2007-2009 Governor’s Recommended Budget (GRB)

A New Era in Higher Education Finance
Budget Highlights

• Significant increase in General fund allocation, with other increases by retaining investment earnings, increased Lottery funding, and reserves for salary and benefit cost increases

• Historic capital budget with full funding of capital repairs ($83.5 million), reduction in deferred maintenance backlogs ($90.0 million), and generous new building and sustainability project funding

• The Governor acknowledges all of the Board’s priorities with numerous strategic investments
Budget Highlights (cont.)

- This budget creates a direct linkage between higher education and economic development
- $38.2 million included in OECDD budget via Oregon InC will support many higher education initiatives, including:
  - Wave energy — $5.2 million
  - Food processing/seafood — $4.6 million
  - Mfg. Competitiveness — $3.4 million
  - ONAMI — $10.0 million
  - BEST — $3.0 million
  - OTRADI — $7.0 million
  - Innovation Acceleration fund — $5.0 million
Budget Highlights (cont.)

• OHSU funding includes $7.1 million start-up funding for expanded medical education in Eugene and Corvallis in conjunction with the UO and OSU and $1.4 million for expanded nursing education at WOU

• Significant ($55 million) increase in OSAC funding for the implementation of the Shared Responsibility Model

• GRB contains reserve for compensation/benefit increases of $130 million with OUS representing ~25% of the total employee base
Budget Highlights (cont.)

• In accordance with OUS goals, the GRB limits tuition, and fee increases for resident undergraduate students to changes in Median Family income

• Significant increases in Sports Lottery funding via new methodology offset by $4.9 million General Fund reduction

• Governor supports legislative changes:
  - To allow OUS to retain investment earnings, with $19.1 million General Fund offset
  - To allow OUS to issue variable rate debt
  - To allow OUS to change the manner in which self-funded capital projects are approved
Capital Budget Highlights

- Recommended budget includes:
  - Full funding for capital repair — $83.5 million up from $23.7 million today
  - Funding to reduce deferred maintenance backlog by 14% from ($640 million to $550 million)
  - Funding for new facilities at each campus
    - EOU – Regional Information Center
    - OIT – Center for Health Professions Phase 2
    - OSU – Pauling Research and Education Building
    - PSU – Science Research and Teaching Center
    - SOU – Theatre Arts Expansion
    - UO – Integrative Science Complex Phase 2
    - WOU – Business/Math/Computer Science Facility
    - EOU in collaboration with BMCC – Hermiston Center
    - Strategic investments in five sustainability demonstration projects
OUS Base Request Funding

- Enrollment Growth — $14.6 million
- Regional Support — $9 million
- Utilities — $2.2 million
- Faculty Salaries — $8 million
- Student-Faculty ratio — $6.9 million
- Capital Repair — $56.7 million
Policy Package Funding

• ETIC — $17 million
• Healthcare — $7.4 million
• SWPS — $5.5 million
• Rural Access — $1.6 million
• Natural Resources Inst. — $250,000
• Oregon Solutions — $1.5 million
• Atlas/IDTS — $800,000
Conclusions

• The Governor has made education a priority and has created direct linkages between education and economic development

• It is understood that this is only the first of many investments needed by OUS and its other partners in the Educational Enterprise

• Despite this budget, many OUS institutions will need to make budget reductions/reallocations to bring projected expenditures into alignment with projected revenues
Thank you for your leadership, support, and advocacy

Questions?