



ETIC Plan for the 2007-2009 Biennium Issues and Answers

January 26, 2007

Governor's Recommended Budget: Good news but we're far from done

	ETIC Recommendation	Governor's Budget
Essential Budget Level (EBL)	\$22.28M	\$22.28M (?)
General Funds Increase	\$34.44M	\$17.00M
Certificates of Participation	\$13.41M	\$11.76M

Issues relative to Governor's Recommended Budget

- Essential Budget Level (EBL) Adjustment
- Debt Service for Certificates of Participation (COP)
- ETIC's Main Policy Option Package funding: How to allocate delta over Level B?
- ETIC's 2nd POP: Oregon Pre-engineering & Applied Science Initiative (OPAS): How much will it receive?

Issues

☀ EBL Adjustment

- ☀ 8.0%: 21.66 → 22.28M (actually 22.31M)
- ☀ 5.5%: 21.66 → 21.79M
- ☀ Difference of \$0.49M

☀ Debt Service for Certificates of Participation

- ☀ Can General Funds be used?
- ☀ Answer:
 - Debt service is paid from Other Funds Non Limited (OFNL)
 - OFNL has multiple sources including General Funds

Issues (continued)

★ Policy Option Package funding:

★ 5 levels

- ★ General Funds
- ★ Certificates of Appreciation
- ★ Associated Metrics

★ GRB came into Level B and C

★ How to allocate delta over Level B?

★ OPAS: How much will it receive?

★ ETIC and OSBHE recommended \$1.1M

★ OPAS POP part of OUS Main Policy Package of \$188M

★ Governor's Budget did not explicitly fund OPAS

★ Chancellor Recommends we use difference between 5.5% and 8.0% EBL increase

OPAS Vision

- ★ Oregon's engineering & technology education and research programs are strategic assets for Oregon's economy and Oregon's residents by
 - businesses a competitive advantages in the global economy. providing unique programs of the highest quality that meet the needs of Oregon's industry clusters;
 - attracting resources to Oregon from throughout the world;
 - doubling the number of bachelors, masters, and PhDs receiving a globally competitive engineering education; and
 - performing innovative research that gives existing and new businesses a competitive advantages in the global economy.

EBL	2005- 2007 Biennium	2007- 2009 Biennium
	Actual Allocation \$M	ETIC Recom- mended
EOU	0.33	0.45
OHSU/OGI	2.48	2.90
OIT	0.99	1.40
OSU	9.40	8.00
PSU	4.88	5.10
SOU	0.50	0.53
UO	1.00	2.40
WOU	0.24	0.75
Subtotal / Average	19.82	21.53
Other investments		
Planning	0.08	
Research Fund	0.00	
Pre-college RFP	0.76	0.75
Total	20.66	22.28

ETIC Policy Packages

Submitted to OSBHE and Governor's Office

(1) ETIC Main Policy Package

	2007-2009 Biennium			
	OSU	PSU	UO	Total
Proposed State investment (\$M)				
Existing programs (2)	-	3.00		\$ 3.00
New Programs	25.15	0.49	0.60	\$ 26.24
Debt Service	3.88	1.32	-	\$ 5.20
Subtotal (General Funds)	25.15	3.49	0.60	\$ 34.44
Certificates of Participation (\$M)	10.00	3.41	-	\$ 13.41
Expected private support (\$M) (3)	35.15	13.80	0.30	\$ 49.25
Total (\$M)	70.30	20.70	0.90	\$ 97.10

(2) OPAS Policy Package

- Motivate
- Prepare
- Succeed

Implement Strategy via RFP	\$1.0M
Staff Support	\$0.1M
Total	\$1.1M

15-Nov-06	ORInC Cluster Recommendations										Forecast f
	ONAMI	Wave Energy	Food Production	Manuf acturing	Bio-Based Research	Drug Discovery	Other Industries	Total	POP Dollars	COP Dollars*	Externally Funded Research
FY 2007 Baseline											39,200,000
Growth based on EBL											4,000,000
	Faculty (Total -- FTE in Biennium is less)										
Level A											
PSU	1			1	3	3	3	11	1,600,000	700,000	3,750,000
OSU	4	1			1		4	10	5,030,000	4,000,000	8,000,000
UO								0	300,000		
COP debt service									1,081,000		
Subtotal	5	1	0	1	4	3	7	21	8,011,000	4,700,000	11,750,000
Cumulative	5	1	0	1	4	3	7	21	8,011,000	4,700,000	54,950,000
Level B											
PSU	1			1				2	700,000	500,000	1,500,000
OSU	4	1		1	2		4	12	5,676,000	4,360,000	8,000,000
UO								0	300,000		
COP debt service									1,117,800		
Subtotal	5	1	0	2	2	0	4	14	7,793,800	4,860,000	9,500,000
Cumulative	10	2	0	3	6	3	11	35	15,804,800	9,560,000	64,450,000
Level C											
PSU	1				1	1	1	4	2,000,000	2,200,000	6,050,000
OSU	1			2	1		4	8	3,784,000	2,240,000	11,000,000
UO								0			
COP debt service									1,021,200		
Subtotal	2	0	0	2	2	1	5	12	6,805,200	4,440,000	17,050,000
Cumulative	12	2	0	5	8	4	16	47	22,610,000	14,000,000	81,500,000
Level D											
PSU											
OSU			2		1	3	4	10	4,730,000	300,000	14,000,000
UO											
COP debt service									69,000		
Subtotal	0	0	2	0	1	3	4	10	4,799,000	300,000	14,000,000
Cumulative	12	2	2	5	9	7	20	57	27,409,000	14,300,000	95,500,000
Level E											
PSU											
OSU						4	6	10	4,730,000	300,000	23,000,000
UO											
COP debt service									69,000		
Subtotal	0	0	0	0	0	4	6	10	4,799,000	300,000	23,000,000
Cumulative	12	2	2	5	9	11	26	67	32,208,000	14,600,000	118,500,000
Totals											
PSU	3	0	0	2	4	4	4	17	4,300,000	3,400,000	11,300,000
OSU	9	2	2	3	5	7	22	50	23,950,000	11,200,000	64,000,000
UO	0	0	0	0	0	0	0	0	600,000	0	0
COP debt service									3,358,000	0	

General Funds

\$M	Level B	GRB	Level C
PSU	2.3		4.3
OSU	10.7		14.5
UO	0.6		0.6
Debt Service	2.2		3.2
Total	15.8	17.0	22.6

Certificates of Participation

\$M	Level B	GRB	Level C
PSU	1.20		3.40
OSU	8.36		10.60
UO			
Total	9.56	11.76	14.00

Certificates of Participation

\$M	Level B	GRB	Level C
PSU	1.20	2.30	3.40
OSU	8.36	9.46	10.60
UO			
Total	9.56	11.76	14.00

Increase over Level B proportional allocated

$$(3.40 - 1.20) = 2.20 ; 2.2 / 2 = 1.1 ; 1.20 + 1.1 = 2.30$$

$$(10.60 - 8.36) = 2.24 ; 2.2 / 2 = 1.1 ; 8.36 + 1.1 = 9.46$$

POP -- General Funds

\$M	Level B	GRB	Level C
PSU	2.3	2.30	4.3
OSU	10.7	10.71	14.5
UO	0.6	0.60	0.6
Debt Service	2.2	2.44	3.2
Unallocated		0.95	
Total	15.8	17.00	22.6

Debt Service estimated based on 6.0%, 3 issues dates, 5 years for equipment; 10 years for facilities improvement

POP -- General Funds

\$M	Level B	GRB	Level C
PSU	2.3	2.66	4.3
OSU	10.7	12.80	14.5
UO	0.6	0.60	0.6
Debt Service	2.2	above	3.2
Unallocated		0.95	
Total	15.8	17.00	22.6

Debt service estimates developed for PSU and OSU based on same assumptions including campus purchase schedules

POP -- General Funds

\$M	Level B	GRB	Level C
PSU	2.3	2.66	4.3
OSU	10.7	12.80	14.5
UO	0.6	0.60	0.6
Debt Service	2.2	above	3.2
OPAS		0.49	
Unallocated		0.46	
Total	15.8	17.00	22.6

Chancellor's recommendation for OPAS used but shown in POP instead of EBL for simplicity

POP -- General Funds

\$M	Level B	GRB	Level C
PSU	2.3	2.82	4.3
OSU	10.7	13.09	14.5
UO	0.6	0.60	0.6
Debt Service	2.2	0.00	3.2
OPAS		0.49	
Unallocated		0.00	
Total	15.8	17.00	22.6

Level C over B: $(4.3+14.5)-(2.3+10.7) = 5.8$; Avail: 0.46

PSU: $4.3-2.3 = 2.0$; $2.0/5.8*0.46= 0.16$; $2.66+ 0.16=2.82$

OSU: $14.5 - 10.7 = 3.8$; $3.8/5.8*0.46=0.30$; $12.80 + 0.30 = 13.09$

General Funds Summary

	2005-2007 Biennium	2007-2009 Biennium		
	Actual Allocation \$M	EBL \$M	POP \$M	Total \$M
EOU	0.33	0.45		0.45
OHSU/OGI	2.48	2.90		2.90
OIT	0.99	1.40		1.40
OSU	9.40	8.00	13.09	21.09
PSU	4.88	5.10	2.82	7.92
SOU	0.50	0.53		0.53
UO	1.00	2.40	0.60	3.00
WOU	0.24	0.75		0.75
Subtotal / Average	19.82	21.53	17.00	38.53
Other investments				
Planning	0.08			
Research Fund	0.00			
Pre-college & OPAS	0.76	0.75	0.49	1.24
Total	20.66	22.28	17.00	39..28

Issues relative to Governor's Recommended Budget

- ✓ EBL Adjustment
- ✓ Debt Service for Certificates of Participation
- ✓ Policy Option Package funding:
How to allocate delta over Level B?
- ✓ OPAS: How much will it receive?