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GOVERNOR’S BUDGET

The Governor’s Budget for the Higher Education Coordinating Commission (HECC) is $1,927.9 million total funds, a two percent reduction from the 2013-15 Legislatively Approved Budget (LAB) for the combined budgets of the programs and funding streams being consolidated within HECC. The reduction is due to elimination of one-time capital construction funding. General Funds and Lottery Funds total $1.7 billion, an 18.2 percent increase from the consolidated 2013-15 budgets. Key elements of the 2015-17 Governor’s Budget are:

- As part of the Oregon Education Investment Board’s Pathways to High School and Secondary Completion strategy, the budget includes significant investments in programs to make post-secondary education more affordable. The first of these is an expansion and redesign of the Oregon Opportunity Grant, the state’s need based financial aid program. Total funds for Opportunity Grants is $143.3 million, a 25.8 percent increase from the 2013-15 LAB. HECC is proposing legislation to replace the Shared Responsibility Model with one that aligns eligibility with federal Pell Grants, increases award amounts, and prioritizes grants to students with the greatest financial need. Administratively, HECC plans to replace the current first-come first-served policy with a rolling application process that will allow awards to be made year-round. Students who meet specified academic benchmarks in their first year of attendance will be guaranteed an award in their second year.

- The second part of the Governor’s post-secondary affordability initiative is continuation of the tuition buy-down approved in the 2013 Special Legislative Session. The $71.1 million General Fund included in the Community College Support Fund and the Public University Support Fund will eliminate the need for the institutions to “catch-up” with tuition increases that were not imposed in 2013-15.

- HECC’s other major initiative in the High School and Post-Secondary Completion Pathway strategy is an increased focus on post-secondary completion. The initiative includes increased funding for community colleges and universities, redesign of the formulas that distribute those funds among the institutions, and an expansion of student support and outreach efforts.
  - The Community College Support Fund is increased to $500 million General Fund, including the tuition-buy down allocation, 7.1 percent larger than the 2013-15 LAB. Measured both in dollars and dollars per full-time student, this is the largest state investment in college operations since the 2007-09 Legislatively Approved Budget.
  - The Public University Support Fund is increased to $593.7 million General Fund, including the tuition-buy down, 14.1 percent above the 2013-15 LAB. Including the separate $35 million General Fund appropriation for Public University State Programs (that was combined with the Support Fund until the 2011-13 biennium), funding for institutions is greater than it has been, based on dollars and dollars per full-time equivalent, since the 2009-11 biennium.
  - In addition to increasing funds for university and community college support, HECC is developing new formulas for the distribution of state support to the institutions. The current models, which are based on enrollment, are not aligned to access and completion outcomes that are necessary to achieve the state’s 40/40/20 goal. The new models will
shift the basis of funding from enrollments to completion, with extra weight for under-represented students and high-cost, high-demand degrees.

- Expanding access to post-secondary education and increasing degree and certificate completion also requires providing support to students before and after they enter college. The Governor’s Budget continues current levels of support for the ASPIRE program and uses federal College Access Challenge Grant funds to expand ASPIRE and other student outreach activities during the second year of the biennium.

- The Governor’s Budget includes $322.5 million in general obligation bonds for 14 capital projects at the seven public universities. This includes $275.4 million in bonds that will be repaid with General Fund. Projects include increased funding for capital renewal, renovation of Neuberger Hall at Portland State University, the initial phase of an expansion of the Oregon State University Marine Studies Campus in Newport, construction of a Learning and Innovation Hub for the University of Oregon School of Architecture and Applied Arts, and others. Debt service for these projects will not be incurred until the 2017-19 biennium. No community college capital projects are recommended.

- The General Fund and Lottery Funds cost of debt service on previously approved projects for the public universities, community colleges, and the Oregon Health and Science University (OHSU) is $216.8 million in 2015-17, a 53.5 percent increase from 2013-15. In order to achieve the 40/40/20 goal, institutions will need increased capacity, both physical and virtual, to serve students. The growth in debt costs, which totaled $38 million General Fund and Lottery Funds in the 2005-07 biennium, places increasing constraint on the state’s ability to fund institutional operations and student financial aid.

- The Governor’s Budget includes a $31.9 million General Fund workforce investment package, intended to: help individuals acquire the skills needed to find and retain high-wage, high demand jobs; ensure that employers have access to the skilled workforce necessary to remain competitive and contribute to local prosperity; and align the state workforce system, provide integrated services, and make effective and efficient use of public resources. The workforce initiative includes:
  - $10.9 million in previously approved funds, repurposed to support local workforce boards and enhance Back to Work Oregon, National Career Readiness Certificates, and on-the-job training programs.
  - $6 million to fund an Oregon Employer Workforce Training program that will fund community projects to address employee training, retention, and advancement.
  - $15 million for a Youth Employment program that provides work opportunities to Oregonians between 16 and 24 years of age, who are experiencing particularly high levels of unemployment. The funds will be used by Local Workforce Investment Boards and the Oregon Youth Conservation Corps for paid summer and school year work experience programs.
  - Funding for these programs is generated by a transfer of Employment Department Supplemental Employment Department Administration Fund (SEDAF) revenues to the General Fund.

- A Community Leverage Fund is established with $25 million General Fund to support local innovation, collective impact, and responses to regional needs that will leverage resources
and create solutions that address multiple-outcome areas. An additional $1.6 million General Fund is used to create a six position Community Innovation Center to serve as the backbone organization accountable for promoting innovation and cross-sector collaboration in local communities and statewide.

- The consolidation of HECC, Community Colleges and Workforce Development, and Oregon Student Access and Completion (OSAC) and the transfer of responsibility for distributing state support to the public universities and OHSU, requires blending budget and accounting structures, information technology systems and databases, human resource policies and practices, corporate cultures, and personal skills and abilities. The Governor’s Budget adds positions for information technology, human resources, and fiscal services, offset by reductions in contracts for services from the Department of Administrative Services. The budget also includes funds to establish a research and data team, realign funding for community college staff to meet current responsibilities, and upgrade OSAC’s Student Financial Aid Management System.

**REVENUE SUMMARY**

Approximately 87 percent of the HECC budget is funded with General Fund. This includes all or most of the cost of agency operations, support for community colleges and public universities, the Opportunity Grant program, workforce and community initiatives, and debt service.

Lottery Funds, which make up about three percent of HECC’s budget, pay for debt service and Opportunity Grants. The recommended budget transfers the one percent of net Lottery Funds proceeds that are statutorily dedicated to the Sports Lottery Account to the Opportunity Grant program, to support access and affordability.

The Governor’s Budget includes the transfer of $37.9 million in Employment Department Supplemental Employment Department Administration Fund (SEDAF) revenues to the General Fund to support part of HECC’s budget. Programs supported by the SEDAF transfer include $10.9 million in previously approved workforce programs, new Youth Employment Program and Incumbent Worker Training programs, and a portion of the funding for the new Community Leverage Fund. The expenditures in HECC’s budget are recorded as General Fund, offset by the transfer of SEDAF revenues to the General Fund.

HECC receives a variety of federal grant funds that transfer with Community Colleges and Workforce Development (CCWD). The Workforce Investment Act provides the largest source of funds through: Title IB that supports youth, adult, and dislocated worker training programs through the state’s One Stop Centers; Title II that funds adult basic education programs; and National Emergency Grants that offer training and reemployment services to workers in areas facing large layoffs. Other federal grant programs include Perkins Grants for career and technical education transferred from the Oregon Department of Education, Bureau of Land Management grants for youth employment opportunities through the Oregon Youth Conservation Corps, and the Veterans’ Education program operated by the Private Career Schools program under contract with the U.S. Veterans’ Administration.

The Degree Authorization (DA), Private Careers Schools (PCS), and General Education Development (GED) programs are authorized to charge fees to authorize post-secondary institutions, license private career schools, and administer GED testing. GED fees were increased administratively in May 2013 and ratified by the Legislature in the 2013 Session. Costs of administering the DA and PCS programs exceed
available revenues and HECC has established new fees and increased existing ones administratively during the 2013-15 biennium. The agency is proposing legislation to expand its authority to charge for licensing, authorization, and reviews. The budget includes about $1.5 million in new revenues from these fee increases.

The Office of Student Access and Completion (OSAC) administers nearly 500 different public and private scholarships, providing $14.5 million in financial aid support. Administrative fees are charged to donors and granting agencies to cover the cost of operating the programs. Increasing costs and declining revenues have created a shortfall in administrative revenues that is partially restored with General Fund in the Governor’s Budget.

Most of the Other Funds revenues supporting the Oregon Youth Conservation Corps come from the Amusement Device Tax on video lottery terminals. OYCC also receives grants from the Oregon Marine Board and other agencies.

Capital projects for the universities and community colleges are generally funded with proceeds from the sale of general obligation and lottery-backed bonds. While not recorded in HECC’s budget, 14 public university projects are included in the bond bill, funded with $322.5 million in the sale of general obligation bonds. No projects are recommended for community colleges.

Debt service on bonds sold in 2001 and 2002 to support OHSU’s Opportunity Program are paid with Master Tobacco Settlement funds. The bonds will be paid off in 2023.

**AGENCY PROGRAMS**

**HECC Operations**

The HECC Operations program includes the commission, agency management, and staff units dedicated to university budget and finance, academic missions and programs, and legislative and public affairs. The program is entirely supported with General Fund. It is included in the Education Outcome Area within the 10-Year Plan for Oregon.

Included in the Governor’s Budget is the establishment of a data and research unit and three additional administrative positions to manage the expanded agency following the merger with Community Colleges and Workforce Development and Oregon Student Access and Completion. The new administrative positions are partially funded by reductions in contracts with the Department of Administrative Services for fiscal and human resource services.

**Degree Authorization and Private Career Schools**

The Degree Authorization (DA) program approves requests by Oregon private institutions, non-Oregon colleges, and other educational organizations to offer degrees entitled to academic credit in the state. The Private Career School (PCS) program licenses career schools, approves their programs, and investigates complaints regarding these schools. The Tuition Protection Fund assesses schools under PCS jurisdiction to offer partial reimbursement to students who attended private career schools and had funds or services due to them after the school went out of business. The Private Career School Program also has a contract with the U.S. Department of Veterans’ Affairs for specific programs for veterans. Both programs rely on fees charged to the institutions they license. This program unit is included in the Education Outcome Area.
The Governor’s Budget is $2.5 million total funds and 11 positions. Total funds are slightly increased from the 2013-15 Legislatively Approved Budget. Positions are reduced by 8.3 percent. The Governor’s Budget includes new and increased fees to support both Degree Authorization and Private Career Schools programs; legislation to make necessary statutory changes and ratify 2013-15 administrative fee actions will accompany the budget. The increased revenue will be used to replace a limited duration position that was funded in the 2013-15 budget with General Fund and for upward reclassification of three existing positions.

**CCWD Office Operations**

This unit provides coordination, accountability, and technical assistance to Oregon’s community colleges and local workforce investment programs on issues such as access to postsecondary instruction, education reform, college transfer, professional technical education, lifelong learning, and service to business, workforce training, accountability, funding, and diversity. The administration of the Workforce Investment Act programs is contained in this unit. The federal resources distributed to local providers is included in a separate program unit. This program is included in the Education Outcome Area.

Federal Funds are received from the U.S. Department of Labor for Workforce Investment Act Title IB programs and the Title II Adult Basic Education programs. Other Funds include federal Carl Perkins Technical and Applied Technology Act Funds transferred from the Department of Education.

The Governor’s Budget is $20.9 million General Fund, $37.7 million total funds, and 55 positions. General Fund is increased by 48.6 percent from the 2013-15 Legislatively approved budget while total funds are increased by 19.8 percent. Positions are unchanged from the Legislatively Approved Budget. The budget includes $6.0 million General Fund and two positions to assist Local Workforce Investment Boards with projects addressing incumbent employee training, retention, and advancement in targeted industry sectors throughout the state. In addition, existing workforce programs totaling $10.9 million are restructured, as follows:

- Funds for the Work Ready Communities program, which includes National Career Readiness Certificates (NCRC), are increased from $750,000 to $1.0 million.
- Support for local workforce investment boards to lead local sector strategies and other efforts to increase community and industry competitiveness is funded at $2.5 million.
- Technical assistance for local workforce areas is funded at $1.5 million.
• An allocation of $400,000 is provided for identification and dissemination of best practices among local workforce investment boards.

• Funding for Back to Work Oregon on-the-job training and NCRC programs included in the 2011-13 and 2013-15 budgets is reduced from $6.2 million to $5.0 million.

• A separate allocation of $1.5 million for the NCRC program is eliminated, as is $1.5 million for the Supporting Sector Strategies program.

The Incumbent Worker initiative and the restructured base workforce programs are funded with a transfer of Employment Department Supplemental Employment Department Administration Fund (SEDAF) to the General Fund.

**State Support to Community Colleges**

This unit contains the state funding to support general community college operations throughout the state. Other Funds and Federal Funds supporting the colleges are included in a separate program unit. General Fund constitutes the overwhelming majority of revenues in this program unit. A small amount of timber tax revenue is received by the agency and transferred to the colleges. The program unit is included in the Education Outcome Area.

The Governor’s Budget for the Community College Support Fund (CCSF) is $500 million General Fund and $45,810 Other Funds. The total funds budget is 7.1 percent more than the 2013-15Legislatively Approved Budget. The budget includes $30 million General Fund to continue the tuition-buy down approved in the 2013 Special Legislative Session; these funds do not limit new tuition increases for cost growth since 2013-15, but do eliminate a need for “catch-up” increases. One-time funds for skill centers, community care worker training, and a pilot program to increase support for underserved populations are eliminated. HECC is developing a new allocation model for distribution of the CCSF, to be implemented in the 2015-17 biennium, which will emphasize completion rather than enrollment, to measure progress towards the state’s 40/40/20 goal.

**CCWD Federal/Other Programs**

This unit contains Other Funds and Federal Funds distributed to community colleges, local workforce service areas, and other local providers. The program is included in the Economy and Jobs Outcome Area.

Federal Funds are received from the U.S. Department of Labor for Workforce Investment Act Title IB and Title II Adult Basic Education programs. Federal National Emergency Grants are received periodically for large layoffs or other employment disruptions budgeted as Nonlimited. Other Funds include federal Carl Perkins Technical and Applied Technology Act Funds transferred from the Department of Education. The budget is $115.3 total funds, increased by 2.5 percent from the 2013-15Legislatively Approved Budget.

**Oregon Youth Conservation Corps**

The Oregon Youth Conservation Corps (OYCC) was established in 1987 for the purpose of providing education, training, and employment opportunities for disadvantaged and at-risk youth ages 16 to 25. OYCC's goals are to improve work skills, instill work ethic, and increase employability. Jobs are created through partnerships with public natural resource agencies. The program is included in the Education
Outcome Area. Amusement device taxes, federal Workforce Investment Act Funds, public and private grants, and agreements with state and federal natural resource agencies support OYCC programs.

The Governor’s Budget includes $15 million General Fund, $18.7 million total funds and seven positions. The total funds budget is increased by 414 percent over the 2011-13 Legislatively Approved Budget (LAB). Positions are increased by 133.3 percent over LAB. No General Fund was included in the 2013-15 budget for OYCC. The increased budget is the result of a new Youth Employment initiative that will restore and expand funds for conservation corps programs in all 36 counties, fund additional youth employment opportunities offered through Local Workforce Investment Boards focusing on development of college and career ready skills, and establish a Registered Youth Apprenticeship Program leading to both journey level certificates and associate’s degrees. The Youth Employment initiative is funded with a transfer of Employment Department Supplemental Employment Department Administration Fund to the General Fund.

**CCWD Debt Service**

Debt service on Article XI-G general obligation bonds and lottery-backed bonds sold for community college projects are budgeted in this program unit. The debt service on Article XI-G bonds is paid with General Fund. Lottery Funds pay the debt service on lottery-backed bonds. This budget is included in the Education Outcome Area.

The Governor’s Budget is $27 million General Fund and $10.7 million Lottery Funds. The total funds budget is 42.3 percent greater than the 2013-15 Legislatively Approved Budget. General Fund debt service was reduced by $9.6 million for approved Article XI-G bond projects for which the bonds have not yet been sold, due to the likelihood that a number of colleges will not be able to acquire the constitutionally required 50 percent match prior to the end of the 2015-17 biennium.

**Public University Support Fund**

This program includes state funding provided to the seven public universities that had been part of the Oregon University System for instruction, research, public services, and operation of the institutions. It includes funds that have been distributed to the universities based on enrollment and those targeted programs that were directed towards institutional and student support. Funding for statewide economic development and other needs have been shifted to the Public University State Programs (PUSF) unit. State support is entirely funded with General Fund. The unit is included in the Education Outcome Area.

The Governor’s Budget is $593.7 million General Fund, increased by 14.1 percent from the 2013-15 Legislatively Approved Budget. The budget includes $41.1 million General Fund to continue the tuition-buy down approved in the 2013 Special Legislative Session; these funds do not limit new tuition increases for cost growth since 2013-15, but do eliminate a need for “catch-up” increases. One-time appropriations for bridge funding for Eastern Oregon University and Southern Oregon University and for negotiated compensation increases at all seven universities are eliminated. A reduction in Chancellor’s Office funding directed by House Bill 5008 (2013) is also included in the budget. HECC will develop a new allocation model for distribution of the PUSF, for implementation in the 2015-17 biennium, which will emphasize completion rather than enrollment, to measure progress towards the state’s 40/40/20 goal.
Agricultural Experiment Station

The Agricultural Experiment Station conducts research and demonstrations in the agricultural, biological, social, and environmental sciences. Research is conducted at a central station at Corvallis and at 11 branch stations in major crop and climate areas of the state. State support is entirely funded with General Fund. The unit is included in the Economy and Jobs Outcome Area. The Governor’s Budget is $57 million General Fund, increased by 3.3 percent from the 2013-15 Legislatively Approved Budget.

Extension Service

The Extension Service is the educational outreach arm of Oregon State University. Extension faculty on campus and in county offices throughout the state work with researchers and volunteers to develop and deliver non-credit educational programs based on locally identified needs. State support is entirely funded with General Fund. The unit is included in the Education Outcome Area. The Governor’s Budget is $41.2 million General Fund, increased by 3.3 percent from the 2013-15 Legislatively Approved Budget.

Forest Research Laboratory

The OSU Forest Research Laboratory conducts research on sustainable forest yields, use of forest products, and stewardship of Oregon’s resources. This research is conducted in laboratories and forests administered by the University, cooperative agencies and industries throughout the state. Research results are made available to potential users through educational programs and publications directed to forest landowners and managers, manufacturers and users of forest products, leaders of government and industry, the scientific community, the conservation community, and the general public. State support is entirely funded with General Fund. The unit is included in the Economy and Jobs Area. The Governor’s Budget is $6.3 million General Fund, increased by 3.3 percent from the 2013-15 Legislatively Approved Budget.

Public University State Programs

This program unit includes public university programs dealing with economic development, natural resources, or other statewide priorities. They include: the University of Oregon (UO) and Portland State University (PSU) Dispute Resolution programs; PSU Oregon Solutions program; UO, OSU, and PSU Signature Research Centers; the Oregon Metals Initiative; UO Labor Education Research Center (LERC); PSU Population Research Center; OSU Natural Resources Institute; Clinical Legal Education; OSU Climate Change Research Institute; OSU Oceangoing Research Vessel Program; and the OUS fermentation science program. The Engineering and Technology Industry Council (ETIC) and Industry Partnerships programs were transferred from the Oregon University System to the Oregon Education Investment Board (OEIB) by House Bill 4020 (2014); a portion of the funding is shifted to HECC in the Governor’s Budget. State support is entirely funded with General Fund. The unit is included in the Education Outcome Area.

The Governor’s Budget is $35 million General Fund, increased by 37.4 percent from the 2013-15 Legislatively Approved Budget (LAB). The budget includes 80 percent of ETIC and Industry Partnerships funding that was transferred to OEIB as a result of House Bill 4020; the funds are subsequently shifted to HECC for distribution to the universities while the remainder stays at OEIB to
support science, technology, engineering, and mathematics (STEM) programs. The large increase from the 2013-15 LAB is an artifact of the 2014 ETIC transfer. These programs are increased by three percent from the prior biennium, including the 80 percent of ETIC funds transferred from OEIB. Specific allocation are as follows:

- **Engineering and Technology Industry Council**: $24,451,274
- **Dispute Resolution (UO & PSU)**: 2,516,149
- **Oregon Solutions (PSU)**: 2,257,451
- **Signature Research Centers (OSU, PSU, UO)**: 1,040,577
- **Oregon Metals Initiative**: 749,065
- **Labor Education Research Center (LERC-UO)**: 678,544
- **Population Research Center (PSU)**: 435,313
- **Institute for Natural Resources (OSU)**: 399,103
- **Clinical Legal Education (UO & L&C)**: 348,696
- **Oregon Climate Change Research Institute (OSU)**: 312,837
- **Oceangoing Research Vessel (OSU)**: 619,800
- **Fermentation Science (OSU)**: 1,239,600

**Total**: $35,048,409

### Public University Debt Service

This program includes the cost of debt service on public university capital construction and information systems projects financed with bonds and Certificates of Participation. Debt service on Article XI-G bonds is paid with General Fund; lottery-backed bonds debt service is paid with Lottery Funds. Payment of debt service on Article XI-Q bonds, SELP loans, and Certificates of Participation is split between General Fund and campus funds, depending on how each project was authorized. All debt service on Article XI-F (1) bonds is paid with campus funds. As a result of Senate Bill 240 (2011), expenditure of campus funds for debt service or other purposes is not included in the state budget. This program unit is included in the Education Outcome Area.

The Governor’s Budget is $129.4 million General Fund and $32 million Lottery Funds. The total funds budget of $161.4 million is increased by 40.6 percent from the 2013-15 Legislatively Approved Budget. Debt service on new projects recommended for the 2015-17 biennium will not be incurred until 2017-19.

### Sports Action Lottery

The Sports Lottery program is funded with a statutorily dedicated one percent of net lottery proceeds. Eighty-eight percent of the funds, not to exceed $8.0 million annually, is dedicated to intercollegiate athletics and the remaining 12 percent, not to exceed $1.1 million annually, is dedicated to graduate student scholarships, awarded equally on need and academic merit. Should revenues exceed the annual caps, remaining funds are to be transferred to the Oregon Opportunity Grant program.

The recommended budget eliminates Lottery Funds support for the Sports Lottery program and transfers the Lottery Funds to the Oregon Opportunity Grant program for needs-based scholarships for Oregon resident undergraduates.
Oregon Health and Science University

This program unit includes the General Fund appropriation supporting university and hospital operations. Programs financed with state support include the schools of Medicine, Dentistry, and Nursing; the Office of Rural Health, the Area Health Education Centers, the Child Development and Rehabilitation Center (CDRC), and the Oregon Poison Center. All state support provided for OHSU operations comes from the General Fund. The program is included in the Education Outcome Area.

The Governor’s Budget is $72.6 General Fund, unchanged from the 2013-15 Legislatively Approved Budget. This includes $62.4 million for education and rural programs, $7.7 million for the CDRC, and $2.5 million for the Oregon Poison Center. Funding approved in the 2013 Legislative Session for the Scholars for a Healthy Oregon programs is continued but not biennialized.

OHSU Bond Related Costs

This program unit includes General Fund to pay debt service on bonds issued for the OHSU Knight Cancer Institute. It also includes Other Funds for debt service and debt management charges associated with bonds sold in 2001 and 2002 for the Oregon Opportunity Program; these costs are paid with Master Tobacco Settlement Funds. The funds are included in the Education Outcome Area.

The Governor’s Budget is $17.7 million General Fund and $30.9 million Other Funds. Other Funds are reduced by 86.7 percent from the 2013-15 Legislatively Approved Budget (LAB) due to the elimination of one-time expenditure authority for debt refinancing. General Fund debt service on the Knight Cancer Institute bonds was not included in the LAB. No Lottery Funds debt service is included, as the budget proposes to replace lottery-backed bonds approved in the 2014 Legislative Session with Article XI-G bonds. The bonds are anticipated to be sold in Spring 2016.

OSAC Office Operations

This program unit includes all staff transferred from the Office of Student Access and Completion with the exception of those working on the ASPIRE program; ASPIRE is included in a separate program unit below. OSAC Office Operations is responsible for all scholarship and grant administrative functions including budget formulation, fiscal control, personnel administration, and information. In addition to General Fund, this program unit is funded with administrative assessments on scholarships and grants, charges for services, and interest earnings. The program is included in the Education Outcome Area.

The Governor’s Budget is $3.5 million General Fund, $6.2 million total funds, and 24 positions. General Fund is increased by 65.8 percent from the 2013-15 Legislatively Approved Budget (LAB) while total funds are increased by 33.1 percent from LAB. Positions are reduced by 20.0 percent from the LAB. The budget includes funding to restore two scholarship administration positions that would otherwise be eliminated due to revenue shortfalls, $1.0 million General Fund for replacement of the Financial Aid Management Information System (FAMIS), $250,000 for system modifications to accommodate the proposed redesign of the Opportunity Grant program, and elimination of one-time funding for development of a business case for FAMIS replacement. It also includes federal College Access Challenge Grant funds to expand student outreach efforts on a one-time basis for the second year of the biennium.
OSAC Other Programs

The Other Programs unit includes the following programs: Chafee Education and Training Voucher Program, JOBS Plus, Oregon Youth Conservation Corps Scholarships, Barber and Hairdresser Scholarships, and the Oregon Student Child Care Grant program. In addition, OSAC manages nearly 500 private scholarship programs through a common application process. General Fund supports the child care program. Donations and grant funds support all remaining programs. The program unit is included in the Education Outcome Area.

The Governor’s Budget includes $0.9 million General Fund and $15.5 million total funds. General Fund is increased by 3.1 percent from the 2013-15 Legislatively Approved Budget, while total funds is reduced by 14.8 percent. The budget phases out Other Funds expenditure limitation for three discontinued programs: the Nursing Faculty Loan Repayment Program, Teacher Corps, and Gear-Up programs.

Oregon Opportunity Grants

This program unit includes the state’s need-based scholarship program for Oregon undergraduate students. Opportunity Grants are funded with General Fund, dedicated Lottery Funds, and unclaimed education awards under the Jobs Plus program. The program is included in the Education Outcome Area.

The Governor’s Budget includes $128.1 million General Fund, $13.9 million Lottery Funds, and $143.3 million total funds. The total funds budget is a 25.8 percent increase over the 2013-15 Legislatively Approved Budget. HECC is proposing to make major changes in the design of the program, prioritizing the first two years of post-secondary attendance, aligning eligibility criteria with Pell Grant criteria, modifying application deadlines to fit with institutional calendars, and prioritizing students with the highest financial needs, particularly students from traditionally under-represented populations.

ASPIRE

ASPIRE (Access to Student Assistance Programs In Reach of Everyone) helps middle and high school students access education and training beyond high school. Students receive information about college and career options, admission, and financial aid from trained volunteer mentors who work with them one-on-one throughout the year. Beginning with just four pilot schools in 1998, ASPIRE is currently serves 145 sites throughout the state. ASPIRE was established with funds from the federal AmeriCorps program and grants received from the Oregon Community Foundation and the Ford Family Foundation. The program is now funded primarily with General Fund with some grant support when it becomes available. It is included in the Education Outcome Area.

The Governor’s Budget includes $1.7 million General Fund, $2.5 million total funds, and 11 positions. General Fund is increased by 4.6 percent above the 2013-15 Legislatively Approved Budget while total funds are increased by 41.8 percent. Positions are increased by 37.5 percent. This budget level will allow ASPIRE to continue to support the existing 145 sites across the state for the entire biennium and to use federal College Challenge Access Grant funds to expand ASPIRE on a one-time basis for the second year of the biennium.
Construction

Expenditure authority for community college capital projects funded by the state is included in this program unit. These projects have traditionally been funded with proceeds from the sale of Article XI-G general obligation bonds, which require a 50 percent match. Lottery-backed bonds were sold for deferred maintenance projects as part of the 2009 Go Oregon economic stimulus package.

As a result of Senate Bill 242 (2011) which changed the status of the Oregon University System to a public university system, expenditure limitations for Other Funds revenues, including the proceeds of bond sales, are not included in the state budget. University projects are authorized in the bond bill without capital construction expenditure limitations.

The Governor’s Budget includes $322.5 million for 14 projects distributed among all seven public universities. This includes 13 projects, totaling $275.5 million, funded with Article XI-G and Article XI-Q bonds, debt service on which is paid with General Fund. One project is funded with Article XI-F (1) bonds, which are repaid with university funds. The projects, listed below, will be included in the bond bill, but not in the HECC budget. No projects are funded for community colleges.

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<td>OIT - Center for Excellence in Engineering &amp; Technology Pre-Development</td>
<td>3,500,000</td>
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<tr>
<td>OSU - Forest Science Complex</td>
<td>30,000,000</td>
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<tr>
<td>OSU - Marine Studies Campus Phase 1</td>
<td>25,000,000</td>
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<tr>
<td>PSU - Broadway Housing Purchase</td>
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<td>PSU - Neuberger Hall Deferred Maintenance &amp; Renovation</td>
<td>10,000,000</td>
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<tr>
<td>SOU - Britt Hall Renovation</td>
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<td>4,790,000</td>
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<tr>
<td>UO - Chapman Hall Renovation</td>
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<td>UO - College and Careers Building</td>
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<td>UO - Klamath Hall Renovation</td>
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<td>UO - Learning &amp; Innovation Hub - School of Architecture &amp; Allied Arts</td>
<td>26,625,000</td>
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<tr>
<td>WOU - Natural Sciences Building Renovation</td>
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Grand Total                                      | 117,375,000  | 158,095,000  | 53,000,000      | 322,470,000 |
## Oregon University System

<table>
<thead>
<tr>
<th></th>
<th>2011-13 Actuals</th>
<th>2013-15 Leg Approved Budget</th>
<th>2015-17 Governor’s Budget</th>
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<td>General Fund</td>
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<td>Federal Funds</td>
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<tr>
<td>Other Funds (Nonlimited)</td>
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### OVERVIEW

In 1929, the Oregon State Board of Higher Education was established to create an organized structure for governance of the state’s public universities. As a result of Senate Bill 270 (2013), the University of Oregon, Oregon State University, and Portland State University began operation under their own governing boards on July 1, 2014. On July 1, 2015, the remaining four institutions will also operate under institutional boards. At that time, the Board of Higher Education and the Oregon University System will functionally cease to exist.

Responsibility for approving institutional missions and programs, distributing state support to the universities, and other functions was shifted from the Chancellor’s Office to the Higher Education Coordinating Commission on July 1, 2014.

### GOVERNOR’S BUDGET

State support for the seven public universities that comprised the Oregon University System has been shifted to the Higher Education Coordinating Commission. Discussion of programs, revenues, and funding levels are included as part of the Commission’s budget.