

OUS 2009-2011 Budget Summary

June 30, 2009

Higher Education Budget Overview

- The legislatively adopted **2009-2011 state appropriated operating budget** for the Oregon University System is \$807.5 million, a decrease of 13% or \$118 million from the \$925.3 million Essential Budget Level determined by the Department of Administrative Services as needed to maintain current services; or a decrease of 9.6% or \$85.7 million from the 2007-2009 Legislatively Approved Budget (LAB) of \$893.2 million.
 - The 2009-2011 **Education and General Program appropriation**¹ is \$634 million, a decrease of 14.5% from the \$741.3 million E&G Essential Budget Level determined by the Department of Administrative Services as needed to maintain current services; or a decrease of 10.8% from the 2007-2009 LAB of \$710.9 million.
- The OUS budget for the **Office of the Chancellor** (which carries out system-level functions and supports the **State Board of Higher Education**) was funded at \$12.8 million, a cut of \$4.2 million, and a 25% decrease from the Essential Budget Level needed to maintain current services; or a 21.6% cut from the 2007-2009 LAB.
- The **2009-2011 State General Fund portion of the OUS budget is 16.1% of the OUS budget (excluding capital construction funding)**, which includes state funding, tuition revenue, Statewide Public Services, auxiliaries, grants, contracts, donations and other funding. This is down from the 19.7% of General Fund seen in the 2007-2009 OUS budget (excluding capital construction).

Tuition and Financial Aid

- **Tuition for 2009-2011** has not yet been considered or approved by the State Board of Higher Education (Board); this will occur on July 10, 2009, and thus tuition rates for the OUS are not known at this time, but may be higher than anticipated earlier due to the severity of budget cuts.
 - A Legislative Budget Note placed a limitation on tuition for 2009-2011 with an **annual average of 5% for the “small” OUS institutions** (Eastern Oregon University, Oregon Institute of Technology, and Southern Oregon University), not to exceed 6.5%, with an exception for the Western Oregon University guaranteed tuition Promise program; and an **average of 8% for the “big” OUS institutions** (Oregon State University, Portland State University, and University of Oregon), and not to exceed 9%. Campuses with tuition increases greater than 3.6% in 2009-10 or 2010-11 may use 30% of all tuition revenues for need-based financial aid for students based on a Board vote taken earlier this year to consider that approach to helping needy students.
- **Oregon Opportunity Grant funding** was reduced 14% from the modified Essential Budget Level to \$97.1 million. In 2007-2009, a total of \$106 million was appropriated. **This funding is in the Oregon Student Assistance Commission budget**, and benefits low- and moderate-income students attending OUS campuses. This level of funding will require

¹ Education and General Program (E&G), a subset of the General Fund, is made up of core campus funding, such as undergraduate and graduate instruction. Besides E&G funds, the General Fund includes funding for statewide public service programs.

OSAC to limit award sizes or numbers within the guidelines of the Shared Responsibility Model.

Economic and Workforce Development

- **Statewide Public Services:** Funding for **Statewide Public Services** through Oregon State University was cut 11.5% from the Essential Budget Level of \$118.3 million to \$104.7 million for 2009-2011:
 - **Agricultural Experiment Station** was funded at \$57.0 million, an 11.5% decrease from Essential Budget Level needed to maintain current services, and down from the \$62.4 million provided in 2007-2009.
 - **Forest Research Laboratory** was funded at \$6.2 million, an 11.6% decrease from the Essential Budget Level needed to maintain current services, and down from the \$7.0 million provided in 2007-2009.
 - **Extension Services** was funded at \$41.5 million, an 11.6% decrease from the Essential Budget Level needed to maintain current services, and down from the \$45.1 million provided in 2007-2009.

- **Engineering and Technology Industry Council:** ETIC was funded at \$33 million, a decrease of 15% or a \$5.8 million reduction from the Essential Budget Level required to maintain current service levels, and down from the \$37.3 million in funding received in 2007-2009. ETIC leverages millions from key industries to increase the number of technology and knowledge workers, and bring in new organizations with new jobs and high skill wages for Oregonians.

Capital Construction, Repair, and Deferred Maintenance

- A total of \$713.3 million was provided for 2009-2011 **capital construction, repair and deferred maintenance funding**, an increase of 27% from the 2007-2009 investment of \$561 million. There were no General Fund dollars provided in the capital budget, down from the \$28 million provided in state General Fund in 2007-2009.

- The **\$713.3 million in state-supported and campus-supported funding** is made up of bonding authority through Article XI-G bonds (\$96.1M, which need to be matched), Article XI-F(1) bonds (\$293.8M), Lottery bonds (\$42.6M), Energy Loans (\$50.8M), Certificates of Participation (\$74.7M); and Other Revenues such as grants and donations (\$155.1M).

- **Top university capital projects** in the categories of repair/renovation/remodel/upgrade (R), deferred maintenance (DF), new construction (C), and Other (O) projects include:
 - **EOU:** Zabel Hall @ \$6.4 million (DF); Pierce Library @ \$8 million (R).
 - **OIT:** Geothermal Renewable Energy Demonstration Project @ \$6.6 million (C); Owens Hall @ \$5 million (DF).

TABLE 1 General Fund History for OUS: 2001-2003 to 2009-2011 Legislatively Approved Budgets	
<i>Current dollars, not adjusted for inflation</i>	
2009-2011 LAB:	\$807.5 million*
2007-2009 LAB:	\$893.2 million
2005-2007 LAB:	\$737.5 million
2003-2005 LAB:	\$657.6 million
2001-2003 LAB:	\$755.5 million
* Includes \$69.4 million of Federal funds	
<small>Source: OUS 2008 Fact Book, page 119</small>	

- **OSU:** Education Hall @ \$4 million (DF); Strand Agricultural Hall @ \$24.8 million (DF); Bates Hall/Hallie Ford Health Children and Families Center @ \$12 million (C); Student Success Center @ \$14 million (C); Sonpark/EPA Acquisition @ \$1.9 million (O); Warehouse Acquisition @ \$1 million (O); Cultural Center @ \$10 million (C); International Residence Hall @ \$52 million (C); Sports Performance Center @ \$12 million (C); CH2M Hill Alumni Center @ \$4.2 million (R).
- **PSU:** Science Building II, Phase 2 @ \$5 million (R); Campus Steam Loop, Phase 2 @ \$17.5 million (DF); Land Acquisition @ \$8 million (O); City Tower Acquisition @ \$1 (will need Emergency Board approval) (O); Market Center Acquisition @ \$1 (will need Emergency Board approval) (O).
- **SOU:** Churchill Hall @ \$5.9 million (DF); Theatre Arts Expansion and Remodel @ \$11 million (R).
- **UO:** Straub Hall @ \$13.3 million (DF); Power Station, Phase 2, Waste Gasification Demonstration Project @ \$56.3 million (C); Allen Hall @ \$15 million (DF); Alumni Center Project @ \$16.8 million (C); Chiles Center Renovations @ \$1 million (R); Erb Memorial Union, Partial Renovation @ \$2.5 million (R); Earl Complex Building @ \$2.9 million (R); Riverfront Research Park, Technology Business Incubator @ \$1.5 million (R); Barnhart Hall @ \$900k (R); Carson Hall Electrical Upgrade @ \$560k (R).
- **WOU:** Health and Wellness Center @ \$12 million (C); Classroom and Office Building @ \$6 million (C); Physical Education Building @ \$12.6 million (DF).
- **Systemwide:** South Waterfront Life Sciences Facility @ \$200 million (C); Oregon Center for Sustainability @ \$80 million (C); Wind Demonstration Project @ \$4 million (C); Biofuels Demonstration Project @ \$8 million (C); Renewal & Code Compliance @ \$31.1 million (R); \$20.2 million for capital repair across the system (R); Reserves @ \$13.8 million (O); Capitalized Interest/Commercial Paper @ \$5 million (O).

Summary of Other Funding

- There is **no state funding provided for faculty and staff salaries** for the OUS institutions or the Chancellor's Office included in the 2009-2011 budgets. Campuses and the Chancellor's Office will be taking salary reductions in the range of approximately 3-5% for employees, the final number to be determined later this year.
- **Campus Public Services** took cuts of about \$1.9 million, or 5% from the EBL. More details on specific programs will be provided over the next several weeks.
- **Research program reductions** of \$2.1 million, or a 15% reduction from EBL, were made to a variety of targeted OUS programs. More details on specific programs will be provided over the next several weeks.
- **Sports Action Lottery**, which funds campus athletics with lottery revenues, was funded at \$9.7 million, an almost 26% decrease from the Essential Budget Level needed to maintain current services, or a decrease of 23.8% from the \$12.7 million provided in 2007-2009 legislative approved budget.