



2015-17 State Funding Process

OSU Board of Trustees

Finance and Administration Committee

January 15, 2015



HECC Agency Request Budget (ARB)

- HECC Operations
- Public Universities
 - Public University Support Fund
 - State Programs
 - Statewide Public Services
 - Debt Service
 - Sports Lottery
- Community Colleges
- Oregon Health and Science University
- Office of Student Access and Completion (OSAC)
- Oregon Opportunity Grant (OOG)

The Origin of “State Programs”

Prior to 2013-15, the primary appropriation category for operational funding was known as Educational & General (E&G). In 2013-15, the state separated E&G into two categories:

- The Public University Support Fund – operation of instructional and support services to students and faculty, support for research and campus public service programs, and administrative support services
- State Programs – a variety of institutes, centers, and programs that address economic development, natural resource, and other issues rather than provide support for public university students and institutions

State Programs Detail

Program	2011-13	2013-15			2015-17
	Final LAB ²	LAB ² To-Date	OSU Participation		GRB ³
ETIC ¹	\$ 27,387,573	\$ 14,225,106	\$ 7,204,811	50.6%	\$ 24,451,274
Dispute Resolution (UO & PSU)	2,297,895	2,435,769			2,516,149
Oregon Solutions (PSU)	2,061,637	2,185,335			2,257,451
Signature Research Centers (OSU, PSU, UO)	950,316	1,007,335	478,461	47.5%	1,040,577
Oregon Metals Initiative	684,092	725,136			749,065
Labor Education Research Center (LERC-UO)	657,542	656,867			678,544
Population Research Center (PSU)	374,427	421,407			435,313
Institute for Natural Resources (OSU)	364,484	386,353	386,353	100.0%	399,103
Clinical Legal Ed (UO & L&C)	318,450	337,557			348,696
Oregon Climate Change Research Institute (OSU)	285,701	302,843	302,843	100.0%	312,837
Oceangoing Research Vessel (OSU)	-	300,000	300,000	100.0%	619,800
Fermentation Science (OSU)	-	1,200,000	1,200,000	100.0%	1,239,600
One-time: Canola Study (OSU)	-	679,000	679,000	100.0%	-
One-time: Ocean Acidification Study (OSU)	-	250,000	250,000	100.0%	-
	\$ 35,382,117	\$ 25,112,708	\$ 10,801,468	43.0%	\$ 35,048,409

¹ ETIC amount in 2013-15 reflects single fiscal year - ETIC allocations to be transferred from OEIB for FY15 not finalized

² LAB: Legislatively Approved Budget

³ GRB: Governor's Recommended Budget

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Contrasting the Agency Request with the Governor's Budget

- Both funding levels cover the lost tuition revenue base resulting from 2013-15 tuition buy downs.
- Both budgets transfer 80% of ETIC funding back to State Programs from the OEIB (20% retained by OEIB as a renewable fund to seed initiatives).
- Both budgets increase Statewide Public Services by a 3.3% inflation factor – no new funding.

- The ARB restored Sports Lottery to 1% of lottery revenues after several years of legislative caps, while the GRB proposes to eliminate Sports Lottery funding via a transfer to Oregon Opportunity Grants.
 - Sports Lottery was intended to support students at four-year public institutions; OOG supports students at public universities, community colleges and private institutions.
 - 12% of Sports Lottery funding was dedicated to scholarships for graduates students: OOG funding supports only undergraduates.
- The ARB increased Oregon Opportunity Grants by an additional \$65.8 million, while the GRB increase is \$28 million.
 - Initial discussion of grant redesign included scheduling the increase to be effective in year 2 of the biennium, resulting in higher roll-up costs for 2017-19, as well as considering dedicating the increase to students' first two years. Final grant redesign is still to be determined.

Capital Requests

HECC's capital requests ranked capital repair and renewal as the highest priority – concurring with the seven universities' recommendation.

OSU had three of fourteen university-specific projects in HECC's Tier 1 priority group:

- OSU Forest Science Complex (Ranked #2)
- Marine Studies Campus Phase I (Ranked #4)
- Accessibility/ADA Improvements (Ranked #13)

The GRB eliminates distinct ADA projects (including OSU's) but increased the amount of funding for capital repair and renewal from \$60 million to \$71.9 million. The concept is to consider the capital repair and renewal category as inclusive of ADA accessibility improvements at all institutions.

Capital Projects – Requests for State Paid Debt

PROJECTED PRIORITIZATION OF GRB CAPITAL FUNDING	Universities Tier 1	Agency Request (as modified)	Governor's Recommended Budget (GRB)
All campuses - Capital Repair/Renewal, Code, and Safety	\$ 60,000,000	\$ 54,000,000	\$ 71,900,000
PSU - Neuberger Hall Deferred Maintenance & Renovation	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
OSU - Forest Science Complex	30,000,000	30,000,000	30,000,000
UO - Klamath Hall Renovation	12,250,000	12,250,000	12,250,000
OSU - Marine Studies Campus Phase 1	25,000,000	25,000,000	25,000,000
UO - College and Careers Building	17,000,000	17,000,000	17,000,000
OIT - originally Center for Excellence in Engineering & Technology; changed to Pre-Development only in GRB	44,250,000	3,500,000	3,500,000
OIT - Boivin Hall Modernization	-	-	7,420,000
UO - Chapman Hall Renovation	8,000,000	8,000,000	8,000,000
WOU - Natural Sciences Building Renovation	6,000,000	6,000,000	6,000,000
SOU - Britt Hall Renovation	4,788,000	4,788,000	4,790,000
EOU - Hunt Hall Demolition & Site Restoration	25,169,300	2,984,220	2,985,000
UO - Learning & Innovation Hub - Architecture & Allied Arts	26,625,000	26,625,000	26,625,000
WOU - ADA Accessibility	5,000,000	-	-
OSU - ADA Accessibility	10,000,000	-	-
SOU - Cogeneration-Biomass	12,199,291	-	-
Total Requested State Paid Debt	\$ 346,281,591	\$ 250,147,220	\$ 275,470,000
<i>Number of specific projects (excluding capital repair/renewal)</i>	14	11	12
Prior funding	Biennium	# of Projects	State-funded Debt (\$ millions)
	2013-15	18	\$ 242.4
	2011-13	7	\$ 112.5
	2009-11	22	\$ 285.4
	2007-09	15	\$ 238.0

Conversations Continuing Into the 2015 Session

- Potential for additional funding
 - Governor's interest in seeking an additional \$50 million of support for higher education
- Allocation of the 2015-17 Public University Support Fund among the seven universities
 - HECC Outcomes Based Funding Work Group continuing to meet
 - Work Group's recommendation to HECC targeted for January
- 2015-17 ETIC funding
 - 80% of funding to sustain tenure track faculty investments; HECC's allocation methodology is yet to be determined
 - 20% of funding retained by OEIB to be awarded as one-time seed money

Conversations Continuing Into the 2015 Session

- Allocation of 2015-17 Sports Lottery, if restored
 - Funding level subject to continuation of legislative caps
 - Legacy OUS allocation methodology available for use, but distribution among universities is now purview of HECC
- Approach to deploying the incremental increase in the Oregon Opportunity Grant
- Funding levels for the Statewide Public Services

Comparison of Funding Levels for Public Universities

Preliminary Funding Level Comparisons - Updated with 12/1/14 GRB					
Appropriation Category (General Fund and Lottery Funds)	2007-09	2013-15	2015-17 Proposals		
	Original Appropriation (SB 5515)	Legislatively Approved Budget (LAB) as of April 2014	HECC Agency Request Budget (ARB)	Governor's Recommended Budget (GRB)	Public University Presidents - Consensus Funding Level
Public University Support Fund (PUSF)	\$ 646,608,631	\$ 480,545,512	\$ 532,244,762	\$ 527,202,630	\$ 650,255,918
2013-15 Tuition Buy Down and Continuation	-	40,000,000	61,755,238	61,755,238	61,755,238
Total Public University Support Fund	646,608,631	520,545,512	594,000,000	588,957,868	712,011,156
State Programs	8,460,165	11,280,651	10,596,516	10,597,135	13,000,000
ETIC	37,280,000	14,225,106	24,451,274	24,451,274	29,988,844
"Education & General" Subtotal	692,348,796	546,051,269	629,047,790	624,006,277	755,000,000
Statewide Public Services	110,208,278	101,155,580	104,493,713	104,493,713	125,000,000
Sports Lottery	12,683,423	8,000,000	11,397,647	-	11,397,647
Debt Service (General Fund and Lottery)	52,678,582	114,736,795	162,033,060	161,369,516	162,033,060
Grand Total	\$ 867,919,079	\$ 769,943,644	\$ 906,972,210	\$ 889,869,506	\$ 1,053,430,707
PUSF: Average annual funding per fundable/resident student FTE:					
Nominal dollars	\$ 5,368	\$ 4,148	\$ 4,682	\$ 4,642	\$ 5,612
Inflation adjusted (e)	\$ 5,368	\$ 3,695	\$ 3,931	\$ 4,247	\$ 4,711
2015-17 funding level for current FTE that would match 2007 funding level					\$ 811,100,544

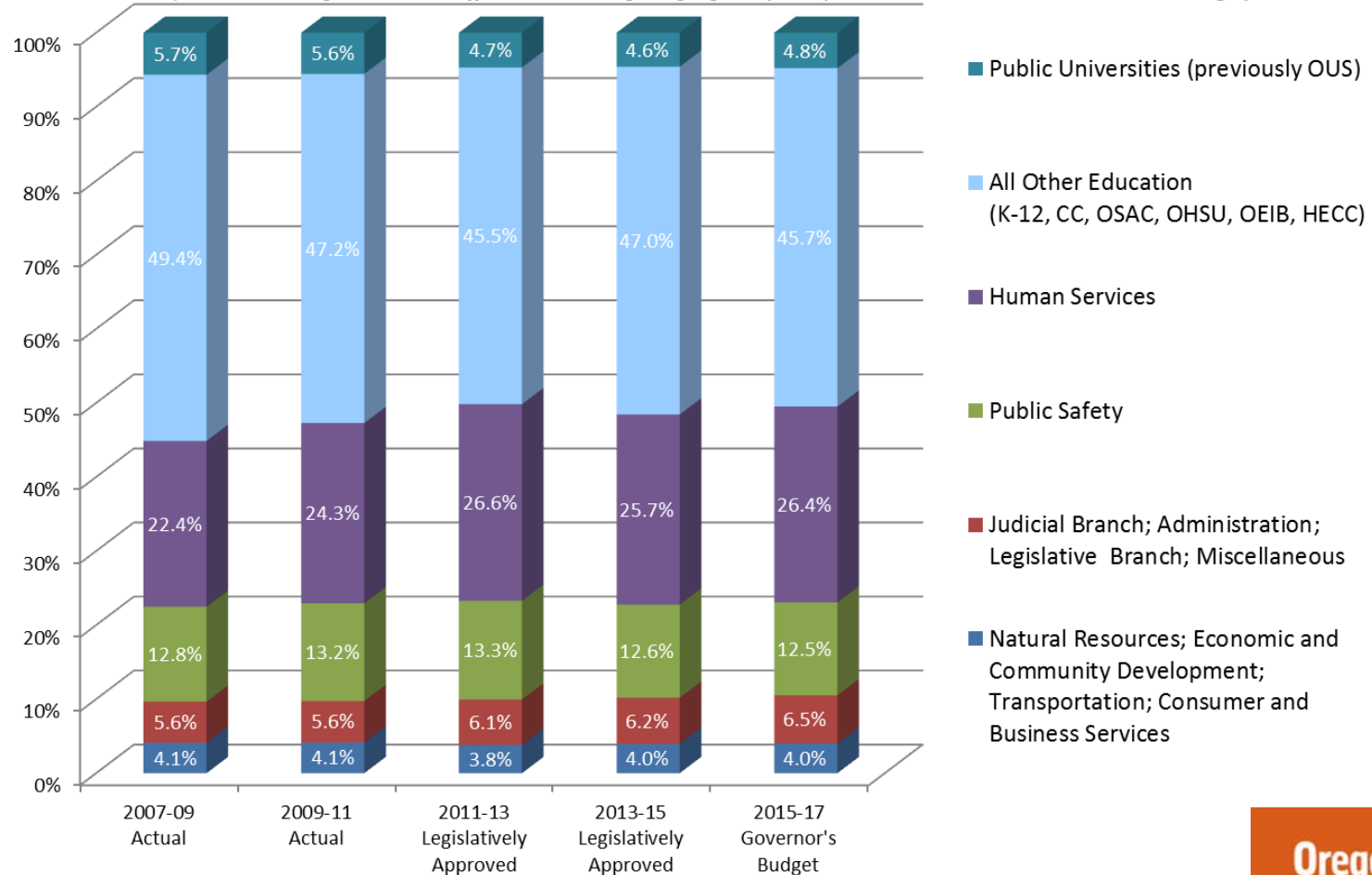
HECC 10-Year "Stair Step" to 40-40-20: Under Development

How Public Universities Fare in State Funding Allocations

Share of State Funding by Program Area

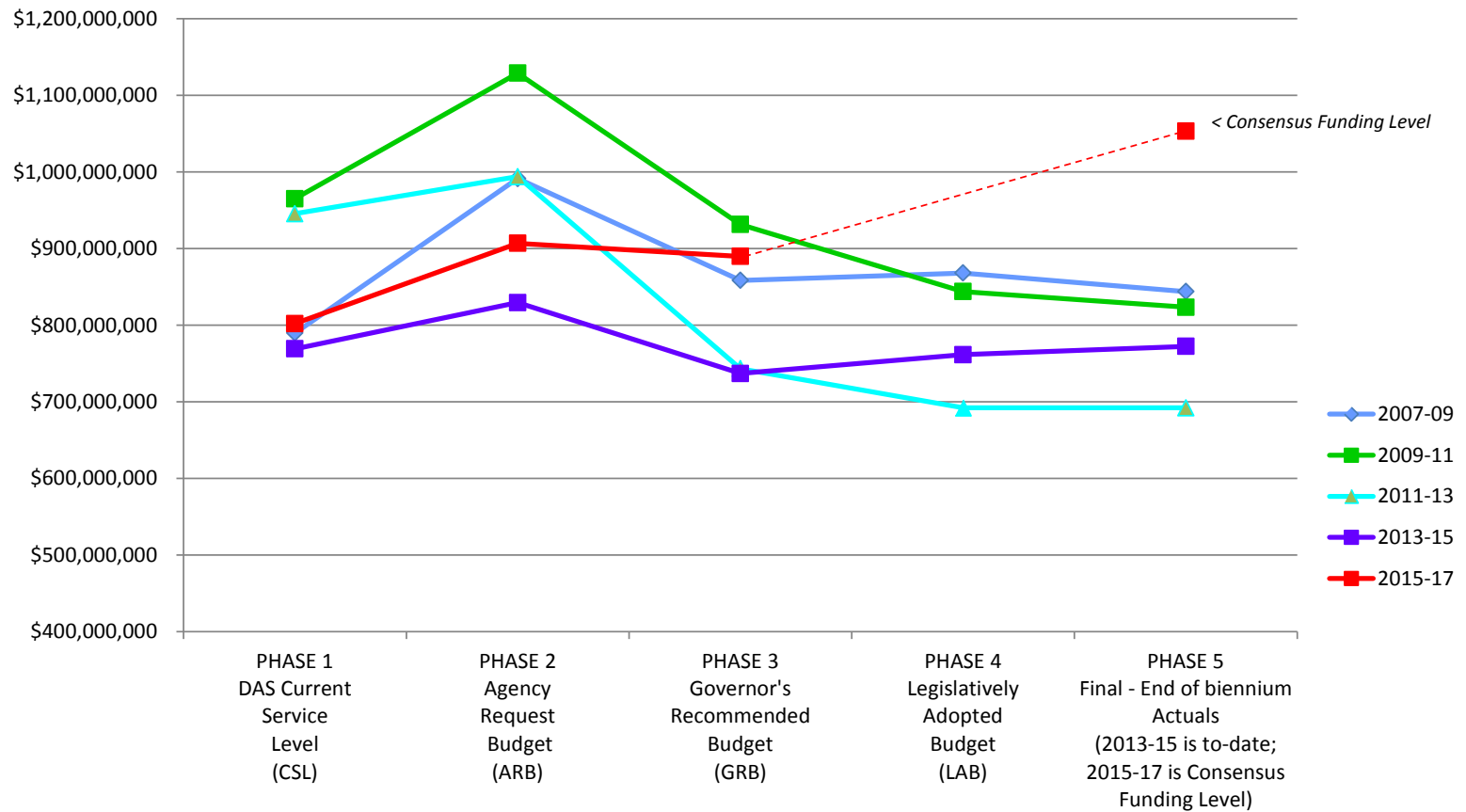
General Fund and Lottery Funds Combined - Public Universities Include All Seven Institutions

(Data Source: Legislative Fiscal Office 2013-15 Budget Highlights Update plus 2015-17 Governor's Recommended Budget)



Public University Funding Levels Will Vary at Each Phase of the State Funding Process

State Funding Phases: All Appropriation Categories & Funding Sources (Including General Fund & Lottery Funds)



Next Steps in State Budget Process

- **Co-Chairs Budget**

Typically the Co-Chairs of the Ways and Means Committee release their budget in March. This year they have indicated interest in an earlier release, even as soon as January.

- **Legislatively Adopted Budget**

The final appropriation and bond bills are usually not finalized until near the end of session in June.

Questions?

