Governor’s Biennial Budget Recommendations

What They Are – What They Mean

Issues for Board

Connection to Strategic Directions

Budget and Finance Committee Agenda
Governor’s Recommended Biennial Budget 2003 - 2005

- Recommends $11.4 billion in General and Lottery Funds
- OUS represents 7% of the State General and Lottery Funds

- Focus for Action:
  - Educating children – K-12
  - Economic development opportunities
  - Building confidence in government
  - Solution to PERS fiscal problems

- Provide additional recommendations in March
Governor’s Recommended Biennial Budget 2003 - 2005

- Recommends $779.9 million – General Fund
  - 1.0% above 2001-03 budget
    (as of December 2002)
  - 6.0% below 2001-03 adopted budget

- Supports 105,200 FTE students or 13,200 below present levels if funded at 80% (20% below peer median)

- Recommendation places System funding at 34% below peer median if all projected enrollments are admitted
Governor’s Recommended Biennial Budget 2003 - 2005

- Recommends tuition rate increases of:
  - Resident: 2% – 2004 and 2005
  - Nonresident: 3.5% – 2004 and 2005

- Recommendation provides added capacity to grow beyond recommended tuition increases

- Recommends increase in non-limited funds of 2.3% above 2001-2003
Governor’s Recommended Biennial Budget 2003 - 2005

- Recommendation does not support Board requested policy packages for:
  - Engineering/Computer Science (ETIC) $40.0
  - Enrollment growth/cell value-80% $56.0
  - Performance funding $2.0
  - Compensation increases $85.0
  - Small school funding increases $2.1

- Recommendation does support:
  - Phase in costs – College of Veterinary Medicine
  - Tuition increase
  - Partial inflationary/base increases
Governor’s Recommended Biennial Budget 2003 - 2005

What Do The Recommendations Mean?

- Universities/OUS will not meet the full demand (projected enrollments) for instructional services

- The Engineering/Computer Sciences initiatives will have to be reassessed: what growth and quality objectives can be realistically achieved?

- Unfunded compensation and operating costs will have to be supported through the reduction of existing programs and/or increased tuition

- The Board flexibility initiatives become all the more critical as State funding doesn’t keep pace with growth
Governor’s Recommended Biennial Budget 2003 - 2005

Issues for Board Consideration

- Implications of General Fund recommendations and the Deal

- Tuition setting options: Access and Quality
  - Link to General Fund – 80% threshold
  - Fee remission programs
  - Set aside for financially needy

- Compensation issues
  - Salaries – faculty model/progress to peers
  - Health care costs (PEBB)
  - Retirement costs (PERS)
Budget and Finance Committee
Pursuing the Strategic Directions
Agenda

- Opportunity to pursue Board’s strategic directions while advocating for State support

- Strong connection between SSP committee review of affordability, access, and quality, and Budget & Finance development of financial strategies

- Develop analyses and strategies responding to current and future financial challenges
Future meetings could revolve around:

- Reviewing alternatives in managing reduced enrollment levels; limiting erosion of quality
- Reviewing different tuition scenarios to address access and quality concerns
- Assessing financial aid requirements, use of fee remissions, and establishing parameters for access of the needy
- Creating a clear understanding of compensation issues and how to retain a strong faculty and staff