



# Budget Planning for the 2015-17 Biennium

Board of Trustees Meeting

January 10, 2014

**Context for Building an OSU  
Legislative Funding Request  
for the Higher Education  
Coordinating Commission  
(HECC)**



# Planning for the 2015-17 Biennium: Context

The budget process for 2015-17 will be new and so there will be some uncertainty and change as we go forward.

Currently:

- We expect guidance from HECC on process, outcome expectations, and budget guidelines this month
- Per SB 270, a funding request to the HECC is due by April 1, 2014 from the various higher education entities
- OSU will develop a funding proposal and present it to the OSU Board of Trustees at the March 20-21, 2014 meetings for discussion and approval

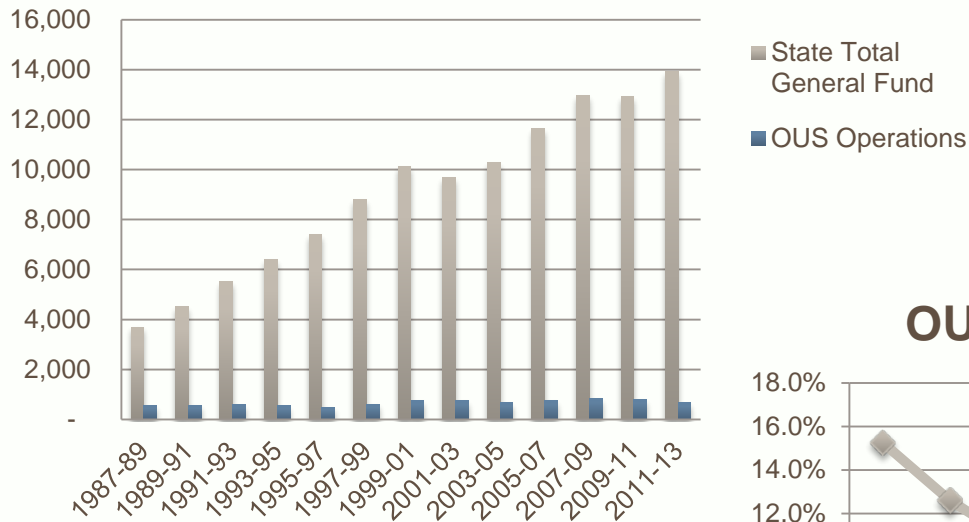
# Planning for the 2015-17 Biennium: Context

## Goals for today:

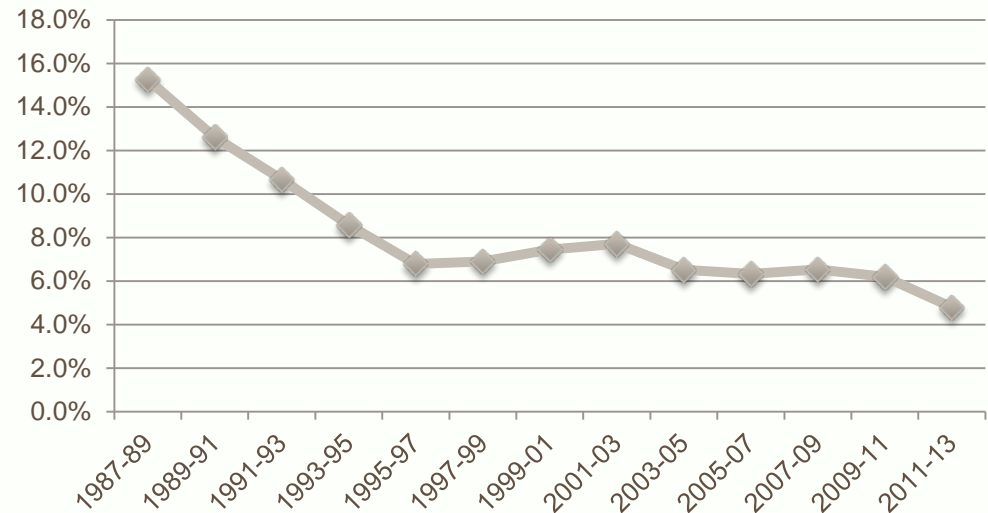
- Review the relative state contribution over time and the State General Fund revenue forecast for 2015-17
- Discuss the major components of state funding to OSU
- Outline the budget request process and timeline
- Discuss opportunities and challenges in preparing the state funding request

# Planning for the 2015-17 Biennium: State Funding History

## General Fund Budget (\$ in millions)



## OUS % of State General Fund



# Planning for the 2015-17 Biennium: State Forecast

## December 2013 Revenue Forecasts for the State General Fund

	2011-13	2013-15	2015-17	2017-19	2019-21
	Biennium	Biennium	Biennium	Biennium	Biennium
Net Revenue (In Millions of Dollars)	\$14,155.0	\$15,695.3	\$17,374.1	\$18,940.9	\$20,824.9
% Change from Previous Biennium	13.0%	10.9%	10.7%	9.0%	9.9%

The latest revenue forecasts suggest an opportunity to maintain present programs and to make a few strategic investments, though there are many competing priorities in front of the Legislature.

# Planning for the 2015-17 Biennium: State Funding

Each biennium OSU requests direct state support for operations. These requests include:

- Funding from the Public University Support fund for resident undergraduate instruction (~\$160M, plus \$12.6M for a tuition buy-down)
- Funding for State Programs including the Oregon Climate Change Research Institute (OCCRI), the Institute for Natural Resources (INR), the Engineering and Technology Industry Council (ETIC), and others (~18M)
- Support for the Statewide Public Services (~\$102M)
- Lottery funds to support Athletics and the Graduate School (~\$1M)

*\*funding amounts listed are 2013-15 levels*

# Planning for the 2015-17 Biennium: State Funding

Each biennium OSU requests state support for major capital projects and capital renewal (deferred maintenance) including:

- Funding for debt service on completed and in-progress state-backed capital projects
- Support for debt service on State Energy Loan Program (SELP) debt funded projects
- Funding for deferred maintenance projects
- Appropriations to match and/or to pay debt service on state-backed bonds for new strategic capital construction projects

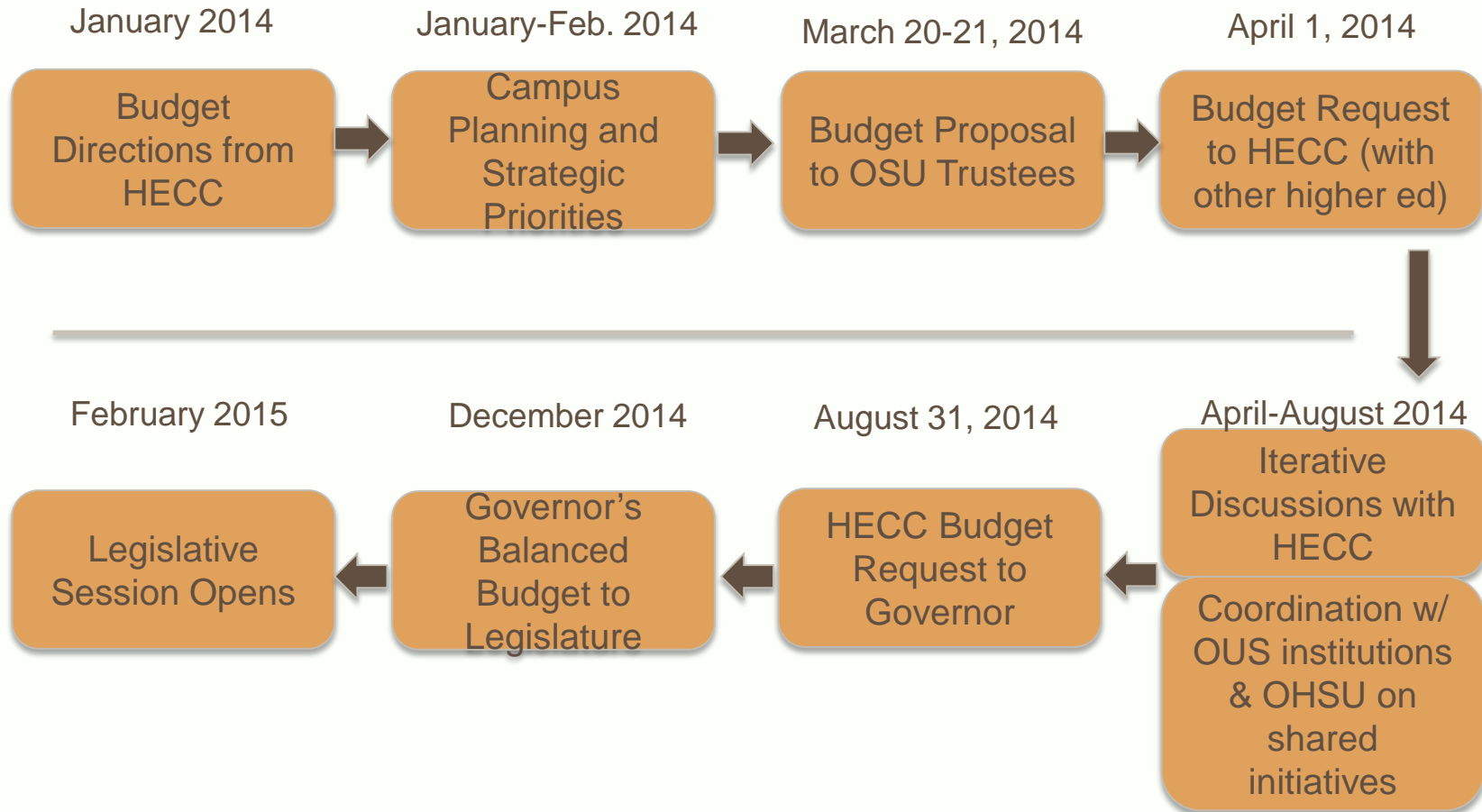
# Planning for the 2015-17 Biennium: State Funding

OSU also participates in other state-funded initiatives. Two of particular importance include:

- Funding for the Oregon Innovation Council, through the Oregon Business Development Department, that supports the Oregon Nanoscience and Microtechnologies Institute (ONAMI), Oregon Built Environment and Sustainable Technologies Center (Oregon BEST), Oregon Wave Energy Trust, Oregon Regional Accelerator and Innovation Network (RAIN), and other research initiatives
- Support for the Oregon Opportunity Grants that make awards to students of families with income below \$70,000 is a shared responsibility approach



# Planning for the 2015-17 Biennium: Process



# Planning for the 2015-17 Biennium: Program Opportunities

- Work with the HECC to define a way of fairly assessing the actual cost increases, or “roll-up” costs (inflation, salary and benefit increases) of continuing programs that aligns those investments with desired outcomes for the state
- Secure a commitment to fund the Statewide Public Services through the same “roll-up” cost calculations applied to the core university funding
- Increase the allocation to the Engineering and Technology Industry Council (ETIC) to increase innovation and strategic initiatives

# Planning for the 2015-17 Biennium: Program Opportunities

- Propose up to three initiatives aligned with the student success goals of the OSU Strategic Plan 3.0 that focus on improving progress to degree completion; increasing success for underserved populations; supporting first-generation college attendees and students from rural areas
- Propose up to three initiatives in research areas that advance key areas of economic growth aligned with OSU Strategic Plan 3.0. These could include initiatives involving the Statewide Public Services, research areas integral to the Strategic Plan, and statewide initiatives supported by the Oregon Innovation Council

# Planning for the 2015-17 Biennium: Capital Opportunities

- Begin a process to address the substantial capital renewal and maintenance backlog and upgrade existing facilities
- Advance the next stage of the development of our four-year OSU - Cascades campus in Bend
- Advance OSU's preeminence in marine and ocean activities by developing the Marine Studies Campus, initially in Newport
- Identify targeted capital investment opportunities to advance strategic programs and priorities

# Planning for the 2015-17 Biennium: Next Steps

- Guidelines and process definitions from HECC
- University conversations on priorities and possible strategic initiative proposals
- Conversations with the HECC on expectations, priorities, and process
- Calculations of program rollup costs to next biennium
- Draft proposal for OSU Board consideration at the March 20-21, 2014 meeting
- Budget request submission to HECC on April 1, 2014

# Planning for the 2015-17 Biennium: Budget Challenges

- Make sure the “tuition buy-down” allocation is continued to support current programs and avoid a tuition rate spike
- Match expected program outcomes and achievement compacts with resource allocations
- Maintain a budget allocation model for the University Support Funds that recognizes the high cost of many of OSU’s degree programs (engineering, pharmacy, veterinary medicine for example)
- Navigate any increased costs that may result from judicial appeals of changes to the PERS system

# QUESTIONS?

