



Legislatively Adopted 2007-2009 Biennium Budget

Fact Sheet

June 27, 2007

Higher Education Budget Overview

- The legislatively adopted **2007-2009 General Fund budget** for the Oregon University System is \$870.4 million, an increase of 23% or \$163.9 million over the 2005-2007 Legislatively Adopted Budget (LAB) of \$706.5 million.
 - The 2007-2009 **Education and General Program appropriation**¹ is \$692.7 million, an increase of \$125.6 million or 22% over 2005-2007 budget of \$567.1 million.
 - Funding from **Lottery** totals \$26 million for 2007-2009, a more than doubling of the \$11.4 million provided in 2005-2007. This includes Lottery funds to pay debt service on lottery bonds, and the new allocation of lottery funding for athletic programs and graduate scholarships in OUS.
 - Funding for **Statewide Public Services** through Oregon State University was provided an additional \$5 million above the essential budget level to a total of \$110 million, compared to the 2005-2007 budget of \$94.3 million.
- A total of \$561 million was provided for 2007-2009 **capital construction, repair and deferred maintenance funding**, an increase of almost 37% or \$151 million above the 2005-2007 investment of \$410 million. This represents the largest capital budget seen in decades for OUS, and is a doubling of the state funding portion provided in 2005-2007 (see page 4 for details on capital). **This includes \$28 million in State General Funds**, included in the General Fund budget total cited above.
- The **total 2007-2009 OUS budget**, including state funding, tuition revenue, auxiliary, grants, contracts, donations and other funding, totals \$4.9 billion, an increase from the 2005-2007 funding of \$4.6 billion.

TABLE 1
General Fund History for OUS: 2001-2003 to 2007-2009
Legislatively Adopted Budgets (LAB)
Current dollars, not adjusted for inflation

2007-2009 LAB:	\$870.4 million
2005-2007 LAB:	\$706.5 million
2003-2005 LAB after Measure 30 Reductions:	\$678.9 million (\$692 before reductions)
2001-2003 LAB after Special Session Reductions:	\$768.5 million (\$808.1 before reductions)

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 and capital construction funds related to academic modernization and repair.

Affordability Increases for Students

Student **affordability and access were improved** for the second consecutive biennium in Oregon. In summary:

- Oregon students will have **more affordable tuition** for 2007-2009, with average increases staying at 3.4% each year, maintaining the Governor’s and the Board of Higher Education’s goal since 2005 of keeping tuition increases at or below projected increases in Median Family Income for Oregonians. Combined with increased funding in the Shared Responsibility Model, more low- and moderate-income Oregonians will be able to access and afford a college education.
- **Oregon Opportunity Grant funding** was increased to \$106 million, an increase of almost 36% over the \$78 million appropriated in 2005-2007, and a 240% increase over the \$44 million provided in 2003-2005. Called the **Shared Responsibility Model**, this new version of the OOG shares college cost responsibilities between the student, family, federal and state governments to provide a greater level of relief to reduce costs and borrowing for Oregon’s neediest students. This increase will allow more eligible full- and part-time resident undergraduate students at public institutions, an estimated additional 7,000 students above the 25,000 served today, to qualify for the OOG, with awards based on the student and family’s level of need. The income ceiling was raised from \$30,000 to as much as \$60,000 (subject to family factors, e.g., the number of dependents), enabling more moderate-income families to qualify for grants. **This funding is in the Oregon Student Assistance Commission budget.**
- The **student share of costs decreased** for the first time in several biennia, representing a commitment from the Legislature to help increase affordability higher education for Oregonians (see table 2).

1999-2001:	Student share of costs = 41%	State = 51%	Other = 8%
2001-2003:	Student share of costs = 46%	State = 46%	Other = 8%
2003-2005:	Student share of costs = 55%	State = 36%	Other = 8%
2005-2007:	Student share of costs = 55%	State = 35%	Other = 10%
2007-2009:	Student share of costs = 53%	State = 37%	Other = 10%

Student, Faculty, Campus and Public Support

- For the first time in a decade, the Legislature provided \$20.6 million to support past and current **enrollment growth** in the OUS, which has increased by more than 14,000 students since 1997. This funding will allow the universities to invest in support services that help a greater number of students stay in college, get the classes, courses and faculty they need to succeed, get through the university faster, and thus at a lower cost.

- This budget provides \$9 million for Oregon's **regional universities and branch campus in Bend**², targeted to improve retention, graduation and other student success factors, while ensuring sustainable operations and maintenance of these universities' important roles in the rural and regional areas which they serve.
- An investment of \$6.9 million to **reduce student/faculty ratios** will enable campuses to add faculty to rebalance the student/faculty ratio at those institutions with the highest ratios; target new faculty investments in areas that advance institution and System goals and build excellence; and approach student advising and instruction in different ways that help student retention and success in college.
- In recognition of the low **faculty salaries** in the OUS against comparator institutions (about 17% below the average of their peers), funding of **\$10 million** was provided to support faculty "salary catch up", recruitment and retention efforts related to losses of top faculty in recent years, who contribute significantly to student success, academic excellence, and graduates' job readiness. This is up substantially from the \$1 million provided in 2005-2007.
- More students from rural Oregon will be able to prepare for and access a college education through an investment of \$580,000 for the **Rural Access Initiative**, administered through EOU.
- **Campus Public Services** funding mainly remained level, with increases in the following programs:
 - \$2.2 million for **Oregon Solutions**, a program at the Policy Consensus Institute at Portland State University, will maintain important services that advance the work of assisting state leaders to develop a collaborative and consensus-based system of governance.
 - \$750,000 for the **Veterinary Diagnostic Lab** operated by OSU will support the training and diagnostic testing services critical to animal and public health in Oregon.
 - The **New Leadership Oregon program** at PSU received a one-time appropriation of \$150,000 to achieve its goals of developing women leaders and their involvement in the political process.
- Campuses can operate more efficiently and better handle **utility cost increases** with \$2.2 million in allocations toward addressing significant energy market increases in the last few years.

Economic and Workforce Development

- **Statewide Public Services (in OSU budget):** The OSU Agricultural Experiment Station, Extension Service, and Forest Research Laboratory are the primary sources of extending new research and technology to Oregon's natural resources industries. The agriculture and forest industries are responsible for \$24.1 billion in annual economic activity, creating 345,000 direct and indirect jobs in the state. The Extension Service also provides non-credit educational programs to thousands of adults and youth throughout Oregon to enhance their quality of life.

² Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, and OSU-Cascades Campus in Bend

- **Agricultural Experiment Station** was funded at \$60 million, a 16% increase over 2005-2007 legislatively adopted funding of \$51.9 million.
- **Forest Research Laboratory** was funded at \$6.6 million, a 26% increase over 2005-2007 legislatively adopted funding of \$5.3 million.
- **Extension Services** was funded at \$43.4 million, a 17% increase over 2005-2007 legislatively adopted funding of \$37.2 million.
- A new investment of \$15 million (total budget = \$37 million) in ETIC will **increase the number and quality of engineering and computer science graduates**, as well as related research initiatives and faculty, to meet the needs of the public, private and nonprofit sectors in Oregon. ETIC leverages millions from key industries who share our goal of increasing the number of technology and knowledge workers, and help the state build the highly skilled workforce we need to keep companies here, and bring in new organizations with new jobs and high skill wages for Oregonians.
- Oregon's **healthcare workforce shortage** will be addressed through an investment of almost \$7.4 million in an initiative to increase the number of nurses and healthcare technicians and clinicians. About two-thirds of the funding (\$4.6 million) will support OIT's medical-related programs and offerings through the Center for Health Professions, helping to keep trained health professionals in Oregon's rural areas. One-third (\$2.8 million) will support nursing courses through the Consortium for Nursing Education in Oregon.

Capital Construction and Deferred Maintenance

- **Deferred maintenance, capital repair, and new facilities** investments of \$561 million will enable OUS institutions to update and upgrade science and engineering labs, expand classroom capacity to ensure student access and ability to get the classes and courses they need to graduate on time, improve student safety, preserve and improve current instructional space and research facilities; maintain quality teaching, learning and research environments that prepare students for the workforce, and maintain both historical and contemporary capital assets of the state.
- This capital investment will have a **significant impact on economic development** in Oregon over the next several years, including:
 - Creating **more than 11,800 jobs** across the state (Figures from U.S. Bureau of Economic Analysis based on 21.15 jobs per million generated from all capital construction funding.)
 - Providing a **\$1.25 billion economic output** of goods and services through these capital projects
 - Providing **\$398.6 million in increased earnings** for Oregonians.
- This 37% increase over 2005-2007 will enable the OUS to reduce the **\$640 million in deferred maintenance** by \$60 million (net of current and expected), meet critical repair needs, build and modernize classrooms and laboratories.

- \$233.5 million of the total of \$561 million is state funding, made up of General Fund, Article XI-G bonds, Lottery bonds, and energy loans. **This is more than a doubling of the state's investment** of \$115 million in 2005-2007. **Funding Types:** The \$561 is a combination of General Fund (\$28.3M), Article XI-G bonds (\$117.5M, which need to be matched), Article XI-F(1) bonds (\$159.6M), Lottery bonds (\$50M), Energy Loans (\$37.6M), Certificates of Participation (\$11M); and Other Revenues (\$157.1M).
- **Top university projects** in the categories of repair/renovation/remodel/upgrade (R), deferred maintenance (DF) seismic upgrade (SM) and construction (C) projects include:
 - **EOU:** Inlow Hall (DF/SM = \$6.2M)
 - **OIT:** Center for Health Professions (C = \$20M*)
 - **OSU:** Pauling Research & Education Building (C = \$62.5M*); Gill Coliseum (R = \$20M); Nash Hall (DF/SM = \$15.5M); National Wave Energy Research Center (C = \$6M); Building rewiring (R = \$5M); Goss Stadium Additions (R = \$4.5); Apperson Hall (C = \$4M); Dining Center, Arnold Catering (R = \$3.5M); Intramural Field Synthetic Turf Project (R = \$3.25M); Cross Country Track (R = \$3M); Boathouse (R = \$3M); Mouse Model Organism Facility (C = \$1.5M); Athletics/Academic Center (C = authorized, unfunded)
 - **PSU:** PCAT Redevelopment Project (C = \$71M*); Science Teaching and Research Center/Hazardous Waste Facility (C = \$19M*); Lincoln Hall (DF/SM = \$29.2M); Science Building II (DF/SM = \$26.3M); Parking Expansion (R = \$12M); Peter Stott Center Gym Expansion (R = \$8.5M); Campus Fiber Expansion/Telecom Facility Upgrades (R = \$1M); Walk of the Heroines (C = \$1.8M); Student Housing and Land Acquisition (C = authorized, not funded); Retail Development (C = authorized, not funded)
 - **UO:** Integrative Science Complex Phase II (C = \$65M*); Riverfront Research Park Multi-Tenant Building (C = \$19.2M); Riverfront Research Park Building Purchase (C = \$14.3M); Fenton Hall (DF/SM = \$8.07M); Hayward Field (R = \$5M*); Gilbert/Peterson Hall Phase III (R/DM/SM) = \$6M); Classroom and Laboratory Upgrades (\$5M); Food Service Upgrade (\$1M); Oregon State Museum of Anthropology (C = \$3.5M); New Student Housing (C = authorized, not funded)
 - **WOU:** Business/Math/Computer Science Facility (R = \$5M*); Humanities and Social Sciences (DM/SM = \$4.1M); New Student Residence (C = \$11.2M)
 - **Systemwide:** Capital Renewal, Code and Safety Upgrades (\$83.1M); Project Reserves (\$3.7M)

**Denotes a project that requires a match*

Research and Other Investments

- A \$200,000 investment in the **Institute for Natural Resources** at OSU to provide research and policy support to state agencies and other organizations on a variety of natural resource issues, including environmental protection and watershed conservation.
- The Oregon **Climate Change Research Institute** at OSU received \$180,000 to facilitate research, serve as a climate change information clearinghouse, provide technical assistance, and assess the state of climate change science as it relates to impacts on Oregon.

- Investment in emerging industry clusters through the **Oregon Innovation Council** (OregonInc) will be supported by OUS faculty and research institutes; this funding is in the **Oregon Economic and Community Development Department**:
 - \$9 million for the **Oregon Nanoscience and Microtechnologies Institute** (ONAMI) to support development of licensable technologies, patents, spin-off companies and job creation (previously in the OUS budget)
 - \$5.2 million for the **Oregon Translational Research and Drug Development Institute** (ORTRADI), a signature research center in support of drug development in the area of infectious diseases.
 - \$2.5 million for the **BioEconomy and Sustainable Technologies Institute** (BEST), a signature research center that will support research seed funding for biofuels/bioproducts research, to leverage external funding and supplemental research support.
 - \$2.8 million for the **Manufacturing Competitiveness Initiative** for collaborative public-private projects for value-added manufacturing processes to increase competitiveness; includes 3 faculty members.
 - \$4.2 million for **Ocean Wave Energy** for production incentives, development of a commercial scale wave park, and research and development, including staff, consulting and equipment.
 - \$3.4 million for **Food Processing Innovation and Productivity Center**, for research, development and training, including staff, consulting and equipment.

- The **Data System Project** was funded at **\$1.4 million** (of which \$600,000 was a carryover from '05-07), to help ease high school to 2-year to 4-year college transfer movement for students. Funding for this project is also included in the K-12 and community college budgets.

