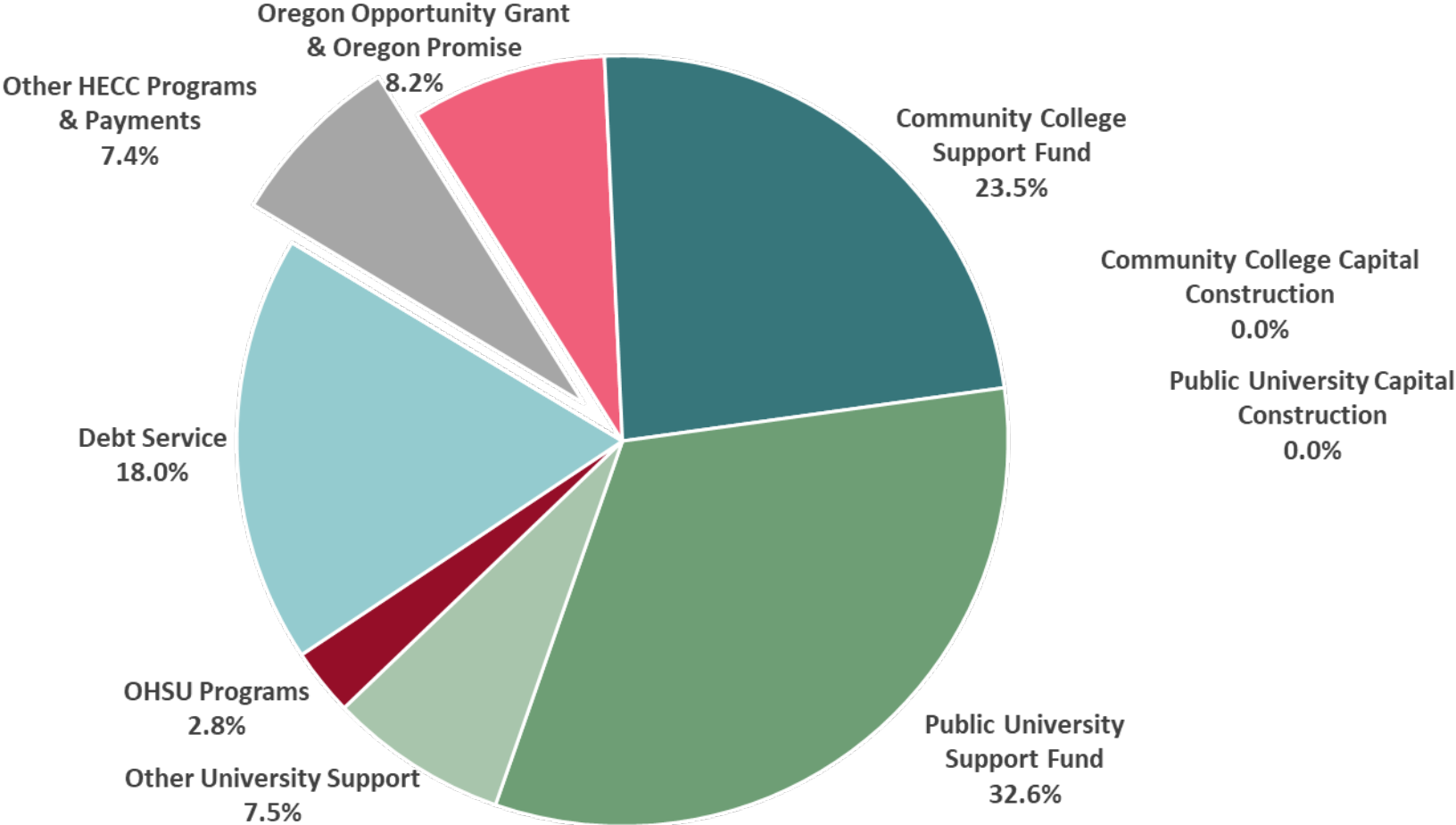
Higher Education Funding in Oregon

PRESENTED TO THE HOUSE
EDUCATION SUBCOMMITTEE

Ben Cannon, Executive Director, HECC

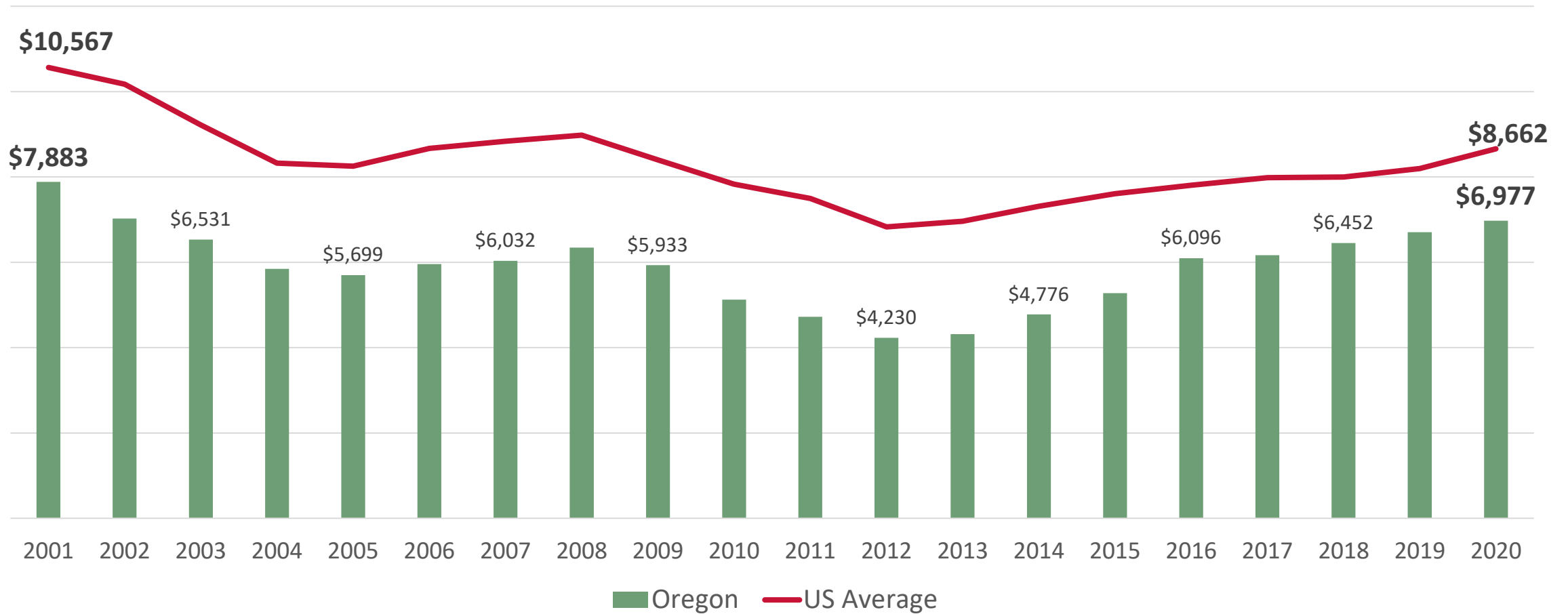
June 1, 2021

92.6% of HECC Budget Directly Supports Universities and Community Colleges



Oregon's Public Investment in Higher Education has Increased in Recent Years but Remains Well Below the National Average, Ranking 34th Among States

Higher Education Appropriations per FTE Student (inflation adjusted)



Oregon's National Position in Funding Student Grant Aid is Significantly Lower than Average, and Trails our Neighbors

FY 2019	U.S. Average	Oregon amount	Oregon rank
State Financial Aid per FTE	\$808	\$575	25th

Oregon's investment is significantly lower than border states Washington and California, and is lower than the national average.

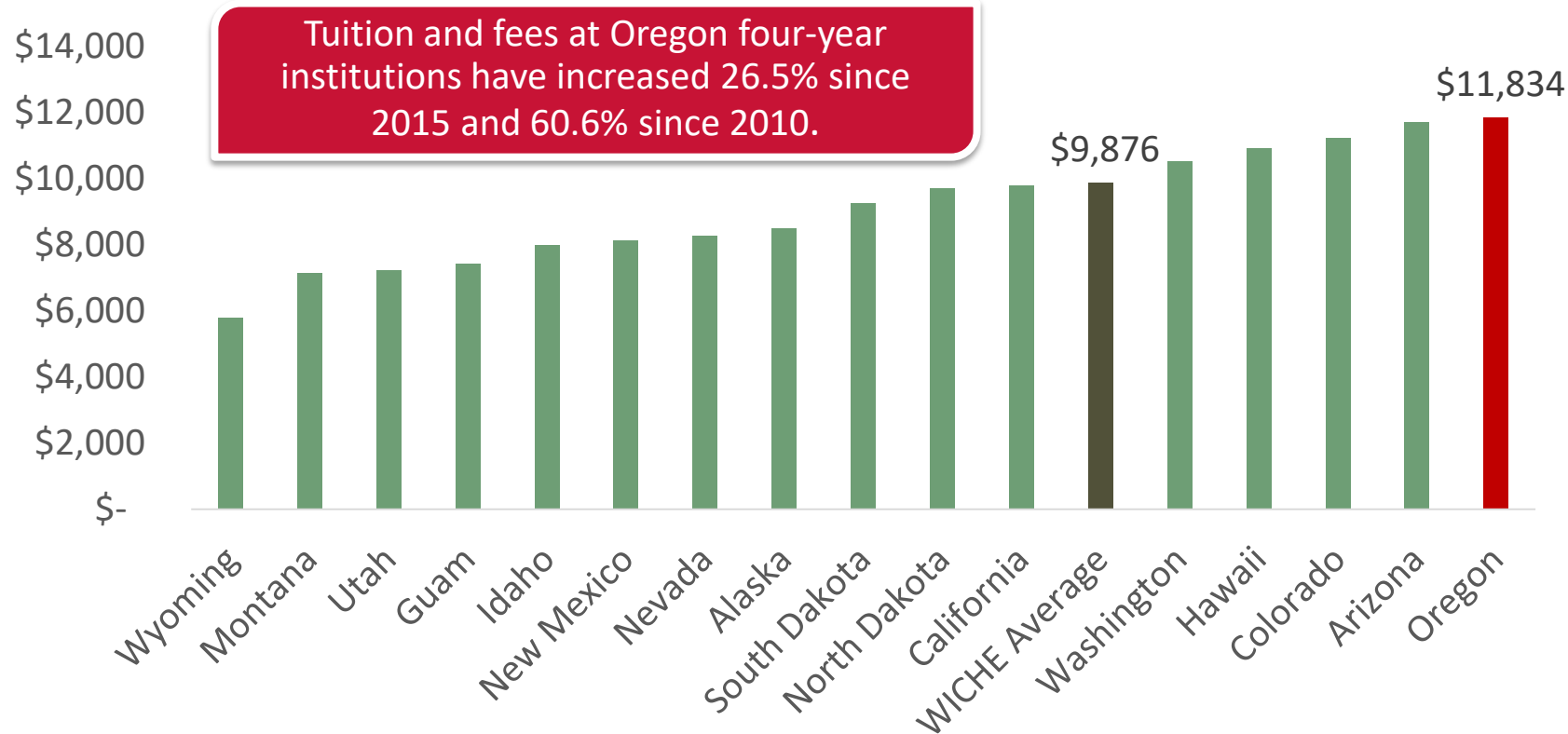
The great majority, **93.3%** of Oregon's financial aid investments go to students at public institutions.*

Other States

Tennessee amount	Louisiana amount	Georgia amount	Washington amount	California amount
\$2,271	\$2,009	\$1,985	\$1,879	\$1,454

Oregon Four-Year Tuition and Fees are the Highest in Western (WICHE) states

State Average Resident Undergraduate Tuition and Fees at Four-Year Institutions, Weighted, 2020-21



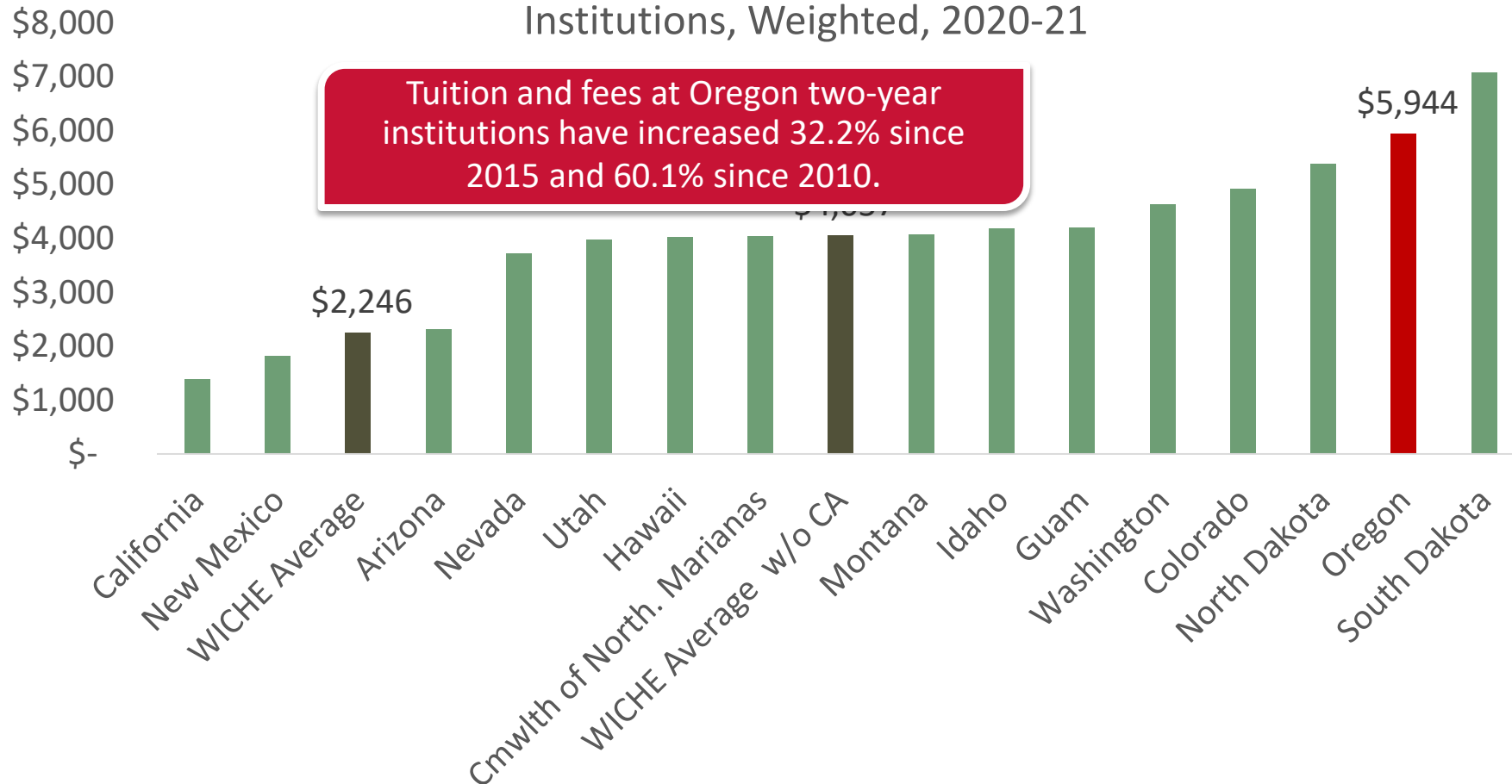
Tuition and fee levels are impacted by the costs and revenue of the institutions, and are closely impacted by state appropriations.

University tuition and fees are generally set by the Board of Trustees. Each campus has community and stakeholder processes to inform and shape the proposed increases.

- Should the combined annual increase in resident undergraduate tuition and mandatory enrollment fees exceed 5% for a public university, the HECC or the Oregon Legislature must approve the increase.

Oregon Two-Year Tuition and Fees are 2nd Highest in Western (WICHE) states

State Average Resident Undergraduate Tuition and Fees at Two-year Institutions, Weighted, 2020-21

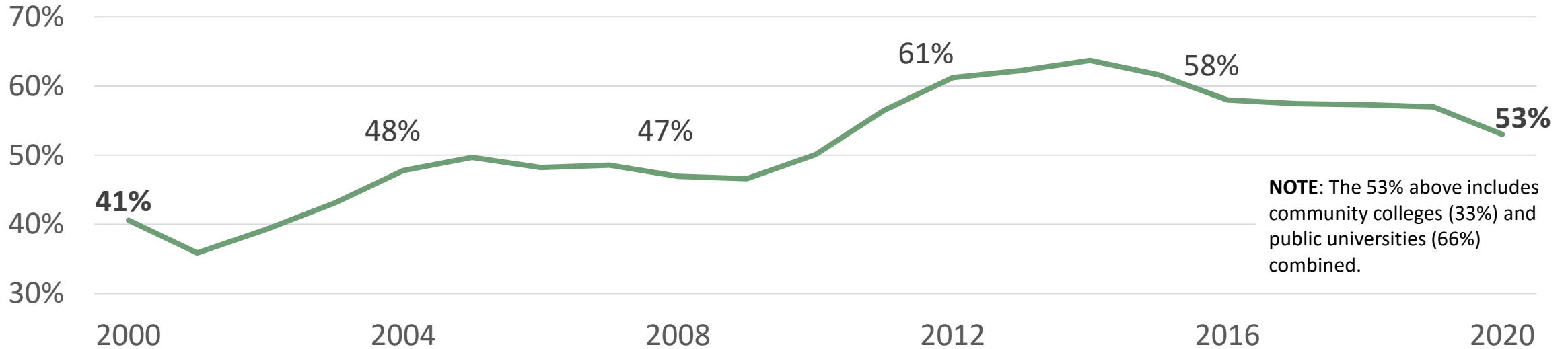


Tuition and fee levels are impacted by the costs and revenue of the institutions, and are closely impacted by state appropriations.

At the community colleges, tuition and fees are set by the locally elected governing board of each community college on an annual basis.

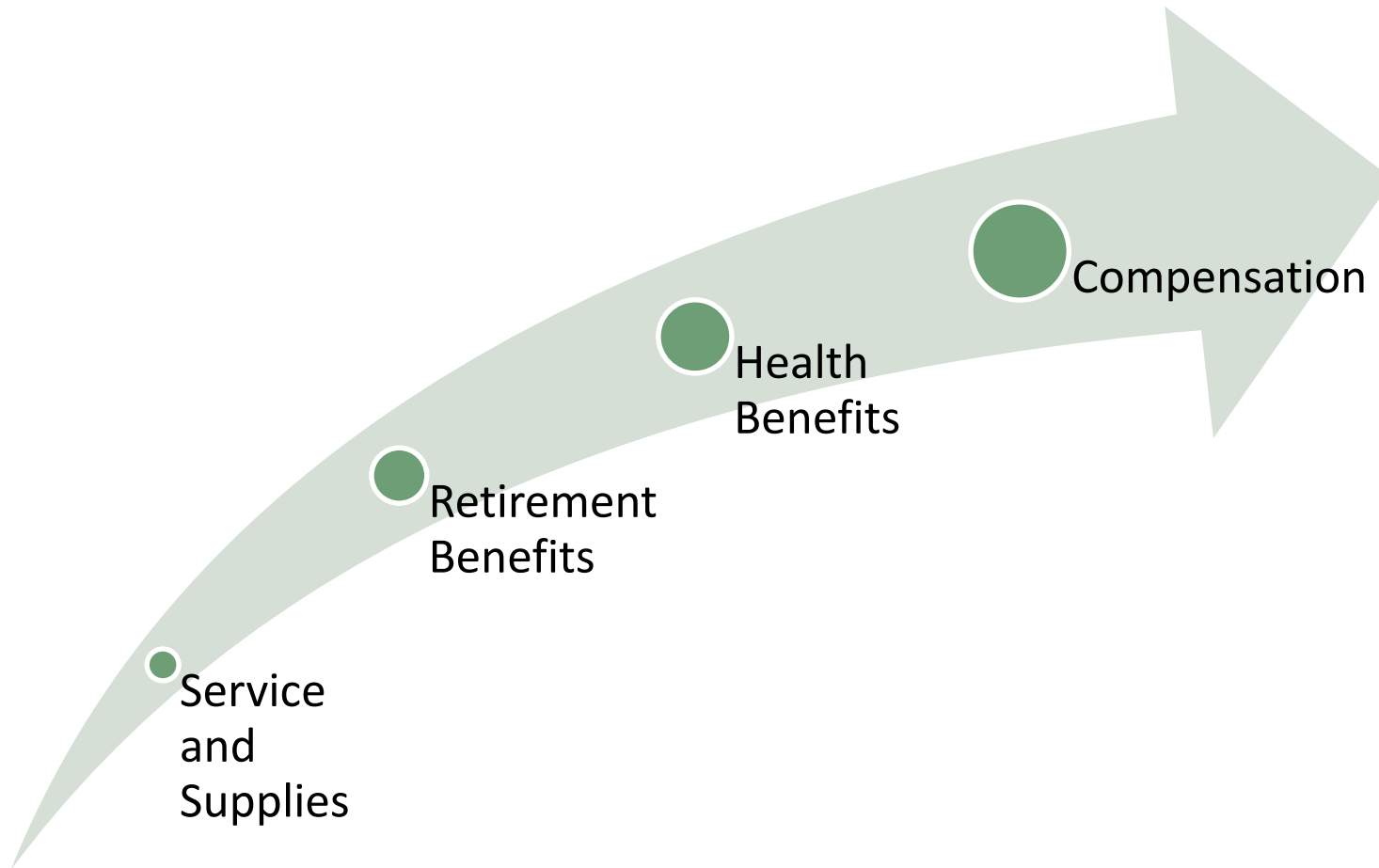
The Result of State Investment: Students and Families Are Taking on an Increased Share of College Costs

Student Share of Total Educational Cost



Students are now paying a much larger share of the total cost of their attendance. According to the preliminary 2020 SHEF report, from 2010-2020, net tuition and fee revenue at Oregon public institutions increased by 58% compared to 27% nationally. In 2020, net tuition and fee revenue per student of \$7,853 in Oregon was 17% higher than the national average of \$6,732.

While Oregon Has Struggled with State Investment, Public Institutions Face Significant Cost Drivers



Budget Cost Drivers

Projected Increase over 2019-21

Universities	Community Colleges
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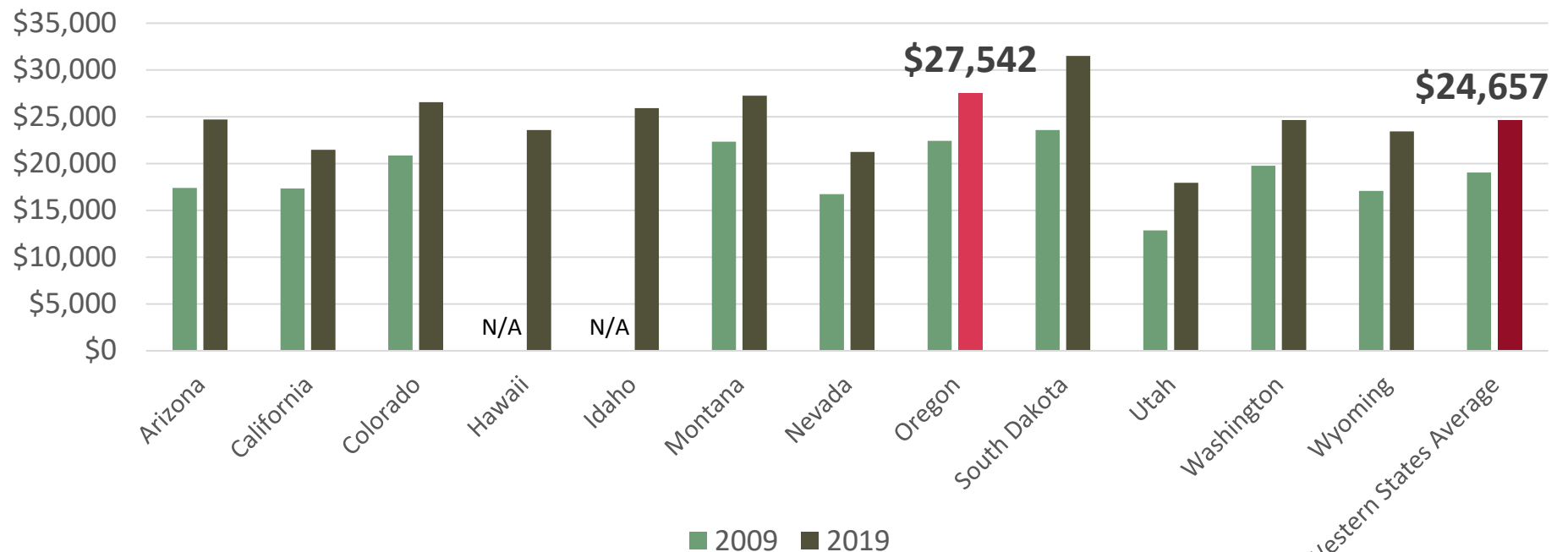
7.4%

6.2%

Oregon Student Loan Debt Burden has Increased, and is Higher than Average among Western States for Bachelor's Degree Recipients (Public and Private combined)

Oregon students graduate from 4-year institutions with more debt, on average, than their neighbors in other Western states, and this debt load has increased in the last decade.

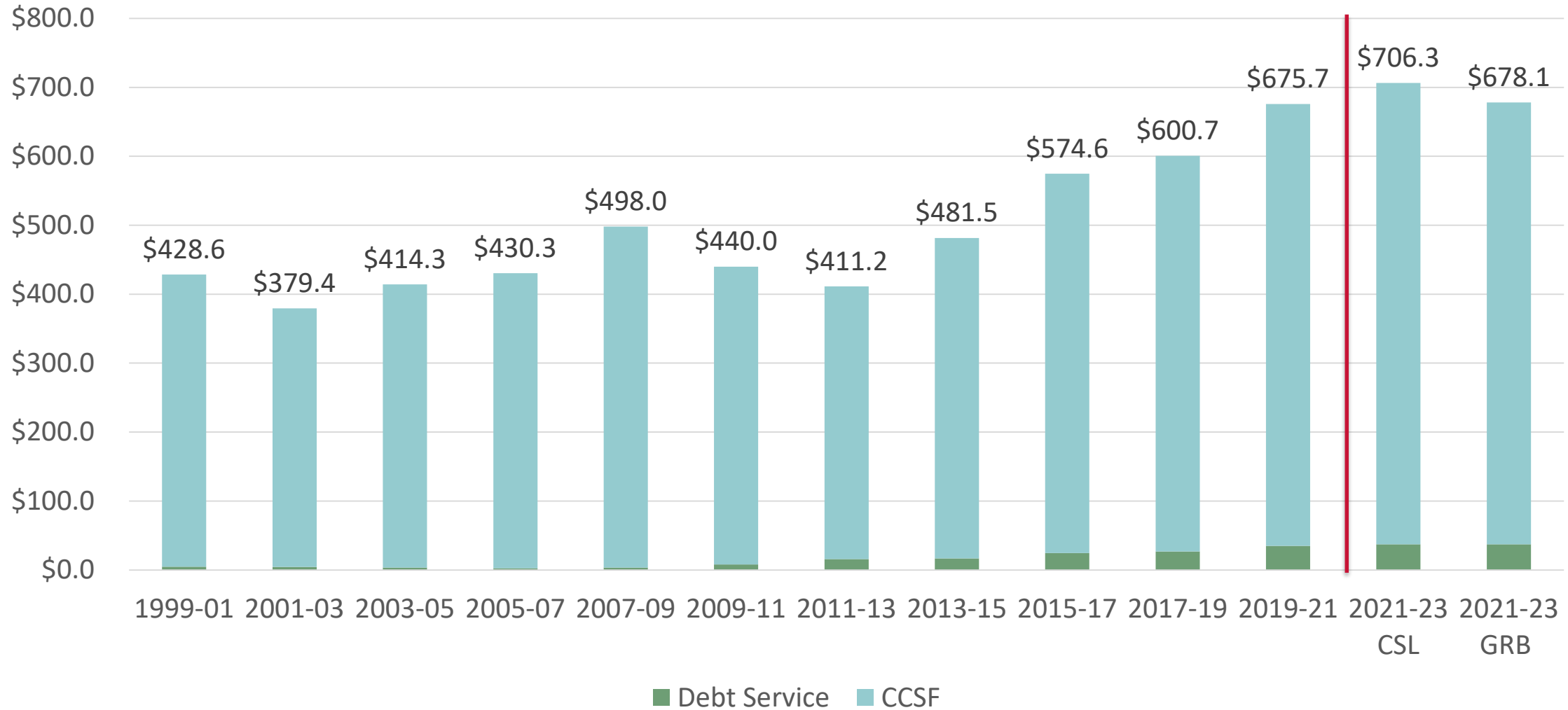
Average Loan Amount for Bachelor's Degree Recipients from Public & Private Institutions, 2009 vs. 2019, Western (WICHE) States



Adapted from The Institute for College Access and Success, "Project on Student Debt" https://ticas.org/sites/default/files/pub_files/classof2009.pdf and https://ticas.org/sites/default/files/pub_files/classof2019.pdf. Percentage of Graduates with Debt and Average Debt of those with Loans, by State. Note - For Hawaii and Idaho in 2009 no average calculation was done because the number of usable cases with student debt data covered less than 30% of bachelor's degree recipients in the Class of 2009 or the underlying data for that state showed a change of 30% or more in average debt from the previous year.



Community College State Funding (in \$ millions)



Community College Support Fund (CCSF)

“(1) It is in the state's interest to support a strong local community college system that meets local, regional and state economic and workforce development needs.”

-OAR 589-002-0100

The Community College Support Fund (CCSF) provides funding based on Full Time Equivalent (FTE) student enrollment in approved courses, including:

- Career and Technical Education (CTE)
- Adult Basic Skills (ABS) and English as a Second Language (ESL)
- Postsecondary Remedial
- Lower Division Collegiate
- Workforce Development

State reimbursement is not available for hobby and recreation courses.

State Appropriations per Student FTE (Adjusted for Inflation)



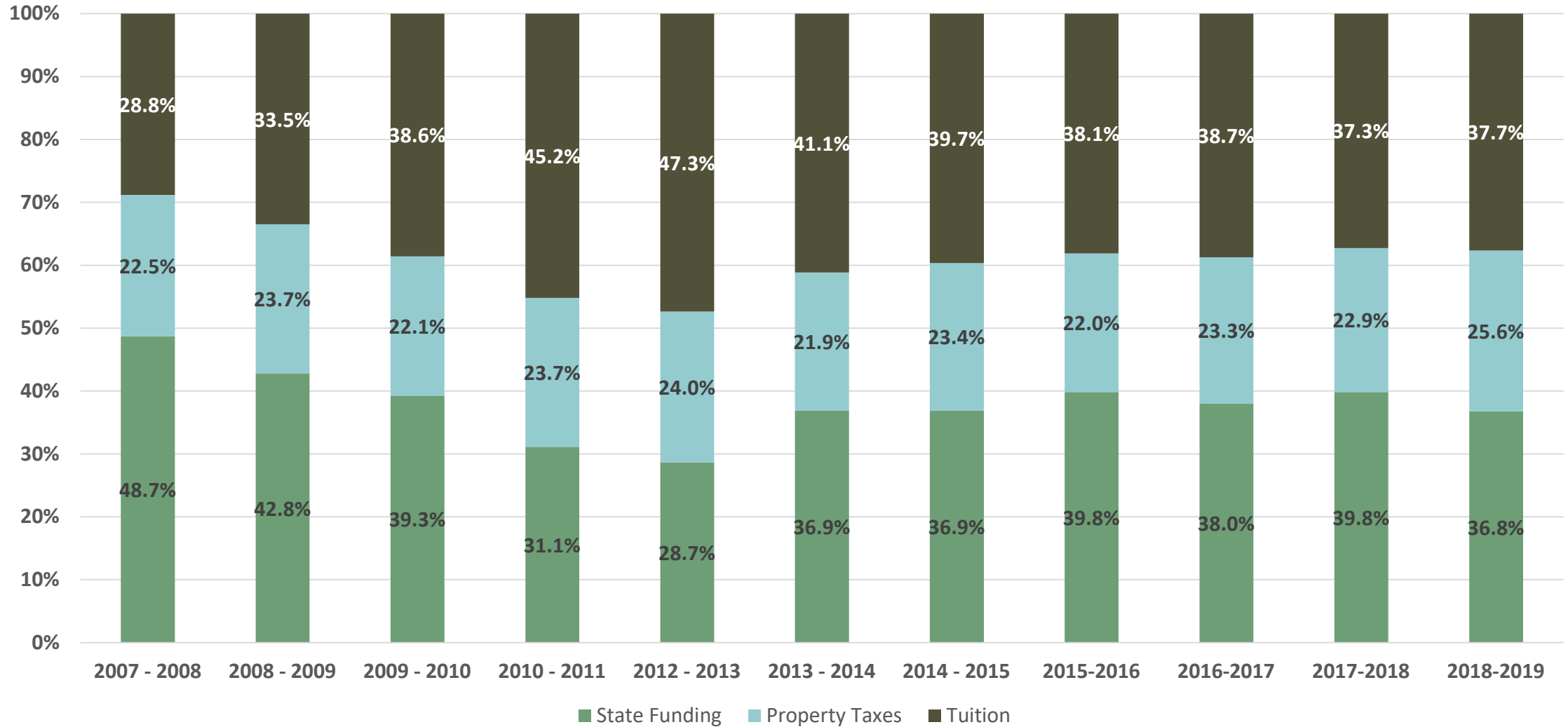
Notes:

- Includes Debt Service
- Community College data includes only CCSF distributed by funding formula
- Enrollment for 2019-21 assumed at 2019-20 levels
- Inflation adjustment based on HECA

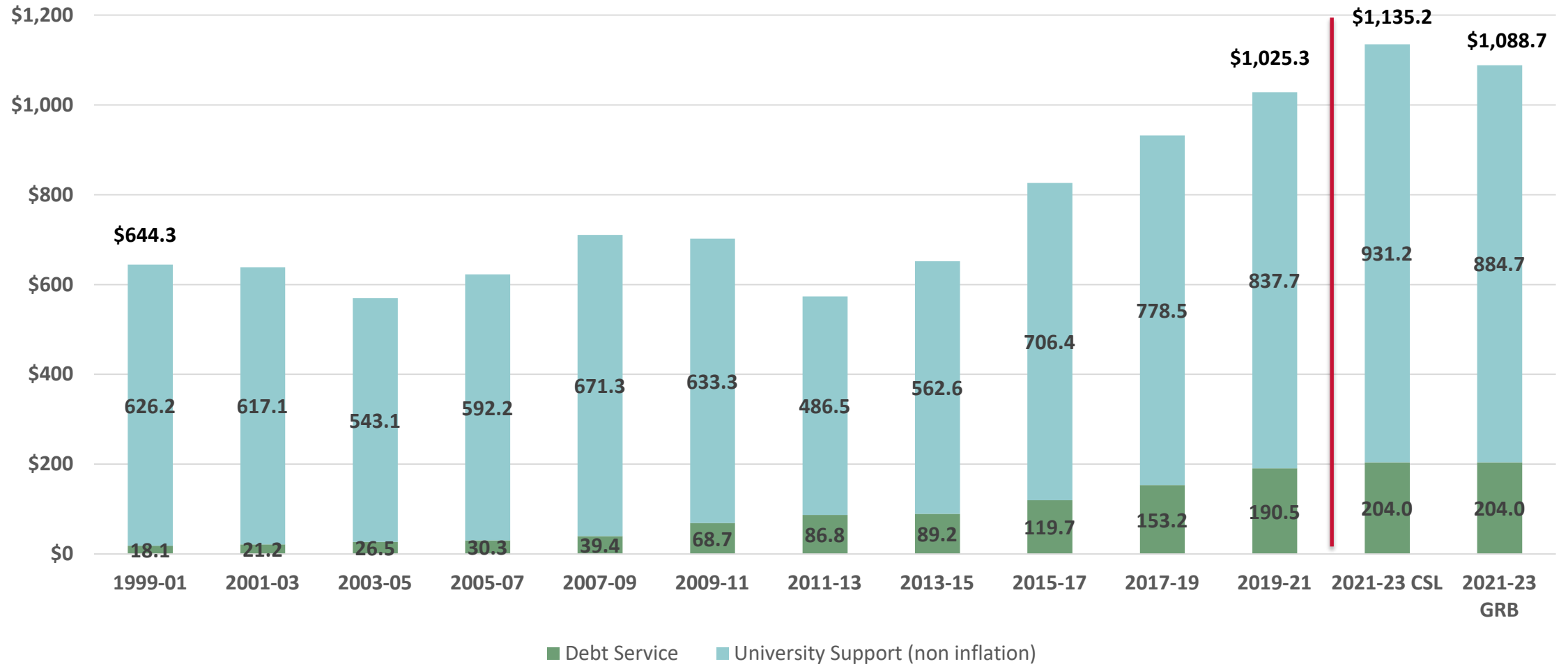
Source: HECC Office of Postsecondary Finance and Capital.

The HECA is the higher education cost adjustment factor. It includes different cost categories than a consumer based inflation measure like the CPI.

Revenue Sources as Percent of Total Over Time



Public University State Funding (GF Only)



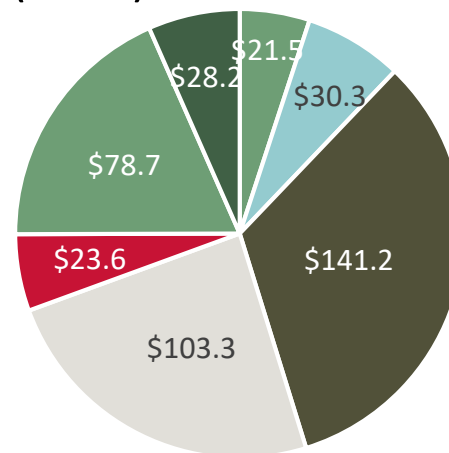
Overview of the Public University Support Fund (PUSF)

\$836.9 Million
(2019-21)

- Legislatively-adopted PUSF for HECC distribution to Oregon's seven public universities in 2019-21.

\$426.8 Million
(FY2021)

- HECC distributes 49% of the appropriation in the first year of the biennium (FY20), 51% in the second (FY21).



- The amount per university is determined based on a formula the HECC establishes via administrative rule (ORS 350.075).

■ EOU ■ OIT ■ OSU ■ PSU ■ SOU ■ UO ■ WOU

Funding Formula Guiding Principles

Promote resident student success

Incentivize progress to degree

Incentivize degree outcomes

Incentivize underrepresented population completions

Incentivize in-demand degrees

Support public service activity and regional missions

Differential mission support

Regional university support

Research support

Provide funding stability

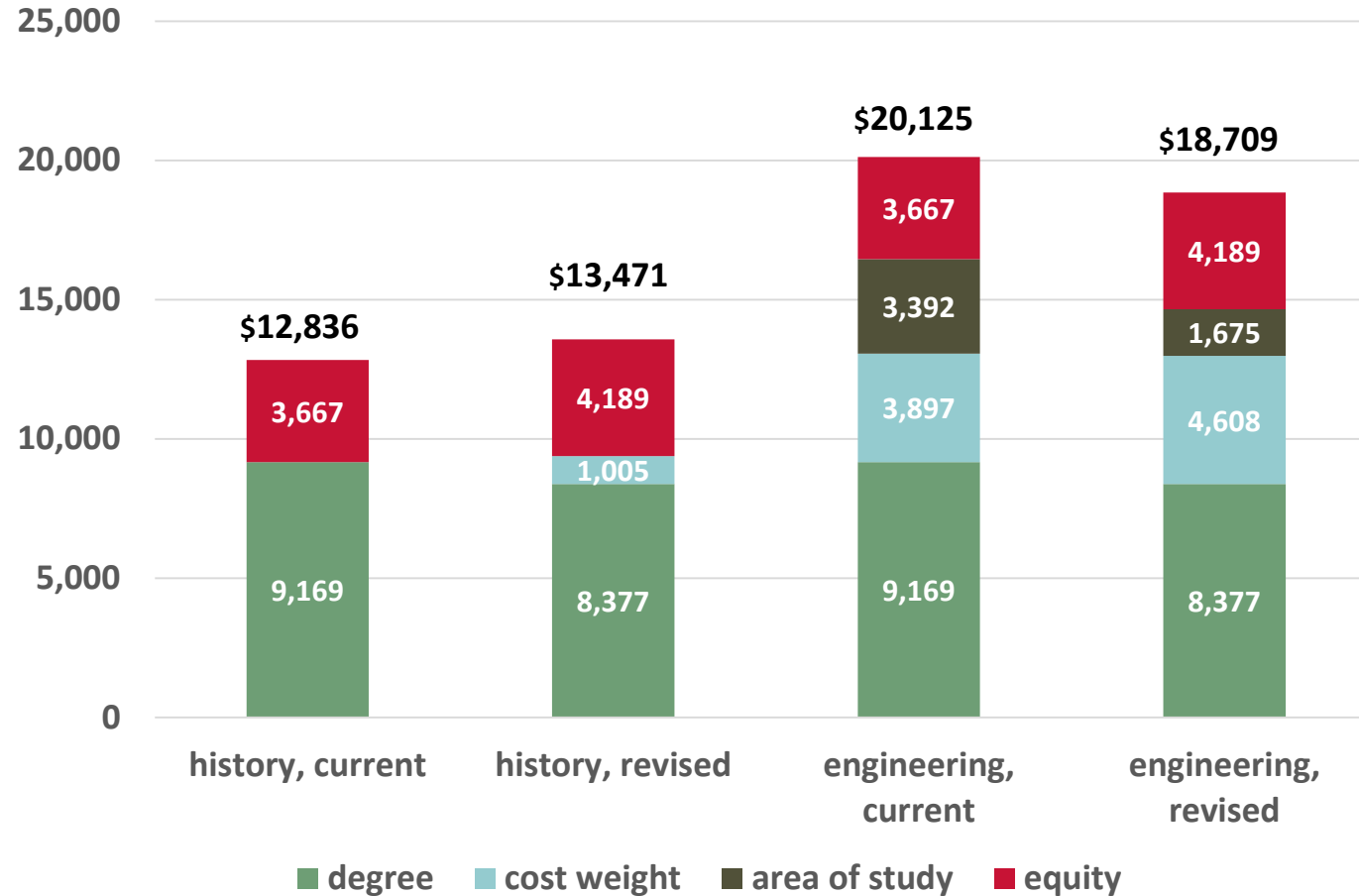
Data averaging

Phased-in focus on completion

Stop Loss/Stop Gain

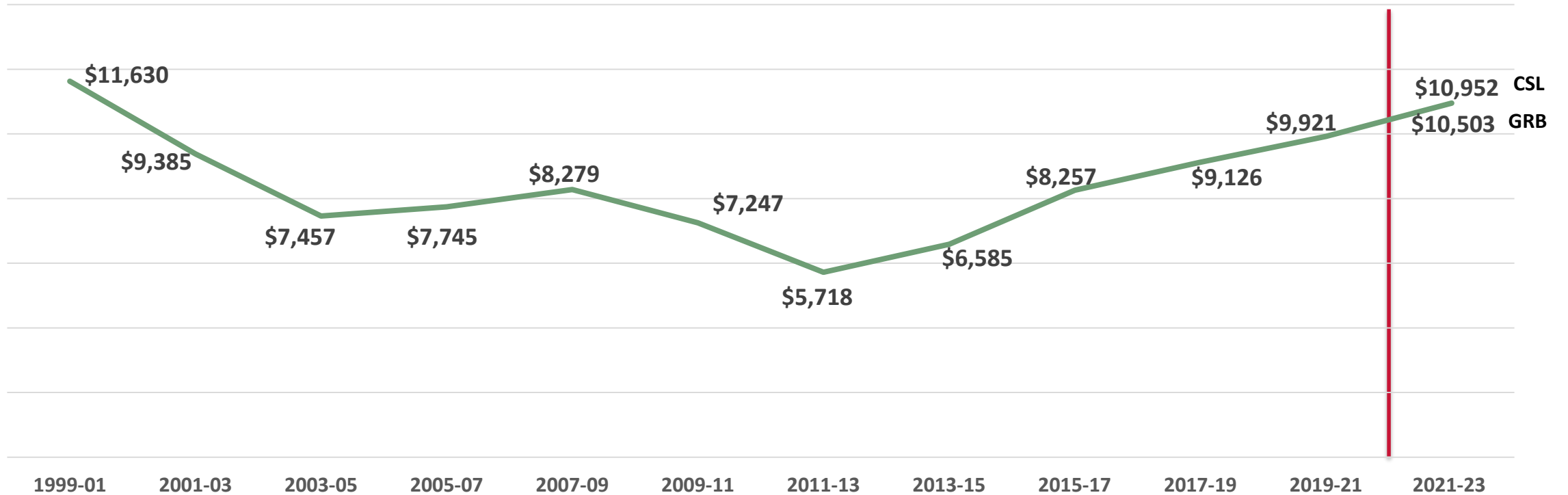
What's a degree worth?

**Degree Component Values
(Undergraduate, Non-Transfer)**



- This is for undergraduate, non-transfer degrees in history and engineering for illustration
- The general value of the degree is reduced as a result of more outcomes points due to the transfer degree changes
- The value for the area of study decreased by half while the equity bonus increased by 13% (assuming one criteria)

State Appropriations per Resident Student FTE (Adjusted for Inflation)



Notes:

- Includes Debt Service
- University data includes PUSF and State Programs
- Enrollment for 2021, 2022, 2023 assumed at 2020 levels
- Inflation adjustment based on HECA
- Excludes non-resident university enrollment

Oregon's Largest State Financial Aid Programs

These financial aid programs are 7.46% of the HECC budget

Description		2019-21 LAB	2021-23 CSL	2021-23 GRB
Oregon Opportunity Grant (OOG)	Funds the Oregon Opportunity Grant, Oregon's primary need-based financial aid program serving the lowest-income Oregonians.	\$164.2M Total \$109.5M GF \$ 40.0M LF \$ 14.7M OF	\$171.2M Total \$114.2M GF \$ 41.7M LF \$ 15.3M OF	\$171.2M Total <i>*Lottery Funds (LF) are investment earnings from Education Stability Fund.</i>
Change from 2019-21				4.3% from LAB 0.0% from CSL
Oregon Promise Grant	Funds the Oregon Promise grant program for the first year of the biennium, serving recent high school graduates and GED recipients of all income levels.	\$40.2M Total \$40.2M GF	\$42.2M Total \$42.2M GF	\$42.2M Total
Change from 2019-21				5.1% from LAB 0.0% from CSL

Need-Based Aid: The Oregon Opportunity Grant (OOG)

Oregon's *only* state-funded, need-sensitive grant program

OOG awards can be used at eligible Oregon institutions for up to 4 years of full-time enrollment.

Recent maximum award amounts have been based on approximately **13%** of prior year's Cost of Attendance.

2020-21 Awarding (full-time)

- \$2,778 per year
(community college)
- \$3,600 per year
(public university/private nonprofit 4-year institution)

GOAL:

- To increase college enrollment, completion, and affordability for Oregon students who have demonstrated financial need.

Public Aid: High Demand vs. Limited Supply

The OOG awards low-income students as far as funding is available, beginning with the students who have the highest financial need.

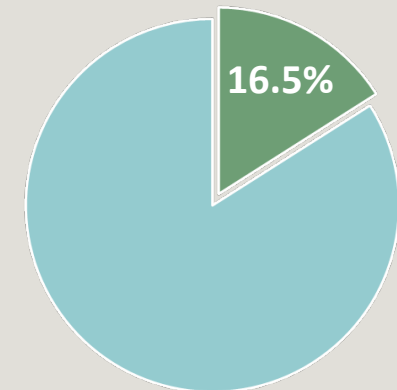
- In a typical year, more than two-thirds of Oregon’s FAFSA/ORSAAs filers have financial need.

In order to award students a meaningful amount of aid, at existing funding levels, the EFC threshold for OOG recipients is currently lower than the Pell Grant threshold.

This means that every year a large segment of Pell-eligible students don’t qualify for an OOG award.

- For the 2019-20 school year approximately 33,000 students received an OOG while 64,000 students received a Pell grant. In addition, many students above the Pell threshold also have unmet need.

From 2009-2019, more than **2 million** applications for financial aid qualified as OOG-eligible.



Due to limited funds, only **16.5%** of these students received an OOG award.

The Oregon Promise Grant (OPG)

Funds for community college tuition for recent high school/GED graduates

Promise awards can be used at any Oregon community college, for up to 90 college credits

2020-21 Awarding (full-time)

- \$1,000 per year (*minimum*)
- \$4,005 per year (*maximum*)
- *Before \$50/term co-pay applied*



GOAL:

- To increase college enrollment, completion, and affordability for recent high school graduates and GED[®] test graduates.

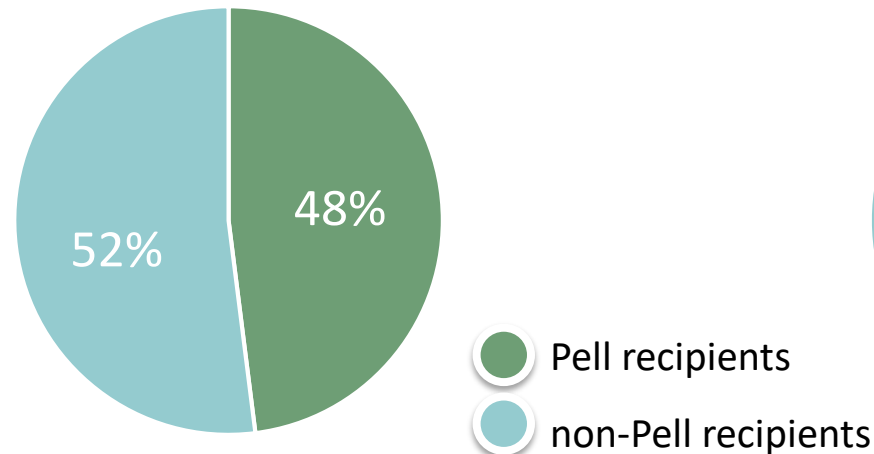
The OPG Awarding System Distributes Funds After Other Federal and State Aid, Which Devotes Fewer Resources to Lower-Income Students

The award amount depends on student's remaining financial need to cover the average cost of tuition

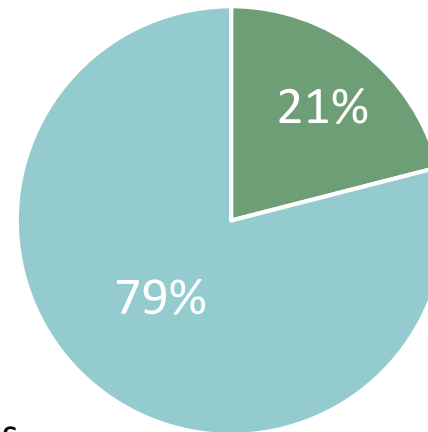
- If a student's tuition is covered in-full by other public grants, the student receives the minimum award (\$850).
- When combined with the OOG, Promise students from the lowest-income families receive a total of \$3,628.
- Meanwhile, Promise students from middle and higher-income families receive \$3,855.

**All award numbers above are after co-pay.*

Percentage of OPG recipients with Pell grant



Distribution of OPG funds



More than 50% of recipients are low income, but nearly 80% of the program dollars go to higher income students.

Public University Capital Request (GRB)

2021-23 Biennium, in \$ millions

Priority and University		Project	XI-Q Bonds	XI-G Bonds	Institutional Funds	Total Project
1	All	Capital Improvement and Renewal	\$80.0	-	-	\$80.0
2	OSU-CC*	Student Success Center	\$7.9	\$5.0	\$5.0	\$17.9
3	PSU*	Gateway Center Reuse and Extension	\$45.0	\$5.0	\$5.0	\$55.0
4	OSU	Cordley Hall Renovation, Phase II	\$61.0	\$25.0	\$57.0	\$143.0
5	EOU	Inlow Hall Renovation, Phase II	\$17.7	\$0.6	\$0.6	\$18.9
6	UO	Heritage Renovation Project	\$52.6	\$5.9	\$5.9	\$64.4
TOTALS			\$264.2	\$41.5	\$73.5	\$379.2

XI-Q BONDS

Fully state paid. Restricted to state-owned buildings only.

XI-G BONDS

State pays debt service. University matches state bonding commitment. Restricted to higher education institutions

Notes: The PSU Gateway Center Project includes a request for XI-F bonds that was not included in the GRB. For OSU, the GRB mistakenly included the OSU Phase II remediation project but intended to include the OSU-Cascades Student Success Center project instead.

Community College Capital Request (GRB)

2021-23 Biennium, in \$ millions

	Project	XI-G Bonds	Institutional Funds	Total Project Cost
Tillamook Bay	New CTE Building and Renovations	\$8.0	\$14.6	\$22.6
Rogue	Transportation Technology Complex	\$7.0	\$7.7	\$14.7
Linn Benton	Agricultural Center	\$8.0	\$8.0	\$16.0
Chemeketa	Building Seven Remodel	\$8.0	\$8.0	\$16.0
Klamath	Childcare Learning Complex	\$1.5	\$1.5	\$3.0
	TOTALS	\$32.5	\$39.8	\$72.3

QUESTIONS