



Higher Education Funding Trends

Senate Committee on Education

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January 22, 2025

Overview

State Appropriations

Tuition and Grant Aid

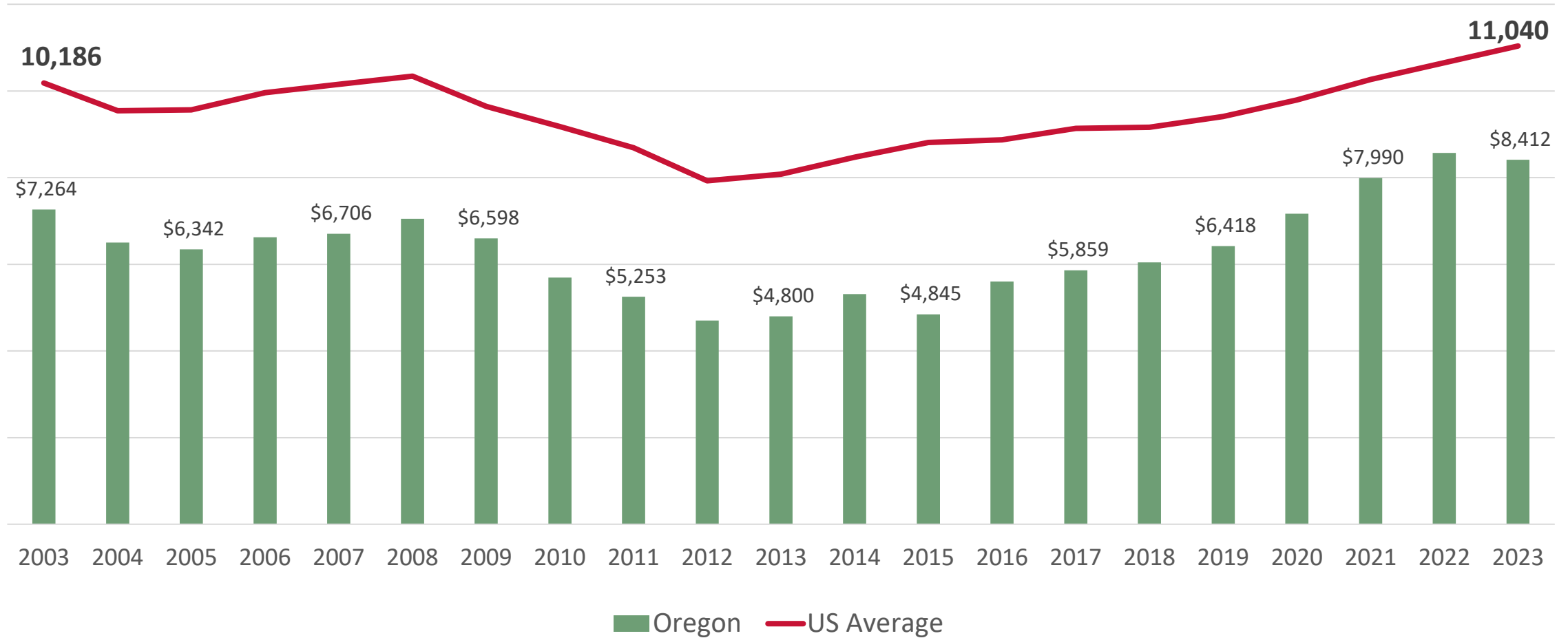
Other Issues

Objective

In this presentation, we provide a summary of recent higher education funding trends with context.

Oregon's Public Investment in Higher Education has Increased in Recent Years but Remains Well Below the National Average, Ranking 37th Among States

Higher Education Appropriations per FTE Student (inflation adjusted)



Oregon Ranks Low Nationally in Appropriations per Student, Despite Recent Gains

Public funding per student (FTE) in Oregon is 24% below the national average.

Oregon ranks 37th nationally on this measure.

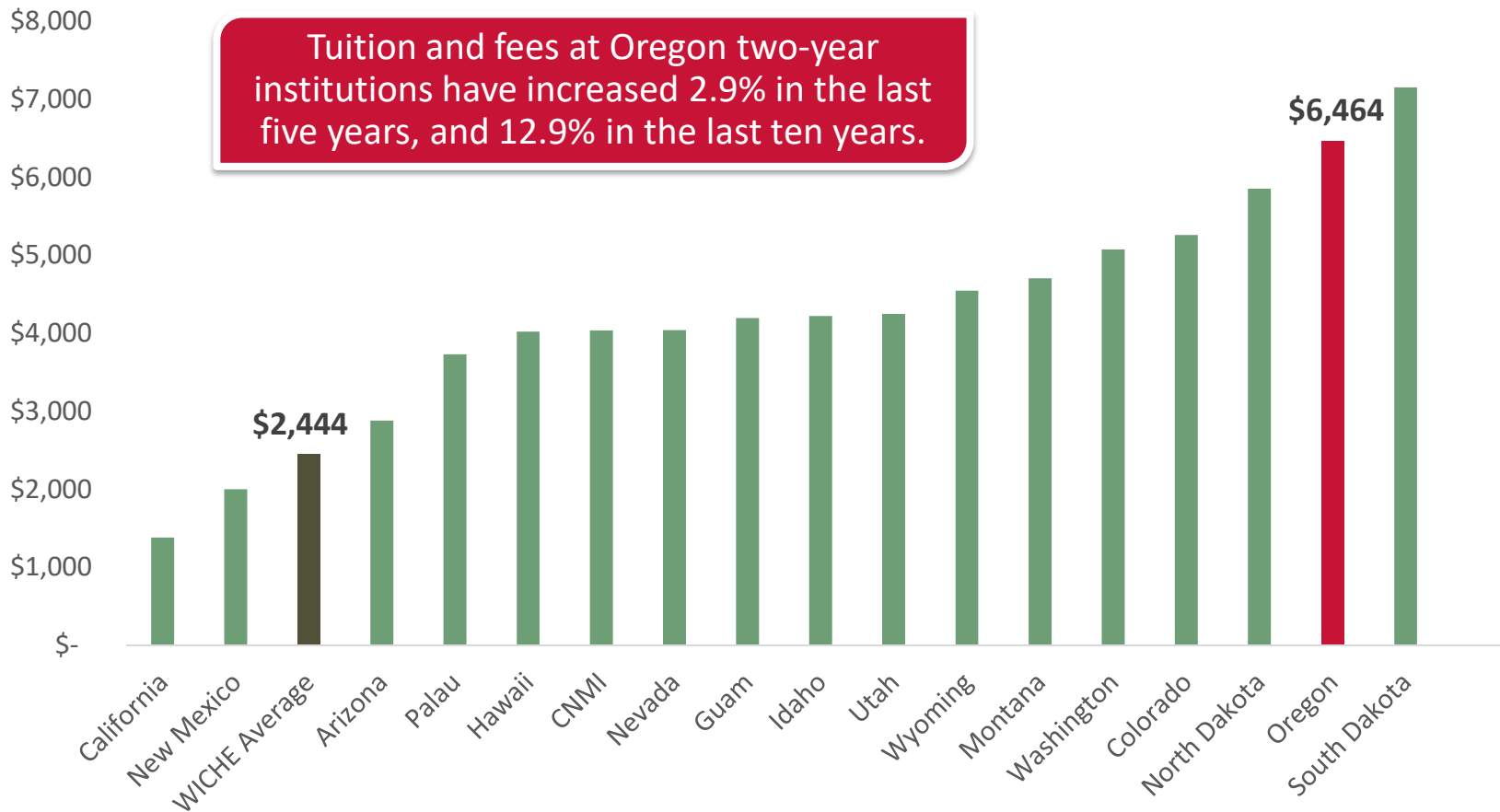
But, Oregon has gained ground over the last decade.

How does Oregon Rank? National Data for Fiscal Year 2023

	Increase in appropriations per FTE since 2013	Increase in appropriations per FTE since 2018	Educational appropriations per FTE nationally
Oregon Rank	7th	6th	37th

Oregon Two-Year Tuition and Fees are 2nd Highest in the West

State Average Resident Undergraduate Tuition and Fees at Two Year Institutions, Weighted, 2023-24

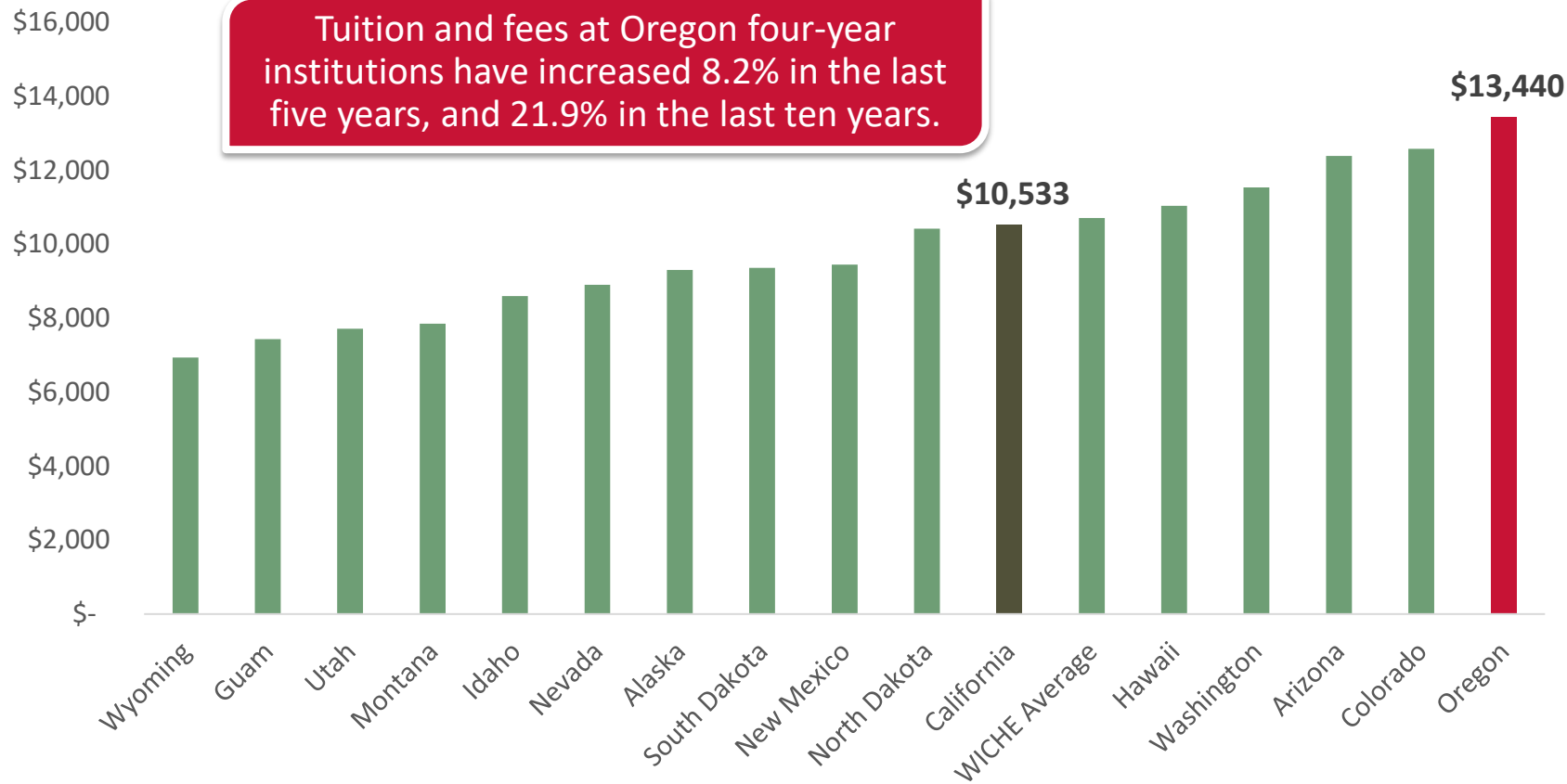


Tuition and fee levels are impacted by the costs and revenue of the institutions and are closely impacted by state appropriations.

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

Oregon Four-Year Tuition and Fees are the Highest in the West

State Average Resident Undergraduate Tuition and Fees at Four Year Institutions, Weighted, 2023-24



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

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

*If 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 Provides Less Student Grant Aid than Average, and Trails our Neighbors

FY 2023	U.S. Average	Oregon amount	Oregon rank
State Financial Aid per FTE	\$1,050	\$876	26th

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

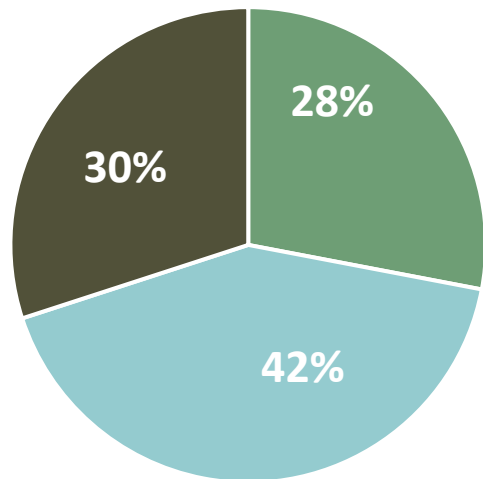
The great majority, **90%**, of Oregon Opportunity Grant distributions go to students at public institutions.

Other States

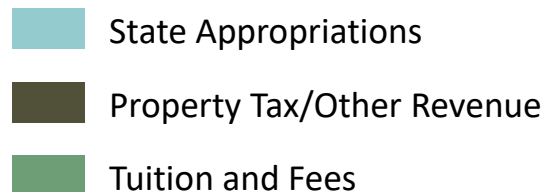
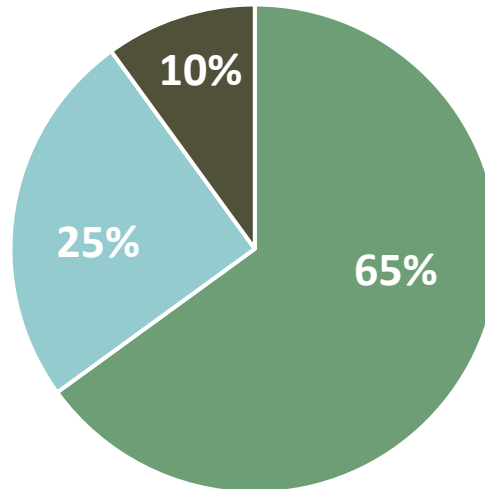
Tennessee amount	New Mexico amount	Georgia amount	Washington amount	California amount
\$3,478	\$3,444	\$2,542	\$1,790	\$1,048

Students Bear a Sizable Proportion of the Costs of Their Education

Community Colleges



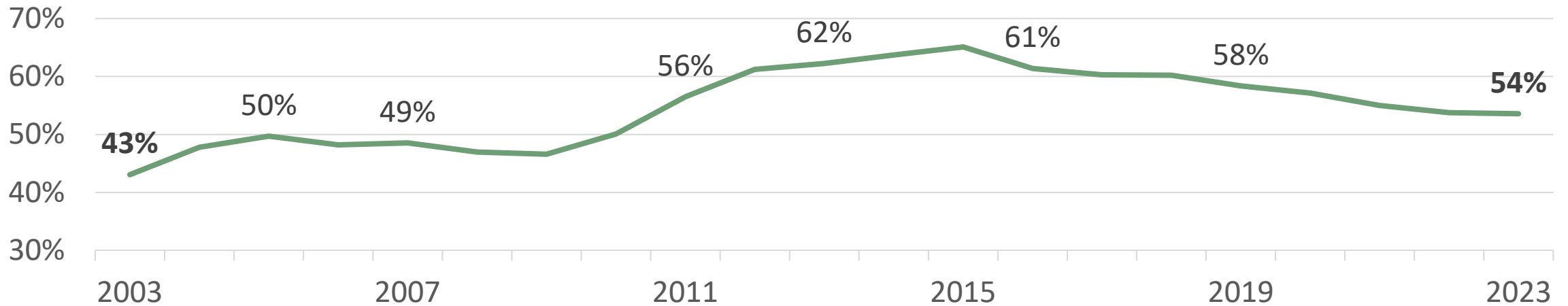
Public Universities



In the 1960s, the state provided 75% of the revenue for public universities. This dropped to about 60% by the 1990s, and 40% by the early 2000s.

And, Students' Share of College Costs Has Increased

**Student Share of Educational Cost
(community colleges and universities combined)**



Students are paying for a larger proportion of their educational costs than 20 years ago.

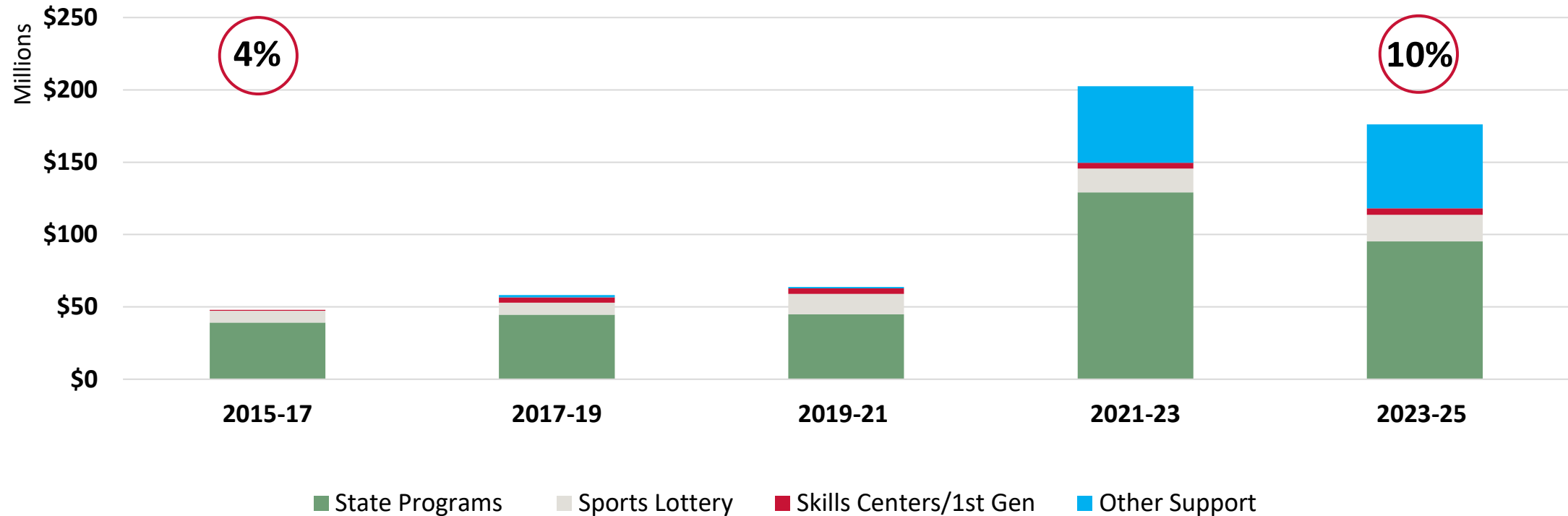


Other Funding Issues, Trends

The HECC Incorporates Student Success Outcomes into How It Distributes Support Funds to Institutions

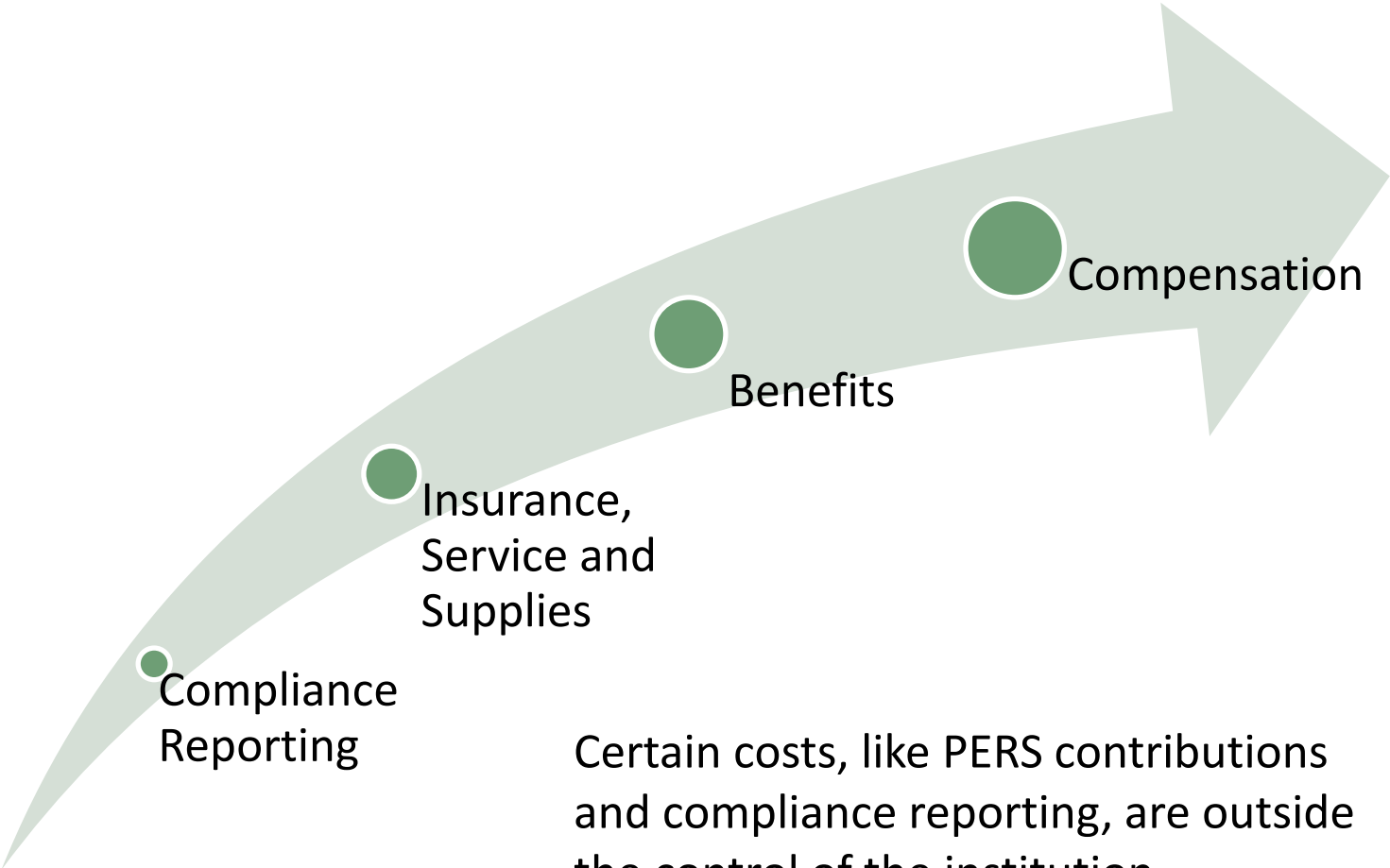
Community College Support Fund	Public University Support Fund
<p>HECC dedicates a portion of the CCSF to support enrollment of underrepresented groups (racial/ethnic minorities, low-income, adults, Career/Technical students), and to reward student success outcomes.</p>	<p>Half of the PUSF is distributed on the basis of student degree completion outcomes, with weights for underrepresented students (including racial/ethnic minorities, low-income, rural and veterans).</p>
<p>\$12.5M in 2023-25; \$50.0M in 2025-27; 10% by 2030</p>	<p>50% of the PUSF</p>

The Legislature Has Increased the Amount of State Funding Outside the Support Funds (In Total and as a Percent of Support Funds)



The total has increased from \$48M in 2015-17 to \$176M in 2023-25 and as percent of support funds (i.e., CCSF and PUSF) from 4% to 10%. Other support includes benefit navigators, PT faculty benefits, Department of Corrections contract, and other one-time funded projects.

Public Institutions Face Significant Cost Drivers



Budget Cost Drivers

Projected Increase over 2023-25

Universities	Community Colleges
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9.5%

10.5%

The Bigger Picture: State Investment Supports Student Success

Public
funding per
FTE 37th in
nation

24% below
national
average

Student
share at
54%

For every extra \$1,000 per student a state spends...

- A student's odds of earning a bachelor's degree by age 25 increases by 1.5%
- The likelihood a student will take on debt decreases 2%
- The total amount a student borrows (all debts) decreases by over \$5,000 by age 35

Source: State Investment in Higher Education: Effects on Human Capital Formation, Student Debt, and Long-Term Financial Outcomes of Students, Federal Reserve Bank of New York, September 2020.

Increases in state appropriations yield a larger increase in graduation rates for diverse students.

Aaron S. Horn, et al., *The Effect of State Appropriations on College Graduation Rates of Diverse Students*, Journal of Education Finance, University of Illinois Press, Volume 49, Number 1, Summer 2023.