

V. Targeted Programs

OVERVIEW

Under the OUS Resource Allocation Model (RAM), state General Fund support is provided through two mechanisms: on a *per-student FTE basis* that is funded through the cells, and on a *targeted program basis*.

Targeted Programs are mission based rather than enrollment driven and make up about 30% of state funding. Funding for targeted programs support two major mission functions: research and public service. Key targeted programs include campus public service programs, land grant activities, state-supported research centers, engineering program support, Chancellor's Office and Central Services, systemwide expenses, capital construction, and debt service.

DISTRIBUTION GUIDELINES RELATED TO STATE GENERAL FUND FOR TARGETED PROGRAMS

Targeted program funds are determined and distributed in accordance with a variety of approaches:

- a) Amounts distributed to institutions on the basis of 2002-03 actual enrollment within certain programs supported by the Board such as the Western Undergraduate Exchange (WUE), collaborative nursing programs, and engineering;
- b) Amounts distributed to campuses to provide additional funding support for campus missions of research and public service;
- c) Amounts distributed to campuses with small enrollment bases to assist the institutions in underwriting core operational and management support requirements. Targeted programs for this purpose includes Statewide Access funding for OIT, Regional Access funding for EOU, OIT, SOU and WOU and finally, the Small School Support Adjustment for EOU, OIT, SOU and WOU.
- d) Amounts designed to supplement or fully support a specific program or entity. Designated amounts may be distributed to campuses or may be held in reserve for future payments to vendors or reimbursements to campuses **or** for future distribution to campuses in accordance with an agreed-upon budget plan. Examples:
 - o Designated amounts for Statewide Public Services including Agricultural Experiment Station, Extension Service, and the Forest Research Laboratory;
 - o Designated amounts for Chancellor's Office operations and for the Oregon College of Engineering and Computer Sciences (OCECS).
 - o Systemwide Expenses--some amounts (such as for WICHE dues, state audit assessments and DOJ legal expenses) are held by the Chancellor's Office; other amounts (such as for the Oregon Joint Schools of Professional Business and Endowment Match programs) are allocated directly to participating campuses. Amounts designated for such programs as Services to Students with Disabilities and Faculty Diversity are held for distribution to campuses pending an approved plan.

Description of Targeted Programs for 2003-04 (Education & General Program):

The targeted programs for 2003-04 are described below according to a) the program's relationship to the Board's four goals of providing access, affordability, quality, and employability; b) the amount of state funds; and c) the funding distribution method. None of the Targeted Programs are subject to the Settle-Down process in 2003-05.

WUE Program Support (supports Board's Affordability goal)

The Western Undergraduate Exchange (WUE) Support program allows nonresident undergraduate students from participating states to enroll in selected OUS programs at tuition rates that are 150 percent of resident undergraduate rates (still substantially below that of nonresident undergraduate tuition rates). The enrollment-driven portion of the budget model does not provide state General Fund support for WUE students. This targeted program was reduced by \$270,000 by the 2003 Legislature. It is anticipated that this program will be eliminated in 2005-2007. The distribution of funds below is based on actual 2002-03 student FTE.

Fee Remission Equity (supports Board's affordability goal)

Under the former budget allocation model (the BAS Model), tuition was pooled with state General Fund, and the Board's Office held a portion centrally for fee remission allocations to campuses each year. Now, each campus retains its tuition income and must accommodate all amounts associated with fee remissions. Additionally, all institutions maintain fee remission programs at a minimum of those levels previously approved by the Board.

These funds are intended as a *transition strategy*. Therefore, this is a policy issue that must be reviewed by the Board each year in conjunction with its review and approval of the institution fee schedules as contained in the Fee Book. For, 2003-05, the allocations are brought forward at the same levels as the previous biennium.

OSU Cascades Campus (supports Board's access goals)

In February 2001, the State Board of Higher Education approved the selection of Oregon State University to manage a new branch campus in Bend, Oregon, in close collaboration with other OUS partner institutions and other private universities offering programs in that region. For 2001-2003, the Governor recommended and the Legislature appropriated \$7.2 million in state General Fund to support the new branch campus. Funding was reduced in 2002-03 and brought forward to 2003-05 at the reduced level of \$6,734,134.

Building Maintenance - Statewide Public Service Facilities at OSU (supports Board's public service mission) Provides an amount for Oregon State University to operate and maintain statewide public services facilities (related to AES, ES and FRL) on its Corvallis campus. The final 2001-03 amount of \$4,200,734 was reduced by \$300,000 by the Legislature for 2003-05.

COLLABORATIVE PROGRAMS (supports Board's access and affordability goals)

Collaborative OUS Nursing Programs

Generally provides support to receiving OUS campuses when another OUS institution sends students to the receiving campus. This support is awarded when the sending campus retains all tuition revenue and ultimately awards credit. Funding has been eliminated by the Legislature for all collaborative programs except nursing programs.

For the 2003-05 biennium, funds for collaborative nursing programs are distributed based on

2002-03 nursing FTE. The amount of \$127,286 allocated in 2001-03 was reduced by \$15,377 by the Legislature in 2003.

RESEARCH (supports Board's employability and quality goals)

Sponsored Research (excluding indirect cost recovery)

Provides support for research as an incentive to institutions to attract additional sponsored research to the campuses. Support levels were originally calculated on the basis of four percent of selected base sponsored research levels plus a biennial inflation component. Funding for 2003-05 was brought forward at the final 2001-03 level and reduced by \$328,533 by the Legislature. Reductions for 2003-05 were pro-rated across the institutions.

Additional Research Support

Provides additional research support to the institutions based on a percent of base instructional faculty salaries. For 2001-2003, a biennial inflation amount was applied to 1999-2001 allocations. Funding was originally calculated at three percent of faculty salaries for OSU, PSU, and UO; and two percent of faculty salaries for EOU, OIT, SOU, and WOU respectively. Funding for 2003-05 was brought forward at the final 2001-03 level and reduced by \$181,467 by the Legislature. Reductions for 2003-05 were pro-rated across the institutions.

PUBLIC SERVICE (supports Board's public service mission)

Campus Public Service Programs

Provides funding for institutional public service operations (e.g., PSU's Center for Population Research, OSU's Veterinary Diagnostic Lab, EOU's and SOU's Regional Service Institutes). Support levels for 2003-05 are based on 2001-03 final distributions reduced by \$290,000 by the Legislature. Reductions for 2003-05 were pro-rated across the institutions.

Statewide Public Service - OSU

Provides funding for OSU's three statewide public service programs, including the Extension Service, Agricultural Experiment Station, and Forest Research Laboratory. The total appropriation of \$91,515,041 for 2001-03 was reduced by \$1,214,597 by the Legislature for 2003-05. Funds for each of these programs is appropriated separately by the Legislature. See *Section VII. Statewide Public Service Programs* for more information.

CENTRAL SERVICES (supports Board's goals of quality, affordability, & employability)

Chancellor's Office Operations

Provides state General Fund for the basic operations of the Chancellor's Office. The funding is based on the final 2001-03 allocation, with Legislative reductions for administration and vacancy savings.

Chancellor's Office Reorganization

In 2004-05, General Funds of \$3,293,707 are shifted from the Chancellor's Office to OSU to support the transfer of Information Technology Services, PSU for the OCATE transfer, and EOU for the Southwestern Oregon University Center.

Tuition Mitigation

General Funds of \$1,995,000 in savings from the Chancellor's Office reorganization are allocated to campuses in 2004-05 to support the Board's \$2.4 million tuition mitigation plan.

OUS Systemwide Expenses and Programs

Provides for systemwide expenses administered by the Chancellor's Office on behalf of all the OUS institutions. Some amounts are to be allocated during the fiscal year.

- Certificates of Participation (COP's) – Covers debt service payments for COP's issued by the Chancellor's Office. Funding was reduced by \$1,585,400 from 2001-03 level.
- Department of Justice – Funds for costs of legal services provided by the Department of Justice. Costs that exceed funding will be paid by the applicable institution. The 2001-03 amount was reduced by \$280,928.
- Endowment Match – The program was established in 1989 to provide state matching funds to encourage endowment gifts. The 2001-03 funding level was reduced by \$250,005 and reductions were pro-rated across eligible institutions.
- Faculty Diversity – The 2001-03 amount of \$697,000 was carried forward and held in a central pool to be allocated during the biennium. Institutions apply annually to the Office of Academic Affairs in the Chancellor's Office for these funds.
- ORBIS – Funds are provided to pay for access to online library services. The 2001-03 funding level and allocations were carried forward to 2003-05.
- Oregon Joint Schools of Professional Business – Funds to provides support for business education were reduced by \$83,000 with the reductions pro-rated to eligible institutions.
- OWEN – Funds for the Oregon Wide-area Education Network were reduced by \$50,000 from the 2001-03 level.
- Services to Students with Disabilities – Funding continued at the 2001-03 level. Institutions apply for these funds to the Office of Academic Affairs in the Chancellor's Office and are reimbursed a percentage of actual expenditures.
- Southwestern Oregon University Center – Funding continued at the 2001-03 level. Transferred to EOU in 2004-05 due to Chancellor's Office reorganization.
- Statewide Assessments – Funding increased by \$204,598 to reflect additional costs.
- WICHE Dues – Covers OUS dues to the Western Interstate Commission for Higher Education, which increased by \$6,000 over 2001-03.
- WICHE/PSEP - Provides funds for the WICHE Professional Student Exchange Program, which is phasing out this biennium with a reduction of \$495,224.

RAM Board Reserve

No reserve is available for 2003-05.

Performance Funding

No funding is available for 2003-05.

Performance funding was instituted to promote statewide efforts to refine priorities, strengthen quality and improve the productivity of the System and its campuses. Performance measures and indicators have been established for OUS to reach its goals of

access, quality, cost effectiveness and employability as stipulated in Oregon Campuses eligible for awards must demonstrate performance on five shared indicators and two mission-specific indicators.

SMALL SCHOOL FUNDING SUPPORT (supports Board's access goal)

Three targeted programs contribute to the support of campuses with small enrollment bases to assist these institutions in underwriting core operational and management support requirements: 1) Statewide Access, 2) Small School Support Adjustment; and 3) Regional Access Funds.

- 1) **Statewide Access** - Provides additional state support in recognition of the technology education mission of OIT. The 2001-03 amount of \$1,710,000 was carried forward to 2003-05.
- 2) **Small School Support Adjustment** - For campuses with less than 7,500 FTE, the initial 2001-3 RAM allocation provided state support per FTE for all FTE below 7,500 FTE. The 2001-03 amount of \$20,000,200 was carried forward and distributed based on 2002-03 FTE. This funding is not subject to settle-down in 2003-05.
- 3) **Regional Access Funds** - Provides core program support for regional institutions with small enrollment bases to ensure *geographic access* to public higher education by all Oregonians. The 2001-03 funding and allocation was carried forward at \$3,040,000.

ENGINEERING (supports Board's employability and access goals)

Several components of the Resource Allocation Model are directed to support engineering and computer science programs in the Oregon University System. In addition to cell funding that directly supports student enrollment in engineering programs, the following targeted programs enhance engineering funding:

1. Operations of the Oregon College of Engineering and Computer Science;
2. The Oregon Joint Graduate Schools of Engineering;
3. Engineering education through the Oregon Engineering Education Investment Fund;
4. Direct investment to support Top Tier Engineering Schools in Oregon;
5. Targeted supplemental funding of cell values for Engineering Technology Undergraduates; and
6. Targeted supplemental funding of cell values for Engineering Graduates.

OCECS Operations

Provides state General Fund for the basic operations of the Oregon College of Engineering and Computer Sciences. The 2001-2003 level was reduced by \$790,398, including Legislative reductions for vacancy savings and administration.

OJGSE

The Oregon Joint Graduate Schools of Engineering (OJGSE) program is administered by OCECS. The 2001-2003 level was reduced by \$59,318 in Legislative reductions for vacancy savings and administration.

Oregon Engineering Education Investment Fund (EEIF)

Funding for EEIF and Top Tier Engineering Schools has been combined for 2003-05 and allocations will be recommended by the Oregon Engineering and Technology

Industry Council (ETIC) and approved by the Board of Higher Education. The combined funds were reduced by \$900,000 by the Legislature.

Engineering Technology Undergraduates

Provides targeted funding supplemental to cell funding per student FTE for this specialty high demand discipline due to its extraordinary program costs. Program funding continued at the 2001-03 level of \$4,240,968 and is allocated to OIT.

Engineering Graduates

Provides targeted funding supplemental to cell funding per student FTE for this specialty high demand discipline due to its extraordinary program costs. Program funding and allocations continued at the 2001-03 level of \$3,356,357.

NEW FUNDING

OCKED

The 2003 Legislature allocated \$100,000 for the administration of the Oregon Council for Knowledge and Economic Development, comprised of 15 members appointed by the Governor and confirmed by the Oregon State Senate. Its mission is to promote knowledge-based economic development, foster collaboration among leadership of public and private institutions of higher education, economic development, and the private sector.

Signature Research Centers

The 2003 Legislature re-allocated \$1,000,000 in OUS funding to support the development of Signature Research Centers for Multi-scale Materials and Devices to OSU, UO, and PSU, using nanotechnology to develop products with commercial applications.

Veterinary Medicine Program Phase-in

The 2001 Legislature established funding for a Veterinary Medicine School at OSU and also authorized phase-in funding in 2003-05 of \$6,400,000 for operations.

DEBT SERVICE XI-G BONDS

The Legislature has been granted authority by the Oregon Constitution to authorize, on behalf of the State University System the issuance of general obligation bonds (Article XI-G bonds) for the construction, equipping, rehabilitation, remodeling and repair of facilities that are of a general classroom and/or laboratory nature. A dedicated state General Fund amount is appropriated each biennium for payment of Article IX-G debt service on OUS capital construction projects. For the 2003-2005 biennium, a total of \$26,406,270 is appropriated.

CAPITAL CONSTRUCTION

The state General Fund amount of \$11,519,853 included in the RAM provides the Education and General program with state support for repair and renovation projects on campuses via Article XI-G Bonds. A complete listing of all capital projects related to a variety of funding sources approved by the 2003 Legislative Assembly is available in the Capital Projects section of this manual.

Funding for the following programs has been eliminated by the Legislature:

Nonresident Master's Students, Internships, Patient Prescription Drug Program (SB 9), Community College Partnerships, Collaborative OUS Academic Programs, OHSU Education Assistance.