

SUBCOMMITTEE RECOMMENDATION

Higher Education Coordinating Commission Spending and Cost Efficiency in Oregon Public Universities

To: Ways and Means Full Committee
From: Education Subcommittee
Carrier: Representative Ruiz

On February 10th, the Education Subcommittee received a report from the Higher Education Coordinating Commission on assessing the spending and cost efficiency of the state's public universities.

The agency was directed by a budget note in SB 5525 to examine the cost drivers facing higher education and to gather intelligence to inform future budgeting requests and decisions, as well as the upcoming review of the Student Success and Completion Model for distributing the Public University Support Fund. The report included recommendations aimed at reducing both institutional costs and student cost of attendance.

The report provided data confirming that Oregon public universities face structural budget deficits on varying levels, enhanced by limited enrollment growth due to forecasted demographic shifts and constrained state resources, that require public universities to optimize operations.

The report recommends the following five actions to ensure long-term institutional financial stability:

1. Encourage greater integration or possible mergers among Oregon's public colleges and universities.
2. Require regular state-level reviews of academic degree programs to ensure they provide value, avoid duplication, align with institutional missions, and remain financially sustainable.
3. Create a separate legislative salary pool to support essential employee compensation increases.
4. Prioritize state capital funding and bonding for replacing aging IT infrastructure, especially when it supports collaboration among institutions.
5. Continue legislative funding for targeted financial sustainability initiatives at public universities.

The Education Subcommittee recommends acknowledging receipt of the report.