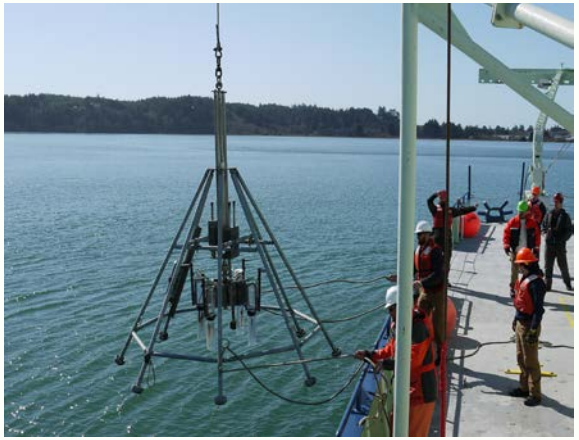
TAB P

# 2017-19 Funding Request Process

OSU Board of Trustees
Finance and Administration Committee
January 28, 2016



# 2017-19 Funding Request Process

**Two distinct & parallel processes:**

- Operational requirements.
- Capital requirements.



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# 2017-19 Operating Request

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# 2017-19 Funding Request Process

## Funding Categories

| | SOURCES: | USES (by state category): |
|---|---|---|
| OPERATING REQUEST | • State General Fund | • Public University Support Fund<br>• State Programs<br>• Statewide Public Services<br>• Debt Service |
| CAPITAL REQUEST | • Lottery Funds | • Sports Lottery<br>• Debt Service |
| CAPITAL REQUEST | • State Debt Capacity: Authorization for state-paid debt | • Capital Projects<br>• Capital Improvement & Renewal |



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# Distinguishing between State Programs and Statewide Public Services

| | 2015-17 | OSU Share |
|---|---|---|
| **State Programs** (excluding one-time) | | |
| • Engineering Technology Industry Council-Sustaining Funds | $ 24,451,274 | 58.8% To Date |
| • UO & PSU Dispute Resolution | $ 2,516,149 | |
| • PSU Oregon Solutions | $ 2,257,451 | |
| • OSU Fermentation Science | $ 1,239,600 | 100.0% |
| • OSU, PSU, & UO Signature Research Centers | $ 1,040,577 | 47.5% To Date |
| • UO Labor Education Research Center | $ 678,544 | |
| • OSU Marine Research Vessel | $ 619,800 | 100.0% |
| • PSU Population Research Center | $ 435,313 | |
| • OSU Institute for Natural Resources | $ 399,103 | 100.0% |
| • Clinical Legal Education | $ 348,077 | |
| • OSU Oregon Climate Change Research Institute | $ 312,837 | 100.0% |
| • National Center for Advanced Wood Products and Design (OSU & UO) | $ 2,500,000 | 100.0% To date |
| • Alumni Career Placement | $ 427,500 | 52.6% Estimated |
| **Statewide Public Services** | | |
| • Agricultural Experiment Station | $ 63,121,066 | 100.0% |
| • Extension Service | $ 45,601,540 | 100.0% |
| • Forest Research Laboratory | $ 9,771,107 | 100.0% |

# 2017-19 Funding Request Process
## Likely Major Themes

- **Current Service Level & Specific Cost Drivers:**
  - Significant PERS increases
  - Healthcare/PEBB
  - Potential minimum wage increases

- **Institutional Priorities for Public Universities:**
  - Affordability
  - Access
  - Success
  - Quality



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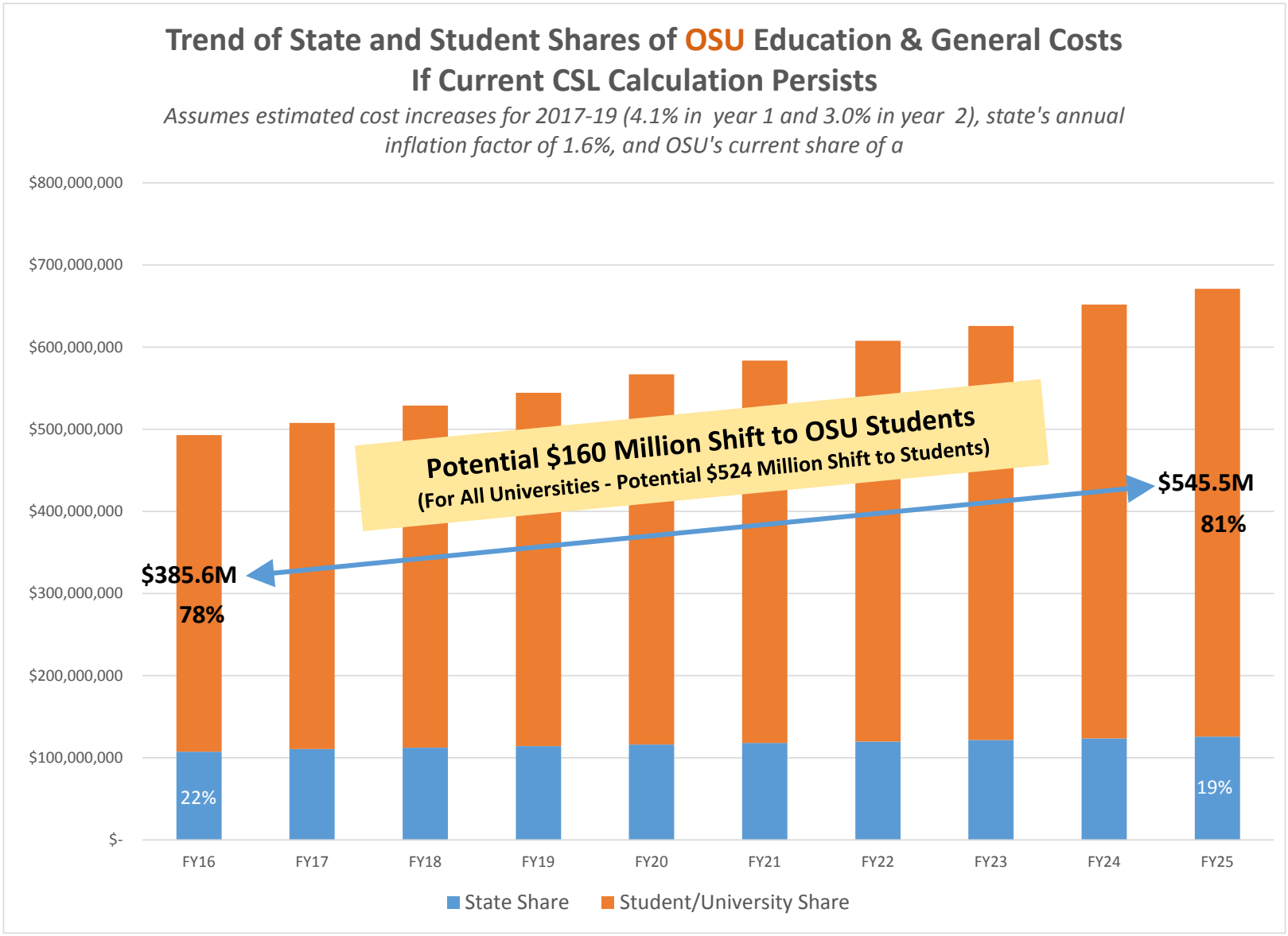
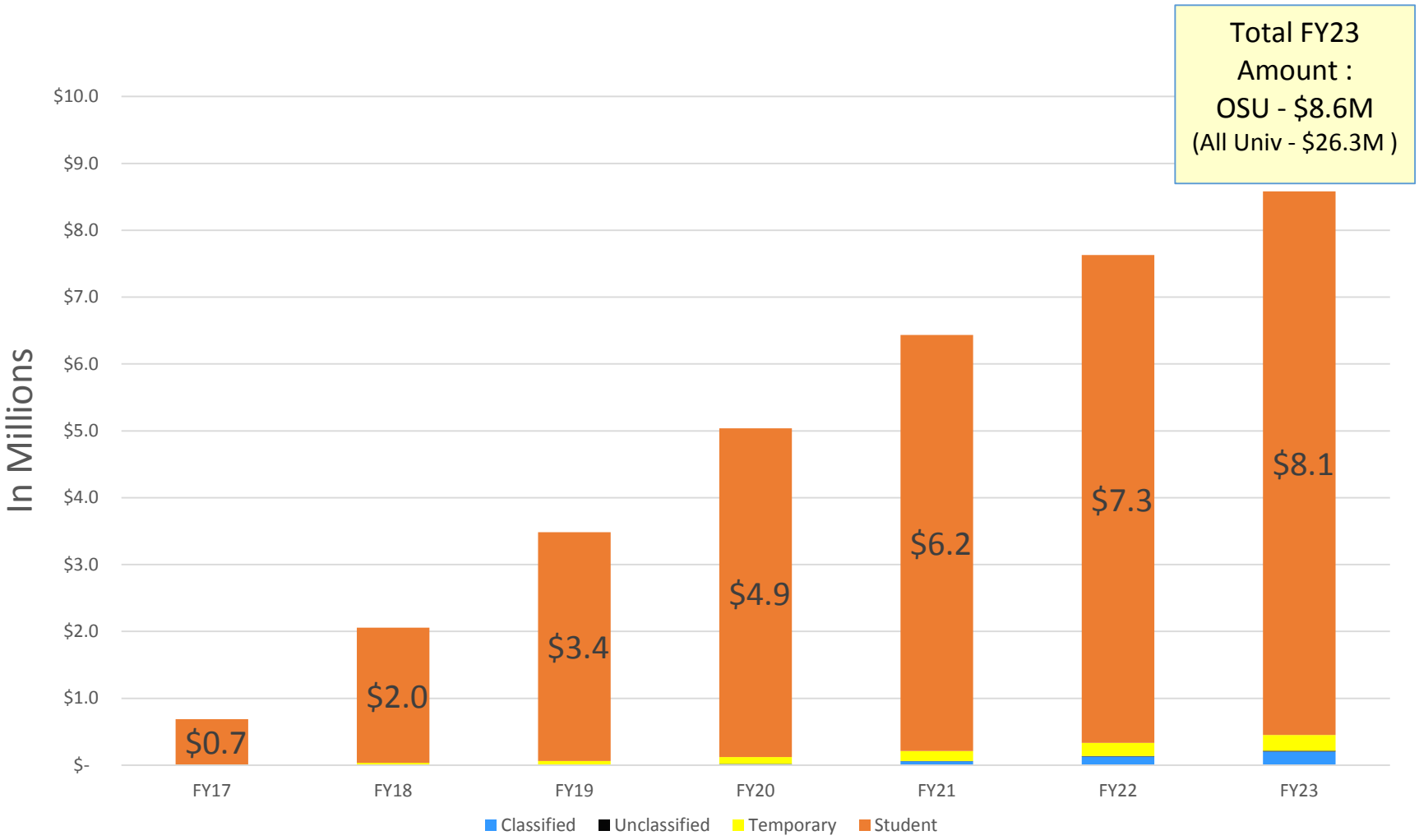

Trend of State and Student Shares of OSU Education & General Costs
If Current CSL Calculation Persists
Assumes estimated cost increases for 2017-19 (4.1% in year 1 and 3.0% in year 2), state's annual inflation factor of 1.6%, and OSU's current share of a
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-
Potential $160 Million Shift to OSU Students
(For All Universities - Potential $524 Million Shift to Students)
$385.6M
78%
$545.5M
81%
22%
19%
FY16
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25
State Share
Student/University Share

# Preliminary Analysis
# Potential Impact of Initial Minimum Wage Proposal



# 2017-19 Funding Request Process
## Initial Steps

- Public University Presidents Council sets the stage for the consolidated request.
- Seven-university work group will develop the request framework, including upside and downside scenarios.
- Each university will incorporate its specific institutional priorities and opportunities.



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# 2017-19 Funding Request Process
## Funding Level Development

**2017-19 Consolidated Funding Request - Example Development**

| Categories (funded by both General Fund and Lottery Funds) | 2015-17 Funding | + "True CSL" (Estimated) | + Work Group Input | = 2017-19 Consolidated Request |
|---|---|---|---|---|
| **Public University Support Fund** | $665,000,000 | $51,870,000 | | $716,870,000 |
| **State Programs** | | | | |
| Ongoing | $37,226,225 | $3,716,500 | | $40,942,725 |
| One-time | 1,321,638 | (1,321,638) | | - |
| | $38,547,863 | $2,394,862 | | $40,942,725 |
| Subtotal Education & General (E&G) | $703,547,863 | $54,264,862 | | $757,812,725 |
| **Statewide Public Services** | | | | |
| AES, ES, FRL | $118,493,713 | $9,242,000 | | $127,735,713 |
| **Sports Lottery** | $8,240,000 | Restore to Statutory 1% | | |
| **Debt Service** | $151,592,649 | Actual Obligation | | |
| Total | $981,874,225 | | | |

'Incorporate "Upside" & "Downside" Scenarios

| March 2016 | April 1, 2016 | December - January 2017 |
|---|---|---|
| Incorporate Any Additional Information per Formal HECC Instructions | Final Submission of the Consolidated Request to HECC | Legislative Advocacy for a Consolidated Request |

# 2017-19 Capital Request

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# Categories of Capital Investment

**Minor Capital (<$5M)**

- Building and Infrastructure Renewal
- Program Renewal

**Major Capital (≥$5M)**

- Instruction
- Research
- Athletics
- Housing & Dinning
- Core Infrastructure

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# Locations of Potential Capital Investment

Corvallis

Bend/Cascades Campus

Newport/Hatfield

Statewide public service sites

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# 2015-2017 Capital

| | Total Public Universities (in millions) | OSU Projects (in millions) |
|---|---|---|
| Capital Projects | $179.0 | $55.3 |
| Capital Repair & Renewal | $ 65.8 | $22.0 – $24.0 |
| **Total** | **$244.8** | **$77.3 – $79.3** |



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# Infrastructure Working Group Vetting Considerations

Strategic Investment

Financial Viability

Fire & Life Safety
Compliance
Accessibility
Sustainability



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# 2017-19 Funding Request Process

## Major Milestones

| April 1, 2016 | August 1, 2016 | December 1, 2016 | June/July 2017 |
|---|---|---|---|
| Universities submit consolidated operating request to HECC<br><br>**May 1, 2016**<br><br>Universities submit capital requests to HECC | HECC submits **Agency Request Budget** for higher education to Governor through the Department of Administrative Services | **Governor's Recommended Budget** is published and submitted to Legislature | **Legislatively Adopted Budget** is passed and signed by Governor |



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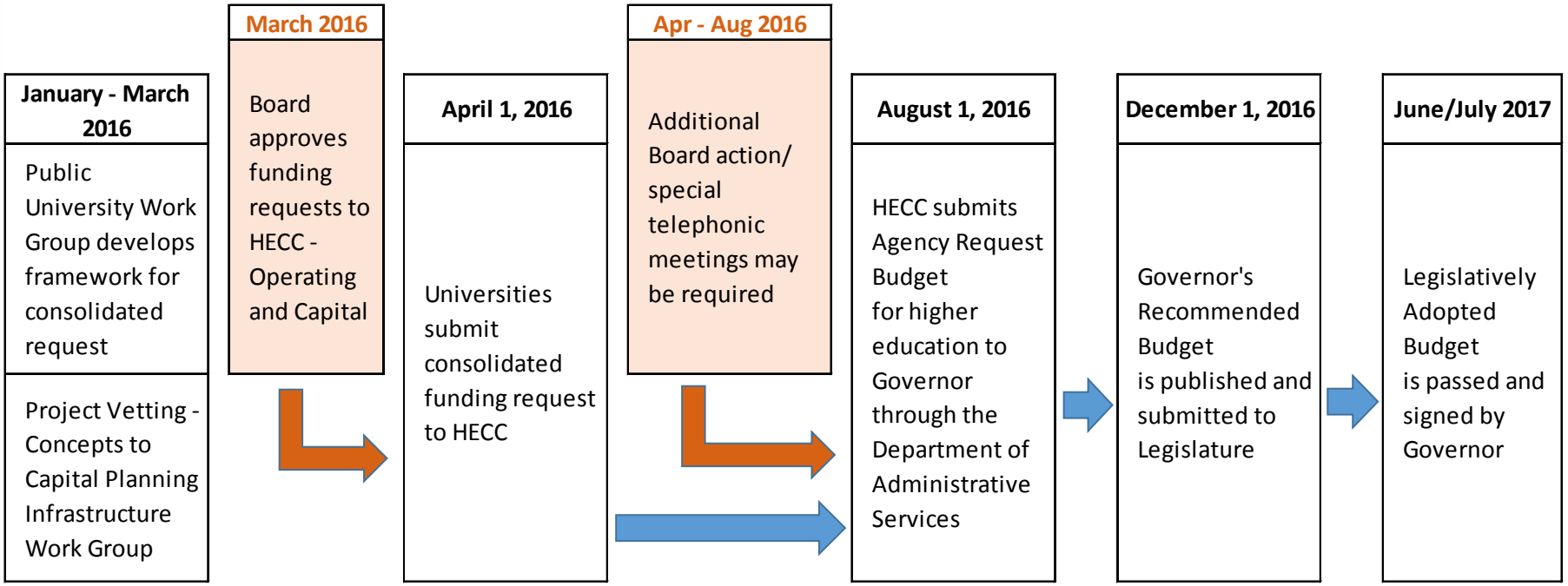
# 2017-19 Funding Request Process

## OSU Board of Trustees – Points of Engagement



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# Student Engagement and Communications Process for Academic Year 2016-17

- **Student Engagement in Annual Tuition-Setting Process:**
  - Representatives from ASOSU and ASCC appointed to subcommittees of the University Budget Committee
  - University leaders works with student government to solicit student input
- **Communications with Students:**
  - Three ASOSU-hosted forums on February 9, 10 & 15.
  - Information within Daily Barometer and social media.
  - Informational website.
  - Promotion of financial aid & retention fund.



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# 2017-19 Funding Request Process… Any Questions?