

## ANALYSIS

### Higher Education Coordinating Commission Technical and Regional Universities Financial Sustainability

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**Analyst:** Kim To

**Request:** Acknowledge receipt of a report on regional universities financial sustainability prepared by the National Center for Higher Education Management Systems for the Higher Education Coordinating Commission and allocate \$18,735,518 General Fund from the special purpose appropriation to the Emergency Board to award grants to Oregon's Technical Regional Universities and Portland State University.

**Analysis:** The 2023-25 budget bill (HB 5025) for the Higher Education Coordinating Commission (HECC) included a two-stage \$25 million investment for Oregon's four Technical Regional Universities (TRUs) and Portland State University (PSU) to support innovative proof-of-concept efforts to realign the institutions' offerings and resources with their enrollment and economic challenges. The four TRUs include Western Oregon University (WOU), Eastern Oregon University (EOU), Southern Oregon University (SOU), and the Oregon Institute of Technology (OIT). The \$25 million is comprised of a \$6.3 million General Fund appropriation to HECC for distribution to the four TRUs and PSU, and an \$18.7 million General Fund special purpose appropriation to the Emergency Board for additional potential grants to these institutions. The following budget note establishes the requirements for using these funds:

*The 2023-25 Higher Education Coordinating Commission (HECC) budget includes \$6,164,482 General Fund for HECC to distribute, based on 2022-23 funding distribution, to Portland State University (PSU) and Oregon's Technical Regional Universities (Oregon Institute of Technology, Southern Oregon University, Eastern Oregon University, and Western Oregon University) to expend on promising innovative proof-of-concept efforts to realign institutional offerings and resources with current and emerging enrollment and economic realities in order to create long-term institutional financial viability.*

*The 2023-25 Higher Education Coordinating Commission budget also includes \$100,000 General Fund for HECC to assist with the coordination of a financial sustainability report and proposal for additional financial sustainability funding.*

*In addition, the 2023-25 budget includes a special purpose appropriation to the Emergency Board in the amount of \$18,735,518 General Fund for potential HECC grants to PSU and Oregon's Technical Regional Universities (TRU) to assist these institutions with long-term financial sustainability, based on the proof-of-concept efforts funded in the HECC 2023-25 adopted budget.*

*No later than, December 15, 2023, each institution is directed to submit a report to HECC detailing each proof-of-concept effort. HECC is directed to convene a workgroup with representatives of these institutions to produce a final report. The report should include: [1] an evaluation of each proof-of-concept effort; and [2] recommendations for allocation of the \$18,735,518 General Fund TRU and PSU financial sustainability special purpose appropriation to assist with implementation of reported recommendations. HECC shall present this report to the Joint Committee on Ways and Means during the 2024 Legislative Session.*

The budget report for HB 5025 (2023) establishes additional parameters surrounding this funding. In particular, the funding is approved for one-time investments designed to generate cost savings or revenue increases that will improve institutional budgets over the long-term. It is not available to cover

operational shortfalls or activities with ongoing costs. The funding is available to assist PSU and the TRUs in reimagining offerings, economizing budgets, and leveraging resources to adapt to shifting demographics in order to ensure long-term financial sustainability while safeguarding community stewardship, access, and affordability.

Like regional universities throughout the U.S., the enrollment at Oregon's regional universities has been in double-digit percentage decline over the last decade. The steep drop in the nation's birthrate in 2008 means this trend will continue with a sharper decline in the number of traditional age college students starting 2026. Oregon is projected to have a decrease in the number of high school graduates over the next 15 years. The number of high school graduates in states from which Oregon universities recruit out-of-state students are also projected to decrease substantially. Institutions are implementing programs that encourage students who paused their college journey to return to campus, reaching out to adults and other non-traditional students. Yet, the consensus is that enrollment is down for the foreseeable future, and higher education, especially regional institutions, can no longer depend on growing its way out of this demographic reality.

Despite the declining enrollment, an amalgamation of factors makes it challenging for institutions to quickly reimagine and restructure in response to shrinking student enrollment. Inflation is driving up operating costs. Federal pandemic stimulus and one-time investments are running out. The volatile stock market is eating into donations and endowment revenues. Most of the labor force at universities are unionized or tenured. Therefore, options to reduce expenses through personnel actions, such as holding unfilled positions open, hiring freezes, pay cuts, furloughs, and layoffs, can only be practiced to the extent not precluded by collective bargaining agreements. The systems, equipment, and facilities needed for higher education are costly to acquire, maintain, or decommission. Rising tuition has affected access and affordability. Closing the access, affordability, and completion gap is not just tied to tuition and financial aid. Students also need more integrated wraparound support, from academic pathways to behavioral health services, as well as basic needs, such as food security, housing, transportation, and childcare.

The one-time \$25 million investment is intended to support PSU and TRUs in addressing these challenging factors by funding proactive actions to carry out holistic planning and tactics beyond business-as-usual practices. This funding is intended to help these institutions rethink the size and scope of their programs and services and reshape organizational structures to contain costs and enhance operational effectiveness to deliver a better student experience that is responsive to changing educational and workforce needs.

In deciding how best to use these funds, the five institutions formed a workgroup facilitated by Oregon Solutions. The workgroup included representatives from all five universities, the American Association of University Professors, American Federation of Teachers, Service Employees International Union, Oregon Student Association, Interinstitutional Faculty Senate, and the Higher Education Coordinating Commission. The workgroup and its sub-workgroups held 17 meetings from August 2023 through January 2024.

In addition, the five institutions contracted with a shared writer to develop the required report detailing each proof-of-concept project. The report was submitted to HECC by the December 15, 2023 deadline. The report included descriptions of each project's: (1) spending plan and timeline; (2) impact on the university's operating budget; (3) criteria for measuring success; and (4) campus engagement in project

development. The projects focused on enrollment, student success and retention, workforce and economic development, and administrative services and efficiencies. Because the first tranche of funding was disbursed in September 2023, the report does not include information on project outcomes. The report also includes proposed projects for the \$18.7 million special purpose appropriation. The 29 projects undertaken with the first \$6.2 million tranche of funding are summarized in the table below:

	Enrollment	Retention	Workforce/ Economic Development	Administrative Services/ Efficiencies	TOTAL	% of First Tranche Investment
<b>Oregon Institute of Technology</b>						
Grow High School and Community College Pipelines	\$250,000	-	-	-	\$250,000	
Retention Coaching Pilot Program	-	\$78,000	-	-	\$78,000	
Coursedog Analytics (Learning Management/Assessment System)	-	\$106,105	-	-	\$106,105	
Workforce, Community, and Student Needs Assessment	-	-	\$250,000	-	\$250,000	
Canvas Impact Tool (Learning Management/Assessment System)	-	-	-	\$15,876	\$15,876	
Strategic Realignment of Financial and Budget Software Solutions	-	-	-	\$300,000	\$300,000	
<b>TOTAL OIT</b>	<b>\$250,000</b>	<b>\$184,105</b>	<b>\$250,000</b>	<b>\$315,876</b>	<b>\$999,981</b>	<b>16.2%</b>
<i>Percentage of OIT Investment</i>	<i>25.0%</i>	<i>18.4%</i>	<i>25.0%</i>	<i>31.6%</i>		
<b>Southern Oregon University</b>						
Core Information System Replacement – Finance/HR (CISR-F/HR)	-	-	-	\$1,000,000	\$1,000,000	
<b>TOTAL SOU</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>16.2%</b>
<i>Percentage of SOU Investment</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>		
<b>Eastern Oregon University</b>						
Equity, Retention and Completion (Moonshot for Equity)	-	\$1,000,000	-	-	\$1,000,000	
<b>TOTAL EOU</b>	<b>-</b>	<b>\$1,000,000</b>	<b>-</b>	<b>-</b>	<b>\$1,000,000</b>	<b>16.2%</b>
<i>Percentage of EOU Investment</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
<b>Western Oregon University</b>						
Operation Wolfstorm	\$96,714	-	-	-	\$96,714	
Common Application	\$10,000	-	-	-	\$10,000	
Destination Western	-	\$200,000	-	-	\$200,000	
First Generation Support	-	\$95,000	-	-	\$95,000	
Salary Study	-	-	-	\$110,000	\$110,000	
Center for Teaching & Learning	-	\$194,500	-	-	\$194,500	
Occupational Therapy Doctorate (OTD) Program	-	-	\$195,000	-	\$195,000	
Banner Optimization for HR Practices	-	-	-	\$100,000	\$100,000	
<b>TOTAL WOU</b>	<b>\$106,714</b>	<b>\$489,500</b>	<b>\$195,000</b>	<b>\$210,000</b>	<b>\$1,001,214</b>	<b>16.2%</b>
<i>Percentage of WOU Investment</i>	<i>10.7%</i>	<i>48.9%</i>	<i>19.5%</i>	<i>21.0%</i>		
<b>Portland State University</b>						
Enrollment Analyst	\$110,000	-	-	-	\$110,000	
Direct Admissions: Streamline the College Application Process	\$50,000	-	-	-	\$50,000	
“It’s all Here” BIPOC Marketing/Outreach Campaign	\$125,000	-	-	-	\$125,000	
Center for Internship, Mentoring and Research (CIMR)	-	\$100,000	-	-	\$100,000	
Sustainable Fashion and Game Design Degree Exploration	-	-	\$200,000	-	\$200,000	
Clean Industry Hub	-	-	\$150,000	-	\$150,000	
Generative AI for Graduate School and Enrollment Management	-	-	-	\$60,000	\$60,000	
PSU-PCC Co-Enrollment Platform	-	-	-	\$200,000	\$200,000	
InnovAlte Research (Using AI for grant seeking and administration)	-	-	-	\$20,000	\$20,000	
Virtual First Stop	-	-	-	\$200,000	\$200,000	
Campus Utility Systems Study	-	-	-	\$200,000	\$200,000	
Participatory Budgeting	-	-	-	\$15,000	\$15,000	
Strategic Planning	-	-	-	\$500,000	\$500,000	
<b>TOTAL PSU</b>	<b>\$285,000</b>	<b>\$100,000</b>	<b>\$350,000</b>	<b>\$1,195,000</b>	<b>\$1,930,000</b>	<b>31.3%</b>
<i>Percentage of PSU Investment</i>	<i>14.8%</i>	<i>5.2%</i>	<i>18.1%</i>	<i>61.9%</i>		
<b>TOTAL PSU AND TRU</b>	<b>\$641,714</b>	<b>\$1,773,605</b>	<b>\$795,000</b>	<b>\$2,720,876</b>	<b>\$5,931,195</b>	
<i>Percentage of First Tranche Investment</i>	<i>10.4%</i>	<i>28.8%</i>	<i>12.9%</i>	<i>44.1%</i>	<i>96.2%</i>	
Oregon Solutions					\$40,000	
Shared Report Writer					\$45,000	
Shared Study/Consultant					\$148,287	
<b>TOTAL ADMINISTRATIVE</b>					<b>\$233,287</b>	
<i>Percentage of First Tranche Investment</i>					<i>3.8%</i>	
<b>TOTAL FIRST TRANCHE INVESTMENT</b>					<b>\$6,164,482</b>	

To inform the allocation of the \$18.7 million special purpose appropriation, HECC contracted with Higher Education Management Consulting Systems (NCHEMS) to engage with the workgroup, gather and analyze information and options, and draft the final report required by the budget note. The final report, dated January 24, 2024, is titled *TRU and PSU Financial Sustainability Funding: Analysis and Allocation Process* and includes a high-level review of the projects funded with the first tranche of funding (\$6.2 million General Fund), pointing out that, for these projects, “the institutions moved forward to identify projects that align most closely with sustainability-related efforts that were already underway and/or aligned with a future direction the institution only needed additional funding to be able to accelerate.” The report further highlights that areas likely exist where individual efforts could be combined, such as sharing learning, co-creating policies, and negotiating vendor contracts together.

The report also indicates that the timing of the funding process could benefit from allowing more time to see the outcomes of the tranche 1 projects to better inform the allocation of the tranche 2 projects. The report states that not taking this time represents a potential missed opportunity.

Other findings and recommendations in the NCHEMS report include the following:

- Confirmation of the declining enrollment trends facing TRUs and PSU, with Eastern Oregon, Portland State, Southern Oregon, and Western Oregon Universities each having experienced significant declines in enrollment and double-digit percentage losses in undergraduate FTE from 2011-12 to 2021-22. The Oregon Institute of Technology is the only one of these institutions that has seen enrollment increases over this time.
- A snapshot of the changing demographics important to higher education.
  - Across all five institutions, undergraduate enrollment losses have been concentrated among white students. Hispanic/Latinx students, which represent the second-largest racial/ethnic group, have grown in population at all the institutions except SOU, which has seen a small decline.
  - About 45% of EOU’s admitted undergraduates are over the age of 24. At WOU, that number is 18%.
  - Fewer high school graduates are expected in Oregon, but the state will see a smaller decline than many other states. The number of high school graduates is expected to decline more rapidly in California, the state from which some of Oregon’s institutions get significant numbers of out-of-state enrollments. However, high school graduates in Idaho are expected to increase, which could be an opportunity for EOU.
  - Future population changes are not expected to be evenly distributed across Oregon counties. The counties surrounding PSU and WOU are among the fastest growing in Oregon, whereas other counties across the state are expected to experience long-term population decreases.
- Oregon has among the nation’s lowest rates of students going to college directly from high school. The national college-going rate is declining, and Oregon has not shown success at improving its college-going rate in the past 10 years.
- Transfer from Oregon’s community colleges and other institutions, including out of state institutions, is an important source of enrollment.

- Bachelor’s degree holders are concentrated in the Oregon’s urban centers near the state’s largest universities; the attainment rate in most rural counties falls well short of Oregon’s goal for 40% of the state’s young adult population to obtain a bachelor’s or graduate degree by 2025.
- Improving retention and completion rates is a sensible strategy to stabilize enrollment; PSU and TRUs (except for Oregon Tech) currently have lower rates than national averages for their respective sections.
- Projections of workforce needs, indicating that through 2031, the number of Oregon jobs at all levels of education is expected to grow, and the number of Oregon jobs that typically require a bachelor’s degree is expected to grow by 13%.
- A survey of the audience served, and of the array of programs and services provided by each university, to assist in encouraging each institution to maintain its unique character and focus on its strengths and the needs of its principal audiences.
- A review of the financial position of each university, showing an overall picture of fragility, but none of the institutions are in imminent crisis.
- A peer group benchmarking analysis looked at instructional activity, finance, and human resources survey components to get a sense of how Oregon TRU+ PSU institutions compare to their peers in terms of expenditures and staffing levels. Despite the decline in FTE, all institutions except WOU had an increase in total expenditures.
- A comparison of other state approaches for supporting the financial sustainability of regional public universities. This comparison finds that Oregon’s proactive funding is unique. Although many states experience similar challenges, Vermont is the only other state investing additional resources, but only under the condition that the state college system reduce its budget for long-term sustainability.
- A thorough definition of long-term financial sustainability for use in project evaluation and a list of priority steps to financial sustainability for each institution.

	<b>Summary of Priority Steps to Financial Sustainability</b>
<b>OIT</b>	Strengthen existing financial position.
<b>SOU</b>	Eliminate routine use of reserves to cover operational losses, restore net positive position.
<b>EOU</b>	Balance the annual budget to realize improvements in net revenue sufficient to turn it positive.
<b>WOU</b>	Eliminate routine use of reserves to cover operational losses, restore net positive position.
<b>PSU</b>	Increase funds available for or reduce immediate operating expenses.

Based on the framework provided in the NCHEMS report, HECC proposed a process to evaluate proposed projects eligible for the \$18.7 million second tranche funding. The assessment team may include external partners in addition to current workgroup members. The following summarizes the proposed process:

- Project Concept and HECC Preliminary Review - The institution (or group of institutions in the case of a collaborative project) develops a high-level project idea for the assessment team to consider against an established set of essential criteria. A project concept will receive a “yes,” “no,” or “not yet” for each essential criterion, with a “yes” being required for each criterion for a project to move forward.

- Essential Criteria:
  - Realignment of offerings and resources with enrollment and economic realities.
  - Meets definition of financial sustainability.
  - Achievable with one-time funding and does not result in ongoing costs.
  - Demonstrates meaningful campus engagement.
  - Aligns with HECC's Strategic Road Map.
- Assessment Interview - Once the assessment team determines that a project concept meets all the essential project criteria, the institution(s) will prepare a full proposal and the assessment team will hold an interview with the institution(s) to provide supportive feedback.
- Grant Agreement.
- Funds Distribution.
- Project Execution and Evaluation.

To remove timing pressures on project proposal development, the NCHEMS report also includes a recommendation to establish a funding ceiling for each institution and a grant timeline. HECC proposed funding ceilings of up to \$2.3 million for each TRU and up to \$7 million for PSU, for a total of \$16.2 million. The remaining \$2.5 million will be reserved for collaborative projects. The report anticipates funding will be granted by HECC on a rolling basis beginning June 2024.

The Legislative Office (LFO) agrees with the approaches outlined in the NCHEMS report to ensure the proposed projects produce sustainable results and do not commit the available one-time General Fund resources to ongoing costs. Increasing recruitment, retention, and completion rates are reasonable strategies. As the report notes, each institution has potential room to grow retention and completion rates. However, with birth rates and college-going rates declining, it is critical to not overestimate the role of attracting more students to stabilize revenue. Already, the national average is that seven out of ten high school graduates immediately go on to pursue postsecondary education, and the remaining three are difficult to recruit.

Growing skepticism about the value of a college degree coupled with rising wages across the economy may continue to lead potential students to go into the workforce rather than attend college. The aggregate, shrinking pool of prospective students, not only in Oregon but in the nation, means each student gained by one Oregon institution is likely a student lost by another Oregon institution. This situation is affirmed by the NCHEMS report, which states that the financial viability of the TRUs and PSU cannot be improved by each institution simply expanding its role and scope to attract more students. This approach would lead to less efficiency across the state. For this reason, the recommended project criteria do not incentivize actions that could lead to additional unnecessary competition and overlap between institutions.

An effective response to decreasing enrollment should therefore include agile plans in preparation for equitably serving fewer students and reducing corresponding resources and expenditures. Efforts to face this reality could include projects to adjust institutional growth plans; reevaluate and revise academic and cocurricular programs to meet a new demographic of non-traditional, older, more diverse student pool; consolidate and streamline administrative functions and auxiliary programs; create partnerships to

share costs or support in-demand programs; and repurpose underutilized physical capital and campus infrastructure to reduce facility costs or generate consistent and reliable sources of revenue.

LFO also notes that acknowledgement of receipt of the report does not extend to recommending approval of the proposed projects for the second tranche of funding outlined in the December 15, 2023 report from the five universities. Nor does it mean that projects submitted for the first tranche funding are recommended for continued funding after expenditure of the one-time \$6.3 million appropriation. All projects receiving second tranche funding should be rigorously assessed based on their individual merits, ability to meet all essential criteria detailed in the NCHEMS report, and the extent to which they leverage collaborative opportunities.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Committee on Ways and Means acknowledge receipt of the report. Allocation of the special purpose appropriation to the Emergency Board intended for awarding grants to Oregon’s Technical Regional Universities (TRU) and Portland State University (PSU) will be considered at a later date.

## Higher Education Coordinating Commission Chase

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**Request:** Report on the Portland State University (PSU) and Technical Regional Universities (TRU) financial sustainability per a House Bill 5025 (2023) budget note, disappropriate \$18,735,518 from the Special Purpose Appropriation made to the Emergency Board and allocate \$18,735,518 from the General Fund for distribution to PSU and the TRUs.

**Recommendation:** Acknowledge receipt of report and approve the request.

**Discussion:** Pursuant to a House Bill 5025 (2023) budget note, PSU, and Oregon's TRUs (Oregon Institute of Technology, Southern Oregon University, Eastern Oregon University, and Western Oregon University) were directed to submit a report to the Higher Education Coordinating Commission (HECC) detailing innovative proof-of-concept efforts to create long-term institutional financial viability. The budget note also directed HECC to convene a workgroup to produce a final report with an evaluation of each proof-of-concept effort and recommendations for allocation of the \$18.7 million Special Purpose Appropriation to assist with implementation of reported recommendations.

Advised by an assessment team that included a diverse group of students, faculty, and administrators from PSU and the TRUs, HECC will award one or more grants to each institution for specific projects that are within one or more of the following categories: enrollment, student success and retention, administrative services and efficiencies, or workforce development. All funded projects must demonstrate to the assessment team that they include evidence of potential or actual realignment of offerings and resources acknowledging changing enrollment and economic realities; meet the HECC definition of financial sustainability; are achievable with one-time funding and do not require ongoing costs that exceed new revenue; have been shared with students, faculty, and staff at each respective campus with an opportunity for meaningful engagement with those groups; and are aligned with HECC's Strategic Roadmap for Postsecondary Education in Oregon.

PSU will be eligible to receive up to \$7 million in total grant funding. The TRUs will be eligible to receive up to \$2.3 million each. The remaining \$2.5 million will be set aside for potential collaborative projects across all five institutions. Grants will be awarded by June 30, 2025.

**Legal Reference:** Increase the General Fund appropriation made by chapter 454, section 1(2), Oregon Laws 2023, for the Higher Education Coordinating Commission, public university operations and student support for distribution to public universities, by \$18,735,518 for the 2023-25 biennium.

Decrease the General Fund special purpose appropriation made to the Emergency Board by chapter 454, section 7(1), Oregon Laws 2023 for grant awards to Portland State University and Oregon's technical regional universities, by \$18,735,518 for the 2023-25 biennium.





# Oregon

Tina Kotek, Governor

Higher Education Coordinating Commission

3225 25th Street SE

Salem, Oregon 97302

[www.oregon.gov/HigherEd](http://www.oregon.gov/HigherEd)

January 16, 2024

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

### **Nature of the Request**

The Higher Education Coordinating Commission (HECC) respectfully requests an opportunity to present the attached report relating to the financial sustainability investment in PSU and Oregon's four Technical Regional Universities (TRUs) consisting of: [1] Oregon Institute of Technology (OIT), [2] Southern Oregon University (SOU), [3] Eastern Oregon University (EOU), and [4] Western Oregon University (WOU) to the Joint Committee on Ways and Means during the 2024 Legislative Session.

HECC received \$6,164,482 in one-time funding to distribute to PSU and the TRUs for promising innovative proof-of-concept efforts to realign institutional offerings and resources with current and emerging enrollment and economic realities in order to create long-term institutional financial viability. This funding is for one-time investments designed to generate cost savings or revenue increases that will improve institutional budgets over the long-term. This funding is not intended to cover shortfalls in operations or provisional funding for programs or activities with on-going costs. This funding is to assist PSU and the TRUs in reimagining offerings, economizing budgets, and leveraging resources to adapt to shifting demographics to ensure long-term financial sustainability while safeguarding community stewardship, access, and affordability.

In addition, a special purpose appropriation was made to the Emergency Board in the amount of \$18,735,518 General Fund for potential HECC grants to PSU and Oregon's TRUs to assist these institutions with long-term financial sustainability, based on the initial proof-of-concept efforts.

The budget bill for the agency, HB 5025 (2023), included a budget note requiring each institution to submit a report, by December 15, 2023, to HECC detailing each proof-of-concept effort. HECC is directed to convene a workgroup with representatives of these institutions to produce a final report. The report should include: [1] an evaluation of each proof-of-concept effort; and [2] recommendations for allocation of the \$18,735,518 General Fund TRUs and PSU financial sustainability special purpose appropriation to assist with implementation of reported recommendations.

### **Agency Action**

HECC staff have distributed \$6,164,482 in general fund appropriation to the five public universities as directed by the budget note. Oregon Solutions is collaborating with HECC and relevant partners on a workgroup process conducting meetings through January 2024. The universities submitted one report detailing the proof-of-concept efforts by the deadline as required in the budget note. An outside



# Oregon

Tina Kotek, Governor

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consultant, the National Center for Higher Education Management Systems (NCHEMS) has been contracted to provide objective analysis and to draft the final report. The final report is due from NCHEMS no later than January 19, 2024.

### Action Requested

The Higher Education Coordinating Commission requests acknowledgement of receipt of the report and the disappropriation of the \$18,735,518 special purpose appropriation from the E-Board established in HB 5025 (2023) and the appropriation of the \$18,735,518 General Fund to HECC, for the purpose of grants to PSU and Oregon's Technical and Regional Universities (TRUs) as determined below. This request is pending approval by the Commission during a special meeting scheduled for Friday, January 19, 2024.

Advised by an assessment team that includes a diverse group of students, faculty, and administrators from the TRUs and PSU, or their representatives, the HECC will award one or more grants to each institution for specific projects that are within one or more of the following categories: enrollment, student success and retention, administrative services and efficiencies, workforce development.

All funded projects must demonstrate to the assessment team that they:

- Demonstrate evidence of potential or actual realignment of offerings and resources acknowledging changing enrollment and economic realities;
- Meet the HECC definition of financial sustainability;
- Are achievable with one-time funding and not require ongoing costs that exceed new revenue;
- Have been shared with students, faculty, and staff at each respective campus with an opportunity for meaningful engagement with those groups;
- Are aligned with HECC's Strategic Roadmap for Postsecondary Education in Oregon.

For projects that meet those initial, cross-institutional criteria, the assessment team will conduct a deeper evaluation that determines the extent to which the proposed project addresses issues that may be specific to that institution as informed by findings and recommendations from the NCHEMS report. Based on that additional evaluation, the assessment team will recommend whether the project should be funded. The assessment team and HECC staff will attempt to identify opportunities for multi-institutional or statewide projects, in addition to evaluating any submissions that the universities make jointly or collectively.

PSU will be eligible to receive up to \$7.0 million in total grant funding. EOU, OIT, WOU, and SOU will be eligible to receive up to \$2.3 million each. The remaining \$2.5 million will be set aside for potential collaborative projects across all five institutions. Grants will be awarded by June 30, 2025.

Sincerely,

Ben Cannon, Executive Director  
Higher Education Coordinating Commission

**TRU+ PSU Financial Sustainability Funding: Analysis and Allocation Process**

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Prepared for the Oregon Higher Education Coordinating Commission (HECC)

January 19, 2024

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## Executive Summary

Enrollment at Oregon's TRU+ PSU institutions has been decreasing in recent years, presenting challenges to each institution's ongoing financial viability. In response, the HECC's 2023-25 budget bill (H.B. 5025) allocated \$6,164,482 one-time General Fund and \$18,735,518 special purpose appropriation to the Emergency Board for potential HECC grants to assist the TRU+ PSU institutions with long-term financial sustainability. This investment has the potential to seed the kind of necessary transformation among the five institutions that will not only support financial sustainability, but will also support Oregon taxpayers by addressing financial problems early and in substantive, innovative, and cost-effective ways.

To support the five institutions in developing projects that realign institutional offerings and resources to current, and likely future, fiscal realities, this report presents a wealth of data and evidence about each institution's current operating status. We find that any approach to allocating one-time support aimed at financial sustainability must confront the following realities:

- Changing statewide demographics are shifting the students that the TRU+ PSU institutions are serving and will be serving in the future.
- All of the TRU+ PSU institutions face enrollment challenges that will have direct impacts on revenue.
- Each of the TRU+ PSU institutions have room to grow retention.
- Each of the TRU+ PSU institutions are currently in fragile financial positions.
- Each of the TRU+ PSU institutions will have unique paths to financial sustainability that can be strengthened through collaboration.

This report also presents a possible framework for allocating support from H.B. 5025 across the TRU+ PSU institutions in a way that centers the intent of the budget note and supports cross-institutional collaboration. This process ideally allows the institutions to self-define both individual and collective projects to support their ongoing financial sustainability, while ensuring that the state's investment across the projects is best positioned to produce the intended outcomes. It is likely that identifying strategies for ongoing financial sustainability will be an iterative process that will require input and feedback from multiple stakeholders; the proposed process is intended to provide a platform for that feedback and continuous improvement.

## Background

HECC's 2023-25 budget bill (HB 5025) allocated \$6,164,482 one-time General Fund and \$18,735,518 special purpose appropriation to the Emergency Board for potential HECC grants to assist the TRU+ PSU institutions with long-term financial sustainability. A workgroup was formed to collaboratively develop recommendations for HECC to consider and include in its report with a particular focus on how to invest the potential \$18,735,518 in long-term financial sustainability of the TRU+ institutions.

At the same time, \$100,000 General Fund one-time funding was allocated to HECC to support the workgroup by creating an evidence base to inform the legislative proposal and a recommended process and framework for allocating the one-time funding. The HECC and legislative affairs members of the workgroup drafted an RFP for the eventual contractor, and, through an RFP process, the National Center for Higher Education Management Systems (NCHEMS) was selected.

The 2021 Oregon Postsecondary Education and Workforce Training Strategic Roadmap calls for “a future in which all Oregonians—and especially those whom our systems have underserved and marginalized—benefit from the transformational power of high-quality postsecondary education and training. It is a future where innovative public and private colleges, universities, and training providers help Oregonians to reach their highest potentials, build trajectories to family-wage careers, foster a more just society, and break patterns of intergenerational poverty. It is a future where postsecondary education fuels a resilient economy by anticipating workforce needs and by fostering innovation, research, and knowledge. In the future we envision, all Oregonians enjoy well-lived lives thanks to the myriad benefits of postsecondary education and training: higher earnings, lower unemployment rates, self-sufficiency, civic involvement, better health, and more. Our communities thrive as a result.” The TRU+ PSU Financial Sustainability workgroup process is consistent with the Roadmap's actions to:

- Transform and innovate to serve students and learners best.
- Center higher education and workforce training capacity on current and future state needs.
- Ensure that postsecondary learners can afford to meet their basic needs.
- Create and support a continuum of pathways from education and training to career.
- Increase public investment to meet Oregon's postsecondary goals.

The workgroup's activities are based on certain guiding principles established by the HECC:

- Oregonians are best served by a higher education system that combines centralized coordination with local governance and management. The governance of the institutions is left to the independent university boards.
- Financial viability, sufficiency, and sustainability, across all funding sources, are the responsibility of the university boards.
- The HECC is the state's agent in fostering collaboration and coordination among public institutions of higher education. The HECC observes the work of institutional boards in maintaining financial viability and stewarding public resources and serves as a trusted third-party in reporting to the legislature on these matters.

- A review of the public university funding distribution model is outside the scope of this endeavor although it is possible some of the workgroup’s recommendations may inform a future review.

## NCHEMS’ Role

As the selected contractor to the HECC, NCHEMS was charged with meeting support, workgroup engagement, and gathering and analyzing information and options to inform the allocation of the remaining \$18 million special purpose appropriation.

### Meeting Support and Workgroup Engagement

Oregon Solutions is the convener of the workgroup, and NCHEMS provided support and presentations for the benefit of the workgroup. This included participating in workgroup sessions, asking questions of workgroup members, presenting examples of other states’ approaches to supporting financial sustainability, and conducting 1-1 conversations with each of the institutions to better understand the unique circumstances of each of the institutions, their financial standing, and particular approach to the project.

### Gathering and Analyzing Information and Options

NCHEMS requested extensive enrollment and financial data from the HECC for each of the TRU+ PSU institutions. We also gathered data from the Census and the Portland State University Population Research Center to better understand demographic trends, and from the State of Oregon’s Employment Department to better understand workforce needs. Finally, NCHEMS completed a 50-state scan for policies in other states that support financial viability for regional colleges and universities. NCHEMS was charged with providing this information to the institutions, workgroup, and to the HECC, and using this evidence base to inform the development of project criteria, a process for the allocation of the \$18M, and a final report.

NCHEMS also met with the workgroup and with Oregon Solutions at multiple points throughout the project, as well as with each of the institutions in one-on-one conversations that took place in November and December 2023. The accelerated timeline for this work meant that while NCHEMS was conducting its analysis, the TRU+ PSU institutions were conceiving project concepts for the use of the remaining allocation and vetting those concepts with members of the campus community. These project concepts were completed and submitted to HECC on December 15 report.

## Purpose of the One-Time Funding

The budget note provides a broad overview of the purpose of this one-time opportunity for the TRU+ PSU institutions, and the full text of the budget note is included in Box 1.

### Box 1. 2023-2025 Higher Education Coordinating Commission (HECC) Budget Note

*The 2023-25 Higher Education Coordinating Commission (HECC) budget includes one-time funding of \$6,164,482 General Fund for HECC to distribute, based on the 2022-23 PUSF funding distribution, to Portland State University (PSU) and Oregon’s Technical Regional Universities (Oregon Institute of Technology, Southern Oregon University, Eastern Oregon University, and Western Oregon University) to expend on promising innovative proof-of-concept efforts to*

*realign institutional offerings and resources with current and emerging enrollment and economic realities in order to create long-term institutional financial viability.*

*The 2023-25 Higher Education Coordinating Commission budget also includes one-time funding of \$100,000 General Fund for HECC to assist with the coordination of a financial sustainability report and proposal for additional financial sustainability funding.*

*In addition, the 2023-25 budget includes a special purpose appropriation to the Emergency Board in the amount of \$18,735,518 General Fund for potential HECC grants to PSU and Oregon's Technical Regional Universities (TRUs) to assist these institutions with long-term financial sustainability, based on the proof-of-concept efforts funded in the HECC 2023-25 adopted budget.*

*No later than December 15, 2023, each institution is directed to submit a report to HECC detailing each proof-of-concept effort. HECC is directed to convene a workgroup with representatives of these institutions to produce a final report. The report should include: [1] an evaluation of each proof-of-concept effort; and [2] recommendations for allocation of the \$18,735,518 General Fund TRUs and PSU financial sustainability special purpose appropriation to assist with implementation of reported recommendations. HECC shall present this report to the Joint Committee on Ways and Means during the 2024 Legislative Session.*

Following the directive in the budget note, each of the TRU+ PSU institutions received a share of approximately \$6 million in funding for promising proof-of-concept efforts. The institutions submitted a report to the HECC detailing each proof-of-concept effort. Since the funding was distributed to the institutions in September 2023, there has been little time to execute projects and evaluate results. Therefore, the evaluation of these projects is limited to detailed information including spend plans, timelines, intended outcomes, and proposed measures of success that can be tracked in the future. An analysis of the December 15 report projects can be found in Appendix 1 of this report.

In addition to this initial \$6 million investment, the budget note makes an additional appropriation of \$18 million for *potential* HECC grants aimed at supporting long-term financial sustainability, based on the proof-of-concept efforts.

The \$25 million total is a significant state investment, and the budgetary challenges that the TRU+ PSU institutions face exceed \$25 million. In previous NCHEMS work, we have learned that most states and systems fail to act as proactively as Oregon to support the ongoing sustainability of institutions experiencing enrollment and/or revenue challenges. This forward-looking, strategic approach is laudable. The size of this current investment and the financial standing of each of the TRU+ PSU institutions reveals an effort by the state to make a proactive investment in the TRU+ PSU institutions that will create longer-term gains for the state as a whole. Put differently, this investment has the potential to seed the kind of necessary transformation among the five institutions that will not only support financial sustainability, but also supports Oregon taxpayers by addressing financial problems early and in substantive, innovative, and cost-effective ways. As such, this report operates with the assumption that funded projects must meet the letter and the spirit of the budget note: the realignment of institutional offerings and resources to current, and likely future, fiscal realities.

In the section that follows, we describe the demographic, financial, and workforce data NCHEMS has gathered and analyzed, as well as implications for how this information could inform the selection of projects for the remaining \$18 million appropriation that ensures the state's investment meets its stated purpose.

## Understanding the Problem

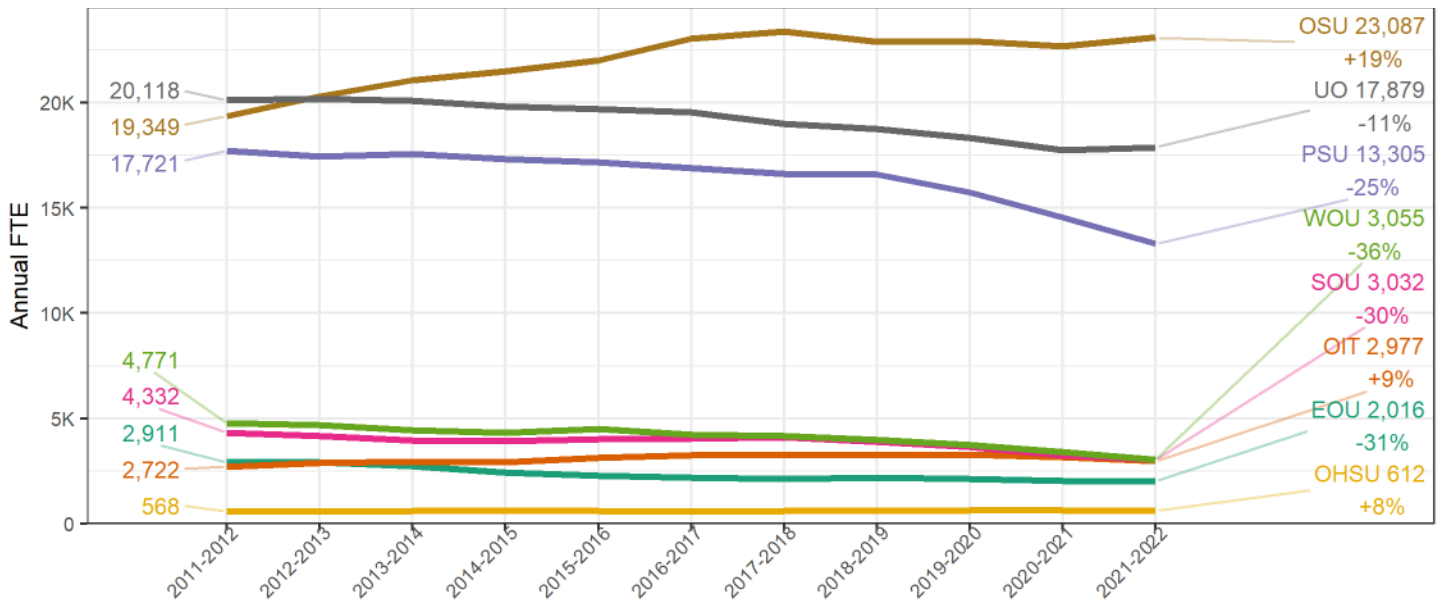
Financial sustainability for the TRU+ PSU institutions should be informed by a deep understanding of the nature of the institutions, the characteristics of the students they are serving and will have to serve in the future, the types of services the TRU+ PSU institutions need to provide for these students to succeed, and the resources available to effectively provide those services. To develop an understanding of these topics, NCHEMS explored statewide and regional demography, the financial position of the institutions, and workforce needs.

### Who do the TRU+ PSU institutions currently serve?

In terms of full-time equivalent enrollment, Eastern Oregon, Portland State, Southern Oregon and Western Oregon Universities have all lost significant enrollment over the past decade. Each of these institutions has experienced double-digit percentage losses in undergraduate FTE from 2011-12 to 2021-22 (Figure 1). PSU, which is the only one of these institutions with large numbers of graduate students, has also experienced similar declines in its graduate FTE (Figure 2). Oregon Tech is the only TRU+ PSU institution that has seen enrollment increases over time.

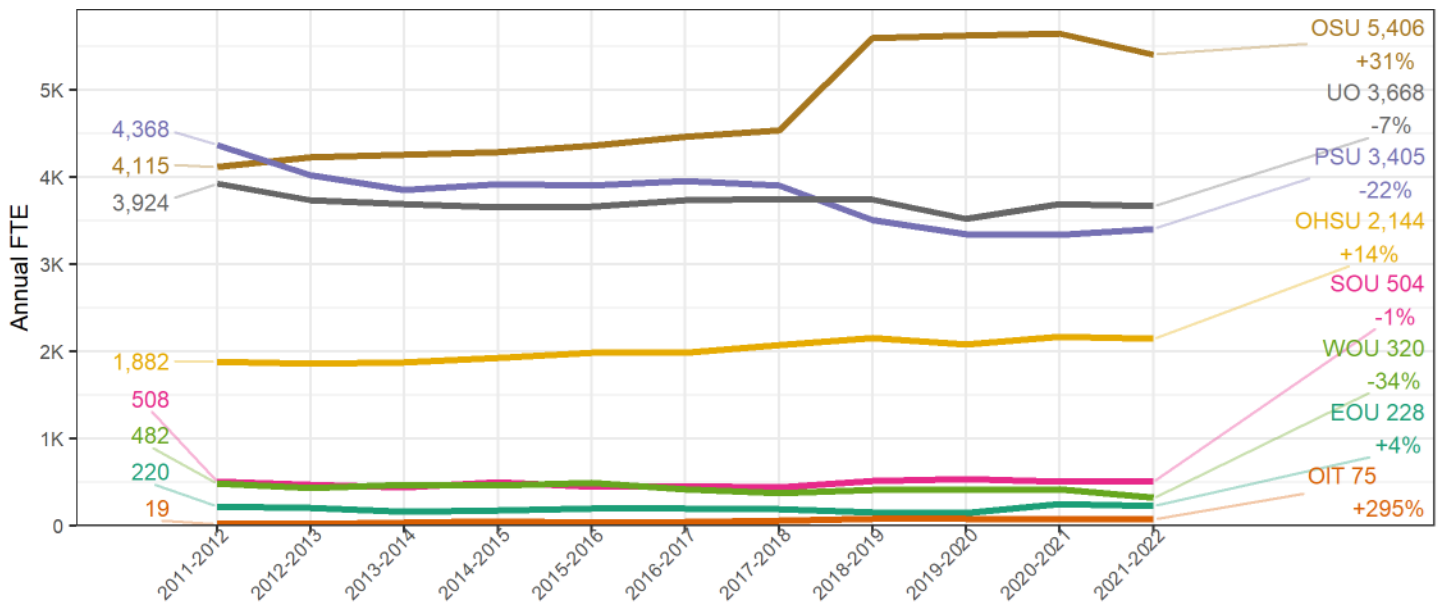
For context, the University of Oregon has also seen enrollment declines, though losses have not been as large as those of PSU and the technical and regional universities. Oregon State, on the other hand, has seen large enrollment growth. From 2011-12 to 2021-22, Oregon State's undergraduate enrollment increased by 3,738 FTE. That increase is larger than the total undergraduate enrollment at each of the four TRU institutions.

**Figure 1. Annual Undergraduate FTE over time**



Source: NCES IPEDS 12-Month Enrollment Survey, files efiayYYY.

**Figure 2. Annual Graduate FTE over time**

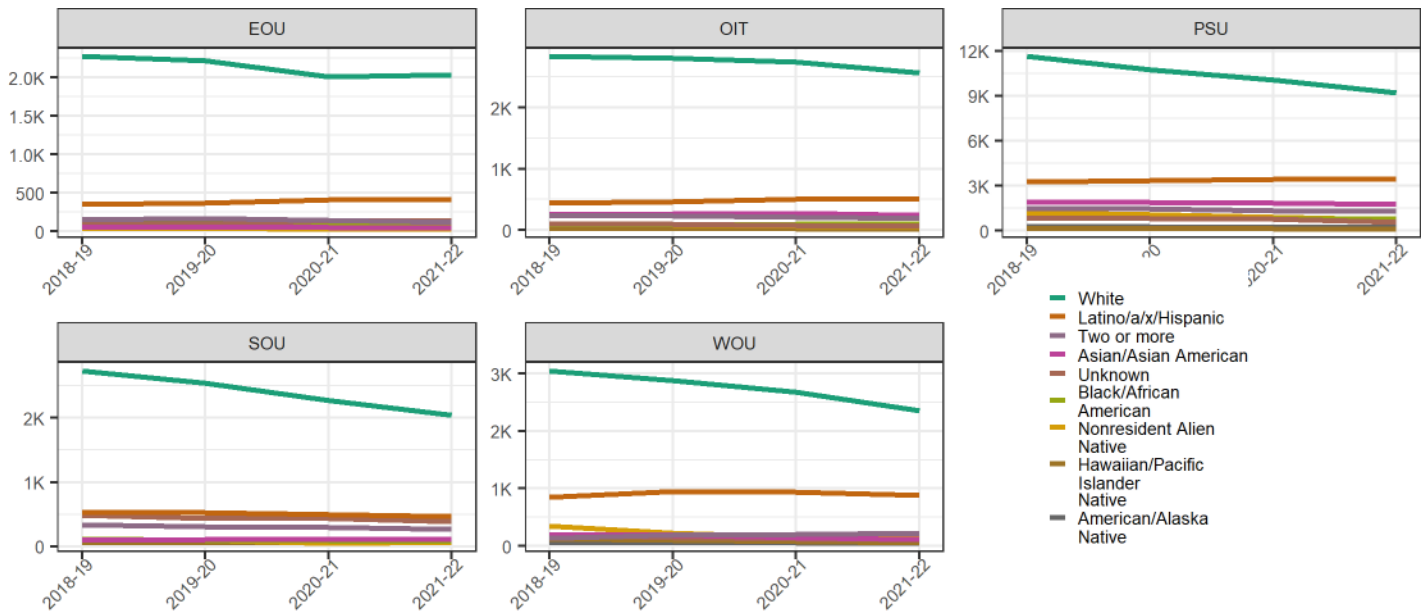


Source: NCES IPEDS 12-Month Enrollment Survey, files efiayYYY.

To identify where these enrollment losses have occurred, we analyzed headcount enrollment trends for each institution broken down by race/ethnicity, age, type (accelerated learning vs other undergraduates), Pell eligibility, and student origin. There are two findings of note. First, across institutions, these undergraduate enrollment losses have been concentrated among white students. The second-largest racial/ethnic group is Hispanic/Latinx students; their numbers have grown at all the TRU+ institutions except SOU, which has seen a small decline (Figure 3). Because

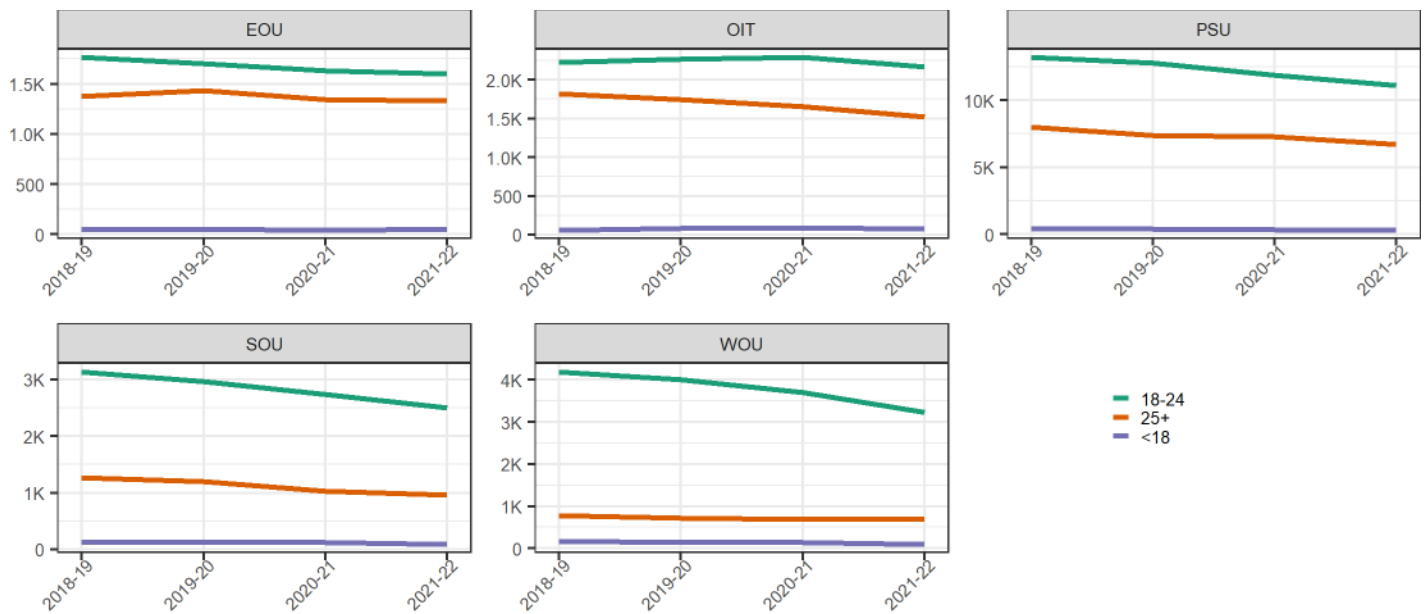
of the demographic trends detailed below, these institutions will need to continue to serve Hispanic/Latinx students in larger numbers to maintain stable enrollment in the future. Second, these institutions vary greatly in the extent to which they are serving students aged 25 and older (Figure 4). About 45% of EOU's admitted undergraduates are over the age of 24. At WOU, that number is 18%. Again, with numbers of high school graduates expected to decline, effectively reaching adult learners will be an imperative moving forward.

**Figure 3. Undergraduates by Race/Ethnicity**



Source: HECC. Excludes high school (accelerated learning) students and other nonadmitted students.

**Figure 4. Undergraduates by Age**

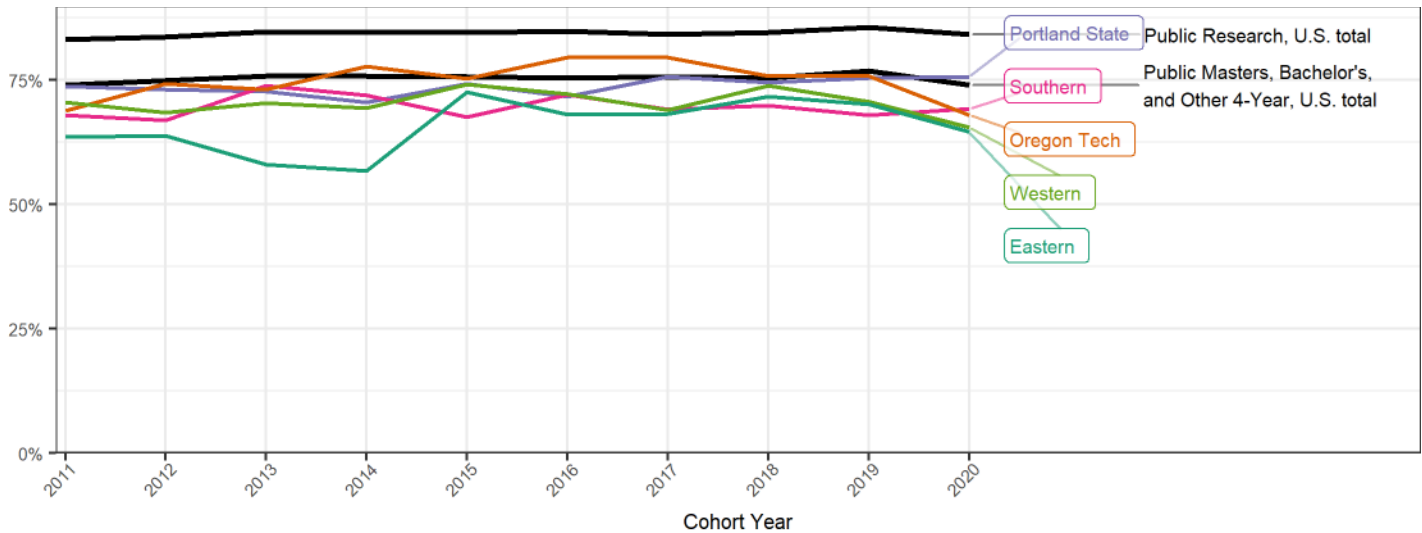


Source: HECC. Excludes high school (accelerated learning) students and other nonadmitted students.

### Retention and Completion

One way to slow or reverse enrollment declines is to improve retention rates. IPEDS data shows that, generally, the TRU institutions and PSU have retention rates lower than the national averages for their respective sectors (Figure 5). The only exception is Oregon Tech, which has higher-than-average retention rates in some, but not all, years compared to other non-research public universities. This suggests that all of these institutions have room to improve retention.

**Figure 5. Fall-to-Fall Full-Time Retention Rates**



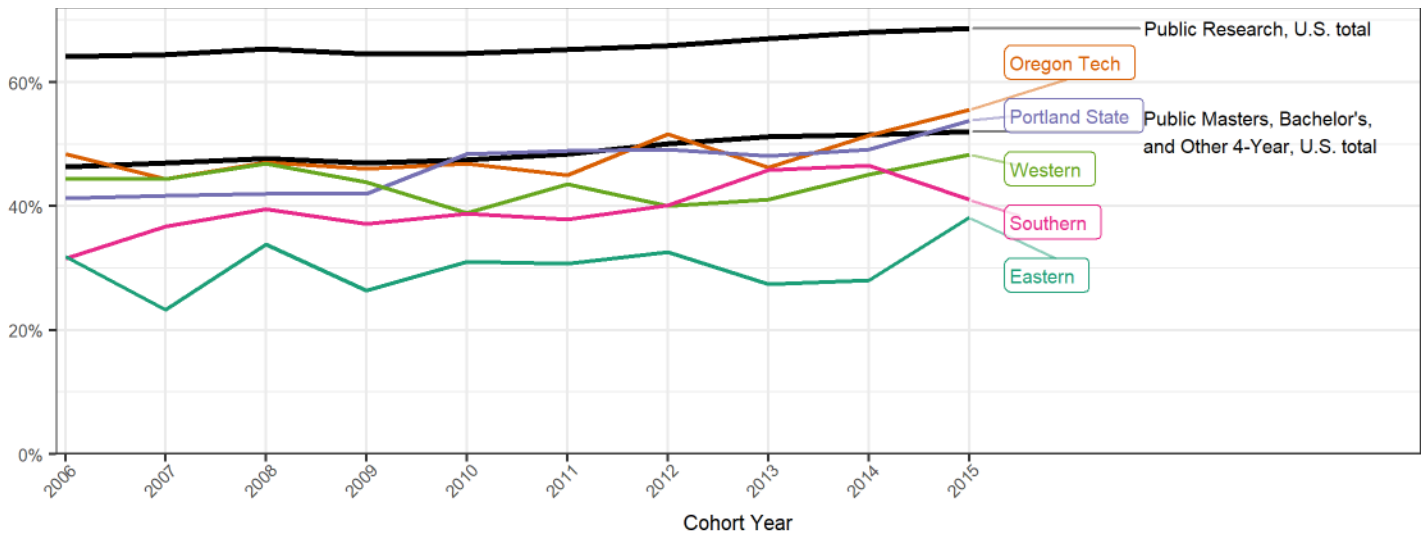
NCES IPEDS Fall Enrollment Survey, files efYYYYd. 2012-2020 final release files; 2021 provisional release. Note: Retention rates are based on full-time, first-time-in-college degree-seeking students only. Part-time cohorts are not included; they contain fewer than 50 students in most cases.

The story for completion rates is similar. Again, except for Oregon Tech, each of these institutions graduates its full-time students within six years at rates that are lower—in some cases, over 10 percentage points lower—than national averages (Figure 6).

Improving retention and completion rates will be an important strategy for these institutions to stabilize enrollment. It is also worth noting that these rates are based on full-time, first-time students. Institutions will also need to pay attention to the retention and completion of their part-time, transfer, and returning students who will become increasingly important audiences as the population of new high school graduates decreases.



**Figure 6. Six-Year Graduation Rates**



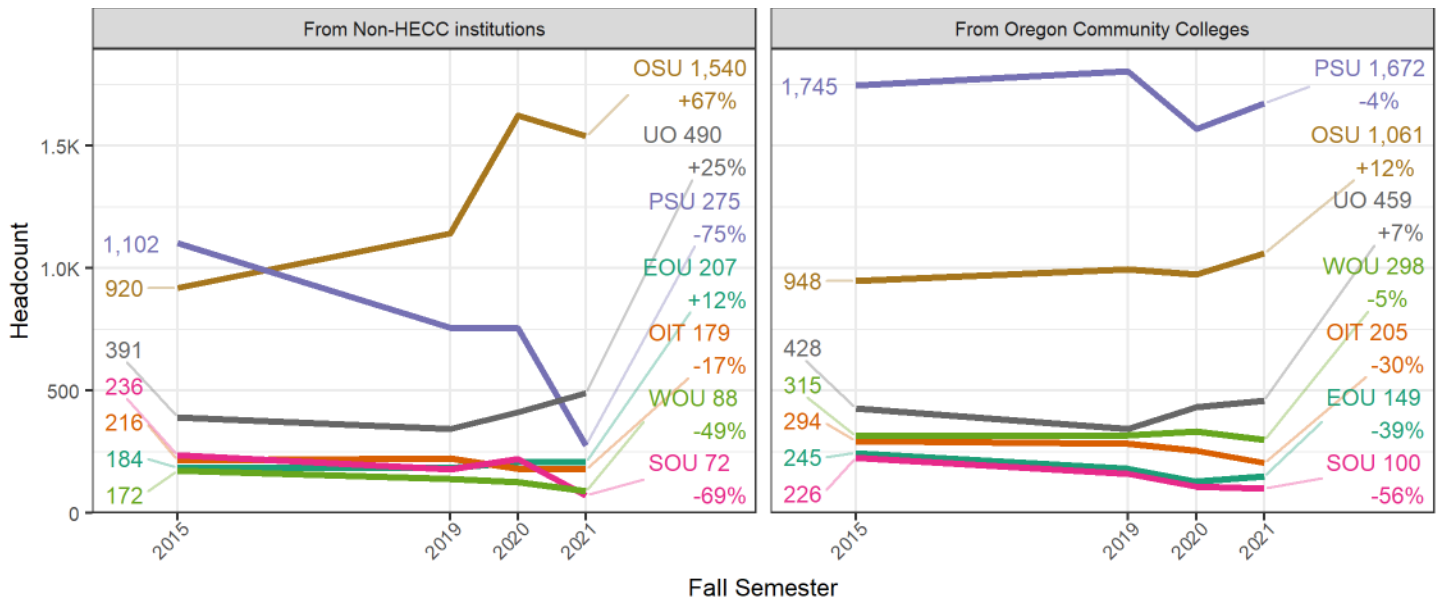
NCES IPEDS Graduation Rate Survey, files grYYYY. 2012-2020 final release files; 2021 provisional release. Note: Graduation rates represent full-time, first-time-in-college degree-seeking students who complete their program within 150% of expected time.

### Transfer

Transfer from Oregon’s community colleges and other institutions is also an important source of enrollment for Oregon’s universities. From 2015 to 2021, HECC data show that the number of transfer students at the TRU institutions and PSU declined, while the number of transfer students at UO and OSU increased (Figure 7).

The bulk of this change is based on changes in transfer students coming from non-HECC institutions, meaning from out-of-state or private institutions rather than Oregon community colleges. OSU in particular has seen a dramatic increase in transfer students from non-HECC institutions, and PSU has seen a precipitous decline in transfer students from non-HECC institutions.

**Figure 7. Incoming Transfers over time, by source**



Source: HECC. Note: Based on average 4th week enrollment headcount for new transfer admitted undergraduate students in selected Fall semesters. Small numbers at individual institutions have been suppressed. Transfers between Oregon public universities are not included; numbers are small.

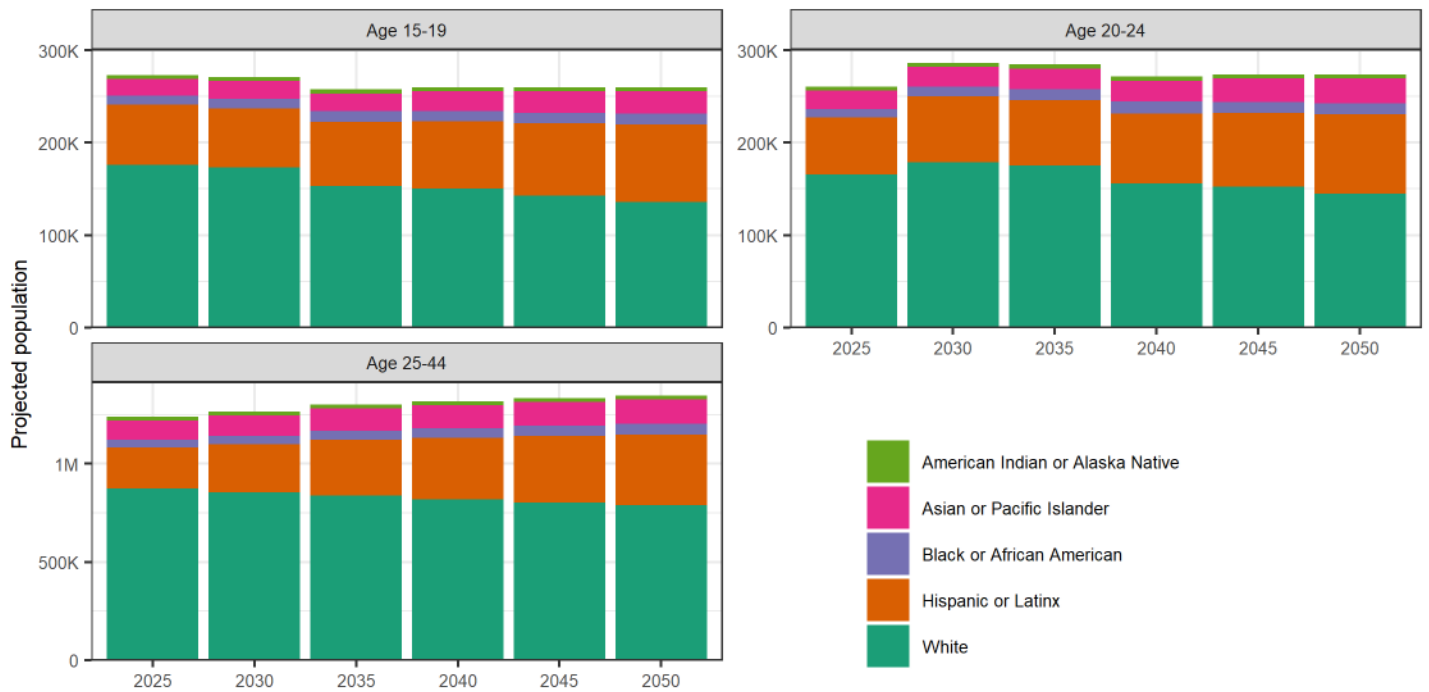
### Who do the TRU+ PSU institutions need to serve in the future?

Oregon’s population is changing. Over the next 25 years, the state’s overall population will become older, less white, and will be distributed around the state differently, which has implications for who Oregon’s institutions of higher education will need to serve in the future.

For their future financial stability, Oregon’s universities will not be able to rely on substantially increased enrollments among in-state students under age 25. This includes both recent high school graduates and high school students participating in Accelerated Learning. Of the three college-going age groups in Figure 8, only the population of those aged 25 to 44 is projected to increase from 2025 to 2050. The population of Oregon residents aged 15 to 19 and 20 to 24 are both projected to decline after 2030, then remain essentially flat from 2040 to 2050.

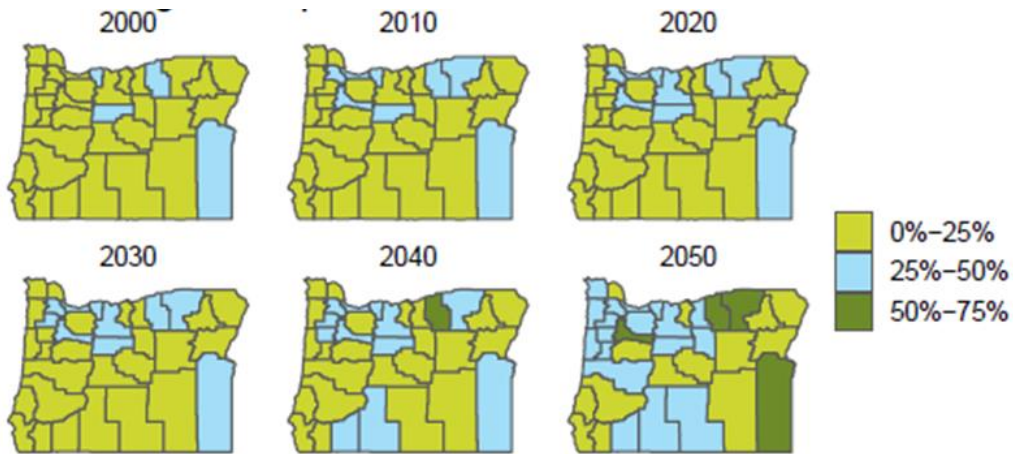
Additionally, the increases in population of those aged 25 to 44 will take place entirely among non-white residents, particularly Hispanic/Latinx individuals. Figure 9 shows how the population of Oregon’s counties is becoming less white over time. Oregon’s Equity Lens and efforts to focus attention on the specific needs of a changing demographic have been forward-looking. Improved student access, retention, and completion rates among the fast-growing populations will go a long way toward determining the relevance and success of the state’s public postsecondary institutions, including the TRU+ PSU group.

**Figure 8. Projected Oregon Population, by Age and Race/Ethnicity**



Source: Portland State University Population Research Center OHNA Population Forecasts. Note: Each age group is on a separate scale.

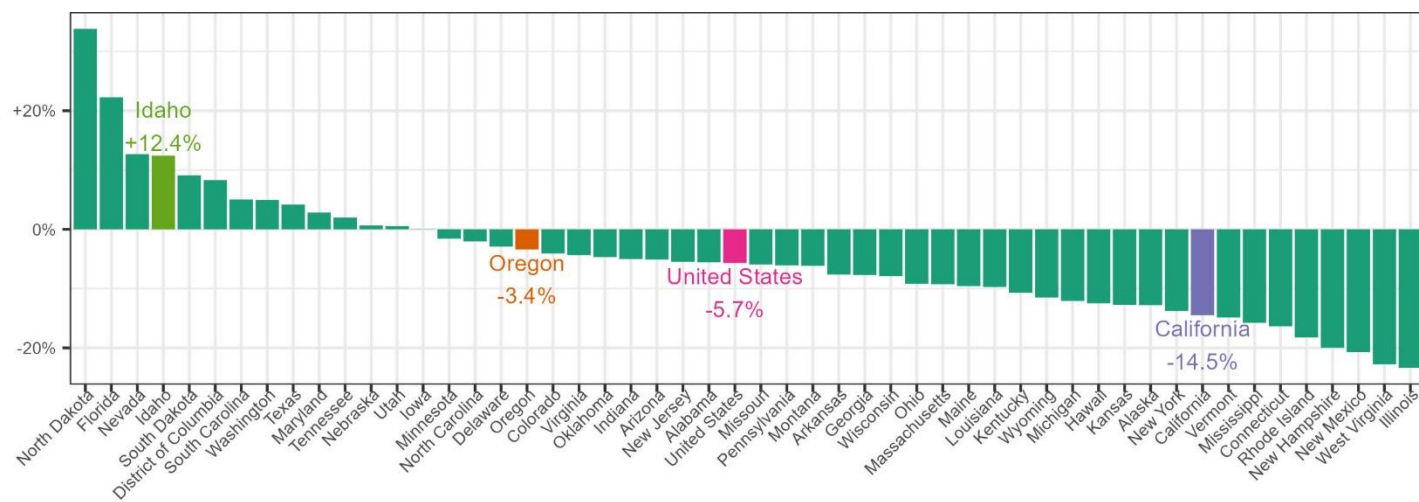
**Figure 9. Percentage of Oregon Population Non-White**



Source: "Oregon Tribal Land & County Population Projections by Race & Ethnicity" (Portland State Population Research Center, June 25, 2023), <https://www.pdx.edu/population-research/middle-east-studies/ohna-population-forecasts>. Note: Percentage of county which is non-White for select decennial years. Statistics for 2030, 2040, and 2050 come from population forecasts.

Figure 10 shows that Oregon should expect fewer high school graduates in the future, though it will see a smaller decline than many other states. It is also important to note that the number of high school graduates in California, the state from which some of the TRU institutions get significant numbers of out-of-state enrollments, will decline even more rapidly. Notably, however, high school graduates in Idaho are expected to increase, which suggests a potential opportunity for EOU in particular.

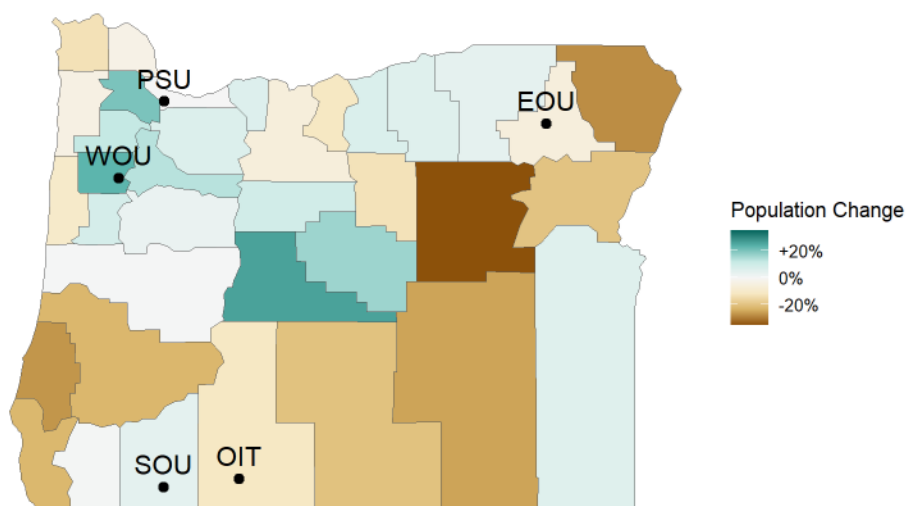
**Figure 10. Projected Percent Change in High School Graduates, 2020-37**



Source: Western Interstate Commission for Higher Education, Knocking at the College Door: Projections of High School Graduates, 2020. <https://knocking.wiche.edu/data/knocking-10th-data/>

These overall trends will likely impact each institution differently, because future population changes are not expected to be evenly distributed across Oregon counties (Figure 11). The counties surrounding PSU and WOU—and the counties from which they draw most of their students—are among the fastest-growing in the state. The areas from which SOU, EOU, and OIT draw their students, on the other hand, include a number of counties that are expected to experience long-term population decreases.

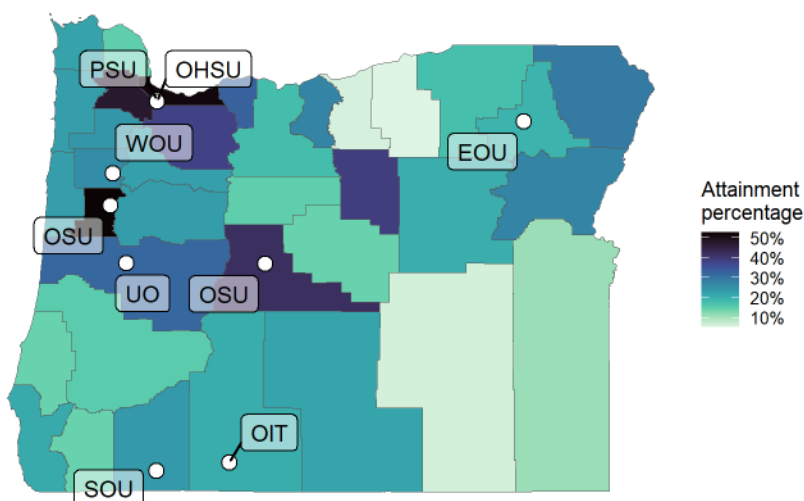
**Figure 11. 2025-2050 Projected Percentage Change in Oregon Population Aged 15-44, by county**



Source: Portland State University Population Research Center OHNA Population Forecasts.

One of Oregon’s attainment goals aims for 40% of the state’s young adult population to obtain a bachelor’s or graduate degree by 2025. The state is fairly close to reaching this goal,<sup>1</sup> but the bachelor’s degree holders are concentrated in the state’s urban centers and near its largest universities; the attainment rate in most of Oregon’s rural counties falls well short of the state’s aspirations (Figure 12). HECC’s Equity Lens documentation notes that institutions of postsecondary education in the state are currently on a trajectory that will “continue to widen the state’s [...] urban-rural divide.”<sup>2</sup> Effectively serving rural learners will be an important concern for Oregon’s public institutions into the future. Our analysis confirms this assessment.

**Figure 12. Percentage of population age 25-34 with a Bachelor’s degree or higher, by county, 2022**



Source: U.S. Census Bureau, 2022 American Community Survey Five-Year Estimates; Table B15001.  
 Note: Represents the estimated percentage of the population age 25-34 with a Bachelor’s degree or higher.

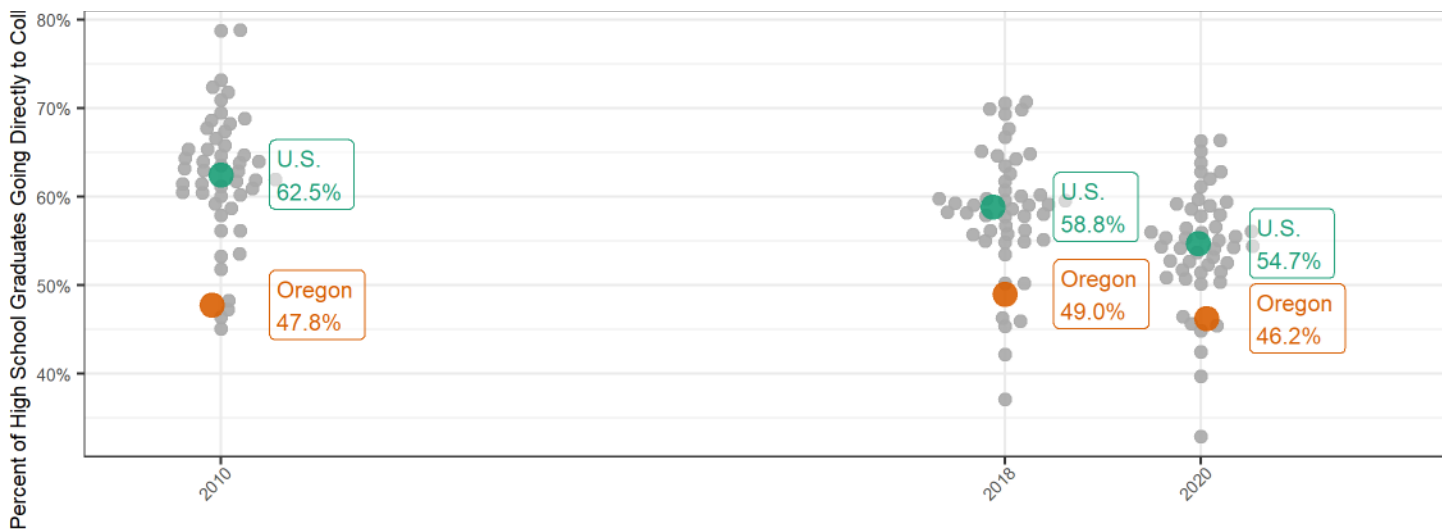
An additional factor impacting all of Oregon’s public institutions is that Oregon has among the nation’s lowest rates of students going to college directly from high school. Figure 13 shows the percent of high school graduates going directly to college across all racial and ethnic groups together. (Unfortunately, disaggregated data is not available for this particular measure.) Oregon’s college-going rate has not declined to the same extent the national rate has over the past decade, but it has also not improved, and remains 8.5 percentage points lower than the national rate. If improving the college-going rate is possible, it could increase enrollment and compensate for the expected decline in high school graduates. A college-going rate of approximately 48%, which is realistic based on historical trends, would be enough to counteract

<sup>1</sup> “State of Oregon: Research - Oregon 40-40-20 Educational Attainment Data,” accessed December 13, 2023, <https://www.oregon.gov/highered/research/Pages/educational-attainment.aspx>.

<sup>2</sup> “Oregon HECC Equity Lens” (Oregon Higher Education Coordinating Commission, December 2021), <https://www.oregon.gov/highered/policy-collaboration/Documents/Equity/HECC-Equity-Lens-2021.pdf>.

the decline in high school graduates, assuming a similar percentage of college-bound Oregon high school graduates choose to attend a TRU+ PSU institution in the future. That said, this could be a difficult task, as these institutions will face increasing competition for a shrinking pool of recent high school graduates, the national college-going rate is declining, and Oregon has not shown success at improving its college-going rate in the past 10+ years.

**Figure 13. Percent of High School Graduates Going Directly to College, Fall 2020**

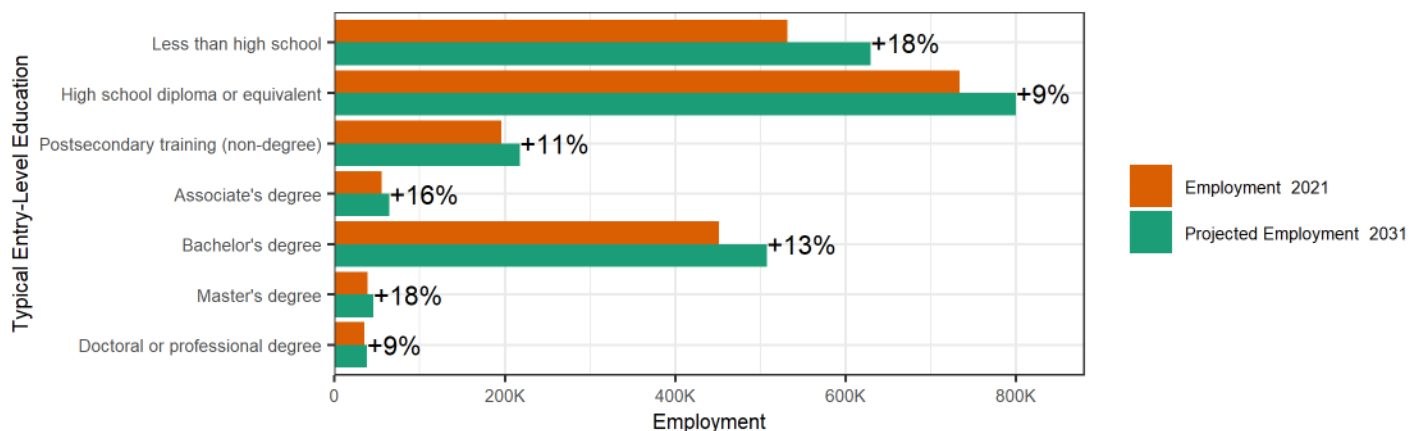


Sources: WICHE Knocking at the College Door: Projections of High School Graduates; NCES IPEDS Fall Residency and Migration Files efYYYYc. Note: Each dot represents one state.

### What workforce needs do the TRU+ PSU institutions play a role in meeting?

To get a general understanding of the workforce needs that will inform each institution’s program mix into the future, we examined employment projections by the State of Oregon Employment Department. Through 2031, the number of Oregon jobs at all levels of education is expected to grow (Figure 14). Of particular relevance to the TRU institutions and PSU, jobs that typically require a bachelor’s degree are expected to grow by 13% in the decade from 2021 to 2031, and jobs that require a master’s degree are expected to grow by 18%.

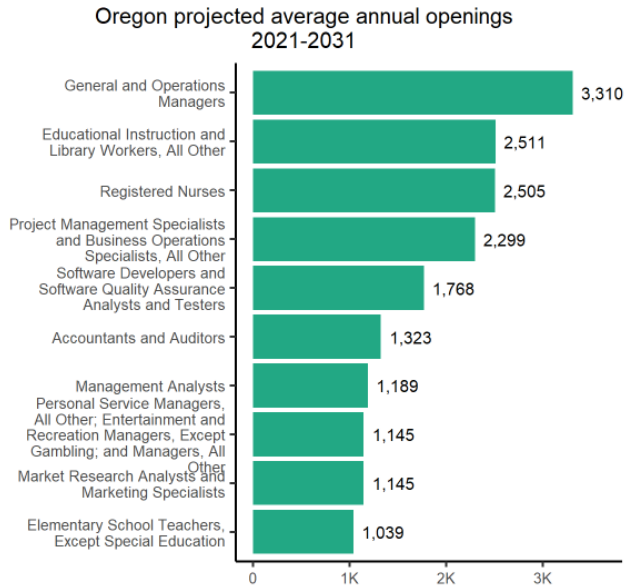
**Figure 14. Number of jobs in Oregon, by typical entry-level education**



Source: State of Oregon Employment Department

Figure 15 shows the specific occupations, among those that require at least a bachelor’s degree, that are expected to have the largest number of annual openings through 2031.

**Figure 15. Top Oregon occupations that require at least a Bachelor’s degree, by average annual openings**



Sources: State of Oregon Employment Department, IPEDS.

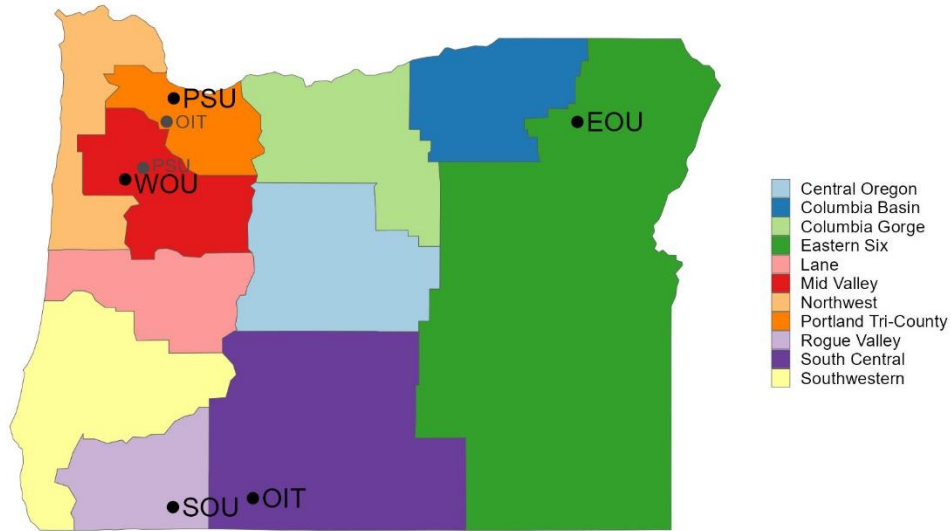
The state also publishes regional projections for the areas depicted in Figure 16. The top bachelor’s-and-higher occupations, based on average projected annual openings, for the regions near each TRU institution and PSU are shown in

Figure 17.

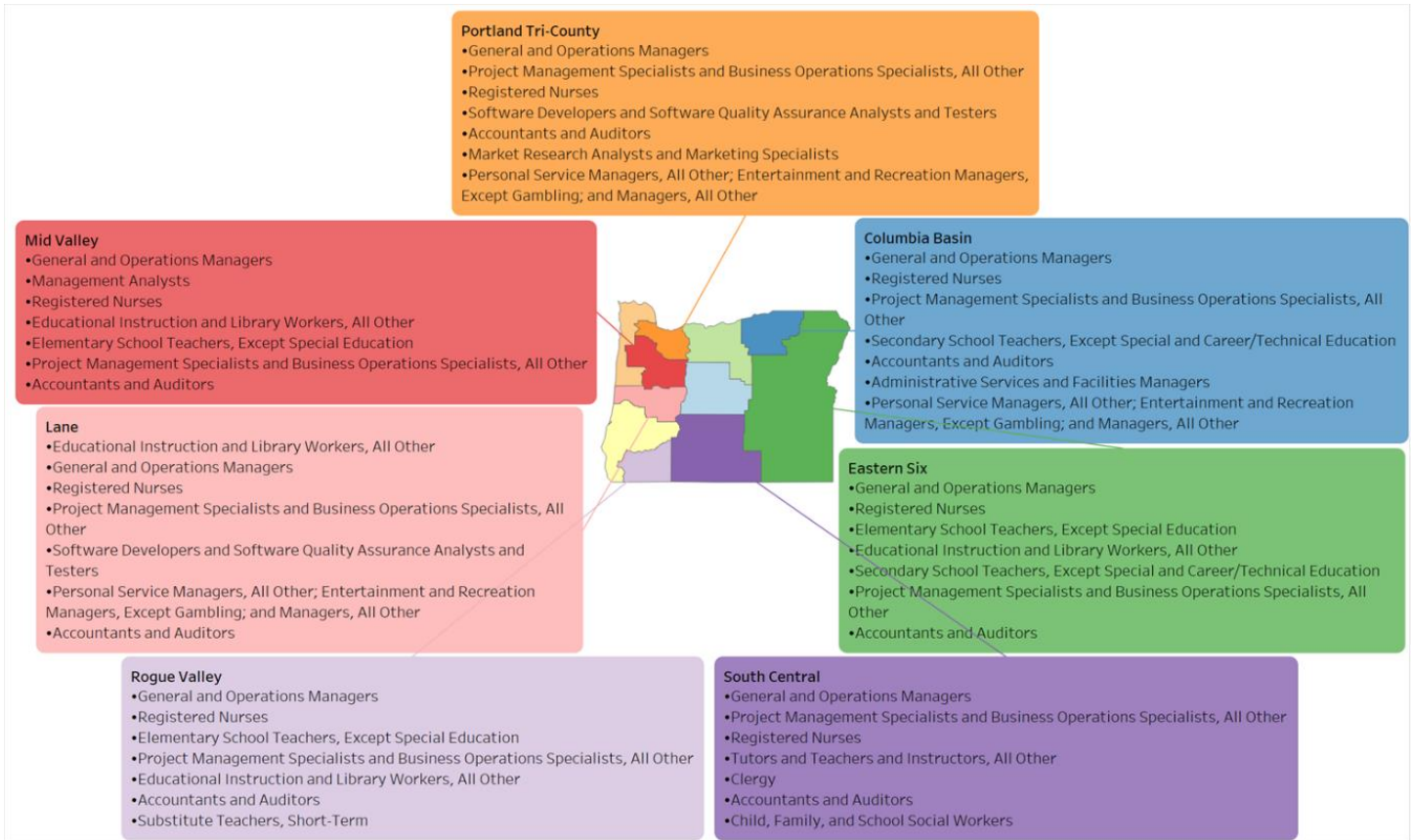


Figure 18 shows the top industries for these regions, based on the number of jobs projected for 2031. Industries include jobs at all education levels. Both industry and occupation projections are based on past trends; they do not account for statewide/regional economic development plans or expected future changes, and therefore may be missing some occupations and industries that are nevertheless important areas of focus.

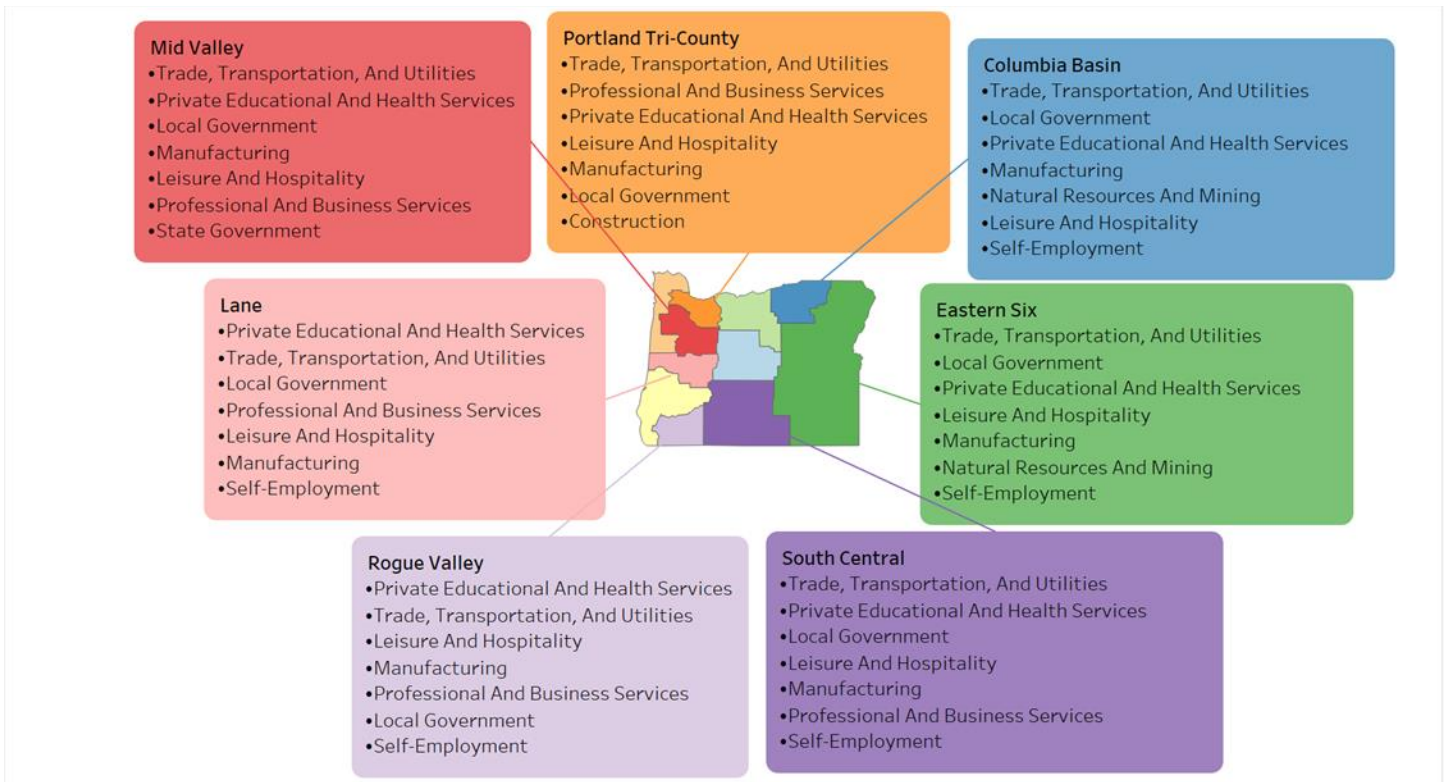
**Figure 16. Oregon Workforce Areas and TRU+ PSU Institutions**



**Figure 17. Top Occupations that require at least a bachelor's degree, based on average annual openings from 2021–2031, selected Oregon areas**



**Figure 18. Top Oregon Industries, by Projected 2031 Employment, selected Oregon areas**



## Operational Role and Scope

Each of Oregon’s TRU+ institutions serves a unique audience through a particular array of programs and services. This section details the role and scope of each of these five institutions as it is revealed through data on enrollments, programs, underlying populations, and workforce demand. NCHEMS used data provided by the HECC as well as several public data sources for this analysis. We identified audiences by analyzing headcount enrollment data from the HECC and IPEDS by geography, student demographics, admissions requirements, and institutional type (public comprehensive or public research). We distinguished each institution’s programs and services primarily by analyzing IPEDS awards data over the past three years by level (Bachelor’s, Master’s, etc.) and discipline (based on CIP code). Institutions may offer additional programs that are not listed because they are not yet in IPEDS (due to the lag in its data) or because they have conferred few or no awards.

These role and scope descriptions are important because financial viability for the TRU+ institutions as a group cannot be improved by each of the institutions simply expanding its role and scope to attract more students. Overall, that approach would lead to less financial efficiency across the state, so it is important for the project criteria to avoid incentivizing additional unnecessary competition and overlap between institutions. The criteria should instead encourage each institution to maintain its unique character and focus on its strengths and the needs of its principal audiences.

This is not to say that the institutions should not change. The criteria should reinforce each institution's existing role and scope, while also allowing for adjustments that address changing demographics and student/workforce demand. Encouraging each institution to maintain distinctive roles will also serve to support collaboration between institutions that allow students across Oregon to access a variety of relevant higher education programs and services.

## TRU+ PSU Institutions Overall

### *Audiences*

As a group, Oregon's TRU+ institutions primarily serve:

- Primarily residents of the county (or counties) immediately surrounding their campuses. Additionally, they all serve students from the Portland tri-county area.
- Some out-of-state students, as most of these institutions are close to Oregon's borders.
- Students who meet their admissions requirements; in all cases this includes over 90% of applicants.
- A mix of students who reside on-campus and commuters.
- Both students who have recently graduated from high school and those over age 24.
- High school students.
- Graduate students, though the percentage varies by institution.
- Employers in each region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in each region.
- Other institutions of higher education that serve each area (such as Oregon's community colleges), as well as their students.

### *Array of Programs and Services*

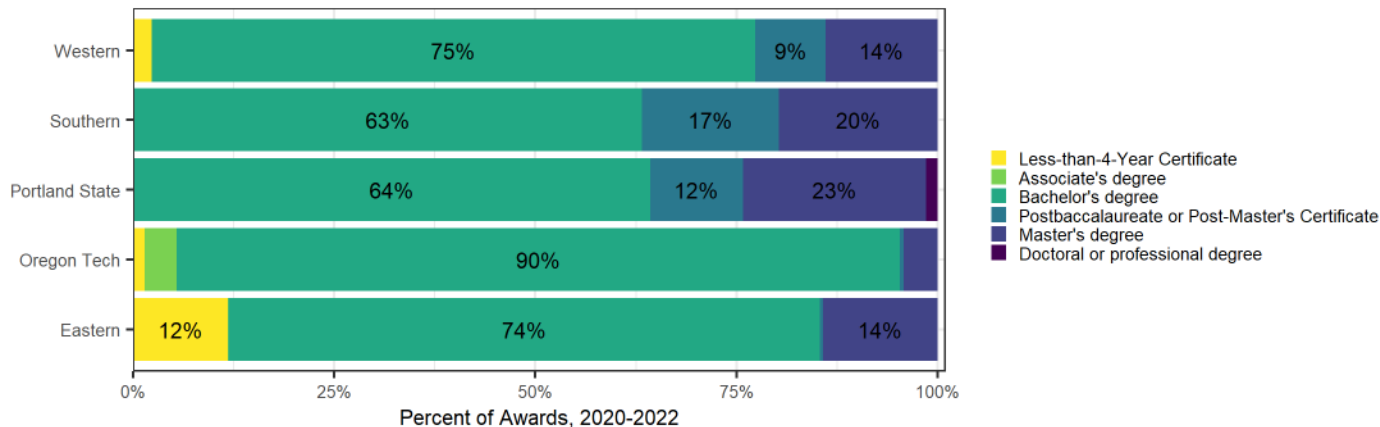
Oregon's TRU+ institutions serve these audiences by offering:

- A mix of in-person and distance offerings, though the percentage of programs offered via distance modalities varies significantly among the institutions.
- Baccalaureate programs in the arts and humanities, natural sciences, and social sciences.
- Baccalaureate programs in a variety of applied fields, which vary by institution based on local workforce needs and each institution's specialties.
- Masters programs in a more limited number of applied fields.
- Depending on the institution, a small number of doctoral, certificate, and associate degree programs.
- Accelerated Learning for high school students.
- Services specifically designed to meet the needs of regional economic development.
- Delivery sites for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.
- The amount of research taking place at these institutions varies by institution.

The majority of awards at each of the TRU+ institutions are bachelor's degrees (Figure 19). The institutions vary in the percentage of graduate degrees they award. Please note that the different

institutions classify their Education-related certificates and teaching endorsements differently, which accounts for some of the variation in certificate percentages at both the less-than-4-year and postbaccalaureate levels.

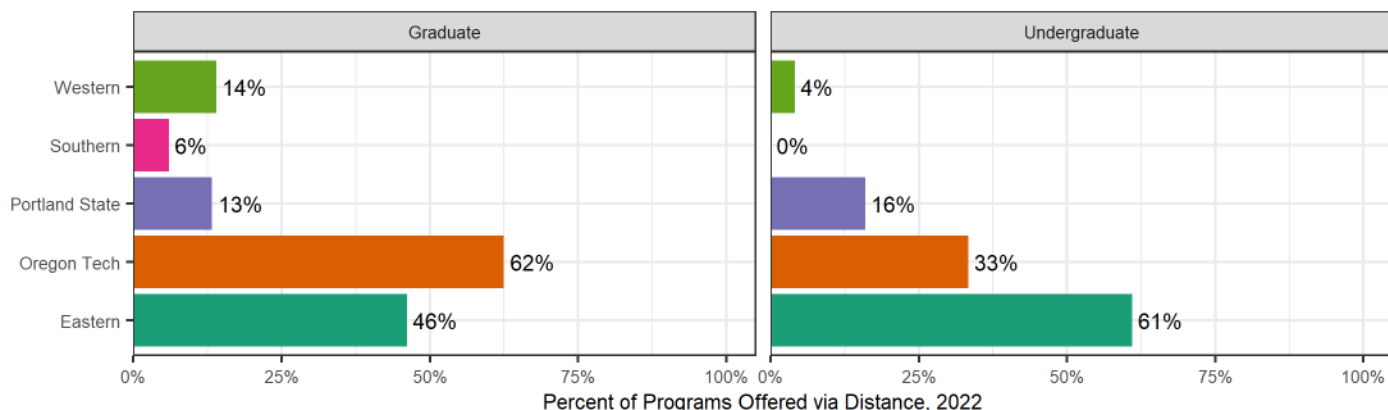
**Figure 19. Percent of Awards by Level, 2020 - 2022**



Source: IPEDS completions files cYYYY\_a. 2020, 2021 final release files; 2022 provisional release.

Figure 20 shows the wide variation in the institutions' distance program offerings.

**Figure 20. Percent of Programs Offered via Distance, 2022**



Source: IPEDS completions c2022dep provisional release file. Programs are defined by 6-digit CIP code. Programs at WOU with 0 average graduates from 2020-22 have been excluded per conversations with that institution.

## Eastern Oregon University

### Audiences

Eastern Oregon University serves:

- Students have completed a high school education and are seeking either a college degree or continuing professional education.
- In-state students, 48% of whom are residents of Union, Umatilla, Multnomah, and Clackamas Counties. The rest are widely distributed.
- Out-of-state students (about 1/3 of admitted undergraduates).
- Students who meet its admissions requirements; this includes approximately 98% of applicants.

- A mix of students who reside on-campus and commuters.
- Both students who have recently graduated from high school and those over age 24.
- Graduate students.
- High School students.
- Employers in the region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in the region.
- Other institutions of higher education that serve Eastern Oregon, as well as their students.

#### *Array of Programs and Services*

Eastern Oregon University serves these students by offering:

- A mix of in-person and distance offerings; over half of EOU's programs can be completed online.
- Baccalaureate programs in the arts and humanities, natural sciences, and social sciences appropriate to a teaching institution with a predominantly undergraduate student body.
- Certificate programs in the applied field of Education.
- Baccalaureate programs in the applied fields of Business, Management and Marketing; Education; Parks, Recreation, Leisure, Fitness and Kinesiology; Homeland Security, Law Enforcement and Firefighting; Communication and Journalism; and Computer and Information Sciences and Support Services.
- Master's programs in the professional fields of Education; and Business, Management and Marketing.
- Programs linked to the Eastern Six workforce development area's workforce needs in Secondary School Teachers, Except Special and Career/Technical Education; Elementary School Teachers, Except Special Education; Project Management Specialists and Business Operations Specialists, All Other; General and Operations Managers; Social and Community Service Managers; and Accountants and Auditors.
- Accelerated Learning for High School students.
- Services specifically designed to meet the needs of regional economic development.
- A delivery site for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.

#### *Special Features*

- Designated by the Oregon legislature as "Oregon's Rural University" in 2018
- Community College partnerships via centers in Gresham and Roseburg

#### Oregon Institute of Technology

##### *Audiences*

Oregon Institute of Technology serves:

- Students who have completed a high school education and are seeking either a college degree or continuing professional education.

- In-state students, 74% of whom are residents of Klamath, Washington, Clackamas, Multnomah, Jackson, Marion, and Lane Counties.
- Out-of-state students (about 30% of admitted undergraduates).
- Students who meet its admissions requirements; this includes approximately 91% of applicants.
- A mix of students who reside on-campus and commuters.
- Both students who have recently graduated from high school and those over age 24.
- A limited number of graduate students.
- High school students.
- Both students who have recently graduated from high school and those over age 24.
- Employers in the region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in the region.
- Other institutions of higher education that serve south central Oregon, as well as their students.

#### *Array of Programs and Services*

Oregon Institute of Technology serves these students by offering:

- A mix of in-person and distance offerings.
- Baccalaureate programs in the applied fields of Health Professions; Engineering; Engineering/Engineering-Related Technologies/Technicians; Computer and Information Sciences and Support Services; Business, Management and Marketing; and Communication and Journalism.
- Additional baccalaureate programs in the natural sciences and social sciences that complement its applied offerings.
- A small number of Certificate and Associate programs in the applied field of Health Professions.
- A small number of Master's programs in the professional fields of Engineering and Health Professions.
- Programs linked to the South Central workforce development area's workforce needs in Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other; Medical and Health Services Managers; Accountants and Auditors; and General and Operations Managers.
- Accelerated Learning for High School students.
- Services specifically designed to meet the needs of regional economic development.
- A delivery site for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.

#### *Special Features*

- Oregon Tech has a [legislatively designated](#) statewide mission as Oregon's Polytechnic University

- Oregon Tech reports higher research expenditures in the life sciences than all but a handful of public comprehensive universities nationwide.
- Oregon statute stipulates that Oregon Tech will administer the Oregon Renewable Energy Center and the Oregon Center for Health Professions.
- OIT hosts the Oregon Manufacturing Innovation Center in Scappoose
- OIT is the only institution authorized to teach in Washington and provide degrees on-site at Boeing

## Portland State University

### *Audiences*

Portland State University serves:

- PSU's students are residents of Multnomah and Washington Counties.
- Out-of-state students (about 15% of admitted undergraduates).
- Students who meet its admissions requirements; this includes approximately 98% of applicants.
- A mix of students who reside on-campus and commuters.
- Both students who have recently graduated from high school and those over age 24.
- Graduate students.
- Non-admitted students, including both High school students and others.
- Academic disciplines and the research community.
- Employers in the region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in the region.
- Other institutions of higher education that serve the greater Portland area, as well as their students.

### *Array of Programs and Services*

Portland State University serves these students by offering:

- A mix of in-person and distance offerings, though most programs cannot be completed entirely via distance.
- Baccalaureate programs in the arts and humanities, natural sciences, and social sciences appropriate to a teaching and research institution with a predominantly undergraduate student body.
- Baccalaureate programs in the applied fields of Business, Management and Marketing; Health Professions; Engineering; Computer and Information Sciences and Support Services; Homeland Security, Law Enforcement and Firefighting; Public Administration and Social Service Professions; Communication and Journalism; Family and Consumer Sciences/Human Sciences; Natural Resources and Conservation; and Architecture.
- Master's programs in the professional fields of Education; Public Administration and Social Service Professions; Engineering; Business, Management and Marketing; Health Professions; Computer and Information Sciences and Support Services; Architecture; Communication and Journalism; and Engineering/Engineering-Related Technologies/Technicians.



- Doctoral/professional programs in Education; Engineering; Public Administration and Social Service Professions; Natural Resources and Conservation; and Engineering/Engineering-Related Technologies/Technicians.
- Programs linked to the Portland Tri-County workforce development area's workforce needs in Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other; General and Operations Managers; Human Resources Specialists; Software Developers and Software Quality Assurance Analysts and Testers; Project Management Specialists and Business Operations Specialists, All Other; Accountants and Auditors; Management Analysts; and Market Research Analysts and Marketing Specialists.
- Accelerated Learning for High School students.
- Services specifically designed to meet the needs of regional economic development.
- A delivery site for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.

#### *Special Features*

- PSU is the only research university within the TRU+ PSU group. Asian American and Native American Pacific Islander-Serving Institution
- Emerging Hispanic Serving Institution (HSI)
- Elective Carnegie Classification for Community Engagement
- Oregon statute stipulates that PSU will administer the Mark O. Hatfield School of Government, the Oregon Criminal Justice Scientific Advisory Committee, the Center for Lakes and Reservoirs, the Graduate School of Social Work, and the Institute of Portland Metropolitan Studies.
- PSU trains Oregon's child welfare workers, and maintains a simulation center for this purpose.

#### Southern Oregon University

##### *Audiences*

Southern Oregon University serves:

- Students who have completed a high school education and are seeking either a college degree or continuing professional education.
- In-state students, 73% of whom are residents of Jackson, Josephine, Multnomah, and Washington Counties.
- Out-of-state students (about 38% of admitted undergraduates).
- Students who meet its admissions requirements; this includes approximately 90% of applicants.
- A mix of students who reside on-campus and commuters.
- Both students who have recently graduated from high school and those over age 24.
- Graduate students.
- High school students.

- Employers in the region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in the region.
- Other institutions of higher education that serve the Rogue Valley, as well as their students.

#### *Array of Programs and Services*

Southern Oregon University serves these students by offering:

- A mix of in-person and distance offerings, though very few programs can be completed entirely online.
- Baccalaureate programs in the arts and humanities, natural sciences, and social sciences appropriate to a teaching institution with a predominantly undergraduate student body.
- Baccalaureate programs in the applied fields of Business, Management and Marketing; Education; Communication and Journalism; Parks, Recreation, Leisure, Fitness and Kinesiology; Homeland Security, Law Enforcement and Firefighting; Natural Resources and Conservation; and Computer and Information Sciences and Support Services.
- Master's programs in the professional fields of Education; Business, Management and Marketing; Health Professions; and Natural Resources and Conservation.
- Programs linked to the Rogue Valley workforce development area's workforce needs in General and Operations Managers; Human Resources Specialists; Project Management Specialists and Business Operations Specialists, All Other; Elementary School Teachers, Except Special Education; Medical and Health Services Managers; Accountants and Auditors; and Registered Nurses.
- Accelerated Learning for High School students.
- Services specifically designed to meet the needs of regional economic development.
- A delivery site for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.

#### *Special Features*

- Home to Oregon Center for the Arts

#### Western Oregon University

##### *Audiences*

Western Oregon University serves:

- Students who have completed a high school education and are seeking either a college degree or continuing professional education.
- In-state students, 75% of whom are residents of Marion, Polk, Washington, Clackamas, Yamhill, Linn, and Multnomah Counties.
- Out-of-state students (about 20% of admitted undergraduates).
- Students who meet its admissions requirements; this includes approximately 92% of applicants. Note that the denominator includes applicants who did not finish their application.

- Predominantly full-time students who live on campus.
- Predominantly students under age 25.
- Graduate students.
- High school students.
- Employers in the region, both public and private—including school districts, health care providers, local governments, and private businesses.
- Economic development interests and entrepreneurs in the region.
- Other institutions of higher education that serve the Mid Valley workforce development area, as well as their students.

#### *Array of Programs and Services*

Western Oregon University serves these students by offering:

- A mix of in-person and distance offerings, though very few undergraduate programs can be completed entirely online.
- Baccalaureate programs in the arts and humanities, natural sciences, and social sciences appropriate to a teaching institution with a predominantly undergraduate student body.
- Baccalaureate programs in the applied fields of Education; Business, Management and Marketing; Homeland Security, Law Enforcement and Firefighting; Parks, Recreation, Leisure, Fitness and Kinesiology; Health Professions; Computer and Information Sciences and Support Services; Communication and Journalism; and Family and Consumer Sciences/Human Sciences.
- Master's programs in the professional fields of Education; Business, Management and Marketing; and Health Professions.
- Certificate programs in the applied field of Education.
- Programs linked to the Mid Valley workforce development area's workforce needs in Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other; Elementary School Teachers, Except Special Education; Management Analysts; General and Operations Managers; and Project Management Specialists and Business Operations Specialists, All Other.
- Accelerated Learning for High School students.
- Services specifically designed to meet the needs of regional economic development.
- A delivery site for other institutions' programs that meet specific student or service area needs.
- A source of programs to be offered in coordination or partnership with other institutions that meet their specific student or service area needs.

#### *Special Features*

- Western Oregon University is currently working towards achieving status as a Hispanic-serving institution.
- WOU considers first-generation students to be an audience of special focus for the institution.

## Financial Position of the TRU+ PSU Institutions

The financial conditions at these institutions as revealed by key financial indicators vary considerably, but the overall picture indicates fragility. Overall, four of the five institutions are financially vulnerable and in a poor position to withstand financial pressures.

However, there is awareness of the conditions reflected in each institution’s audit reports. For example, the PSU report states that “the university will need to realize both cost reductions associated with enrollment declines and revenue growth to achieve a balanced budget.” Similarly, the SOU report states “The University will need to adapt to uncertainty in the revenue environment through continuing to reduce or cap personnel and non-personnel costs and by implementing programs to improve efficiency over time. Perhaps the most direct, the WOU report states that “it is critical that WOU rethinks its operations and re-envision itself as a financially sustainable and prosperous enterprise. While tapping into the existing reserves provides a short-term solution, it does not represent a sustainable path into the future. WOU is preparing to tackle the issues on multiple fronts.” WOU’s report also calls for additional legislative support so that the TRU+ institutions can reduce their dependence on tuition revenues and make higher education in Oregon more affordable.

Comparisons against each institutions’ peers provide insights into spending and staffing patterns that may be instructive. While it is appropriate to exercise caution in interpreting these data, they generally illustrate that the TRU+ institutions have room to improve their operational efficiencies when measured by spending relative to enrollment. To the extent that they may continue to experience faster enrollment declines than their peers, achieving and maintaining efficiency improvements is likely to grow more difficult. In Appendix 3, we provide a complete peer benchmarking analysis for each of the five institutions.

Additionally, the HECC monitors five key financial ratios for each of the institutions. These ratios measure various aspects of an institution’s financial position and strength. Longitudinal analysis of key financial indicators for each of the TRU+ PSU institutions is presented in the sections that follow. Importantly, readers should be aware that the temporary infusion of federal support through HEERF is included in these figures, providing key support to institutions during the COVID - 19 pandemic. Absent this support, the financial health of postsecondary institutions across the country- not just the TRU+ PSU group- would have fared much worse.

### Net Revenues Ratio

The Net Revenues Ratio is calculated by dividing the surplus (or loss, as calculated by revenues minus expenditures) by the total revenue for the year. A positive number indicates an annual surplus while a negative number indicates a loss. Five years of data for the institutions are presented in the following table.

**Table 1. Net Revenues Ratio for the TRU+ PSU Institutions, FY 2018-2022**

	FY 2018	2019	2020	2021	2022
<b>Target</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
EOU	-8.3	-3.9	-4	-3	-2.3
OIT	-8.6	-6.1	-2.2	0.5	7.1
PSU	-3.9	0.8	-2.6	-3.3	2.6

SOU	-3.7	-9.3	-10.5	-8.6	0.7
WOU	-1.8	-1.3	-16.5	-0.6	-0.1

The data in this table indicate that the TRU+ institutions have all operated at a loss for most of the period, although three of the five institutions managed surpluses in the last reporting fiscal year. Only OIT managed a surplus larger than the recommended target of 4 at any point during the five-year period. SOU and WOU had years with particularly large losses, which drew on their respective reserves in those years.

#### Primary Reserve Ratio

The Primary Reserve Ratio is calculated by dividing expendable net assets (those assets that are liquid and can be expended by administrative action) divided by total expenses for the year. This ratio measures the ability of the institution to continue operations with no additional revenues. A ratio of 1.0 indicates that the institution has sufficient resources to function for a year without additional income. The target for this indicator is 0.4.

The data in this table show that only OIT has sufficient reserves to indicate financial strength. SOU and WOU show particular weakness on this measure. SOU is operating especially close to the edge of not being able to cover expenses without recourse to accessing non-liquid assets or seeking additional authority to acquire or expend funds.

**Table 2. Primary Reserve Ratio for the TRU+ PSU Institutions, FY 2018-2022**

	FY 2018	2019	2020	2021	2022
<b>Target</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
EOU	0.17	0.15	0.18	0.22	0.23
OIT	0.39	0.3	0.32	0.43	0.45
PSU	0.15	0.18	0.17	0.23	0.26
SOU	0.08	0.03	-0.04	0.06	0.04
WOU	0.23	0.24	0.09	0.13	0.13

#### Return on Net Assets

This measure is calculated by dividing the change in net assets over the course of the year by the value of net assets at the beginning of the year. It indicates whether the institution's financial condition is improving year-over-year. Improvements mean that the institution is gaining flexibility to invest in its future.

**Table 3. Return on Net Assets Ratio for the TRU+ PSU Institutions, FY 2018-2022**

	FY 2018	2019	2020	2021	2022
<b>Target</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
EOU	3.8	2.2	4.9	13.8	9.4

OIT	8	10.6	11.6	21.2	19.1
PSU	2.7	15.9	4	5.7	4.1
SOU	15.3	-2.9	-5	7.5	3.5
WOU	7.3	7.2	-1.3	9.2	-2.3

Only OIT is consistently above the target of 6. The other institutions have sporadically been above this level, but the only other institution to exceed this level in the most recent fiscal year was EOU.

#### Viability Ratio

The Viability Ratio measures debt coverage and reflects the ability of the institution to cover long-term debts with available net assets should it be necessary to settle its obligations in the current fiscal year. The metric is calculated by dividing expendable net assets (assets other than capital and restricted assets) by the total amount of long-term debt. The desirable value for this metric is a number greater than 1.0, which indicates that the institution has sufficient liquid assets to cover all of its debt in the unlikely event that those debts all come due at once.

**Table 4. Viability Ratio for TRU+ PSU Institutions, FY 2018-2022**

	FY 2018	2019	2020	2021	2022
<b>Target</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
EOU	0.44	0.41	0.54	0.74	0.88
OIT	0.83	0.71	0.75	1.03	1.09
PSU	0.35	0.43	0.45	0.59	0.81
SOU	0.16	0.07	-0.1	0.14	0.11
WOU	0.47	0.48	0.21	0.27	0.3

Only OIT has exceeded the 1.0 target value at any time during the past five years. EOU and PSU have improved their ratios over the five-year period to the point where their ratios are greater than 0.8—not optimal but getting better. SOU and WOU have very low ratios indicating an inability to cover long-term debt should repayment be necessary.

#### Composite Financial Indicator

The composite index summarizes the previous four metrics and presents the result as a single index value. The primary value of this index is to show whether the trajectory of financial conditions is positive or negative. A steadily increasing value indicates that the institution is making progress toward financial sustainability; a decreasing value indicates that the institution is losing ground.

**Table 5. Composite Financial Indicators for TRU+ PSU Institutions, FY 2018-2022**

	FY 2018	2019	2020	2021	2022
<b>Target</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

EOU	0.56	0.66	1	2.34	2.12
OIT	1.85	1.98	2.47	4.15	4.57
PSU	0.66	2.48	1.03	1.41	1.99
SOU	1.59	-0.85	-1.5	0.38	0.61
WOU	1.58	1.65	-0.48	1.39	0.35

The data in this table indicates that OIT has demonstrated a pattern of continuous improvement. Further, it is the only one of the five institutions that now exceeds that target level of 3 for this indicator. Both EOU and PSU are showing general improvement but are still far removed from the target level of 3 that would indicate that they are in a strong financial position. The trends for SOU and WOU show volatility from year to year, were considerably lower in FY 2022 than five years earlier, and are currently far under the target level.

### Other State Approaches to Supporting Financial Sustainability

In addition to the data explored in the preceding pages, NCHEMS also looked to other states to learn about their approaches to supporting financial sustainability, especially across regional institutions similar to the TRU+ PSU group. While Oregon’s specific approach to supporting financial sustainability for the TRU+ PSU institutions is unlike approaches in other states, we add these findings to our understanding of the issue.

Oregon’s approach to supporting financial viability for a subset of a state’s public postsecondary institutions is unique. In a 50-state review of state policies aimed at supporting sustainability for technical and/or regional universities, NCHEMS uncovered only one other similar model: Vermont. There, the state is investing additional resources in the Vermont State College System under the condition that the system reduce its budget for long-term sustainability. This is not completely analogous to the Oregon context, where the budget note calls for realignment—not explicitly for reductions in operating costs. In addition, Oregon has employed a unique workgroup and consensus-based process for determining the realignments that was not in place in Vermont. Perhaps most importantly, the state of Vermont stepped in only after there was a proposal made to close one institution entirely along with the main campus of another one, generating major public backlash that finally motivated the legislature to act.

By and large, however, Oregon’s approach to addressing financial issues early and to awarding dollars to support proactive institutional transformation is unique across the states.

While only one other state has taken a similar approach to Oregon, many states experience similar challenges. In some cases, state government has initiated and supported attention on these issues, most frequently through convening task forces, requiring institutions to submit data and complete financial monitoring, reviewing institutional administrative functions, and creating consortia aimed at sharing services or program delivery. In other cases, states and/or institutions themselves have merged or consolidated programs, services, or entire institutions.

NCHEMS presented findings from this 50-state scan to the workgroup on November 16, 2023. The slides from this presentation are included in Appendix 2 to this report.

## Implications and Problem Statement

Taking all of the evidence in the preceding sections together, NCHEMS developed and presented five main findings to the workgroup (see Box 2) that should inform an allocation strategy for the remaining \$18 million. In this section, we outline these five main findings and present a summative assessment of each institution's challenges to financial sustainability.

### Box 2. Facts to Inform Proposed Allocation Strategies

- Changing statewide demographics are shifting the students that the TRU+ PSU institutions are serving and will be serving in the future.
- All of the TRU+ PSU institutions face enrollment challenges that will have direct impacts on revenue.
- Each of the TRU+ PSU institutions have room to grow retention.
- Each of the TRU+ PSU institutions are currently in fragile financial positions.
- Each of the TRU+ PSU institutions will have unique paths to financial sustainability that can be strengthened through collaboration.

To best support the transformations needed to support ongoing financial sustainability, the allocation strategy for the dollars should respond to these five realities facing the institutions. At the same time, the budget note calls for realignments that will lead the institutions closer to long-term financial sustainability. To support a common understanding of financial sustainability, the HECC prepared a definition, of which a section is included in Box 3. This definition should be used as a guidepost for each of the TRU+ PSU institutions in developing projects.

### Box 3. HECC Definition of Financial Sustainability

*...financial sustainability is defined as an organization's ability to obtain consistent resources (tuition, grants, other funding) to sustain productive processes (instruction, research, public service) to produce effective results (student success, research findings, public services) over time thereby ensuring the longevity of the organization.*

*For non-profits, a core challenge is balancing the need to maintain financial sustainability with the pursuit of organizational mission and the maintenance of consistent and quality programming over time. This requires determining the effective combination of efforts, activities, and staff at a viable cost.*

*For institutions of higher education specifically, the recommendation from the Association of Governing Boards of Universities and Colleges (AGB) is that "the board should strive to match sustainable income with the institution's basic mission and ensure institutional goals are consistent with the resources needed to finance them." AGB notes that a balanced budget is critical as is the reliability of the sources of revenue over time.*

To consistently and durably balance resources with their missions, each of the five institutions will need to improve on specific measures of their overall financial health. The financial data explored in this report point to specific needs that each of the institutions face, which are summarized in Table 6.



**Table 6. Summary of Priority Steps to Financial Sustainability by TRU+ PSU Institution**

	<b>Summary of Priority Steps to Financial Sustainability</b>
<b>EOU</b>	Balance the annual budget to realize improvements in net revenue sufficient to turn it positive
<b>OIT</b>	Strengthen existing financial position
<b>PSU</b>	Increase funds available for or reduce immediate operating expenses
<b>SOU</b>	Eliminate routine use of reserves to cover operational losses, restore net positive position
<b>WOU</b>	Eliminate routine use of reserves to cover operational losses, restore net positive position

While all institutions could benefit from increased revenue, in some cases, their financial challenges may be addressed more efficiently and promptly by reducing expenses, thereby decreasing their reliance on increased tuition revenue in a future where their ability to attract that revenue is far from assured, and improving their overall sustainability. In the following section, we outline recommendations intended to best support each institution’s pursuit of long-term financial sustainability through the investments made by the state in H.B. 5025.

## Allocation Process and Project Assessment Approach

Given the evidence and the specific issues faced by each institution, the workgroup adopted an allocation approach for the \$18 million appropriation that supports the HECC definition of financial sustainability and allows institutions the flexibility to develop projects with the greatest potential to address their specific challenges. The process is designed to ensure that investments are deliberately assessed for their likelihood of achieving the goals expressed in the budget note accompanying the appropriation. Finally, the process allows the HECC to serve a coordinating role between the institutions, projects, and statewide higher education goals. At a very basic level, the workgroup’s process also ensures that the HECC can fulfill its legal obligations as a state agency and grantmaking body. This process began with initial process steps identified by the workgroup, were built upon with recommendations from NCHEMS, and then ultimately refined and adopted by the workgroup through a consensus-based process facilitated by Oregon Solutions.

We present further details about the allocation process in three intersecting areas: process (how should institutions receive funds), assessment (for what should institutions receive funds), and timing (when should institutions receive funds).

### Process

The process for allocating the remaining \$18 million appropriation should support the outcomes outlined within the budget note. To that end, the workgroup co-created a process that ideally supports the funding of projects that are aligned with the expressed legislative intent to realign institutional offerings with enrollment and economic realities and to support long-term viability of the TRU+ PSU institutions. Central to this process is the creation of an Assessment Team that will provide a peer review of proposed projects at appropriate stages in the process. Borrowing from a similar arrangement used in Oregon to prioritize capital investments among the community colleges, an approach utilizing a group of peers and other key stakeholders will ensure that the

project concepts are sound, that they are likely to meet state needs, and that they are consistent with the legislative intent of the appropriation.

The recommended review process includes the following steps:

### **1. Project Concept and HECC Review**

At this stage, the institution (or group of institutions in the case of a collaborative project) develops a high-level project idea that they would like the assessment team to consider against an established set of essential criteria. Project concepts are intended to be high-level, while providing enough information for the assessment team to support the institution in developing aligned initiatives. The institutions developed and shared many project concepts in the December 15 report, which will be used as a basis for essential criteria review conducted by the assessment team.

These concepts are brought to the assessment team to ensure alignment that the concept meets the essential project criteria. An institution will receive a “Yes”, “No”, or “Not Yet” assessment for each of the essential project criteria. A “yes” indicates that the reviewer believes the project is ready for an assessment interview. A “not yet” indicates that the project needs additional refinement to meet the essential criteria, and may need to be brought to the assessment team a second time with incorporated changes. A “no” indicates that the reviewer does not believe the concept meets the essential criteria, and, moreover, does not have an evident pathway towards meeting those criteria. Reviewers are encouraged to supply feedback for any of their assessment decisions, and required to provide it in the case of “No” or “Not Yet” assessments.

At this stage, the HECC staff will also assess project concepts in accordance with their responsibilities as a grantmaking state agency. This means that the HECC staff will review the project proposals against relevant state policies to ensure their compliance. This early technical review is intended provide early notification of potential technical issues, before institutions have devoted more effort to developing full proposals.

The HECC will also examine possibilities to strengthen projects through coordination of related efforts. These other efforts may be other TRU+ PSU proposals through this investment. They may also be existing projects or efforts coordinated by the HECC. Questions that the HECC and assessment team may ask at this stage include:

- What other similar projects have been proposed by other TRU+ PSU institutions?
- How should these projects inform one another?
- Could the projects be brought together as a collaborative project?

Each member of the assessment team will individually apply the essential criteria in advance of the meeting. Projects that have a unanimous yes to the essential criteria would be moved forward to prepare for the assessment team interview. Projects with “no” or “not yet” determinations will be discussed with the assessment team, and individual decisions made about how to move forward to the assessment interview.

### **2. Project Development & Interview Preparation**

If the assessment team agrees that the project meets the essential project criteria, the institution(s) move forward to further develop their projects. This development should include preparing and/or refining the following elements:

- Detailed project description
- Statement of how the project aligns with the budget note requirements
- Description of how the campus community has been engaged
- Projected Impact on Operating Budget and/or Revenues
- Project budget, spending plan, and timeline
- Intended Outcomes and approach to evaluating and measuring success

Institutions have the flexibility to decide what methods work best for them to prepare the information listed above (i.e., in writing, in internal meetings, etc.) within a proposal scope determined by the assessment team. Institutions are not required to submit further written material at this stage, unless they would like to do so. The objective of this stage is to allow time for institutions to integrate feedback from the essential criteria review and prepare for an interview with the assessment team.

### **3. Assessment Criteria Interview**

Proposals will be brought to an assessment team, whose purpose is to ensure that the proposal still aligns with the essential project criteria, and to provide additional feedback to the institution. This feedback is intended to support the institutions in making changes to their proposed project to tighten the connection with the criteria and ensure that the intended outcomes have the greatest potential of being reached. The assessment team is also charged with identifying areas where individual institutional projects may be brought together as collaborative projects.

The assessment team interview will be guided by several principles. First, the goal of the assessment team is to support projects that have already demonstrated alignment with the essential project criteria. The assessment team has the responsibility to provide feedback for each project and the authority to decide how to monitor the implementation of that feedback, with an express goal to minimize administrative burden on the institutions. In keeping with this goal, the assessment team has the latitude to schedule interviews for projects to discuss feedback and refinements, or other strategies as they deem appropriate. The assessment team can also suggest collaboration between similar projects.

Second, the assessment team should center simplicity where possible and practicable. The assessment team is intended as a supportive group to strengthen projects, not as a roadblock or administrative hurdle. This does not mean the assessment team should be perceived as a formality; rather, it should act as a critical thought partner in the review process.

### **4. Grant Agreement**

Once the assessment team has completed the interview process, the revised project concept from the first step and the statement of work will be reviewed again by the HECC staff, which will enter into a grant agreement with the institution(s). Ultimately, the HECC has the authority to enter into grant agreements with the institutions, while the assessment team does not; this fact necessitates

this step in the process. The projects will be moved forward by the HECC staff under their delegation of authority from the Commission, and thus projects will not need to wait for a meeting of the Commission to move forward.

## 5. Funds Distributed

Funds will be disbursed for projects that have completed the review process and have executed a grant agreement.

## 6. Project Execution

Institutional and/or collaborative teams will execute proposed projects. As projects are executed, it is fully expected that realignments will be necessary. Any substantive adjustment to the project scope or budget should be elevated to the grantmaker, the HECC, to amend statements of work or require further feedback from the assessment team.

As projects are completed, the HECC may define a final reporting process for the awarded grants. This reporting process may be a policy-driven requirement, depending on the type of grant the HECC has awarded. Where possible, this process should not be focused on compliance, but rather on making sure that learning is shared across all of the institutions, both for efforts that improved financial sustainability and those that may not have.

### Essential Project Criteria

To move to the proposal stage and ultimately receive funding, projects should meet the following essential criteria, which are developed based on the budget note text and statewide priorities and goals. In the first stage of the process, the assessment team will be charged with determining whether or not the concept meets these essential criteria. Where concepts are assessed to not meet the essential criteria, the assessment team will provide feedback to the institution(s). Projects may be submitted multiple times after revisions have been made. The recommended essential project criteria include:

1. Evidence of potential or actual realignment of institutional offerings and resources acknowledging changing enrollment and economic realities.

This criterion is drawn directly from the budget note text, and thus is a primary indicator of whether or not a concept is eligible for funding. To support the development of aligned project concepts, we offer the following definitions:

*Institutional offerings:* Broadly constructed, institutional offerings can be understood as the activities that postsecondary institutions undertake to successfully and sustainably execute their business model. These may be academic, programmatic, or related to a service or function executed by the campus. For example, an academic program is an institutional offering, as is mental health/counseling services, food service, or library services. Institutional offerings also include programs such as summer bridge programs or workforce-aligned noncredit programs.

*Enrollment realities:* As elevated in this report and by the workgroup, the number of students graduating from Oregon's high schools is decreasing, while the participation rate of these students is historically low. Additionally, the state population is aging, and serving students aged 25 and over will continue to be important.

*Economic realities:* The economic reality of each of the institutions is fragile, and in most cases, institutional revenues are out of step with expenditures. In addition, several institutions struggle with unsustainable debt and asset ratios.

2. Meets the HECC definition of financial sustainability.

This definition is included in truncated form in Box 3 of this report, and in full form in Appendix 2.

3. Achievable with one-time funding and does not result in ongoing costs.

The budget note makes clear that the funding is one-time and intended to contribute to a sustainable financial future for each institution. As such, projects should be adequately scoped to achieve the intended outcomes with one-time funding.

4. Project proposals should demonstrate that they have been shared with students, faculty, and staff at each respective campus with an opportunity for meaningful engagement with those groups. =

Projects that are informed by campus engagement and that respond to student needs have the best potential to meet the expressed needs of people closest to the challenges that each of the TRU+ PSU institutions face.

5. Aligned with one or more [HECC Strategic Roadmap](#) goals.

Successful projects should align with articulated priorities and goals for how postsecondary education can best meet the needs of all Oregonians. The strategic roadmap centers on five key areas for strategic action: transformation and innovation, centering current and future state needs, ensuring affordability for students, creating and supporting a full range of education and training pathways beyond high school, and increasing public investment.

#### Assessment Interview Questions

Once the assessment team determines that project concept meets the essential project criteria, the institution(s) will prepare a proposal. Proposal requirements will be determined by the assessment team. The assessment team will hold an interview with the institution(s) proposing the project (or projects) that is intended to provide supportive feedback to the institutions. To support the interview process, the workgroup suggests the following interview questions:

1. How does this project align with broader institutional sustainability strategies?
2. How does the project contribute to a balanced budget with current revenues or conservative estimates about increased revenues?
3. How does the project support the institution's unique role and scope for the region and/or state, or, in the case of a collaborative project, a new cooperative role?
4. Has the project been designed with sufficient resources to achieve its intended outcomes?
5. What are the intended outcomes of the project, both for the institution and for the region and/or state?

Importantly, this stage of assessment is an interview. This means that institutions should prepare to answer the questions listed above, and, in the course of conversation, the assessment team has the latitude to ask additional questions that are not listed as well. The assessment team may also decide about the applicability of the questions above to all types of projects.

## Summary of Essential Criteria and Interview Questions

### Essential Criteria

		Yes	No	Not Yet	Feedback
1	Evidence of potential or actual realignment of institutional offerings and resources acknowledging changing enrollment and economic realities.				
2	Meets the HECC definition of financial sustainability.				
3	Achievable with one-time funding and does not result in ongoing costs.				
4	Project proposals should demonstrate they have been shared with students, faculty, and staff at each respective campus with an opportunity for meaningful engagement with those groups.				
5	Aligned with one or more HECC Strategic Roadmap goals.				

### Assessment Team Interview Questions

1. How does this project align with broader institutional sustainability strategies?
2. How does the project contribute to a balanced budget with current revenues or conservative estimates about increased revenues?
3. How does the project support the institution's unique role and scope for the region and/or state, or, in the case of a collaborative project, a new cooperative role?
4. Has the project been designed with sufficient resources to achieve its intended outcomes?

5. What are the intended outcomes of the project, both for the institution and for the region and/or state?

### Assessment Team

NCHEMS recommends a broad set of stakeholders to review the project proposals to ensure that each of the TRU+ PSU institutions are best supported with a variety of perspectives on their proposed work. At the same time, the assessment team should be small and nimble enough to provide timely clarity on how project concepts will move through the process. We therefore recommend three additions to the assessment team:

1. One representative from each of the TRU+ PSU institutions from the current workgroup, appointed by each institution's president and also representing a diversity of expertise (i.e., a mix of Provosts, Finance, and other professionals)
2. Three representatives total, drawn from AAUP, AFT, SEIU, OSA, and IFS to represent student, staff, and faculty voices
3. One to two additional representatives, external to the current workgroup, to add additional expertise in support of project success. These members may be drawn from the HECC or other state-level roles. These individuals will be nominated by the workgroup and signed off on by HECC staff.

The HECC staff will provide support to the assessment team, including creating agendas, collating project concepts, setting meetings, and other tasks necessary to the efficient work of the team. Assessment team members affiliated with a particular institution will refrain from evaluating proposals from that institution.

### Timing

The budget note sets out that the \$18 million is intended: “for potential HECC grants to PSU and Oregon’s Technical Regional Universities (TRUs) to assist these institutions with long-term financial sustainability, based on the proof-of-concept efforts funded in the HECC 2023-25 adopted budget.” The overall success of this initiative will be determined by the activities that each institution is eventually funded to support. As such, it is key that all stakeholders take the necessary time to develop projects that have the greatest potential to meet the intent of the budget note and their institution’s long-term sustainability.

To provide funding predictability to a set of economically fragile institutions, a funding ceiling for each institution should be established. This approach ideally removes timing pressure on proposal development and allows for institutions and the HECC to take the necessary time in a rigorous and supportive review process.

The full \$25 million should be expended by the conclusion of the biennium, but institutions should have beyond June 30, 2025 to successfully spend down their grants.

### Conclusion

The Oregon Legislature has provided the TRU+ PSU institutions with a unique funding opportunity to chart a path towards long-term financial sustainability that will ideally support the ongoing sustainability of the institutions and the contributions that they make to their regions and the

state. To do so, the five institutions have an opportunity to realign institutional resources and offerings in ways that align to new and complex enrollment and economic realities. This work is difficult, and will likely be iterative. To support the identification of projects that will ideally achieve the objectives outlined by the Legislature, this report supplies data and evidence for each of the institutions to leverage in developing project ideas. The report also presents a framework for assessing projects for funding that was inspired by the evidence in this report and co-created by a broad workgroup of stakeholders across the TRU+ PSU institutions, labor unions, faculty representation, students, and the HECC staff. Moving forward, this one-time \$25 million investment has the potential to sow transformative seeds across the five TRU+ PSU institutions and yield dividends not only for each institution, but for Oregonians more broadly.



## Appendix 1: Analysis of the December 15 Report

The budget note included in H.B. 5025 directed the five institutions to design and execute proof-of-concept projects with an initial \$6 million investment (Tranche 1). These dollars were distributed to the institutions in September of 2023; PSU ultimately received \$2 million while the other four institutions received \$1 million each.

The TRU+ PSU institutions undertook a total of 29 projects with Tranche 1 dollars. The budget note required the institutions to report on these efforts by December 15, 2023, on which date a report detailing how the institutions allocated the dollars was released. A table summarizing the project titles and amounts by institution appears below (reproduced from page 11 of that report).

**Table 7: Tranche 1 Funding Breakdown**

<b>Eastern Oregon University</b>	
Equity, Retention and Completion	\$1,000,000
<b>Total</b>	<b>\$1,000,000</b>
<b>Oregon Institute of Technology</b>	
Grow High School and Community College Pipelines	\$250,000
Retention Coaching Proof of Concept Pilot Program	\$78,000
Coursedog Analytics	\$106,105
Workforce, Community, and Student Needs Assessment	\$250,000
Canvas Impact Tool	\$15,876
Strategic Realignment of Financial and Budget Software Solutions	\$300,000
<b>Total</b>	<b>\$999,981</b>
<b>Portland State University</b>	
Enrollment Analyst	\$110,000
Direct Admissions: Streamline the College Application Process	\$50,000
"It's all Here" Campaign	\$125,000
Center for Internship, Mentoring and Research (CIMR)	\$100,000
Sustainable Fashion and Game Design Degree Exploration	\$200,000
Clean Industry Hub	\$150,000
Generative AI for Graduate School and Enrollment Management	\$60,000
PSU-PCC Co-Enrollment Platform	\$200,000
InnovAlte Research	\$20,000
Virtual First Stop	\$200,000
Campus Utility Systems Study	\$200,000
Participatory Budgeting	\$15,000
Strategic Planning	\$500,000
<b>Total</b>	<b>\$1,930,000</b>
<b>Southern Oregon University</b>	
Core Information System Replacement – Finance/HR (CISR-F/HR)	\$1,000,000
<b>Total</b>	<b>\$1,000,000</b>
<b>Western Oregon University</b>	
Operation Wolfstorn	\$96,714
Common Application	\$10,000
Destination Western	\$200,000
First Generation Support	\$95,000
Salary Study	\$110,000
Center for Teaching & Learning	\$194,500
Occupational Therapy Doctorate (OTD) Program	\$195,000
Banner Optimization for HR Practices	\$100,000
<b>Total</b>	<b>\$1,001,214</b>
<b>Joint Investments</b>	
Oregon Solutions	\$40,000
Shared Report Writer	\$45,000
TBD Shared Study/Consultant	\$100,000

In this appendix, we provide high-level reflections on the Tranche 1 projects. Given the short implementation timeframe, there is no available information on outcomes. We can, however, offer reflections on the projects as they are currently constructed, with the intention of informing future

project development. These reflections are based on NCHEMS' reading of the December 15 report, as well as our understanding of the totality of the data and evidence provided in the body of this main report.

By and large, the Tranche 1 projects reflect individual efforts at each of the campuses. Below, we outline the main areas of focus for the projects:

- Eastern Oregon University: furthering the work of the Moon Shot for Equity program, a collaboration with EAB (a Washington, D.C.-based consulting firm) and area community colleges to create seamless student services and increase transfer and completion rates
- Oregon Institute of Technology: four different projects focused on high school and community college pipelines, retention initiatives, a workforce, community, and student needs assessment, and realigning internal finance systems
- Portland State University: based on a Google Form used to collect ideas from members of community (e.g., employees), there are 13 Tranche 1 projects that focus on academic programs, enrollment analysis, and other areas
- Southern Oregon University: furthering the work of the Core Information System Replacement (CISR), which is a component of the SOU Forward plan
- Western Oregon University: strengthening pathways with Chemeketa Community College, enrollment- and marketing-focused work, and other projects focused on the student information system and internal salary study

Each of the institutions applied different requirements and processes to determine which projects to fund with Tranche 1 dollars. The budget note did not define *how* the institutions ought to identify projects to undertake, and, fittingly, the institutions moved forward to identify projects that align most closely with sustainability-related efforts that were already underway and/or aligned with a future direction the institution only needed additional funding to be able to accelerate.

To be clear, from the NCHEMS perspective, none of the Tranche 1 projects represent efforts that are not worth pursuing, however, none of the projects have been assessed against the criteria recommended in this report. What's more, identifying strategies for realigning complex organizations like postsecondary institutions to new economic realities will likely be an iterative process. As alluded to in the main text of this report, the financial situation of the five institutions is fragile, but no institutions are in a moment of emergent crisis. Failing to take the time needed to understand the impact of the Tranche 1 projects, and allowing that learning to inform the allocation of the Tranche 2 projects, represents a potential opportunity missed.

Additionally, evidence from approaches to supporting financial viability for regional institutions in other states suggest that collaboration is a key ingredient to supporting the long-term success of institutions like the TRU+ PSU institutions that face significant financial and demographic challenges. Across the Tranche 1 projects, there are likely areas where individual efforts could be knit together, in ways that range from sharing learning to co-creating policies to negotiating vendor contracts together. The December 15 report proposes a share of the \$25 million to be allocated towards collaborative projects, however, no such projects were identified in the report. Moving forward, it will be imperative for the institutions to identify collaborative strategies for financial sustainability.

Finally, due to the timing of the \$6 million investment and the development of the process for the allocation of the \$18 million, the \$6 million proof-of-concept efforts may not all align with the emerging process for allocation of the \$18 million. As the assessment team reviews project proposals, we do not recommend privileging projects that are already underway or already seeded with Tranche 1 dollars. Rather, the projects should be assessed on their merits based on the proposal and against the rubric, thus allowing space for the iterative process alluded to earlier.

## Appendix 2: Presentation of Other State Approaches to Financial Sustainability

# State Approaches to Supporting Financial Sustainability

November 16, 2023



## Recent State Actions

- Convening task forces
- Administrative reviews
- Creation of consortia
  
- Two others:
  - Requiring submission of institutional data and financial monitoring
  - Mergers and consolidations of programs and/or institutions



## Recent Task Forces

### South Dakota: Efficiency & Cost Effectiveness (2020)

- Systemwide food (Aramark) and DocuSign contracts
- Consolidation of academic programs based on analysis of duplication
- Productivity analysis for academic programs required every 3 years
- Revise minimum required enrollment for course sections
- Consolidation of HR function and Title IX/EEOC compliance across 6 institutions
- Consolidation of IT services
- Systemwide library services
- Facilities: process for funding and easing green building requirements



## Recent Task Forces

### Colorado: Student Success & Workforce Revitalization (2021)

- 1. Create Competitive Statewide and Regional Innovation and Scaling Partnership Grants
- 2. Enhance Transparency of Postsecondary and Workforce Data
- 3. Develop New Statewide Success Measures
- 4. Develop Stackable Credential/Work-Based Learning Pathways
- 5. Eliminate Equity Gaps
- 6. Create a Strategic Talent Finance Plan



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- 6. Create a Strategic Talent Finance Plan



## Administrative Reviews

Georgia, Louisiana, Maine, Maryland, Minnesota, Nebraska  
Oklahoma:

- Purchasing
- Payroll
- Financial Aid
- Maintenance & Operations
- Human Resources



## Consortia

- Massachusetts Five College Consortium (not recent!)
  - Amherst College, Hampshire College, Mount Holyoke College, Smith College, & the University of Massachusetts- Amherst
  - Cross-registration in courses (~4,500 students annually)
  - Cross-institutional faculty appointments
  - Shared risk management and IT
  - Negotiate fare-free bus service for all students together



## Key Takeaways

- State policy levers available can be sticks or carrots- but they're usually sticks
- Commonalities:
  - Highly collaborative
  - Leveraged evidence
  - Critical view of duplication
  - Openness to working across institutional boundaries





## Appendix 3: The Meaning of Long-Term Financial Sustainability

The TRU + PSU financial viability funding is “intended to support the universities in realigning institutional offerings and resources with current and emerging enrollment and economic realities to achieve long-term financial sustainability.”<sup>[1]</sup> Additionally, the related budget note<sup>[2]</sup> describes funding to assist the institutions with long-term financial sustainability. This document attempts to define the term *long-term financial sustainability*.

In broad terms, *sustainability* refers to the ability to maintain an organization over the long term.<sup>[3]</sup> The definition of financial sustainability can vary but can be expressed as a function of financial capacity. The term *financial capacity* reflects the degree of flexibility that exists to reallocate assets in response to opportunities and changing circumstances. Therefore, *financial sustainability* refers to the ability of an organization to maintain financial capacity over time.<sup>[4]</sup>

More simply, financial sustainability is defined as an organization’s ability to obtain consistent resources (tuition, grants, other funding) to sustain productive processes (instruction, research, public service) to produce effective results (student success, research findings, public services) over time thereby ensuring the longevity of the organization.<sup>[5]</sup>

For non-profits, a core challenge is balancing the need to maintain financial sustainability with the pursuit of organizational mission and the maintenance of consistent and quality programming over time. This requires determining the effective combination of efforts, activities, and staff at a viable cost.<sup>[6]</sup>

For institutions of higher education specifically, the recommendation from the Association of Governing Boards of Universities and Colleges (AGB) is that “the board should strive to match sustainable income with the institution’s basic mission and ensure institutional goals are consistent with the resources needed to finance them.”<sup>[7]</sup> AGB notes that a balanced budget is critical as is the reliability of the sources of revenue over time.

<sup>[1]</sup> Meerah Powell, “Higher Education Budget Favors Oregon Universities, Students in Need, but Disappoints Community Colleges,” OPB, June 23, 2023.

<sup>[2]</sup> HB 5025, 2023 Regular Legislative Session, Budget Report and Measure Summary, package 801, page 14 of 28.

<sup>[3]</sup> Lisa M. Sontag-Padilla, Lynette Staplefoote, and Kristy Gonzalez Morganti, “Financial Sustainability for Nonprofit Organizations,” Rand Corporation research report, 2012.

<sup>[4]</sup> Woods Bowman, “Financial Capacity and Sustainability of Ordinary Nonprofits,” *Nonprofit Management and Leadership*, Volume 22, No 1, Fall 2011, pages 37-51.

<sup>[5]</sup> Patricia Leon, “Four Pillars of Financial Sustainability,” *Resources for Success Series*, Vol 2, The Nature Conservancy, 2010.

<sup>[6]</sup> Jeanne Bell, Jan Masoka, and Steve Zimmerman, “Nonprofit Sustainability: Making Strategic Decisions for Financial Viability,” Jossey-Bass: San Francisco, 2010.

<sup>[7]</sup> William S. Reed, “Financial Responsibilities of Governing Boards,” AGB and NACUBO, page 10, 2001.

## Appendix 4: Peer Group Benchmarking Analysis

### Peer Group Selection and OR TRU+ Peer Comparisons

#### Overview of Peer Selection

NCHEMS' Comparison Group Selection Service (CGSS) is designed to aid institutions in selecting a group of institutions which are similar in mission to be used in comparative data analyses. CGSS has been in use at NCHEMS since 1982 and has been used by hundreds of institutions.

CGSS consists of two primary components. The first is a large database containing indicator variables on each of more than 6,000 higher education institutions. This database is constructed from data files derived from the various surveys which make up the Integrated Postsecondary Education Data System (IPEDS) survey system administered by the National Center for Education Statistics (NCES, a part of the U.S. Department of Education in Washington, D.C.). The indicator database contains variables covering institutional characteristics, faculty, finance, degrees awarded, academic programs, enrollments, research and other expenditures, and other miscellaneous data.

The second component of the CGSS is a set of algorithms designed to condense the 6,000+ institutions in the indicator database down to a useable list of potential peers for the target institution. These algorithms use a set of selected criteria to determine which institutions appear on the possible comparison institution list and their associated relative rankings within the list. Depending on the selection criteria described below, this list can be 100 institutions or more, with each institution assigned a ranking based on the criteria used.

To avoid selecting peers on the basis of the key variables of interest such as funding levels or student outcomes, NCHEMS only relies on data that describe institutions' relative similarities on the basis of mission, size, program array (by level and field), student body characteristics, faculty characteristics, geographic location, and other special characteristics like an institution's status as a minority-serving institution. Only after finalizing a set of peers does NCHEMS pull data on other key characteristics like funding and student outcomes.

#### Part I: Selection Criteria

The selection criteria work as a filtering mechanism to eliminate characteristically dissimilar institutions from the institution comparison list. An institution that does not satisfy any one of the selection criteria is excluded from further consideration as a comparison institution. For the set of Oregon TRU+ institutions, selection criteria included sector (public), whether an institution is Land Grant or not, whether it has a medical school or not, and whether it is a Historically Black College or University. Institutions not meeting the specified criteria selected for each Oregon TRU+ institution were eliminated from consideration as potential peers.

## Part II: Weighting Criteria

Once the universe of possible comparison institutions has been reduced by the selection criteria specified in Part I, the Weighting Criteria can be used to rank the remaining institutions from most similar to most dissimilar with respect to the weighting criteria (variables) selected.

There are two ways that the Weighting Criteria affect the rankings of possible comparison institutions. The first way is through the specification of a range for each variable. The range for each weighting variable is set according to the target institution value. An institution which falls within the set range of values is not affected by that variable in terms of its order/placement on the comparison institution listing. An institution whose value for a particular variable falls outside of the range specified will accumulate “distance points” and will be moved lower in the listing than an institution which falls within the range.

The second way that weighting variables have an effect is through the level of importance assigned to them, which determines the number of distance points assigned to an institution for being outside the range of values for a given weighting variable. Those that fall outside of the range on a variable which has been assigned “Very Important” will receive 100 distance points and those that fall outside the range on a variable which has been assigned “Important” will receive 50 distance points. Institutions that fall within the specified range receive 0 distance points. Since institutions are ranked in ascending order by the number of distance points they accumulate, institutions with a higher accumulation of points across the weighting variables selected will be viewed as less similar than the target institution and appear lower on the list.

The weighting criteria selected for the Oregon TRU+ peer analysis included fall and annual enrollment characteristics (FTE, time-status of students), distribution of awards conferred by award level, program array and associated distribution of awards, total research expenditures, and percent of undergraduates receiving Pell Grants.

## Part III: Additional Adjustments

At this point, NCHEMS has a list of candidates to be selected as peers for the target institution, ordered by their distance scores. But the mechanics of creating that ordering may have overlooked important characteristics that make each candidate institution either a stronger or weaker match for the target institution, necessitating a further review to make additional adjustments to the list of peers. Institutions can be excluded due to known special characteristics not available/included in the selection criteria or for whom critical criteria fall farther outside the target than is acceptable (an institution may have a low distance score but fail on one or two critical criteria which would be grounds for exclusion from the final list of peers). Among the characteristics receiving special additional consideration include student body characteristics like race/ethnicity, location—both in terms of setting (urban/suburban/rural) and state (in part to ensure a reasonable diversity of environmental characteristics like state funding policies), and Carnegie classifications schema.

Once the list is final with observed distance scores, a set of institutions most-like the target institution were selected and used for comparative data analyses. Generally, 15-30 institutions

were selected depending on the distribution of distance scores and how well institutions matched on critical criteria.

#### Part IV: Triangulation of Results

To enhance the previous methodology used, NCHEMS also employed a Hierarchical Cluster Analysis and associated proximity matrix with proximity scores to help triangulate the appropriateness of each set of potential peers. This process led NCHEMS to determine that a given institution not previously selected was a better match than originally assessed or that an institution previously selected as a peer was not as good a choice as an alternative. In those rare cases, peer groupings were adjusted accordingly to fine-tune the final set of peers selected.

#### Peer Analysis

Once the peer selection process described above was completed, NCHEMS analyzed data from the IPEDS Instructional Activity, Finance, and HR survey components to get a sense of how Oregon TRU+ PSU institutions compare to their peers in terms of expenditures and staffing levels in relationship to full-time equivalent students (FTES). The purpose of these analyses is to inform a broader understanding of how similar institutions compare in how they allocate resources to meet their students' needs. While peer analysis seeks to identify institutions that are as alike as possible in who they serve and with what programs, it cannot yield identical institutions. Therefore, results must be interpreted with caution.

#### Summary of Findings

All OR TRU+ PSU institutions had fewer FTES in FY 2021 than in FY 2017. Despite the decline in FTES, all except WOU had an increase in total expenditures. EOU's and OIT's percent growth in expenditures surpassed that of its peers. PSU and SOU experienced expenditures increases that were on par with their peers, highlighting the common struggle of all institutions to nimbly respond to changing enrollment trends. Only WOU decreased expenditures. The five TRU+ PSU institutions each had FY 2021 expenditures per full-time equivalent student (FTES) greater than that of its peers.

**Table 7. FTES and Total Expenditures, FY 2017 and FY 2021**

Measure	EOU	EOU's Peer Avg.	OIT	OIT's Peer Avg.	PSU	PSU's Peer Avg.	SOU	SOU Peer Avg.	WOU	WOU Peer Avg.
FY 21 FTES	2,287	3,277	3,250	5,332	17,873	15,645	3,766	4,367	3,826	4,512
FY 21 vs FY 17 % Change in FTES	-4%	-5%	-2%	-7%	-14%	3%	-16%	-5%	-10%	-17%
FY 21 vs FY 17 % Change in Expenditures	20%	3%	28%	2%	2%	10%	6%	8%	-8%	0%
FY 21 Expenditures per FTES	\$29,904	\$22,933	\$30,254	\$22,418	\$29,410	\$23,571	\$26,243	\$25,346	\$27,327	\$26,176

As the institutions have experienced enrollment decline, staffing levels have also decreased, except at OIT where the number of employees in FY 2021 was 0.3% greater than that of FY 2017.

**Table 8. FTES and Total Employees, FY 2017 and FY 2021**

Measure	EOU	EOU's Peer Avg.	OIT	OIT's Peer Avg.	PSU	PSU's Peer Avg.	SOU	SOU Peer Avg.	WOU	WOU Peer Avg.
FY 21 vs FY 17 % Change in FTES	-4%	-5%	-2%	-7%	-14%	3%	-16%	-5%	-10%	-17%
FY 21 Total Employees	432	581	581	837	3,143	2,266	673	787	803	802
FY 21 vs FY 17 % Change in Total Employees	-3%	-3%	0.3%	-1%	-6%	0%	-13%	0%	-3%	-8%

Also of note, the FY 2021 benefits as a proportion of salaries at each of the OR TRU+ institutions is greater than that of their peers. In Oregon, institutional faculty and staff are part of a statewide defined benefit retirement plan, which directly restricts institutional control on this metric.

**Table 9. Benefits as a Proportion of Total Salaries and Wages, FY 2017 and FY 2021**

Measure	EOU	EOU's Peer Avg.	OIT	OIT's Peer Avg.	PSU	PSU's Peer Avg.	SOU	SOU Peer Avg.	WOU	WOU Peer Avg.
FY 21 Benefits as a Proportion of Total Salaries and Wages	72%	40%	64%	34%	50%	38%	72%	45%	66%	49%
FY 21 vs FY 17 % Point Change in Benefits as a Proportion of Total Salaries and Wages	12%	-7%	14%	-11%	-2%	1%	18%	4%	6%	-2%

Looking at the institutions together has its limitations; while each of the five institutions are in fragile financial positions, they are still unique institutions. Therefore, the next section provides peer analysis findings by institution.

## Findings by Institution

For each institution, we include data on full-time equivalent enrollment, expenditures by functional category, expenditures by natural category, number of employees, and benefits as a proportion of total salaries and wages. Information about the sources of the data and how the measures were constructed follows.

## Sources and Description of Measures

### *Enrollment*

Full-time equivalent (FTE) enrollment is calculated based on instructional activity. FTE provides a meaningful combination of full- and part-time students across institutions that operate on different calendar systems and is used to calculate expenses per FTE and revenues per FTE. NCHEMS calculated the total FTE enrollment by aggregating the undergraduate, graduate, and Doctor's-professional practice student full-time equivalent enrollment numbers reported by institutions. "FTES" is used throughout this document in place of "full-time equivalent students."

### *Expenditures*

The IPEDS finance survey component data file contains institutional finance data for public institutions that use accounting standards established by the Governmental Accounting Standards Board (GASB). Finance data includes institutional revenues by source, expenditures by functional categories, expenditures by natural classification categories, scholarships and fellowships by source, endowments, assets and liabilities. NCHEMS used IPEDS expenditures data for the following measures: total expenditures, total expenditures per FTES, expenditures per FTES by functional category, and expenditures per FTES by natural category. The measures are described below.

- Total expenditures: the sum of operating and non-operating expenses and deductions. This number is reported by institutions.
- Total Expenditures per FTES: the total expenditures divided by the total FTE enrollment. Dividing a measure by FTE enrollment helps compare numbers across institutions with different enrollment numbers.
- Expenditures per FTES by functional category: Institutions report expenditures by functional categories (e.g., institutional support) established by the Governmental Accounting Standards Board (GASB). The expenditures in a given category is divided by the total FTE enrollment to calculate expenditures per FTES.
- Expenditures per FTES by natural category: Institutions report expenditures by natural categories (e.g., total salaries and wages) established by the Governmental Accounting Standards Board (GASB). The expenditures in a given category is divided by the total FTE enrollment to calculate expenditures per FTES.

NCHEMS also used the FTES enrollment and finance data to look at the change in FY 2021 from FY 2017 in total expenditures and total expenditures relative to enrollment (by dividing expenditures by the number of full-time equivalent students).

### *Staffing*

The IPEDS human resources survey component uses the Standard Occupational Classification (SOC) system to assist institutions in classifying employees for IPEDS reporting purposes. For practicality, NCHEMS combined some occupation categories to report the data. The labels

NCHEMS used in the charts below correspond to one or a group of IPEDS Human Resource occupation categories.

<b>Label Used by NCHEMS</b>	<b>IPEDS HR Occupation Categories</b>
Faculty	Instructional, research and public service staff
Academic & Student Support	Librarians/Library Technicians/Archivists and Curators, and Museum technicians/Student and Academic Affairs and Other Ed
Management	Management
Other Professionals	Community Social Service, Legal, Arts, Design, Entertainment, Sports and Media; Healthcare Practitioners and Technical; and Sales and Related Occupations
Finance	Business and Financial Operations
Information Technology	Computer, Engineering, and Science
Administrative Support	Office and Administrative Support
Other	Service Occupations; Natural Resources, Construction, and Maintenance; Production, Transportation, and Material Moving; and Graduate Assistants Total

To account for differences in FTE enrollment across institutions, NCHEMS divided employment numbers by FTE enrollment. Since that calculation results in very small numbers of employees by occupation category, NCHEMS multiplied that number by 100 to help with interpretation of the employment numbers.

#### Eastern Oregon University

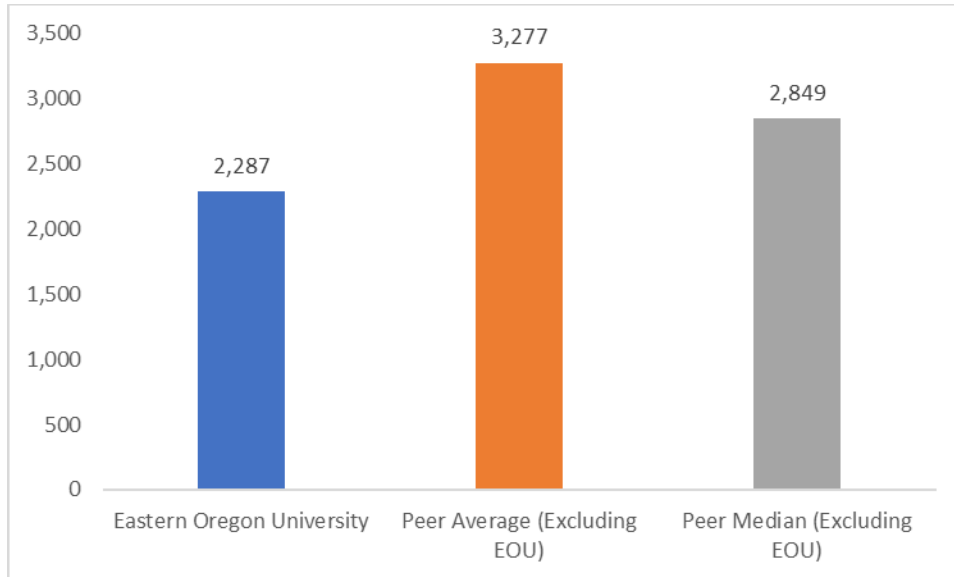
Following the methodology described above, we identified the following peers for EOU:

Chadron State College	Northern State University
Wayne State College	SUNY Oneonta
Black Hills State University	Cameron University
Peru State College	University of Arkansas at Monticello
SUNY College at Old Westbury	University of North Texas at Dallas
Concord University	East Central University
Western Colorado University	The University of Tennessee-Martin
Eastern Connecticut State University	Adams State University
	Northeastern Illinois University

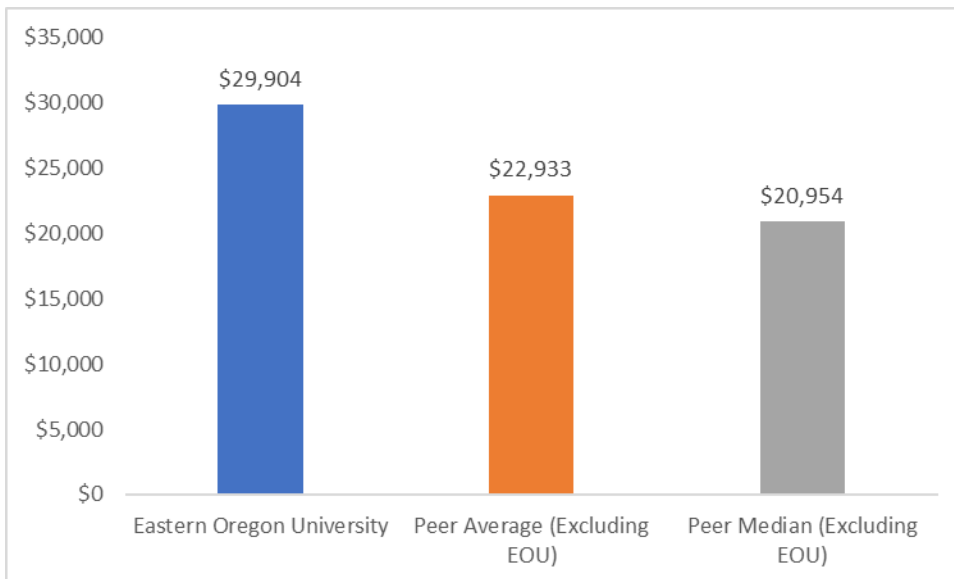
Benchmarking

In FY 2021, EOU's enrollment was significantly lower than its peers, and its expenditures per Full Time Equivalent Student (FTES) were comparably higher in the areas of institutional support, academic support, and auxiliary services while coming in lower on spending on student services and instruction.

**Figure 21. EOU's and Peers' Total FTES, 2020-21**

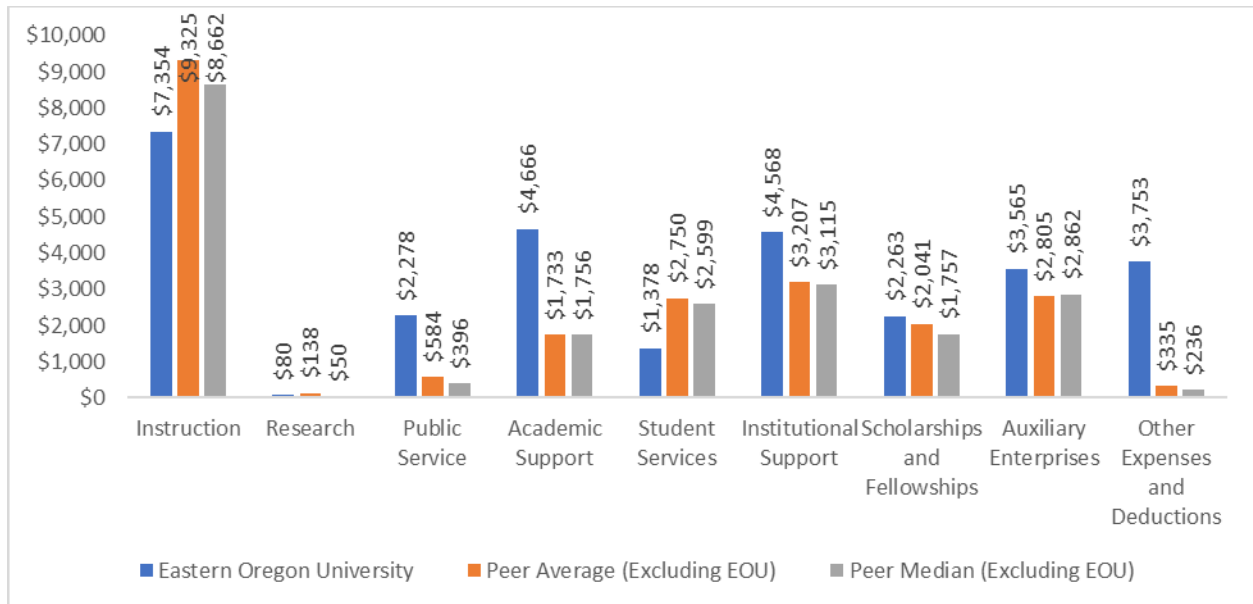


**Figure 22. EOU's and Peers' Total Expenditures per FTES, 2020-21**

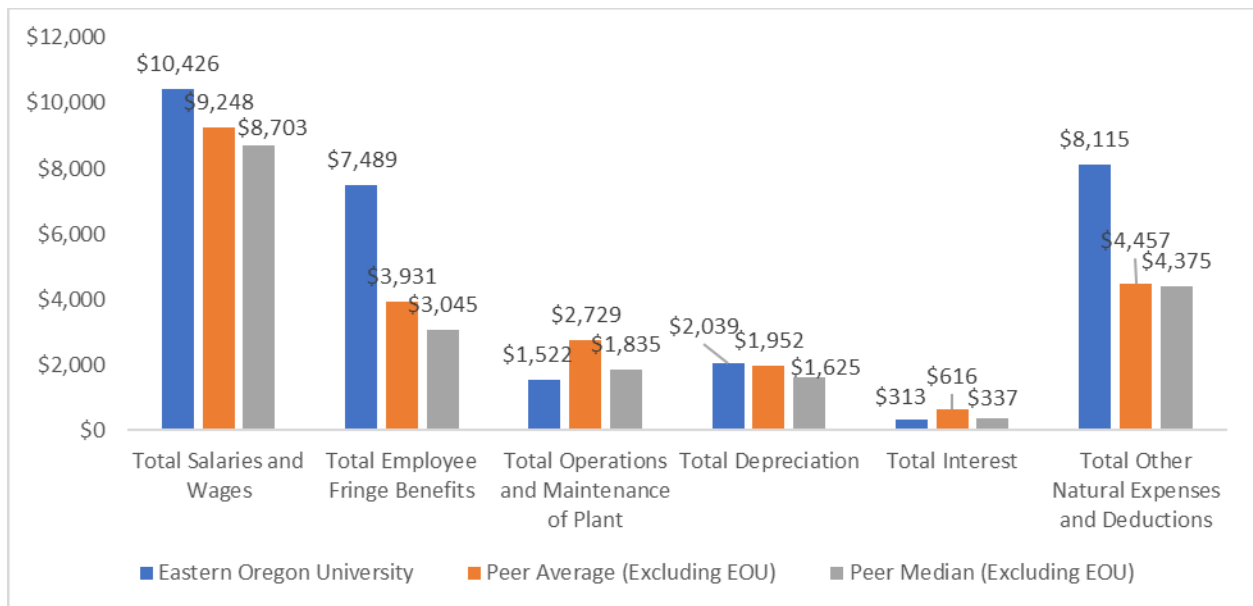




**Figure 23. EOU's and Peers' Expenditures per FTES by Functional Category, 2020-21**

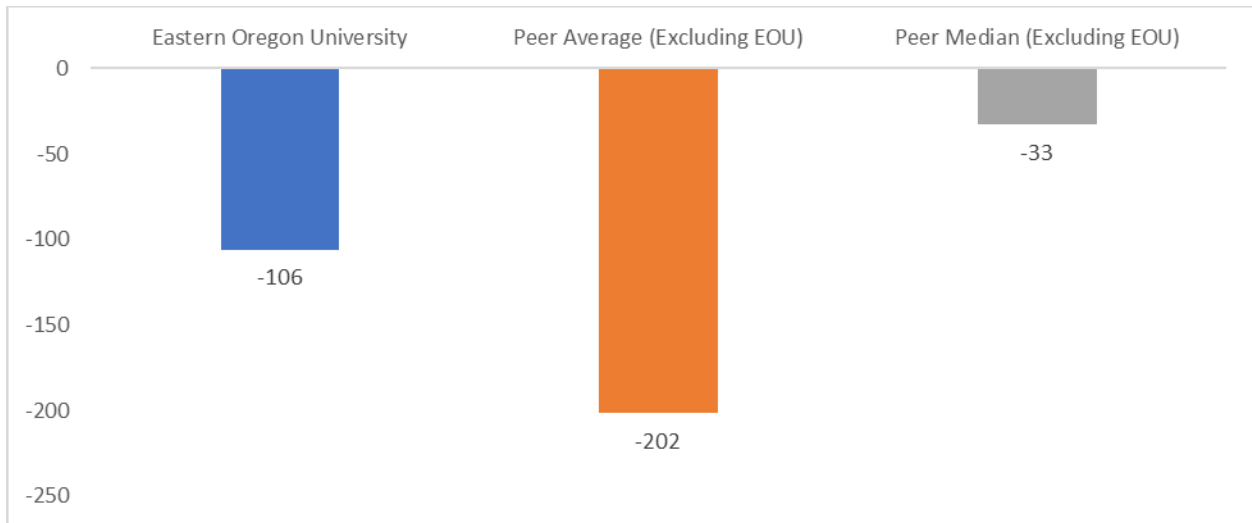


**Figure 24. EOU's and Peers' Expenditures per FTES by Natural Category, 2020-21**

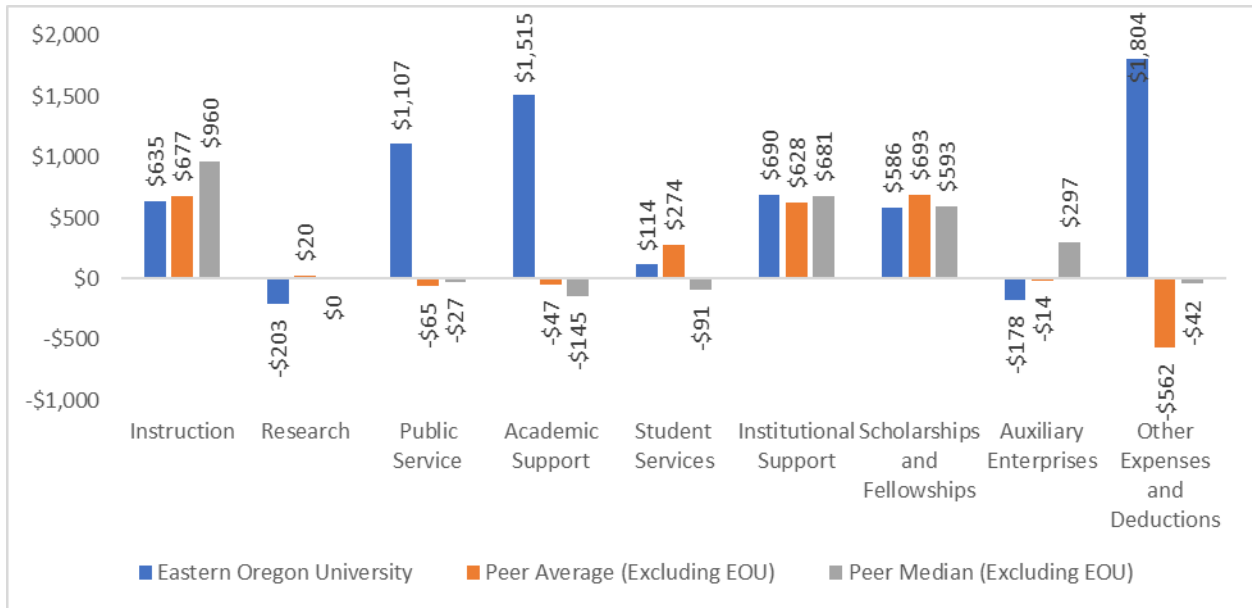


Between FY 2017 and FY 2021, EOU's enrollment did not shrink as much as the average of its peer group. Yet despite losing fewer students, total expenditures per FTES rose faster at EOU than its peers. EOU's smaller size relative to its peers means it is more limited in its ability to take advantage of scale economies; this may have exerted some upward pressure on spending trends in this analysis. Changes in spending patterns showed big increases in expenditures on public service, academic support, and other expenses. EOU spent less on research and on auxiliary services and grew spending on student services at a slower pace than peers.

**Figure 25. EOU's and Peers' Total FTES, 2021 vs 2017**

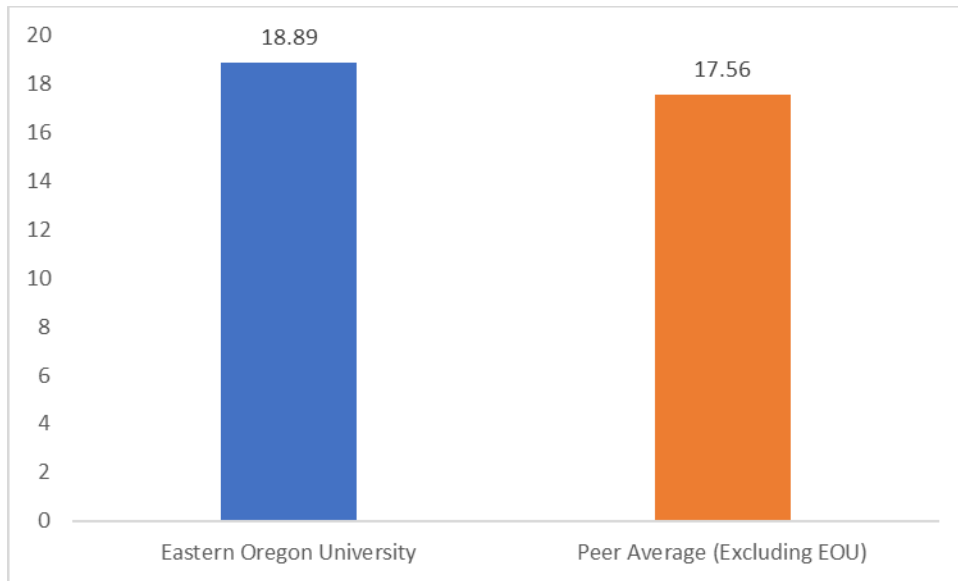


**Figure 26. EOU's and Peers' Expenditures per FTES by Functional Category, 2021 vs 2017**

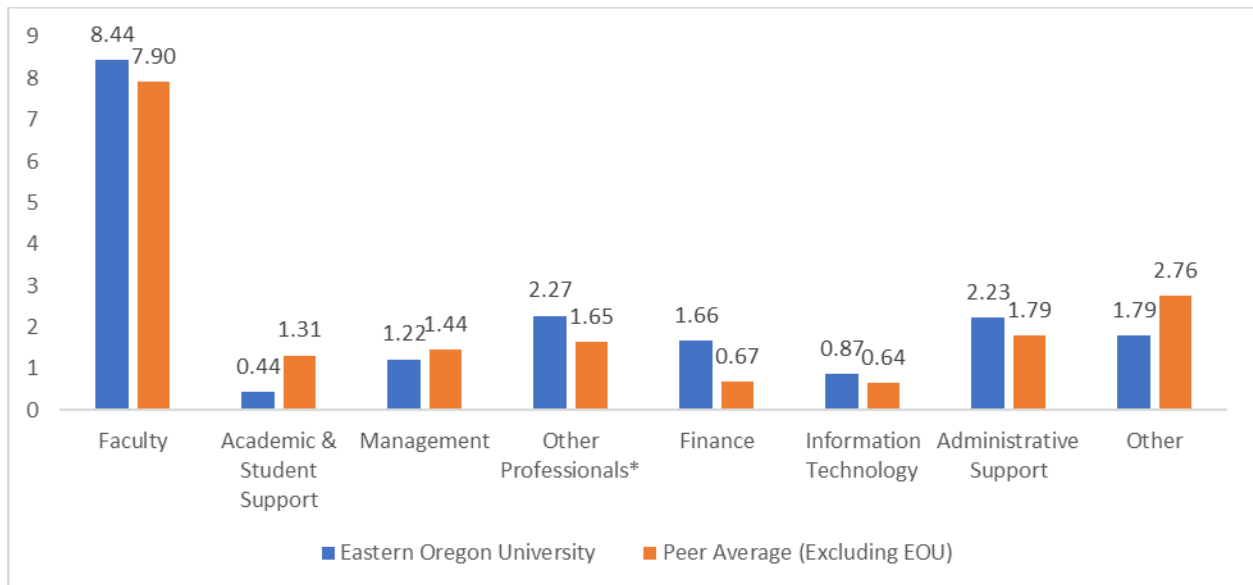


Spending patterns for postsecondary institutions generally are driven in large part by staffing and compensation levels. In FY 2021, EOU employees per 100 FTES numbered about eight percent more than peer institutions, on average. Employee counts at EOU were especially high in various administrative categories such as finance, administrative support, as well as in the catch-all category for other professionals. They were relatively low in academic and student support and in management categories.

**Figure 27. EOU's and Peers' Total Employees per 100 FTES, 2020-2021**

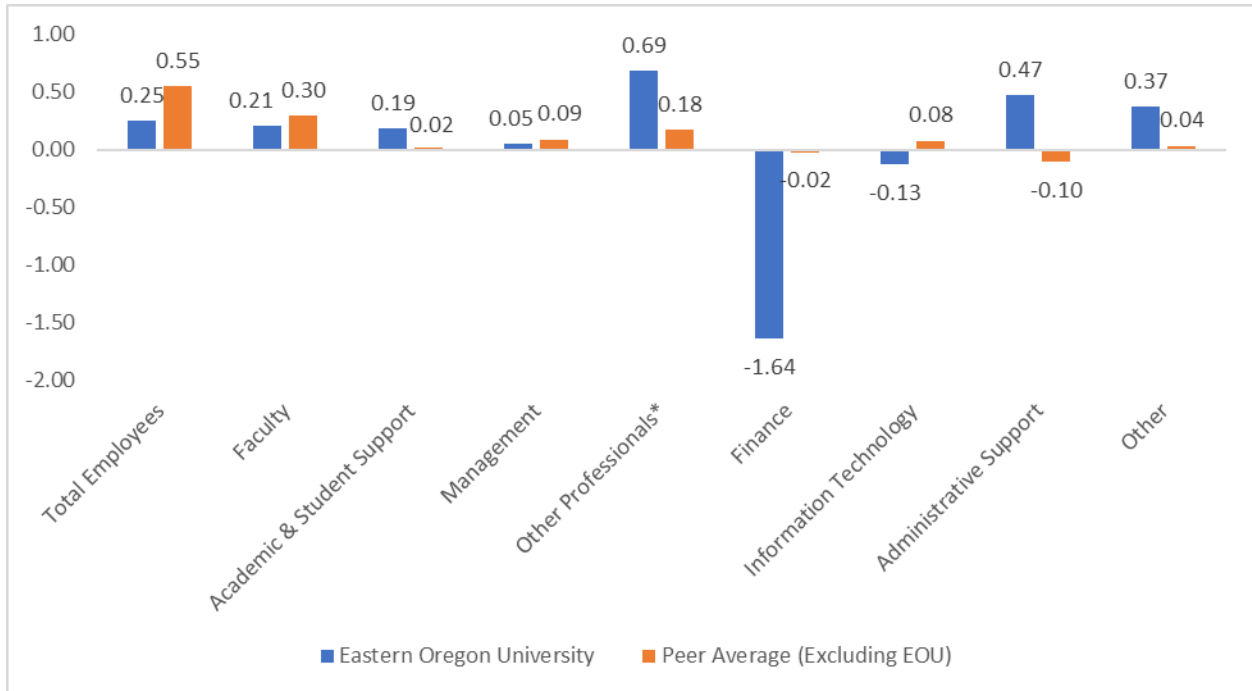


**Figure 28. EOU's and Peers' Employees per 100 FTES by Assigned Position, 2020-2021**

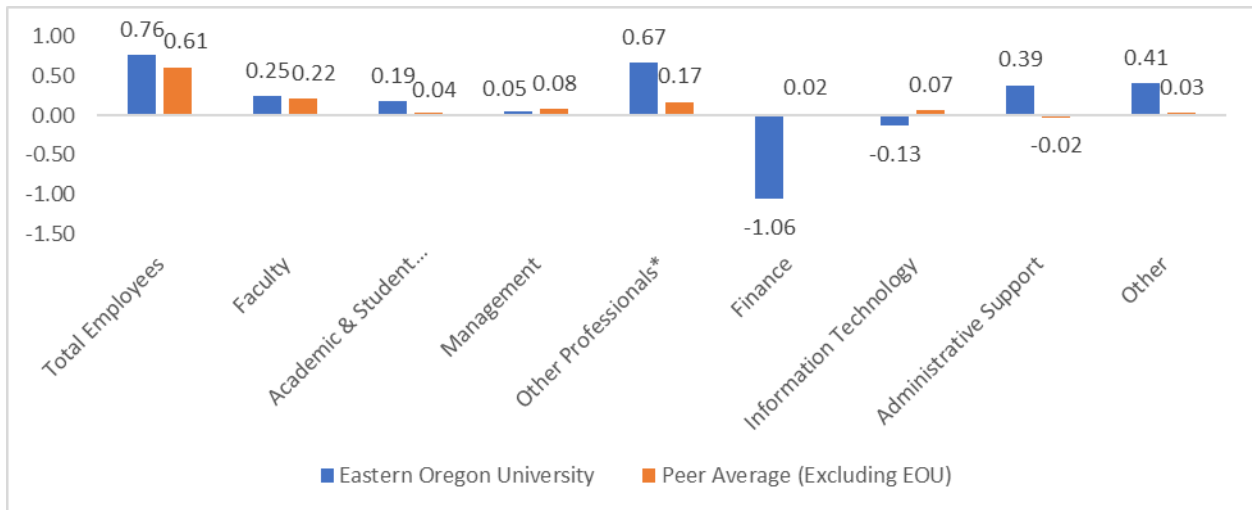


Between FY 2017 and FY 2021, EOU saw reductions in total employees compared to its peers; this was driven by a particularly large reduction in finance employees, though even after this improvement it employs more individuals in jobs categorized as finance positions. An increase in full-time employees was partially offset by a decline in part-time employees in most job categories.

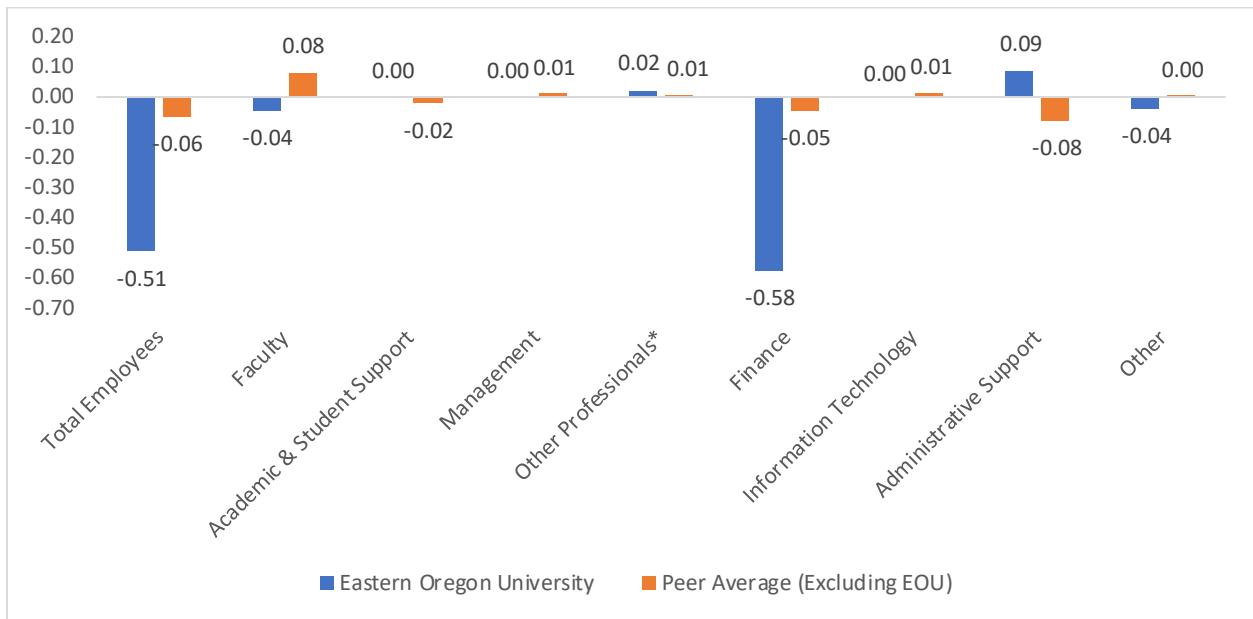
**Figure 29. EOU's and Peers' Change in the Number of Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 30. EOU's and Peers' Change in the Number of Full-Time Employees per 100 FTES, 2020-21 vs 2016-17**

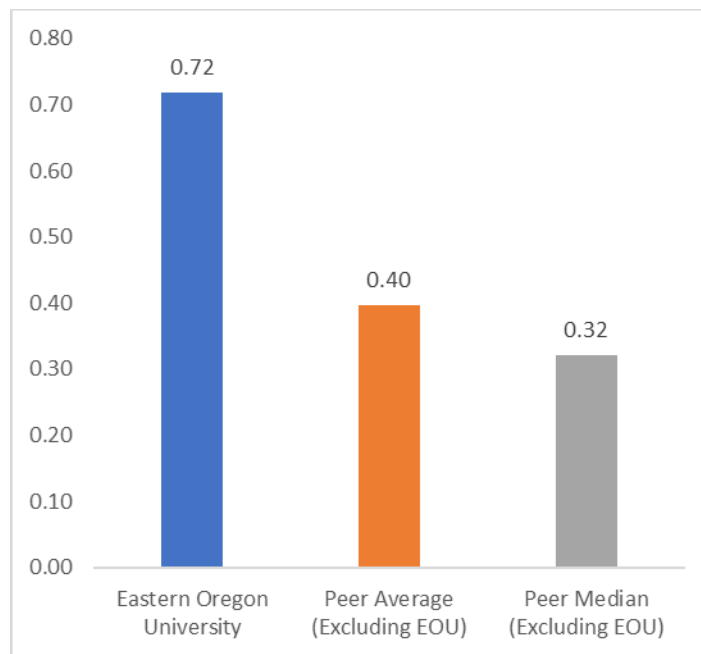


**Figure 31. EOU's and Peers' Change in the Number of Part-Time Employees per 100 FTES, 2020-21 vs 2016-17**

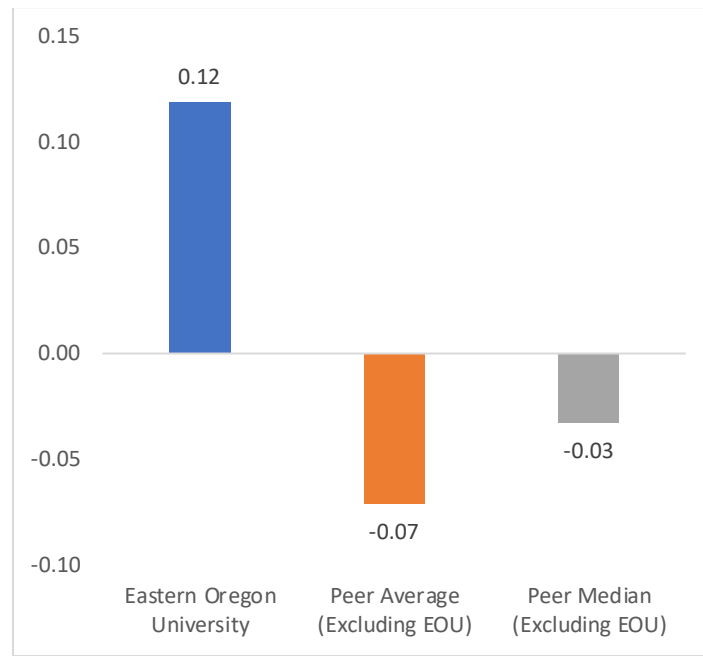


At EOU and other Oregon institutions, employees receive relatively generous benefits. As a percent of salaries, EOU paid benefits at a rate nearly twice as high as the average of its peer institutions in FY 2021 and, while that rate fell by seven percentage points between FY 2017 and FY 2021 for peers, it rose by 12 percentage points at EOU.

**Figure 32. EOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2020-21**



**Figure 33. EOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2021 vs 2017**



#### Oregon Institute of Technology

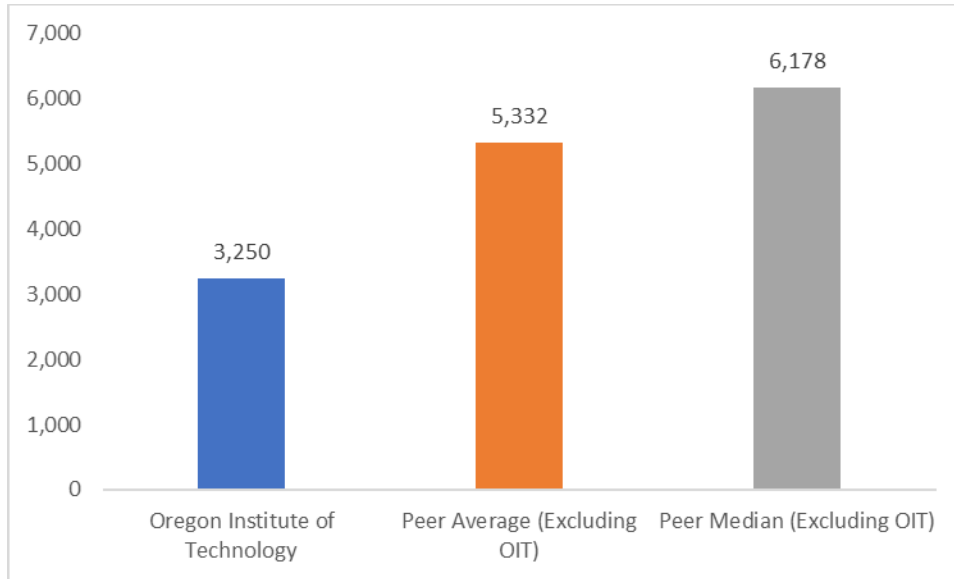
Following the methodology described above, we identified the following peers for OIT:

Miami University-Hamilton	Colorado State University Pueblo
Farmingdale State College	Millersville University of Pennsylvania
University of Wisconsin-Stout	Saginaw Valley State University
Saint Cloud State University	Minot State University
University of Minnesota-Crookston	Indiana University-South Bend
Nevada State College	Valley City State University
California State University Maritime Academy	Murray State University
Vermont Technical College	Youngstown State University
Morehead State University	Utah Tech University
University of Michigan-Dearborn	University of Arkansas-Fort Smith
McNeese State University	Washburn University

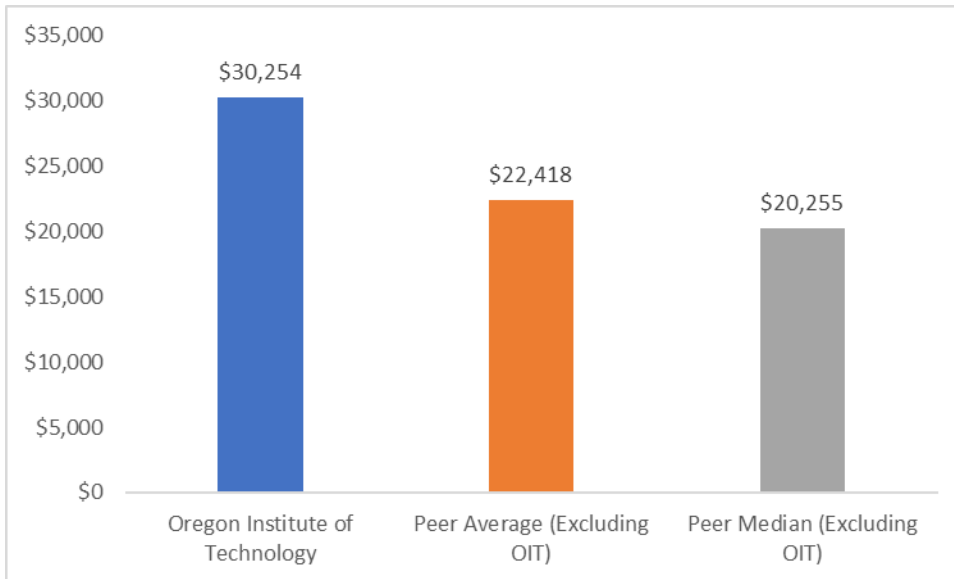
#### Benchmarking

OIT'S enrollment in FY 2021 was lower than its peers, and its expenditures per FTES were higher particularly on institutional support and auxiliary services. It is important to note that peer institution identification is not a perfect science, and the fact that OIT enrollment trends lower is a description of the peer set, not necessarily an indication that enrollment at OIT should be higher. This graph is intended as context for interpreting the rest of the peer benchmarking.

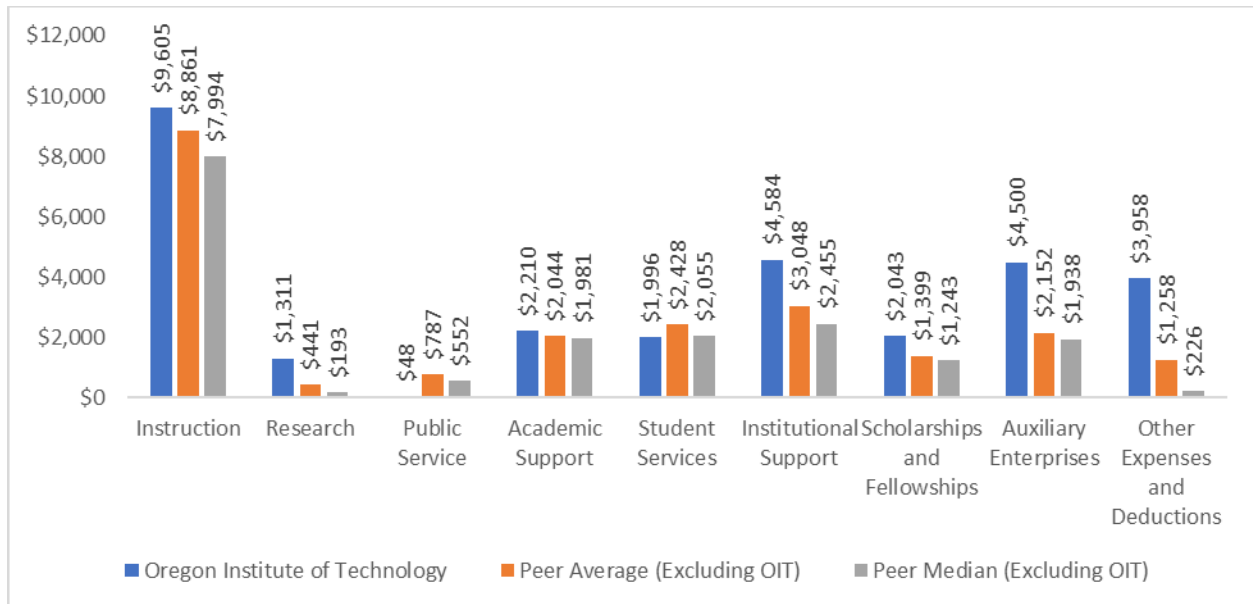
**Figure 34. OIT's and Peers' Total FTES, 2020-21**



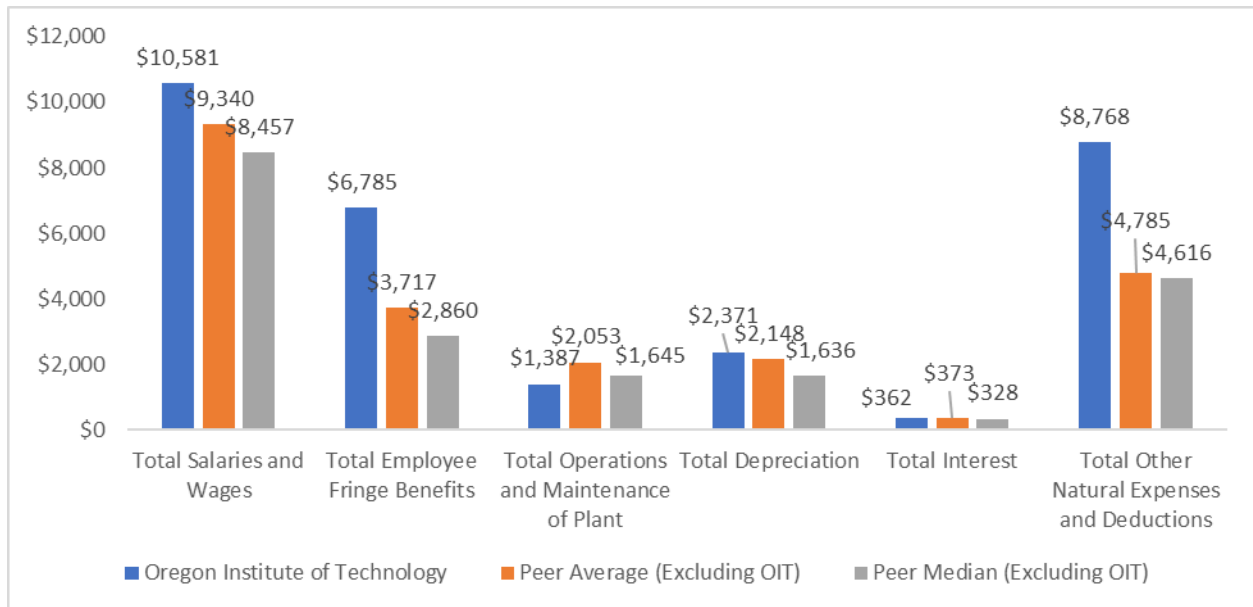
**Figure 35. OIT's and Peers' Total Expenditures per FTES, 2020-21**



**Figure 36. OIT's and Peers' Expenditures per FTES by Functional Category, 2020-21**



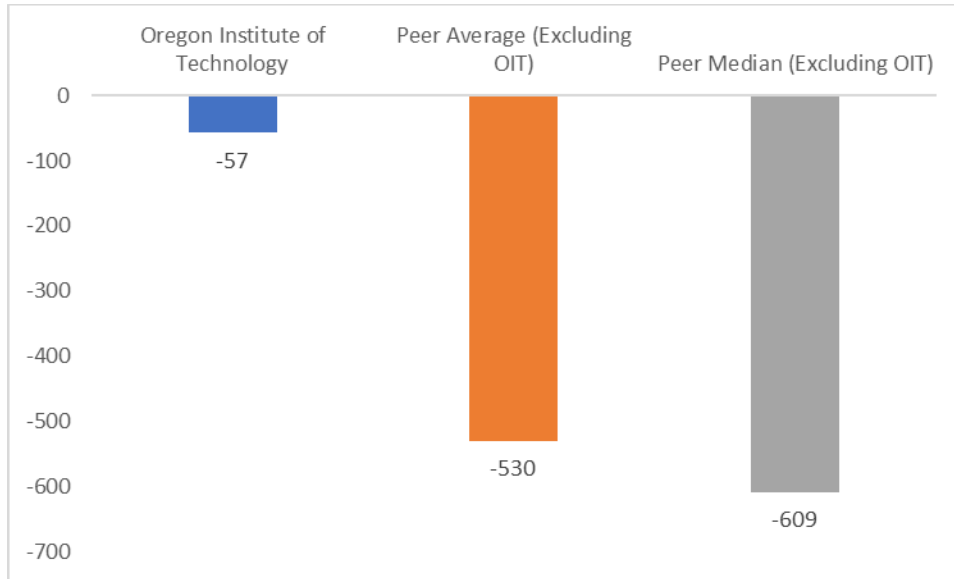
**Figure 37. OIT's and Peers' Expenditures per FTES by Natural Category, 2020-21**



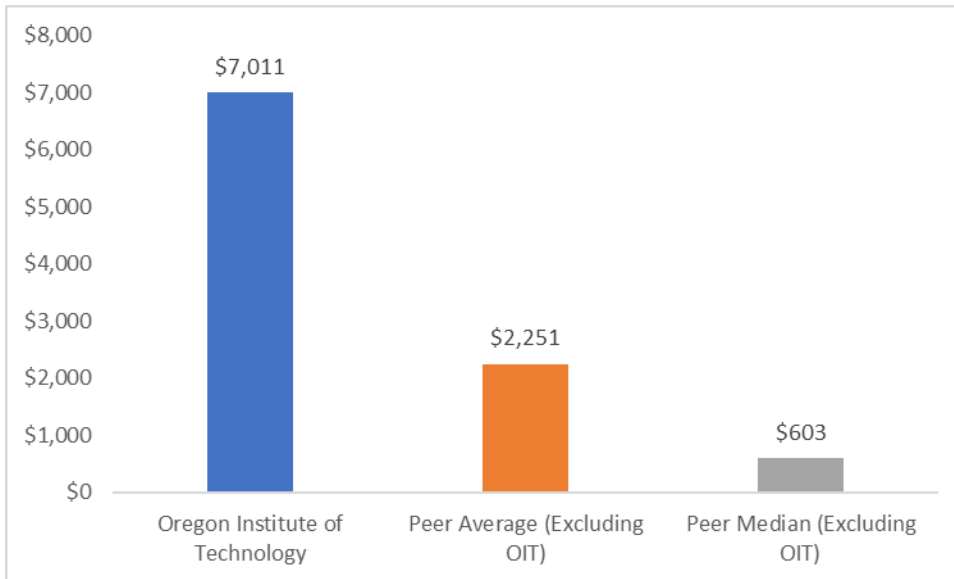
When comparing FY 2021 to FY 2017 enrollment, OIT's enrollment did not decrease as much as the average of its peer group. However, OIT's total expenditures per FTES had a considerably greater increase than its peers.



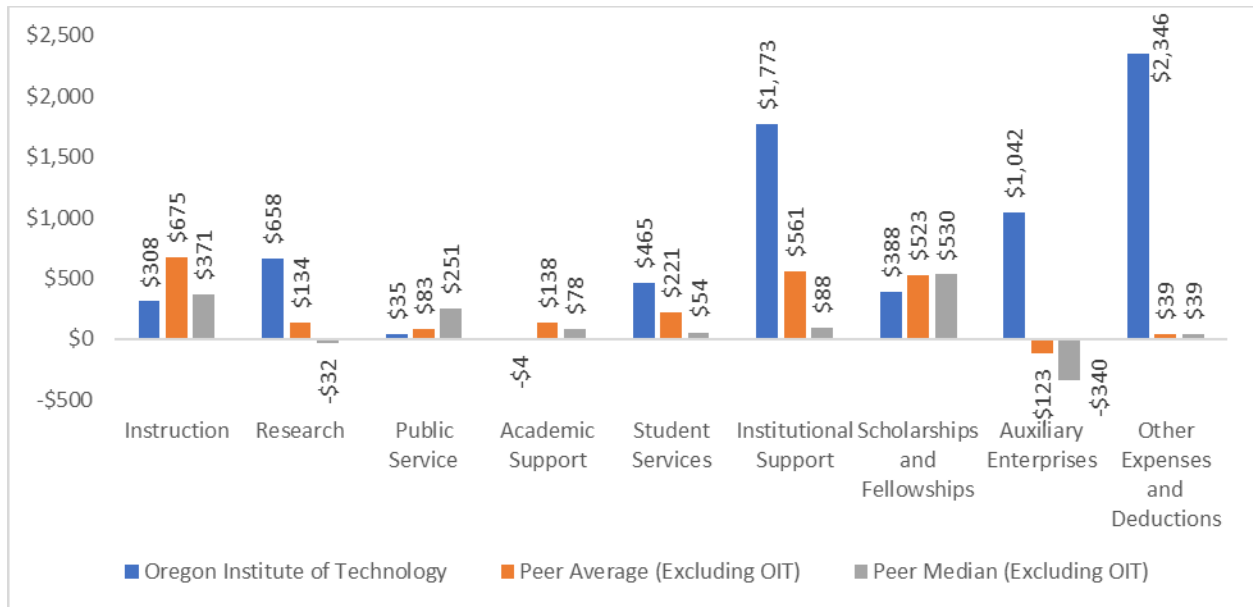
**Figure 38. OIT's and Peers' Total FTES, 2021 vs 2017**



**Figure 39. OIT's and Peers' Total Expenditures per FTES, 2021 vs 2017**

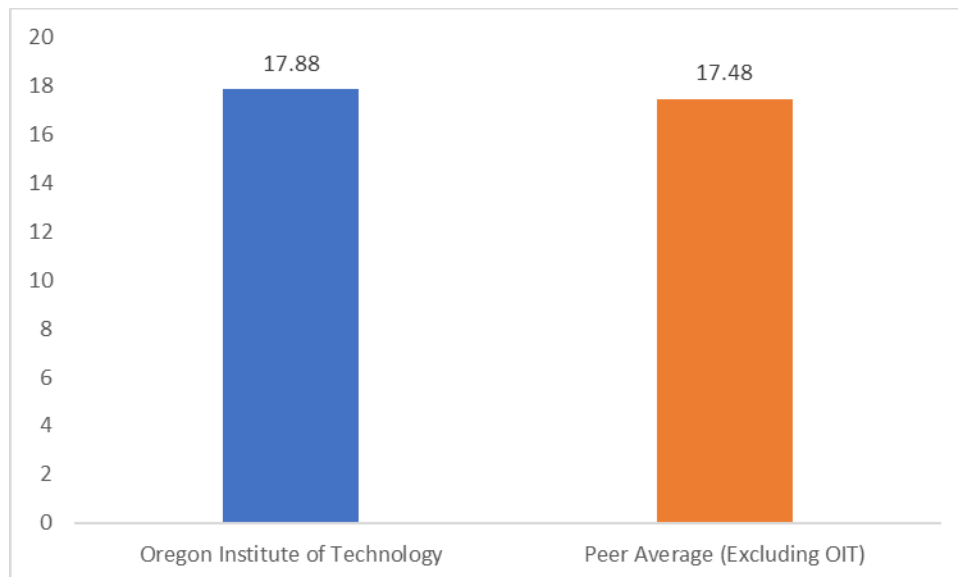


**Figure 40. OIT's and Peers' Expenditures per FTES by Functional Category, 2021 vs 2017**

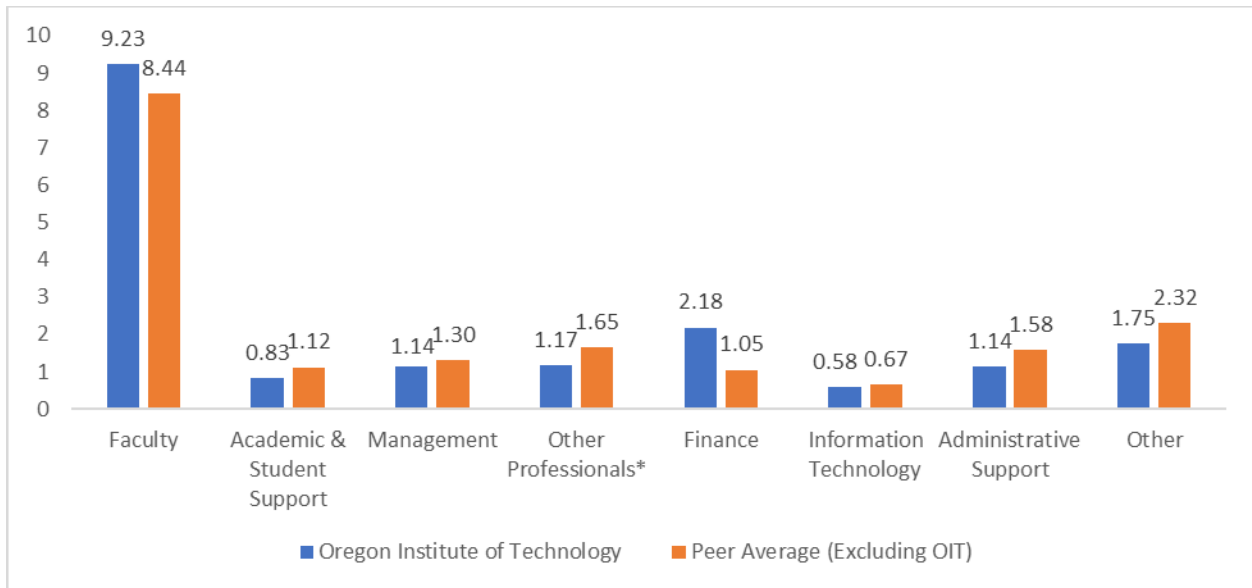


Since higher education tends to be labor-intensive, spending patterns are driven in large part by staffing and compensation levels. In FY 2021, OIT's employees per 100 FTES numbered similarly to that of OIT's peer average. OIT had more faculty and finance employees per 100 FTES than its peers while it had fewer employees per 100 FTES in all other categories.

**Figure 41. OIT's and Peers' Total Employees per 100 FTES, 2020-2021**

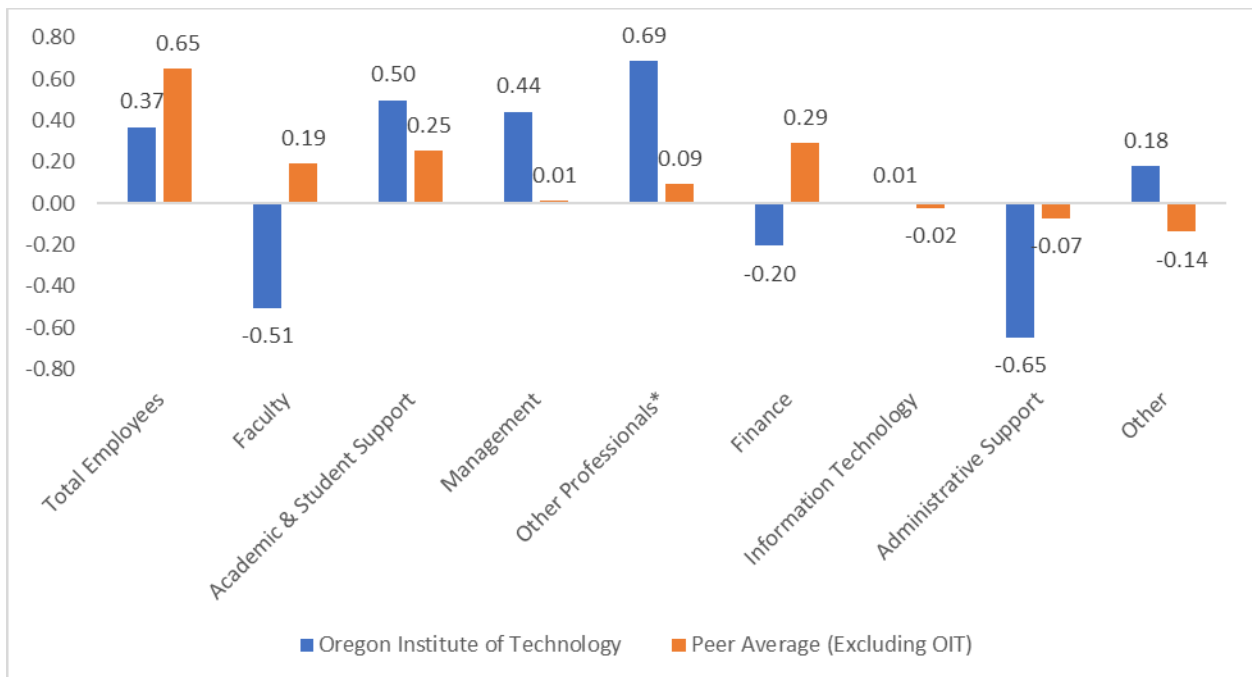


**Figure 42. OIT's and Peers' Employees per 100 FTES by Assigned Position, 2020-2021**

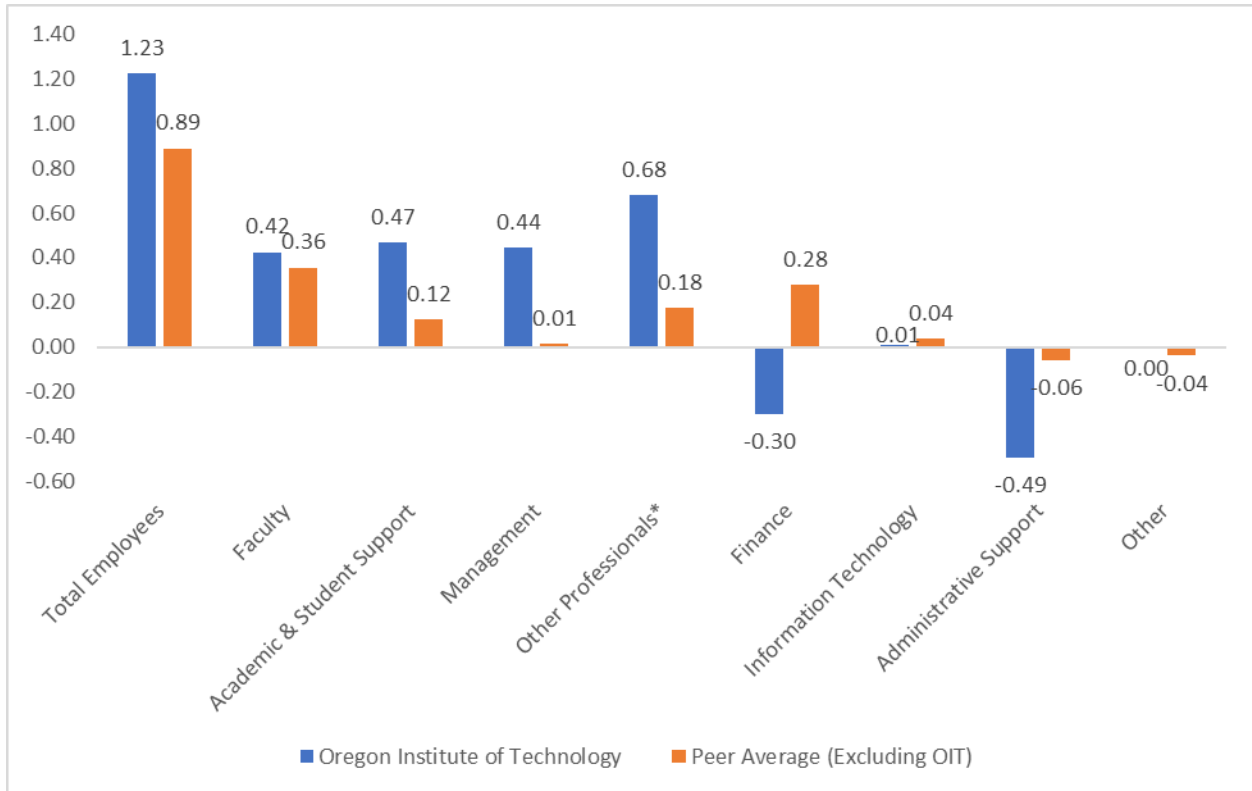


Between FY 2017 and FY 2021, OIT saw an increase in total employees to a lesser degree than to its peers; this was driven by a particularly large reduction in administrative support and faculty employees. An increase in full-time employees was partially offset by a decline in part-time employees in most job categories.

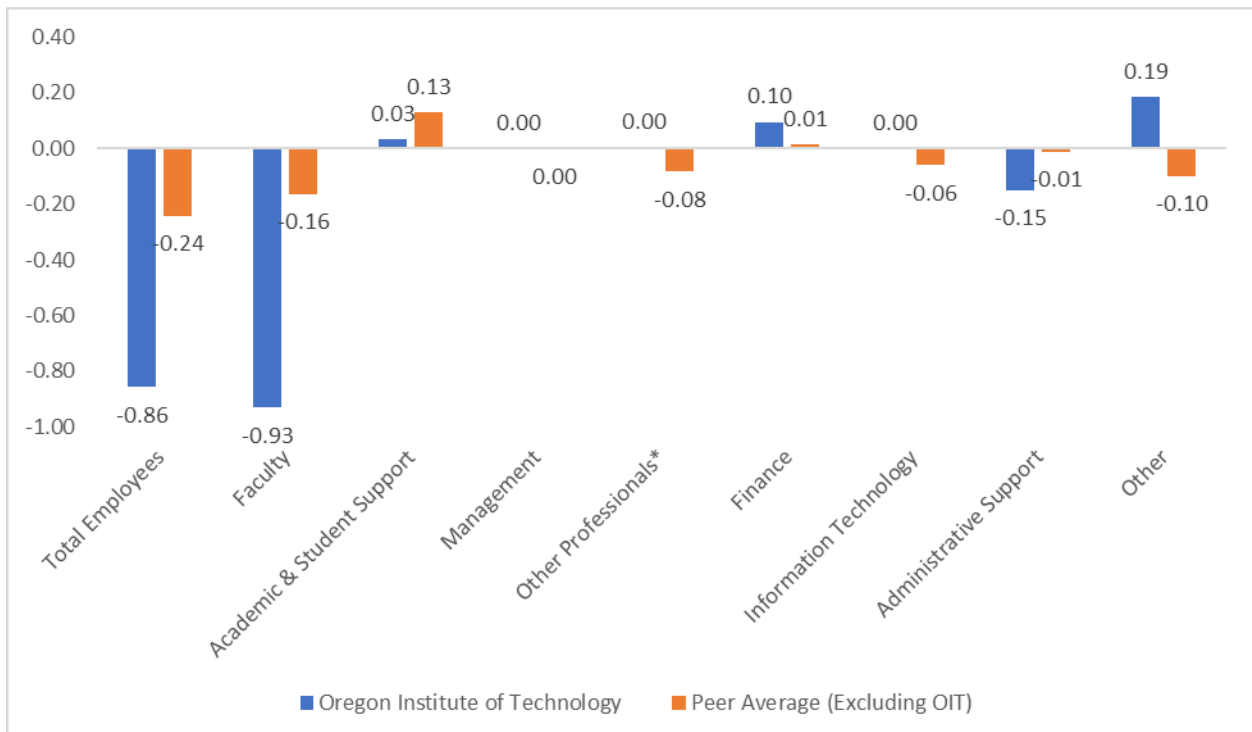
**Figure 43. OIT's and Peers' Change in the Number of Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 44. OIT's and Peers' Change in the Number of Full-Time Employees per 100 FTES, 2020-21 vs 2016-17**

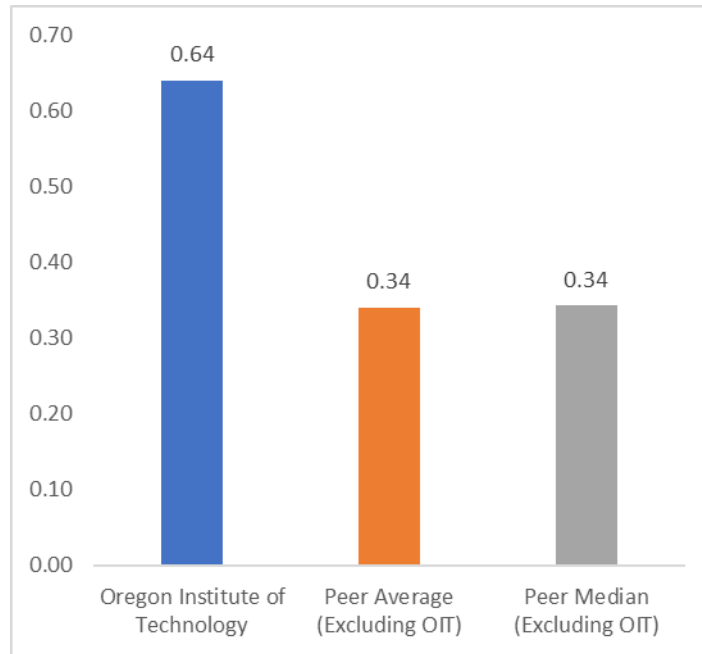


**Figure 45. OIT's and Peers' Change in the Number of Part-Time Employees per 100 FTES, 2020-21 vs 2016-17**

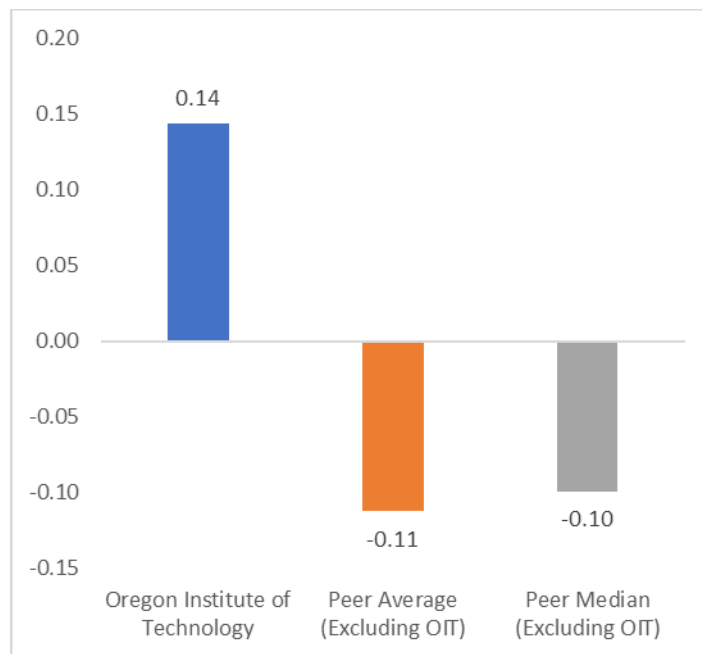


At OIT and other Oregon institutions, employees receive relatively generous benefits. As a percent of salaries, OIT paid benefits at a rate nearly twice as high as the average of its peer institutions in FY 2021 and, while that rate fell by eleven percentage points for peers between FY 2017 and FY 2021, it rose by 14 percentage points at OIT.

**Figure 46. OIT's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2020-21**



**Figure 47. OIT's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2021 vs 2017**



## Portland State University

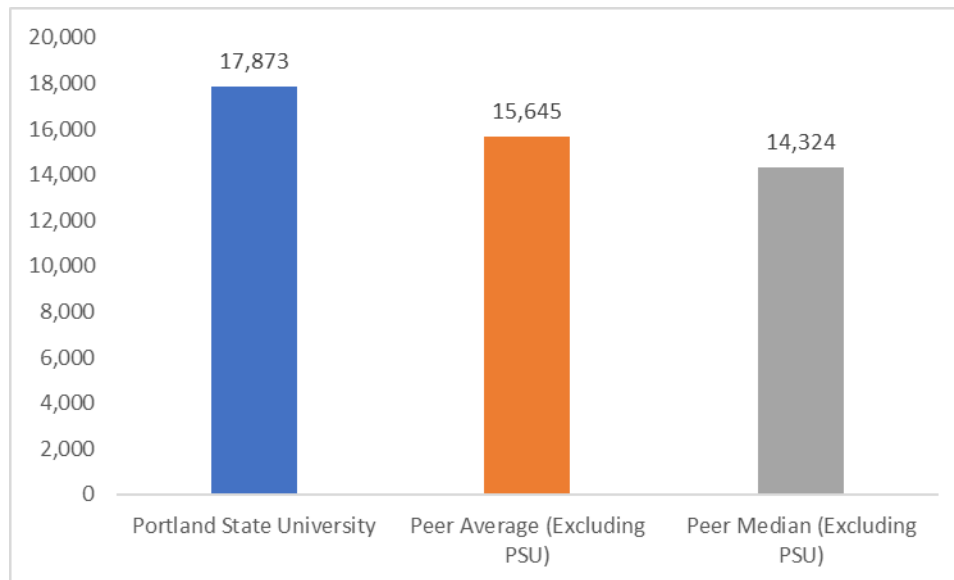
Following the methodology described above, we identified the following peers for PSU:

University of North Carolina at Charlotte	Rutgers University-Newark
Middle Tennessee State University	California State University-Long Beach
University of Nebraska at Omaha	California State University-Bakersfield
University of Massachusetts-Boston	Texas A & M International University
CUNY Queens College	California State University-Chico
Cleveland State University	Metropolitan State University of Denver
The University of Tennessee-Chattanooga	Missouri State University-Springfield
University of North Carolina at Greensboro	Tarleton State University
University of Houston-Downtown	Bowling Green State University-Main Campus
California State University-San Bernardino	Northern Illinois University

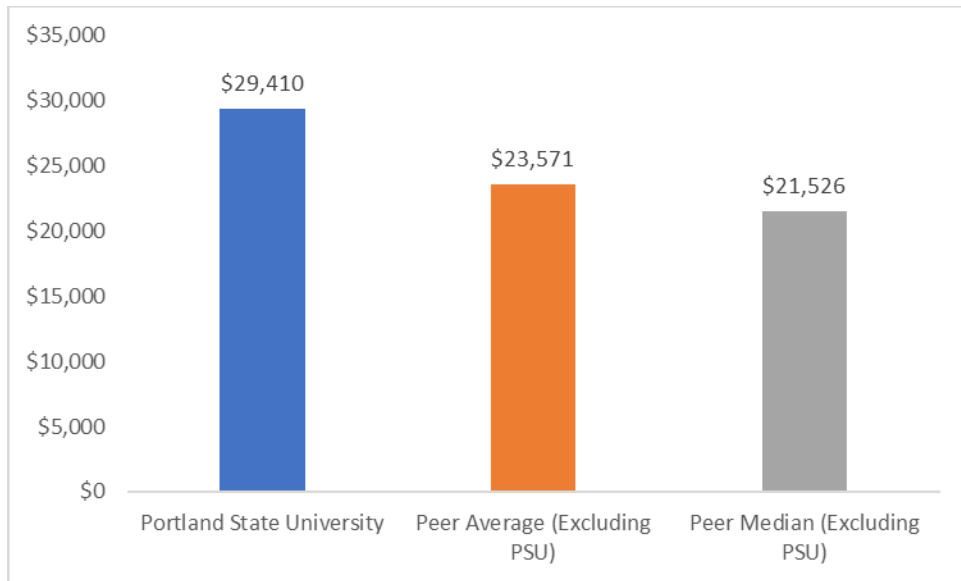
## Benchmarking

PSU had more FTES than its peers and total expenditures per FTES in FY 2021. PSU's spending on research per FTES was more than twice as high as the peer average. Spending on institutional support and auxiliary services was also notably higher at PSU compared to that of peers.

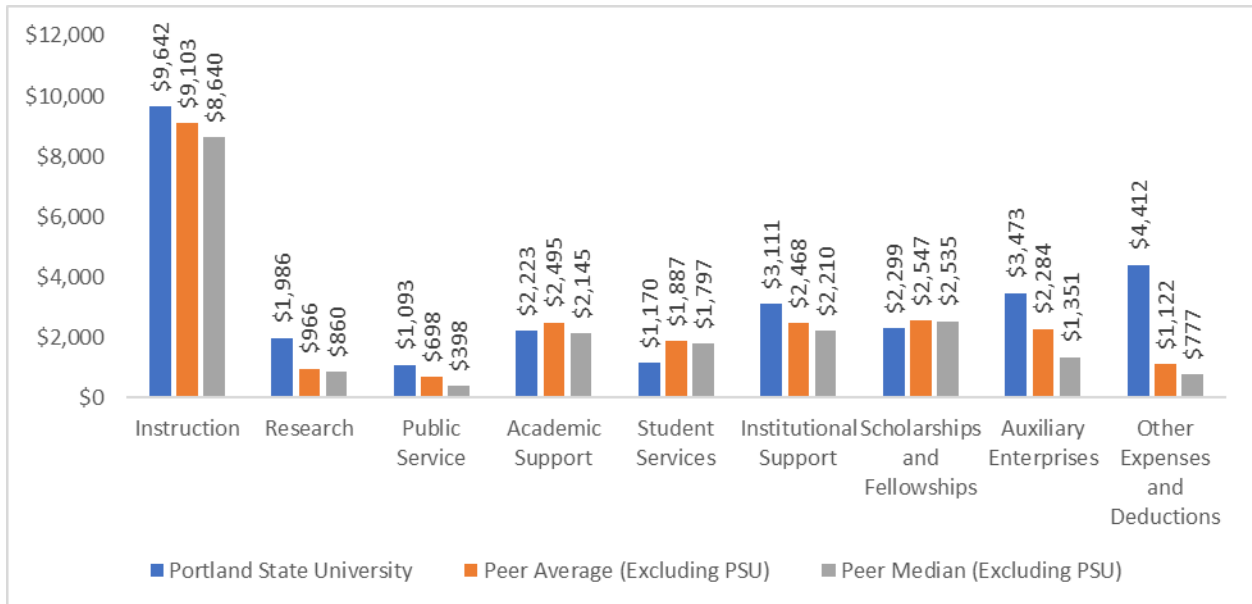
**Figure 48. PSU's and Peers' Total FTES, 2020-21**



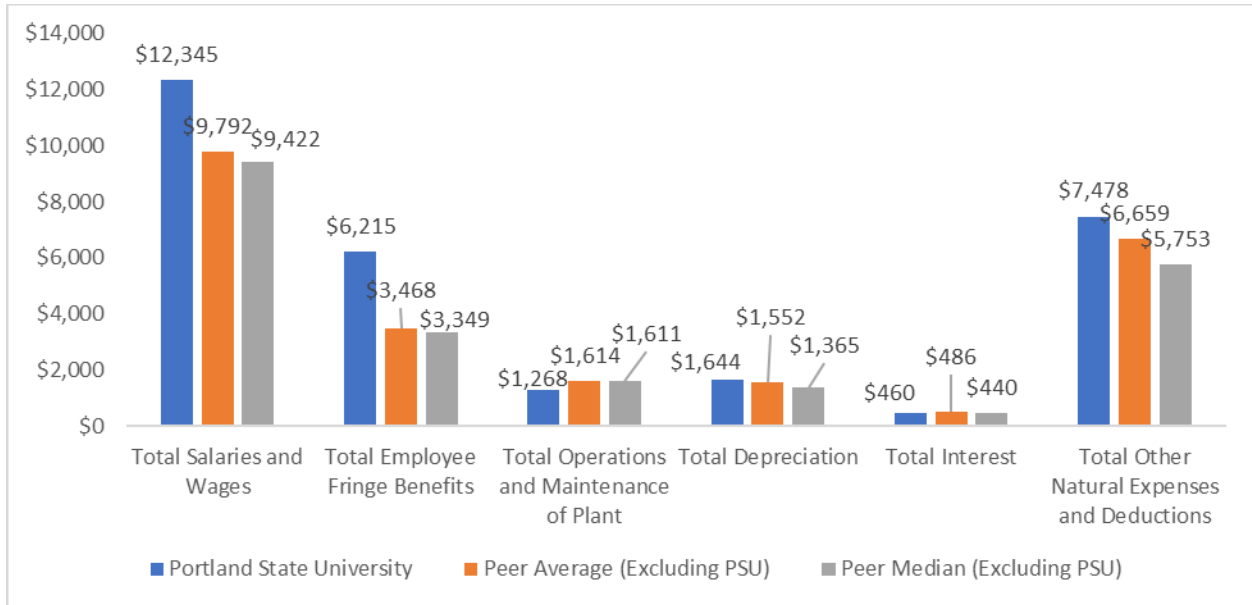
**Figure 49. PSU's and Peers' Total Expenditures per FTES, 2020-21**



**Figure 50. PSU's and Peers' Expenditures per FTES by Functional Category, 2020-21**

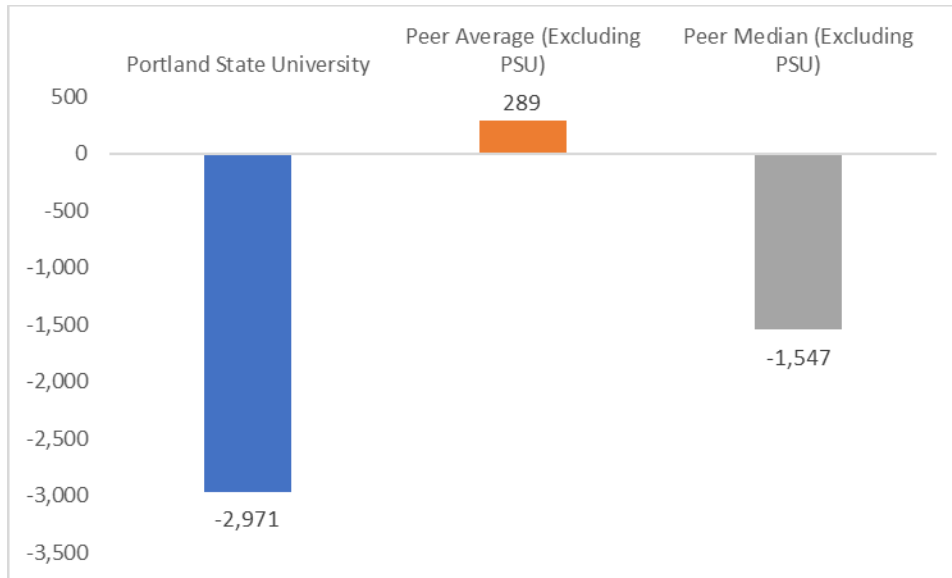


**Figure 51. PSU's and Peers' Expenditures per FTES by Natural Category, 2020-21**



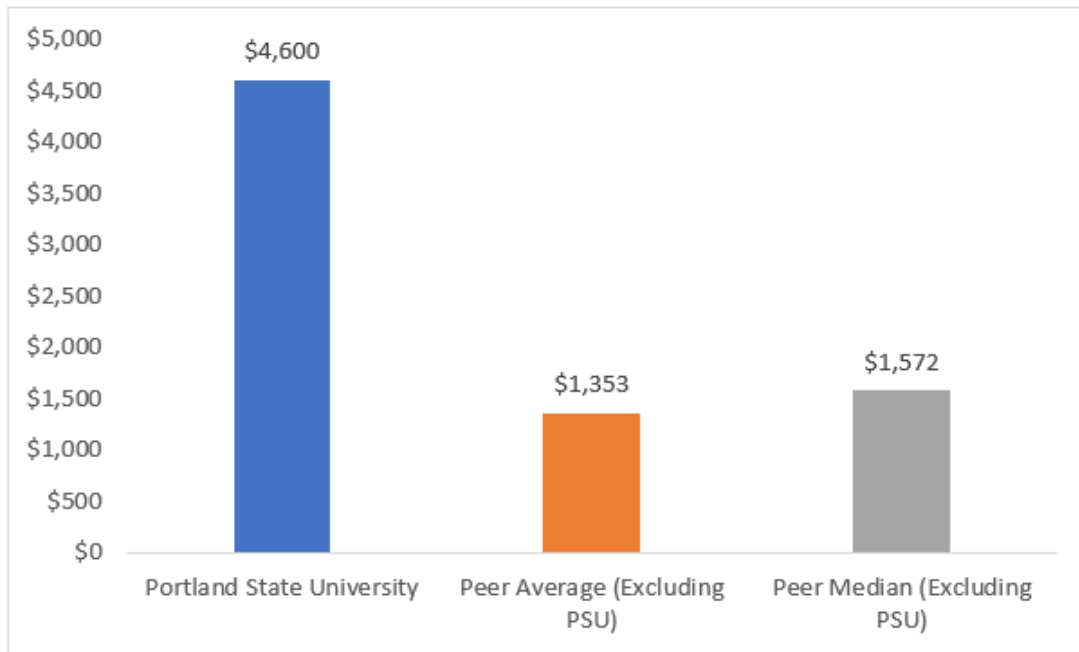
PSU's enrollment decreased between FY 2017 and FY 2021 while enrollment at PSU's peers increased, on average. PSU's expenditures per FTES increased and that increase was more than three times larger than that of PSU's peer with expenses in other expenses and deductions accounting for much of that increase.

**Figure 52. PSU's and Peers' Total FTES, 2021 vs 2017**

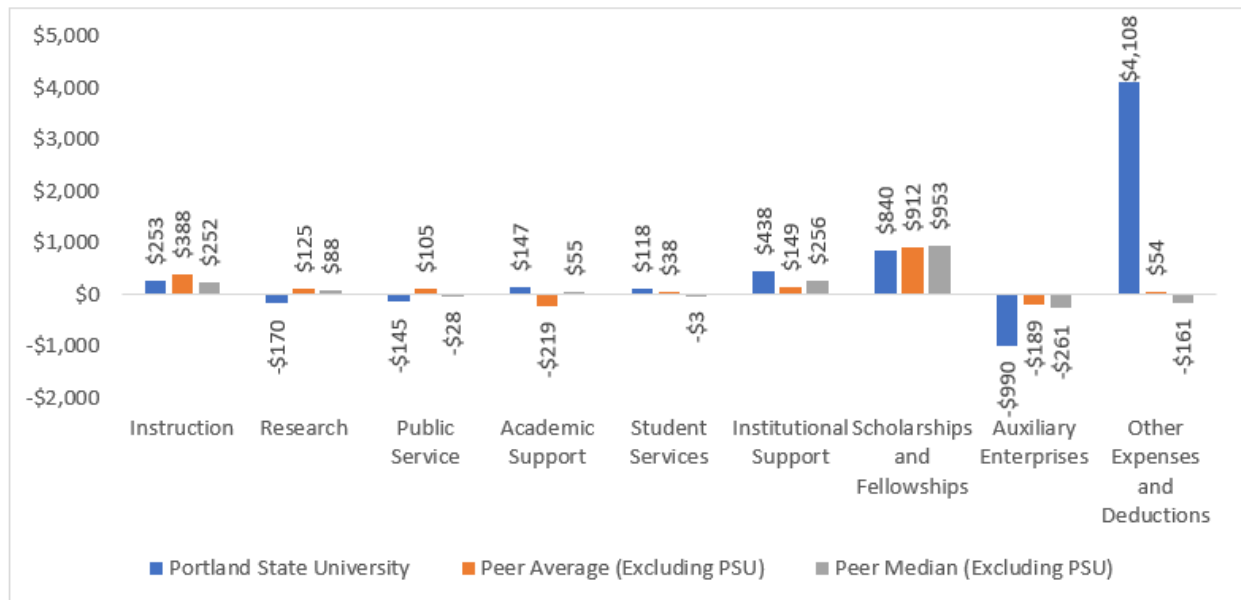




**Figure 53. PSU's and Peers' Total Expenditures per FTES, 2021 vs 2017**

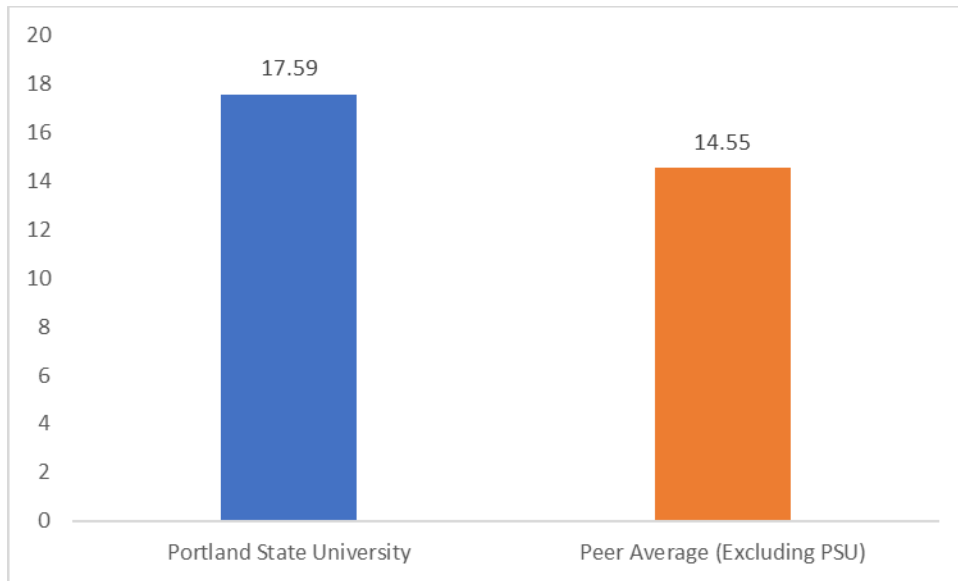


**Figure 54. PSU's and Peers' Expenditures per FTES by Functional Category, 2021 vs 2017**

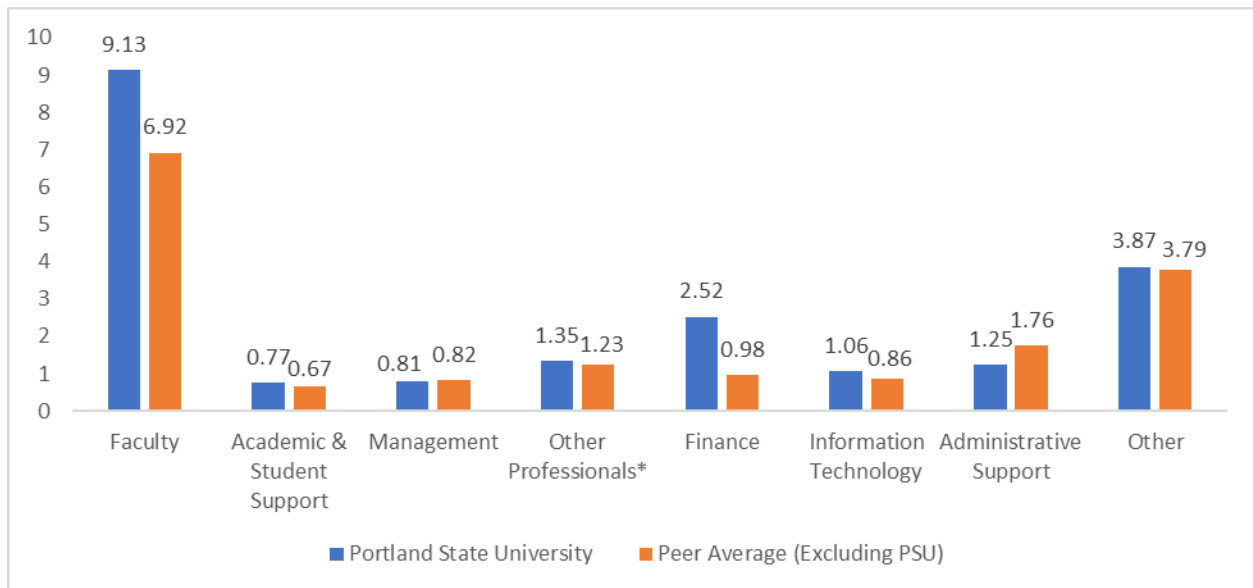


Given how labor-intensive higher education tends to be, spending patterns are driven in large part by staffing and compensation levels. In FY 2021, PSU's employees per 100 FTES numbered about 20% more than PSU's peer average. PSU had considerably more faculty and finance employees per 100 FTES than its peers while it had fewer administrative support employees per 100 FTES.

**Figure 55. PSU's and Peers' Total Employees per 100 FTES, 2020-2021**

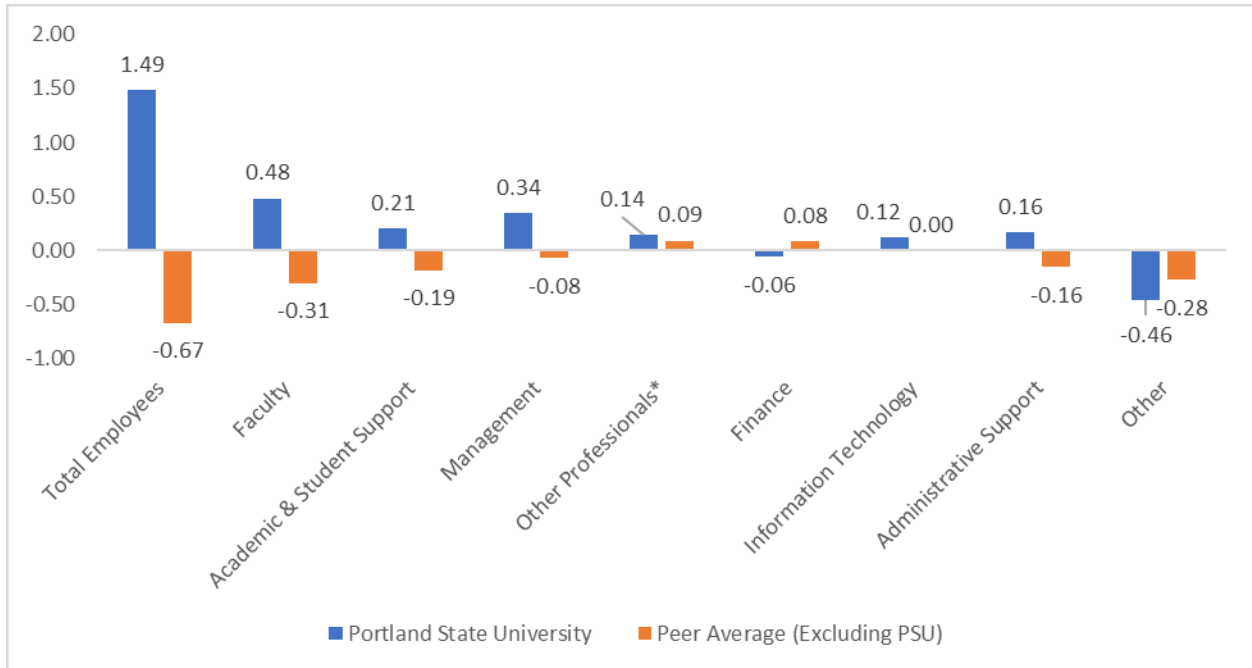


**Figure 56. PSU's and Peers' Employees per 100 FTES by Assigned Position, 2020-2021**

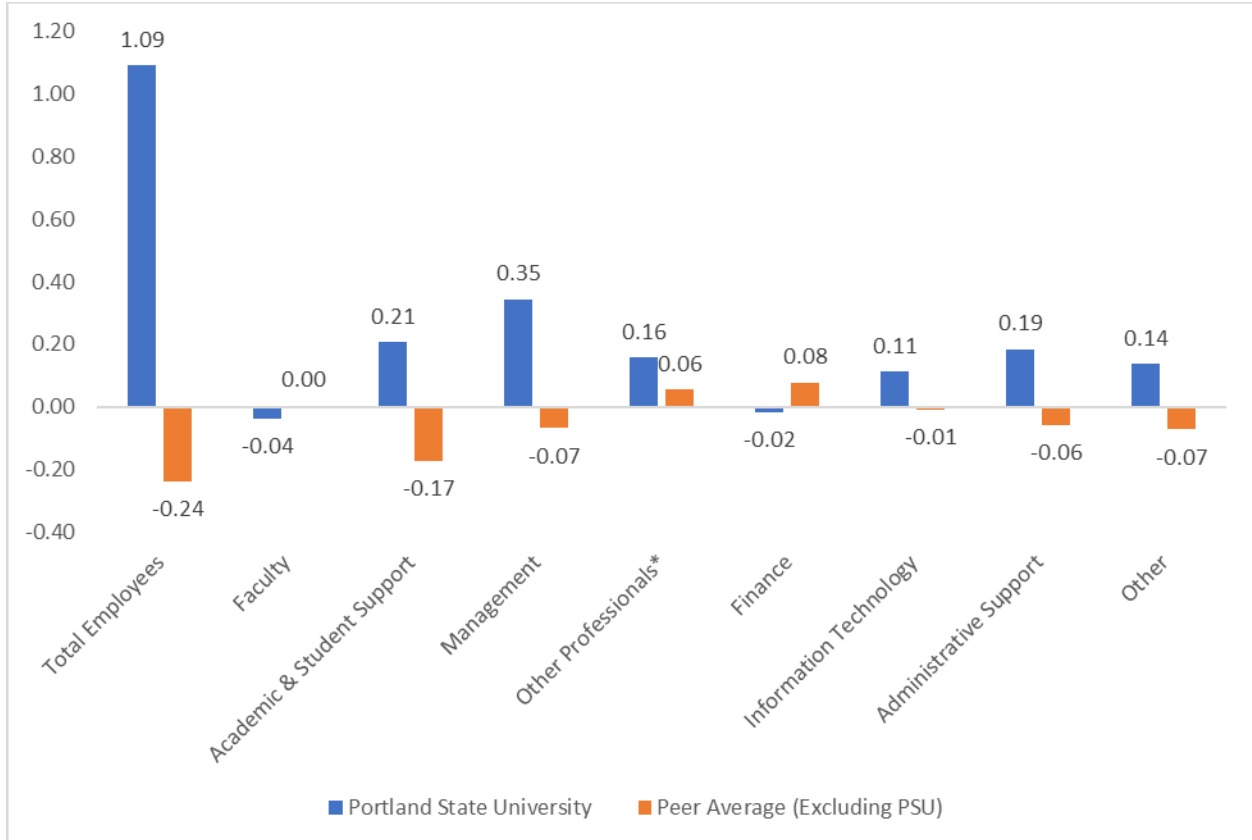


PSU's number of employees per 100 FTES was larger in FY 2021 than FY 2017, particularly in the category of faculty and management. In contrast, PSU's peers had a decrease in employees per 100 FTES, on average.

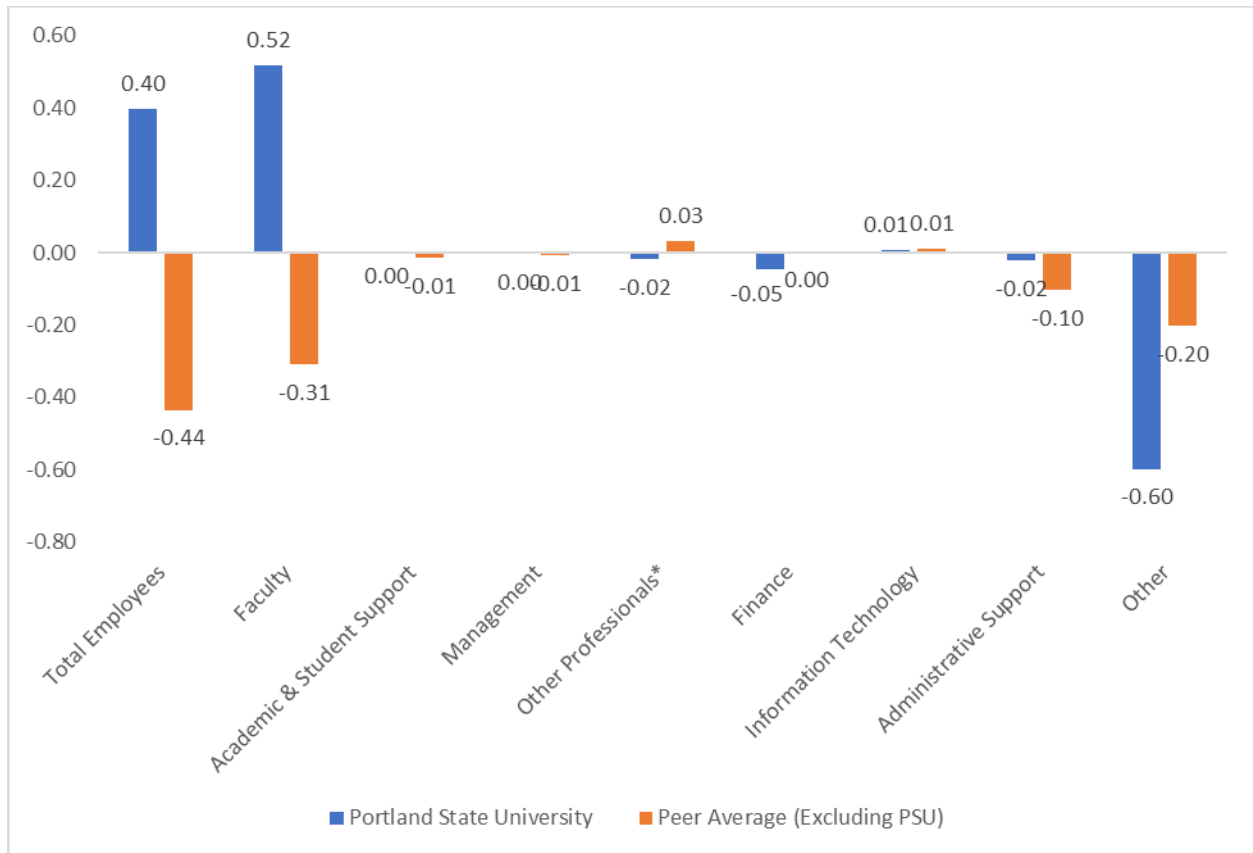
**Figure 57. PSU's and Peers' Change in the Number of Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 58. PSU's and Peers' Change in the Number of Full-Time Employees per 100 FTES, 2020-21 vs 2016-17**

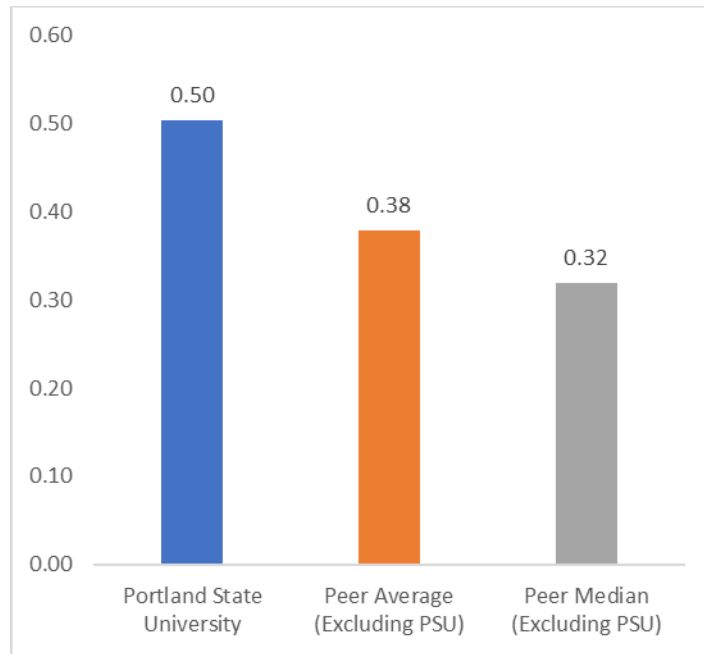


**Figure 59. PSU's and Peers' Change in the Number of Part-Time Employees per 100 FTES, 2020-21 vs 2016-17**

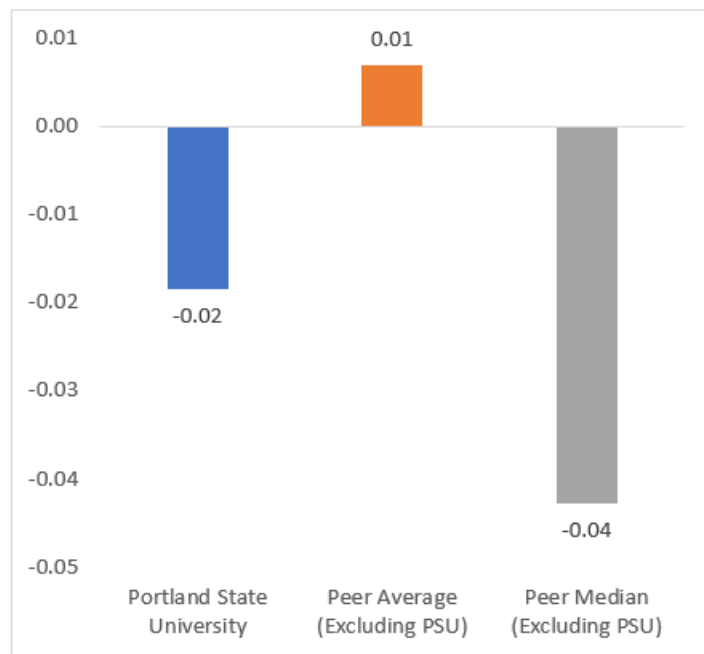


At PSU and other Oregon institutions, employees receive relatively generous benefits. As a percent of salaries, PSU paid benefits at a rate of 1.3 times as high as the average of its peer institutions in FY 2021, which was a slight reduction from FY 2017.

**Figure 60. PSU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2020-21**



**Figure 61. PSU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2021 vs 2017**



Southern Oregon University

Following the methodology described above, we identified the following peers for SOU:

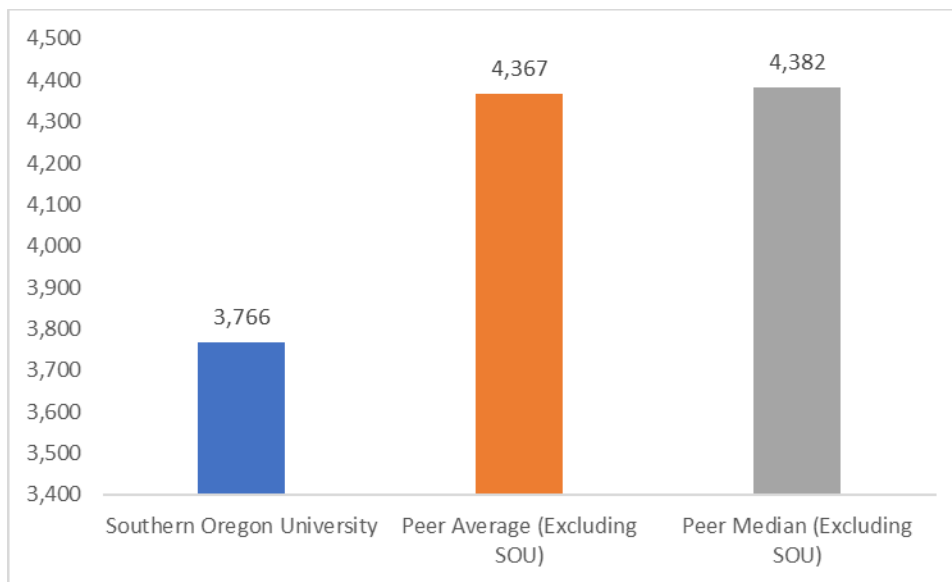
Western Colorado University	Northeastern Illinois University
Wayne State College	University of North Alabama

Indiana University-Southeast	Salem State University
Longwood University	The University of Texas Permian Basin
Framingham State University	Indiana University-East
Bridgewater State University	University of Hawaii-West Oahu
University of Illinois Springfield	Fitchburg State University
Westfield State University	Emporia State University
University of Mary Washington	University of Wisconsin-Parkside
University of Houston-Victoria	New Mexico Highlands University
Western Connecticut State University	

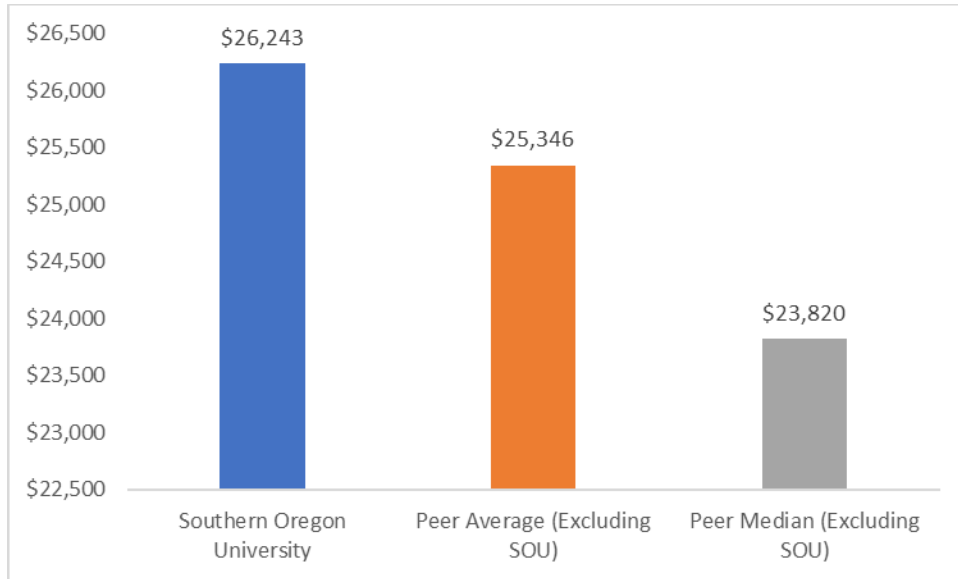
Benchmarking

SOU’s FY 2021 enrollment was about 16 percent lower than its peer’s average, while its spending per FTES was slightly higher. SOU’s spending on instruction as well as student services per 100 FTES was substantially lower than its peers while expenditures on other expenses and deductions was substantially higher.

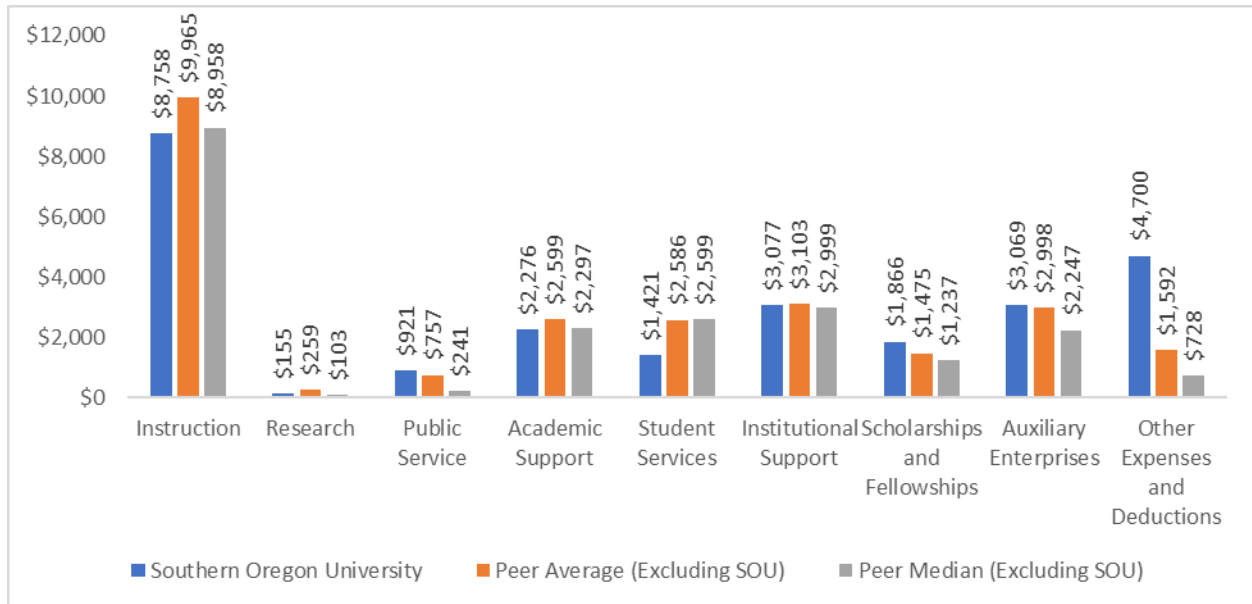
**Figure 62. SOU’s and Peers’ Total FTES, 2020-21**



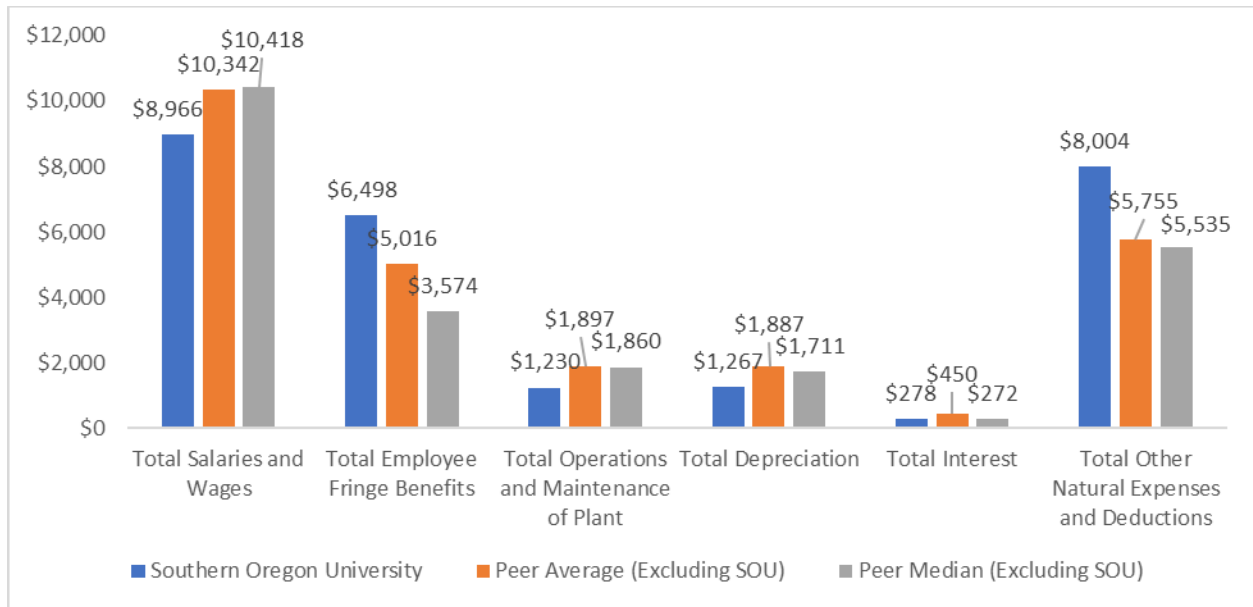
**Figure 63. SOU's and Peers' Total Expenditures per FTES, 2020-21**



**Figure 64. SOU's and Peers' Expenditures per FTES by Functional Category, 2020-21**

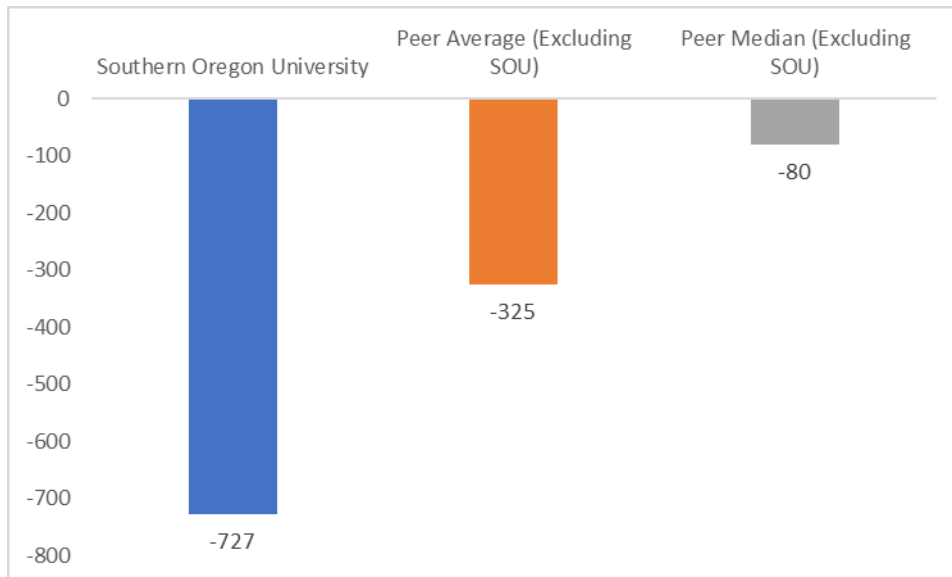


**Figure 65. SOU's and Peers' Expenditures per FTES by Natural Category, 2020-21**



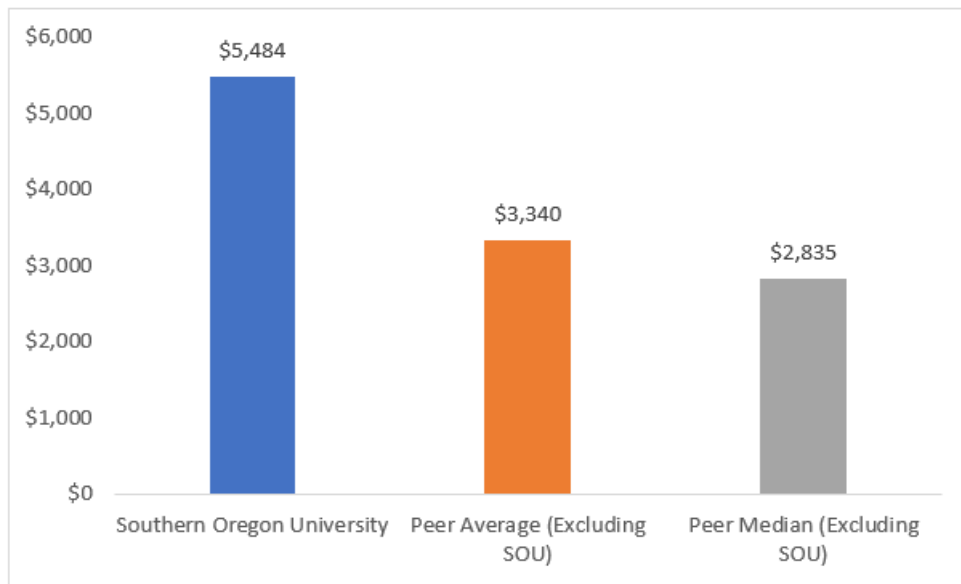
Between FY 2017 and FY 2021 SOU's enrollment decreased to a larger extent than that of its peers, on average, while expenditures per FTES increased substantially more. SOU's increase in spending in other expenses and deductions is notable and approximately 5 times greater than that of its peers.

**Figure 66. SOU's and Peers' Total FTES, 2021 vs 2017**

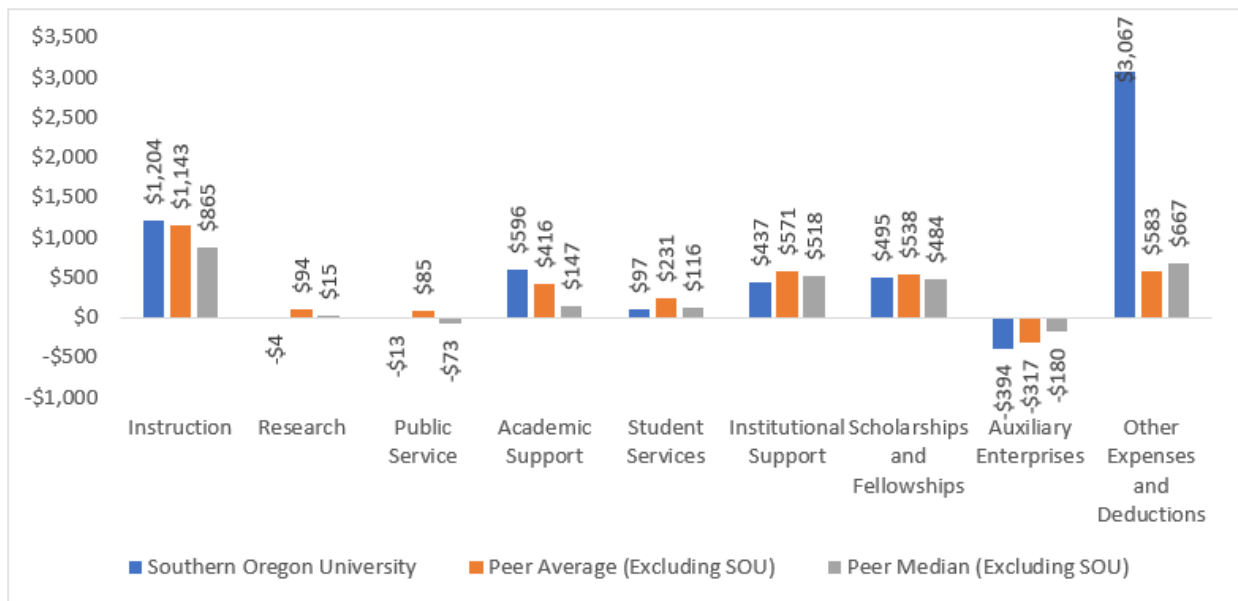




**Figure 67. SOU's and Peers' Total Expenditures per FTES, 2021 vs 2017**

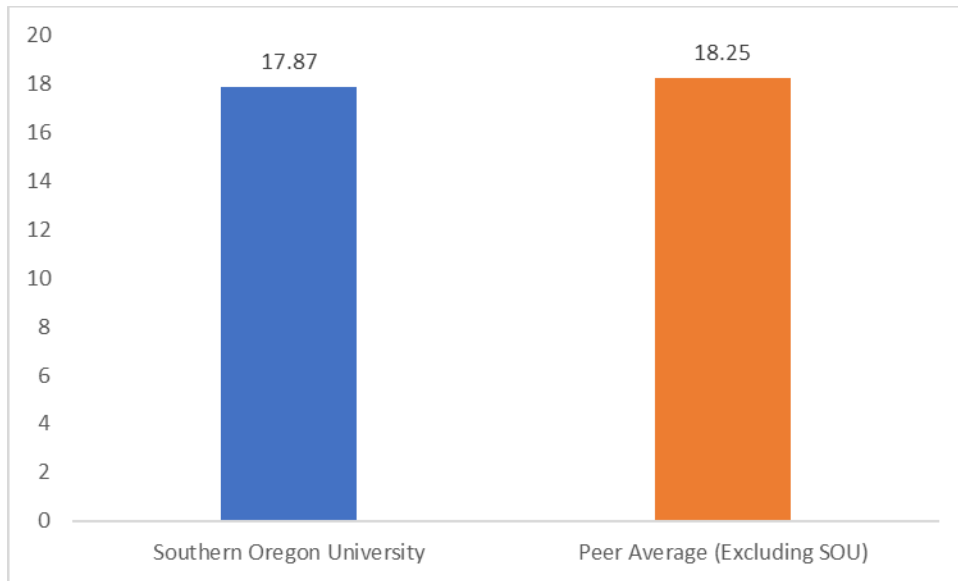


**Figure 68. SOU's and Peers' Expenditures per FTES by Functional Category, 2021 vs 2017**

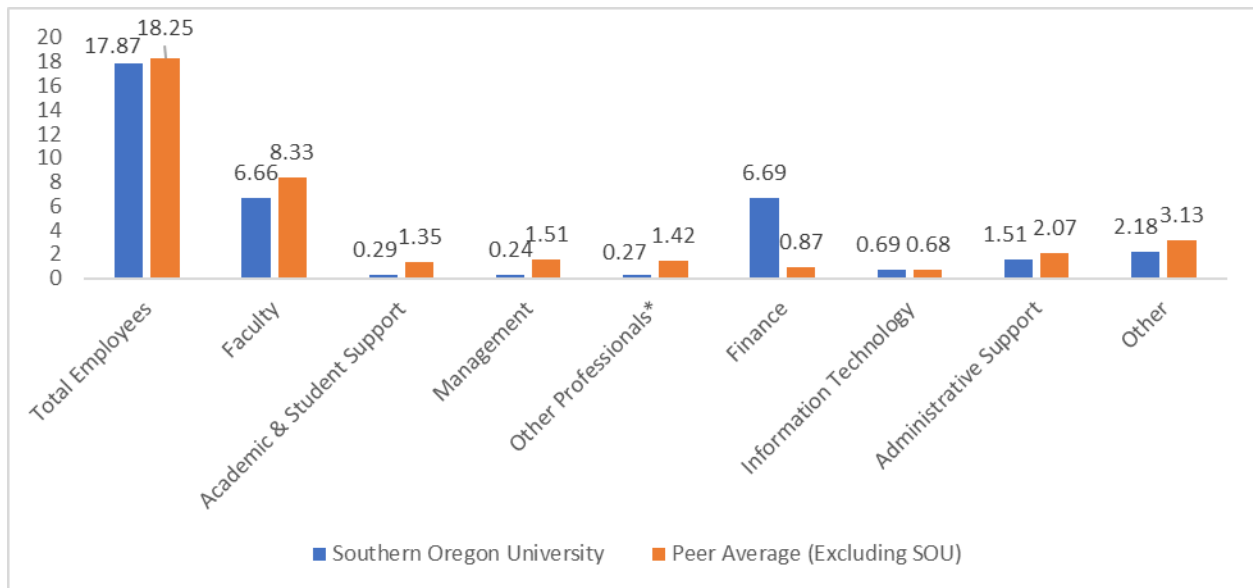


Higher education tends to be labor-intensive and consequently, spending patterns are driven in large part by staffing and compensation levels. In FY 2021, SOU's employees per 100 FTES numbered about 2% less than SOU's peer average. SOU had significantly more finance employees per 100 FTES than its peers while it had fewer employees per 100 FTES in all other categories.

**Figure 69. SOU's and Peers' Total Employees per 100 FTES, 2020-2021**

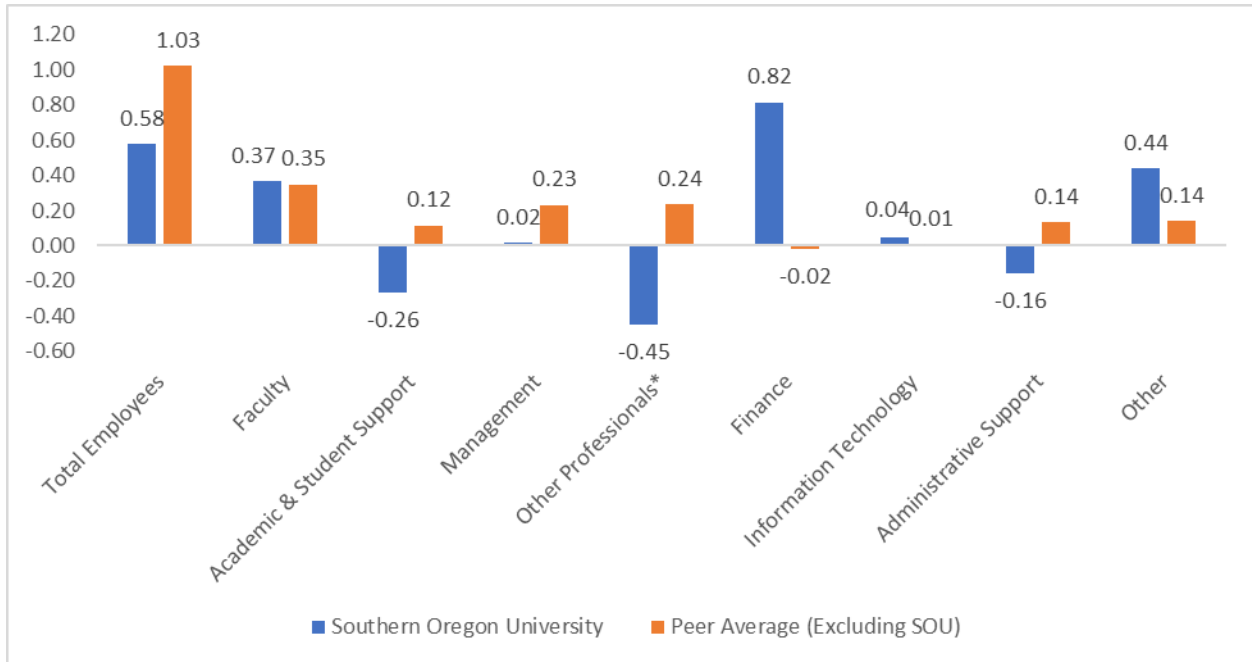


**Figure 70. SOU's and Peers' Employees per 100 FTES by Assigned Position, 2020-2021**

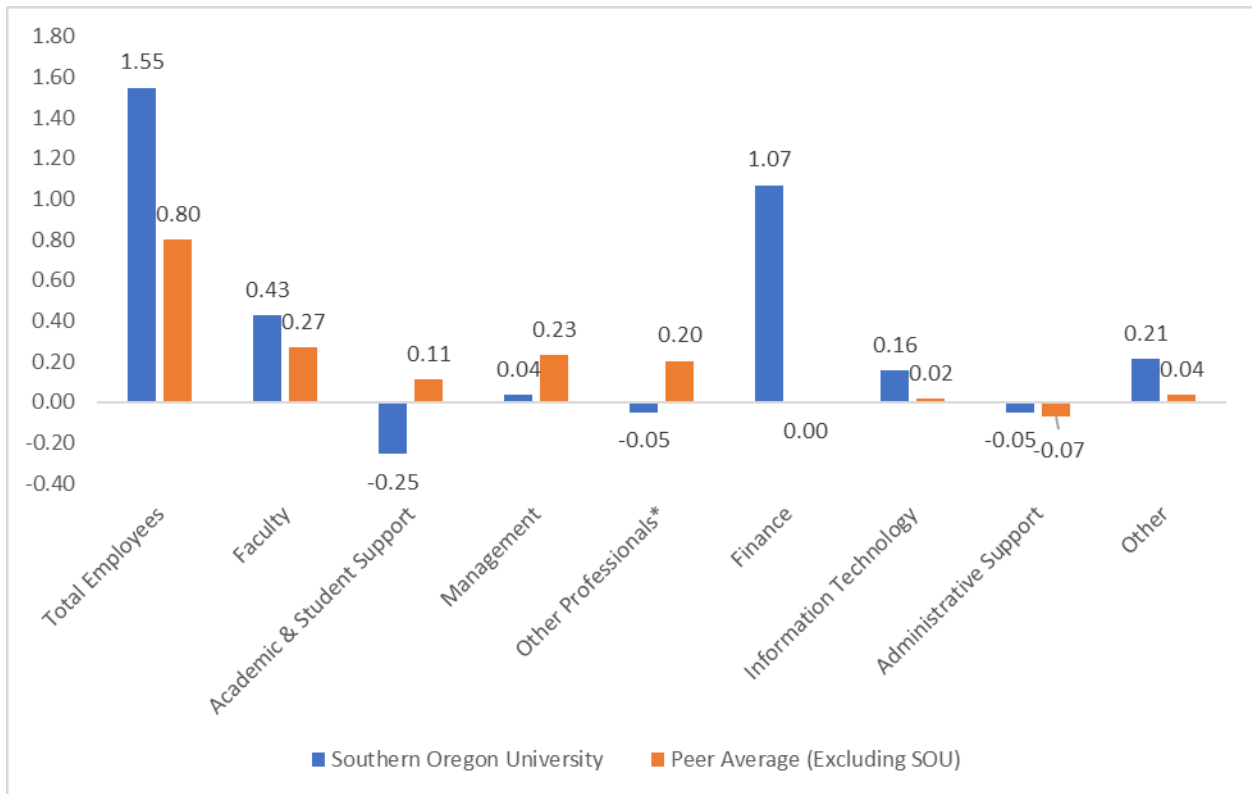


There was an increase in the number of employees per 100 FTES at SOU but to a lesser extent than its peers, on average. The increase in full-time employees was partially offset by a decline in part-time employees.

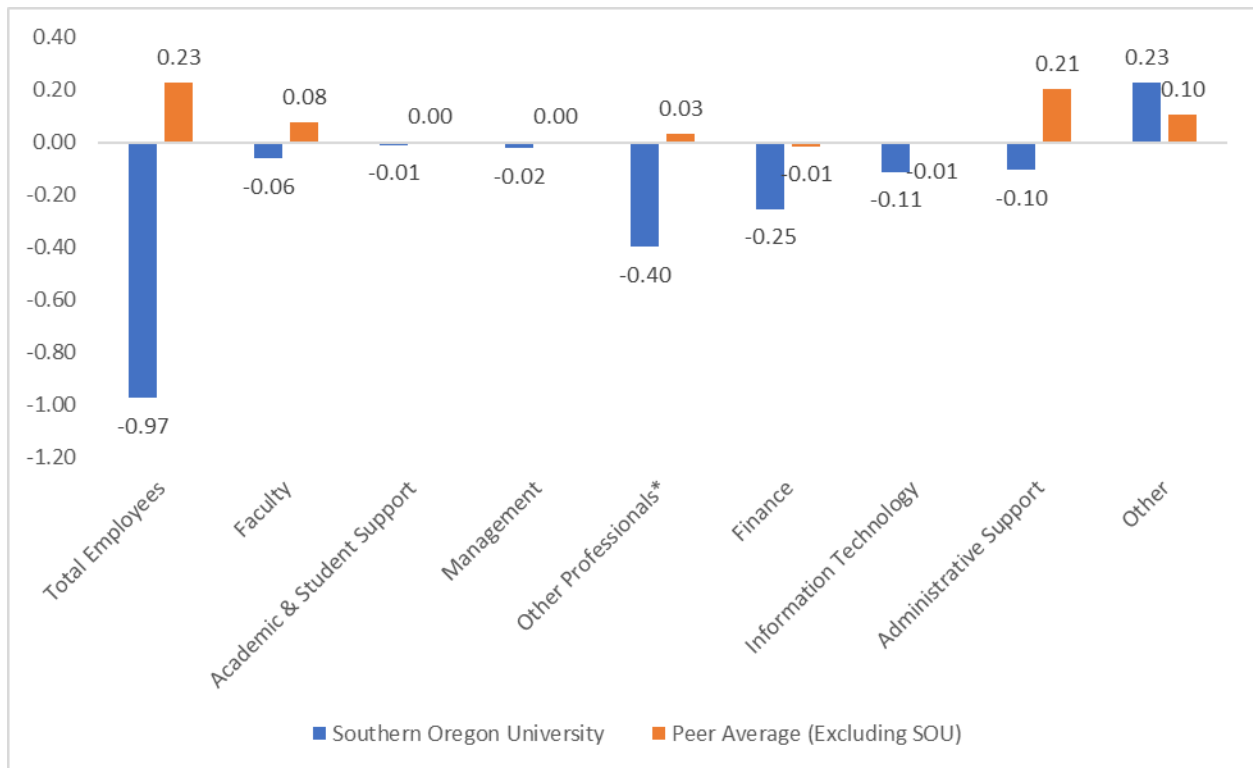
**Figure 71. SOU's and Peers' Change in the Number of Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 72. SOU's and Peers' Change in the Number of Full-Time Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 73. SOU's and Peers' Change in the Number of Part-Time Employees per 100 FTES, 2020-21 vs 2016-17**



At SOU and other Oregon institutions, employees receive relatively generous benefits. As a percent of salaries, SOU paid benefits at a rate of 1.6 times as high as the average of its peer institutions in FY 2021. At SOU benefits as a proportion of total salaries and wages increased by 18 percentage points between FY 2017 and FY 2021 compared to 4 percentage points at SOU's peers, on average.

Figure 74. SOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2020-21

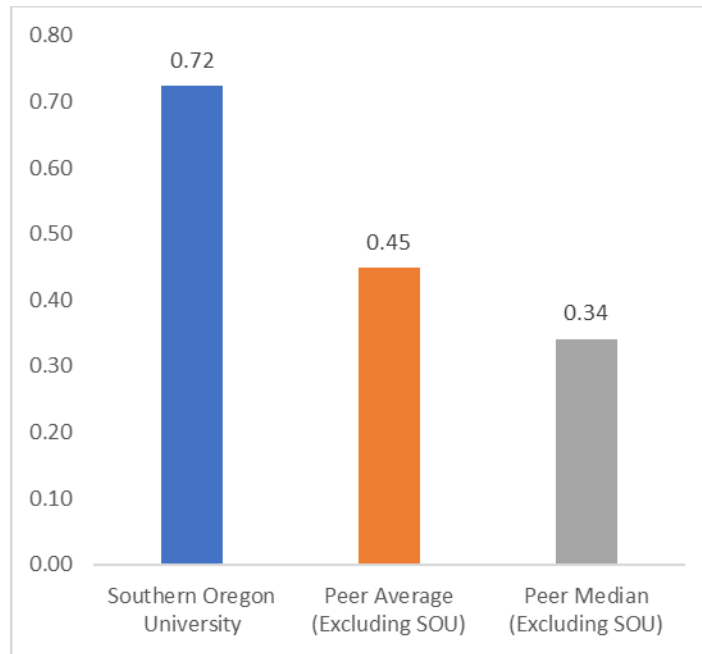
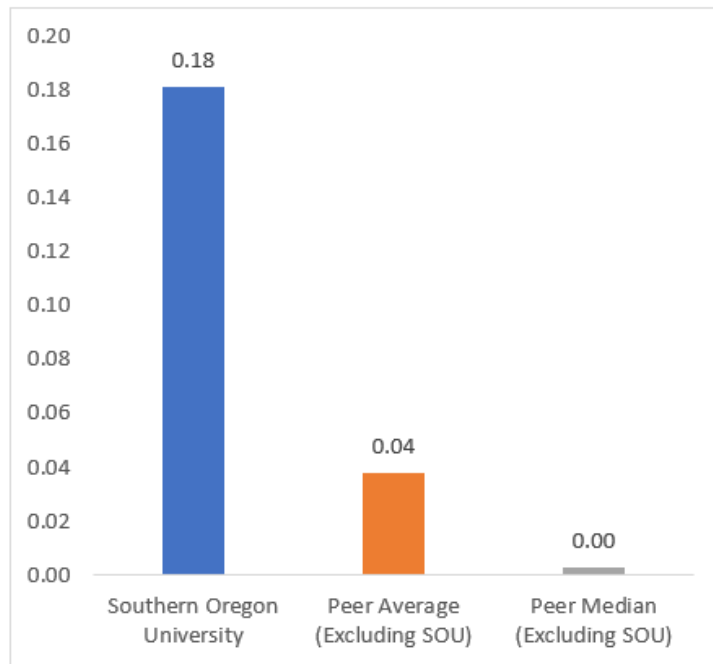


Figure 75. SOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2021 vs 2017



## Western Oregon University

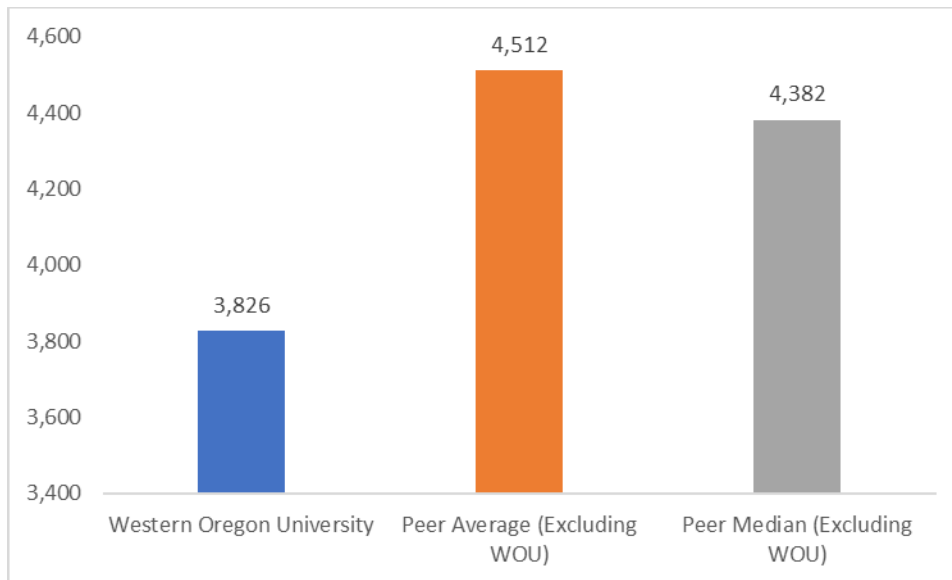
Following the methodology described above, we identified the following peers for WOU:

Indiana University-Southeast	Winthrop University
State University of New York at Oswego	Concord University
SUNY College at Plattsburgh	Chadron State College
SUNY College at Old Westbury	Truman State University
Westfield State University	Central Washington University
The Evergreen State College	Indiana University-Kokomo
University of Montevallo	Northeastern Illinois University
Kutztown University of Pennsylvania	Wayne State College
California State University-Monterey Bay	Eastern Oregon University
Western Connecticut State University	

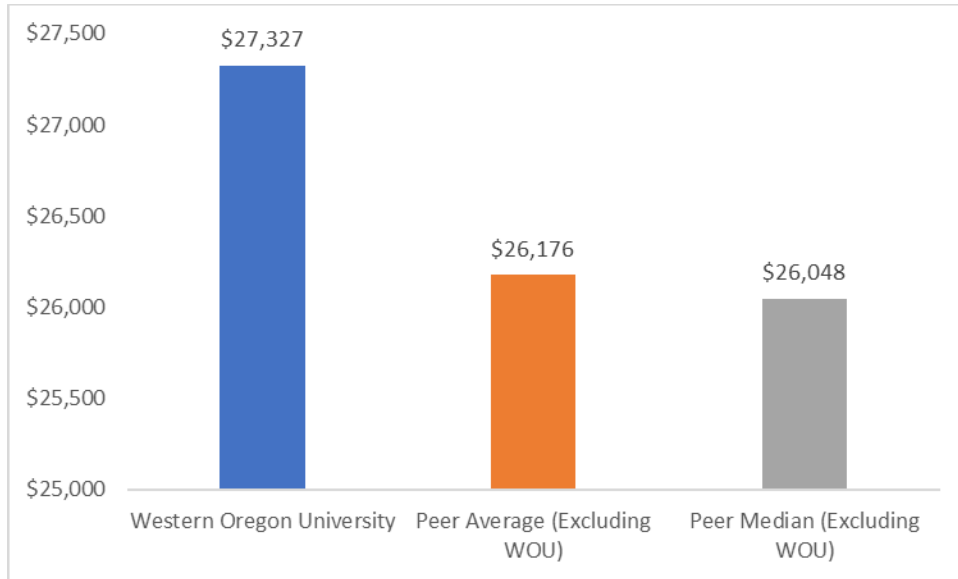
## Benchmarking

In FY 2021 WOU had fewer FTEs higher expenditures per FTEs than its peers, on average. WOU spending was particularly higher at WOU on auxiliary services and other expenses and deductions.

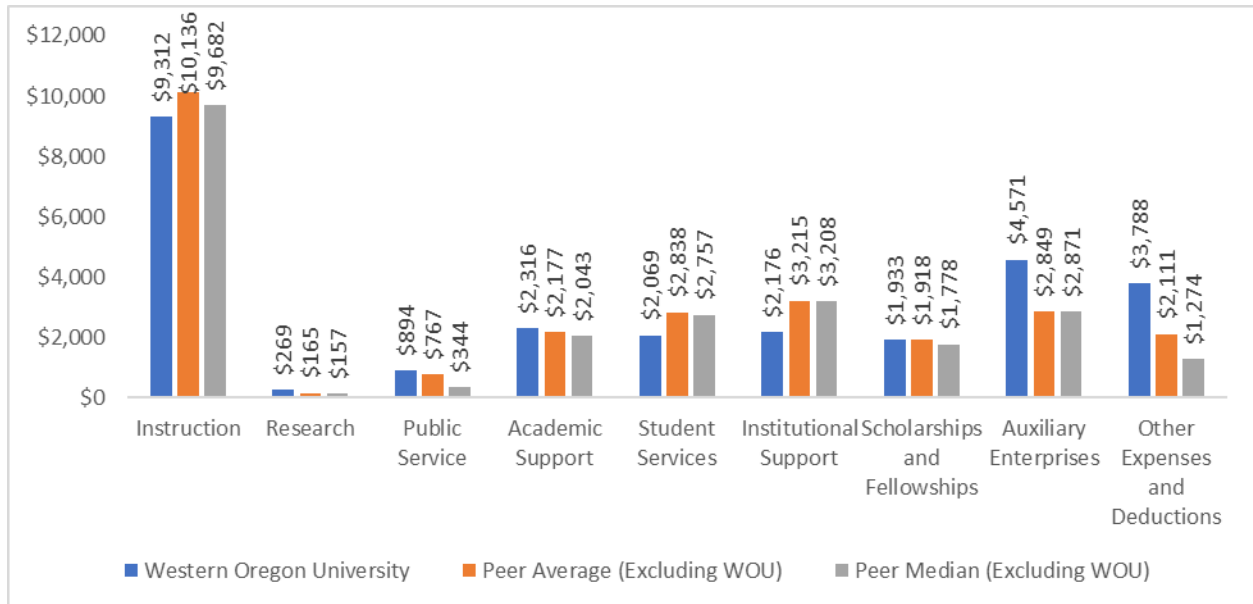
**Figure 76. WOU's and Peers' Total FTEs, 2020-21**



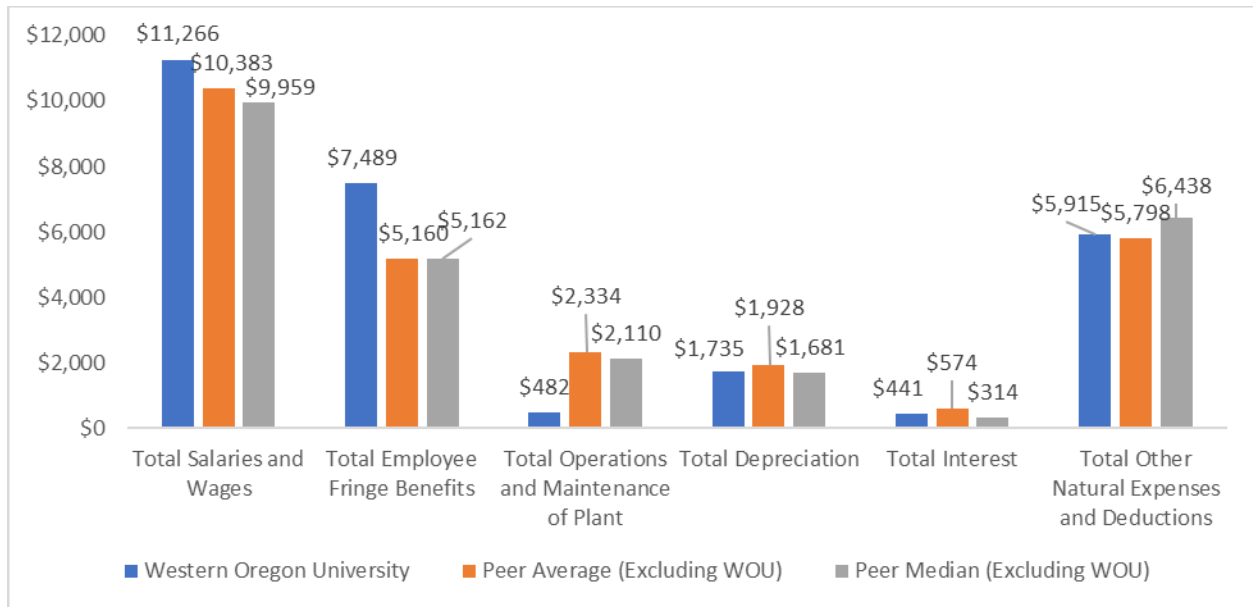
**Figure 77. WOU's and Peers' Total Expenditures per FTES, 2020-21**



**Figure 78. WOU's and Peers' Expenditures per FTES by Functional Category, 2020-21**

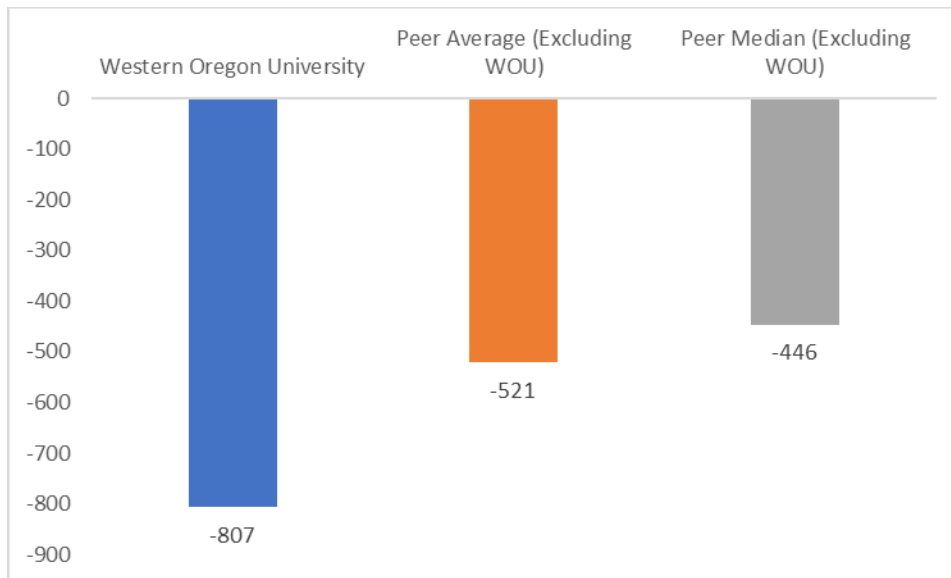


**Figure 79. WOU's and Peers' Expenditures per FTES by Natural Category, 2020-21**



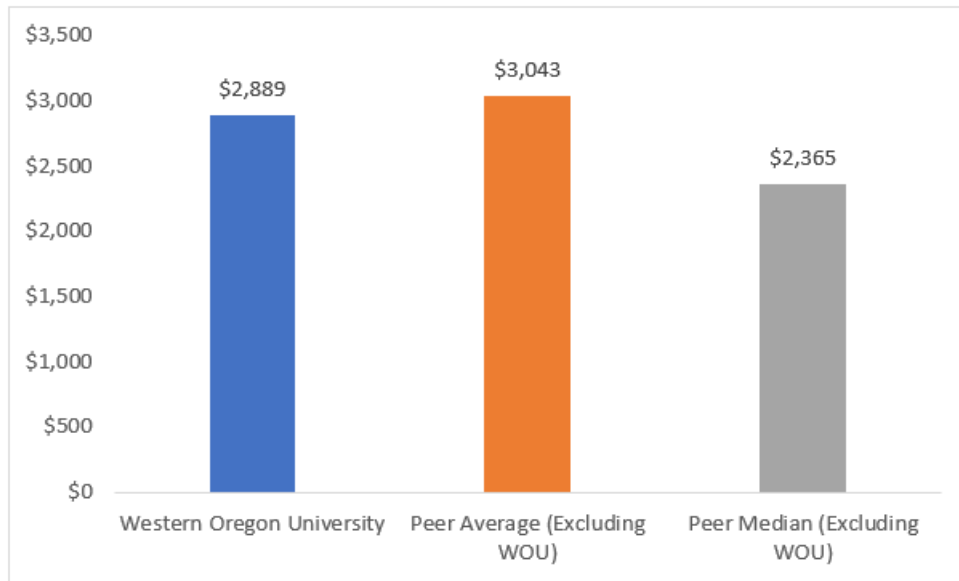
Between FY 2017 and FY 2021, WOU's enrollment decreased more than that of its peers. Total expenditures per FTES at WOU increased slightly less than at its peers. WOU's expenditures on instruction and auxiliary services decreased a considerable amount, and increased on public service and institutional support.

**Figure 80. WOU's and Peers' Total FTES, 2021 vs 2017**

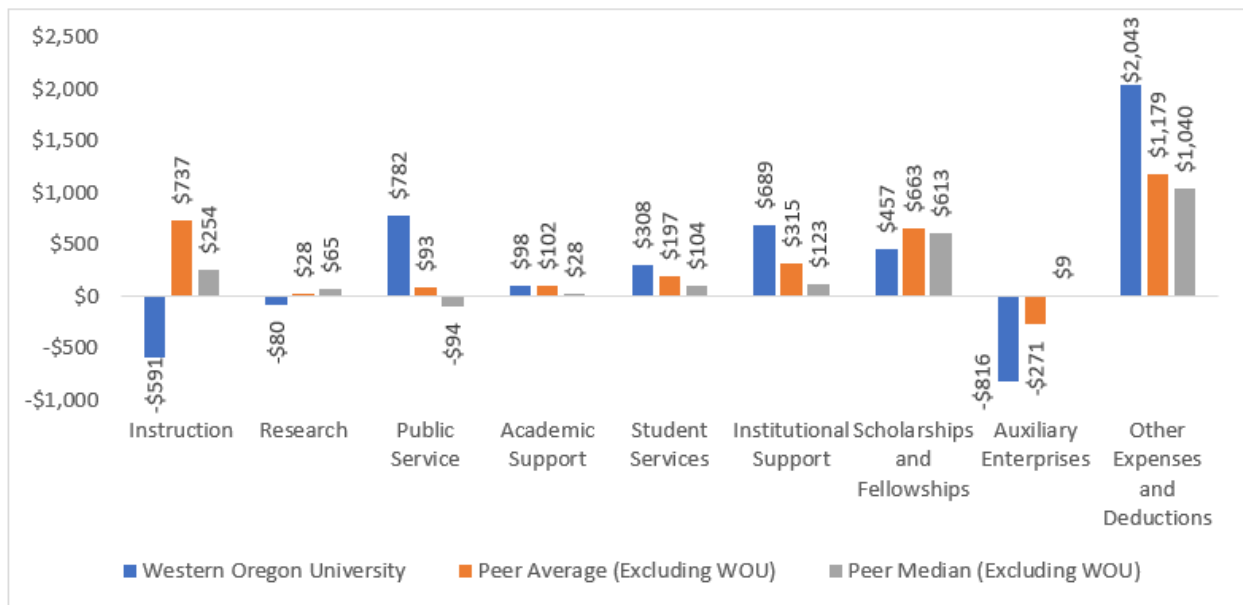




**Figure 81. WOU's and Peers' Total Expenditures per FTES, 2021 vs 2017**

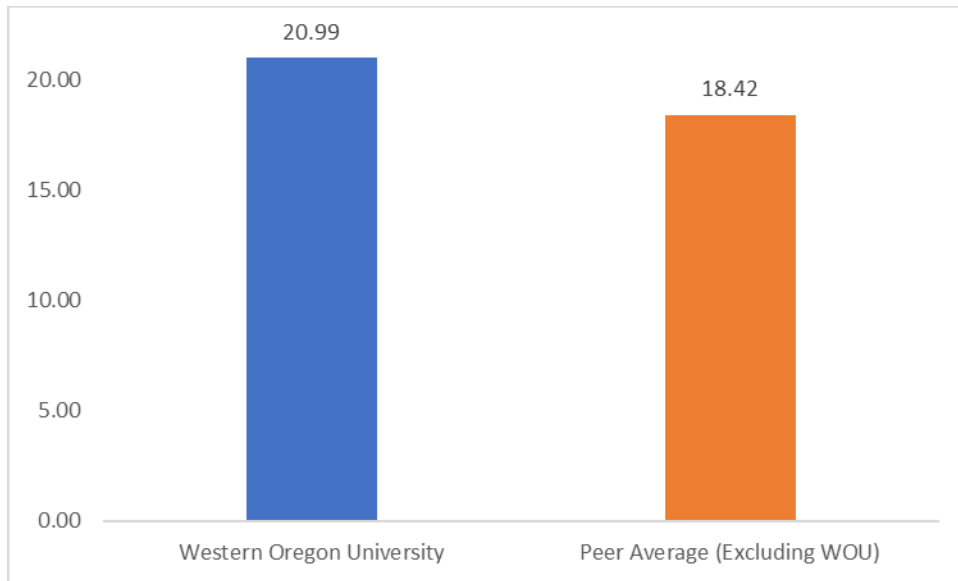


**Figure 82. WOU's and Peers' Expenditures per FTES by Functional Category, 2021 vs 2017**

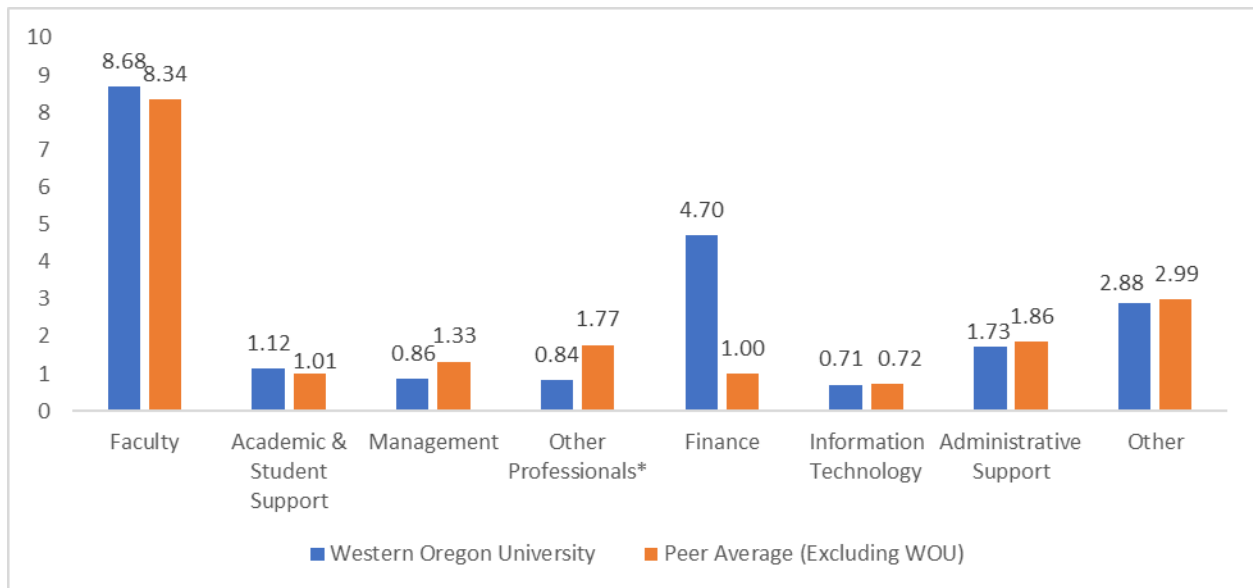


Higher education tends to be labor-intensive and consequently, spending patterns are driven in large part by staffing and compensation levels. In FY 2021, WOU's employees per 100 FTES numbered about 14% more than the peer average. WOU had significantly more finance employees per 100 FTES than its peers.

**Figure 83. WOU's and Peers' Total Employees per 100 FTES, 2020-2021**

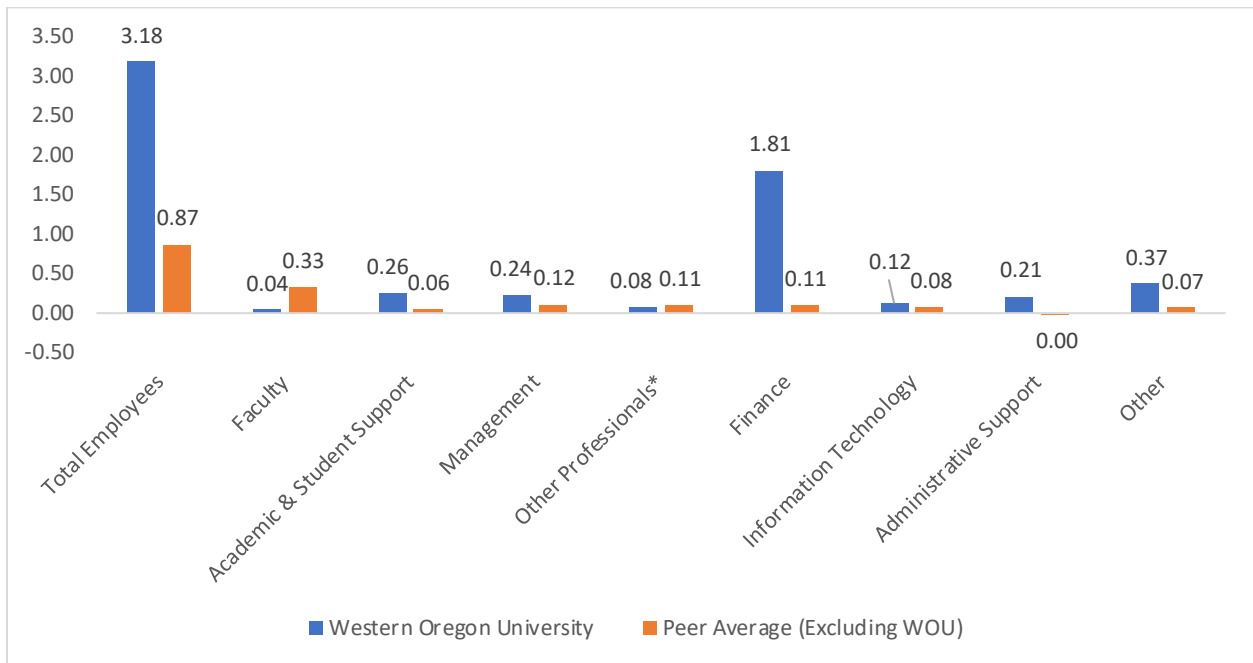


**Figure 84. WOU's and Peers' Employees per 100 FTES by Assigned Position, 2020-2021**

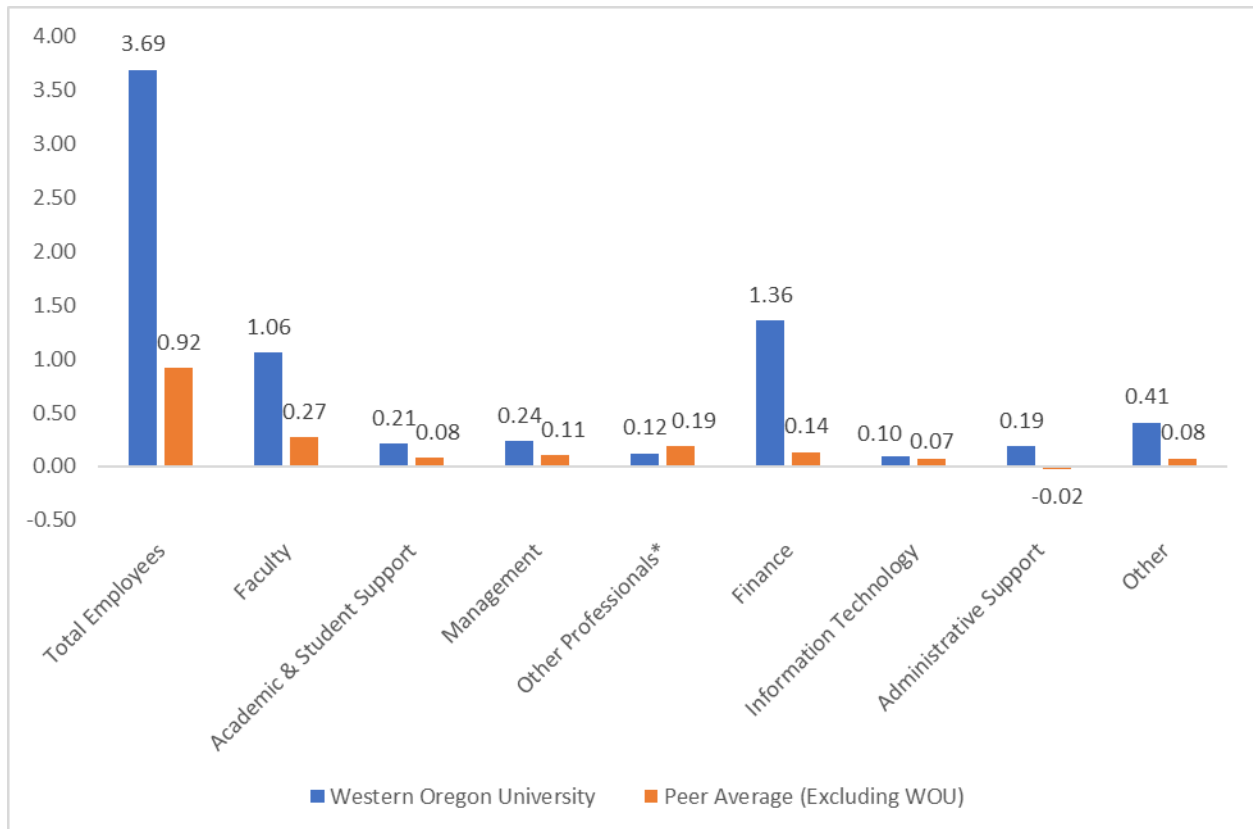


WOU had a greater increase between FY 2017 and FY 2021 in the number of employees per 100 FTES than its peers, on average. There was a notable increase in finance and faculty employees at WOU. The increase in full-time faculty employees was mostly offset by a decline in part-time faculty employees.

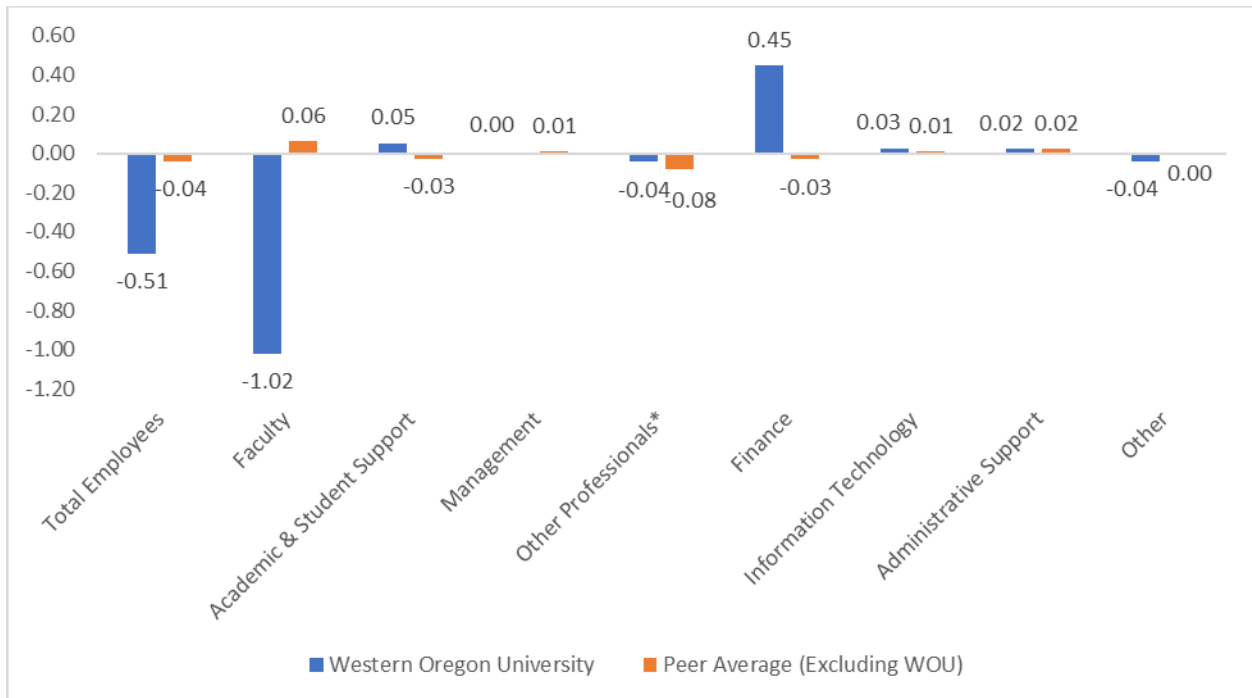
**Figure 85. WOU's and Peers' Change in the Number of Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 86. WOU's and Peers' Change in the Number of Full-Time Employees per 100 FTES, 2020-21 vs 2016-17**



**Figure 87. WOU's and Peers' Change in the Number of Part-Time Employees per 100 FTES, 2020-21 vs 2016-17**



At WOU and other Oregon institutions, employees receive relatively generous benefits. As a percent of salaries, WOU paid benefits at a rate of 1.3 times as high as the average of its peer institutions in FY 2021. At WOU benefits as a proportion of total salaries and wages increased by 6 percentage points between FY 2017 and FY 2021 compared to a decrease of 2 percentage points at WOU's peers, on average.

Figure 88. WOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2020-21

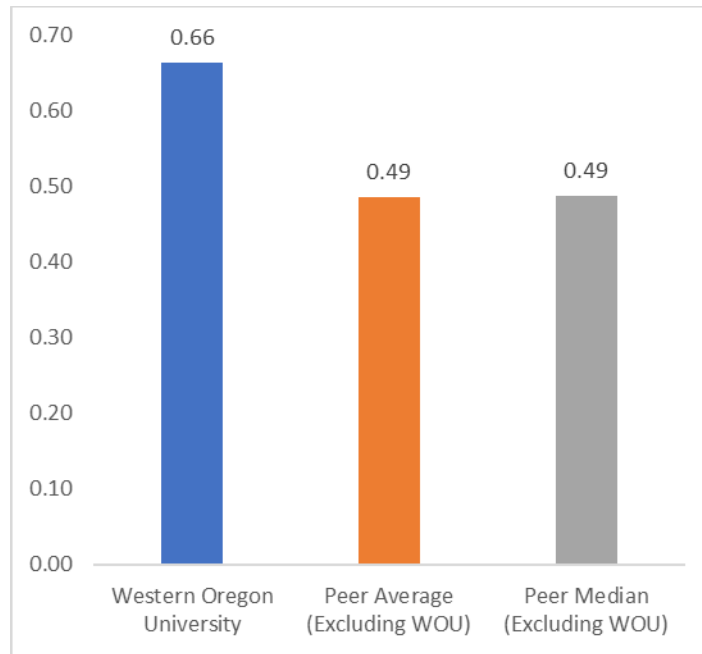


Figure 89. WOU's and Peers' Benefits as a Proportion of Total Salaries and Wages, 2021 vs 2017

