Call to Order

Roll Call

Approval of Minutes
  • Approval of February 15, 2002, Joint Committees Minutes

Discussion Item
  • The Biennial Budget Process
    • The State / OUS Funding for 2003-2005 Biennium
    • The Operating Budget
    • The Capital Budget
    • The Budget Schedule - Critical Dates

Adjournment
OREGON UNIVERSITY SYSTEM
2003-2005 Biennial Budget Process

Introduction:

The Oregon University System met with the Department of Administrative Services (DAS) and other state agencies in March to review guidelines for the development of the 2003-2005 budget request. The meeting defined the structure through which requests are to be developed. The OUS budget office translated the requirements into instructions which, in turn, were discussed in detail with the universities. The universities and System are presently preparing requests to share with the Board.

The Board is scheduled to take final action on the biennial operating and capital requests at the July 2002 meeting. The requests must be submitted to the Governor no later than September 3, 2002.

The following background section identifies the major elements to be covered at the April Board meeting. The primary goal is to provide sufficient information on process, timing, state expectations, and prior Board positions to prepare for discussions of substance in April, June, July, and beyond.

Background

2003-2005 Operating Budget Request

Decision-making supporting the 2003-2005 biennial operating budget request should consider the following:

1. Review of state finances / OUS “share.”
   a. What is the state of Oregon’s economy for the next biennium?
   b. What is the likely OUS share of the state General Fund?

2. Factors that drive budget decision-making:
   a. State requirements.
   b. Board priority setting / policy implementation.
   c. University priorities.

3. Defining state requirements:
   a. Current Services Level (CSL).
   b. Policy Packages.
   c. 10%/20% Reduction Plans.
4. Tuition Guidelines:
   a. Review of guidelines for setting tuition.

At the July Board meeting, there should be responses to the following questions:

1. What Board priorities undergird the request for 2003-2005?

   In 2001-2003 budget priorities were:
   1) Preserve the CSL.
   2) Quality education programs.
   3) Expanded access for all qualified undergraduates.
   4) Contribute to the current needs of the state and its communities.

2. Does the request recognize the limitations of state funding growth?

3. What is an appropriate share for student costs?

4. Does the RAM continue as the primary vehicle through which the request is debated and built?

5. Does the required 20% reduction plan adequately define impacts on OUS?

6. Does the request respond to Board conditions for success?

The discussion will be structured around an analysis of the information in Tables A, B, and C. The goal is to ensure that all Board members understand where OUS is positioned budgetarily in the 2001-2003 biennium and the implications of 2001-2003 decisions on the 2003-2005 request:

[Note: for a hard copy of the tables, please contact the Board’s office.]

<table>
<thead>
<tr>
<th>Table A: 1. General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>· 1997-1999</td>
</tr>
<tr>
<td>· 1999-2001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table A: 2. General Fund 2001-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Appropriated</td>
</tr>
<tr>
<td>· Re-balanced</td>
</tr>
<tr>
<td>· Added reductions?</td>
</tr>
</tbody>
</table>


Table C: 5. Tuition guidelines: Structure through which each university can develop tuition.

The review of 2001-2003 requested policy packages (Table B) will give the Board a flavor of the type and cost of various initiatives requested as priorities less than two years ago. The Board will be able to get a sense of the magnitude of cost as it considers support for any of the initiatives. As an example, if fully funding the model were a continuing priority (Priority 2 in 2001-2003), it would cost $93.4 million; funding projected enrollment increases would cost $47.1 million; and so on.

The intent is not simply to suggest we follow the last biennial request, on the contrary, it will be worthwhile to consider a request that more realistically matches the state General Fund share. Frankly, choices will be more difficult as we limit the request. Inevitably, very attractive and well justified initiatives will have to be put on hold, downsized, and/or funded by other sources.

2003-2005 Capital Budget

The process of building the capital request will be discussed briefly in anticipation of a more in-depth review of projects and long range plans for 2003-2009. The Board approved a legislative concept focused on a major long-term initiative to eliminate a massive maintenance backlog. Each university is building both a biennial request and a long-range plan for new facilities and major renovations from all fund sources. The biennial capital request should be sensitive to the availability of state funds in support of new debt service.

Critical Budget Development Dates

Table D identifies meetings leading up to Board approval in July and extending through gubernatorial recommendations into November. The April and June full Board meetings represent the only two scheduled forums to fully discuss and debate the 2003-2005 request.
There will be continuing dialogue between the universities and OUS in building a request that addresses the requirements of the state and accurately reflects the priorities and position of the Board.

(No Board action required)