

LEVERAGING OUTCOMES-BASED FUNDING TO SUPPORT EQUITY	
<i>Series</i>	
1	BACKGROUND: LEVERAGING OBF FOR EQUITY
<i>Module</i>	
1.5	OREGON STATE PROFILE
<p><i>Module</i> <b>OVERVIEW</b></p> <p>In 2014, Oregon’s Higher Education Coordinating Commission led the development of an outcomes-based funding model for the four-year sector. Called the Student Success and Completion Model (SSCM), the model prioritizes credential completion, mission differentiation, and student credit hour completion. The model provides extra weighting for completions earned by underrepresented students of color, low-income, rural and veteran students. In FY2019, 49% of funding was tied to completion. Oregon is unique in that higher education funding is guided by the Oregon Equity Lens, a K-16 framework for education funding focused on equitably serving underrepresented students.</p>	<p><i>About This</i> <b>TOOLKIT</b></p> <p><b>THE OBF EQUITY TOOLKIT</b> provides practical lessons on how states, systems, and institutions work to address equity in the development and implementation of OBF policy. Broken into four Series focused on equity challenges in distinct phases of the OBF policy process, the Toolkit contains short, individual modules that consider specific topics and provide lessons learned and recommendations for policymakers and institutional leaders to consider. Content is derived from in-depth study of six states (Tennessee, Indiana, Ohio, New Mexico, Oregon, and Kentucky) and 13 institutions in them. See the Research Methods section of the Overview for more information.</p>

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### Quick facts about OBF in Oregon

- Oregon’s OBF policy was championed by State Sen. Ben Cannon, now Executive Director of HECC, and Governor Kate Brown.
- Oregon’s SSCM is not written into statute; rather, HECC has authority over how the Public University Fund is distributed. House Bill 5024 sets the total amount of the Fund,<sup>i</sup> and the 2015 budget mandated that a portion of university funding be appropriated via a model based on outcomes. Thereafter, the move to outcomes-based funding is based on the strategic plan of the Higher Education Coordinating Commission,<sup>ii</sup> and further administration is under HECC’s

authority.

- Oregon’s public institutions were formally involved in the development of OBF. HECC convened a workgroup of senior financial, academic, and student affairs administrators, as well as student and faculty leaders, from each university.<sup>iii</sup>
- Oregon has a formalized, regularly reoccurring formula review process. A two-year and six-year assessment and review were built into the policy.<sup>iv</sup> If needed, the policy is set to be revised for the 2019-2021 biennium.

## Oregon State Context

**Statewide demographics:** 76% White – not Hispanic or Latino, 2% Black or African American, 2% American Indian and Alaska Native, 5% Asian, 0.4% Native Hawaiian and Other Pacific Islander, 4% Two or More Races, 13% Hispanic or Latino.<sup>v</sup>

**Governance structure:** Decentralized. In the two-year sector, each institution’s board is made up of locally-elected individuals. In the four-year sector, each institution’s board is made up of individuals appointed by the governor and confirmed by the State Senate. Oregon underwent a change in governance structure in 2015. Previously a centralized structure, SB80<sup>vi</sup> dissolved of the Oregon University System, State Board of Higher Education, and the office of the Chancellor of the Oregon University System.

**Coordinating/governing agency for postsecondary:** The Higher Education Coordinating Commission (HECC) is the coordinating agency for public postsecondary institutions.

## OREGON’S EQUITY CHALLENGE

**Large attainment gaps exist in Oregon.** While total credential attainment in 2016 equaled 47%, attainment varies across race and ethnicity.<sup>vii</sup>

**Table 1. The percent of Oregon residents aged 25-64 with an associate degree, workforce-relevant certificate, or higher in 2016<sup>viii</sup>**

RACE AND ETHNICITY	CREDENTIAL ATTAINMENT
Asian and Pacific Islander	60%
White	45%
African-American	33%
American Indian	22%
Hispanic	20%

**Oregon prioritized equity in the SSCM by utilizing guiding documents focused on equity, creating equity focused guiding principles for the formula workgroup, and providing stackable, bonus weighting for targeted student populations.** See [Module 2.1, Case Study of Oregon: Integrating Equity in OBF Formula Design](#) for more detailed information.

**Oregon’s OBF policy recognizes the need to respond to increasing diversity in the state K-12 pipeline** by including Bilingual Education degrees as one of the high-demand degrees, along with STEM and Health degrees.<sup>ix</sup>

**During policy adoption, stakeholders emphasized different student priority populations to different legislators.** When discussing the policy with republican legislators, they emphasized the focus on rural and veteran students, and when discussing the policy with democrats they emphasized the focus on low-income and underrepresented minority students. This approach helped secure bipartisan buy-in to the new policy.

**Policymakers and institutional leaders in Oregon are concerned that the overall level of state appropriations to public universities are too low to encourage a focus on equity populations.** Research universities in particular rely on tuition and out-of-state students to maintain their budgets. One institutional leader explained, “We're like lots of public universities, principally funded by tuition. This campus is about 70% tuition, so to what extent is state funding a lever?”

## OUTCOMES-BASED FUNDING FORMULA AND POLICY <sup>x</sup>

Table 2. Timeline for adoption and implementation of OBF in Oregon

TIMELINE FOR ADOPTION AND IMPLEMENTATION OF OBF IN OREGON	
2014	<ul style="list-style-type: none"> <li>Policy is adopted.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Policy is implemented for the 2015-17 biennium.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Policy is revised.</li> <li>Current policy is adopted.</li> </ul>
Phase-in process	<ul style="list-style-type: none"> <li>Stop-loss and stop-gain decrease in effect each year after the first year, then eliminated after year four. In addition, the proportion of non-mission differentiation or formula-driven allocations based on degree and certificate completions increases from 20-60% over three years.</li> </ul>

### Current funding formula<sup>xi</sup>

For a detailed description of Oregon’s OBF policy, see HECC’s website, [Student Success and Completion Funding Model \(SSCM\)](#).<sup>xii</sup>

**Percent allocated through formula in FY19:** 100%, 49% tied to completions

**Data and outcomes calculated:** Three-year rolling average.

**Equity metrics:** Additional weighting for veterans, low-income, rural, and underrepresented minority students.

Table 3. Overview of FY2016-20 Oregon OBF formula

COMPONENTS OF FORMULA			TYPE OF METRIC	EQUITY METRIC
DIRECT MEASURES	Credit hour completions	4 yr	Completion	
	Degree and certificate completions	4 yr	Completion	
BONUS WEIGHTS	PRIORITY POPULATIONS		Bonus Weight Applied to:	
	Low-income students	4 yr	Completion	●
	Underrepresented minority students	4 yr	Completion	●
	Rural students	4 yr	Completion	●
	Veteran students	4 yr	Completion	●
	Priority degree completions	4yr	Completion	

<sup>i</sup> House of Representatives. "House Bill 5024." Oregon Legislative Assembly. 2015. Accessed August 20, 2018. <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/HB5024/Enrolled>.

<sup>ii</sup> State of Oregon Higher Education Coordinating Commission. "Oregon Higher Education Strategic Plan 2016-2020." Spring 2016. Accessed August 20, 2018. [https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan\\_2016.pdf](https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan_2016.pdf).

<sup>iii</sup> State of Oregon Higher Education Coordinating Commission. "Postsecondary Funding Distribution Models." 2015. Accessed August 20, 2018. <https://www.oregon.gov/HigherEd/Documents/HECC/Resources/Finance/SSCMBaseShortPowerpointUpdatedfinal.pdf>.

<sup>iv</sup> State of Oregon Higher Education Coordinating Commission. "Overview: Student Success and Completion Model." Accessed August 20, 2018. <https://www.oregon.gov/highered/institutions-programs/public/Documents/Univ-Finance/two%20pager%20October%202017%20update.pdf>.

<sup>v</sup> United States Census Bureau. "Quick Facts: Oregon; United States." 2017. Accessed August 20, 2018. <https://www.census.gov/quickfacts/fact/table/or,US/PST045217>.

<sup>vi</sup> Senate. "Senate Bill 80." Oregon Legislative Assembly. 2015. Accessed August 20, 2018. <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/SB80/Enrolled>.

<sup>vii</sup> Lumina Foundation. "Oregon's Progress toward the Goal." A Stronger Nation. 2016. Accessed August 20, 2018. <http://strongernation.luminafoundation.org/report/2018/#state/OR>.

<sup>viii</sup> Ibid.

<sup>ix</sup> State of Oregon Higher Education Coordinating Commission. "Overview: Student Success and Completion Model." Accessed August 20, 2018. <https://www.oregon.gov/highered/institutions-programs/public/Documents/Univ-Finance/two%20pager%20October%202017%20update.pdf>.

<sup>x</sup> State of Oregon Higher Education Coordinating Commission. "Overview: Student Success and Completion Model." Accessed August 20, 2018. <https://www.oregon.gov/highered/institutions-programs/public/Documents/Univ-Finance/two%20pager%20October%202017%20update.pdf>.

<sup>xi</sup> Ibid.

<sup>xii</sup> State of Oregon Higher Education Coordinating Commission. "Student Success and Completion Funding Model" Accessed August 20, 2018. <https://www.oregon.gov/highered/institutions-programs/public/Pages/university-funding-model.aspx>.