



MEMORANDUM

To: Director Ben Cannon
Higher Education Coordinating Commission
From: OPU | Coalition of Oregon Public Universities
Date: April 6, 2026
Subject: 2027-2029 Consolidated Funding Request

Oregon's Public Universities at a Critical Moment

Oregon's public universities are operating at a moment of significant challenge and opportunity.

Across the country, higher education institutions are facing increased scrutiny about the value of a four-year degree, heightened competition for students, and rising operating costs that strain institutional budgets. In Oregon, these pressures are compounded by a longstanding pattern of state underinvestment in public higher education. Oregon ranks well below the national average in state support for public universities and last among neighboring states, while having one of the highest public benefits rates in the country.

These conditions have placed every institution under financial strain and forced difficult choices about programs, staffing, and services that support students, generate economic opportunity for Oregonians, and advance innovation and entrepreneurship across the state.

Despite these pressures, Oregon's public universities have continued to deliver strong outcomes for students and the state while remaining efficient and responsible stewards of public dollars. In the HECC's most recent report, *Spending and Efficiency in Oregon Public Universities*, it makes clear our universities are efficient with limited resources. Over the past decade, universities have improved graduation rates, expanded access for underserved students, strengthened partnerships with employers, and increased their economic impact across every region of Oregon. The universities' ability to continue delivering these outcomes without significant increased state investment is faltering.

This moment calls for commitment, not retreat.

At a time when Oregon faces workforce shortages, slowing economic growth, and growing national and international competition for talent and innovation, strong public universities are essential to the state's future. They produce the teachers who educate Oregon's children, the nurses and behavioral health professionals who serve communities, the engineers and scientists who drive innovation, and the entrepreneurs and business leaders who strengthen the state's economy.

Public universities are not simply another line item in the state budget. They are one of Oregon's most powerful engines for economic mobility, workforce development, and civic leadership.

Investments in higher education are investments in the long-term prosperity and resilience of the state.

2027–2029 Funding Request

To sustain this role and maintain Oregon's progress in improving educational attainment, Oregon's public universities require significant additional investment from the state.

In response to the budget development guidance from Governor Kotek and the HECC, and in light of the difficult financial situation the state is facing, the Coalition of Oregon Public Universities respectfully presents the following for the 2027–2029 biennium:

- **Public University Support Fund (PUSF): \$1.159 billion**

This number reflects University Base Funding (UBF). These resources will assist in meeting rising operating costs, and are necessary to ensure that Oregon's public universities can continue delivering the workforce, economic, and civic outcomes the state depends upon.

OPU hopes that this number can be the starting point in the collaborative process with HECC and the Governor's office to meet this critical moment for Oregon and our higher education system.

State Investment and Student Affordability

Affordability remains one of the most important factors shaping whether Oregon students enroll in and complete college. While tuition is often the most visible component of cost, the true affordability of higher education is determined by the balance between state investment, institutional resources, and financial aid.

State support through the Public University Support Fund plays a direct role in affordability for Oregon students and families. As the state's investment fails to keep pace with rising costs, universities face limited options other than tuition increases or reductions in programs and services that support student success.

Today, tuition represents the largest share of operating revenue at Oregon's public universities, accounting for 65% of institutional revenue across the system. Continued reliance on tuition as the primary funding source shifts the burden to students and families, despite ongoing efficiency efforts, and risks undermining Oregon's progress toward increasing educational attainment and developing the state's workforce.

Robust state investment is the most effective tool available to policymakers to maintain affordability and preserve the quality of the educational experience.

The Importance of the Oregon Opportunity Grant

Student financial aid is a critical component of college affordability. The Oregon Opportunity Grant (OOG) remains the state's primary need-based aid program and is essential for ensuring that low-income and historically underserved students can access a four-year degree.

Public universities are requesting to sustain the funding gains made in the Oregon Opportunity Grant to expand access and keep pace with growing student needs. We will continue to collaborate with the HECC to advocate for OOG to ensure we are continuing to invest in this important resource for students.

Oregon needs to increase the number of residents earning postsecondary credentials. This will require sustained investment in need-based aid programs that allow students to enroll full-time, reduce reliance on student debt, and increase the likelihood of completing a degree.

Federal Uncertainty Increases the Importance of State Stability

Stable state investment is even more important given the growing uncertainty surrounding federal higher education funding.

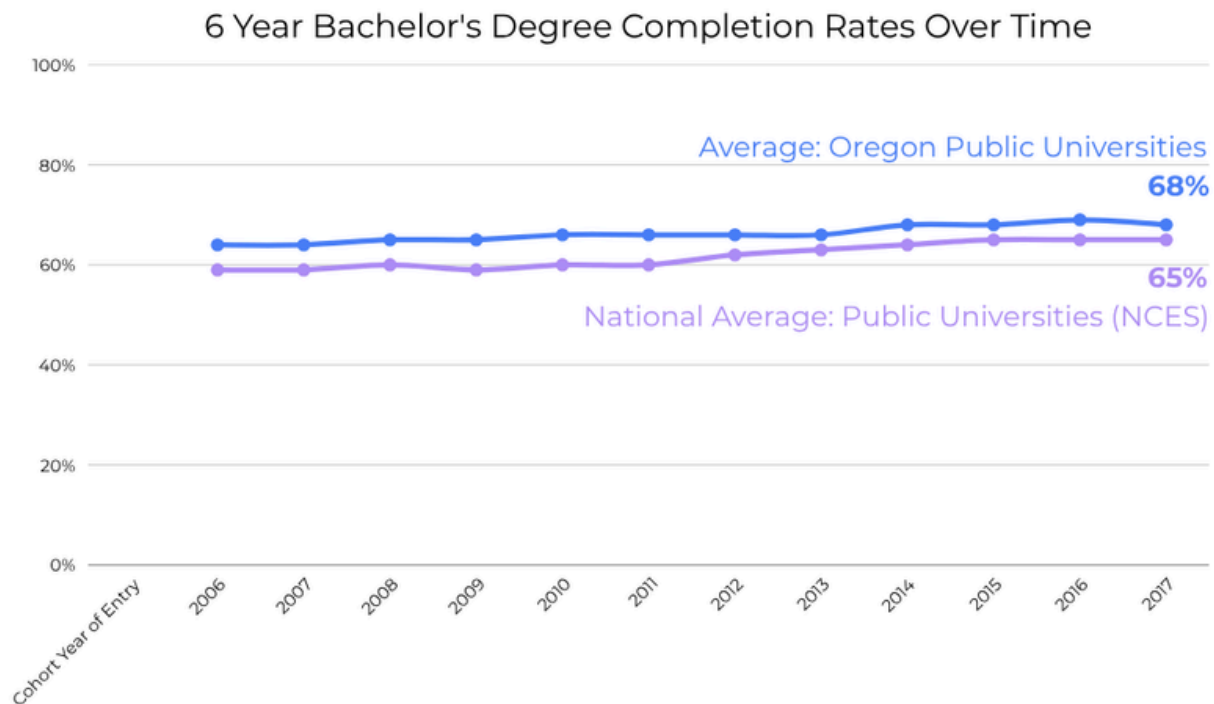
Federal programs such as Pell Grants and other forms of student financial aid play a critical role in helping Oregon students afford college. However, national debates over federal spending priorities and proposed and enacted changes to student aid programs have introduced increased volatility into the federal funding landscape. In the One Big Beautiful Bill Act (H.R. 1), new Pell Grant eligibility restrictions increase uncertainty and the likelihood that federal aid will cover a smaller share of costs for Oregon students.

In this environment, state investment is an essential stabilizing force. A strong commitment by the State of Oregon to institutional funding and student financial aid helps ensure that Oregon students are not disproportionately affected by shifts in federal policy. By maintaining and strengthening its investment in public universities, Oregon can provide the stability and predictability students and families need when making decisions about higher education.

Universities Deliver Results for Students

Oregon's public universities continue to produce strong outcomes for students.

According to recent data from the Higher Education Coordinating Commission, approximately 68% of first-time, full-time resident students complete a bachelor's degree within six years, approaching the state's targets for degree attainment and representing steady improvement over the past decade.



Sources: Higher Education Coordinating Commission; National Center for Education Statistics (NCES), Table 326.10

These gains reflect sustained institutional investments in academic advising, student support programs, and updated learning delivery models designed to help students persist to degree completion.

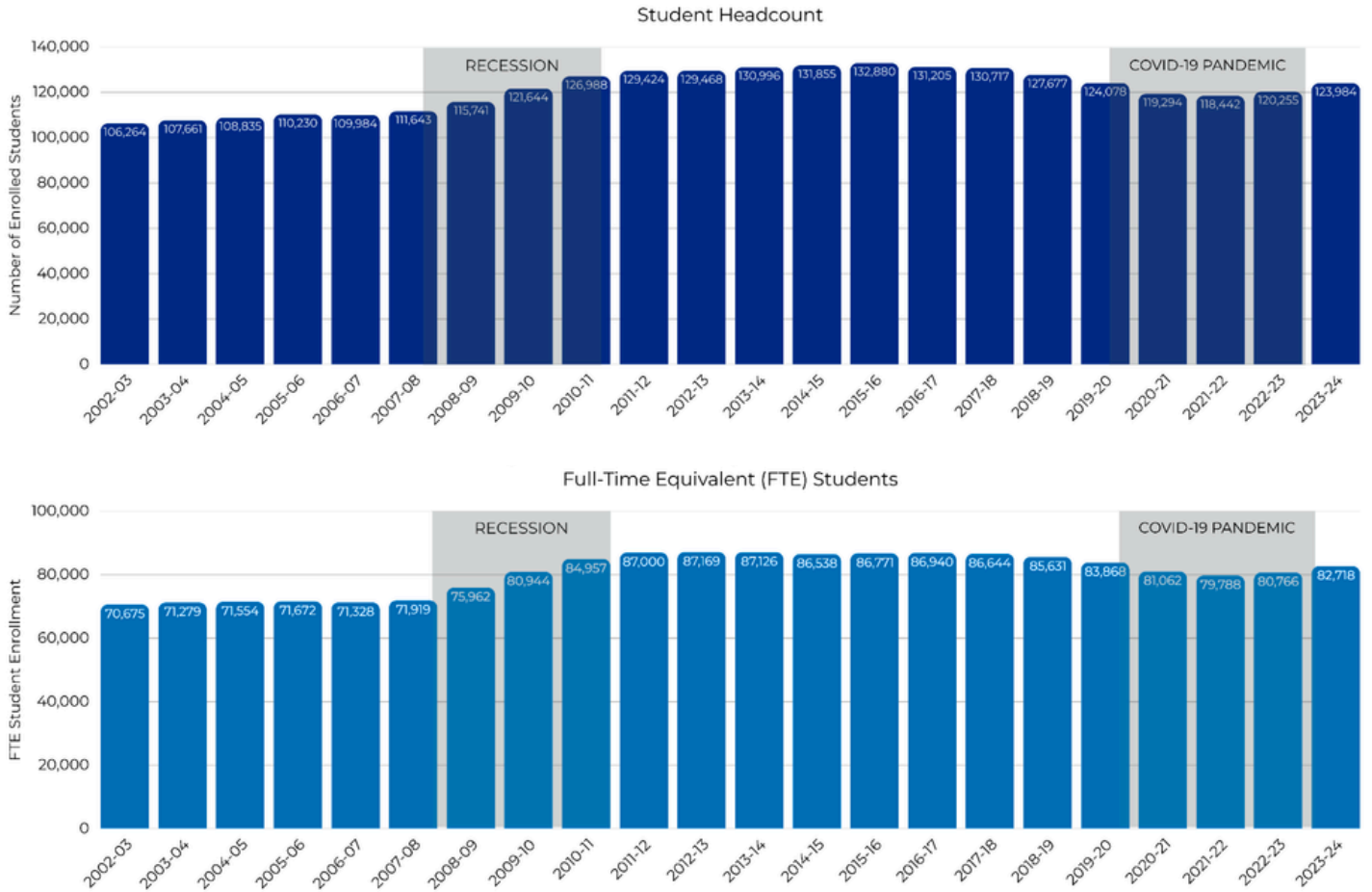
Public universities are playing a central role in Oregon's progress toward the state's 40-40-20 educational attainment goals, with the share of young adults holding a bachelor's degree now approaching 37–39%.

Continued progress is at risk and will depend on sustained investment in both institutional capacity and student financial aid.

Enrollment Remains Steady Across Oregon's Public Universities

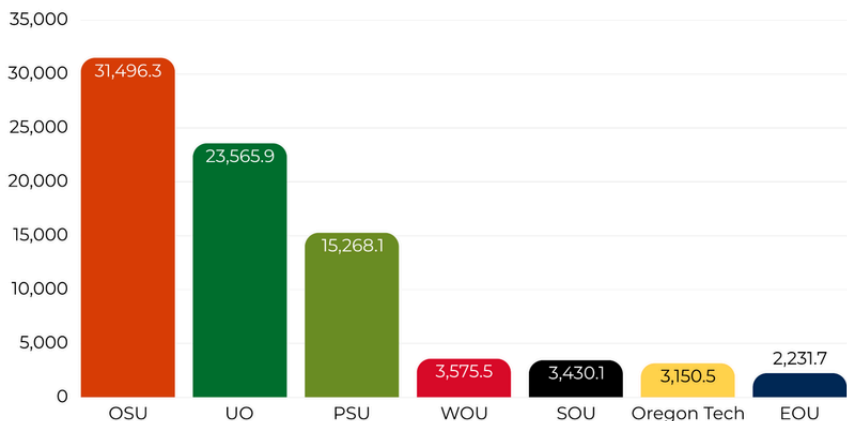
National headlines often focus on declining college enrollment, leading to a widespread perception that universities are serving fewer students. In Oregon, however, the data tell a more nuanced story.

Oregon Public University Enrollment Over Time



2023-24 Enrollment by Institution
Full-Time Equivalent Students

Despite variation across institutions, overall enrollment across Oregon's seven public universities has remained remarkably stable, consistently serving approximately 100,000 students each year.



Source: Higher Education Coordinating Commission

In fall 2025, Oregon's public universities enrolled just over 100,000 students, with full-time equivalent enrollment slightly higher than in 2019. While enrollment patterns have shifted between undergraduate and graduate programs and across institutions, the overall system continues to educate roughly the same number of students as it did prior to the pandemic.

This demonstrates the continued demand for a four-year degree in Oregon and the central role that public universities play in serving students across the state.

Economic Impact

Public universities are major employers and engines of local and regional prosperity, and harness the human potential of Oregon's economy. When a student graduates from an Oregon public university, it means increased earnings, increased income tax receipts, and a lower burden on public services throughout their lifetime.

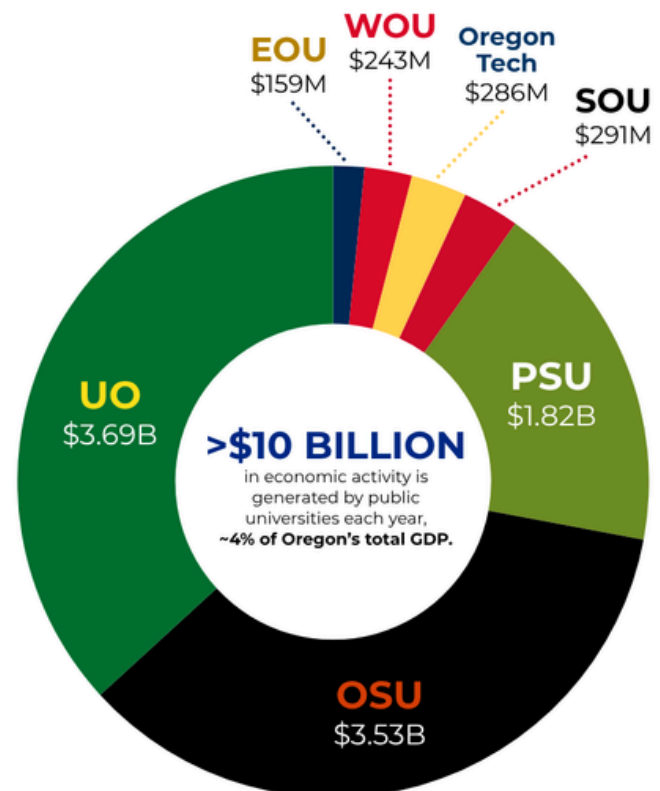
Together, Oregon's seven public universities generate more than \$10 billion in annual economic impact, supporting tens of thousands of jobs and producing hundreds of millions of dollars in tax revenue each year. We know that every \$1 invested in public universities returns \$10 back to Oregon's economy.

Public universities also serve as the primary pipeline for the skilled workforce Oregon's economy requires.

In the 2023–24 academic year alone:

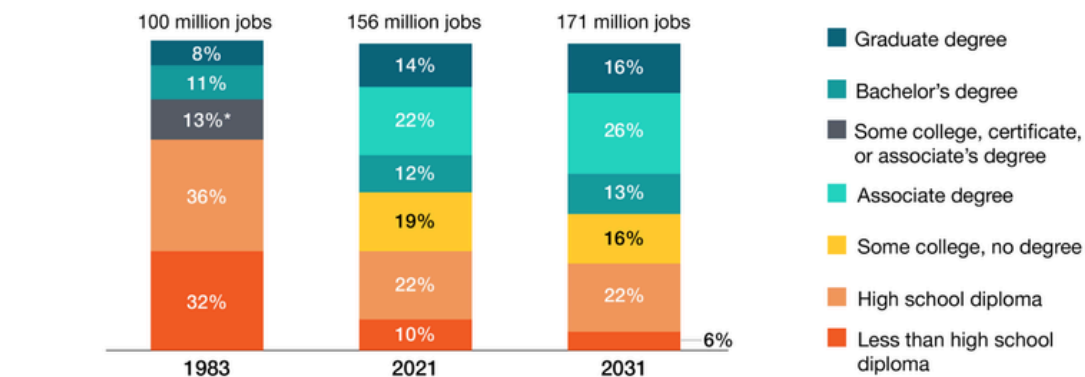
- More than 100,000 students were enrolled in Oregon's public universities
- Universities awarded over 20,000 degrees and credentials

Public universities produce the majority of the state's bachelor's and graduate degrees—credentials most closely associated with high-demand, high-wage careers in healthcare, education, engineering, behavioral health, technology, and business. We also know that Oregon is projected to have 140,600 new jobs by 2034 and the Oregon Employment Department highlights in their recent employment projections that applicants will require education beyond high school to be competitive in six out of ten job openings. Meeting this need will be critical to Oregon's future.



Most Jobs in the Future Will Require a College Education

Projected distribution of jobs by required level of education through 2031



*Prior to 1992, the Current Population Survey (CPS) collected data on years of schooling.

Note: Values may not sum to 100% due to rounding.

Source: Anthony P. Carnevale, et al. *After Everything: Projections of Jobs, Education, and Training Requirements through 2031*. Washington, DC: Georgetown University Center on Education and the Workforce, 2023.

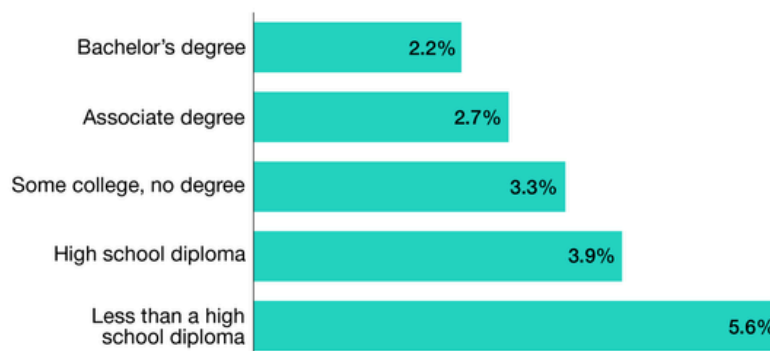


The economic return of these degrees is substantial. We see this stated clearly in the Oregon Employment Department's report from November 2025, *Where Do Oregon Graduates Work and What Do They Earn?* The report noted that the inflation-adjusted five-year post-graduation average wage for bachelor's degree holders rose from \$47,500 for the 2008-2009 class to \$59,000 for the 2017-2018 class, a nearly 24% increase, underscoring the rising value of a university bachelor's degree.

State Economist Carl Riccadonna has underscored this trend as well: individuals with higher levels of education consistently experience stronger earnings, lower unemployment risk, and greater economic resilience during downturns.

Degree Holders Are Less Likely to Be Unemployed

Unemployment rates by educational attainment, 2023



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, "Employment Projections," Current Population Survey, August 29, 2024.



Every student Oregon fails to educate represents lost earning power, reduced tax revenue, and increased pressure on public services in the years ahead.

Civic and Community Impact

Beyond economic outcomes, Oregon's public universities contribute significantly to the social and civic well-being of the state.

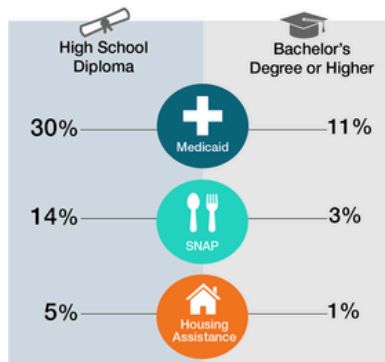
Individuals with bachelor's degrees experience greater social mobility, improved health outcomes, and stronger civic engagement. College graduates are more likely to vote, participate in community leadership, and contribute to the vitality of their communities.

They are less likely to rely on public assistance programs and will contribute substantially more in lifetime tax revenue than individuals with only a high school diploma.

These benefits extend beyond individual graduates to families, communities, and the long-term resilience of the state as a whole.

College Grads Less Likely to Rely on Public Assistance

Percent of individuals age 25 and older living in households that participated in various public assistance programs, by education level, 2021

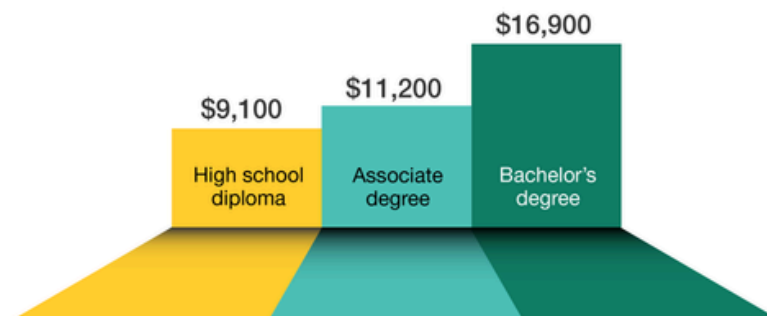


Source: "Education Pays 2023," Figure 2.17, The College Board, 2023.



College Grads Pay More in Taxes

Median tax payments of full-time year-round workers age 25 and older by education level, 2021



Note: Figures represent the estimated average federal income, Social Security, Medicare, state and local income, sales, and property taxes.

Source: Jennifer Ma and Matea Pender, "Education Pays 2023" Figure 2.1, College Board, 2023.



University Base Funding

Across the seven public universities, the state provides approximately 25% of Education and General Fund resources. The University Base Funding figure is the level of state resources necessary to cover ongoing costs, including regular annual cost increases, on that portion of the Universities' budget. This figure is estimated at \$1,159,889,031 for the 2027–2029 biennium. This represents an increase of \$91,063,901 (8.52%) over the 2025-27 PUSF funding of \$1,068,825,130. This estimate reflects increases associated with collective bargaining agreements, increases to state-mandated employee benefits programs, health care costs, and inflation for contracted supplies and services.

Funding at or below the UBF level will require high tuition increases at all seven institutions. Given that tuition already represents the largest source of institutional revenue, further reliance on tuition to close funding gaps will shift the burden to students and families.

Every one of Oregon's seven public universities is already facing significant structural financial challenges. Over the last nine fiscal years, expenses at Oregon's public universities have grown an average of 4% each year, while revenues have only grown an average of 3.6% year-over-year. The largest increased expenditures are retirement benefits and institutional financial aid, while capital expenditures have actually decreased on average. From FY 2017 to FY 2024, retirement benefit costs increased 63% across all public universities, far outpacing state investment. Continued underinvestment will leave institutions with few options other than hiring freezes, program reductions, service cuts, and workforce reductions.

Despite universities' efforts to protect student success, the impact of these actions will inevitably affect students and the broader workforce pipeline that the state depends upon.

State Programs and Statewide Public Service Programs.

In addition to the Public University Support Fund, Oregon's public universities receive targeted investments through State Programs and the Statewide Public Service Programs (SWPS). These programs support activities that address critical statewide priorities, including economic development, natural resource stewardship, and community engagement.

The universities' shared priority is to ensure that these programs receive funding increases consistent with University Base Funding levels in order to prevent the gradual erosion of program effectiveness as costs rise.

State Programs

Beginning in the 2013–2015 biennium, the state divided Education and General funding into two components: the Public University Support Fund (PUSF) and a separate appropriation category known as State Programs.

State Programs consist of line-item appropriations supporting university activities aligned with statewide priorities such as economic development, workforce preparation, and natural resource stewardship. These programs reflect the integrated mission of Oregon's public universities, combining instruction, research, and service to address statewide challenges.

Statewide Public Service Programs

The Statewide Public Service Programs (SWPS), the Agricultural Experiment Station (AES), the Extension Service (ES), and the Forest Research Laboratory (FRL) are longstanding programs administered through Oregon State University that serve communities in all 36 counties and the nine federally recognized Tribes of Oregon.

These programs provide research, education, and technical assistance that support Oregon's agricultural economy, natural resource industries, rural communities, and local governments. These programs leverage state investment to obtain significant federal, county, and private funding for advanced manufacturing, cybersecurity, energy, AI, robotics, and semiconductors.

Maintaining the effectiveness of SWPS requires funding levels that keep pace with University Base Funding increases. When funding falls short, programs are forced to rely on position elimination and service reductions to manage shortfalls, limiting their ability to respond to emerging statewide challenges such as innovation, economic development, wildfire management, drought, and insect and disease outbreaks.

Oregon Faces a Clear Choice

The state can continue the pattern of underinvestment that has placed increasing strain on institutions and students. Or it can recognize public universities as strategic assets and invest accordingly. Universities are already undergoing significant efforts aimed at reducing expenses and maximizing potential for collaboration and shared services. State investment is the critical companion to these efforts in supporting student success and economic outcomes for the state.

Strong public universities are essential to meeting Oregon's workforce needs, strengthening the state's economy, and ensuring that future generations of Oregonians can build successful lives in the communities they call home.

Sustained support at \$1.159 billion will contribute to continued operations at Oregon's public universities. We know that more investment is needed long-term to ensure institutions retain their ability to serve as engines of opportunity, innovation, and prosperity for the entire state.

This is the moment to invest in a bright future for Oregon, rather than watch it slip away.

Appendix:

- 2027-29 Public Universities Consolidated Funding Request

Attachments:

- 2027-2029 University Base Funding Calculations (.xlsx)
- 2027-2029 CFR - HECC Request Scenarios (.xlsx)
- 2027-2029 CFR - Appropriation Tables

Appendix: 2027-29 Public Universities Consolidated Funding Request

Appropriation Category State General Fund (GF) Lottery Funds (LF)		2025-27 LAB	2027-29 University Base Funding	
Public University Support Fund	GF	1,068,825,130	1,159,889,031	8.5%
Other Institutional Support ¹	GF	11,090,554	-	
State Programs				
Ongoing	GF	61,481,902	66,720,160	8.5%
Targeted/One-time	GF	866,791	-	
Subtotal State Programs		62,348,693	66,720,160	7.0%
Subtotal Education & General (E&G)		1,142,264,377	1,226,609,191	7.4%
Statewide Public Services (SWPS)				
Ongoing ²	GF	196,559,462	213,306,327	8.5%
Targeted/One-time		410,000	-	
Subtotal SWPS		196,969,462	213,306,327	8.3%
Sport Lottery³	LF	18,852,926	18,947,000	
Outdoor School⁴	LF	48,060,583	63,171,000	
State Funding Grand Total		<u>1,406,147,348</u>	<u>1,522,033,518</u>	

1) One-time 2023-25 carryforward of funding for the TRUs and PSU financial viability projects

2) Includes Agricultural Water Technical Assistance added in HB 2010 (2023); also includes funding for Small Farms and Community Food Systems added in HB 5025 (2023)

3) Statutory 1% Per March 2026 OEA Revenue Forecast

4) Per Ballot Measure 99 (2016), the lesser of 4% of Lottery transfers or \$22 million per year (adjusted annually for inflation); 2027-29 request amount per March 2026 OEA forecast for 2027-29



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