HECC Strategic Plan: 2016-2020
January 14, 2016 working draft

Vision Statement

The Higher Education Coordinating Commission (HECC) is dedicated to fostering and sustaining the best, most rewarding pathways to opportunity and success for all Oregonians through an accessible, affordable and coordinated network for educational achievement beyond high school.

Executive Summary

To be written.

Part 1: The state's higher education goals and our progress towards them

The HECC's is required by law to "adopt a strategic plan for achieving state post-secondary education goals" (ORS 351.735). So what are those goals?

The statute goes on to establish that the goals of the HECC's strategic plan should be related to, but need not be limited to, the following:

(A) Increasing the educational attainment of the population;
(B) Increasing this state's global economic competitiveness and the quality of life of its residents;
(C) Ensuring affordable access for qualified Oregon students at each college or public university; and
(D) Removing barriers to on-time completion.

One can find still other goals for higher education elsewhere in Oregon law. These include: "creating an education citizenry to support responsible roles in a democratic society and provide a globally competitive workforce," "creating original knowledge and advancing innovation," and "contributing positively to the economic, civic, and cultural life of communities in Oregon," (ORS 351.006); as well as "to provide the ability to enter the workforce immediately," and "to provide the means for continuation of academic education, career and technical education, or the attainment of entirely new skills as demands for old skills and old occupations are supplanted by new technologies." (ORS 341.009).

Clearly, our Commission's strategic plan is expected to address various aspirations for Oregon's post-secondary system. This is consistent with the variety of our post-secondary institutions and their respective missions. The goals of higher education are diverse, reflecting the enormous impact that higher education has on the state's economy and citizenry, present and future. Higher education cannot be reduced to a single number, assessed formulaically, or be improved simplistically.

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At the same time, we believe that the most effective strategic plans are organized around a limited number of measurable goals. They elevate certain priorities, and diminish others. This plan follows our statutory charter in being organized around three primary aspirations for Oregon higher education: (1) improving educational attainment and completion, (2) improving Oregon's economic competitiveness and quality of life; and (3) ensuring that resident students have affordable access to colleges and universities.

Goal 1: Improving educational attainment and completion

As the result of a 2011 law, state goals in this area are well-known, well-defined, and quantifiable.

Under ORS 351.009, the Legislature declares that "the mission of all education beyond high school … includes the achievement of the following by 2025:

- 40 percent of adult Oregonians have earned a bachelor's degree or higher.
- 40 percent of adult Oregonians have earned an associate's degree or postsecondary credential as their highest level of educational attainment.
- 20 percent of all adult Oregonians have earned at least a high school diploma, an extended or modified high school diploma, or the equivalent of a high school diploma as their highest level of educational attainment."

The goal, known as "the 40-40-20 Goal," has become shorthand for the efforts of the Legislature, Governor, the OEIB, and other state education boards, commissions, and agencies to significantly improve the education achievement levels and prosperity of Oregonians by 2025. It implies that Oregon intends to become one of the best-educated populations in the world. The 40-40-20 Goal establishes a clear target – a "North Star" aligned with Oregonians' economic, civic, and social aspirations -- against which to generally gauge the State's educational progress. We believe that for the goal to be meaningful, it must be accompanied by the clear understanding that increased levels of attainment of diplomas, degrees and certificates must be achieved equitably, with Oregon's diversity – of race, ethnicity, gender, home language, socioeconomic status and geography – equally well-represented in each stage.

More than a numerical target, however, 40-40-20 expresses a distinct point a view about the capacity of learners and the responsibility of education system to support them. Fundamentally, it says that every Oregonian is capable of earning at least a high school diploma and that most should earn some sort of post-secondary credential. The job of policymakers, educators, and community members, then, is to adopt the policies and practices to ensure that they do so. It emphasizes degree and certificate completion, and it draws our attention to achievement data that calls for a robust response on behalf of greater equity. If taken seriously, and not just as political rhetoric, these are powerful statements that represent significant departures from the implicit assumptions of the past. They imply the need for equally significant departures in educational policy and practice.

Where are we now?

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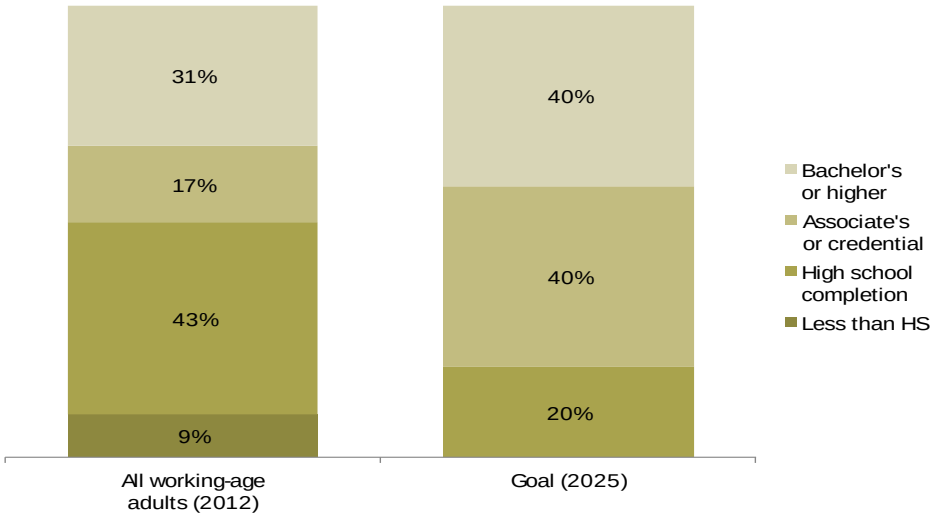
While the state has made modest progress towards the 40-40-20 goal since its adoption in 2011, the gap between Oregon's aspirations and its reality remains stark.

Table 1 displays current educational attainment rates for Oregon adults, compared with the attainment goals of 40-40-20.

CURRENT EDUCATIONAL ATTAINMENT OF OREGON ADULTS, VERSUS THE 40/40/20 GOAL



Note: Working-age adults are 25-64 years old. The high school completion group includes people who self-report to have some college but no degree; the number of individuals in this group with certificates or credentials is unknown. Source: ECONorthwest analysis of data from the American Community Survey (2012), the

The gulf between the state's aspirational goals and actual levels of attainment is even greater for African-American, Hispanic, and Native American Oregonians, among other populations. In 2013, adult Oregonians belonging to those groups were, combined, less than half as likely as the overall adult population to have earned a Bachelor's degree and about 25 percent less likely to have earned an Associate's Degree or certificate.

Which direction are we heading?

While Oregon's levels of educational attainment remain a long way from 40-40-20, the overall trend appears to be positive. Between 2006 and 2013, the percentage of working-age (25-64 year old) Oregonians with Associate's degrees or higher edged upward from about 38% to almost 41%. This increase represents the existence of nearly 90,000 more working-age degree-holders in Oregon today than a decade ago, at a time when the *total* population for this age group grew by only 71,000. Oregon's increase mirrors a national trend for that time period that is likely associated with the large numbers of unemployed and underemployed Americans who enrolled in higher education during the Great Recession. Oregon also benefits somewhat from migration patterns whereby more degree-holders

migrate into the state than out of it; this likely contributes to the fact that the overall share of Oregon's population with degrees, as well as the increase it has seen in this figure since 2010, slightly outpace the US average.

Where are we now: the education "pipeline"?

Under statute, 40-40-20 is a goal for the entire adult population, and the preceding discussion focused on the state's progress specific to the 25-64 year-old age group. A different and no less important perspective comes into view when we look specifically at higher education outcomes for recent cohorts of Oregon high school students. This analysis accounts for the eventual higher education outcomes of recent cohorts of Oregon high school students, regardless of whether or not they attended college or university in Oregon. By restricting its focus to the experience of recent Oregon high school students, it does not credit Oregon for the in-migration of well-educated adults, nor does it credit the state for working-age adults who return to school to earn certificates or degrees later in their careers. The most comprehensive analysis of this kind to date focuses on the 41,655 sophomores who were enrolled in Oregon public high schools in 2003-2004, and its findings are startling. By 2013 (seven years after their expected date of high school graduation), from this cohort:

- 7-10% had not completed high school or earned a GED;
- 62-65% had completed high school/GED but not earned a certificate or degree;
- 6% had earned a certificate or two-year degree;
- 22% had earned a four-year degree.

Students in this cohort who were low-income or students of color experienced even less opportunity and success in higher education; for example, just 12.5% of low-income students and 11.5% of Latino students in this cohort had earned any certificate or degree by 2013 (compared with 28% overall).

While we can reasonably expect the percentage of degree earners to rise somewhat over the next several years as some members of this cohort complete their college journeys, it appears unlikely that this group of recent Oregon high school students will reach the same level of educational attainment enjoyed by older Oregonians, much less 40-40-20.

Summary

Oregon's 40-40-20 goal provides policymakers with a rough measuring stick to evaluate the state's progress towards creating educational, economic, and civic opportunity for all Oregonians. Viewed through this lens, Oregon remains far behind its 2025 goal, with especially alarming gaps for low-income students, students of color, and recent high school graduates.

Goal 2: Increasing Oregon's global economic competitiveness and the quality of life of its residents; and
Goal 3: Ensuring affordable access for qualified Oregon students at each college or public university

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While the HECC continues to view 40-40-20 as an overarching statutory guide for higher education policy and investment, we also increasingly appreciate its limitations. Even with some the refinements discussed later in this Plan, 40-40-20 will remain a highly imprecise barometer for higher education. With its single-minded focus on certificate and degree completion, it fails to account for vitally important aspects of the mission of higher education, including graduate education, workforce training, and research. It does not distinguish between different degree types, nor do its targets reflect the state's particular economic or labor market needs at any given moment in time. Taken literally, the statute's application to the entire adult population (including even those beyond working age) creates a host of practical difficulties. The "middle 40," in particular, remains loosely defined and only imprecisely tracked. For all of these reasons, we believe that 40-40-20 should continue to serve as a basic guidepost for our work, not a hard rule.

While we agree that these represent vital products of higher education, neither Oregon law nor the Commission has yet devised specific and measurable goals for monitoring our contributions in these areas. The need for the Commission to develop standard, stable, and measurable goals in these areas is a primary recommendation and direction of this Strategic Plan, and is discussed in Part 4 below.

In the meantime, we can draw on a variety of metrics to reach preliminary conclusions about the current status and trends of higher education with respect these goals.

Goal 2: There can be little doubt that Oregon higher education plays a tremendous role in enhancing the state's global economic competitiveness and quality of life. It is more challenging to assess whether this impact is increasing, or diminishing. Data here.

Goal 3: Rising tuition prices, living costs, time-to-degree, and debt and default levels makes it clear that the access and affordability of Oregon higher education has suffered considerably over the last decade. While the amount of scholarships and other forms of financial aid have grown, this increase has not kept pace with rising costs. Summary data here.

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Part 2: Background and key understandings about the higher education landscape

Improving higher education attainment is deeply dependent on improving high school completion rates and knowledge/skills. While significant progress can be made towards the former without improving the latter, the ceiling for this approach is significantly below 40-40-20.

Limitations on public resources, competition for state dollars, and the diminished ability of students to pick up the slack through tuition mean that Oregon higher education will not meet state goals without simultaneously addressing each of the following: (a) cost structures, (b) delivery models, and (c) public funding levels.

To meet our goals, Oregon higher education must serve students who are increasingly complex: more diverse, lower income, with greater desire for options and information, a greater need for flexibility, and a greater need for support.

Oregon students are increasingly accessing higher education through a variety of institutions, timelines, and delivery systems.

Top-down approaches to influencing higher education processes and outcomes are likely to be met with resistance and, ultimately, to fail. Significant and sustainable changes to higher education are only possible with leadership, engagement, and partnership from students, faculty, administrators, board members, and other community members who are most directly responsible for higher education processes and outcomes.

While various other state, national, and international organizations exist for the promotion of collaboration between actors at all levels of higher education, the HECC is uniquely and solely focused on meeting Oregon's public goals and needs. As a result, it is responsible for provoking and convening conversations that are unlikely to occur in its absence, including those focused on promoting equitable and efficient progress towards meeting state goals and objectives and student needs.

Higher education is a critical tool for Oregon industry and the economy through (a) skill development, including abstract and creative thinking; and (b) research and innovation that responds to and drives the Oregon economy and the well-being of its citizens. Moreover, university research has a national and global economic impact.

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Part 3: The HECC's roles and responsibilities

Higher education in Oregon is a complex network of dozens of private and public career schools, colleges, and universities that collectively enroll nearly 300,000 Oregon students at any given point in time. Under Oregon's statutory framework, the leadership, governance, and operations of those institutions is the sole responsibility of their respective owners, boards of directors, and administrators. In contrast to those institutional governing responsibilities, the HECC, meanwhile, is generally responsible for advising on, adopting, and implementing state policies to ensure that this network remains well-coordinated and student-friendly. ~~It~~ The HECC is the State of Oregon's sole board and agency with responsibility for ensuring educational success from the point at which students are completing their high school diplomas and moving forward to learning, training and mastering skills in college and career training programs.

Originally chartered by the Legislature in 2011, the commission was given new authorities in 2013 to reflect the reorganization of postsecondary governance, including the transition to institutional governing boards for public universities.

The HECC "may exercise only powers, duties and functions expressly granted by the Legislative Assembly" (ORS 351.735). Those "powers, duties, and functions" are described in multiple chapters of Oregon statute. Some are overarching; others vary by sector (community college, public university, private and independent colleges and universities, career and trade schools).

Major powers, duties, and functions for the HECC are as follows:

- Developing state goals for the post-secondary system, including community colleges, public universities, and student access programs (ORS 351.735);
- Adopting a strategic plan for achieving the state's postsecondary goals (ORS 351.735);
- Recommending to the Governor and the OEIB a consolidated higher education budget request aligned with the strategic plan (ORS 351.735);
- Developing a comprehensive higher education budget request linked to the strategic plan (ORS 351.735);
- For some private and out-of-state schools, degree authorization (ORS 348.603);
- For private career schools, licensure and teacher registration (ORS 345, 341.440, 342.197, 348.070, 687.011);
- For public universities, developing the biennial state budget request, allocating legislatively appropriated resources, conducting annual evaluations, and approving mission statements, significant changes in academic programs, and resident tuition increases greater than 5% (ORS 351);
- For community colleges, developing the biennial budget request, allocating legislatively approved resources, and approving new certificate and degree programs (ORS 326 and 341);
- For all sectors, data collection, analysis, research, and reporting;

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- In conjunction with the Oregon Workforce Investment Board and the Oregon Department of Employment, state implementation of the federal Workforce Investment and Opportunity Act (WIOA);
- Administration of the Oregon Opportunity Grant and other student success programs through the Office of Student Access and Completion (ORS 348); and
- Developing dual credit standards, transfer standards, and credit for prior learning standards (ORS 340.310, 341.430, and 351.751).

The Commission believes that the effective exercise of its "powers, duties, and functions" requires developing close partnerships with the governing boards, administrators, faculty, and students at the institutions we serve. The Commission must also be responsive to legislative, gubernatorial, and public interests. We must simultaneously help to set the public agenda for higher education as well as to implement the directions established by others. While not enumerated in the summary of our role above, we believe that that the HECC plays a particularly important *convening* role for Oregon higher education and the communities that it affects. To effectively exercise our powers, duties, and functions, while meeting our responsibility for providing higher education leadership and responsibly implementing legislative directives, requires the Commission and its staff to continually convene and engage our partners throughout communities around the state. The strategies contained within this plan involve the exercise of the HECC's statutory powers, duties and functions, but they also reflect our appreciation that systemic change requires deep partnership.

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Part 4: HECC strategies 2016-2020: Goal-setting, Funding, Pathways, Student Supports, Affordability, ~~Workforce~~Research, Innovation, and ~~Economic~~Workforce Development

1. **Goal-setting.** *Sharpen our state higher education goals and better ~~monitor~~describe our progress in meeting them*

Background

The HECC is uniquely responsible for developing goals for Oregon higher education, for collecting data and other information from our institutions and other higher education partners, and for reporting on the progress of our state and institutions towards meeting these goals.

Having clear state goals and measuring our progress towards them can serve at least two important functions:

a. To shape the Commission's strategic plan, its policy agenda, and its biennial funding request to the Governor and Legislature.
b. To shine a public spotlight on state and institutional progress, including areas of strength as well as areas for growth, in order to help draw attention, resources, and commitment to key priorities.

HECC Strategies

➔ ~~*Develop a standard, stable, and measureable goal for the contribution that higher education makes to improving Oregon's economy and the quality of life for its residents.*~~

➔ *Develop a new adult educational attainment goal, distinct from 40-40-20.*

As noted in Part 1, Oregon's 40-40-20 goal exists in law today as a goal for the *entire* adult population, to be reached by 2025.

A rigid interpretation of the statute would imply that the State should undertake a massive effort in adult education. It would suggest that hundreds of thousands of Oregon adults of all stages of their lives and careers, including even those nearing or past retirement age, should be encouraged to continue or complete their education and training. It would suggest that this effort should be undertaken without regard for the job opportunities that may, or may not, be available to these new, adult-age GED, certificate, and degree completers.

The HECC will work with the Oregon Workforce Investment Board (OWIB), along with our community and institutional partners, to develop a new adult educational attainment goal, distinct from 40-40-20, for possible introduction to the 2017 Legislature.

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In doing so, we recognize several key points:

1. Increasing training and educational opportunities for working-age adults, including those who exited the education system many years ago, should remain a top priority for the HECC and the State of Oregon -- receiving equal emphasis to our work to serve the traditional college-age population.
2. How we set our specific training and education goals for working-age adults should reflect actual and projected labor market demands and employment opportunities. Because the condition of the economy and labor market changes continuously, our goals for this population will require periodic refinement.
3. For younger, school-age Oregonians whose education today is preparing them for a lifetime of work and citizenship whose demands and opportunities we can hardly begin to imagine, the 40-40-20 goal remains an appropriate target.

Our work on this strategy will require addressing certain definitional issues; for example, how will we define the "adult population" to which a separate educational attainment goal should apply? While it is appropriate for us to consider questions like this, however, we must take care to try to maintain the relative simplicity of the current formulation of 40-40-20. Like 40-40-20, a new adult educational attainment goal should serve as a general compass heading for state policy and investment proposals and a rough yardstick for measuring state progress, not as a precise formulation meant to drive highly specific programs, activities, or accountability measures.

While the primary emphasis of this strategy will be on developing an overarching adult education goal for consideration by the Legislature, consideration should also be paid to the development of non-statutory targets for specific areas of state focus that are supported by HECC/CCWD staff in conjunction with the Oregon Department of Employment and Oregon Workforce Investment Board, including GED completions, services to dislocated workers, incumbent and other worker training, and youth employment opportunity. Likewise, the Commission should also explore the potential appropriateness of developing targets for graduate degrees which 40-40-20 does not clearly distinguish today.

This strategy builds on recommendations made by the HECC and OWIB joint task force in 2014.

➔ *Develop interim 40-40-20 targets, both for overall student cohorts as well as for specific cohorts of underrepresented students.*

In order to make 40-40-20 more actionable for institutions and for the State, we will develop a set of interim targets that would describe the annual or biannual progress we will need to make in order to reach that ultimate objective. Moreover, we will describe the separate, often steeper trajectories that will be necessary to ensure that students of color and low-income students achieve 40-40-20 in the same time frame as the overall population. The HECC should produce annual or biannual reports on our progress against those interim measures.

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Consistent with the previous strategy, these interim and disaggregated 40-40-20 targets, and our associated reporting on progress towards reaching them, will focus on the younger, "pipeline" population and not the older adults who will be the focus of a distinct educational attainment goal.

➔ *Conduct public reporting on higher education outcomes, in aggregate and by institution, in a more systematic way and with an equity focus.*

For institutions, policymakers, and the public to effectively target efforts to improve higher education requires a clear and systematic understanding of the outcomes that our students are experiencing. This is especially true for entities, like the HECC, that have placed a particular emphasis on improving equity. Likewise, prospective students and their families will make better decisions about whether and where to attend college or university when they are equipped with information that increases their understanding of the outcomes experienced by students with similar characteristics to their own.

Over the next 2-3 years, Commission staff should develop at least annual reports on key higher education outcome measures, including but not limited to certificate and degree attainment. Those reports should be prepared for the state overall as well as an institution-by-institution basis. Commission staff should also explore the development of online tools that would assist Oregon residents in better understanding outcomes experienced by students like themselves.

In its analysis and reporting on state and institutional progress towards reaching state goals, the Commission should adhere to the recommendations it adopted jointly with the Oregon Workforce Investment Board in 2014. These include the following:

1. Casting a wide net when considering what counts for the middle 40. All associates degrees, credentials, licensures and certifications issued by accredited public and private institutions, registered apprenticeships, recognized industry associations or identified third party vendors should be included in our tally of constitutes the middle 40.
2. Measuring and reporting on the number of Oregonians who have earned credentials at any level, as well as on all middle 40 credentials earned. To do so will require the collection of student-level data from a variety of sources that award credentials that "count" for the middle 40.

Before launching any new reports and tools, the Commission shall carefully evaluate what may already be available to students and the public, including federal resources such as College Navigator and College Scorecard. Likewise, this work should build on institution-driven efforts to develop standard measures and reporting mechanisms such as the Voluntary Framework for Accountability~~ and [analogous university-led effort].~~.

Finally, the Commission's work in this regard should be accompanied by a clear appreciation that educational outcomes data does not, on its own, tell a complete story. Data can help draw our attention to issues and areas that require further investigation, but it is not generally sufficient for making sound policy or investment decisions. For this, further context is often required.

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➔ *Improve state and institutional capacity for capturing, ~~monitoring,~~ analyzing, and reporting on student data. Work with colleges and universities to develop stronger mechanisms to capture student intent and aspirations.*

The preceding strategies imply that the HECC and its institutional partners have robust systems, staffing, and expertise for the collecting, analysis, and dissemination of data. In actual fact, the ability of colleges and universities to collect and maintain accurate data, and the ability of the HECC to receive, analyze, and report on it, varies greatly. While all of Oregon's public institutions have developed the ability to systematically capture and reporting core data that drives state funding or is required for federal reporting (eg enrollment and, for public universities, certain outcome measures), there is tremendous variation in their ability to accurately collect additional student-level data – including, for example, even basic demographic information about students. Even where the capacity for this sort of additional data collection exists, it may occur according to local protocols and definitions that make comparisons with other institutions difficult or impossible.

For its part, the HECC has limited resources for (a) working with institutions to develop appropriate, standard definitions across a wide range of measures of interest; and for (b) publicly reporting on data accurately, systematically, and for dynamic audiences. The HECC's multi-year work to create D4A, a web-based data collection and reporting system focused today on community college data, is a promising development, but additional support will be necessary to expand its functionality and to include, for example, student data from public universities and/or private schools.

The limited capacity of agencies and institutions to accurately collect, store, and evaluate student data contributes to the fact that state and federal higher education agencies tend to rely on woefully insufficient measures of success in higher education. Federally-reported graduation rates, for example, take into account only first-time, full-time students, at least partly because of the lack of consistent capacity at the state and institutional level to collect and process, in a standardized way, more robust information about students. Improving this capacity will in turn improve our ability to accurately diagnose issues and tailor strategies for improvement.

The HECC should seek additional funding (including but not limited to legislative appropriations) to (a) support the capacity of Oregon public institutions to improve their data collection, maintenance, and submission systems; and (b) support the HECC's ability to effectively report on educational outcomes for Oregonians.

2. **Funding.** *~~Increase state~~Use effective advocacy to increase public funding for higher education*

Background

The story of Oregon higher education between 2007 and 2013 was the story of two extraordinary trends: a 16% increase in enrollment and a nearly 30% drop in state funding. Although since 2013

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enrollment has leveled off and state investment has increased, Oregon's public institutions have not fully recovered from recession-era cuts. Moreover, the primary fiscal strategy that colleges and universities used to weather the recession – tuition increases that totaled about 50 percent by the end of the time period and have continued to rise since, albeit more slowly – has created a "new normal" of students who are more financially vulnerable than they were in 2007.

These factors would present a significant funding challenge for the HECC even if the Commission's goal were merely to maintain the status quo for Oregon students. In the context of the State's goals for aggressively improving higher education attainment levels, however, the funding challenge is truly enormous. Significantly improving educational outcomes at the same time students are facing higher college costs and more job opportunities elsewhere is likely to require major investments in targeted financial relief and on-campus student supports that improve their likelihood of success and completion. And for institutions to be able to make these student-focused investments, they must first have sufficient revenue to contend with looming cost increases that will affect the core of their operations, including the escalation of their retirement funding obligations, as well as to rebuild institutional reserve funds in anticipation of the next economic downturn.

In 2013, the State of Oregon invested nearly $2,230 less per college and university student than the US average, ranking the state 47th in public higher education funding nationally. While more recent state budgets have likely brought Oregon several steps closer to average, it remains the case that Oregon significantly lags most of the country in higher education funding.

The strategies in this Plan are designed to help the state meet ambitious goals. They are accordingly ambitious. And while our strategies do not rely on funding alone, funding is indispensable to helping Oregon move towards its goals.

HECC Levers

The Legislature and the Governor, not the HECC, determine how much funding to appropriate to Oregon higher education. The Legislature and the Governor, not the HECC, are responsible for answering even larger questions that significantly impact higher education's opportunities, including taxation and revenue, corrections and human service funding, and the Public Employees Retirement System (PERS).

Formally, the HECC's role in determining *how much* the state should spend on higher education is limited to developing a biannual budget request to the Governor (our "Agency Request Budget") within whatever parameters have been established. This document, however, along with the HECC's subsequent advocacy to the Legislature on behalf of the Governor's budget recommendations, gives the Commission an opportunity to clearly and convincingly explain the relationship between state investments in higher education and student outcomes. Whatever the Legislature chooses ultimately to invest in higher education, the HECC should allow its members and the public to clearly understand what the impact of that investment is likely to be.

Strategies

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➔ *Develop a comprehensive model of the costs that will be required to meet state goals, and advocate to fund it.*

In order to make useful and compelling budget recommendations to the Governor and Legislature, we require a comprehensive model that links state funding inputs to student achievement outcomes, based on the specific demographics of the students whom will need to be served. This model should build on previous efforts, including work undertaken by the Post-Secondary Quality Education Commission in 2007, NCHEMS for community colleges and the State, and HECC staff in 2014-15.

The basic purpose of the model should be to estimate the state investment that would be necessary in order to reach different levels of higher educational attainment. Building it will require an accurate understanding of the existing relationship between costs/expenses and student outcomes. We do not, however, assume that the education system of the future will be identical to the one that exists today. To be useful, the model must be dynamic; that is, it should permit the user to adjust non-fixed factors such as the following:

- High school completion and college readiness rates.
- The proportion of college students enrolling in the various higher education sectors: public two-year, public four-year, and private.
- Completion rates and time-to-degree, by sector.

The model will require estimating the educational and instructional costs, per student, at different institutional types. In establishing this, it should distinguish between marginal and average costs, as the cost of adding an additional student to an institution is likely less than the average cost per student. At the same time, the model should take into account the likely additional costs associated with serving additional students who on the whole may be lower-income and less well-prepared academically than the traditional college population.

If the model is built to predict the *total* costs under different scenarios, it should permit the user to model how those costs should be shared amongst various payers: the federal government (primarily through the Pell Grant), the State (through institutional support and scholarship aid), and students (through tuition).

3. **Pathways**. *Simplify and ~~coordinate~~align systems and structures for student entry, navigation, completion, and exit/re-entry to career*.

Background

Today's students are older, more mobile, and more diverse than ever before. They are more likely to be juggling higher education with job and career, and to be caring for family members. They are more likely to be earning credit at more than one college or university, public or private. They are more likely to be taking at least some courses online or through options that blend distance learning with conventional

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classrooms and/or practicums. They are more likely than ever before to have earned college credit through high school and/or work-based prior learning experiences. And if ~~Oregon is~~ non-traditional populations are going to ~~significantly expand~~receive even greater levels of access to higher education ~~access and success for populations that are not enrolling or succeeding at high rates today,~~– as Oregon's goals appear to require -- these trends ~~are likely~~will need to accelerate still further.

~~While increasing the variety of college options is essential for meeting the demands that students and state goals place on higher education, increasing diversity within the marketplace creates challenges for student success, too.~~The new student majority requires more options for education. But greater choice without adequate support makes education seem more like a maze than a pathway. The traditional four-year, residential model for undergraduate education, focused on 18-22 year-olds, is a well-worn path that is reasonably successful at producing graduates. On the other hand, success today (at least as measured by certificate or degree completion) is more elusive for part-time students, for older students, for students who enroll intermittently, for students who are enrolled primarily in online courses, and for students who move more frequently.

We do not accept that our response to this challenge should be to limit options and push students towards traditional models of higher education that simply aren't realistic or appropriate for many of the students whom we must serve.

Rather, our strategies should be twofold. Section 4 below ("Student Success") describes strategies for improving the capacity and ability of our institutions – especially those that serve large proportions of non-traditional populations -- to help those students succeed.

At the same time, we must also engineer smoother, simpler pathways from remedial education through graduate school that permit students to take fuller advantage of – rather than to be exhausted by – the multiplicity of options available to them for post-secondary learning.

The 2012 Task Force on Higher Education Student and Institutional Success (HB 3418) described "poor management of transitions between education institutions" as one of six programmatic and structural barriers which, in addition to inadequate funding, stands in the way of student success. The Task Force concluded, "High schools, community colleges and universities need to work together to ensure that transitions are clear and that credits are transferred to the maximum benefit of students. They also need to ensure that the learning in all courses provides an adequate foundation for subsequent coursework at higher levels. This includes identifying and removing unjustified redundancies between programs, and eliminating organizational redundancies and complicated organizational structures and/or silos that impede efficiency … There is simply not enough communication and understanding between educational sectors."

Our efforts to address this longstanding issue should build on Oregon's history and modest successes in this regard. Students should receive better maps at the outset for navigating their journeys from first course to career. They should encounter fewer barriers to transferring credit from institution to institution. They should have increasing options for (and guides to) building their higher education

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progression on foundations of work experience. They should be better supported in exploring and determining their ultimate objectives, and linking those goals to their courses of study.

To effectively serve increasingly complex students who seek access to relevant and innovative learning options, our education system should be engineered to enhance the portability, flexibility, coherence, and relevance of post-secondary options and ultimately, the ability of students to pursue successful careers.

HECC levers

~~We believe the desire~~ A central reason for the existence of our coordinating commission is to engineer simpler, ~~smoother~~more effective and efficient learning pathways ~~that reflect the roles of~~ for students in every post-secondary sector--public and private ~~institutions, from~~, trade ~~schools to~~school and university, online ~~degree programs to public research universities, is central to the very reason for the existence of our coordinating commission.~~ and traditional. The tools at our disposal for this work are significant, and include the following:

- The publication of data, collected and analyzed by the HECC, that helps inform learners about their options and their likelihood of success in each.
- The convening of academic experts, ~~especially~~including national experts and Oregon faculty~~,~~ from multiple institutions and sectors, to lead and advise in the development and updating of common certificate/degree pathways.
- The approval and application of standards related to dual credit (ORS 340.310), credit for prior learning (ORS 351.751), and transfer degrees at community colleges (ORS 341.430).
- The approval of new or significant changes to academic programs at community colleges and public universities (ORS 352.089, 341.465, and 351.735).
- The licensure and oversight of private career schools and non-exempt private degree-granting schools, in accordance with standards established by the law and by HECC rule.
- ~~Budget recommendations~~The recommendation of the state budget and decisions about state funding allocations ~~to~~for community colleges and public universities.
- The encouragement and facilitation of innovative strategies for student success including accelerated pathways, online learning, and new degree transfer partnerships.

Strategies

➔ *Develop the pipeline: support colleges and universities in ~~taking increasing responsibility for improving~~fostering deeper partnerships with school districts and community or regional organizations to improve K-12 outcomes (eg Regional Achievement Collaboratives).*

➔ *Improve the alignment of learning standards and outcomes between high school and higher education, between higher education institutions themselves, and between higher education and career.*

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While Oregon policymakers, educational leaders, and practitioners have invested considerable energy over the years tackling issues of alignment between institutions and sectors, with some success, we believe this should become an area of even greater focus in the years to come. There are several dimensions to this effort:

- In partnership with the State Board of Education and the Oregon Department of Education, and advised by educational leaders from K-12 and higher education, the HECC ~~should~~will help reassess whether Oregon's current standards and expectations for high school graduates are consistent with what we expect matriculating students at colleges and universities to know and be able to do. Particular attention should be paid to whether high school math expectations and course sequences remain consistent with college expectations and standards, particularly in view of the work that the HECC recently done to support colleges in developing a new math pathway that is not centered on College Algebra. Solutions should be developed to address any misalignment.
- The HECC will continue work launched in mid-2015 to guarantee the quality and portability of college credits earned in high school, while expanding equitable access to these accelerated learning programs. The HECC's dual credit standards and approval process should be reviewed and renewed, taking into account emerging accelerated learning models that rely increasingly on demonstrations of student mastery in the awarding of college credit. Accelerated learning programs and policies will be assessed to ensure that the college credits and experiences they promote provide actual value to high school students, and don't merely reflect the awarding of credit for credit's sake.
- To reduce credit loss and reduce time-to-degree for transfer students, the HECC will develop and support work that builds on prior efforts to establish common learning outcomes, especially for the general education requirements common to most bachelor's degrees, and to clearly link institutional course offerings to those common outcomes. We will also develop and support efforts to make career and technical education (CTE) courses more transferable, especially among community colleges~~.~~ and to universities.
- Building on efforts such as the Association of American Colleges & Universities' "Liberal Education and Americas Promise" (LEAP) initiative, we will work with our institutions to meet our employers' expectations for relevant preparation and our communities' need for more engaged and informed citizens.

Our approach to improving the alignment of higher education in Oregon relies less on creating clear channels for institutions than it does clear channels for learners. Over time, we envision shifting from a system where boundaries between sectors and regions are kept rigid while learning standards and outcomes are allowed to be malleable, to a system where essential learning standards and outcomes are ~~a steel frame~~the scaffolding upon which a variety of institutions (high schools, two and four-year universities, public and private) are ~~permitted to innovate and flourish.~~encouraged to innovate and flourish. To be clear, this scaffold must be built by educators, not our Commission. The HECC's role is to convene, encourage, support, and, within the limited authority provided by the Legislature, adopt policies and standards that result from this work.

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➔ *Promote degree pathways and related initiatives that increase opportunities for post-secondary students to build on career-oriented education and workplace experience.*

The traditional pathway to earning a Bachelor's degree in the US involves approximately two years of basic study in a variety of disciplines – courses intended to introduce students to different major options as well as impart essential skills and understandings required for citizenship, employment, and scholarship -- followed by approximately two years of increasingly advanced study in a particular field, or major. While this pathway continues to serve many community college and university students well, it may not provide sufficient flexibility to serve the increasing diversity of student needs, desires, and backgrounds associated with the expansion of higher education contemplated by this Strategic Plan.

Students for whom the traditional BA pathway may not be optimal include those who first earn a CTE certificate or applied Associate's degree and later on, likely after a period of employment in their field, seek a Bachelor's degree. For example, early childhood educators, many of whom initially earned an early childhood certificate through a community college, are increasingly being encouraged (including by Oregon state officials) to attain Bachelor's degrees in order to develop and advance in their profession. For this and other fields, we should explore and develop options, such as Eastern Oregon University's Bachelors of Applied Science in Emergency Medical Services, that increase the opportunity for learners to "stack" general education courses on top of more specialized studies in order to complete a degree. Even for more traditional-age students, the option to take an "inverted" pathway to degree may be appealing and motivating if it permits them to more deeply explore – and even experience – career opportunities at the outset of their college journey rather than at the end.

Distance education is likely to play an important role in the continued development of these options.

➔ *Career: Create better connection and alliance of higher education and training with employer needs*

Throughout this section, our language and thinking borrows heavily from Oregon's longstanding work – particularly at the community college level – to develop and promote formal "career pathways" for learners. Oregon is a recognized national leader in this work, with other states seeking to emulate Oregon's success at designing, delivering, and promoting these opportunities. In this context, "career pathways" are understood as well-defined sequences of high-quality education, training, and services that are connected to particular industry skill needs. A single career pathway may include apprenticeships, on-the-job training, and non-credit or credit-bearing education and training, and may result in the awarding of "stackable" industry-recognized credentials, certificates, and/or degrees. Career pathways are designed to have multiple entry and exit points that allow individuals to achieve their education and employment goals over time.

Like the more general "pathways" that we have envisioned and described throughout this section, well-designed career pathways help learners make sense of the myriad choices available to them for education and training and help to accelerate momentum towards career. Moreover, career pathways in particular serve as a key milestone-and-momentum point for non-traditional learners (including youth) and support business needs for skilled workers, with opportunities to build on initial college or

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industry credentials to advance in their educational path and careers. Significantly, employers play an important role in designing specific career pathways, helping to ensure that learners gain knowledge and skills that are directly transferable to the workforce.

To support student success – not merely in the acquisition of certificate or degree but also in post-graduation success -- the HECC will continue to strengthen Oregon's system of formal career pathways.

This strategy builds on recommendations made by the HECC and OWIB joint task force in 2014.

4. Student Support. ~~Improve campus~~Strengthen the ability of campuses and ~~community-based~~communities to support ~~for~~ student ~~access~~success and completion.

Background

~~Student completion, not just enrollment, is our primary challenge and opportunity.~~

~~a. The most effective interventions to support student success appear to be those that rely on counseling, tutoring, coaching, and mentorship.~~

~~a. Institutions struggle to bring these interventions to scale.~~

~~a. Funding pressures have forced institutions to rely increasingly on adjunct faculty. Part-time faculty bring real-world experiences that are valuable, but tend to be less available and accessible outside the classroom due to the fact that they're part-time. This likely limits opportunities for students to receive long-term support, guidance, and mentorship from faculty.~~

~~a. Community engagement (including families, community-based organizations, and others) are critical for fostering and sustaining student success, especially for underrepresented students.~~

The key to meeting Oregon's higher education goals is to improve the outcomes of students who are choosing to enroll in post-secondary education, but not completing. Additional focus needs to be paid to boosting both enrollment *and* completion rates for students who are underrepresented in higher education: students of color, low-income, and rural students.

On a purely mathematical basis, Oregon students *enroll* in higher education at rates that are nearly sufficient to meet the state's 40-40-20 goal. Sixty-three percent of Oregon's expected high school class of 2006 (and 80% of the actual graduating class) enrolled in post-secondary education within the next nine years, many of them at Oregon community colleges, private colleges, and public universities. However, only 28% of that overall cohort had actually earned a post-secondary certificate or degree by 2014. These figures suggest to us that our primary challenge and opportunity is to improve the success of students who are enrolling, but not completing.

The work to improve student outcomes must be led, developed, and implemented by institutions and community organizations who serve students most directly. The HECC's role should be to facilitate,

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incentivize, and support those activities. We share the view of the 2012 Task Force on Higher Education Student and Institutional Success that the "specific programs, activities, and approaches to accomplish high-impact practices will be different [for each campus], just as their student demographics, missions, and communities are different." We likewise share the Task Force's view that "post-secondary education institutions in Oregon do not need new statutes or directives to help them overcome the barriers to student success."

The problem of student success will not be solved merely as a result of direction from the Legislature or the HECC. Rather, the Task Force goes on to write, "the problem centers primarily on of the need for funding, and the need for technical assistance to ensure that best practices at institutions can be easily and readily adapted by others."

The HECC's recent adoption of a new funding model for public universities – one that allocates state resources partly on the basis of student success and completion, and not merely enrollment – exemplifies how the Commission can support and incentivize institutional efforts to improve student success without becoming overly prescriptive. Our role in advocating for additional funding for higher education is equally vital.

In addition to increasing state funding and aligning financial incentives to the outcomes we seek, the HECC can play an important role in *identifying* common, cross-institutional barriers to success and *convening* higher education leaders and advocates to help address them. For example, virtually every institution in Oregon higher education has increased its reliance on adjunct faculty for teaching undergraduates. While these faculty are often master teachers, or bring to the classroom invaluable real-world experiences, the nature of their employment (typically part-time and hired quarter-to-quarter or year-to-year) tends to reduce their ability to provide support, guidance, and mentorship over the duration of a student's experience at a college or university.

Finally, we view communities, including community-based organizations, as potentially under-utilized assets in supporting students, especially those who are underrepresented in higher education. As the HECC convenes, funds, and advocates for improved student outcomes, it should include community partners at the table on equal footing with more traditional partners. They may be sources of strategies and best practices; they may also be potential recipients of state funding in support of student success.

Finally, the Commission appreciates that student success should not be understood always just in terms of the completion of certificate or degree. Especially at the community college level there may be a variety of other reasons that students enroll, and success may take the form of a great job, or a promotion, even if the program goes uncompleted. We likewise appreciate that the "road map to success" begins before a student even first enrolls in post-secondary education. Our efforts, therefore, must begin before enrollment and focus significantly on the difficult challenge of *progression* through the sequence to completion.

HECC levers

~~e. Recommendations to Legislature and Governor on budget and policy.~~

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~~a. Funding allocations to public institutions.~~

~~Strategic funds/~~With the exception of several targeted efforts led by our Office of Student Access and Completion, the HECC's role is rarely to design or implement specific student success initiatives. Rather, the Commission can (a) establish a funding context; (b) disseminate student success data; and (c) promote cross-institutional sharing and partnership in support of student success goals. Our specific levers in this regard are as follows:

a. Making recommendations to the Legislature and Governor on state budget and policy.
b. Adopting formulas for the allocation of state resources to public colleges and universities.
~~b.~~c. Making strategic grants to ~~incentivize~~test, scale, and support promising practices as the institutional level.
~~c.~~d. Convening experts and stakeholders~~:~~ to share promising practices and build partnerships among community organizations, student organizations, and campus and national experts.
e. ~~Engaging~~Ensuring that the community beyond ~~the campuses, forming business~~higher education institutions is also engaged in helping build a culture of college-going and college success. These entities include businesses, community~~/~~ and family organizations, workforce~~,~~ entities, and the K-12~~, partnerships and alliances to build a college-going culture.~~ school system.
~~d.~~f. Using research and data ~~and publicity~~ to help Oregonians understand the value and successful pathways to higher education and the labor market.
~~e.~~g. Creating tools and engaging students and families to help them navigate the higher education system more successfully.

Strategies

➔ *Implement, monitor, and adjust HECC funding allocation formulas to create incentives for institutions to invest in student success.*

As noted above, the HECC in 2015 adopted a new formula for the distribution of state resources to public universities. The Student Success and Completion Model (SSCM) creates state financial incentives for universities to increase the number of resident students who complete degrees, not merely the number who enroll in courses. The SSCM contains additional funding weights for students of color, low-income, rural, and veteran students, and it is adjusted for the expected cost per degree type. We believe the SSCM will help enable universities to look at investments in student support as revenue "generators" rather than as unreimbursed expenses; much as they look at investments in recruitment and enrollment efforts today. The SSCM is appropriately silent on *how* the institution should spend state resources to improve student success, whether through hiring additional faculty or advisers, investing in counseling, cultural centers, or data/analytic tools, just to name a few possible examples. Over the coming years, the SSCM will require monitoring and potential adjustment to ensure that it works in ways that the Commission intends.

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In addition, the Commission will explore whether the current formula for distributing state resources to community colleges optimizes colleges' ability and incentive to invest in student success, achieved equitably. We will consider potential adjustments to the current, enrollment-based formula, including (a) weighting for underrepresented students who are the focus of our Equity Lens; (b) weighting for higher-cost programs that often are in higher-demand from students and employers; and (c) incorporating student outcomes, such as momentum points and certificate/degree completion, as part of the basis for distributing funding. These options are not mutually exclusive.

➔ *Consider the creation of a strategic fund within the Public University Support Fund (PUSF) for the support of statewide, collaborative, university-led initiatives to improve student success~~.~~; and*

➔ *In partnership with institutions, support the development of ~~technical assistance~~ center(s) to research, develop, and disseminate best practices for student success.*

The state's primary leadership and expertise for improving student outcomes exists at our institutions. While their strategies vary significantly owing to the uniqueness of their institutions and the students they serve, there are likely certain issues that benefit from taking a common, coordinated approach.

For more than a decade, the community colleges have benefited from a strategic fund, carved out from the community college support fund, that the HECC's Director of Community Colleges and Workforce Development (CCWD) has employed to support inter-institutional efforts focused student success. Several highly impactful and enduring initiatives have been the result, including the development and implementation of career pathways and, more recently, the design and implementation of new approaches to developmental education. These state-funded projects are typically initiated by the colleges themselves, often based on priorities established by a Student Success Oversight Committee (SSOC) comprised of community college representatives and CCWD officials. For public universities, the Chancellor's Office of the Oregon University System used to play an analogous role in funding and convening inter-university efforts around student success. In its absence, the HECC will explore the creation of a state strategic fund to support inter-university efforts to improve student success.

In a similar vein, the HECC will explore the creation of a "center" or "centers" for the research, development, and dissemination of best practices for student success at colleges and universities. We envision that these would live outside of state government, would be supported by diverse funding sources including foundation and/or other private funding, and would be led by campus or community experts, not the HECC or its staff. They would not necessarily, or even likely, be brick and mortar institutions. Ideally they would operate across sectors (two and four-year institutions, public and private). The HECC's role could be to help set their agenda and fund their operations, possibly using the strategic funding described in the previous paragraph.

➔ *Work with the Legislature and other partners to ensure that funding proposals focused on ~~tuition/~~access and affordability are complemented by funding dedicated to student success.*

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We view "access" and "affordability" as hollow concepts unless resources and commitment are equally made to improving student success and completion. A student who has access to a modestly-priced education but does not succeed is, arguably, not much better off than before. Because the cost of higher education is likely to continue to receive such high levels of attention from the public and from legislators, we will particularly endeavor to help those audiences understand that investments in lower cost and increased access – eg tuition freezes, the Oregon Promise, increased grant funding – may be counterproductive if not accompanied by additional support for the ability of campuses and communities to improve outcomes for the students who benefit from those initiatives.

This approach is also referenced in the affordability section below.

➔ *Engage students, families, and community groups as partners in efforts to improve student success.*

~~➔ *Reduce reliance on adjunct faculty through increased state investments in institutional capacity.*~~

When the HECC convenes and engages our higher education partners to develop and share opportunities for improving student success, we will be intentional about the inclusion of students, families, and community-based partners in those efforts. We will embrace an asset-based, "all hands on deck" mentality that recognizes that significant expertise and influence resides outside of the academy, especially when considering student populations that our education system has historically marginalized. Family members, community organizations, cultural organizations, and students themselves should be major sources of advice and impact for the design and implementation of strategies to improve student success.

5. **Affordability.** Limit student and family cost for all, with a particular focus on ensuring that ~~Oregon middle schoolers (and older) can~~students rising through Oregon's K-12 school system may be reasonably ~~expect to~~ certain that they will have ~~options for a truly~~access to affordable options for higher education ~~experience~~.

Background

- ~~Higher education provides high return on investment (ROI) for individuals, for families and communities, and for the state. Just as the benefits of higher education are broadly shared, so should be the costs.~~
- ~~The total cost of meeting our higher education goals varies significantly depending on what assumptions we make about what the student experience should be. A pragmatic and student-centered approach should use public funding and policies to promote the availability of diverse options for earning certificates and degrees (eg residential and non-residential, brick-and-mortar and online, full- and part-time).~~

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a. ~~Although the cost of higher education in Oregon remains low compared to that of other state systems, we lag far behind other states in providing need-based financial aid.~~

a. ~~Policy efforts to improve affordability for students and families have had limited success, partly because we have failed to take a more encompassing view of the subject. For example: increases in grant funding that are offset by tuition increases; focus on access as the primary goal of the affordability agenda without similar levels of attention to student aspiration and success; failure to acknowledge that it may be appropriate for students to pay more for higher-cost / higher-payoff degrees. We have not assessed with sufficient rigor the various components of an affordability agenda (price, cost of living vs. learning, grants, loans, time-to-degree, likelihood of completion, expected earnings) and their contribution to career and lifelong success.~~

~~*HECC levers*~~

- ~~Tuition cap (5% at universities)~~
- ~~State investment: OOG and institutions~~
- ~~Institutional accountability through reporting~~
- ~~OOG allocation methodology~~
- ~~Policy recommendations to Legislature, Governor~~
- ~~Improving completion rates, diminishing time-to-degree, improving transitions to well-paying work (see above)~~

~~*Strategies*~~

~~➔ *Develop a better affordability benchmark: publicly acceptable but more nuanced than tuition*~~

~~➔ *Connect middle schoolers (and up) to the promise of affordability*~~

The US model of higher education has long assumed that the responsibility of paying for college is to be shared between the public, via state and federal investments, and the individual student and his/her family. This appears to reflect an appreciation that the benefits of higher education accrue both to the public – via healthier communities, more vibrant economies, and diminished need for social supports – as well as to private individuals through their increased earnings and other advantages that higher education generally confers.

While the cost of higher education has always been understood as a shared responsibility, until recent decades it was possible for most students attending public institutions in the US, including those of modest means, to earn certificates and degrees without incurring significant debt. Generous public subsidies, focused on a smaller proportion of the population that sought post-secondary education, resulted in tuition and living costs that many students could manage to offset largely or entirely through very modest family support and/or part-time work.

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This paradigm has disappeared, a victim of increased demand for higher education, lower family incomes, the rising cost of learning and living, and declining state and federal support. Today, a student would have to work roughly half-time at minimum wage, year-round, just to cover tuition and fees at an Oregon public university – and would appear to still need to find some way to finance an estimated $10,000 - $14,000 annually of additional living costs.

To more accurately understand long-term trends in higher education affordability, however, we must look beyond today's headlines focused on steeply rising prices and increasing debt. Prices themselves vary enormously by institution, by level, and even by program. Increasingly, universities aggressively employ tuition discounts, remissions, and scholarships to lower costs for some. A vast, complex, and rapidly-changing system of federal and state financial aid makes billions of dollars available annually to US students for their living and learning costs. Even student loan debt defies simple characterization given the enormous variety in borrowing options and associated repayment costs.

The complexity of pricing and financing in modern higher education likely contributes to policymakers' failure to significantly improve the public's perception or experience of its affordability. Noble efforts too often focus only on a single dimension of the problem: so, for example, increased grant and scholarship funding gets negated by rising tuitions; tuition freezes force campuses to cut resources that are vital for helping more students complete their degrees; high sticker prices enable heavy discounting for low-income and first-generation students but deter those students from applying in the first place; preserving the perception that every degree program is equally affordable requires using lower-cost programs to subsidize more costly ones. And all the while, textbook prices continue to soar.

While it has been surprisingly challenging for policymakers even to understand, much less to solve, higher education's affordability challenge, this much is clear: on the whole, students and their families bear a much greater share of the cost of funding their post-secondary educations than they did in previous generations. In Oregon, this trend has been especially pronounced; since 2001 tuition has risen by $4,700 per student at public universities and $3,000 at community colleges while the state's need-based scholarship (the Oregon Opportunity Grant) has risen by less than $1,000. While tuition at Oregon public institutions remains average compared with other state systems, we rank far behind many other states in the amount of aid that we provide.

Oregon must develop the investments, policies, and practices that ensure that vastly more students and their families perceive higher education to be affordable.

HECC levers

The HECC is responsible for a variety of policies, programs, and other activities that can impact the affordability of higher education:

- Developing a biennial, consolidated higher education budget recommendation that establishes needs and sets priorities for institutional funding, scholarship funding, and other higher education funding.

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- Approving or disapproving requests from public universities to raise resident undergraduate tuition by more than 5% in a single year.
- Within limits set by the statute, determining who receives the Oregon Opportunity Grant (OOG) and on what basis.
- Operating a variety of scholarship and access programs including the OOG, the Oregon Promise, and privately-funded scholarships administered by the agency.
- Collecting, analyzing, and publishing student, scholarship, and tuition data.
- Convening higher education stakeholders to develop and share best practices for reducing costs.
- Making recommendations for affordability-related programs to the Legislature and Governor

Strategies

➔ *Develop and report annually on a set of affordability measures that can be used to guide policy and to measure progress.*

Today's most commonly reported affordability measures fail to provide the public or policymakers with an accurate or comprehensive understanding of the issue. Tuition averages may not reflect the extent to which institutional discounting occurs, and don't reflect living costs that likely constitute the larger financial barrier for many students. Total cost of attendance fails to take into account grants and scholarships. Average net price comes closer to reflecting the actual costs students incur, but lacks any way of relating this figure to students' ability to pay.

Average debt comes closest to accurately describing a typical student's financial position upon leaving college, but even this measure isn't very meaningful on its own. Recent data from the US Department of Education shows that student debt is *inversely* related to the likelihood of default: that is, students with lower debt amounts are actually more likely to default on those loans. Whether a student's $25,000 debt should be considered more or less affordable depends significantly on what the student can reasonably be expected to earn over a lifetime in the workforce. Did the student earn a degree or other meaningful post-secondary certificate? If so, in what field? For a student to incur $25,000 of debt to earn a graduate degree in computer science, for example, should concern us much less than if she or he incurred $25,000 of debt before dropping out of college without any certificate or degree whatsoever. We believe affordability cannot be meaningfully understood independently of factors that profoundly impact students' expectation of future economic well-being: eg completion rates, time-to-degree, degree field and level. No matter how low the price of a postsecondary experience, if a student drops out before completing, or completes with a low-quality credential that doesn't confer economic value, it was probably too expensive.

A more robust affordability metric, or set of metrics, will permit the Commission to (a) provide institutions and policymakers with clearer direction and focus as they weigh different strategies for making higher education more affordable; and (b) improve the Commission's approach to designing and implementing programs for which it is responsible, including the Oregon Opportunity Grant and the Oregon Promise.

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➔ *Support innovations that ~~might~~ lower cost ~~structures consistent with high~~while maintaining or increasing quality ~~(eg textbook affordability, WGU).~~.*

The Commission should continue to seek opportunities to convene higher education partners for the development and sharing of best practices that reduce costs to students. Our recent and ongoing work to improve textbook affordability is one model in that regard; by convening students, faculty, and administrators the Commission has assessed the extent of the textbook affordability problem, developed recommendations for addressing it, and has begun to implement solutions under authority provided by the 2015 Legislature.

Likewise, the Commission should continue to assess and support promising practices for structural changes to how post-secondary education is delivered that reduce cost while maintaining or improving academic quality. Competency-based and/or online models, such as Western Governors University, should receive close attention from the Commission given their significant potential for reducing student costs. As long as these models maintain or enhance academic quality, the HECC should use all tools at its disposal to promote their development and spread in Oregon.

➔ *Increase state financial aid to the national average per student ~~(while ensuring that this isn't merely offset by tuition increases that result from diminished state support).~~*

~~➔ *Updating of Shared Responsibility Model?*~~

~~Workforce~~Need-based aid is the Commission's most direct opportunity to improve higher education affordability consistent with our equity commitments. The Oregon Opportunity Grant (OOG) today provides roughly $70 million annually to Oregon students attending accredited, non-profit public and private colleges and universities. With maximum awards at slightly more than $2,000 annually for qualifying full-time students, the OOG plays a critical in role helping high-need students afford the tuition and living costs associated with post-secondary education. By helping students afford college, the OOG also appears to help them complete it: OOG recipients at Oregon public universities have a 4.5% higher graduation rate than non-OOG recipients. The Commission and Legislature's recent work to increase funding for the program (it benefitted from a 26% increase in 2015) and to prioritize the state's highest-need students for the award, makes the OOG an even more effective instrument for helping realize state goals.

As important a role as the OOG plays today, the program remains significantly underfunded compared to many other state grant programs. As a state, Oregon invests $327 per undergraduate FTE in financial aid, while Washington and California invest $1,318 and $989 respectively (2013-14 NASSGAP data). As a result of funding limitations, the OOG in 2016 will primarily support only Oregon's very highest-need students ($0 Expected Family Contribution and perhaps slightly higher), with maximum award sizes that leave even these students with sizable gap to make up through borrowing or additional work.

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If the Oregon Legislature increased funding for the OOG to the national average of $705 per student, the HECC could provide significant grant funding to all, or nearly all, eligible students up to the middle-income threshold ($70,000 AGI) that was envisioned when the OOG was redesigned in 2007.

➔ *Continue to promote Oregonians' access to the state and federal financial aid system through FAFSA and ORSAA completion efforts.*

The Free Application for Federal Student Aid (FAFSA) and the Oregon Student Aid Application (ORSAA), an Oregon-based alternative for those who are ineligible to complete the FAFSA, are the gateways students must pass to access the federal Pell Grant, the Oregon Opportunity Grant, federal lending programs, and other scholarships and awards.

Through high school partnerships, community outreach events, and data-sharing agreements, the HECC's Office of Student Access and Completion in 2015 helped increase the percentage of students who completed FAFSAs at 42 targeted high schools and other sites by 5% over the prior year. This compared with a 3% *decrease* at non-participating schools.

For students, the FAFSA and ORSAA are the vehicles through which they receive notification about their eligibility for funding that can help offset or defer the cost of higher education. Without completing the FAFSA, students may not realize that they may be eligible for the federal Pell Grant, for example, which offsets as much as nearly $6,000 annually of higher education costs. From the standpoint of state policymakers, increasing FAFSA completion rates is a low-cost, high-yield way to significantly increase the amount of federal funding for higher education that flows into the state. The Commission should continue to promote FAFSA and ORSAA completion efforts.

➔ *Connect young Oregonians to the promise of affordable higher education.*

Ultimately, Oregon's success at making higher education more affordable should be measured based on whether young Oregonians and their families at every income level are convinced that they will not experience significant financial barriers in pursuit of post-secondary education and training. The skepticism that young Oregonians and their families have today about their ability to afford college is likely taking a significant toll on their motivation and success in high school and other pre-college experiences.

This understanding suggests that the Commission should favor approaches to affordability that are relatively simple and come as close as possible to providing students with a "guarantee" of affordability. This potential impact of approaches such as the Oregon Promise should not be underestimated.

Our work to create the "guarantee" of affordability for young Oregonians should not focus solely on the financial cost-benefit equation of postsecondary education, however. By supporting the continued development and implementation of well-structured career pathways that begin in high school, may include work and/or apprenticeship, include postsecondary education and training, and culminate with employment, we will significantly enhance the student's experience of higher education as affordable.

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6. Research, Innovation, and ~~Economic~~Workforce Development

Background

The contributions of postsecondary education and training institutions to the economy are profound. Whereas most of this plan has been focused on educational experiences equip students with the knowledge, skills, certificates, and degrees that should prepare them for success in their community and career, in this section we describe two *other* ways in which the HECC, through its education and training partners, contributes to the well-being of our state, national, and global economy.

First, Oregon is fortunate to be home to several universities with significant research agendas and portfolios. At these institutions, researchers are solving problems, making discoveries, and developing innovations that are helping to spur economic growth locally, nationally, and globally. In 2012-13, for example, Oregon State University spent over $230 million on research and development, with the majority of that funding coming from federal agencies. While there are extensive portions of any university's research portfolio that are not intended to have an immediate or direct industry impact, between 2005 and 2014 OSU researchers were responsible for spinning out 41 start-up companies, generating tens of millions dollars of licensing revenue, and solving untold number of problems for industries as diverse as bioscience, materials science, computing, and robotics. The story is similar for Oregon's other research universities.

While this section is focused on ways in which university research helps to solve challenging problems and to create economic opportunity, it also enhances the educational experiences of thousands of undergraduate and graduate students. Students who participate in original research, or who are taught by successful academic researchers, gain access to knowledge, skills, and experiences that can be deeply impactful on their own ability to thrive in academia, in their community, or in the broader economy. Research is central to the experience of most PhD candidates, in particular; those students not only represent the future of university and private research, but they are also responsible for assisting or leading in many of the research projects that are contributing today to Oregon industry.

There is a second, very different way in which some Oregon post-secondary education institutions profoundly impact the economy: through occupational training. While there is significant overlap between conventional "higher education" and "occupational training," occupational training generally emphasizes the promotion of skills that are directly transferable to jobs using strategies that are business-led and demand-driven.

In most communities, community colleges play a foundational role in occupational training. Colleges provide credit Career and Technical Education (CTE) programs as well as non-credit workforce training that prepare Oregonians with the skills for job opportunities in demand occupations and within high-growth industries. Colleges also provide customized training for employers to help their existing workforce upskill to better perform in their current jobs and advance in their careers. Colleges regularly engage with regional businesses and align curricula to industry standards to ensure students are

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prepared to succeed in the workplace. This includes embedding industry credentials within college programming.

HECC Levers

- Developing state budget recommendations, including capital, for research/innovation and workforce development.
- Developing and adopting the formula that guides the allocation of legislatively-appropriated resources to public universities.
- Developing metrics for and reporting on research/innovation and workforce development outcomes.
- Targeting strategic funding to support research/innovation and workforce development outcomes.

Strategies

➔ *Develop a coherent structure for recommending state investments in research, ~~graduate education~~innovation, and workforce development activities~~.~~; and*

- ~~*We have separate line-items for OSU research (Forestry, Agriculture Experiment, Extension), owing to history.*~~

➔ ~~*Other*~~*Review and, potentially, modify the Commission's funding distribution formula for public universities to appropriately incentivize and support university research*

The current state ~~*funding for*~~ investment in research and ~~*economic*~~workforce development activities is modest and scattered~~ *(OregonInc, Talent Council, ETIC dollars at*~~ .

On the workforce side, the federal government is the primary funder of occupational training activities through the Workforce Investment and Opportunity Act (WIOA); HECC~~).~~/CCWD staff supports the Oregon Workforce Investment Board (OWIB) to develop and implement a state plan for these investments, makes grants to local workforce investment boards and training providers in accordance with the plan, and monitors and supports the local boards and training providers to ensure that they are fully compliant with federal requirements and the state plan. State funding for specific workforce development activity has been limited and focused on very particular activities; for example, $10.9 million general fund in 2015-17 for Back to Work Oregon (on-the-job training) and National Career Readiness Certificate programs, alongside other specific efforts.

~~➔ *HECC-OWIB shared items*~~

The federal government is also the single largest funder of university research, but state funding contributes in a variety of ways as well. In addition to research-focused line items within the HECC allocation formula for the Public University Support Fund, the HECC's legislatively-approved budget contains separate line items, totaling $101 million in 2015-17, for OSU's research-intensive "Statewide

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Public Services" including its Agriculture Experiment Station, Extension Services, and Forest Research Lab. Additionally, the HECC is responsible in 2015-17 for allocating $24.5 million in legislatively-approved funds for engineering and technology (ETIC), some of which helps to support productive research activities in those fields. The HECC must make recommendations for state-funded capital projects at public universities including, potentially, building projects that are focused on research capacity. Finally, there are several key state investments *outside* of the HECC budget that are intended to foster industry innovation and success through, in part, university research. In 2015-17, these include $17.9 million for the Oregon Innovation Council (Oregon Inc), administered by the Oregon Business Development Department (Business Oregon), and $6.1 million for the Oregon Council Talent Fund, administered by the Department of Employment.

This strategy suggests three activities related to state funding for university research. First, beginning with the HECC's 2016 budget recommendation for the 2017-19 budget and culminating no later than its recommendation for the 2019-2021 biennium, the Commission should develop a more logical budget structure and rationale for state investments in university research. Budget recommendations should reflect a coherent plan, not merely reflect a continuation of decisions over many decades. Simultaneously, the Commission should evaluate and adjust the "research" component of the Public University Support Fund to provide incentives for new research and to reward research productivity. Finally, it should consider the creation of a strategic fund – outside of the Public University Support Fund – to provide seed funding for pre-proposal projects and to match federal research awards

To guide its recommendations for state investments in workforce development, the HECC should continue to collaborate with the Oregon Workforce Investment Board and its strategic plan.

➔ *Promote deeper collaboration and partnership within the larger workforce system.*

Community colleges are part of a larger workforce system that includes local Workforce Boards, the Oregon Employment Department, Worksource Oregon, the Department of Human Services, and community-based organizations. Colleges provide key CTE programs in these partnerships and are able to leverage district and Perkins funds to support workforce needs. Colleges also provide key services to small businesses across the state by running the Small Business Development Centers. Additionally, colleges provide pre-apprenticeship and apprenticeship collaborative programs, on-the-job training opportunities, adult basic skills (ABS, which includes GED and ESOL programs) and career services for students. All of these programs/opportunities are community-based and community-supported and once again are foundational for the work of HECC and OWIB in any local community. These partnerships should be strengthened and supported.

➔ *Select specific metrics that can help focus the HECC's workforce development efforts.*

The 2014 HECC-OWIB task force agreed that the two boards should share a commitment to monitoring specific measures that span the education and workforce systems. Oregon's Performance Reporting Information System (PRISM) provides a wealth of opportunity in this regard, as it combines information on individuals served by Oregon's workforce system with quarterly tax reports provided by Oregon businesses to determine whether those served by the system are successful in their quest for good jobs.

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By drawing from this data and other reports on workforce outcomes, the HECC should more effectively develop budget and policy proposals that improve workforce outcomes.

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