Review of the 2009-2011 Governor’s Recommended Budget for Higher Education

State Board of Higher Education Meeting
January 9, 2009

Oregon University System
GRB Highlights

• Governor continues to make education a priority in the GRB

• General Fund budget of $916.5M, up from $870.4M ($893.2 including compensation funding) in 2007-2009
  • Recommended operating budget includes $832.9M in state General Funds, up from $825.5 in 2007-2009, plus would allow OUS to retain investment earnings on tuition and other funds for an additional $13.9M
  • Recommended General Fund debt service budget includes $65.7M up from $39.4M in 2007-2009
  • Recommended capital budget is $979.8M from all fund sources up from $788.1M (incl. the UO Arena) in 2007-2009
2009-2011 Operating Budget

• Recommends $832.9M of state General Funds (plus investment earnings)
• Varies from $859.7M EBL budget due to following adjustments:
  – $16.3M reduction in public service, academic support and institutional support; this reduction may be restored in a 2010 supplemental session either from increased revenues growth or education stability funding
  – $13.9M reduction as offset to allowing OUS to retain investment earnings
  – $325K addition for OSU Climate Change Research Institute
  – $3M addition for ETIC
  – $100K addition to support the work of the Postsecondary Quality Education Commission
2009-2011 Debt Service & Capital Outlay Budgets

• Governor recommending General Fund debt service budget of $65.7M, up from $39.4M in 2007-2009
  – Funding used to pay debt service on Article XI-G bonds and SELP loans used to fund capital projects in prior biennia.

• Governor’s Lottery Fund budget includes $19.8M for debt service, up from $13.3M in 2007-2009

• Governor recommending General Fund budget for OUS capital of $18M in 2009-2011, including
  – $3M for WOU’s classroom and office building
  – $15M for corporate complex in Portland
2009-2011 Recommended Capital Budget

• Once again, Governor is recommending the largest capital budget in OUS history, including:

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<tbody>
<tr>
<td>General Funds</td>
<td>$ 18.0</td>
<td>$ 28.3</td>
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<tr>
<td>Article XI-G Bonds</td>
<td>114.6</td>
<td>121.1</td>
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<td>Article XI-F(1) Bonds</td>
<td>510.7</td>
<td>379.7</td>
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<td>Lottery Bonds</td>
<td>75.5</td>
<td>50.0</td>
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<td>SELP Loans</td>
<td>50.8</td>
<td>37.6</td>
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<td>COPs for capital projects</td>
<td>57.0</td>
<td>11.0</td>
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<td>Other Funds</td>
<td>153.2</td>
<td>151.6</td>
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<td><strong>Total from all sources</strong></td>
<td><strong>$ 979.8</strong></td>
<td><strong>$ 779.3</strong></td>
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Amounts Include:

- Capital Repair: $ 51.4 | $ 50.0
- Deferred Maintenance: 103.8 | 89.5

• Budget includes funding for multiple sustainability demonstration projects involving: waste gasification, wind, solar, and geothermal energy
  – See Appendix A

Oregon University System
Other Related Budgets in 2009-2011 GRB

• GRB includes $166.5 in General and Lottery funds for Oregon Opportunity Grant (aka, Shared Responsibility Model), increase of 47.5% over 2007-2009
• Economic Development budget includes $20.5M for OregonInC for continued investment in emerging industries and workforce demands
• Emergency Fund includes:
  – funding for PEBB increases
  – no funding for cost of living increases for any state employees
  – reductions in expenses from employee furloughs related to temporary closures of all agencies for one day per quarter, eight days per biennium
Questions?