



## FUNDING AND ACHIEVEMENT SUBCOMMITTEE

April 13, 2016

---

### **Docket Item:**

Investments in Public Universities: 2017-19 Public University Support Fund, State Programs, and Statewide Public Services budget request review

### **Summary:**

As part of its biennial budget development process, ORS 352.089 (3) requires:

*On or before April 1 of each even-numbered year, each university listed in ORS 352.002 must submit to an office designated by the Higher Education Coordinating Commission as being responsible for university coordination a funding request applicable to the biennium beginning on July 1 of the following year. On or before May 1 of each even-numbered year, the office shall consolidate the funding requests from public universities listed in ORS 350.090 and submit the consolidated funding requests to the commission.*

In February, draft guidance on the development of a consolidated budget request and related scenario modeling was issued to the seven public universities. Final guidance, incorporating comments and concerns expressed by stakeholders including the universities, was issued in March. A cooperative process by the universities resulted in a consolidated operating budget request and the scenario modeling attached to this docket item and presented here for discussion by the Subcommittee, representatives of the public universities, and HECC staff. A separate process is underway for the development of the 2017-19 public university capital budget request.

While no specific action is requested at this time, discussion will guide staff in the development of a consolidated public university funding request to be presented to the HECC on or before May 1, in compliance with ORS 352.089.

### **Docket Material (attached):**

Public university 2017-19 operating budget request

Public university 2017-19 final operating budget guidance

## Oregon Public University Council

Post Office Box 751    503-725-4411  
Portland, OR 97207



March 30, 2016

Dear HECC Commissioners and Staff,

On behalf of Oregon's seven public universities, enclosed is the consolidated operating funding request for the 2017-19 biennium. We appreciate the opportunity to work with the Higher Education Coordinating Commission in developing and articulating budget scenarios that recognize our collective fiscal challenges.

Over the last two biennia, the Governor and Legislature have made Oregon's students and higher education a priority. Yet today, Oregon's public universities stand at a precipice. In a new era of governance, reinvestment, and collaboration, there is hope for every student to be able to enroll in a public university, complete a degree, and enter the workforce prepared for success. That hope, however, is overshadowed by two decades of funding cuts, and some looming and significant increases in employee benefits costs.

It will take continued investments to reverse years of funding challenges and to keep tuition costs manageable for Oregon students.

For two decades, universities have been forced to cut staffing and services for students and raise tuition to balance their budgets. This dilemma has largely been caused by rapid state disinvestment and cost drivers largely outside of the universities' control. The impacts of these large tuition increases and reduction in services have taken their toll. Retention rates, and at many universities graduation rates, are down or stagnant and many students can no longer piece together a financial aid package of grants, loans, and work sufficient to fund a college education. Too many Oregonians are now left hamstrung with debt and no degree.

Oregon must not allow our universities to become a false promise of opportunity. Without reinvestment in Oregon's students, universities will be forced to raise tuition beyond the reach of many Oregon families. The students who are able to enroll may not have access to the advising and support services they need to be successful. Students will fall off the cliff - resulting in lost opportunities and jobs for Oregonians.

Our unified funding request highlights and supports the following reality: ***For universities to keep tuition increases below 5% and also preserve current financial aid and student support services, state investment in the Public University Support Fund (PUSF) would need to increase by roughly 15%—or \$100 million—in the 2017-19 biennium to \$765 million. This is necessary due to large, state-mandated cost increases the universities face in the next biennium related to insurance, retirement, and contracted labor cost increases.*** Our employees and student workers deserve adequate benefits, wages, and protections. Policies like minimum wage that help level the playing field for Oregon families also have real impacts on university budgets and student tuition increases.

In addition to outlining the benefits and consequences of six possible budget scenarios in the attached request, the universities identify and expand upon several issues of shared concern, including:

- A more accurate method to calculate Current Service Level for future university budgets needs to be developed. The Presidents firmly believe funding levels should reflect the actual costs of education.
- The universities would like to work with the Commission to mitigate the negative impacts of recent changes to the eligibility requirements of the Oregon Opportunity Grant. Our initial calculations show that the new rules may result in about 4,000 fewer university students receiving state based financial aid, and a total reduction of approximately \$8 million in aid for university students. Preliminary analysis shows that historically underrepresented students may be disproportionately reflected in the grant reductions. The funding request for the 2017-19 biennium must be in line with the Oregon Opportunity Grant funding to address the consequences that will occur as a result of shifts in student financial aid. We expect to have more information about the effects of the changes as we work to design financial aid packages in the 2016-17 academic year.

In summary, we find ourselves at a critical juncture: collectively, if we are unable to sustain the state's reinvestment in higher education, universities will be forced to implement both significant tuition increases and cuts in personnel and services that directly affect student outcomes.

Many economic indicators show that Oregon has rebounded from the Great Recession. Yet, so many of our students and families still struggle to make ends meet. Access to affordable postsecondary education that produces a successful graduate remains the number one investment the state can make to grow Oregon's middle class and its economy.

Now is the time to continue the work of restoring twenty years' worth of cuts to higher education. We look forward to our work together in continuing progress and accounting for cost increases that, if not addressed, will have serious implications on access, affordability and success for Oregon students.

Sincerely,



Eastern Oregon University  
President Thomas A. Insko

Oregon State University  
President Ed Ray

Southern Oregon University  
President Roy H. Saigo

Western Oregon University  
President Rex Fuller

Oregon Institute of Technology  
President Chris Maples

Portland State University  
President Wim Wiewel

University of Oregon  
President Michael Schill

## 2017-19 Consolidated Funding Request

March 30, 2016

### Introduction

Higher education in Oregon is moving in the right direction. Oregon's public universities have received budget increases for two biennia, a reversal of a cycle of cuts during the recession that negatively impacted progress on key student success outcomes such as retention and graduation rates. For the first time in a long time, there is hope that Oregon's students, regardless of their income or background, can not only get into college, but can also complete their degree with a promising future ahead of them.

Yet the modest progress campuses are beginning to see on retention and graduation outcomes is at high risk of reversing course. The culprit: increasing costs not in control of the universities, primarily in the areas of pension and healthcare benefits. Universities estimate that these and other cost drivers will add more than \$230 million of costs to university budgets in the 2017-19 biennium. Students will face dramatically increased tuition rates, as well as programmatic and support services cuts, without some relief from the state to help universities meet these costs. We are at risk of losing the ground that we have gained over the last few legislative sessions. While there is no silver bullet to fix the challenges we face, universities stand as willing and able partners with the state to implement policy and budget decisions for long-term student success.

### Reversing the Cycle

This cycle is all too familiar for Oregon's university students: Two to four years of higher levels of funding that result in smaller tuition increases and reinvestment in critical campus support services that keep students in college through degree attainment. Then four to six years of funding cuts, reversing most of the progress made during the "boom" years. This cycle has a clear consequence: no significant advances in student retention rates or the number of Oregonians entering one of the state's public universities since the early 2000s. Retention rates, and to a lesser extent graduation rates, show a recurring cycle of small upward movement, then reversals or stagnation, tracking parallel with the swings in funding typical of higher education over the last 20 years in Oregon. We must collectively break this stressful cycle if we are sincere about improving student outcomes.

Despite best efforts, the "access to a degree" promises made to students by the universities, the Legislature and the Higher Education Coordinating Commission have fallen short. We have opened the doors for students – including more low-income, rural, and students of color – but once they step onto campus it is not certain that they will have the support they require to stay enrolled for more than a term or a year. This paradox is evidence that Oregon does not so much have an access problem as it has a retention and graduation problem for the very students that we are most focused on to improve outcomes. While the Oregon Opportunity Grant provides access to the state's poorest students (zero Estimated Family Contribution) through financial aid, funding for the Public University Support Fund

(PUSF) supports and retains these same students once on campus, so must run in parallel to leverage retention and improved degree outcomes.

Low- and moderate-income students and their families are often price sensitive. The reality is that even our most supported low-income students generally have to take on debt to go to school. While in college, a growing debt burden can produce behavior that doesn't always align with student success, such as students working more, stopping out, over-borrowing, or sometimes leaving school permanently. If these students do have to borrow more than what is considered manageable – e.g., cumulative borrowing that exceeds their starting salaries – post-graduation success becomes harder, setting graduates back from the financial stability that a degree should help produce. It is not just aid that students need to keep borrowing down; it is the on-campus support systems that enable them to stay in school and finish their degree faster. Every extra term that a student is in college is thousands of dollars in tuition costs, likely more borrowing, and lost opportunity costs from not being in the workforce.

Consistency in university funding will ensure that student success is not dependent upon the biennia in which a student enters college. Students fortunate enough to start school during years of investment have a better chance at success than those who start in years of cuts or inadequate funding. Students should not bear the brunt of high employee benefits costs through increased tuition and inadequate support services. With a partnership of support with the state, Oregon's Public Universities can mitigate the negative impacts of these cost increases on our students.

### **Higher Education as an Economic Lever**

Universities are offering a broad range of degrees in science, technology, engineering, mathematics, the medical fields, as well as journalism, business, law and the liberal arts. This training is providing the state with a critical pipeline of educated residents to meet the workforce needs of Oregon today and in the future. Without support for benefits and compensation, the costs of maintaining these programs will come through tuition increases. Industry in Oregon has recovered well since the Great Recession, but its continued success is dependent upon an adequate supply of highly trained workers. This is the acute point of intersection for higher education and Oregon's economic future. Not only do Oregon's public universities equip students to enter the 21<sup>st</sup> century workforce, which allows the state to retain companies and create more family-wage jobs in communities both urban and rural, they also foster a climate for innovation, research, and commercialization of ideas and products to market. In other words, economic vitality for Oregon.

During FY15, the public universities collectively operated a half billion dollar research and commercialization enterprise that created opportunities for undergraduate and graduate student experiential learning, enhanced their preparation for future employment and provided opportunities for entrepreneurial learning. This research activity also directly benefited Oregon's economy by wholly or partially funding more than 2,500 faculty, staff and students, and translating research discoveries into commercial applications. During the past ten years, more than 90 companies have spun out of our public universities, resulting in about 800 new jobs.

## **A MORE ACCURATE CURRENT SERVICE LEVEL (CSL)**

### **Universities' History with the CSL**

Prior to the passage of Senate Bill 242 (2011), the Oregon University System (OUS) fully participated in the state's approach to determining current service level (CSL). As part of state's initial budget development for the next biennium, the process began with the current Legislatively Approved Budget (LAB), adjusted by Emergency Board actions (usually through April), phase-outs of any one-time programs, phase-ins any ongoing programs that were only partially funded in the current biennium, and recognition of a variety of cost increases.

Types of base and CSL adjustments previously made for the universities included:

- Increase from net cost of position actions for classified and unclassified staff, including any authorized salary increases and corresponding benefits.
- Increase for "merit increases," represented by the cost of one classified step increase for the biennium.
- Change (increase or decrease) in estimated vacancy savings.
- Increase for "personal services" to reflect inflation adjustments for temporary pay, student pay, classified overtime, shift differential pay as well as increases related to Pension Obligation Bonds costs.
- Increase for operation and maintenance costs of new buildings coming on-line during the upcoming biennium.
- Increases for phase-ins or decreases for phase-outs, as noted above.
- Application of standard inflation factor for services and supplies.

After 2011, the state's approach to the calculation of CSL for the universities was to apply only the standard inflation factor to operating appropriations – Education and General (E&G), later split into the PUSF, State Programs, and Statewide Public Services. This same approach is utilized by the state for estimating cost increase for vendors.

### **Recent Developments**

At the October 2015 President's Council meeting, the Ways and Means Co-Chairs expressed support for addressing concerns about the impact on students of the state's approach to calculating CSL. If the state does not include regular CSL calculations in the universities' budgets, these costs are shifted to students who must bear not only their own portion of these cost drivers (the portion of E&G expenditures funded by tuition), but the portion associated with state funding. The universities sought to have specific concerns addressed by the Legislature:

- Recognition that the current calculation of the CSL for the funding of university operations (PUSF, State Programs, Statewide Public Services, or other operating appropriation categories that may arise in the future) does not capture the true costs of operating Oregon's public universities and it does not provide the Legislature or the Governor with the information needed to support effective decision-making.
- The need for a collaborative solution and thus a request that the HECC, in consultation with the Legislative Fiscal Office (LFO), Department of Administrative Services (DAS), and representatives

from public universities to develop a proposed method for calculating a more accurate CSL for university operations. Costs incurred due to legislative directives on mandatory shared services (such as retirement, healthcare, and collective bargaining) would be some, but not all, of costs considered by the workgroup.

Subsequently, in the Budget Report and Measure Summary for SB 5071 (2016), the Legislature included the following budget note:

**Budget Note:**

*The Subcommittee recognizes that the Current Service Level (CSL) is intended to estimate the cost of legislatively approved programs in the upcoming biennium. In 2009, the Joint Committee on Ways and Means approved the adoption of a CSL model for the Community College Support Fund (CCSF) to reflect health benefit and retirement costs expected to exceed the Department of Administrative Services standard inflation rate.*

*To ensure consistency in post-secondary state support CSL calculations, the Department of Administrative Services (DAS) and the Legislative Fiscal Office (LFO) are directed to develop, in consultation with the Higher Education Coordinating Commission and the seven public universities, an estimated cost of applying the Community College Support Fund model to the Public University Support Fund, the Agricultural Experiment Station, the Extension Service, the Forest Research Laboratory, and Public University State Programs. The estimate will include data elements that the public universities will be required to submit to HECC in order to implement the model.*

*DAS and LFO will provide the estimated cost to implement the Community College Support Fund CSL model for Public University state support to the Emergency Board, through the Legislative Fiscal Office, by July 1, 2016*

The universities look forward to working with their state partners in exploring a range of solutions in the best interest of Oregon’s students. We hope the conversation will include work done by universities to calculate a more accurate CSL, described in more detail below.

**The Universities’ Calculation Approach**

The universities developed an initial estimate of a current service level increase of 7.9% needed for 2017-19. In making that calculation, the following table indicates the primary cost drivers that were considered, as well as specific aspects that were included or excluded in the calculation. As with any point-in-time estimate, amounts are subject to change as more information becomes available. The purpose of the calculation was to illustrate the gap between the universities’ actual cost drivers and the state’s “standard inflation factor” currently applied to develop a base funding level.

| Cost Drivers   | What is included?  | What is excluded?  |
|--|--|--|
| <p><b>Salary and Pay</b></p> <ul style="list-style-type: none"> <li>Consolidated biennial increase estimated at \$107.5M; 6.8% over 2015-17</li> </ul> | <ul style="list-style-type: none"> <li>Minimal estimated costs from bargaining agreements</li> </ul> | <ul style="list-style-type: none"> <li>New hires</li> <li>Position eliminations</li> <li>Other required hires, such as compliance related FTE</li> </ul> |

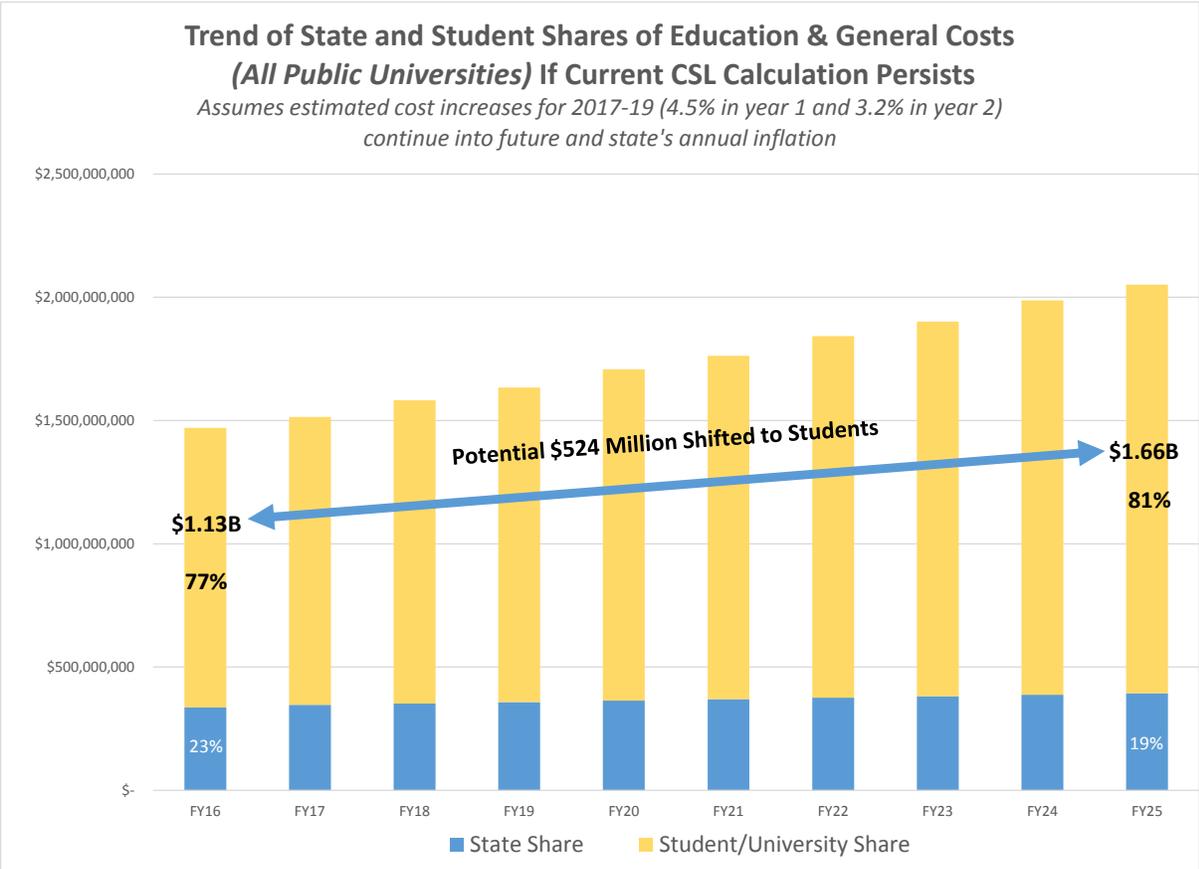
|  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>Individual university estimates range from 6.1% to 8.5% (3% - 4.6% annually)</li> </ul>   | <ul style="list-style-type: none"> <li>General salary pool increases for existing positions</li> <li>Fiscal impact of SB 1532 - minimum wage increase</li> </ul>  |  |
| <p><b><u>Healthcare</u></b></p> <ul style="list-style-type: none"> <li>Consolidated biennial increase estimated at \$30.5M; 9.7% over 2015-17</li> <li>Individual university estimates range from 8.2% to 10.3% (4% - 5% annually)</li> </ul>  | <ul style="list-style-type: none"> <li>Impact on existing positions</li> </ul>  | <ul style="list-style-type: none"> <li>Impact on new hires</li> <li>Impact from other required hires, such as compliance related FTE</li> </ul>  |
| <p><b><u>Retirement</u></b></p> <ul style="list-style-type: none"> <li>Consolidated biennial increase estimated at \$59.4M; 21.1% over 2015-17</li> <li>Individual university estimates range from 15.6% to 24.7% (largest impact occurs in year one of biennium when rates change)</li> </ul> | <ul style="list-style-type: none"> <li>Impact of anticipated PERS increases as informed by Fall 2015 PERS projections and town hall meetings</li> <li>Estimated increases in ORP, which is linked to anticipated PERS increases</li> </ul>  | <ul style="list-style-type: none"> <li>Impact on new hires</li> <li>Impact from other required hires, such as compliance related FTE</li> <li>Other increases that could result from market impact on determination of final approved PERS rate increases</li> </ul>                 |
| <p><b><u>Other personnel expense (OPE)</u></b></p> <ul style="list-style-type: none"> <li>Consolidated biennial increase estimated at \$12.7M; 7.0% over 2015-17</li> <li>Individual university estimates range from 6.2% to 9.1% (3% - 4.5% annually)</li> </ul>                              | <ul style="list-style-type: none"> <li>Social Security</li> <li>Medicare</li> <li>Unemployment Insurance</li> <li>Workers Compensation</li> <li>State Accident Insurance Fund</li> <li>Employment Relations Board (Classified employees only)</li> <li>Mass Transit Taxing Districts</li> </ul> | <ul style="list-style-type: none"> <li>Impact on new hires</li> <li>Impact from other required hires, such as compliance related FTE</li> </ul>  |
| <p><b><u>Operating expense</u></b></p> <ul style="list-style-type: none"> <li>Consolidated biennial increase estimated at \$24.8 M; 4% over 2015-17</li> <li>Individual university estimates range from 2.9% to 5.3% (primarily 2% annual inflation factor)</li> </ul>                         | <ul style="list-style-type: none"> <li>Supplies and services</li> <li>Capital outlay (minor equipment)</li> <li>Student aid</li> </ul>  | <p>Cost drivers unique to individual universities, such as:</p> <ul style="list-style-type: none"> <li>Compliance required expenditures</li> <li>Required infrastructure expenditures</li> <li>Other contract obligations</li> <li>Planned contributions to reserve funds</li> </ul> |

Because retirement costs escalate on a biennial basis, the first fiscal year of a biennium has a higher rate of increase, as reflected in the following fiscal year view of estimated Educational & General cost increases:

| Estimated Educational & General (E&G) Cost Increases<br>(in millions) |            |            |                           |            |            |                           |      |            |                    |       |
|---|------------|------------|---------------------------|------------|------------|---------------------------|------|------------|--------------------|-------|
| Expense Category  | FY16       | FY17       | FY17 to FY18<br>Increases |            | FY18       | FY18 to FY19<br>Increases |      | FY19       | Biennial Increases |       |
| Salary & Pay  | \$ 778.1   | \$ 802.4   | \$ 27.3                   | 3.4%       | \$ 829.7   | \$ 28.6                   | 3.4% | \$ 858.3   | \$ 107.5           | 6.8%  |
| Healthcare  | \$ 153.7   | \$ 161.0   | \$ 7.6                    | 4.7%       | \$ 168.6   | \$ 8.0                    | 4.7% | \$ 176.6   | \$ 30.5            | 9.7%  |
| Retirement  | \$ 139.3   | \$ 142.7   | \$ 24.9                   | 17.4%      | \$ 167.6   | \$ 6.2                    | 3.7% | \$ 173.8   | \$ 59.4            | 21.1% |
| Other Personnel Expenses  | \$ 89.0    | \$ 92.6    | \$ 3.0                    | 3.2%       | \$ 95.6    | \$ 3.1                    | 3.2% | \$ 98.7    | \$ 12.7            | 7.0%  |
| Operating Expense   | \$ 310.0   | \$ 315.7   | \$ 6.7                    | 2.1%       | \$ 322.4   | \$ 5.8                    | 1.8% | \$ 328.2   | \$ 24.9            | 4.0%  |
| Fiscal Year Totals  | \$ 1,470.1 | \$ 1,514.4 | \$ 69.5                   | 4.6%       | \$ 1,583.9 | \$ 51.7                   | 3.3% | \$ 1,635.6 | \$ 235.0           | 7.9%  |
| Biennial Totals   |            | 2015-17    |                           | 2017-19    |            |                           |      |            |                    |       |
|   |            | \$ 2,984.5 |                           | \$ 3,219.5 |            | \$ 235.0                  |      | 7.9%       |                    |       |

These calculations formed the basis for modeling a number of funding level scenarios that follow. To highlight the potential impact on students of the state not fully funding its share of the true CSL, Chart 1 illustrates how costs would shift to students if 1) the current estimated true CSL of 7.9% continued into the future and, 2) the state’s contribution continued with only an artificially low CSL adjustment:

**Chart 1:**



## Oregon Opportunity Grant

Oregon’s public universities are also dealing with funding shortfalls for financial aid since the Oregon Opportunity Grant eligibility change. Thousands of Oregon students are no longer eligible for the OOG, and campuses are suddenly seeing millions in unmet aid at their doorsteps. The OOG has been chronically underfunded in relation to Oregonians’ financial need. Many students were turned away under a “first come, first served” approach in awarding the grant. A HECC work group with broad stakeholder representation recommended various options for how to target the limited resources and make strides toward the 40-40-20 educational attainment goal. Eligibility changes that will go into effect in 2016-17 will initially award grants only to the absolute neediest students (zero EFC). While this is a critical population of students to serve, the tradeoff is that universities are faced with filling the budget gap for students who have lost their financial aid. Initial estimates show the net<sup>[1]</sup> budget gap to be \$8 million with about 4,000 fewer university students receiving grants.

Two primary concerns are the disproportionate impact on diverse populations and the inability of university budgets to fill this expanded gap, likely to result in declining retention or access to a four-year institution. We would respectfully request that as data continues to become available on effects of the new eligibility parameters that the HECC and the Legislature be open to a dialogue around adjustments so as to mitigate a major loss in financial aid to worthy university students. It is an understatement to say that the universities are worried about these students and the campuses’ ability to cover these significant shortfalls in light of the other benefits and compensation cost drivers hitting at the same time.

| Preliminary Analysis of Changes in OOG Eligibility to Zero EFC |               |               |                |              |                |  |
|--|---------------|---------------|----------------|--------------|----------------|--|
|  | Losing Grants |               | Gaining Grants |              | Net Impact     |  |
|  | Students      | Amount        | Students       | Amount       | Amount         |  |
| EOU  | 287           | \$ 645,750    | 273            | \$ 614,250   | \$ 31,500      |  |
| OIT  | 300           | \$ 675,000    | 50             | \$ 112,500   | \$ 562,500     |  |
| OSU  | 2,775         | \$ 5,861,635  | 325            | \$ 731,250   | \$ 5,130,385   |  |
| PSU  | 1,725         | \$ 3,374,424  | 1,323          | \$ 2,976,750 | \$ 397,674     |  |
| SOU  | 606           | \$ 1,363,500  | 1,091          | \$ 2,454,750 | \$ (1,091,250) |  |
| UO   | 1,539         | \$ 3,462,750  | 267            | \$ 600,750   | \$ 2,862,000   |  |
| WOU  | 546           | \$ 1,228,500  | 458            | \$ 1,030,500 | \$ 198,000     |  |
|  | 7,778         | \$ 16,611,559 | 3,787          | \$ 8,520,750 | \$ 8,090,809   |  |

<sup>[1]</sup> The net change calculates the difference between grants that would have been awarded to new and continuing students under the prior eligibility and grants that will now be availability under the new criteria.

## Public University Support Fund (PUSF)

### Background

The primary state support for universities used to be appropriated for E&G operations. Beginning with the 2013-15 biennium, the E&G appropriation was split into two new categories, with the state's definition noted:

- **Public University Support Fund**

The PUSF is the state's General Fund contribution to operation of the educational programs of the seven universities – Eastern Oregon University, Oregon Institute of Technology, Oregon State University (Corvallis and Cascades), Portland State University, Southern Oregon University, the University of Oregon, and Western Oregon University. Combined with student tuition and other revenues, the funds provide basic support to the educational institutions, central administration, and support services. It includes General Fund for operation of instructional and support services to students and faculty, support for research and campus public service programs, and administrative support services. The PUSF is now allocated by the HECC using the Student Success and Completion Model (SSCM) to fund student and institutional support.

- **State Programs**

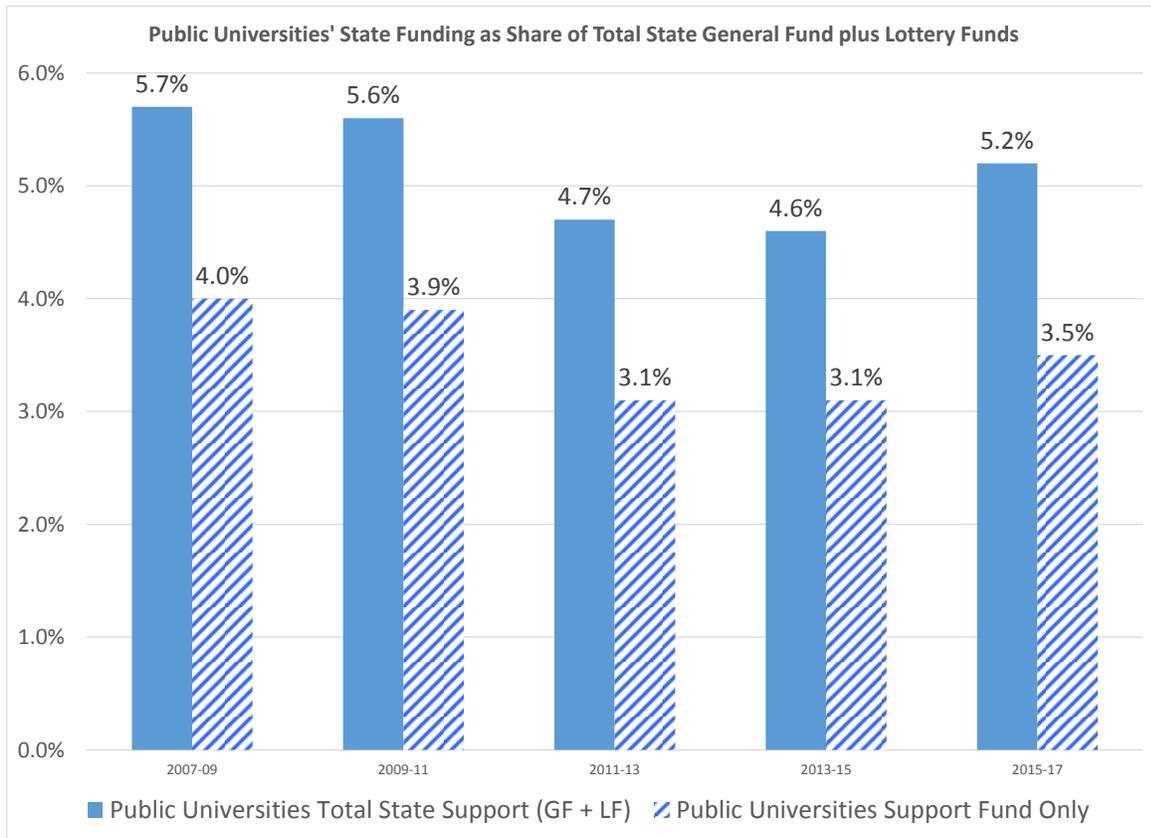
Funding for centers, institutes, and programs addressing statewide economic development, natural resource, and other needs are included in the State Programs unit (this appropriation is discussed in more detail later in the document).

For historical comparison, it is sometimes necessary to revert to the E&G grouping to get consistent comparisons. Here, historical appropriations have been restated to separate E&G funding into the newer categories.

| Public University Support Fund  |                                    |                                    |                       |                                     |                       |
|---|------------------------------------|------------------------------------|-----------------------|-------------------------------------|-----------------------|
| 2007-09<br>Final* LAB <sup>1</sup>  | 2009-11<br>Final* LAB <sup>1</sup> | 2011-13<br>Final* LAB <sup>1</sup> | 2013-15<br>Final* LAB | 2015-17<br>LAB to Date <sup>2</sup> | 2017-19<br>Scenario 1 |
| \$ 568,487,771  | \$ 522,352,575                     | \$ 450,531,927                     | \$ 522,845,511        | \$ 665,000,000                      | \$ 765,000,000        |
| <p>* "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding</p> <p>1) For biennia prior to 2013-15, E&amp;G appropriations are retroactively split into PUSF and State Programs categories for comparison purposes</p> <p>2) 2015-17 excludes any funding appropriated during the 2016 session</p> |                                    |                                    |                       |                                     |                       |

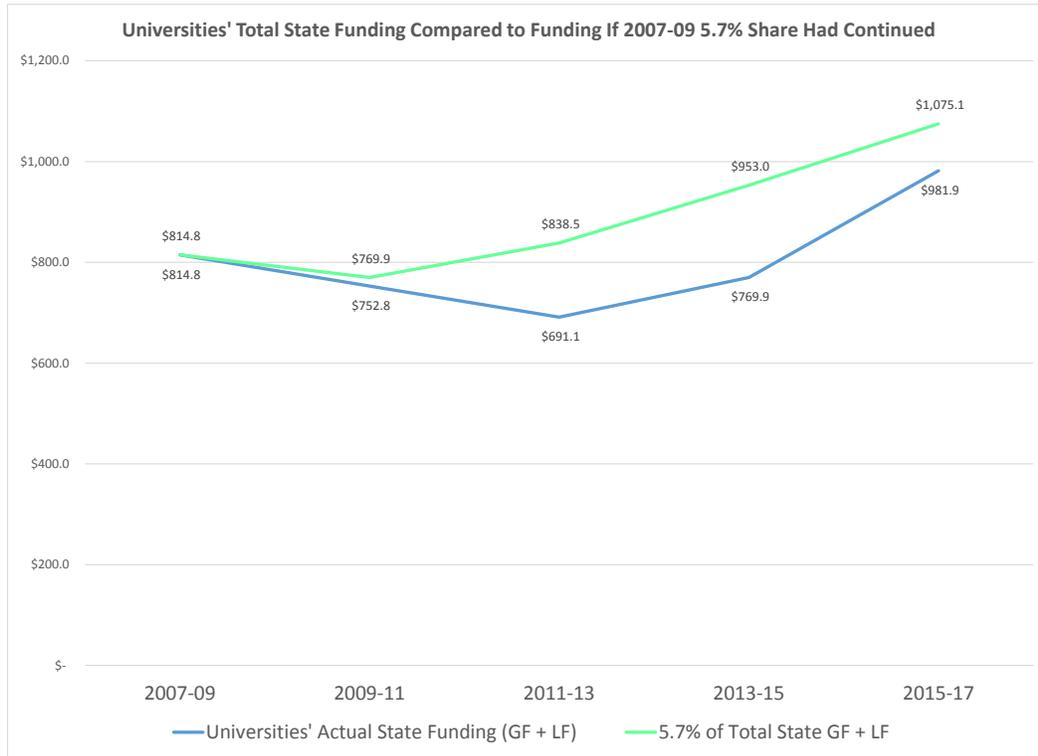
Charts 2 and 3 that follow provide additional historical context.

**Chart 2 – Public Universities’ Share of State Funding (General Fund plus Lottery Funds)**



A contributing factor to consider is the universities’ diminished share of Oregon’s state revenues. If 2015-17 funding for the PUSF reached 2007-09 participation levels, the PUSF would have been funded at \$775 million.

**Chart 3 – Universities’ Share of Total State Funding**

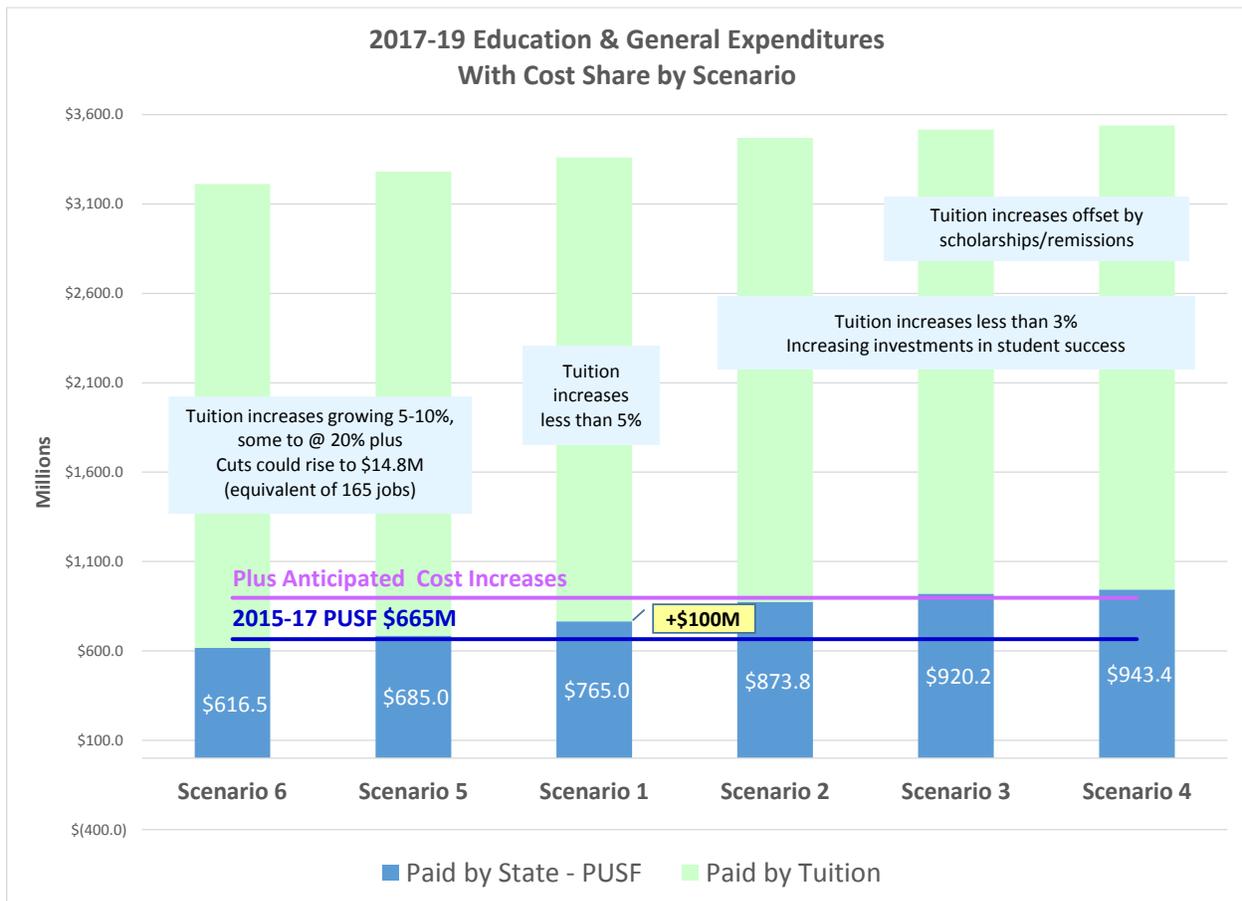


Had universities’ total state funding continued at the 2007-09 participation rate of 5.7%, they would have received an additional \$93.2 million in funding.

**Funding Scenarios**

The HECC asked for four funding scenarios, one at less than current funding and three higher than current funding. Additionally the universities modeled two other scenarios that provide data for the Commissioners and legislators to understand the relationship between various state funding levels, likely tuition rate increases, possible cuts in student services, as well as varying levels of institutional financial stability.

Chart 4 illustrates how the state funding for the PUSF varies under each of the scenarios.



The major implications of each scenario (or range of scenarios) are noted below.

### Scenario 1: Keep tuition increases under 5%

How much funding is needed to protect the 2015 investments for better student outcomes and protect Oregon resident undergraduate students from tuition increases larger than 5%?

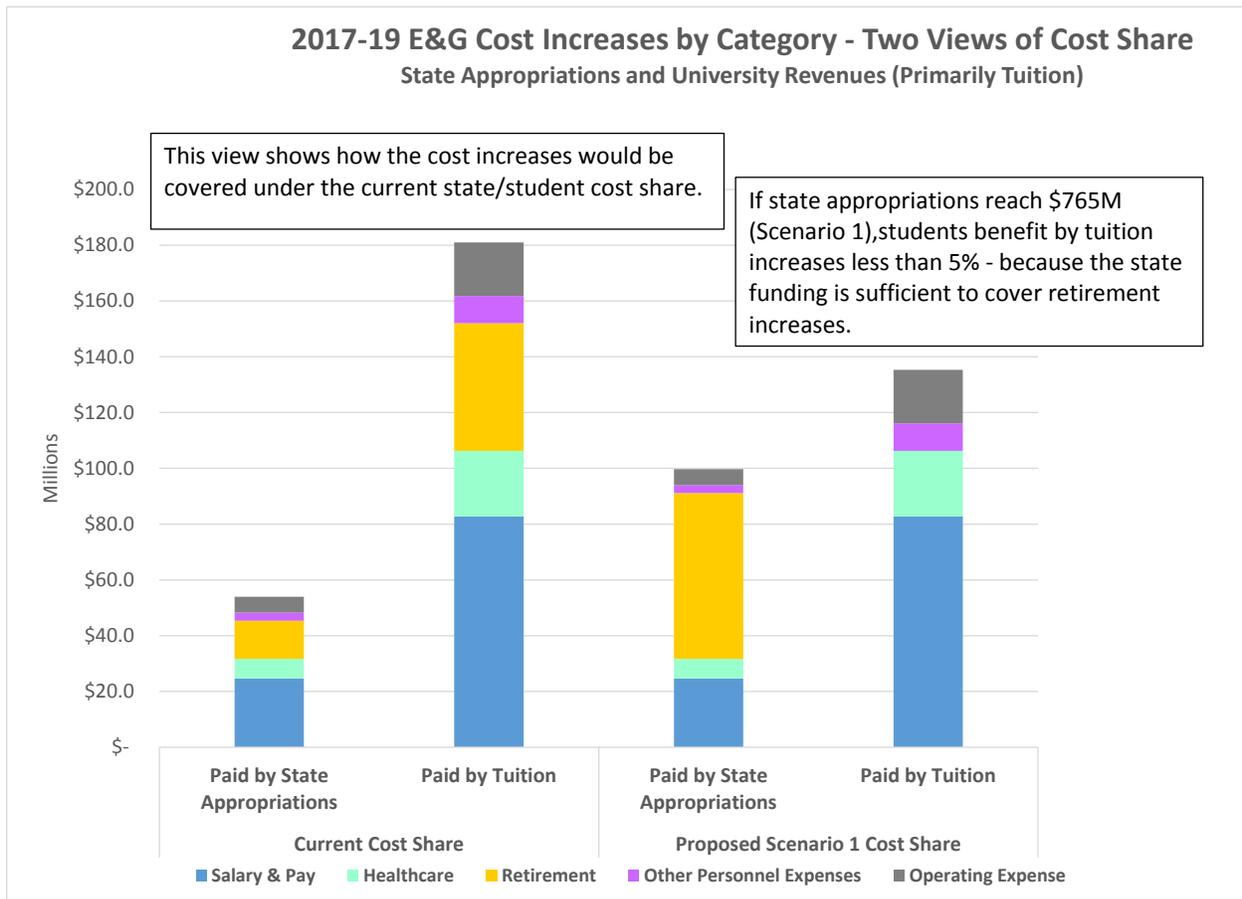
**1) PUSF of \$765 million** – an increase of \$100 million, 15% over 2015-17

*This figure represents the state's share of true CSL of 7.9%, plus increased retirement costs that would otherwise be borne by students. **Universities assert this should be the floor for the 2017-19 PUSF funding level.***

- We understand and appreciate that our relationship with the state is one of give and take. Universities regularly enact measures to cut administrative costs and trim budgets to the extent possible without negatively impacting academic programs and student services and experiences. Some examples of these cost-saving measures implemented this year alone include staff and faculty cuts, position freezes, and program cuts and consolidations, among others.

- Savings help fill gaps, but they are nowhere near potent enough to allow us to cover the external costs placed on budgets from benefits, compensation contracts, financial aid and distribution formulas, and more.
- The \$100 million figure, while seemingly large, is only what universities need to continue current service levels on every campus, cover external costs, keep resident undergraduate tuition increases under 5%<sup>1</sup>, and protect the Legislature’s student-focused investments made during the last biennium.

Chart 5 illustrates the intent of Scenario 1 to not only pick up the current state share of true CSL cost increase, but also to cover the portion of retirement increases that otherwise would be borne by students:



## Scenarios 2 – 4: Improved Outcomes for Students

What might result from additional or transformative levels of state investment?

- 2) PUSF of \$873.7 million (HECC scenario B.3.)** – an increase of \$208.7 million/31.4% over 2015-17  
*This represents total true 7.9% CSL – both state and students’ share of increases, less 10%.*

<sup>1</sup> Exception: Entering WOU students electing the Promise program pay an initially higher rate but rate held constant for four years.

- All universities could keep resident undergraduate tuition increases at 3% or less
- Additionally, universities would be in a position to make significant investments in additional student support initiatives (detailed in Provosts Council Initiatives section)

**3) PUSF of \$920.2 million (HECC scenario B.1.)** – an increase of \$255.2 million, 38.4% over 2015-17  
*This represents total true 7.9% CSL – both state and students’ share of increases, plus 10%.*

**4) PUSF of \$943.4 million (HECC scenario B.2.)** – an increase of \$278.4 million, 41.9% over 2015-17  
*This represents total true 7.9% CSL – both state and students’ share of increases, plus 20%.*

- Under both scenarios 3 and 4, all universities could keep resident undergraduate tuition increases to 3% or less. Additionally, all universities would commit to directing the full value of the tuition increases to scholarships and/or tuition remissions
- Universities would also have the program resources to expand investments in and capacity of student support initiatives (detailed in Provosts Council Initiatives section)

### Provosts Council Initiatives

The Public Universities Provosts Council advise continuation of a framework that focuses on affordability, access, student success (completion and career development), as well as academic quality. For more university-specific details, see Appendix B.

| University | Initiative  | Affordability | Access | Success | Quality |
|------------|---|---------------|--------|---------|---------|
| EOU        | <ul style="list-style-type: none"> <li>• Enhance tuition remissions to increase access for rural, minority and first-generation students.</li> </ul>  | X             | X      | X       | X       |
|            | <ul style="list-style-type: none"> <li>• Funding for student completion initiatives to increase graduation rates for on-campus, online and on-site programs.</li> </ul>   | X             | X      | X       |         |
|            | <ul style="list-style-type: none"> <li>• Build a college-going culture through Eastern Promise Collaborative with grade schools through high school and post-secondary education.</li> </ul>  | X             | X      | X       | X       |
| OIT        | <ul style="list-style-type: none"> <li>• Expand personalized resources for high school and first-year university students that provide mentoring and support in transitioning to college, including a student texting program that eliminates barriers to accessing necessary academic supports.</li> </ul> |               | X      | X       | X       |
|            | <ul style="list-style-type: none"> <li>• Increase academic preparation and completion of high school students in STEM fields through university-led STEM Hub teacher professional development, industry volunteers in classrooms, and accelerated college credit.</li> </ul>                                |               | X      | X       | X       |
|            | <ul style="list-style-type: none"> <li>• Increase degree completion through “Completer” scholarships for successful students who are close to</li> </ul>  | X             |        | X       |         |

|     |  |   |   |   |   |
|-----|--|---|---|---|---|
|     | graduation but at risk of dropping out due to financial hardship.  |   |   |   |   |
| OSU | <ul style="list-style-type: none"> <li>Increase financial support to bridge gaps that become barriers for students to graduate on time.</li> </ul>   | X | X | X |   |
|     | <ul style="list-style-type: none"> <li>Increase advising capacity to hire additional advisors who specialize in retention, graduation, and career development, including a “one-stop” support center for transfer students</li> </ul>  |   | X | X | X |
|     | <ul style="list-style-type: none"> <li>Increase capacity for student participation in experiential learning, including financial support needed for students to participate</li> </ul>   | X |   | X | X |
| PSU | <ul style="list-style-type: none"> <li>Create programs and services in conjunction with community colleges and other institutions to ensure clear pathways for transfer students</li> </ul>  | X | X | X |   |
|     | <ul style="list-style-type: none"> <li>Increase advising capacity, revitalize advising systems, improve the visibility of student support services and preparation for career placement</li> </ul>   |   | X | X | X |
|     | <ul style="list-style-type: none"> <li>Provide flexible degrees to accommodate the diverse needs of students and develop academic programs that prepare students for competitive advantage in life and career</li> </ul>   | X | X | X | X |
| SOU | <ul style="list-style-type: none"> <li>Continue expansion of programs targeting Hispanic students, providing them with school based programs, including mentors, academic assistance and post – secondary encouragement for this historically underserved population.</li> </ul> | X | X | X |   |
|     | <ul style="list-style-type: none"> <li>Work with regional high schools to implement accelerated and low cost degree programs for first generation, low-income, under-represented, rural students.</li> </ul>   | X | X | X |   |
|     | <ul style="list-style-type: none"> <li>Engage faculty in collaborative efforts that focus on intentional course design with respect to curriculum, assessment, and effective pedagogy for general education/gateway courses with high failure rates.</li> </ul>                  |   |   | X | X |
| UO  | <ul style="list-style-type: none"> <li>Further investments in PathwayOregon and graduation assistance grants</li> </ul>  | X | X | X |   |
|     | <ul style="list-style-type: none"> <li>Increase the number of tenure-track and research faculty with an emphasis on STEM</li> </ul>  |   |   | X | X |
|     | <ul style="list-style-type: none"> <li>Allocate funding toward successful student transitions, including second-stage advising services, to ensure retention and completion</li> </ul>   |   | X | X | X |
| WOU | <ul style="list-style-type: none"> <li>Increase need-based scholarships to under-served students</li> </ul>  | X | X |   |   |
|     | <ul style="list-style-type: none"> <li>Increase availability of academic, financial and persistence counseling for student degree completion.</li> </ul>   |   |   | X | X |
|     | <ul style="list-style-type: none"> <li>Expand student readiness programming for pre-college outreach</li> </ul>  |   | X |   | X |

## Scenarios 5 & 6: Reduced Outcomes for Students, Large Tuition Hikes

What happens if the funding level doesn't cover true CSL?

**5) PUSF of \$685 million** – an increase of \$20 million, 3% over 2015-17

*While a technical increase, this would effectively be a decrease due to biennial cost increases closer to 7.9%.*

- If campuses protect existing student focused investments, all campuses would need to raise resident undergraduate tuition more than 5%. Many institutions would need to raise tuition over 10% with at least three campuses over 15%.

**6) PUSF of \$616 million** – a decrease of \$48.5 million, -7.3% from 2015-17 (3% inflation less 10%)

- Universities would need to address the worsening situation by various combinations of larger tuition increases and programmatic cuts. Most tuition increases would be in the 5-10% range, with some higher, even exceeding 20%, and an additional \$14.8 million of cuts (equivalent of 165 jobs). This would detrimentally affect access and affordability, with underrepresented students likely to be more severely impacted. Students nearing completion might be forced to drop out. Entering students might be forced to delay matriculation.
- Universities cannot address significant state funding decreases merely by raising tuition. Once increases go into double digits, incremental revenues will be offset by enrollment declines. There is a national indicator that tuition increases approaching 8%, but certainly double-digit increases, can trigger this effect. The other option is to cut expenditures and there are inherent limitations to that action. Tenure and bargaining agreements prescribe handling of workforce reductions and often require an implementation timeline much further out than the state's budget cycle. Program closures can require teaching-out current students for another 2-3 years. If a significant decrease becomes known in June of 2017, it will be difficult to immediately adjust university budgets.

**Possible short-term options:**

- Reductions in services that were implemented because of additional 2015 funding for student-focused investments.
- Where possible, employees be given non-renewal notices or short-term, such as four month, contracts, to allow universities flexibility in responding to financial situation. These measure would all negatively contribute to student recruitment, retention and completions, particularly on PELL eligible, diverse students. In layoff situations, instructor and teaching assistants are on the front line, the same individuals originally hired to expand access. Course offerings are reduced, thus students' completions are delayed.
- Hiring freeze on vacant position with reallocation of workload. Expected impacts would include backfilling tenure-track faculty separations (from retirement or otherwise) with lower cost adjunct faculty as well as loss of support for core IT infrastructure, campus safety, student advising and financial aid.

- Purchasing (with local and state implications) and travel freezes, reduction in financial aid budgets.

## **Other University Appropriations – State Programs**

As noted earlier, effective with the 2013-15 biennium, the state divided E&G funding into the Public University Support Fund and an appropriation category of “State Programs” consisting of line-item appropriations to programs that “address economic development, natural resource, and other issues rather than provide support for OUS student and institutions.”

Recently representatives from some of these programs gave presentations to the HECC. Those presentations illustrated the integration of the universities’ multiple missions of instruction, research and service. Rarely do university activities solely fall into a single silo. For example, while OSU Ocean Vessels Research is devoted to the “research and study of the waters of the Pacific Coast,” students from OSU, UO, and Clatsop Community College all benefited educationally from participation in “Oceanography Boot Camp.” While the Institute for Natural Resources at OSU and PSU is focused on the state’s natural resources, over 65 students both contribute to its efforts and participate in a learning experience. The Center for Advanced Wood Products, a collaboration of OSU and UO, blends applied research, expanded degree programs at both universities, incorporates workforce and technical training programs, and expands the potential economic development of an important natural resource.

While the weighting of expenditure categories vary from one state program to another, overall the predominance of compensation costs mirror that of the PUSF. The universities’ joint priority for State Programs is to participate in a true CSL calculation to avoid erosion of program effectiveness over time. The universities also acknowledge that Oregon Tech is faced with a unique institution-specific situation, with a state program that was authorized in statute in 2001, but not funded. ORS352.221 created the Oregon Renewable Energy Center (OREC) to engage in renewable energy system engineering and applied research. Therefore, Oregon Tech is including a request to add OREC to the list of State Programs in the amount of \$985,000, as described in Appendix C.

| State Programs  | Legislative Origin | 2007-09<br>Final* LAB <sup>1</sup> | 2009-11<br>Final* LAB <sup>1</sup> | 2011-13<br>Final* LAB <sup>1</sup> | 2013-15<br>Final* LAB | 2015-17<br>LAB to Date <sup>2</sup> | 2015-17<br>Scenario 1 |
|---|--------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------|-------------------------------------|-----------------------|
| Engineering Technology Sustaining Funds                         | SB 504 (1997)      | 37,280,000                         | 30,981,350                         | 27,387,573                         | 14,225,106            | 24,451,274                          | 26,383,000            |
| Industry Partnerships <sup>5</sup>                              |                    | 855,564                            | 711,027                            | 606,652                            | 643,049               | -                                   | -                     |
| Dispute Resolution (UO-65%; PSU-35%)                            | SB 904 (2003)      | 2,267,275                          | 2,107,233                          | 2,297,895                          | 2,435,769             | 2,516,149                           | 2,715,000             |
| PSU Oregon Solutions program                                    | HB 3948 (2001)     | 2,600,000                          | 2,416,355                          | 2,061,637                          | 2,185,335             | 2,257,451                           | 2,436,000             |
| OSU Fermentation Science program                                | HB 5008 (2013)     |                                    |                                    |                                    | 1,200,000             | 1,239,600                           | 1,338,000             |
| Signature Research Ctrs (UO & OSU-47.5% each; PSU-5%)           | HB 5077 (2003)     | 1,143,186                          | 950,315                            | 950,316                            | 1,007,335             | 1,040,577                           | 1,123,000             |
| Oregon Metals Initiative (OMI) <sup>5</sup>                     |                    | 964,785                            | 801,796                            | 684,092                            | 725,136               | -                                   | -                     |
| UO Labor Education Research Center (LERC)                       | (1977)             | 696,936                            | 649,089                            | 657,542                            | 656,867               | 678,544                             | 732,000               |
| OSU Marine Research Vessel program                              | HB 3451 (2013)     |                                    |                                    |                                    | 300,000               | 619,800                             | 669,000               |
| PSU Population Research Center                                  | (1956)             | 472,744                            | 439,187                            | 374,427                            | 421,407               | 435,313                             | 470,000               |
| OSU Institute for Natural Resources                             | HB 3948 (2001)     | 459,675                            | 427,196                            | 364,484                            | 386,353               | 399,103                             | 431,000               |
| Clinical Legal Education program                                | HB 2961 (2007)     | 231,678                            | 331,750                            | 318,450                            | 337,557               | 348,077                             | 376,000               |
| OSU Climate Change Research Institute                           | HB 3543 (2007)     | 180,000                            | 334,858                            | 285,701                            | 302,843               | 312,837                             | 338,000               |
| OSU (w UO) Center for Advanced Wood Products <sup>3</sup>       | SB 5507 (2015)     |                                    |                                    |                                    |                       | 2,500,000                           | 3,669,000             |
| Alumni Career Placement Pilot <sup>4</sup>                      | SB 860 (2015)      | -                                  | -                                  | -                                  | -                     | 427,500                             | 615,000               |
| Subtotal  |                    | 47,151,843                         | 40,150,156                         | 35,988,769                         | 24,826,757            | 37,226,225                          | 41,295,000            |
| Proposed: OT Oregon Renewable Energy Center (OREC) <sup>6</sup> |                    |                                    |                                    |                                    |                       |                                     | 985,000               |
|   |                    |                                    |                                    |                                    |                       |                                     | 42,280,000            |
| One-time Appropriations:  |                    |                                    |                                    |                                    |                       |                                     |                       |
| OSU Canola Study  | HB 2427 (2013)     |                                    |                                    |                                    | 679,000               |                                     |                       |
| OSU Ocean Acidification Study                                   | HB 5008 (2013)     |                                    |                                    |                                    | 250,000               |                                     |                       |
| PSU Profiling Study   | HB 2002 (2015)     |                                    |                                    |                                    |                       | 250,431                             |                       |
| OSU Shellfish Research  | HB 2209 (2015)     |                                    |                                    |                                    |                       | 500,000                             |                       |
| PSU INR-Western Juniper Research                                | HB 2998 (2015)     |                                    |                                    |                                    |                       | 100,000                             |                       |
| OSU INR Task Force Support                                      | SB 202 (2015)      |                                    |                                    |                                    |                       | 108,907                             |                       |
| EOU Wrestling program   | SB 5507 (2015)     |                                    |                                    |                                    |                       | 300,000                             |                       |
| PSU Oregon Solutions Task Force                                 | SB 5507 (2015)     |                                    |                                    |                                    |                       | 62,300                              |                       |
| State Programs Total  |                    | 47,151,843                         | 40,150,156                         | 35,988,769                         | 25,755,757            | 38,547,863                          |                       |

\* "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding

1) For biennia prior to 2013-15, E&G appropriations are retroactively split into PUSF and State Programs categories for comparison purposes

2) 2015-17 excludes any funding appropriated during the 2016 session

3) SB 5507 Budget Report and Measure Summary calls for Adv Wood Products to roll-up to \$3.4M in 2017-19

4) SB 860 Fiscal Impact Statement notes assumed continuation; 2017-19 roll-up at \$570K

5) Funding for Industry Partnerships and OMI transferred out of State Programs in 2015

6) OREC - Legislatively established program at Oregon Tech currently unfunded

## Other State Appropriations – Statewide Public Services

The three programs that constitute the Statewide Public Services (SWPS) – the Agricultural Experiment Station (AES), the Extension Service (ES), and the Forest Research Laboratory (FRL) – are longstanding services benefitting Oregonians. As noted with the state programs, it is vital to the integrity of these services that current service calculations reflect the true cost increases. The SWPS activities are another example of the integration of instruction, research and service missions.

| Statewide Public Services (SWPS)  | 2007-09<br>Final* LAB | 2009-11<br>Final* LAB | 2011-13<br>Final* LAB | 2013-15<br>Final* LAB | 2015-17<br>LAB to Date ** | 2015-17<br>Scenario 1 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| Agricultural Experiment Station   | 58,937,209            | 53,498,403            | 51,793,494            | 55,275,282            | 63,121,066                | 68,108,000            |
| Extension Service   | 42,642,380            | 39,087,553            | 37,463,402            | 39,909,526            | 45,601,540                | 49,204,000            |
| Forest Research Laboratory  | 6,590,714             | 5,829,217             | 5,698,684             | 6,070,772             | 9,771,107                 | 10,543,000            |
| SWPS Total  | 108,170,303           | 98,415,173            | 94,955,580            | 101,255,580           | 118,493,713               | 127,855,000           |
| * "Final" legislative budgets are end-of-biennium actual appropriations inclusive of any mid-biennium reductions, Emergency Board (E-Board) actions, and one-time funding |                       |                       |                       |                       |                           |                       |
| ** 2015-17 excludes any funding appropriated during the 2016 session  |                       |                       |                       |                       |                           |                       |

## Other State Appropriations – Sports Lottery

### Background

In 1989 the Oregon Legislature passed HB 3262 which gave the Oregon Lottery statutory authority to establish a sports betting program. The Sports Action Lottery game was initiated in September 1989 as a way to raise money for intercollegiate athletics at the seven OUS institutions. Sports Action was a betting game based on the outcome of NFL football games. In 2005, the Legislature passed HB 3466 which removed the statutory authority for the Lottery to run sports betting games. The bill replaced the revenue to the OUS with a guaranteed one percent of the lottery money transferred to the Economic Development Fund. The 2007-09 biennium was the only time a full one percent of lottery revenue was directed to OUS (the Universities). In all subsequent biennium to date, the legislature has established a dollar cap on the amounts made available to the Universities. From its inception through 2006, the program was referred to as Sports Action Lottery. After the passage of HB 3466, the program became simply Sports Lottery.

### University Allocations

The legislature authorized first the State Board of Higher Education and later the Higher Education Coordinating Commission to allocate Sports Lottery funding to the universities within certain statutory requirements. For example, 88% of the funds are to fund athletic programs and 12% to scholarships. Various allocation methods have been used over time. The HECC is now charged with allocation of funds to the universities, but legislative action takes precedence. In 2013, the legislature began capping amounts allocated to Oregon State University and the University of Oregon.

| History of Sports Lottery Allocation Methodologies   |        |        |        |        |        |        |        |         |
|--|--------|--------|--------|--------|--------|--------|--------|---------|
| Period Covered   | EOU    | OIT    | OSU    | PSU    | SOU    | UO     | WOU    | Total   |
| <b>1989 - June 30, 1997</b>  | 4.00%  | 4.00%  | 33.50% | 17.00% | 4.00%  | 33.50% | 4.00%  | 100.00% |
| <b>July 1, 1997 - June 30, 2007</b>  | 5.00%  | 5.00%  | 30.14% | 18.71% | 5.00%  | 31.15% | 5.00%  | 100.00% |
| <b>July 1, 2007 - June 30, 2013</b>  |        |        |        |        |        |        |        |         |
| First \$1.8 million  | 5.00%  | 5.00%  | 30.14% | 18.71% | 5.00%  | 31.15% | 5.00%  | 100.00% |
| Next \$500,000   | 15.00% | 15.00% | 5.00%  | 20.00% | 15.00% | 5.00%  | 25.00% | 100.00% |
| After initial \$2.3 million  | 8.00%  | 8.00%  | 23.00% | 19.00% | 8.00%  | 24.00% | 10.00% | 100.00% |
| <b>2013-15 Biennium</b>  |        |        |        |        |        |        |        |         |
| Legislative dollar limits  |        |        | \$1.0M |        |        | \$1.0M |        |         |
| Remaining \$6M allocated by the SBHE for FY14 and by the HECC for FY15:  |        |        |        |        |        |        |        |         |
| By formula   | 14.78% | 14.78% |        | 36.85% | 14.78% |        | 18.81% | 100.00% |
| <b>2015-17 Biennium</b> - specific dollar amounts per legislative budget report for HB 5029 resulting in these shares: |        |        |        |        |        |        |        |         |
|  | 11.1%  | 11.1%  | 12.5%  | 27.6%  | 11.1%  | 12.5%  | 14.1%  | 100.0%  |

| Sports Lottery | 2007-09<br>Actuals <sup>1</sup> | 2009-11<br>Actuals | 2011-13<br>Actuals | 2013-15<br>Actuals <sup>2</sup> | 2015-17<br>Budget <sup>2</sup> | 2017-19<br>at Est 1%  |
|----------------|---------------------------------|--------------------|--------------------|---------------------------------|--------------------------------|-----------------------|
| EOU            | 920,979                         | 735,207            | 653,078            | 886,640                         | 913,239                        |                       |
| OIT            | 915,870                         | 735,207            | 653,078            | 886,640                         | 913,239                        | <i>Estimate Per</i>   |
| OSU            | 2,946,595                       | 2,300,009          | 1,949,531          | 1,000,000                       | 1,030,000                      | <i>March 2016</i>     |
| PSU            | 2,349,294                       | 1,835,926          | 1,640,866          | 2,211,230                       | 2,277,567                      | <i>OEA Revenue</i>    |
| SOU            | 918,992                         | 735,207            | 653,078            | 886,640                         | 913,239                        | <i>Forecast for</i>   |
| UO             | 3,017,636                       | 2,387,020          | 2,022,010          | 1,000,000                       | 1,030,000                      | <i>Sports Lottery</i> |
| WOU            | 1,163,245                       | 936,508            | 833,849            | 1,128,850                       | 1,162,716                      | <i>Allocations</i>    |
| <b>Total</b>   | <b>12,232,611</b>               | <b>9,665,082</b>   | <b>8,405,489</b>   | <b>8,000,000</b>                | <b>8,240,000</b>               | <b>13,007,000.00</b>  |

<sup>1</sup> 2007-09 initial distribution of statutory 1%; for all subsequent biennia, total allocation capped by Legislature

<sup>2</sup> For 2013-15 and 2015-17, Legislature capped allocations to OSU and UO

**Return to Statutory 1%**

The universities support a return to the statutory one-percent for Sports Lottery that would benefit students in several ways. The 12% portion is directed to graduate scholarships, providing a much needed source for students seeking advanced degrees. Much of the 88% portion allocated for athletic programs takes the form of grants-in-aid to student athletes, providing affordable access. Being engaged in intercollegiate athletics, while pursuing an academic degree, generally has a positive multiplier effect on students. It promotes the very skills that universities are teaching in the classroom as well: teamwork, problem solving, and informed decision making. Sports Lottery funding is also a

primary way that campuses are able to meet Title IX requirements to equitably fund women's athletics. Investment in student athletes also supports the overall goal of student diversity at every level: gender, geographic, ethnic, and economic background.

## Summary

The universities support the following funding levels consistent with *Scenario 1* as the minimum needed 1) for state funding to reflect true costs to continue current services, 2) to continue student success initiatives that began in 2015, and 3) to keep tuition increases in 2017-19 below 5%.

| <b>2017-19 Public Universities Funding Request</b>                           |  |  |
|--|--|--|
| <b>Appropriation Categories</b>  | <b>2015-17<br/>Current<br/>Funding</b> | <b>2017-19<br/>Consolidated Request<br/>"Scenario 1"</b> |
| <b>Public University Support Fund</b>  | \$665,000,000                          | \$765,000,000  |
| <b>State Programs</b>  |  |  |
| Ongoing  | \$37,226,225                           | \$41,295,000   |
| Proposed: Oregon Renewable Energy Center (OREC)*                             |  | \$985,000  |
| One-time   | 1,321,638                              | -  |
| Subtotal Education & General (E&G)   | \$703,547,863                          | \$807,280,000  |
| <b>Statewide Public Services</b>   |  |  |
| Agricultural Experiment Station  | \$63,121,066                           | \$68,108,000   |
| Extension Service  | 45,601,540                             | 49,204,000   |
| Forest Research Laboratory   | 9,771,107                              | 10,543,000   |
| Subtotal SWPS  | \$118,493,713                          | \$127,855,000  |
| <b>Sports Lottery</b>  | \$8,240,000                            | \$13,007,000 **  |
|  |  | <i>Restore Sports Lottery<br/>to Statutory 1%</i>        |
| <b>Debt Service</b>  |  |  |
| General Fund   | \$119,704,939                          |  |
| Lottery  | 31,887,710                             | <i>Actual Obligations</i>                                |
| <b>Total</b>   | <u>\$981,874,225</u>                   |  |
| * OREC - Legislatively established program at Oregon Tech currently unfunded |  |  |
| ** Amount per March 2016 Office of Economic Analysis Revenue Forecast        |  |  |

## APPENDIX A – HECC Request (Item B.5 in guidance)

Please provide a calculation of the projected additional revenue from successive 2% annual increases (2% increase in FY18 followed by 2% increase in FY19) to tuition and mandatory enrollment fees. Please show both the overall increase in revenue and that portion derived from resident, undergraduate students, itemized by fiscal year and institution.

| Institution | Total Tuition*, net of remissions |               |                                   |                   |                                   |   |
|-------------|-----------------------------------|---------------|-----------------------------------|-------------------|-----------------------------------|---|
|             | FY17<br>Estimated<br>Tuition*     | FY18 Increase | FY18<br>Projected<br>Revenue, Net | FY 19<br>increase | FY19<br>Projected<br>Revenue, Net | 2017-19<br>Projected<br>Revenue<br>Increase |
|             | Revenue, Net                      | 2.0%          |                                   | 2.0%              |                                   |   |
| EOU         | \$ 17,297,918                     | \$ 345,958    | \$ 17,643,876                     | \$ 352,878        | \$ 17,996,754                     | \$ 698,836                                  |
| OIT         | \$ 27,366,973                     | \$ 547,339    | \$ 27,914,312                     | \$ 558,286        | \$ 28,472,598                     | \$ 1,105,625                                |
| OSU         | \$325,836,337                     | \$ 6,516,727  | \$ 332,353,064                    | \$ 6,647,061      | \$ 339,000,125                    | \$ 13,163,788                               |
| PSU         | \$203,156,000                     | \$ 4,063,120  | \$ 207,219,120                    | \$ 4,144,382      | \$ 211,363,502                    | \$ 8,207,502                                |
| SOU         | \$ 35,731,000                     | \$ 714,620    | \$ 36,445,620                     | \$ 728,912        | \$ 37,174,532                     | \$ 1,443,532                                |
| UO          | \$346,239,262                     | \$ 6,924,785  | \$ 353,164,047                    | \$ 7,063,281      | \$ 360,227,328                    | \$ 13,988,066                               |
| WOU         | \$ 39,514,523                     | \$ 790,290    | \$ 40,304,813                     | \$ 806,096        | \$ 41,110,909                     | \$ 1,596,386                                |
| Total       | \$995,142,013                     | \$19,902,839  | \$1,015,044,852                   | \$20,300,896      | \$1,035,345,748                   | \$ 40,203,735                               |

| Institution | Portion of above pertaining to Resident Undergraduates only, net of remissions |               |                                   |                   |                                   |   |
|-------------|--|---------------|-----------------------------------|-------------------|-----------------------------------|---|
|             | FY17<br>Estimated<br>Tuition*  | FY18 Increase | FY18<br>Projected<br>Revenue, Net | FY 19<br>increase | FY19<br>Projected<br>Revenue, Net | 2017-19<br>Projected<br>Revenue<br>Increase |
|             | Revenue, Net   | 2.0%          |                                   | 2.0%              |                                   |   |
| EOU         | \$ 15,147,400  | \$ 302,948    | \$ 15,450,348                     | \$ 309,007        | \$ 15,759,355                     | \$ 611,955                                  |
| OIT         | \$ 14,404,125  | \$ 288,083    | \$ 14,692,208                     | \$ 293,844        | \$ 14,986,052                     | \$ 581,927                                  |
| OSU         | \$161,042,972  | \$ 3,220,859  | \$ 164,263,831                    | \$ 3,285,277      | \$ 167,549,108                    | \$ 6,506,136                                |
| PSU         | \$ 86,953,704  | \$ 1,739,074  | \$ 88,692,778                     | \$ 1,773,856      | \$ 90,466,634                     | \$ 3,512,930                                |
| SOU         | \$ 17,043,687  | \$ 340,874    | \$ 17,384,561                     | \$ 347,691        | \$ 17,732,252                     | \$ 688,565                                  |
| UO          | \$ 66,329,246  | \$ 1,326,585  | \$ 67,655,831                     | \$ 1,353,117      | \$ 69,008,948                     | \$ 2,679,702                                |
| WOU         | \$ 17,473,523  | \$ 349,470    | \$ 17,822,993                     | \$ 356,460        | \$ 18,179,453                     | \$ 705,930                                  |
| Total       | \$378,394,657  | \$ 7,567,893  | \$ 385,962,550                    | \$ 7,719,252      | \$ 393,681,802                    | \$ 15,287,145                               |

\* Data shown for tuition only (net of remissions); mandatory enrollment fees excluded as they are designated to cover specific costs and not available as a general resource to the universities.

Projected FY17 amounts do not take into multiple rate structures or reductions due to drops and withdrawal; thus actual revenues could be lower.

## **APPENDIX B – University-Specific Information**

### **Eastern Oregon University Supplemental Information**

#### **Investment: Student Success and Outcomes**

Eastern Oregon University focuses its efforts on providing an accessible, affordable and engaged education. Utilizing currently available resources, each investment is strategic in its inclusion in our planning to provide the maximum return for the student. As a university of access, we serve students at all levels throughout the state and in particular, in rural and underserved areas through on campus, online and on-site programs. Additional investment by the State would allow EOU to strategically enhance critical services to students to improve retention and completion rates.

#### **Enhance tuition remissions to increase access for rural, minority and first-generation students**

Providing student support to multicultural and bilingual student recruitment, financial aid and career services for progress towards degree completion and success after college. The majority of EOU students (over 85%) receive some type of financial aid. Rural, minority and first-generation students are amongst the most vulnerable to start but not complete their college education. Eastern is focusing its own resources, private funds through the EOU Foundation and outside funding to educate students on the most important investment of their lives: education. For some students a few hundred dollars may mean the difference between paying the rent, buying books or paying for childcare. For others—especially undocumented students—the gulf between in-state tuition and actually attending college is \$10,000 or more and completely unattainable for some of Oregon’s best and brightest young minds. Additional investment would fund a large number of fee remissions for our most needy students, and would help to remove financial barriers for those wanting to obtain a college education.



#### **Funding for student completion initiatives to increase graduation rates for on-campus, online and on-site programs**

With increased challenges in higher education funding, student readiness and financial aid resources, getting to college as a freshman or returning student is only the first hill. Helping students to identify and follow a successful path from entrance through graduation is a key issue in Oregon’s overall 40-40-20 strategy. Students require, and expect, critical academic advising, tutoring and other levels of assistance in removing barriers to completion throughout their academic career. Additional funding would allow for strategic investment in completion pathways including enhanced first-year programming and degree planning; a more fully-developed early-alert system to track student progress and identify at-risk students, pairing those students with greater academic support and advising resources; and the expansion of critical student



services like the learning center, academic tutors, and the TRiO program - all of which greatly and favorably impact student success and completion.

### **Build a college-going culture through Eastern Promise Collaborative with grade school students through high school and post-secondary education**

In collaboration with eastern Oregon community colleges, school districts and educational service districts, Eastern Oregon University developed the Eastern Promise. Widely recognized and lauded as a statewide model for K-12 and higher education cooperation and success, the Eastern Promise was provided no support in the 2015 or 2016 legislative sessions, leaving rural school districts with limited or no access for teaching training, student funding support or programmatic expansion. In many cases, the Eastern Promise was forced to contract and partner K-12 schools are no longer able to offer dual credit to its students.

With college-going attendance rates in eastern Oregon in the decline, investments in higher education provide support for accelerated learning in high schools—especially for low-income students—and put them on a fast-track to college graduation and work in Oregon’s economy. Additional investment from the State would enable continuation of Academic Momentum that promotes a college-going culture among fifth-graders in eastern Oregon, offers discounted tuition to high school students for college level classes, continues Professional Learning Communities between high school teachers and college faculty to ensure rigor in the accelerated learning environment and alignment with college-level standards, and continues the High School Summer Institute at EOU--discontinued this year for the first time in more than a decade--as a college context during which students take college-level classes and have a summer live-in experience in preparation for college.



## **Oregon Institute of Technology (Oregon Tech) Supplemental Information**

Oregon Tech identified the following priorities, in collaboration with the Provosts Council:

1. Expand personalized resources for high school and first-year university students that provide mentoring and support in transitioning to college.
2. Increase academic preparation and completion of high school students in STEM fields.
3. Increase degree completion through “Completer” scholarships.

The table below provides examples of initiatives that would support these priorities, including connections to the HECC Strategic Plan and to Oregon Tech Strategic Action Plan 2015 – 2020.

| <b>Oregon Tech Initiatives</b>   | <b>Access</b> | <b>Affordability</b> | <b>Success</b> | <b>Quality</b> |  | <b>Scenario 2</b> | <b>Scenario 3</b> | <b>Scenario 4</b> |
|--|---------------|----------------------|----------------|----------------|--|-------------------|-------------------|-------------------|
| Expand fee remissions to increase support to rural, minority, first-generation students                            | X             | X                    | X              | X              |  | X                 | X                 | X                 |
| Expand mentoring services including a student texting program, tutoring and writing lab                            | X             | X                    | X              | X              |  | X                 | X                 | X                 |
| Increase degree completion through Completer scholarships for students with financial hardship close to graduation |               | X                    | X              | X              |  | X                 | X                 | X                 |
| Provide retention initiatives to Wilsonville campus  | X             | X                    | X              | X              |  | X                 | X                 | X                 |
| Increase experiential learning to junior and senior capstone projects  |               | X                    | X              | X              |  | X                 | X                 | X                 |
| Implement recruiting initiatives directed at rural and URM students  | X             |                      | X              | X              |  |                   | X                 | X                 |
| Create support services specifically for transfer students and veterans  | X             |                      | X              | X              |  |                   | X                 | X                 |
| Expand recruiting in Community Colleges to increase transfer rates and easier transition                           | X             |                      | X              | X              |  |                   | X                 | X                 |
| Expand HS/college accelerated credit for \$25/credit; focus on   | X             | X                    | X              | X              |  |                   | X                 | X                 |

|  |   |   |   |   |  |   |   |
|--|---|---|---|---|--|---|---|
| chemistry, biology, information technology   |   |   |   |   |  |   |   |
| Expand Summer and High School Transition programs for HS and freshmen at both campuses                           | X | X | X | X |  | X | X |
| Articulate more advanced credit with Project Lead the Way in biomedical, aerospace, manufacturing and computing. | X | X | X | X |  | X | X |

All initiatives would provide additional support for student success; some are specific to a sub-group of students that have different needs.

**Connection to Oregon Tech Strategic Plan:**

Oregon Tech Vision: We will have advanced our strategic vision if we are:

- Growing and transforming to meet the needs of the State of Oregon, as its demographics and industry needs change and intersect over time.
- Focusing on and expanding access for Oregon students – particularly those who face significant barriers -- to meet our 40-40-20 obligation and ensure that Oregonians are not left behind; and successfully advocate for financial resources to ensure students can be supported to stay in college and earn a degree.
- Provide additional resource support for high-need, student-support programs which target underserved students in order to improve the retention and success rates of these students; use proven approaches in campus retention programs; and replicate successful approaches in other campus retention programs.

Student Success Goal #4: Student Access & Diversity: Improve student educational access, the university environment and employment opportunities for diverse and historically underserved populations in Oregon, in order to ensure equity in our provision and delivery of education.

**Connection to HECC Strategic Plan:**

Goal 1: Improving educational attainment and completion

Goal 3: Ensuring affordable access for qualified Oregon students at each public university

- Improving educational attainment and completion for all Oregonians;
- Smoothing and simplifying pathways from developmental education through graduate school;
- Supporting innovations that lower costs while maintaining or increasing quality.

**Connection to Outcomes: Improved access, affordability, retention and completion; focus on equity.**

## Oregon State University Supplemental Information

The following OSU initiatives would support Provost Council priorities, including connections to the HECC Strategic Plan themes and to the OSU Strategic Plan 3.0 goals. Which initiatives might be funded and to what extent would vary depending upon final allocations of state funding to OSU.

| Initiative   | Connections   |  |
|--|---|--|
|  | Strategic Plans<br>(see table on next page for references)          | Outcomes   |
| Curriculum redesign to 1) strengthen math pathways, 2) improve courses that have high incidents of awarded grades of D, F or Withdrawal by students, 3) increase access to courses by further developing online education and hybrid formats.  | OSU - 1.a., 1.c., 1.f<br>HECC (a), (d)                              | Improved Retention & Completion  |
| Assist faculty in course development using Technology Across the Curriculum (TAC) and Ecampus approaches to enhance face to face, hybrid and online learning for students generally.   | OSU - 1.a., 1.c., 1.f<br>HECC (a), (d)                              | Improved Retention & Completion  |
| Bring Adaptive and Personalized Learning (APL) tools that would provide real time data about students' behaviors and practices in order to provide on time curriculum interventions, including related training for students, faculty, and staff.  | OSU - 1.a., 1.c., 1.d., 1.f<br>HECC (a), (d), (e), (g)              | Improved Retention & Completion  |
| Develop and Implement mobile technology with student success mapping of available resources so that students can have this at their fingertips, including related training for students, faculty, and staff.   | OSU - 1.a., 1.d., 1.f<br>HECC (a), (d), (e)                         | Improved Retention & Completion  |
| Strengthen our degree partnership program to support transfer students coming into OSU. Expand support for community college transfer student pathways to 4-year degrees: capacity to update and improve articulation agreements with community colleges; targeted advising resources for transfer students. Transfer support will be critical with the Oregon Promise coming online.  | OSU - 1.a., 1.f<br>HECC (a), (d)                                    | Improved Retention & Completion  |
| Expand current programs that support first-generation, low income students on campus since we are currently unable to serve all of the students that could use these programs due to capacity.   | OSU - 1.a., 1.f<br>HECC (a), (d)                                    | Improved Retention & Completion, particularly for underrepresented populations |
| Develop and Implement financial literacy programs to help students access and manage their finances and decrease debt.   | OSU - 1.a., 1.f<br>HECC (a), (c), (d), (e)                          |  |
| Enhance central infrastructure to expand experiential learning (community-based learning/service learning; study abroad; internships; undergraduate research; leadership development)  | OSU - 1.a., 1.b., 1.f., 3.a., 3.c.<br>HECC (a), (d), (f)            | Improved Retention & Completion  |
| Enhance career development and placement resources for undergraduates with an emphasis on transferrable/soft skills to complement disciplinary knowledge and skills. This would include FTE for additional career advising capacity; FTE to oversee career-related experiential learning (career mentoring, job shadowing, industry site-visits, internships)  | OSU - 1.a., 1.b., 1.f., 3.a., 3.c.<br>HECC (a), (d)                 | Improved Retention & Completion  |
| Training and Development: <ul style="list-style-type: none"> <li>o Provide training for faculty and staff around social justice and inclusivity;</li> <li>o Funding for institutional programmatic initiatives around issues of diversity, inclusion, equity and socials (President's speakers series, etc.);</li> <li>o Bias Prevention and Response Training for all community members and funding for Bias Response Team training;</li> <li>o Support for faculty training initiatives out of Academic Affairs;</li> <li>o Support to develop and implement a structure for staff training and onboarding (HR/Organizational Development);</li> <li>o Leadership Council Equity, Inclusion and Social Justice funding for ongoing training, initiative development, etc.</li> </ul> | OSU - 1.a., 1.b., 1.e., 1.f., 2.a., 2.b., 3.a,<br><br>HECC (a), (b) | Improved Retention & Completion, particularly for underrepresented populations |

---

## OSU Strategic Plan 3.0 Connections

---

### Reference

### Strategy

#### **Goal 1. Provide a transformative educational experience for all learners**

- OSU-1.a. Enhance an integrated learning environment that raises and equalizes retention and success of all learners.
- OSU-1.b. Make high-impact learning a hallmark of Oregon State undergraduate education, preparing students for responsible citizenship and global competitiveness.
- OSU-1.c. Advance teaching and learning in the Baccalaureate Core through innovations in course design, authentic assessment, interactive teaching and faculty development.
- OSU-1.d. Strategically grow online education programs, explore new pedagogical models and address all learning styles through myriad learning platforms.
- OSU-1.e. Enhance our comprehensive Healthy Campus Initiative, caring about the health and well-being of students, faculty and staff.
- OSU-1.f. Expand strategies to recruit diverse and high-achieving students and meet enrollment goals for OSU-Cascades.

#### **Goal 2. Demonstrate leadership in research, scholarship and creativity while enhancing preeminence in the three signature areas of distinction.**

- OSU-2.a. Attract and retain faculty to strengthen the foundational disciplines and excellence in signature areas.
- OSU-2.b. Expand and cultivate transdisciplinary research through partnerships within Oregon State, along with industry and national and international partners.
- OSU-2.c. Selectively increase the quality, capacity and impact of Oregon State's graduate programs, while improving retention and student success.
- OSU-2.d. Expand and increase visibility of high-profile programs in the performing arts and creative work in the humanities.

#### **Goal 3. Strengthen impact and reach throughout Oregon and beyond.**

- OSU-3.a. Position Oregon State's outreach and engagement programs as learning laboratories to promote high-impact experiences for students and to promote the broader impacts of university research more effectively.
- OSU-3.b. Drive economic development in Oregon by expanding commercialization, technology transfer and startup companies that originate from Oregon State research.
- OSU-3.c. Increase the number of Oregon State students who participate in study abroad and grow the number of strategic international research partnerships.
- OSU-3.d. Engage alumni and other external partners to advance university goals and priorities.

---

## HECC Strategic Plan Connections

---

### Reference

### Theme

- HECC (a) Improving educational attainment and completion for all Oregonians
- HECC (b) Improving Oregon's economic competitiveness and quality of life
- HECC (c) Ensuring that resident students have affordable access to colleges and universities
- HECC (d) Smoothing and simplifying pathways from developmental education through graduate school
- HECC (e) Supporting innovations that lower costs while maintaining or increasing quality
- HECC (f) Supporting research that contributes to the well-being of our state, national, and global economy
- HECC (g) Improving state and institutional capacity for capturing, analyzing, and reporting on student data

## **Portland State University Supplemental Information**

As part of the discussion by the Public Universities Provosts Council, PSU identified three priorities that address affordability, access, success and quality. Following are examples of initiatives that would support these priorities, including connections to the HECC Strategic Plan themes and to the PSU Strategic Goals 2016-2020 initiatives.

### **Transfer Center**

Make transfer to PSU successful, predictable with the goal of “no loss of credit” by creating a main point of contact for transfer students. Develop major-specific degree maps with community colleges, orientation, and ongoing acculturation.

#### ***Connection to PSU Strategic Goals:***

STRATEGIC GOAL #1: ELEVATE STUDENT SUCCESS

- *Initiative 1.2: Identify and remediate administrative policies and procedures that impede student success by improving support services, programs and access to courses they need to progress towards graduation*
- *Initiative 2.2: Help students navigate their course work and move effectively and efficiently toward graduation.*
- *Initiative 2.3: Create programs and services in conjunction with community colleges and other institutions to ensure clear pathways for transfer students.*

#### ***Connection to HECC Strategic Plan:***

- Improve the alignment of learning standards and outcomes between higher education institutions
- Improving educational attainment and completion for all Oregonians;

***Connection to outcomes:*** Improve retention and completion

### **PSU Flexible Degrees**

Develop and hire faculty to deliver 20 PSU Flexible Degrees for adult learners where 75% or more of the degree can be completed online. Develop the infrastructure to support credit for prior learning, prior learning assessment and competency-based degrees.

#### ***Connection to PSU Strategic Goals***

STRATEGIC GOAL #1: ELEVATE STUDENT SUCCESS

- *Initiative 1.1: Explore and put in place new strategies to contain the cost of completing a PSU degree.*
- *Initiative 4.1: Develop an academic plan with programs that prepare students for competitive advantage in life and career.*
- *Initiative 4.2: Provide flexible degrees to accommodate the diverse needs of students.*
- *Initiative 4.3: Assess opportunities for innovative academic programs that align with career paths, locally and globally.*

#### ***Connection to HECC Strategic Plan***

- Improving educational attainment and completion
- Promote degree pathways and related initiatives that increase opportunities for post-secondary students to build on career-oriented education and workplace experience.
- Supporting innovations that lower costs while maintaining or increasing quality

***Connection to outcomes:*** Improve retention and completion; meet employer demand for qualified graduates

### **Advising, Analytics, and Curricular Redesign and for Increasing Graduation**

PSU's has invested in a student success data platform that predicts individual students' likelihood to graduate. We will use this platform to identify and redesign courses and programs and enhance advising support.

#### **Connection to PSU Strategic Goals**

##### **STRATEGIC GOAL #1: ELEVATE STUDENT SUCCESS**

- *Initiative 3.1: Increase advising capacity, revitalize advising systems and improve the visibility of student support services.*
- *Initiative 3.2: Expand culturally responsive and culturally specific supports for students from diverse communities.*
- *Initiative 3.3: Maximize use of advanced analytics to improve student outcomes.*

#### **Connection to HECC Strategic Plan**

- Conduct public reporting on higher education outcomes, in aggregate and by institution, in a more systematic way with an equity focus.
- In partnership with institutions, support the development of center(s) to research, develop, and disseminate best practices for student success.
- Engage students, families, and community groups as partners in efforts to improve student success.

**Connection to outcomes:** Improve retention and completion

### **Focus on Research**

Develop and hire faculty to offer high quality programs that provide opportunities for undergraduate and graduate students to engage in hands-on learning and research.

#### **Connection to PSU Strategic Goals**

##### **STRATEGIC GOAL #1: ELEVATE STUDENT SUCCESS**

- *Initiative 4.4: Increase opportunities for students to participate in scholarly activities, research efforts and creative endeavors.*

##### **STRATEGIC GOAL #2: ADVANCE EXCELLENCE IN TEACHING AND RESEARCH**

- *Initiative 3.1: Establish a Distinguished Professor rank to recognize outstanding research, scholarship and creative work.*
- *Initiative 3.2: Create opportunities for faculty and graduate students to develop and enrich their research efforts.*
- *Initiative 4.1: Determine and prioritize research investment and academic program development in areas where PSU is known for excellence, that show the greatest potential for collaboration and in which we have a competitive advantage.*
- *Initiative 4.2: Promote and incentivize faculty research, including support for disciplines with limited opportunities for external funding.*

#### **Connection to HECC Strategic Plan**

- Increasing Oregon's global economic competitiveness and the quality of life of its residents; Promote degree pathways and related initiative that increase for post-secondary students to build on career-oriented education and workplace experience
- Create better connections between higher education and training and employer needs

**Connection to outcomes:** Improve retention and completion, meet employer demand for qualified graduates, impact economic vitality of the state.

## **Southern Oregon University Supplemental Information**

Southern Oregon University is committed to supporting the state’s higher education goals outlined in 40-40-20 and the HECC Strategic Plan. To that end, any additional institutional funds SOU receives would be used to support programs and initiatives that are currently underway, and integrating these efforts, bolstering commitment to, and sustainability of, these initiatives as well as the state’s higher education goals.

Additionally, Southern Oregon University is one of 44 member institutions (and the only one in Oregon) to be chosen to participate in Re-Imagining the First Year (RFY), a new project sponsored by the American Association of State Colleges and Universities (AASCU). With support from the **Bill & Melinda Gates Foundation** and **USA Funds**, this three year initiative (2016-2018) is aimed at ensuring success for all students, particularly those who have historically been underserved by higher education—specifically, low income, first generation, and students of color—to develop comprehensive, institutional transformation that redesigns the first year of college and creates sustainable change for student success.

The 44 institutions participating in RFY will form a learning community that reviews and shares evidence-based practices, programs and implementation strategies. The RFY initiative entails a comprehensive, “top-down, bottom-up” approach that engages the whole campus in focusing on four key areas to help first-year students succeed: institutional intentionality, curriculum redesign, changes in faculty and staff roles, and changes in student roles. See <http://www.aascu.org/RFY/> for more information.

Additional state funding would be used to provide support for SOU’s critical first-year involvement in Re-imagining the First Year (RFY), as well as the following ongoing recruitment and retention initiatives:

1. Continue expansion of Pirates to Raiders and Bulldogs to Raiders, our existing regional programs targeting Hispanic students, to at least three additional middle and high schools, providing them with on-site tutoring, mentoring, and other forms of college preparation for this historically underserved population.
2. Increase remission funding to expand our work with local county high schools to implement Jackson-Josephine Pledge, an accelerated and low cost degree programs for first generation, low-income, under-represented, rural high school students.
3. Expand current outreach to engage faculty in collaborative efforts that focus on intentional course design with respect to curriculum, assessment, and effective pedagogy for general education/gateway courses with high failure rates. Failure in these courses tends to correlate with decreased persistence and early stop-out in higher numbers for first-generation students, veterans, and other under-represented communities. Additional funding to track and assess these initiatives would also be helpful.
4. Hire 1-2 retention specialists, 1-2 academic advisors, and 1-2 financial aid counselors.

5. Increase the remission funding for the year-long Bridge Program to serve an additional 100 first-generation, Pell eligible Oregon resident high school students for fall 2017. The Bridge Program is a holistic, strength-based approach to first-year success that recognizes and develops the personal and cultural assets that incoming low-performing students, or those from underserved communities, with their college experience and assists in development of cognitive and non-cognitive skills. The Bridge program engages curriculum, student support, extra-curricular and community-based learning, peer relationships and job opportunities. It involves faculty, student life personnel, academic and student affairs staff, students, and administration.
6. Enhance capacity to respond to student counseling needs by hiring an additional Mental Health Counselor for the Student Health and Wellness Center, and an additional Case Worker for the Office of Student Support and Intervention. Both hires reflect a significant increase in student need identified by SOU Cares reporting, (the university's student care and intervention reporting system). Growth in reports is due both to the increased need for counseling and case management, as well as greater response on the part of students, staff and faculty in notifying when student concerns present themselves.
7. Increase resources for PEAK jobs on campus and expand other Career Preparation Services. PEAK provides discipline-specific job opportunities for students that require student learning outcomes and mentoring. Additional resources will help expand this and other Career Development opportunities, including professional development around internship, practicum and other professional mentoring.
8. Provide support for professional development for faculty and staff that is targeted toward Student Success, particularly around retention and advising, including better management of advising systems and documentation, as well as early academic intervention.
9. Expand resources for Veterans and military-connected students (MCs), including outreach and recruiting. We anticipate one full-time staff hire to manage veterans' certification, academic advising and counseling, in addition to enhancing the Veterans' Resource center with technology and other resources. We also anticipate increased need for additional programming that addresses Veterans, including Veteran-specific first year "ROAR" and Week of Welcome events, and academic success initiatives.

## **University of Oregon Supplemental Information**

### University of Oregon: 2017-2019 Legislative Themes

The University of Oregon (UO) has identified four priority initiatives for the 2017-2019 legislative session that advance the university's institutional priorities, align with its Strategic Framework, and support the Public Universities Provosts Council themes of affordability, access, success (completion and career), and quality. These initiatives include:

1. Expand PathwayOregon to serve more Oregon resident undergraduate students;
2. Invest in additional graduation incentive grants to support more Oregon resident students through to degree completion;
3. Increase the number of tenure-track faculty with an emphasis on STEM fields; and
4. Allocate funding supporting successful student transitions, particularly enhancing coordination across institutional units in order to ensure not only retention but also degree completion.

These priorities also support the Higher Education Coordinating Commission's strategic plan for achieving the state's post-secondary education goals as presented to the Commission on February 11, 2016.

#### PathwayOregon

The PathwayOregon program is the UO's promise of full tuition and fees, and comprehensive support for academically qualified, Pell-eligible Oregonians. The program draws resources from federal, state, and university programs, including funds from private philanthropy. It's currently open to resident first-time freshmen who graduate from an Oregon high school within the last two years with a minimum 3.4 cumulative GPA and who are eligible for a Federal Pell Grant as determined by FAFSA.

PathwayOregon is helping to remove barriers for lower-income and first-generation UO students and is closing the graduation gap between Pell-eligible students and their more affluent peers. Since its inception in 2008, 3,894 students have participated in PathwayOregon and have enjoyed comprehensive academic and personal support systems that lead to successful completion. Last year, with the help of additional philanthropic support, the University expanded the program so that over one third of resident freshmen received a full tuition and fee scholarship, as well as additional advising and tutoring support. Recent changes to the Oregon Opportunity Grant, however, could have a significant negative impact on the funding of this program potentially creating a \$1.5M gap.

The PathwayOregon program supports the following institution and state priorities:

- UO institutional priorities to "promote and enhance student access, retention, and success" and "attract and retain high quality, diverse students;"
- Public University Provosts Council themes of "affordability, access, success, and quality;" and
- HECC Strategic Plan, "Goal 1: Improving educational attainment and completion" including a strong commitment to equitable increases in attainment for Oregon's diverse population and "Goal 3: Ensuring affordable access for qualified Oregon students at each college or public university."

#### Graduation Incentive Grants

Utilizing funds appropriated by the Legislature in 2015, UO recently implemented a new graduation incentive grant program targeting Oregon residents in their final years of study who are doing well academically, but are facing financial challenges to completion. The program is targeted on a pro-active basis towards junior and senior Oregon resident students who are making satisfactory academic

progress towards their degree and are identified as being close to their cumulative loan limits. The UO Office of Enrollment Management identifies eligible students based on the program criteria, determines which students are best qualified for the awards, and contacts them about the grants. To date, UO has awarded over 136 graduation incentive scholarships to Oregon residents, enabling successful progress towards degree completion for these vulnerable students. This program supports:

- UO institutional priority to “promote and enhance student access, retention, and success;”
- Public University Provosts Council themes of “success and quality;” and
- HECC Strategic Plan, “Goal 1: Improving educational attainment and completion” by aligning with HECC “student supports” strategies.

### Tenure-Track Faculty

In 2015, UO set a goal to increase the size of the tenure-related faculty by 80 to 100 members. This goal supports a number of strategic priorities: improving student’s ability to get instruction and support from full-time research faculty; educating more graduate students; increasing scholarly research, scientific discovery and creative practice; and enhancing UO’s standing among national peers. Like many universities across the county, during the past decade, the UO grew its non-tenure-track faculty ranks in response to surging undergraduate enrollment. While these instructional faculty are often excellent teachers, they do not have the same responsibilities for student advising, mentorship, service or scholarship as tenure-related faculty. To maximize investment in tenure-related faculty, the UO is focusing on hiring in areas that emphasize current strengths and emerging areas of basic and applied research excellence, largely in the STEM fields. This priority aligns with the following institution and statewide goals:

- UO institutional priorities to “enhance the impact of research, scholarship, creative inquiry and graduate education;” to “promote and enhance student access, retention, and success;” and to “attract and retain high quality, diverse students, faculty and staff;”
- Public University Provosts Council themes of “success and quality;” and
- HECC Strategic Plan, “Goal 1: Improving educational attainment and completion” and “Goal 2: Increasing Oregon’s global economic competitiveness and the quality of life of its residents.”

### Student Transitions

During his first year, UO President Michael Schill announced a goal to “increase our graduation rate by at least 10 percentage points by 2020.” This goal was accompanied by a series of strategic initiatives aimed at creating the necessary programs to support students throughout their education career. Strategies that support these goals include central and coordinated academic advising, enhanced tutoring and other academic supports, enrichment and curricular reform, and outreach efforts. Current investments focus on retention, addressing high risk populations primarily among our first- and second-year students. Further allocations would focus on degree completion efforts, developing capacity to coordinate efforts across academic units, with particular emphasis on STEM disciplines and our fastest growing departments in the College of Arts and Sciences, the College of Business and the School of Journalism and Communication.

- UO institutional priorities to “promote and enhance student access, retention, and success” and “attract and retain high quality, diverse students;”
- Public University Provosts Council themes of “affordability, access, success, and quality;” and
- HECC Strategic Plan, “Goal 1: Improving educational attainment and completion” and “Goal 3: Ensuring affordable access for qualified Oregon students at each college or public university.”

## **Western Oregon University Supplemental Information**

Western Oregon University continues to identify college affordability, access, and degree completion initiatives that align with the strategic plans of both the University and the Higher Education Coordinating Commission that serve and support the students of Oregon and the State's higher education goals. These initiatives represent priority investments that expanded opportunities to meet student needs – especially disadvantaged students – thereby improving the likelihood of completion of a baccalaureate degree.

### **1. Expanding Student Persistence Fee Remissions.**

This area would provide limited fee remission funds to incoming students, based on financial need and academic performance. It would be available on the students' second or third terms, if grade point averages are maintained at or above a set minimum level. Additionally, the scholarship would be offered for the following fall term, based on performance within the first year. This is intended to increase students' progress through the academic year and from one year to the next.

### **2. Introduce Degree Completion Remissions.**

Western Oregon University holds a limited amount of remission funds in reserve for assisting students in financial crisis. Demand far exceeds the funds available. We wish to expand this fund for upper division students with financial need and in good academic standing. Students with at least 90 credits completed and demonstrated unmet financial need (FAFSA information) could apply for the one-time award to continue their enrollment and academic progress. Students would also be required to have a degree plan on file to be eligible.

### **3. Expanding Student Academic Support.**

Western would prioritize those functions that provide direct support services to students, and are particularly critical to students who have a lower to mid-range entering grade point average. Examples of undergraduate student support services that would be expanded with new funding would include hiring additional Math Center and Writing Center specialists to design and facilitate the tutoring programs based on identified needs, assist in managing tutors, and expanding hours of operation for those centers. These specialists would also work with Western's high school partners to support the development of academic bridges that facilitate the successful transition of students to our institution. A comprehensive review and enhancement of the institutional academic advising process would be engaged; this may include developing formal training for faculty in advising processes and tools, and establishing stronger online tools for students and advising faculty.

### **4. Expanding Student Support Services.**

Western Oregon University is planning for an expanded student health and counseling center (SHCC) to better serve student demand. In order to reduce non-academic reasons for stopping out, Western would expand mental health counselor availability in the SHCC to reduce the current delays in seeing a counselor. Engagement with counselors are critical in helping a student manage the social, personal, or academic challenges that hold potential to threaten academic progress and retention. Given that the term is only ten weeks, timely intervention is imperative when a student perceives a crisis.

Given the financial status of many Western students, funds would also be designated to support student textbook lending libraries, available on a limited basis now to the Student Enrichment Program. This library complements the WOU textbook rental program operated by the Bookstore.

## **5. Transition Projects.**

Western anticipates expanding existing programs and collaborative partnerships (and related staffing) that facilitate the progress of high school students to college, enable cross-institutional resource sharing in course or program offerings, or broaden delivery of courses. The 'WOU Project' is one example that serves Salem-Keizer high school students who are low-income, first-generation and from under-served communities. The program utilizes Western students as mentors and advisors in helping high school students; the program has served over 200 students to date with approximately 99% completing high school and over 70% enrolling in post-secondary schools. This funding would help support the new expansion into other school districts. Increased formal contact and enhance advising services at community college transfer centers to better prepare students at the community college for transfer into degree completion pathways at Western. This will become increasingly important to support students engaged in the Oregon Promise initiative. Since 2014, Western has operated a veteran's support center to provide assistance to returning veterans. We wish to expand the operational capacity of the center to better address the needs of a growing number of veterans and their family members.

Western will continue to contact students with 150 or more credits and no degree and identify pathways to a degree. In 2016, a pilot led to completion of degrees for thirty students. Additional efforts to provide pathways to success will lead to gains in degree attainment.

## **6. Bilingual Teacher Scholars Program.**

The Bilingual Teacher Scholars Program is a new WOU initiative that works with school districts to identify and develop future bilingual teachers. Partner districts include Central, Corvallis, Hillsboro, and Salem Keizer. Chemeketa Community College also participates as a source of prepared transfer students. Key activities include high school completion and preparation for college, access to WOU, academic advising, tutoring career development and preparation to become teachers. Housing support is needed because the majority of students in the program are from very low-income families and the additional cost of housing makes participating in the program cost-prohibitive. Key activities: financial support, academic and social support through the residence hall living communities, greater student connectedness to campus and campus services.

## **7. Faculty Recruitment and Retention Initiatives.**

The university and the faculty union recently made major strides in improving the compensation packages for early-career faculty in order to be better able to recruit and retain talented faculty committed to teaching. More improvement is necessary to ensure that salaries are equitable to competitors and that the university attracts and retains the type of faculty necessary to serve the teaching mission of the university.

## **8. Faculty development**

The university anticipates increasing support for faculty to develop degree programs that utilize technology to improve access. Hybrid program that are a mix of face-to-face and on-line instruction are seen as opportunities for improved access by students at the graduate level and for student with some college credits but no degree. Often these individuals are seeking flexible degree paths that will enable degree completion. Additional focus will be directed to streamlining approaches focused on student learning outcomes that can be packaged within a 180-credit, 4-yr program.

## APPENDIX C – Oregon Tech: Oregon Renewable Energy Center

### Section 2: Development of Budget Requests for Funding that is not formula-driven

#### C. For those programs not subject to a proposed expansion, reduction, or elimination:

##### 1. Please provide the 2015-17 appropriation or allocation and the 2017-19 state appropriation or allocation necessary to maintain current program operations and outcomes.

The Oregon Renewable Energy Center (OREC) received no direct state appropriations in 2015-17 and is seeking \$985,000 in 2017-19.

#### D. For those programs subject to a proposed expansion, reduction, or elimination:

##### 1. Describe the nature of the request. Provide a description of the program the funding request supports, the clients that it serves and the frequency at which those clients receive service. Describe the purpose of the program and how it achieves that purpose. Describe how the program is delivered and what partners are necessary to guarantee success of the program.

As a public purpose, applied research center created by the Oregon State Legislature in 2001 ([ORS 352.221](#)), the Oregon Renewable Energy Center (OREC) speeds the integration and optimization of renewable energy resources with current power generation systems, and accelerates clean energy technologies in collaboration with industry partners.

##### OREC leverages globally distinguished capabilities at Oregon Tech.

- First university in North America to reach the goal of generating most of the electrical power for its campus.
  - Two geothermal power plants and testing sites, including the 280kW geothermal power plant and the 1750kW geothermal plant.
  - 7,800 ground-mounted solar electric panels on 9 acres of hillside at the Klamath Falls campus, with a total capacity of just under 2 megawatts.
- First ABET-accredited BS in Renewable Energy Engineering in the world; also offers a Master's degree in Renewable Energy Engineering.
- Home of the Geo-Heat Center, an internationally renowned repository of information and technical advice on geothermal energy development.

Oregon serves small and medium-sized companies seeking a university collaborator to prototype, test, validate and accelerate clean tech products, and renewable energy applications. OREC's geo-heat center maintains a geothermal library of over 5,000 publications, and provides information and technical assistance on the use of geothermal energy to thousands of constituents worldwide, with a focus on assisting small Oregon-based businesses with applications of geothermal energy.

##### Partners

OREC and Oregon Tech currently works with a multitude of partner industry organizations, universities, and community-based economic development entities. The partnerships help OREC expand its reach to small and medium-sized companies, fulfill its mission for public service in energy systems and applied research, and engage undergraduate and graduate students in relevant experiential learning to prepare the next-generation energy workforce.

**Industry Partners (partial list)**

- Arcimoto
- Drive Oregon
- Green Lite Motors
- Kers Tech
- Manufacturing 21 Coalition (M21)
- NW Collaboratory for Sustainable Manufacturing
- Northwest Renewable Energy Corp.
- Oregon Manufacturing Extension Partnership (OMEP)
- Oregon Solar Energy Industry Association
- Oregon Aviation Industries
- Pacific Northwest Defense Coalition (PNDC)
- Pacific Power
- PGE
- Powin Energy
- Smart Grid Oregon
- Sustainable Valley Technology Group

- Klamath IDEA
- Oregon BEST
- Oregon Innovation Council
- Oregon Metals Initiative
- Oregon Wave Energy Trust
- South Metro-Salem STEM Hub
- Southern Central Oregon Economic Development District (SCOEDD)

**University Partners**

- PSU: Oregon Transportation Research and Education Consortium (OTREC/ NITC)
- PSU: Power Engineering Lab (ETIC-funded collaboration)
- UO: Center for Advanced Materials Characterization in Oregon (CAMCOR) and Support Network for Research and Innovation in Solar Energy
- UO 4+1 Industrial Internship Program  
Great Basin Center for Geothermal Energy

**Community-based Partners**

- Klamath County Economic Development Association (KCEDA)

**2. Identify the amount that is being requested, by fund type, and the number and classification of positions and FTE requested, if any. Provide explanation for any costs that are not directly related to positions and position-driven services and supplies.**

| Expense                                  | Description and classification   | State Program Funding   | Other Funding | Comments   |
|--|--|---|---------------|--|
| OREC Director                            | 1 OREC Director @ \$120,000 + \$60,000 OPE for two years<br><br>Unclassified                     | 360,000   |               | Manage OREC, oversee centers of expertise and laboratory facilities, develop sustaining funding, work with Provost on faculty appointments to applied research center; manage Sponsored Research Office and VP Research functions. |
| Five applied research faculty positions  | Half of salaries for 5 @ \$125,000 including OPE x 2 years<br><br>Unclassified faculty positions | \$625,000 (OREC covers half of the salaries for applied research) |               | Faculty positions include part-time teaching of undergraduate and graduate courses, collaborations with companies on applied research projects, commercialization of research, leverage of private and federal funds.              |
| Administrative and Grant Writing Support | 1 Admin Assistant @ \$60K including OPE x 2 years; Classified position                           |   | \$120,000     | Oregon Tech will support this function through grants and sponsored projects administrative offices.   |
|  | 1 Grant Writer/ Grant Manager @\$100k including OPE x 2 yrs. Unclassified position               |   | \$200,000     | Oregon Tech will support this function through grants and sponsored projects administrative offices.   |

|  |                                |           |           |   |
|--|--------------------------------|-----------|-----------|---|
| Research Labs, tied to industry needs, and energy curriculum | \$100,000 each x 5 researchers |           | \$500,000 | One-time costs; future shared lab facilities will be grant funded in collaboration with other university partners or privately funded with business partners. |
| Total  |                                | \$985,000 | \$820,000 | Biennium  |

**3. Explain how the request will advance the 40/40/20 goal, if appropriate. Include the impact of the request on the 40/40/20 goal, including the timeframe when the results will be measurable.**

OREC’s projects will increase the relevance and quality of the student experience at Oregon Tech, increasing output of Bachelor’s and Master’s level engineering students, while meeting the economic development needs of companies in rural Oregon. Undergraduate and graduate students will participate in industry research projects at the technology readiness level of 3 – 7, providing career-related learning, increasing educational attainment and global competitiveness. OREC will offer multi-disciplinary projects for students across all disciplines in the College of Engineering, Technology and Management to ensure that Oregon Tech can reach its 40-40-20 goals by 2020. Success will be measured within two years through the following metrics:

- Value of contracts, grants or revenue from sponsored applied research
- BS and MS-level degrees awarded by Oregon Tech in energy and related fields
- % Employment of Oregon Tech graduates in Oregon
- # internships and industry-supported undergraduate/ graduate projects, related fields

**4. Indicate if the request requires or supports proposed statutory changes.**

OREC has been authorized in statute but never provided with a direct appropriation, as has been provided to other state programs.

**5. Describe any non-state revenues that supports the program. Include a description of leveraged funds and the nature of how Oregon qualifies to receive the additional resources (competitive grant, federal matching program, private donation, performance bonuses, etc.). If the program has a dedicated funding stream, describe the dedicated source and the nature of the dedication (constitutional or statutory) providing legal citations to the dedication.**

Oregon Tech has been supporting OREC through grants, industry donations and E&G funds since its inception in 2001, and will continue to apply for grants and seek support from industry partners, however this model is not sustainable in the current state funding environment. While OREC has raised over \$11M to support its mission, most of the funds were dedicated to the development of renewable energy resources for energy, teaching and learning, and only 9% have been committed to applied research collaborations to catalyze economic activity and jobs, while providing relevant experiences for students. A summary of OREC-related investments is listed below.

**6. If the request involves establishing or increasing fees, indicate the existing fees, the proposed fees, and the impact on revenue in the 2017-19 biennium.**

Oregon Tech does not plan to establish or increase fees to pay for OREC services.

## OREGON RENEWABLE ENERGY CENTER- Related Energy Systems and Applied Research Funding Sources: Fiscal Years June 30 2001 - June 30, 2015

| Title   | Total                  | FY 2001 - 2015         |
|---|------------------------|------------------------|
| Geothermal Direct-Heat Utilization (Closed)     |                        | 130,889.86             |
| Geothermal Renewable Energy Assista (Closed)    |                        | 996,123.81             |
| Geothermal Information Outreach (Closed)        |                        | 672,420.33             |
| OREC DE-FG03-02ER-63373 (Closed)                |                        | 485,000.00             |
| GHC DE-FG02-06ER64214 (Closed)Power Plants      |                        | 480,869.59             |
| GHC DE-FG36-08G088022 (Closed)Power Plants      |                        | 3,506,400.00           |
| USDA-REAP Rural Energy for America (Closed)     |                        | 79,663.96              |
| USDA-REAP/Energy Audits Assist (Closed)         |                        | 7,854.22               |
| DOE/Boise St-Natl Geotherm Database (Closed)    |                        | 467,840.41             |
| DOE/Univ Nv Reno UNR-11-06 (Closed)             |                        | 77,538.75              |
| NREL TAA-1-31467-01 (Closed)                    |                        | 49,948.77              |
| NREL TAA-2-31490-01 (Closed)                    |                        | 750,315.57             |
| NREL TOA KLDJ-5-55052-00 (Closed)               |                        | 241,536.37             |
| DOE/BLA-Geothermal Analysis (Closed)            |                        | 408,616.57             |
| DOE/NREL Student Competition Rio Gr (Closed)    |                        | 5,408.62               |
| WSU GeoPowering the West Support (Closed)       |                        | 15,998.03              |
| ODOE Christmas Valley OTH-B Radar S (Closed)    |                        | 181,727.62             |
| PSU/OTREC Hybrid Vehicle Testing                |                        | 133,202.99             |
| NITC Combined Traction                          |                        | 111,077.22             |
| NITC General Adaption of Electric Hybrid Drive  |                        | 67,710.58              |
| NITC Small Starts Projects                      |                        | 18,138.29              |
| <b>Federal Grants/Subgrants</b>                 |                        | <b>8,888,281.56</b>    |
| OMD Christmas Valley RenewEnergy (Closed)       |                        | 169,094.00             |
| GHC-Oregon Dept of Energy (Closed)              |                        | 40,385.67              |
| UNR Geothermal Academy 13 (Closed)              |                        | 19,683.00              |
| <b>Oregon/Nevada Grants</b>                     |                        | <b>229,162.67</b>      |
| City of Glenwood Springs-GeoEval (Closed)       |                        | 54,036.37              |
| OREC Donations                                  |                        | 75,070.26              |
| PacPow BlueSky LowTemp Project (Closed)         |                        | 100,000.00             |
| GHC Residential Treatment Facility (Closed)     |                        | 3,000.00               |
| OR BEST Green Lite Hybrid Drive (Closed)        |                        | 73,284.00              |
| OR BEST - KersTech Comm Prg                     |                        | 69,565.59              |
| Drive Oregon Match - NITC-OIT-03 (Closed)       |                        | 15,000.00              |
| OR BEST Integrated Battery System               |                        | 83,999.10              |
| BEST Project Grants                             |                        | 40,874.67              |
| BEST - NW Energy Experience                     |                        | 44,446.48              |
| <b>Other Grants</b>                             |                        | <b>559,276.47</b>      |
|   |                        | 327,169.84             |
| <b>All Grants</b>                               |                        | <b>9,676,720.70</b>    |
| Energy Trust of Oregon _Geothermal Power Plants |                        | 2,037,000.00           |
|   | <b>\$11,713,720.70</b> | <b>\$11,713,720.70</b> |



**Oregon**  
Kate Brown, Governor

**Higher Education Coordinating Commission**  
Office of the Executive Director,  
Policy & Communications  
775 Court Street NE  
Salem, OR 97301  
[www.oregon.gov/HigherEd](http://www.oregon.gov/HigherEd)

March 11, 2016

Dear President-

On behalf of our colleagues on the Higher Education Coordination Commission, we want to express how much we are looking forward to working with you over the next several months on the development of and advocacy for the State of Oregon's 2017-19 budget for post-secondary education.

Our efforts to build this budget will involve ongoing conversations with you and other institutional leaders between now and legislative action in 2017 – sometimes in writing, sometimes in person; sometimes individually, sometimes as a group. We hope you will understand this letter and the request it contains as the beginning of a conversation that will undoubtedly evolve over time. We intend for the information you provide to help the HECC understand your institution's particular budgetary conditions, as well as the potential consequences of state investment choices. Ultimately, it will help us more effectively advocate on your behalf.

While a unified response on behalf of all seven public universities is being requested, institution-specific context and information supporting that unified request will remain a valuable resource for the Commission during the development of its 2017-19 budget request.

In order to most effectively advocate on your behalf – and especially on behalf of Oregon taxpayers and students who seek a strong return on their investments in higher education – we believe that it will be necessary for the HECC to describe to the Governor, legislators, and the public, more clearly than has been described before, the relationship between state investments, affordability, and student outcomes.

The following themes from the draft HECC Strategic Plan are provided as guidance for the strategic and programmatic decisions underlying the requested unified response:

- Improving educational attainment and completion for all Oregonians
- Improving Oregon's economic competitiveness and quality of life
- Ensuring that resident students have affordable access to colleges and universities
- Smoothing and simplifying pathways from developmental education through graduate school
- Supporting innovations that lower costs while maintaining or increasing quality
- Supporting research that contributes to the well-being of our state, national, and global economy
- Improving state and institutional capacity for capturing, analyzing, and reporting on student data

We appreciate that to answer the questions attached will require you to make assumptions about a variety of external factors over which you may have little or no control; and will require assumptions on certain decisions that ultimately will be the purview of institutional governing boards, not institutional administration or the HECC. Especially given these unknowns, we are not asking you to make commitments to a particular course of action; rather, we are asking you to help us develop the modeling that will be necessary for the HECC, the Governor, and the Legislature to understand what is possible under different state investment scenarios.

Finally, we note that the questions attached to this letter do not address an additional area of HECC responsibility for partnering with you on budget development; namely, for capital investments. Additional guidance will soon be issued to assist in the development of capital requests.

We would like to receive your institution's responses to these questions by March 31, 2016, and look forward to discussing them both in an individual as well as a collective setting around that time. Please address your responses, as well as any questions that you may have related to this project to [ben.cannon@state.or.us](mailto:ben.cannon@state.or.us).<sup>1</sup>

We are cognizant of the considerable time and energy that requests like this one require in order to respond thoroughly and thoughtfully. We know there are many other high-priority demands on your time. Please accept our appreciation for your engagement in this effort.

With gratitude,

Neil Bryant  
Chair, Higher Education  
Coordinating Commission

Ben Cannon  
Executive Director, Higher Education  
Coordinating Commission

---

<sup>1</sup> Unless further guidance is issued to the contrary, public universities listed in ORS 352.002 should expect that responses to the questions attached to this letter will meet the requirements of ORS 350.090(1a) to "on or before April 1 ... submit to an office designated by the HECC ... a funding request."

## Section 1: Development of the Public University Support Fund<sup>2</sup>

### A. To establish the cost of maintaining the status quo:

1. What amount of state resources are projected to be needed in the 2017-19 biennium to maintain similar levels of programs and learning outcomes for Oregon resident students as in the current biennium? Please assume enrollment (resident and non-resident) and tuition remain at 2015-16 levels.<sup>3</sup> This calculation should not include assumptions about State of Oregon Current Service Level rates.
2. Please itemize the major cost drivers behind your answer in #1, indicating the approximate contribution in dollars that each makes to the total (for example, general inflation, salary and benefit roll-ups, other contract obligations, planned contributions to reserve funds, etc.).

### B. To establish the impact of a variance from the status quo:

1. Please identify and elaborate on strategies your institution would employ as a result of a 10% increase to the incremental funding required to maintain the status quo, as identified in the calculation of the answer to A1. Please quantify the impact of this increase to key educational, public service, and research outcomes.
2. Please identify and elaborate on strategies your institution would employ as a result of a 20% increase to the incremental funding required to maintain the status quo, as identified in the calculation of the answer to A1. Please quantify the impact of this increase to key educational, public service, and research outcomes.
3. Please identify and elaborate on strategies to address a 10% decrease to the incremental funding required to maintain the status quo, as identified in the calculation of the answer to A1. Please quantify the impact of this decrease to key educational, public service, and research outcomes.
4. Please identify and elaborate on strategies your institution would employ as a result of a decrease in PUSF funding to \$616,455,000. Please quantify the impact of this decrease to key educational, public service, and research outcomes. (This scenario approximates a net 7.3% decrease from the 2015-17 PUSF resulting from a 3% CSL adjustment followed by a 10% decrease to the adjusted PUSF subtotal).
5. Please provide a calculation of the projected additional revenue from successive 2% annual increases (2% increase in FY18 followed by 2% increase in FY19) to tuition and mandatory enrollment fees. Please show both the overall increase in revenue and that portion derived from resident, undergraduate students, itemized by fiscal year and institution.

## Section 2: Development of Budget Requests for Funding that is not formula-driven

For 2017-19 budget requests that do not involve adjustments to formula-driven funding streams, please provide the information requested below:

---

<sup>2</sup> For public universities, the focus here is on the Public University Support Fund, which will be allocated using the Student Success and Completion Model (SSCM), including Mission Differentiation line-item funding. It does not include statewide public services, state programs, or one-time, or lottery funding.

<sup>3</sup> This question is designed to elicit the baseline case. As a result, it holds most variables constant, including inputs (tuition, enrollment, student profile) and outputs/outcomes (program levels, learning outcomes). It assumes that the state bears the entirety of any added costs. Your answer does not need to match the state-defined Current Service Level.

C. For those programs **not** subject to a proposed expansion, reduction, or elimination:

1. Please provide the 2015-17 appropriation or allocation and the 2017-19 state appropriation or allocation necessary to maintain current program operations and outcomes.

D. For those programs subject to a proposed expansion, reduction, or elimination:

1. Describe the nature of the request. Provide a description of the program the funding request supports, the clients that it serves and the frequency at which those clients receive service. Describe the purpose of the program and how it achieves that purpose. Describe how the program is delivered and what partners are necessary to guarantee success of the program.
2. Identify the amount that is being requested, by fund type, and the number and classification of positions and FTE requested, if any. Provide explanation for any costs that are not directly related to positions and position-driven services and supplies.
3. Explain how the request will advance the 40/40/20 goal, if appropriate. Include the impact of the request on the 40/40/20 goal, including the timeframe when the results will be measurable.
4. If the request is not related to 40/40/20, explain what other state goals will be advanced by the request. Include the impact of the request on the goal, including the timeframe when the results will be measurable.
5. If the request is not related to a state goal, explain what institutional/agency goal will be advanced by the request. Include the impact of the request on the goal, including the timeframe the results will be measurable.
6. Indicate if the request requires or supports proposed statutory changes.
7. Describe any non-state revenues that supports the program. Include a description of leveraged funds and the nature of how Oregon qualifies to receive the additional resources (competitive grant, federal matching program, private donation, performance bonuses, etc.). If the program has a dedicated funding stream, describe the dedicated source and the nature of the dedication (constitutional or statutory) providing legal citations to the dedication.
8. If the request involves establishing or increasing fees, indicate the existing fees, the proposed fees, and the impact on revenue in the 2017-19 biennium.