# State Funding for OSU and the State's Student Success and Completion Model

Oregon State University

The state provides two major types of funding to OSU—operating funds (which are part of the Education and General operations for OSU) and capital funding, usually as state-paid long term debt. We will talk about the capital funding in another session.

## Operating Funding

**FY18 OSU State Appropriations**

| Category | | Amount | | Total HECC |
|---|---|---|---|---|
| Public University Support Fund | $ | 121,751,892 | $ | 375,818,277 |
| Public University State Programs | $ | 13,557,493 | $ | 24,000,000 |
| Targeted and One-time Appropriations | $ | 627,300 | | |
| Agricultural Experiment Station | $ | 33,705,320 | $ | 33,705,320 |
| OSU Extension Service | $ | 24,335,875 | $ | 24,335,875 |
| Outdoor Schools Program | $ | 12,240,000 | $ | 12,240,000 |
| Forest Research Laboratory | $ | 5,214,262 | $ | 5,214,262 |
| **Subtotal** | **$** | **211,432,142** | **$** | **475,313,734** |
| Sports Lottery | $ | 515,000 | $ | 4,202,400 |
| State Energy Loan Program (SELP) | $ | 1,072,584 | | |
| Cascdes Grad & Research Renovations | $ | 490,000 | | |
| **Total** | **$** | **213,509,726** | **$** | **479,516,134** |

The table to the left shows the operating allocations to OSU for 2018-19 as well as totals for the state allocations to all the universities. The Public University Support Fund is the largest allocation and is distributed to universities by the Student Success and Completion Model (SSCM)—more on this below.

Public university state programs are line item allocations for specific activities of interest to the state. Examples include the Institute for Natural Resources and the Oregon Climate Change Research Institute. The funding for these is recurring, but subject to review every legislative session.

Sometimes there are one-time funds for specific projects of interest to the legislature. These can range from crops to salmon to ocean acidification. The three parts of the Statewide Public Serivces (Agriculture Experiment Station, Forest Research Laboratory, and Oregon Extension Service) receive the largest part of their operating funds through this state appropriation. The Extension Service also manages the funds for Oregon's Outdoor School program, a new initiative that began in 2017-18. The state program funds, one-time funds, and Statewide Public Service funds are passed through to those particular units. There are also small allocations from the Sports Lottery (to Athletics and the Graduate School) and a loan program for energy efficiency projects (SELP).

The largest part of the operating allocation is the Public University Support fund (PUSF) which is divided between the seven public universities through the SSCM. The SSCM has three components:

- **Mission Differentiation Funding** supports aspects of the work each public university does that are unique to its location or mission. It includes allocations based on regional criteria (OSU-Cascades gets some of this, but not as much as the other regional universities), research (OSU-Corvallis is allocated some of these funds) and public service missions and activities (for example the work of the Veterinary Diagnostic Lab and support for facilities used by the Statewide Public Services. This funding is 18% of the PUSF.

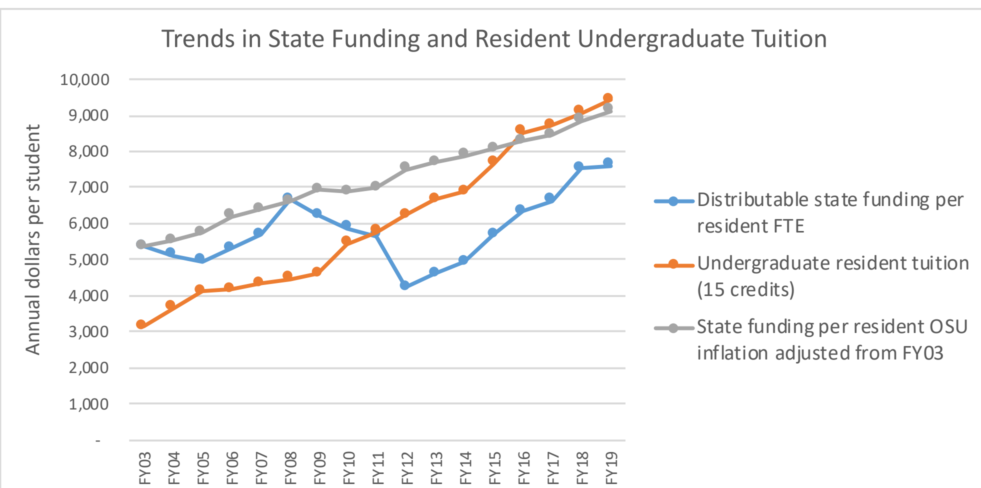
- **Activity-Based Funding** distributes resources based on student credit hour (SCH) completions of Oregon residents. The model counts credit hours by lower-division, upper-division, graduate, and professional courses and weights the credit hours by both level of study (lower-division vs graduate for example) and by discipline (engineering, english, etc.). 33% of the PUSF is allocated by the weighted credit hour activity. Each institution is allocated a share of the funds in proportion to their weighted credit hours.

- **Completion Funding** rewards degree and certificate completions by Oregon resident students. These are also counted and weighted by discipline and level. Completions by underrepresented students (underrepresented minority, low-income, rural and veteran status) and those in academic disciplines in high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula. 49% of the PUSF (60% of the non-mission differentiation funding) is allocated this way. Each institution receives a share of the available funds in proportion to their weighted degree production.

The model uses three year averages (so FY19 is based on FY18, FY17 and FY16). The initial allocations estimate the current year (so FY19 allocations estimate actual values for FY18) and there is a settle up in fall term for the actual credit hours and degrees awarded in the prior year.

The operating budget is set in full sessions (odd years) for the next biennium. 49% of the allocated funding is distributed in the first year of the biennium and 51% in the second year. There are not usually large changes in short legislative sessions (even years) unless there is a sudden economic downturn.

**Trends**




State funding for higher education declined significantly during the recession in Oregon as in many other states. The graphs are the left show distributable (meaning with earmarked funds like state programs or statewide public services taken out) state funding per resident student in blue. The steep declines through the recession are evident. The orange line shows annual resident undergraduate tuition (before tuition waivers or other financial aid-- the so-called list price). The grey lines shows FY03 state funding adjusted for local inflation (meaning the aggregate of actual rate increases for salaries, retirement and health benefits set by the state, and CPI inflation on goods and services). The slope of the grey line is an indication of the actual rate of cost increases. Tuition rose more rapidly than the cost increase rate from FY10 through FY16, then has followed the trend of inflation. The large rate increases in tuition in FY15 and FY16 are the change from a tuition plateau structure to per credit hour tuition (the other public universities in Oregon had made this change several years before). Tuition increased significantly for students taking over 12 credits but did not increase for students taking 12 credits. State support has grown back significantly but has still not reached the inflation adjusted level it was at in 2003. Increasing costs for the state pension system and public healthcare costs will put significant pressure on state budgets for the 2019-2021 biennium.