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OCCA responds to May revenue forecast

SALEM, Ore. – The latest Oregon revenue forecast from the Office of Economic Analysis underscores the urgent need for increased investment in community colleges. While the forecast provides insight into the state’s economic outlook, it also highlights financial constraints that could impact essential educational programs. The Oregon Community College Association (OCCA) urges lawmakers to prioritize funding for community colleges to ensure students have access to affordable, high-quality education that meets workforce demands.

State economists presented their quarterly economic and revenue forecast to legislators this morning (May 14), showing state revenues down \$165.2 million from the previous forecast, with available resources down by \$755.7 million. While slower growth in the state’s economy triggers heightened recession risk, state economists are less pessimistic about the chance of a recession with recent changes to tariffs at the national level. Economists predict the recession risk decreased from 40% just a few weeks ago to 25% today.

Forecasters now expect \$27.6 billion in net General Fund revenue during Oregon’s current budget cycle. That’s nearly \$2.5 billion less than the state’s forecast in 2024, and almost \$165.2 million lower than the most recent forecast update in March. Available resources for the 2025-27 biennium are forecast to be \$37.4 million.

This means available resources for higher education, including the Community College Support Fund (CCSF), are significantly less than needed to adequately fund colleges. Oregon’s community colleges rely on stable and sufficient funding to support critical academic programs, workforce training, and student services. However, with increasing enrollment demands and inflationary pressures, current funding levels must be adjusted to meet the evolving needs of students and employers.

The Oregon Community College Association (OCCA) is advocating for \$920 million for the CCSF during the 2025 Legislative Session. This funding level is essential to address rising costs over the past two years and ensure students continue to have access to vital programs and services that support their education and success in the next biennium.

The recent Joint Ways & Means Subcommittee on Education presentation highlighted that the Governor’s Recommended Budget for the CCSF is \$854.4 million, though the true current service level (CSL) needed is estimated at \$920 million to sustain essential programs and avoid cuts. At this lower funding level of approximately for 2025-2027, many colleges still would face substantial shortfalls, leading to potential program and service reductions and increasing reliance on tuition hikes to bridge the gap. Adequately funding the CCSF is essential to protecting Oregon’s investment in higher education, meeting workforce demands and ensuring that students and communities can

thrive.

Despite economic fluctuations, Oregon’s community colleges remain a cornerstone of workforce development, providing critical training for industries that drive the state’s economy. However, under the current budget projections, many colleges face potential shortfalls, threatening student services, academic programs, and affordability. Without adequate funding, students may encounter higher tuition costs, reduced course offerings, and diminished student support systems — barriers that disproportionately affect underserved communities.

“Oregon’s community colleges play a vital role in addressing the state’s workforce demands — whether it’s preparing healthcare workers, skilled trades professionals, or supporting new and evolving industries,” said Dr. Abby Lee, Executive Director of OCCA. “With the right investment, community colleges will be able to continue providing the education and training necessary for students to succeed in Oregon’s dynamic economy.”

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The Oregon Community College Association (OCCA) represents the 17 publicly chartered community colleges and their locally elected board members in Oregon. Founded in 1962, OCCA’s purpose is to support the colleges before policy-makers and partners whose actions affect the well-being of community colleges across the state.