



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

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.¹

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

¹ 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 Fund²

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.³ 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:

² 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.

³ 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.