

Fact Sheet

Budget Overview Points

- The reinvestments reflected in the Governor's Recommended Budget (GRB) will **revitalize Oregon's higher education system**, producing many returns for Oregon from this investment: greater alignment between Pre-K through 20 that will expand student access, affordability and persistence; improvement of academic quality and delivery leading to faster student completion; and increased numbers of highly trained graduates to meet the needs of business and industry and attract new companies to the state, and meet the needs of Oregon's 21st century knowledge economy.
- For Oregonians, the GRB provides the opportunity to do better in providing **accessible, affordable, quality higher education** through:
 - Significant increases in **General Fund appropriations**, \$827.1 million for 2007-2009, which represents a 12.5%¹ increase over 2005-2007.
 - An increase in **lottery funding** of \$20.1 million, of which \$12.3 million will be used for debt service for capital projects. The additional increase will be targeted for athletics and scholarships in order to reduce campuses' use of General Funds for athletics. These funds also reflect a legislatively approved change that eliminates Sports Action lottery funding, effective July 1, 2007.
 - A **\$594.5 million capital construction** budget that will protect and improve the facilities infrastructure at OUS institutions, and create additional access through rehabilitating existing facilities and constructing new buildings that meet current and anticipated campus needs (see details below).

Operating Budget Overview

The Governor's budget increases the OUS **operating budget**, creating greater opportunities for students and the state by expanding access to higher education, investing in support services that improve student preparation for college, retention once in college, progress to degrees, and graduation rates. **Key components include:**

- Re-establishing **predictable, affordable tuition** by limiting annual tuition increases to the projected change in median family income each year (approximately 3.4% per year), which will also begin to rebalance the student-state share of funding. Increased funding of the *Shared Responsibility Model* in the GRB will increase Oregon Opportunity Grant funding to \$114 million, or \$36 million more than the state's current funding (in the Oregon Student Assistance Commission budget).
- Increasing **faculty salaries** with an investment of **\$8 million** (compared to the \$1 million provided in 2005-2007), allowing OUS to retain current and to recruit new top faculty who facilitate student learning, and contribute significantly to innovative research and public services that can lead to new discoveries, companies and jobs. This investment will also

¹ Based on OUS budget after receipt of the salary package provided in April 2006 to cover increases provided during 2005-2007, which is \$735.4 million for 2005-2007; and excludes \$1.7 million in funding related to the P-20 data project.

move salaries for OUS faculty from approximately 86% of the average of their peers' salaries to about 88%.

- Reducing **student-faculty ratios** through an investment of **\$6.9 million** to add faculty, and approach student advising and instruction in different ways that help improve student retention and success in college; and which invest in approaches to K-12 and community college students that ensure they have the preparation and academic tools and enrichment necessary to succeed once at an OUS institution.
- Funding **enrollment growth** at **\$14.6 million**, enabling campuses to meet state and economic demand for higher education; and invest in student support services that open up access for more students, and support them with academic and counseling services that ensure increased retention and graduation rates. It also will help improve overall educational attainment rates in the state, necessary to meet the needs of Oregon's 21st century "borderless" economy.
- Providing additional support of **\$9 million** to financially sustain Oregon's **regional campuses and the Oregon State University-Cascades campus in Bend**, and the rural access and important community contributions they provide. This support will enable the smaller campuses to continue serving the needs of their students and communities, while gaining important fiscal stability.
- Total investment through bonding in **capital construction is \$594.5 million** for 45 projects, including facilities repair, deferred maintenance, and new projects at all campuses.
 - Fully funding current **capital repair** needs through an investment of **\$56.8 million** and making major investments in all Tier 1 and 2 deferred maintenance projects will allow OUS to remain current with capital repairs, code compliance and safety issues – including seismic upgrades. This investment will reduce the deferred maintenance backlog from the current \$640 million to approximately \$550 million, reversing the negative trend of increasing rates seen since the early 1990s.
 - Providing Article 11-G and lottery bonding authority of **\$266.2 million** for university Priority 1 **capital projects**; and \$27.9 million for debt service on outstanding capital bonds are additional capital construction provisions in the Governor's budget that address student access and quality academic programs and facilities.
 - The Governor's budget will also help campuses manage large **energy cost increases** experienced this biennium with **\$2.2 million**.
 - The Governor's recommended budget makes investments of **\$25 million** in five **renewable energy demonstration projects**, including geothermal electrical generation at Oregon Institute of Technology, bio-fuels, wind power, and wave energy at OSU, and solar power at University of Oregon, Portland State University and several regional campuses (primarily lottery bonds paid by the state and SELP loans).

Other Investments Overview

- Besides providing the **Engineering and Technology Industry Council (ETIC)** with base funding of \$20.7 million, the Governor is recommending additional strategic investments of

\$17 million, and an additional \$11.8 of Certificates of Deposit (COPs, debt service on which will be paid out of the \$20.7 million) that will support expanding the pipeline of highly skilled engineers and computer scientists, and the universities' programs of study, faculty, and labs which support Oregon's critical need for engineers and technology workers for the state's diverse businesses and industries.

- Providing **\$7.4 million** for the **Healthcare Workforce Initiative** will move the state forward in solving critical workforce shortages of nurses, nurse educators, clinical lab scientists, dental hygienists, and ultrasound technicians, while enriching campuses' ability to deliver high quality, state-of-the-art training in medical fields through a partnership between OUS (primarily Oregon Institute of Technology), community colleges and Oregon Health & Science University.
- Strengthening **rural Oregon** by increasing educational access with an investment of **\$1.6 million** in the Governor's budget will help more rural Oregonians gain access to higher education and further contribute to their communities.
- Supporting the social and economic infrastructure and resource management in every Oregon county will be facilitated by the Governor's base investment of **\$104.1 million** in OSU's **Statewide Public Service Programs** (Agricultural Experiment Station, Forestry Research Laboratory, Extension Service), and an additional **\$5.5 million** to further research, technology, and education services for Oregon's natural resources and viticulture sectors (Total SWPS = \$109.6 million).
- The Governor's budget continues the funding of the **Pre-K to 20 integrated data system project**, which allows student data to flow from K-12 to the postsecondary level, with an investment of **\$887,000**.
- The Governor's budget increases the funding of the **Natural Resources Institute** at OSU by an additional **\$250,000** to provide research and policy support to state agencies and other organizations on a variety of natural resource issues, including environmental protection and watershed conservation.
- The Governor's budget provides state funding to **Oregon Solutions** at PSU with **\$1.5 million** to advance community-based projects using a collaborative governance system.
- The Governor's recommended funding of \$38.2 million for the Innovation Plan developed by the **Oregon Innovation Council** (Oregon InC.) includes resources for initiatives involving the OUS, including:
 - **\$10 million** for the Oregon Nanoscience and Microtechnologies Institute (**ONAMI**) – a collaboration between OSU, PSU, UO and the Pacific Northwest National Lab – to focus on commercializing technologies and support start-up companies
 - **\$7 million** for the **Oregon Transitional Research and Drug Discovery Institute**, a consortium of OHSU, OSU, UO, PSU and several Oregon-based biotech companies to connect research, development and commercialization in the area of infectious diseases.
 - **\$5.2 million** for the development of commercial-scale wave-generation parks and the nation's first in-water **wave energy research** and demonstration facility, in collaboration with OSU.

- **\$3 million** to create the **Bio-Economy and Sustainable Technologies Center**, a new signature research center focusing on technologies that support renewable energy, bio-based products and green building materials. This is a partnership among OSU, UO, PSU, OIT, the PNNL, and private industry.

Legislative Action Changes

The Governor is also recommending that the OUS pursue legislative changes to:

- Retain **investment earnings**, with projected revenues of \$19.1 million per biennium (offset with a subsequent \$19.1 million in General Funds).
- Change the method of **budgeting for capital projects** that would expedite certain types of self-funded projects.
- Allow OUS to issue variable rate and synthetic fixed rate **debt instruments** to substantially lower costs of borrowing.

Other Information

- In recent biennia², state funding has been lower than what was seen in 1999-01, which was a one-biennium infusion that produced record numbers of new, highly skilled entrants into the Oregon work force over the proceeding 5-6 years. The 2007-2009 GRB represents the highest budget Oregon higher education has seen since '99-01.
- This level of state investment in higher education will have a direct impact on Oregonian's standard of living of and on available state resources through: increased tax revenues from higher numbers of Oregonians with bachelor's degrees, decreased social services' costs through lower usage by graduates, and more engaged citizens who vote and volunteer at greater rates and whose children attend college at higher rates.
- Higher education plays a significant role in defining and developing Oregon's future workforce, which must be highly educated to ensure that Oregonians and businesses are competitive in an economy no longer defined by our state or national borders or completely reliant on natural resources. Over the next ten years, nearly **80 percent of high wage job openings in Oregon will require at least a bachelor's degree**.
- **Oregon currently ranks 46th** in the country in per student funding – an inadequate level of investment that cannot guarantee the access, affordability and quality levels that Oregonians expect and deserve, and that a strong state economy demands. The 2007-2009 recommended GRB investments will improve this ranking, investing in and stabilizing higher education.

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² 1999-01 Legislatively Approved Budget was \$754.7 million; 2005-2007 LAB was \$706.5 million (constant, unadjusted numbers)