



Oregon
University
System

2007-08 Budget Report Summary

Office of the Chancellor
Budget Operations Division
Oregon University System
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*Eastern Oregon University | Oregon Institute of Technology | Oregon State University | Portland State University
Southern Oregon University | University of Oregon | Western Oregon University | Oregon Health Sciences University – Affiliated*



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**Submitted to the
Oregon State Board of Higher Education**

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I. Introduction

The *2007-08 Budget Report Summary* is prepared by the Oregon University System's Budget Operations Department. It is a reference tool intended for use by campus and Chancellor's Office staff and may be updated from time to time. Other interested parties may find the information included in this document helpful in understanding the OUS Resource Allocation Model (RAM) that serves to distribute state General Fund resources within the university system.

The *2007-08 Budget Report Summary* generally provides technical details concerning the 2007-08 Oregon University System operating budget, including allocations of state General Fund via the OUS Resource Allocation Model (RAM).

2007-2009 Funding

Biennial Appropriation: Approximately \$870.4 million in state General Fund was appropriated to OUS via legislative action for the 2007-2009 biennium, including \$28.3 million in capital funding for projects and \$39.4 million for debt service. The 2007-09 General Fund budget increased \$133.3 million (18.1%) over the 2005-07 biennial General Fund budget. Other Funds Limitation budget is increased by \$81.2 million, due mainly to increases in tuition and fee revenues from enrollment growth and rate increases.

Resource Allocation Model

1) Was intended to establish the amount of the OUS request for state funding.

The RAM seeks funding at the median of comparator universities and establishes the state general fund request based on average discipline costs using comparator information. The number of eligible full time students (Oregon residents generally) by discipline drives funding. Funding values are identified in 19 "cells": 12 cells for undergraduate / graduate students and 7 cells for professional degree students (i.e. Law, Pharmacy, and Veterinary Medicine). The 12 cells funding undergraduate and graduate students are subdivided into four levels of instruction by low, medium, and high cost. Each cell represents the average state share of cost for one FTE student. The number of FTE students in each cell drives the projected state revenue necessary to adequately fund instructional programs. Since the RAM was adopted in 1999, the Legislature has not fully funded the OUS request for state support.

2) Allocates state General Fund dollars to campuses.

State General Fund support is provided to campuses through two mechanisms: on a *per-student FTE basis*, that is funded through the cells, and on a *targeted program basis*. The level of campus enrollment generates state fund support via the RAM. Due to the state being unable to provide full funding for the RAM since its inception, the cell values and the number of students funded have been decreased to fall within the dollars available for allocation.

Targeted Programs generally provide funding to support policy decisions, those areas not reached through cell funding, or those areas in need of enhanced funding due to extraordinarily high program costs or other factors. Targeted Programs are mission based rather than enrollment driven and make up about 37% of state operations funding. Funding for targeted programs support two major mission functions: research and public

service. Key targeted programs are: Regional and Small School Support, Engineering, Research, Institutes/Programs, Statewide Public Services and Central Services.

In addition to state General Fund allocations to campuses, tuition and fee revenues are retained by the generating campus. This combined approach supports OUS' commitment that funding shall follow students. Each university has an enrollment management plan that is built on campus location, breadth, and depth of undergraduate and graduate programming, facility capacity, research and public service objectives, and other factors that have a variable effect on enrollment projections. The funding partially supports instruction, academic support, institutional support and other support programming

Approach to 2007-2009 Budget Allocation

2007-2009 Distribution of State General Fund:

The allocation of the 2007-2009 General Fund budgets to the seven campuses and the Chancellor's Office have been made in accordance with Legislative directives, Board policies, and agreed upon principles and processes as expressed in the following guiding principles:

Guiding Principles:

1. Compliance with the OUS Board's expectations, budget request justifications and progress toward Board's priorities;
2. Compliance with Legislative expectations and representations;
3. Equitable basis of distributing General Fund support among campuses;
4. Creation of incentives to serve added Oregon students;
5. Creation of incentives to improve retention, increase graduates, and improve student success;
6. Begin to renormalize the Resource Allocation Model (RAM) to comport with the following budget note by 2009-2011:
"The Subcommittee understands that beginning in the 2009-2011 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate Cell funding in the Resource Allocation Model on the basis of actual fundable student FTE [full time equivalent] counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known" (Senate Bill 5515 OUS Legislative Operating Budget); and
7. Phase all campuses to a funding level as determined by the RAM over the next four years. Note: this will depend upon adequate funding from the Legislature in 2009-2011.

The recommended annual distributions of state General Fund through the OUS Resource Allocation Model (RAM) are developed to comply with Senate Bill 5515, the primary operating budget bill for OUS passed by the 2007 Legislative Assembly. Due to past fiscal pressures, the fundable student FTE used in the RAM was frozen at 2002-03 levels for undergraduate funding and 2001-02 for most graduate programs. As noted above, the 2007 Legislative Assembly instructed OUS to "renormalize" the RAM by distributing General Fund through the RAM on the basis of actual fundable student FTE counts by the 2009-2011 biennium. The impacts of this directive are twofold: 1) campuses that have experienced enrollment growth and/or enrollment shifts from "low" to "high" cost programs since the freeze was implemented will receive larger allocations; and 2) campuses that have experienced enrollment declines and/or enrollment shifts from "high" cost to "low" cost programs since the freeze was implemented will receive

lesser allocations. Thus, as this transition begins it is important to recognize the differential impacts that this directive will have on respective campuses.

Because of these differential impacts, campuses will need to take compensating action to adapt to new funding levels, and because there is insufficient funding to make this transition to a fully renormalized RAM in one step, this budget begins the process to phase in funding for all fundable FTEs in two steps: the first in 2007-2009 and the second in 2009-2011. Taking the second step will be dependent upon sufficient state General Fund being provided to OUS in the 2009-2011 Legislative Session.

The enrollment growth policy package of \$20.6 million received in 2007-2009 was not sufficient to completely renormalize the RAM in one biennium. As a result, OUS committed to allocating at least \$10.3 million to past growth / changes and splitting the remainder of the policy package appropriation between increasing the cell values for all students / campuses and funding the projected 2007-2009 fundable enrollment growth. The phase-in calculations will be based on 50 percent of the actual values for both the unfunded growth / changes in fundable students between the year of the freeze and 2006-07 actual enrollment and the projected 2007-2009 fundable enrollments.

Funding for several targeted programs was also based upon enrollments, which were frozen at 2002-03 levels or rates that have not been adjusted in recent years. The algorithms to calculate these adjustments will also be phased in using a two biennia or 50 percent factor in each biennium assuming that there is sufficient funding provided in 2009-2011 to do so. In addition, the Vet Med phase-in subsidy will be phased out as funded enrollments and cell funding for veterinary medicine increases to replace this funding that was provided to assist OSU in implementing a four-year Vet Med program during the years RAM funding was frozen.

Enrollment Driven General Fund Allocation Process:

1. Determine the enrollment funding for each campus by segmenting enrollment into three discrete segments:
 - 2007-2009 enrollment floor based on 2005-2007 allocations, plus 2007-2009 Essential Budget Level (EBL) adjustments;
 - Enrollment changes from 2002-03 to 2006-07; and
 - Projected enrollment changes from 2006-07 to 2007-2009.
- a) To determine the 2007-2009 enrollment floor, we first add the 2005-2007 enrollment funding of \$422.1 million to the:
 - i) 2005-07 Tuition buydown distribution, \$17.25 million;
 - ii) 2005-07 Faculty recruitment and retention funding, \$.8 million;
 - iii) 2005-2007 compensation increase funding, \$25.0 million; and
 - iv) 2007-09 EBL adjustments, \$18.0 million.
 - v) The outcome of this calculation yields \$483.2 million as the 2007-2009 enrollment funding floor.
- b) To determine the enrollment changes from 2002-03 to 2006-07, we first derive 2007-2009 cell values using the 2007-2009 enrollment floor (as determined in 1.a. above) plus the savings from the Vet Med phase-in (\$3.3 million) and, the additional cell funding to improve retention, reduced time to degree, and improve graduation rates as discussed below (\$4.0 million). Then we multiply this derived

2007-2009 cell value by the fundable 2006-07 enrollment to determine the amount of the funding earned by each campus as a result of the change in fundable enrollment from 2002-03 to 2006-07. As this amount is more than we have available for RAM renormalization, we will need to phase this over two biennia; thus we multiply the derived adjustments, both positive and negative, by 50 percent.

- c) In order to improve the success of Oregon and Oregonians, more Oregonians must earn baccalaureate degrees. Universities will receive funding in 2007-2009 to improve retention of freshmen to the sophomore year, to reduce the time required for students to complete baccalaureate degrees, and to increase the percentage of freshmen who attain such degrees within four to six years. To that end, a portion of the funding provided for enrollment (\$4.0 million) and a portion of the funding provided for regional campuses (\$3.5 million) must be used for efforts designed by campuses to attain these ends. Release of these funds will be contingent upon agreement with the Chancellor's Office upon a plan to achieve higher retention and graduation rates, with quantified performance measures showing current performance and goals for improvement in each of the next six years. Our purpose in establishing this funding mechanism for 2007-2009 is to provide the resources and incentives for campuses to develop and begin implementing plans that achieve improved retention and graduation rates. In future biennia, it is our intention to direct this funding to those campuses that show measurable improvement in retention and graduation. Details of the process for plans to follow in a memo from the Chancellor's office.
- d) Using the same 2007-2009 cell valuations as determined in 1.b. above, distribute \$5.3 million to fund projected 2007-2009 enrollment growth.
 - i) For campuses, growth in 2007-2009 is funded at 50 percent, subject to the settle-up process as described below.
 - ii) For campuses that are projected to have enrollment reductions in 2007-2009 (EOU and OIT), no negative adjustments will be made in 2007-2009, however, adjustments will need to be made in 2009-2011, based on actual enrollments, in order to fully renormalize the RAM as directed by the aforementioned budget note.
 - iii) These allocations will be subject to a settle-up process at the end of each year, thus we are creating an enrollment reserve of \$423.7 thousand in the event that fundable enrollments exceed projections. However, we will not be able to allocate any funding for enrollment above the level of this reserve. The settle-up process will be described in a memo from the Chancellor's office.
- e) Total campus enrollment funding is determined by adding the floor amount determined in 1.a. above to the following:
 - i) The campuses' share of the 50 percent phased 2002-03 to 2006-07 enrollment adjustments (as discussed in 1.b. above);
 - ii) The allocation to improve retention, graduation, and time to degree (1.c. above); and
 - iii) The 2007-2009 enrollment growth funding funded at 50 percent, if any (1.d. above).
- f) As noted above, enrollment-driven targeted programs also need to be adjusted in accordance with current enrollment distributions. Given that the Legislative

funding provided for RAM renormalization in 2007-2009 will only be sufficient to fund 50 percent of the change in fundable enrollments from 2002-03 to 2006-07, all adjustments will be made at this 50 percent rate, with the remaining 50 percent adjustment to occur next biennium subject to adequate Legislative funding to do so.

- i) Small school support – inflate rate per FTE by 10.29 percent (for four years of no change) and multiply this amount by 7,500 FTE less projected 2007-2009 FTE enrollments and subtract 50 percent of this delta due to phasing;
 - ii) Engineering technology and engineering graduate supplements – inflate rate by 10.29 percent and multiply times projected 2007-2009 enrollments, less 50 percent due to phasing;
 - iii) Collaborative Nursing – inflate rate by 10.29 percent and multiply by 2006-07 actual enrollments, less 50 percent for phasing.
- g) As noted earlier, OSU received Vet Med program phase-in funding when they expanded this program during the period of the enrollment freeze (2003-2005). Thus, as more of their currently unfunded “fundable” enrollments are funded, this phase-in funding needs to be phased out on a proportional basis. This distribution assumes that Vet Med program phase-in funding is phased out at the same rate that previously unfunded “fundable” enrollments are phased in (funded); or 50 percent - (see 1.b. above);

Targeted Program Funding:

2. Targeted Programs comport with the approved budget, including adding new Targeted Programs for discrete Legislative decisions. Specific details regarding the history and method used to calculate the 2007-09 allocation of Targeted Programs are provided in Section V.

II. Budget Summary Table

2007-08 OUS OPERATING BUDGET ALL SOURCES					
	General Fund	Other Funds Limited	Lottery Funds Limited	Non-Limited Other Funds	2007-08 Total All Funds
Education and General Program					
EOU	16,696,586	13,432,270	427,144	13,438,828	43,994,828
OIT	21,237,443	13,148,540	427,144	16,551,555	51,364,682
OSU - Corvallis	100,241,588	165,242,193	1,267,998	347,296,037	614,047,816
OSU-CAS	4,340,394	1,591,025	-	-	5,931,419
PSU	73,023,230	141,926,246	1,033,731	129,851,134	345,834,341
SOU	18,407,901	23,418,494	427,144	58,334,290	100,587,829
UO	72,629,354	196,231,492	1,320,343	351,731,004	621,912,193
WOU	18,684,769	23,805,707	537,684	56,242,381	99,270,541
CO	7,709,865	2,703,000	-	3,582,265	13,995,130
Industry Affairs/OMI/ETIC/OCKED	3,924,649	-	-	-	3,924,649
Systemwide Expenses	1,988,670	-	-	-	1,988,670
Subtotal Education and General Program	338,884,449	581,498,967	5,441,188	977,027,494	1,902,852,098
Statewide Public Services:					
Agricultural Experiment Station	29,335,748	6,955,654	-	30,496,696	66,788,098
Extension Service	21,183,960	12,064,379	-	3,458,230	36,706,569
Forest Research Laboratory	3,226,729	4,258,524	-	11,764,061	19,249,314
Subtotal Statewide Public Services	53,746,437	23,278,557	-	45,718,987	122,743,981
2007-08 Total Operating Budget	392,630,886	604,777,524	5,441,188	1,022,746,481	2,025,596,079
2007-08 Debt Service Budget	17,836,980	-	3,878,615	69,560,114	91,275,709
2007-08 Capital Construction	28,327,500	533,014,978	-	-	561,342,478
2007-08 Total Budget	438,795,366	1,137,792,502	9,319,803	1,092,306,595	2,678,214,266

**OUS - State General Fund
Summary of Funding
Fiscal Year 2007-08 Allocation by Campus**

	EOU	OIT	OSU	OSU-CC	PSU	SOU	UO	WOU	Total Campuses	CO	E&G	AES	ES	FRL	OUS
1 Undergraduate Funding	\$ 8,127,713	\$ 9,377,502	\$ 46,035,147	\$ 733,151	\$ 42,313,927	\$ 11,002,369	\$ 41,722,484	\$ 12,691,185	\$ 172,003,478		\$ 172,003,478				\$ 172,003,478
2 Graduate Funding	1,001,019	8,925	28,632,825	135,822	20,058,048	1,898,478	22,107,010	1,501,878	75,344,005		75,344,005				75,344,005
3 Enrollment Reserve									-	207,612	207,612				207,612
4 Enrollment Funding	\$ 9,128,732	\$ 9,386,427	\$ 74,667,972	\$ 868,973	\$ 62,371,975	\$ 12,900,847	\$ 63,829,494	\$ 14,193,063	\$ 247,347,483	\$ 207,612	\$ 247,555,095	\$ -	\$ -	\$ -	\$ 247,555,095
5 Targeted Programs															
6 Regional Support - New Policy Package															
7 Retrenchment	1,000,000	-	-	-	-	1,000,000	-	-	2,000,000	-	2,000,000				2,000,000
8 Retention & Graduation	367,500	367,500	-	245,000	-	367,500	-	367,500	1,715,000	-	1,715,000				1,715,000
9 Underpinning	367,500	367,500	-	245,000	-	367,500	-	367,500	1,715,000	-	1,715,000				1,715,000
10 Small School Funding															
11 Statewide Access	-	895,117	-	-	-	-	-	-	895,117	-	895,117				895,117
12 Small School Support Adjustment	3,370,876	3,476,438	-	2,961,477	-	2,077,460	-	2,184,478	14,070,729	-	14,070,729				14,070,729
13 Regional Access	914,443	393,499	-	-	-	295,125	-	98,378	1,701,445	-	1,701,445				1,701,445
14 Collaborative OUS Nursing Program	21,380	11,912	-	-	-	34,186	-	-	67,478	-	67,478				67,478
15 Engineering															
16 Industry Affairs/OMI	-	-	-	-	-	-	-	-	-	891,971	891,971				891,971
17 ETIC Allocations	225,000	700,000	9,741,877	-	3,797,718	265,000	1,465,405	375,000	16,570,000	2,070,000	18,640,000				18,640,000
18 Engineering Technology Undergraduate	-	1,808,502	-	-	-	-	-	-	1,808,502	-	1,808,502				1,808,502
19 Engineering Graduate	-	-	1,469,348	-	665,026	-	-	-	2,134,374	-	2,134,374				2,134,374
20 Research															
21 4% of Sponsored Research	46,391	17,673	2,269,462	-	376,280	35,346	1,117,059	133,282	3,995,493	-	3,995,493				3,995,493
22 3%/2% of Faculty Salaries - Research	41,771	69,619	634,305	-	546,121	99,013	743,375	72,714	2,206,918	-	2,206,918				2,206,918
23 Signature Research/OCKED	-	-	241,882	-	25,461	-	241,882	-	509,225	50,936	560,161				560,161
24 Institutes / Programs															
25 Campus Public Service Programs	239,274	-	1,010,278	-	847,033	106,698	897,208	1,643	3,102,134	-	3,102,134				3,102,134
26 Dispute Resolution	-	-	-	-	388,838	-	722,127	-	1,110,965	-	1,110,965				1,110,965
27 Natural Resource Institute	-	-	225,241	-	-	-	-	-	225,241	-	225,241				225,241
28 Oregon Solutions	-	-	-	-	1,274,000	-	-	-	1,274,000	-	1,274,000				1,274,000
29 Climate Center	-	-	-	-	-	-	-	-	-	-	-				-
30 Leadership Institute	-	-	-	-	73,500	-	-	-	73,500	-	73,500				73,500
31 Health Professions Programs	262,000	3,516,000	-	-	-	-	388,000	-	4,528,800	-	4,528,800				4,528,800
32 Rural Access	284,200	-	-	-	-	-	-	-	284,200	-	284,200				284,200
33 Vet. Med. Program Phase-in	-	-	1,614,138	-	-	-	-	-	1,614,138	-	1,614,138				1,614,138
34 DPSST Debt Service	-	-	-	-	-	-	-	85,000	-	-	85,000				85,000
35 Veterinary Diagnostic Lab	-	-	367,500	-	-	-	-	-	367,500	-	367,500				367,500
36 Central Services															
37 Chancellor's Office Operations	-	-	-	-	-	-	-	-	-	7,709,865	7,709,865				7,709,865
38 IT Fifth Site/OCATE/SW Oregon/OWEN	140,765	-	2,780,378	-	727,724	-	504,940	-	4,153,807	-	4,153,807				4,153,807
39 Systemwide Expenses/Programs	90,760	88,949	1,199,282	-	527,058	215,742	1,097,646	156,426	3,375,863	1,988,670	5,364,533				5,364,533
40 IDTS	-	-	-	-	-	-	-	-	-	704,130	704,130				704,130
41 Other Miscellaneous															
42 SWPS	-	-	-	-	-	-	-	-	-	-	-	29,154,703	21,022,510	3,196,729	53,373,942
43 Bldg. Maintenance/SWPS	-	-	2,003,851	-	-	-	-	-	2,003,851	-	2,003,851				2,003,851
44 Utilities	54,997	23,503	447,395	2,043	136,785	89,986	243,040	56,422	1,054,171	-	1,054,171	20,378	3,450	-	1,077,999
45 Faculty Salaries	81,320	114,804	804,057	17,901	746,362	165,498	886,837	167,888	2,984,667	-	2,984,667	160,667	158,000	30,000	3,333,334
46 Student Faculty Ratio	59,677	-	764,622	-	519,349	-	880,341	62,675	2,286,664	-	2,286,664				2,286,664
47 Total Targeted Programs & Policy Pkgs	7,567,854	11,851,016	25,573,616	3,471,421	10,651,255	5,507,054	8,799,860	4,491,706	77,913,782	13,415,572	91,329,354	29,335,748	21,183,960	3,226,729	145,075,791
48 Total Cells and Targeted Programs	16,696,586	21,237,443	100,241,588	4,340,394	73,023,230	18,407,901	72,629,354	18,684,769	325,261,265	13,623,184	338,884,449	29,335,748	21,183,960	3,226,729	392,630,886
49 Debt Service										17,836,980	17,836,980				17,836,980
50 Capital Construction	1,312,000		5,276,000		16,274,500		2,480,500	2,984,500	28,327,500		28,327,500				28,327,500
51 Total Budget	\$ 18,008,586	\$ 21,237,443	\$ 105,517,588	\$ 4,340,394	89,297,730	\$ 18,407,901	\$ 75,109,854	\$ 21,669,269	\$ 353,588,765	\$ 31,460,164	\$ 385,048,929	\$ 29,335,748	\$ 21,183,960	\$ 3,226,729	\$ 438,795,366

**OUS - State General Fund
Summary of Funding
2007-09 Biennial Allocation by Campus**

	EOU	OIT	OSU	OSU-CC	PSU	SOU	UO	WOU	Total Campuses	CO	E&G	AES	ES	FRL	OUS
1 Undergraduate Funding	\$ 16,587,170	\$ 19,137,758	\$ 94,287,940	\$ 1,511,604	\$ 86,516,060	\$ 22,347,952	\$ 85,032,489	\$ 25,907,181	\$ 351,328,154		\$ 351,328,154				\$ 351,328,154
2 Graduate Funding	2,042,895	18,215	58,690,020	287,312	41,071,147	3,695,056	45,154,800	3,065,843	154,025,288		154,025,288				154,025,288
3 Enrollment Reserve										423,697	423,697				423,697
4 Enrollment Funding	\$ 18,630,065	\$ 19,155,973	\$ 152,977,960	\$ 1,798,916	\$ 127,587,207	\$ 26,043,008	\$ 130,187,289	\$ 28,973,024	\$ 505,353,442	\$ 423,697	\$ 505,777,139	\$ -	\$ -	\$ -	\$ 505,777,139
5 Targeted Programs															
6 Regional Support - New Policy Package															
7 Retrenchment	1,000,000	-	-	-	-	1,000,000	-	-	2,000,000	-	2,000,000				2,000,000
8 Retention & Graduation	750,000	750,000	-	500,000	-	750,000	-	750,000	3,500,000	-	3,500,000				3,500,000
9 Underpinning	750,000	750,000	-	500,000	-	750,000	-	750,000	3,500,000	-	3,500,000				3,500,000
10 Small School Funding															
11 Statewide Access	-	1,826,770	-	-	-	-	-	-	1,826,770	-	1,826,770				1,826,770
12 Small School Support Adjustment	6,879,339	7,094,772	-	6,043,831	-	4,239,714	-	4,458,118	28,715,774	-	28,715,774				28,715,774
13 Regional Access	1,866,210	803,059	-	-	-	602,295	-	200,771	3,472,335	-	3,472,335				3,472,335
14 Collaborative OUS Nursing Program	43,633	24,311	-	-	-	69,767	-	-	137,711	-	137,711				137,711
15 Engineering															
16 Industry Affairs/OMI	-	-	-	-	-	-	-	-	-	1,820,349	1,820,349				1,820,349
17 ETIC Allocations	450,000	1,400,000	19,483,754	-	7,595,436	530,000	2,930,810	750,000	33,140,000	4,140,000	37,280,000				37,280,000
18 Engineering Technology Undergraduate	-	3,690,820	-	-	-	-	-	-	3,690,820	-	3,690,820				3,690,820
19 Engineering Graduate	-	-	2,998,670	-	1,357,195	-	-	-	4,355,865	-	4,355,865				4,355,865
20 Research															
21 4% of Sponsored Research	94,675	36,068	4,631,556	-	767,919	72,134	2,279,712	272,003	8,154,067	-	8,154,067				8,154,067
22 3% / 2% of Faculty Salaries - Research	85,247	142,080	1,294,501	-	1,114,533	202,068	1,517,092	148,395	4,503,916	-	4,503,916				4,503,916
23 Signature Research/OCKED	-	-	493,636	-	51,962	-	493,636	-	1,039,234	103,952	1,143,186				1,143,186
24 Institutes / Programs															
25 Campus Public Service Programs	488,314	-	2,061,792	-	1,728,639	217,752	1,831,037	3,354	6,330,888	-	6,330,888				6,330,888
26 Dispute Resolution	-	-	-	-	793,546	-	1,473,729	-	2,267,275	-	2,267,275				2,267,275
27 Natural Resource Institute	-	-	459,675	-	-	-	-	-	459,675	-	459,675				459,675
28 Oregon Solutions	-	-	-	-	2,600,000	-	-	-	2,600,000	-	2,600,000				2,600,000
29 Climate Center	-	-	180,000	-	-	-	-	-	180,000	-	180,000				180,000
30 Leadership Institute	-	-	-	-	150,000	-	-	-	150,000	-	150,000				150,000
31 Health Professions Programs	632,600	5,186,000	-	-	-	872,400	-	705,500	7,396,500	-	7,396,500				7,396,500
32 Rural Access	580,000	-	-	-	-	-	-	-	580,000	-	580,000				580,000
33 Vet. Med. Program Phase-in	-	-	3,294,160	-	-	-	-	-	3,294,160	-	3,294,160				3,294,160
34 DPSST Debt Service	-	-	-	-	-	-	-	170,000	170,000	-	170,000				170,000
35 Veterinary Diagnostic Lab	-	-	750,000	-	-	-	-	-	750,000	-	750,000				750,000
36 Central Services															
37 Chancellor's Office Operations	-	-	-	-	-	-	-	-	-	15,734,418	15,734,418				15,734,418
38 IT Fifth Site/OCATE/SW Oregon/OWEN	287,275	-	5,674,241	-	1,485,150	-	1,030,489	-	8,477,155	-	8,477,155				8,477,155
39 Systemwide Expenses/Programs	185,225	181,528	2,447,515	-	1,075,629	440,289	2,240,093	319,237	6,889,516	4,058,510	10,948,026				10,948,026
40 IDTS	-	-	-	-	-	-	-	-	-	1,437,000	1,437,000				1,437,000
41 Other Miscellaneous															
42 SWPS	-	-	-	-	-	-	-	-	-	-	-	59,499,394	42,903,082	6,523,937	108,926,413
43 Bldg. Maintenance/SWPS	-	-	4,089,491	-	-	-	-	-	4,089,491	-	4,089,491				4,089,491
44 Utilities	112,239	47,966	913,050	4,170	279,154	183,645	496,001	115,147	2,151,372	-	2,151,372	41,587	7,041	-	2,200,000
45 Faculty Salaries	243,961	344,412	2,412,170	53,703	2,239,085	496,495	2,660,510	503,664	8,954,000	-	8,954,000	482,000	474,000	90,000	10,000,000
46 Student Faculty Ratio	179,031	-	2,293,869	-	1,558,048	-	2,641,026	188,026	6,860,000	-	6,860,000				6,860,000
47 Total Targeted Programs & Policy Pkgs	14,627,749	22,277,786	53,478,080	7,101,704	22,796,296	10,426,559	19,594,135	9,334,215	159,636,524	27,294,229	186,930,753	60,022,981	43,384,123	6,613,937	296,951,794
48 Total Cells and Targeted Programs	\$ 33,257,814	\$ 41,433,759	\$ 206,456,040	\$ 8,900,620	\$ 150,383,503	\$ 36,469,567	\$ 149,781,424	\$ 38,307,239	\$ 664,989,966	\$ 27,717,926	\$ 692,707,892	\$ 60,022,981	\$ 43,384,123	\$ 6,613,937	\$ 802,728,933
49 Debt Service Budget										39,384,932	39,384,932				39,384,932
50 Capital Construction	1,312,000		5,276,000		16,274,500		2,480,500	2,984,500	28,327,500		28,327,500				28,327,500
51 Total Budget	\$ 34,569,814	\$ 41,433,759	\$ 211,732,040	\$ 8,900,620	166,658,003	\$ 36,469,567	\$ 152,261,924	\$ 41,291,739	\$ 693,317,466	\$ 67,102,858	\$ 760,420,324	\$ 60,022,981	\$ 43,384,123	\$ 6,613,937	\$ 870,441,365

**OUS - State General Fund
2006-07 FTE with Floor, Phase-in Funding and 2007-09 Growth
2007-09 Biennial Allocation by Campus**

	EOU	OIT	OSU	OSU-CC	PSU	SOU	UO	WOU	Total Campuses	CO	E&G
Enrollment Driven Calculation of Floor											
2005/2007 Cell Funding	\$ 16,009,326	\$ 15,441,327	\$ 125,882,039	\$ 1,033,322	\$ 104,085,285	\$ 23,515,779	\$ 111,360,839	\$ 24,805,036	\$ 422,132,953		\$ 422,132,953
Tuition Buydown - GF funding	721,462	1,513,247	1,323,666	-	4,949,872	801,803	5,570,983	2,368,967	17,250,000		17,250,000
Faculty Recruit/Retain	30,687	29,598	241,295	1,981	199,514	45,076	213,460	47,547	809,158		809,158
Compensation Increases	1,223,388	1,506,200	7,530,759	153,690	5,533,578	1,479,863	5,896,161	1,647,068	24,970,707		24,970,707
2005-07 Adjusted Funding	17,984,863	18,490,372	134,977,759	1,188,993	114,768,249	25,842,521	123,041,443	28,868,618	465,162,818	-	465,162,818
EBL Adjustment	696,014	715,577	5,223,639	46,014	4,441,531	1,000,106	4,761,704	1,117,216	18,001,801		18,001,801
2007-09 Floor	18,680,877	19,205,949	140,201,398	1,235,007	119,209,780	26,842,627	127,803,147	29,985,834	483,164,619		483,164,619
2007-09 Floor									483,164,619		483,164,619
Recovered Vet Med Phase in									3,294,160		3,294,160
Increased Cell Value for Student Success									4,000,000		4,000,000
Amount Available for Distribution									490,458,779		490,458,779
02-03 FTE @ 2005-07 Cell Values	\$ 18,439,123	\$ 17,692,159	\$ 146,586,418	\$ 1,186,754	\$ 121,153,171	\$ 27,118,811	\$ 129,712,860	\$ 28,569,484	\$ 490,458,779		\$ 490,458,779
06-07 FTE @ 2005-07 Cell Values	18,028,190	17,274,205	165,483,442	2,114,886	130,540,795	24,474,357	132,269,298	26,032,197	516,217,370		516,217,370
2003-07 Change in Enrollment	\$ (410,932)	\$ (417,954)	\$ 18,897,024	\$ 928,132	\$ 9,387,624	\$ (2,644,453)	\$ 2,556,437	\$ (2,537,288)	\$ 25,758,591		\$ 25,758,591
50.0% 2003-07 Enrollment Funding Reduction	(205,466)	(208,977)	-	-	-	(1,322,227)	-	(1,268,644)	(3,005,313)		(3,005,313)
50.0% 2003-07 Enrollment Funding Increase	-	-	9,448,512	464,066	4,693,812	-	1,278,219	-	15,884,609	-	15,884,609
Increased Cell Value for Student Success	154,654	159,001	1,160,693	10,224	986,908	222,223	1,058,051	248,245	4,000,000		4,000,000
2007-09 Enrollment Growth subj to settle-up	-	-	2,167,356	89,619	2,696,707	300,385	47,872	7,589	5,309,528		5,309,528
Enrollment Reserve	-	-	-	-	-	-	-	-	-	423,697	423,697
Enrollment Growth Policy Package	(50,812)	(49,976)	12,776,561	563,909	8,377,427	(799,619)	2,384,142	(1,012,810)	22,188,823	423,697	22,612,520
Total Enrollment Driven	\$ 18,630,065	\$ 19,155,974	\$ 152,977,959	\$ 1,798,916	\$ 127,587,207	\$ 26,043,008	\$ 130,187,289	\$ 28,973,024	\$ 505,353,442	\$ 423,697	\$ 505,777,139

**OUS
Distribution of Systemwide Expenses / Programs
For 2007-2008**

	EOU	OIT	OSU	OSU- CASCADES	PSU	SOU	UO	WOU	CAMPUS TOTAL	OUS	TOTAL
Statewide Assessments	-	-	-	-	-	-	-	-	-	1,726,030	1,726,030
Endowment Match	-	4,952	775,408	-	66,931	57,523	719,715	6,684	1,631,213	-	1,631,213
Department of Justice (DOJ) Legal Services	31,250	31,250	125,001	-	125,001	31,250	125,001	31,250	500,003	147,000	647,003
Oregon Joint Schools of Professional Business (OJSPB)	-	-	91,626	-	137,438	60,015	91,625	-	380,704	-	380,704
Faculty Diversity	35,475	35,475	70,950	-	70,949	35,475	70,949	35,475	354,748	-	354,748
Services to Students with Disabilities	10,305	3,513	44,649	-	94,918	13,730	50,103	65,734	282,952	-	282,952
ORBIS	13,730	13,759	38,945	-	31,821	17,749	40,253	17,283	173,540	-	173,540
WICHE Dues	-	-	-	-	-	-	-	-	-	115,640	115,640
National Heritage Program	-	-	52,703	-	-	-	-	-	52,703	-	52,703
Total 2007-08	\$ 90,760	\$ 88,949	\$ 1,199,282	\$ -	\$ 527,058	\$ 215,742	\$ 1,097,646	\$ 156,426	\$ 3,375,863	\$ 1,988,670	\$ 5,364,533

**OUS
Biennium Distribution of Systemwide Expenses / Programs
For 2007-2009 Biennium**

	EOU	OIT	OSU	OSU- CASCADES	PSU	SOU	UO	WOU	CAMPUS TOTAL	CO	TOTAL
Statewide Assessments	-	-	-	-	-	-	-	-	-	3,522,510	3,522,510
Endowment Match	-	10,107	1,582,467	-	136,594	117,393	1,468,806	13,641	3,329,008	-	3,329,008
Department of Justice (DOJ) Legal Services	63,776	63,776	255,105	-	255,105	63,776	255,105	63,776	1,020,419	300,000	1,320,419
Oregon Joint Schools of Professional Business (OJSPB)	-	-	186,991	-	280,486	122,480	186,990	-	776,947	-	776,947
Faculty Diversity	72,397	72,397	144,795	-	144,794	72,398	144,794	72,398	723,973	-	723,973
Services to Students with Disabilities	21,030	7,170	91,120	-	193,710	28,020	102,250	134,150	577,450	-	577,450
ORBIS	28,022	28,078	79,480	-	64,940	36,222	82,148	35,272	354,162	-	354,162
WICHE Dues	-	-	-	-	-	-	-	-	-	236,000	236,000
National Heritage Program	-	-	107,557	-	-	-	-	-	107,557	-	107,557
Total 2007-09	\$ 185,225	\$ 181,528	\$ 2,447,515	\$ -	\$ 1,075,629	\$ 440,289	\$ 2,240,093	\$ 319,237	\$ 6,889,516	\$ 4,058,510	\$ 10,948,026

III. Fundable FTE Student Enrollments

Previous to 2007-09 biennium, enrollment driven funding has been calculated by multiplying fundable student FTE (as described below) times cell funding by CIP code (described in section IV) Since the 2007-09 funding was not sufficient to completely renormalize the RAM, enrollment funding was determined by segmenting enrollment into three distinct segments.

- 2007-2009 enrollment floor based on 2005-2007 allocations, plus 2007-2009 Essential Budget Level (EBL) adjustments;
- Enrollment changes from 2002-03 to 2006-07; and
- Projected enrollment changes from 2006-07 to 2007-2009.

Details of each segments calculation are further described in section I, page 3.

Fundable Student FTE in the Budget Model

- Oregon residents, as defined by the Board's residency policy. This includes students in the regular (fall, winter, spring) and extended terms (fundable continuing education and summer session).
- Ph.D. students
- All Eastern Oregon University students
- Students enrolled under the part-time fee policy (as per Academic Year Fee Book)
- Students enrolled under specific reciprocity agreements
 - Oregon / Northern California community colleges
 - Institutional reciprocity / exchange agreements approved by the Chancellor's Office
 - Oregon / Washington reciprocity—no new agreement has been made since the 1997-1999 biennium; however, one student already in the program will continue to be funded
- Residence classification of armed forces personnel (per OAR 580-010-0035)
- Residence classification of members of federally recognized Oregon tribes (per OAR 580-010-0037)
- Residence classification of non-citizens (per OAR 580-010-0040)
- Staff / qualifying family members / domestic partners in accordance with new staff fee policy
- Graduate teaching assistants
- Cooperating supervising teachers
- National Student Exchange students
- Senior Citizens
- WICHE graduate / professional (Law, Pharmacy, Veterinary Medicine) students

Calculation of Annual FTE for use in the Budget Model

- Credit hours of fundable students as reported at the end of each term (note: FTE calculations are based on techniques used by OUS Institutional Research Services as verified by campuses)
- Course CIP codes (Classification of Instructional Programs) as defined by NCES (National Center for Education Statistics). Annual FTE is determined as follows:
 - Undergraduate = 45 credit hours
 - Master's and professional = 36 credit hours
 - Doctoral = 27 credit hours
- Categorized by level of student
 - Freshman/sophomore and non-admitted undergraduate status equates to lower division undergraduate
 - Junior/senior and post-baccalaureate non-graduate status equates to upper division undergraduate
 - Master's degree students and non-admitted graduates
 - Ph.D. students
 - Separate student counts for Law, Veterinary Medicine, and Pharmacy

FTE Funding for Undergraduate, Professional, & Graduate Programs

Cell funding used to calculate the distinct segments mentioned above for 2007-08 is based upon the following assumptions:

- All segments use the cell value discounted at 63.9% as shown in Section IV. In the first segment, the fundable FTE used for the 2007-09 enrollment floor caps the 2002-03 graduate FTE at the lesser of 2000-01 or 2002-03 actual FTE. A special allowance was made in a prior biennium for Pharmacy and Education Master's students. Pharmacy was capped at 268 per an agreement between the Chancellor's Office and OSU. An additional 200 FTE were added for Education Master's students.
- The second segment uses the change in FTE from 2002-03 frozen levels to the actual 2006-07 enrollments. Due to the transition to full funding, only 50% of the change is recognized this biennium.
- The third segment uses the change from 2006-07 actual FTE to projected FTE for 2007-09. Only enrollment growth will be used to distribute the funding amongst each campus. It is anticipated that growth in FTE will be funded at 50%. Since the FTE is projected at this point, allocations will be subject to a settle-up process at the end of each year when actual enrollments are determined. The settle-up process will be outlined in a memo from the Chancellor's office.

2007-08 RAM FTE

	2006-07 Funded FTE	2006-07 Unfunded FTE	2006-07 Actual FTE	2007-08 FTE Change from 2006-07	2007-08 IR Projected FTE
EOU					
UG	2,388	(177)	2,211	(131)	2,080
Grad.	255	(6)	249	(12)	237
Total Resident	2,643	(183)	2,460	(143)	2,317
Nonresident			0	0	0
Total FTE			2,460	(143)	2,317
OIT					
UG	2,229	(201)	2,028	(81)	1,947
Grad.	0	2	2	0	2
Total Resident	2,229	(199)	2,030	(81)	1,949
Nonresident			289	74	363
Total FTE			2,319	(7)	2,312
OSU					
UG	12,724	62	12,786	166	12,952
Grad.-Master	1,441	(63)	1,378	(53)	1,325
Grad.-Ph.D	1,278	314	1,592	50	1,642
Pharm	268	172	440	8	448
Vet Med	94	160	254	17	271
Total Resident FTE	15,805	645	16,450	188	16,638
Nonresident			2,131	157	2,288
Total FTE			18,581	345	18,926
OSU-Cascades*					
UG	159	63	222	9	231
Grad.	6	49	55	4	59
Total Resident	165	112	277	13	290
Nonresident			16	(4)	12
Total FTE			293	9	302
PSU					
UG	11,148	936	12,084	253	12,337
Grad.-Master	3,681	(64)	3,617	181	3,798
Grad.-Ph.D	362	113	475	16	491
Total Resident	15,191	985	16,176	450	16,626
Nonresident			2,751	13	2,764
Total FTE			18,927	463	19,390
SOU					
UG	3,331	(314)	3,017	29	3,046
Grad.	467	(54)	413	67	480
Total Resident	3,798	(368)	3,430	96	3,526
Nonresident			744	(75)	669
Total FTE			4,174	21	4,195
UO					
UG	11,731	3	11,734	85	11,819
Grad.-Master	1,454	58	1,512	(5)	1,507
Grad.-Ph.D	1,598	128	1,726	(18)	1,708
Law	277	(4)	273	(4)	269
Total Resident	15,060	185	15,245	58	15,303
Nonresident			5,176	84	5,260
Total FTE			20,421	142	20,563
WOU					
UG	3,669	(345)	3,324	(54)	3,270
Grad.	404	(19)	385	31	416
Total Resident	4,073	(364)	3,709	(23)	3,686
Nonresident			443	1	444
Total FTE			4,152	(22)	4,130
Grand Total					
UG	47,379	27	47,406	276	47,682
Grad.-Master	7,708	(97)	7,611	213	7,824
Grad.-Ph.D	3,239	554	3,793	48	3,841
Pharm	268	172	440	8	448
Vet Med	94	160	254	17	271
Law	277	(4)	273	(4)	269
Total Resident	58,964	813	59,777	558	60,335
Nonresident			11,550	250	11,800
Grand Total			71,327	808	72,135

2008-09 RAM FTE

	2006-07 Funded FTE	2006-07 Unfunded FTE	2006-07 Actual FTE	2008-09 FTE Change from 2006-07	2008-09 IR Projected FTE
EOU					
UG	2,388	(177)	2,211	(198)	2,013
Grad.	255	(6)	249	(10)	239
Total Resident	2,643	(183)	2,460	(208)	2,252
Nonresident			0	0	0
Total FTE			2,460	(208)	2,252
OIT					
UG	2,229	(201)	2,028	(73)	1,955
Grad.	0	2	2	(1)	1
Total Resident	2,229	(199)	2,030	(74)	1,956
Nonresident			289	89	378
Total FTE			2,319	15	2,334
OSU					
UG	12,724	62	12,786	300	13,086
Grad.-Master	1,441	(63)	1,378	(64)	1,314
Grad.-Ph.D	1,278	314	1,592	95	1,687
Pharm	268	172	440	8	448
Vet Med	94	160	254	16	270
Total Resident FTE	15,805	645	16,450	355	16,805
Nonresident			2,131	281	2,412
Total FTE			18,581	636	19,217
OSU-Cascades*					
UG	159	63	222	15	237
Grad.	6	49	55	7	62
Total Resident	165	112	277	22	299
Nonresident			16	(4)	12
Total FTE			293	18	311
PSU					
UG	11,148	936	12,084	360	12,444
Grad.-Master	3,681	(64)	3,617	213	3,830
Grad.-Ph.D	362	113	475	31	506
Total Resident	15,191	985	16,176	604	16,780
Nonresident			2,751	126	2,877
Total FTE			18,927	730	19,657
SOU					
UG	3,331	(314)	3,017	29	3,046
Grad.	467	(54)	413	94	507
Total Resident	3,798	(368)	3,430	123	3,553
Nonresident			744	(65)	679
Total FTE			4,174	58	4,232
UO					
UG	11,731	3	11,734	146	11,880
Grad.-Master	1,454	58	1,512	18	1,530
Grad.-Ph.D	1,598	128	1,726	(53)	1,673
Law	277	(4)	273	(5)	268
Total Resident	15,060	185	15,245	106	15,351
Nonresident			5,176	249	5,425
Total FTE			20,421	355	20,776
WOU					
UG	3,669	(345)	3,324	(50)	3,274
Grad.	404	(19)	385	41	426
Total Resident	4,073	(364)	3,709	(9)	3,700
Nonresident			443	30	473
Total FTE			4,152	21	4,173
Grand Total					
UG	47,379	27	47,406	529	47,935
Grad.-Master	7,708	(97)	7,611	298	7,909
Grad.-Ph.D	3,239	554	3,793	73	3,866
Pharm	268	172	440	8	448
Vet Med	94	160	254	16	270
Law	277	(4)	273	(5)	268
Total Resident	58,964	813	59,777	919	60,696
Nonresident			11,550	706	12,256
Grand Total			71,327	1,625	72,952

IV. Cell Funding for 2007-08 (State General Fund)

CIP Assignment to RAM Cell Values

The RAM uses course CIP codes (Classification of Instructional Programs) as defined by NCES (National Center for Education Statistics) to assign values by discipline. Funding values are identified in 12 “cells”: four levels of instruction by low, medium, and high cost. Each cell represents the average state share of cost for one FTE student. The number of FTE students in each cell drives the projected state revenue needed to fund programs.

Undergraduate Education

(Expected Individual Attainment)

Level I

Liberal Arts; English Language and Literature; Philosophy; Psychology; Mathematics; Social Sciences and History; Conservation and Renewable Resources; Area and Cultural Studies; Foreign Languages and Literature

Level II

Education; Business Management; Biological and Physical Sciences; Computing and Information Sciences; Home Economics; Interdisciplinary Studies; Protective Services; Public Administration; Library Sciences; Communications

Level III

Agricultural Business; Agricultural Sciences; Architecture; Science Technologies; Parks, Recreation, Leisure and Fitness Studies; Health Professions; Engineering and Engineering Technologies; Visual and Performing Arts

Special

Pharmacy

Graduate and Professional Education

(Master’s level ability in preparation for life’s work and advanced studies)

Level I

Liberal Arts and Sciences; Education; Business Management; Library Science, Psychology; Public Administration; Protective Services; Social Sciences and History; Conservation and Renewable Natural Resources; Philosophy; Area, Ethnic and Cultural Studies

Level II

Architecture; Visual and Performing Arts; English Language and Literature; Communications; Foreign Languages and Literature; Interdisciplinary Studies; Parks, Recreation, Leisure and Fitness; Home Economics; Health Professions

Level III

Agricultural Business; Agricultural Sciences; Biological and Physical Sciences; Mathematics; Computer Sciences; Engineering; Engineering-related Technologies; Science Technologies

Special

Pharmacy; Veterinary Medicine; and Law

Advanced Graduate Education

Level I

Area, Ethnic and Cultural Studies; Conservation; Health-related knowledge and skills; Foreign Languages and Literature; Architecture; Engineering-related Technologies; Communications Technologies; Health professions

Level II

Agricultural Business; Education; Home Economics; English Language and Literature; Biological and Physical Sciences; Mathematics; Parks, Recreation, Leisure and Fitness; Philosophy; Psychology; Public Administration; Social Sciences and History; Visual and Performing Arts

Level III

Computer Sciences; Engineering; Interdisciplinary Studies; Business Management

Special

Pharmacy and Veterinary Medicine

CIP levels	Freshman Sophomore	Junior Senior	Master	PhD
01 Agricultural Business	3	3	3	2
02 Agricultural Sciences	3	3	3	2
03 Conservation	1	1	1	1
04 Architecture	3	3	2	1
05 Area, Ethnic, Cultural Studies	1	1	1	1
09 Communications	2	2	2	2
10 Communications Technologies	2	2	2	1
11 Computer and Information Science	2	2	3	3
13 Education	2	2	1	2
14 Engineering	3	3	3	3
15 Engineering-Related Technology	3	3	3	1
16 Foreign Languages and Literature	1	1	2	1
19 Home Economics	2	2	2	2
22 Law and Legal Studies	4	4	4	4
23 English Language and Literature	1	1	2	2
24 Liberal Arts and Sci., Humanities	1	1	1	1
25 Library Science	2	2	1	1
26 Biological Sciences, Life Science	2	2	3	2
27 Mathematics	1	1	3	2
28 Reserve Officers Training Corps	1	1	1	1
29 Military Technologies	1	1	1	1
30 Multi/Interdisc. Studies	2	2	2	3
31 Parks, Rec., Leisure, Fitness Studies	3	3	2	2
32 Basic Skills	1	1	1	1
38 Philosophy and Religious Studies	1	1	1	2
40 Physical Sciences	2	2	3	2
41 Science Technologies	3	3	3	3
42 Psychology	1	1	1	2
43 Protective Services	2	2	1	2
44 Public Administration and Service	2	2	1	2
45 Social Sciences	1	1	1	2
50 Visual and Performing Arts	3	3	2	2
51 Health Professions, Related Science	3	3	2	1
5120 Pharmacy (broken out of cip 51)	5	5	5	5
5124 Veterinary Medicine (broken out of cip 51)	6	6	6	6
52 Business Mgmt, Admin. Service	2	2	1	3
54 History	1	1	1	2
9999 Unknown	1	1	1	1

2007-08 Cell Values

2007-08 cell values for the RAM are discounted at 63.9% for resident FTE to reflect available state funding.

CELL VALUE CALCULATION METHODOLOGY 2007-08 CELL VALUE

(Sample below based on level 1 cell value for lower division)				
Fiscal Year	Annual Inflation †	Cell Value	Cell Value Discounted	Discount Rate
<i>(due to funding shortfalls)</i>				
1997-98 (Original)	-	\$2,900	-	-
1998-99	3.0%	\$2,987	-	-
1999-00*	1.5%	\$3,155	\$2,789	87.9%
2000-01*	2.0%	\$3,340	\$2,967	87.9%
2001-02*	2.5%	\$3,424	\$2,509	73.3%
2002-03	2.5%	\$3,510	\$2,572	73.3%
2003-04	1.5%	\$3,562	\$2,565	72.0%
2004-05	1.5%	\$3,616	\$2,603	72.0%
2005-06	1.8%	\$3,681	\$2,150	58.4%
2006-07	0.0%	\$3,681	\$2,150	58.4%
2007-08	2.7%	\$3,780	\$2,414	63.9%

***1999-2001 Tuition freeze factor added to undergraduate cell values: \$123 in 1999-2000; \$248 in 2000-2001 and thereafter. Note: in 1999-2001, the tuition freeze factor was added after inflation and discount rates were applied. In 2001-2002 forward, the tuition freeze factor is included prior to the application of inflation and applicable discount rates.**

† - Annual inflation for the years from 1998-2006 were based on factor from Oregon Dept. of Admin. Services (DAS) CPI was used for 2007-08 at a rate of 2.7% (June 2007 CPI annual increase)

2007-08 CELL VALUES AT 100%

	Lower Division Undergraduate	Upper Division Undergraduate	Master's Graduate	PhD Graduate
Level 1	\$3,780	\$4,866	\$6,155	\$11,585
Level 2	\$4,746	\$6,073	\$8,327	\$13,878
Level 3	\$6,797	\$9,211	\$11,947	\$17,498
Pharmacy	\$10,297	\$10,297	\$15,688	\$32,583
Law	-	-	\$13,154	\$11,585
Vet Med	-	-	\$45,858	-

2007-08 ESTABLISHED CELL VALUES DISCOUNTED AT 63.9% (ENROLLMENT DRIVEN REVENUE CALCULATION FOR STATE FUNDS)

	Lower Division Undergraduate	Upper Division Undergraduate	Master's Graduate	PhD Graduate
Level 1	\$2,414	\$3,108	\$3,931	\$7,399
Level 2	\$3,031	\$3,879	\$5,318	\$8,863
Level 3	\$4,341	\$5,882	\$7,630	\$11,175
Pharmacy	\$6,576	\$6,576	\$10,019	\$20,809
Law	-	-	\$8,401	\$7,399
Vet Med	-	-	\$29,286	-

V. Targeted Program Funding (General Fund)

OVERVIEW

The OUS Resource Allocation Model (RAM) is used to allocate state General Fund support through two mechanisms: 1) a *per-student FTE basis* that is funded through the cells, and 2) a *targeted program basis*.

Targeted Programs are mission-based rather than enrollment-driven and make up approximately 27% of state funding for Education and General programs. Targeted programs are grouped according to function: Regional and Small School Support, Engineering, Research, Institutes/Programs, Statewide Public Services, Central Services and Other.

DISTRIBUTION GUIDELINES RELATED TO STATE GENERAL FUND FOR TARGETED PROGRAMS:

Targeted program funds are determined and distributed in accordance with a variety of approaches:

- **Legislative Actions or Statutory Changes** - Funds are distributed to targeted programs at the campuses in a manner consistent with the legislative authorization such as the establishment of the Climate Center, funding of policy packages such as the Health Professions Programs, and continued funding of various programs such as the Campus Public Service Programs.
- **Board Direction** – Funds are distributed to supplement or fully support a specific program or entity which supports the campus missions of research and public service and to support other strategic initiatives as well as the operation of the Chancellor’s Office.
- **Enrollment Driven** – Four of the programs combine enrollment projections with established rates to determine the distributions to the campuses. These targeted programs include the small school adjustment, engineering technology for undergraduates, engineering for graduates, and the collaborative OUS Nursing programs.
- **Inflation Adjustment** – all previously funded targeted programs were inflated by 3.87 percent in accordance with the increased Essential Budget Level (EBL) funding.
- **Fiscal Year Split** – funding for the targeted programs is split 49 percent for 2007-08 and 51 percent for 2008-09 with the following exceptions:
 - ETIC and DPSST 50% in each year
 - Faculty Salary and Student Faculty Ratio 33.3% in 2007-08
 - Retrenchment (EOU & SOU) 100% in the first year
 - Climate Center 100% in the second year of the biennium.

Program Elimination

- **Western Undergraduate Exchange Program Support (WUE)**

The WUE program permits nonresident undergraduate students from participating states to enroll in selected OUS programs at tuition rates that are 150 percent of resident undergraduate rates. The enrollment-driven portion of the budget model did not provide state General Fund support for WUE students. This targeted program subsidized campuses for the lower level of nonresident tuition revenue. Support funding for the WUE subsidy was eliminated in 2005-07 session. The program was phased out with an allocation to the campuses in 2005-06 and fully eliminated in 2006-07.

- **Fee Remission Equity**

Funding for the program was eliminated in 2005-07 by the Legislature. The program was phased out with an allocation to the campuses in 2005-06 and eliminated in 2006-07.

REGIONAL SUPPORT

OSU – Cascades Campus

In February 2001, the State Board of Higher Education approved the selection of Oregon State University to manage a new branch campus in Bend, Oregon, in close collaboration with other OUS partner institutions and private universities offering programs in the Bend region. The Legislature appropriated \$7.2 million in state General Fund to support the new branch campus in 2001-03.

Beginning FY 2005-06, OSU-Cascades was reclassified as a regional campus and; therefore, eligible to receive the small school support funding. Funding for 2007-09 is comprised of \$1,798,916 for cell funding and \$7,101,704 for small school support, utilities and faculty salaries.

Funds for Regional support are distributed based on:

- Implementation of Board-approved retrenchment plans - EOU and SOU will each receive \$1 million in the 2007-09 biennium. The full allocation will be distributed to the campuses in 2007-08. The \$2 million will be re-allocated within the regional campuses by the Board in 2009-11.
- Improving retention, graduation, and student success - \$3.5 million funding is distributed to regional universities (including OSU-Cascades). The allocation is subject to receipt and approval of campus proposals by the Chancellor's office. The intention is to provide the resources and incentives for campuses to develop and begin implementing plans that achieve improved retention and graduation rates. In future biennia, it is intended to direct this funding to those campuses that show measurable improvement in retention and graduation. The plan approval process will be outlined in a memo from the Chancellor's office.
- Underpinning campus finances - \$3.5 million to fund a mutually agreed-upon plan with the Chancellor's Office to reach financial sustainability. The plan approval process will be outlined in a memo from the Chancellor's office.

SMALL SCHOOL FUNDING

Targeted programs contribute to the support of campuses with small enrollment bases to assist these institutions in underwriting core operational and management support requirements.

Statewide Access - Provides additional state support in recognition of the technology education at OIT. The original allocation was made in 2001-03, held constant for four years, and then increased by the EBL increase in 2005-07. The 2007-09 funding is based on the 2005-07 amount adjusted for the 3.87% EBL increase.

Small School Support Adjustment - For campuses with less than 7,500 FTE, the initial 2001-2003 RAM allocation provided state support of \$650 per FTE, for all FTE below 7,500. The allocation was reduced for budget cuts in 2003 and increased by the increase in EBL in subsequent biennia. For 2007-09, the support adjustment was calculated using an updated rate, increasing the 2001-03 rate of \$650 per FTE by an inflation factor of 10.29 percent (based on CPI adjusted between December 2001 and December 2006). The calculation was further updated by

using 2007-09 enrollments. The support adjustment was then reduced by 50% of the incremental increase as part of the phasing approach to renormalization of the RAM. The OSU-Cascades rate per FTE is equal to 60% of the other small schools.

Regional Access Funds - This provides core program support for regional institutions with small enrollment bases to ensure *geographic access* to public higher education by all Oregonians. . The original allocation was made in 2001-03, held constant for four years, and then increased by the EBL increase in 2005-07. The 2007-09 funding is based on the 2005-07 amount adjusted for the 3.87% EBL increase.

Collaborative OUS Nursing Program

Funding is provided to support EOU, OIT, SOU for hosting OHSU nursing students. OHSU receives the tuition dollars for the nursing courses taught on the regional campuses. This supplement supports the cost of providing common services to the students. The program was calculated by multiplying enrollment times \$600 per student in 2001-03. The rate and FTE had been frozen since 2003. The 2007-09 support is calculated by inflating the rate per nursing student FTE by 10.29% and multiplying the rate by 2006-07 actual enrollments. The increase in level of support is reduced by 50 percent for phasing.

ENGINEERING

In addition to cell funding that directly supports student enrollment in engineering programs, the following targeted programs enhance engineering funding:

1. Industry Affairs and Oregon Metals Initiative
2. Engineering education through the Oregon Engineering Technology Investment Fund (ETIC)
3. Targeted supplemental funding of cell values for Engineering Technology Undergraduates
4. Targeted supplemental funding of cell values for Engineering Graduates.

Industry Affairs and Oregon Metals Initiative (OMI)

Provides state General Fund for the basic operations of the Chancellor's Office Industry Affairs and administers industry match funding to the campuses for OMI projects. Fiscal Year (FY) 2007-09 funding is based on the 2005-07 amount adjusted for EBL increase of 3.87 percent.

Oregon Engineering Technology Investment Fund (ETIC)

Existing funding from the 2005-07 level is increased by an EBL adjustment and then reallocated to campuses based on the ETIC Board recommendation. In addition, the Legislatively Adopted Budget includes additional funding of \$15.0 million and brings the ETIC total for 2007-09 to \$37,280,000.

Engineering Technology Undergraduates

This targeted fund supplements the undergraduate cell funding per student FTE for this specialty and high-demand discipline at OIT by use of a formula. The program total was established in 2001-03 and frozen through 2007. The 2001-02 rate was adjusted by 10.29 percent (CPI as described above in Small School Support) and multiplied times the projected 2007-09 enrollment. The difference in the new calculation and the funding at the 2005-07 level adjusted for the EBL increase of 3.87 percent was phased in by 50 percent.

Engineering Graduates

Provides targeted funding supplemental to graduate cell funding per student FTE for this high-demand discipline due to its extraordinary program costs. The support calculation for engineering graduates is the same as Engineering Technology undergraduates described above.

RESEARCH

Sponsored Research

Provides support for research as an incentive to attract additional sponsored research to the campuses. Support levels were calculated in 2001 on the basis of four percent of sponsored research expenditures. Budget cuts in 2001-03 reduced the level of funding and were not restored in subsequent biennia nor was the program funding increased by an increase in EBL. The 2007-09 level of funding is based on the 2005-07 level plus the EBL adjustment of 3.87 percent. The current funding is \$6.8 million below the level of support of the original method based on four percent of the sponsored research base.

Additional Research Support

Provides additional research support to the institutions on the basis of instructional faculty salary. Funding was originally calculated at three percent of faculty salaries for OSU, PSU, and UO; and two percent of faculty salaries for EOU, OIT, SOU, and WOU, respectively. As noted for sponsored research, there was insufficient funding to provide support using the original calculation. Funding for 2007-09 is based on the 2005-07 level plus the 2007-09 EBL adjustment of 3.87%. The current funding yields \$5.1 million less than the funding calculated using the original method using two and three percent of faculty salaries.

Signature Research / OCKED

The 2003 Legislature appropriated \$100,000 for the administration of the Oregon Council for Knowledge and Economic Development (OCKED). Its mission is to promote knowledge-based economic development and to foster collaboration between leadership of higher education public and private institutions and the private sector.

The Legislature also allocated \$1,000,000 in OUS funding to support the development of Signature Research Centers for Multi-scale Materials and Devices to OSU, UO and PSU, using nanotechnology to develop products with commercial applications.

The level of funding for both programs were unchanged from 2003 to 2007. The 2007-09 funding is based on the 2005-07 funding plus the EBL adjustment of 3.87 percent.

INSTITUTES / PROGRAMS

Campus Public Service Programs

Provides funding for campus public service operations. Campus Public Service operations received a budget cut of \$290,000 in 2003-05. Support levels for FY 2007-09 are based on the 2005-07 distributions adjusted for the EBL increase of 3.87% plus an additional \$188,000 for the University of Oregon Labor Education Research Center (LERC) per SB 5515.

Dispute Resolution Programs

The Legislature transferred the programs of the Dispute Resolution Commission to the Department of Higher Education when it abolished the Commission in 2003. The University of Oregon administers Community Programs that provide mediation services and conflict resolution training to private parties. Portland State University administers a Public Policy Program to mediate disputes involving public bodies.

The Programs were funded in the 2005-2007 biennium by a combination of \$1,458,369 General Fund and \$81,717 Other Funds fund balances. Funds were distributed to UO and PSU, by agreement.

Senate Bill 247 (passed in the 2003-05 Legislative Session) eliminated the program sunset, and transferred the dispute resolution surcharges that have financed the programs to the General Fund. The HB 5153-B (2005-07 budget bill) noted that OUS will request a phase-in of \$752,467 in General Fund for 2007-09 to replace the one-biennium expenditures of Other Funds fund balances and to increase support for the programs as approved in SB 247. For 2007-09, funding is based on the 2005-07 amount adjusted for the EBL increase of 3.87% plus \$752,467 of additional support. Funding is allocated between UO and PSU on a 65%/35% split as per the agreement by both campuses.

Natural Resource Institute

The Natural Resource Institute at OSU provides research and policy support to state agencies and other organizations on a variety of natural resource issues, including environmental protection and watershed conservation.

The 2007-09 allocation includes 250,000 funding in 2005-2007 adjusted by an increase in EBL of 3.87% plus an additional \$200,000 General Fund appropriation in 2007-09

Oregon Solutions

The Mark O. Hatfield School of Government Policy Consensus Institute at PSU has become Oregon Solutions, a state-funded program that brings together local groups to solve local problems using sustainable methods. The program promotes collaborative efforts among government agencies, commercial businesses, and nonprofit organizations in support of Oregon's economy, environment, and communities.

The 2007-09 allocation is \$2,600,000 General Fund, comprised of \$400,000 identified in the EBL build-up plus a legislative allocation of an additional \$2,200,000.

Climate Change Research

HB 3543-B includes \$180,000 General Fund to begin operation of the Climate Change Research Institute for the second year of the 2007-09 Biennium. Funding will roll-up to \$360,000 in the 2009-11 Biennium. The Institute will facilitate research, serve as a climate change information clearinghouse, provide technical assistance, and, at least once each biennium, assess the state of climate change science as it relates to impacts on Oregon.

New Leadership Program

HB 5549 includes \$150,000 General Fund for the program at Portland State University to fund a Program Director.

Health Profession Programs

Funding of \$7.396 million is provided by the Legislature in 2007-2009 to increase nursing prerequisite courses for the Oregon Consortium for Nursing Education (OCNE) program and to expand the OIT health professions programs. The program funds are managed by OIT and distributed to the various campuses to support specific program objectives.

Rural Access Initiative

The Legislatively Adopted Budget provides \$580,000 General Fund to Eastern Oregon University to institute a pilot program to increase college attendance in rural areas of the state.

Veterinary Medicine Program Phase-in

The 2001 Legislature established funding for a Veterinary Medicine School at OSU and authorized phase-in funding in 2003-05 of \$6,400,000 for operations. This phase-in funding is being adjusted as more of the fundable enrollments are funded. The 2007-09 base assumes that Vet. Med. Program phase-in funding is phased-out at the same rate that previously unfunded

“fundable” enrollments are funded or by 50 percent. The 2007-09 funding is based on the 2005-07 level plus an EBL adjustment of 3.87 percent reduced by 50%.

DPSST Debt Service at WOU

The budget provides funds to pay for debt service of Department of Public Safety and Standards Training building at WOU. When the debt is retired or tenant revenue is secured these funds will revert to the cells.

Veterinary Diagnostic Laboratory

The 2007-09 Legislatively Adopted Budget included \$750,000 of General Fund appropriation for the OSU Veterinary Diagnostic Laboratory.

CENTRAL SERVICES

Chancellor’s Office

Provides state General Fund for the operations of the Chancellor’s office .The 2007-09 allocation is \$15,734,418 and represents an EBL increase over 2005-07.

Information Technology Fifth Site / PSU OCATE / SW Oregon / OWEN

In 2005-07, General Fund was allocated to support the transfer of Information Technology Fifth Site to OSU, and the Oregon Center for Advanced Technology Education (OCATE) to PSU as part of the Chancellor’s Office reorganization. The Chancellor’s Office reorganization line item was eliminated in 2007-09 and these two programs have been moved to this line item. The totals were determined by increasing the 2005-07 allocation by the increase in EBL of 3.87%.

The Southwest Oregon University Center was re-categorized from a Systemwide Expense / Program to this line item. Funding is based on the 2005-07 level adjusted for the EBL increase of 3.87% .

OWEN (Oregon Wide-Area Education Network) – OWEN was established with a special appropriation in HB 5061 of the 1999 legislative session. During the 2005-07 biennium OWEN was characterized as a Systemwide Expense / Program for the first year of the biennium and as its own line item in the second year. Funding for 2007-09 is based on the 2005-07 level adjusted for the EBL increase of 3.87 percent.

OUS Systemwide Expenses and Programs

Provides General Fund for systemwide expenses administered by the Chancellor’s Office on behalf of all the OUS institutions or for direct allocations to campuses. WICHE / Professional Student Exchange Program was phased out in 2006-07. All programs, except as noted below, were funded by carrying forward the 2005-07 support level adjusted for EBL increase of 3.87 percent..

- **Department of Justice** – Funds for costs of legal services provided by the Department of Justice. Institutions receiving funding are responsible for payment of DOJ charges incurred on their behalf, which may be more or less than the campus allocation. Campus allocations for the 2007-09 funding were increased by EBL increase noted above.
- **Endowment Match** - Established in 1989 to provide state matching funds to encourage endowment gifts.
- **Faculty Diversity** – Funding is based on the 2005-07 amount adjusted for the EBL and allocated to each campus on a pro-rated basis. Campuses will continue to report plans and activities to the Chancellor’s Office as it has in the past.

- **ORBIS** – Funds are provided to pay for access to online library services.
- **Oregon Joint Schools of Professional Business** – Provides support for business education.
- **Services to Students with Disabilities** – Funding will continue at the 2006-07 level adjusted by the increase in EBL plus an additional \$50,000. Allocation to campuses is prorated based on actual expense distributions from 2005-07.
- **Statewide Assessments** – Funds are for services and related costs of the State Government Services and are based upon a price list from DAS. The 2007-09 funding is decreased \$102 thousand from the 2005-07 level
- **WICHE Dues** – Funding to cover OUS dues to the Western Interstate Commission for Higher Education. The funding for 2007-09 is increased by \$18,000 over the 2005-07 level.
- **Oregon Natural Heritage Program (ORNHP)** – Legislature established funding in the 2003-2005 biennium to support the cooperative efforts between OSU Institute for Natural Resources and the Oregon Division of State Lands. Its mission is to establish natural areas, manages the Rare and Endangered Invertebrate program, and the Oregon Natural Heritage databank.

Information Data Transfer System (IDTS)

Provides funding of \$837,000 for the Information System project related to K-20 system integration. An additional \$600,000 General Fund that was approved for the project, but was not spent in the 2005-07 biennium, is shifted from the 2005-07 to the 2007-09 biennium.

OTHER MISCELLANEOUS FUNDING

Statewide Public Service (SWPS) - OSU

Provides funding for three statewide public service programs, including the Agricultural Experiment Station, Extension Service, and the Forest Research Laboratory (see *Section VII. Statewide Public Service Programs* for more information).

Building Maintenance - Statewide Public Service Facilities at OSU

Provides funds for Oregon State University to operate and maintain Statewide Public Services facilities (related to AES, ES and FRL) on its Corvallis campus. The 2007-09 funding is based on the 2005-07 level adjusted for an EBL increase of 3.87%.

Utility Costs

The Legislature provided \$2.2 million for utility increases. Funds are allocated to the campuses and Statewide Public Services on the basis of their proportion of utility costs incurred in 2005-06. Of this total, \$41,587 is earmarked for the Agricultural Experiment Station (AES), and \$7,041 for Extension Service (ES), the balance of \$2.15 million for distribution to the campuses is based on the 2005-06 utility expenses. Funding for the E&G portion will be rolled into the enrollment-driven cell values to be distributed via the RAM in future biennia and ES and AES will see an increase in their base funding equal to this allocation.

Faculty Salaries

The Legislature provided \$10 million for faculty salaries (\$8,954,000 for E&G and \$1,046,000 for the SWPS). Campus funding is distributed based on 2006-07 faculty salaries in Educational and General funds under instruction, research and public service programs. This funding is intended to assist campuses and SWPS in gaining position in relation to peer faculty salaries and must be

used only to improve compensation level for faculty involved in and funded from teaching, research and public service activities and budgets (excluding those with the rank of dean or above) . Funds will be rolled into the cell values to be distributed via the RAM in future biennia and SWPS will see an increase in their base funding equal to this allocation.

Student Faculty Ratio

Funding is distributed based on each campus's relative distance to its peers. SOU and OIT are not eligible due to their ratios being less than peers in 2006-07. The funding is intended to allow OUS to hire additional full-time faculty positions at the institutions that participate in this allocation, thereby lowering their student and faculty ratios. Funds will be rolled into the cell values to be distributed via the RAM in future biennia.

OTHER GENERAL FUND RELATED INFORMATION

DEBT SERVICE XI-G BONDS

The Legislature was granted authority by the Oregon Constitution to authorize, on behalf of the State University System, general obligation bonds (Article XI-G bonds) for the construction, equipping, rehabilitation, remodeling and repair of facilities that are of a general classroom and/or laboratory nature. A dedicated state General Fund amount is appropriated each biennium for payment of Article IX-G debt service on OUS capital construction projects. A total of \$39,384,932 General Fund is appropriated for the 2007-09 biennium.

CAPITAL REPAIR

In past biennia the legislature has appropriated state General Fund for capital repair and maintenance. The 2007-09 General Fund budget does not include funding for capital repair and maintenance; however, these needs are met through an appropriation of Lottery funds. (see section VIII, page 44 for a detailed listing)

CAPITAL CONSTRUCTION

The state General Fund of \$28,327,500 is included in the capital budget. A complete listing of all capital projects related to a variety of funding sources approved by the 2007 Legislative Assembly is available in the Capital Projects section of this manual.

VI. Other Funds Revenue

2007-09 Other Funds Limited Revenue

Other Funds Limited revenue of the operating budget is comprised principally of estimated campus tuition and fees (calculated on the bases of enrollment projections and tuition rates) and indirect cost recovery on sponsored research, as well as lesser amounts of other income.

Adjustments to 2007-2009 Other Funds Revenue Limitation

The Legislature limits spending authority of certain revenues collected by the System, including tuition and fees, by allocating Expenditure Limitation to the agency. Following are Legislative budget adjustments pertain Other Funds Limitation:

Undergraduate Tuition and Fee Increase

The Legislature expects tuition rate increases for resident undergraduate students, excluding students enrolled at Western Oregon University (WOU), to average 3.4% each year of the biennium. OUS shall report to the interim Joint Committee on Ways and Means or Emergency Board prior to any State Board of Higher Education approval of tuition and fee rate increases that would result to average increases for resident undergraduate students, excluding students enrolled at WOU, exceeding these amounts. The Legislature further expects the resource fee including energy surcharge revenue to not exceed 8.6% of gross tuition revenue.

Enrollment Growth

The budget increases the Other Funds limitation by \$26 million for expenditures related to the enrollment growth policy package.

2007-09 Other Funds Non-Limited

Other Funds Non-Limited revenue estimates include sponsored programs; gifts, grants, and contracts; designated operations (e.g., community workshops and other self-sustaining public service and education activities); and auxiliary activities such as student housing, food service, parking, athletics, and incidental fee activities. Expenditure of these funds is not limited by the Legislature.

**2007-09 Other Funds Revenue
EOU**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	3,657,244	3,860,287	7,517,531
Nonresident Undergrad Instruction	2,099,858	2,216,438	4,316,296
Resident Grad Instruction Fee	46,440	49,018	95,458
Nonresident Grad Instruction Fee	2,969	3,133	6,102
Western Undergrad Exch (WUE) Inst Fee	-	-	-
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	35,050	36,996	72,046
Total Tuition Revenue - Academic Terms	5,841,561	6,165,872	12,007,433
Summer Session	305,401	322,504	627,905
Continuing Education	7,377,696	7,790,847	15,168,543
Total Gross Tuition Revenue	13,524,658	14,279,223	27,803,881
Education Fees:			
Resource Fees	510,351	542,942	1,053,293
Energy Surcharge	152,213	155,257	307,470
Total Education Fees	662,564	698,199	1,360,763
Percent Education Fees to Gross Tuition Revenue	4.8%	5.3%	4.9%
Total Gross Tuition and Fees Revenue	14,187,222	14,977,422	29,164,644
Other Revenue:			
Other Student Fees	349,073	366,736	715,809
Indirect Cost Recovery	356,063	456,063	812,126
State Agency Transfer	-	-	-
Investment/Debt	128,939	135,463	264,402
Sales and Services	210,879	221,550	432,429
Non-Governmental Grants and Contracts	-	-	-
Non-Governmental Gifts	-	-	-
Other Revenues	94	99	193
Total Other Revenue	1,045,048	1,179,911	2,224,959
Total Gross Tuition & Fees & Other Revenue	15,232,270	16,157,333	31,389,603
Programmatic Fee Remissions	1,800,000	1,891,080	3,691,080
<i>% to tuition</i>	13.3%	13.2%	13.3%
Net Tuition and Fees and Other Revenue	13,432,270	14,266,253	27,698,523
Budget Limitation per Sept 07 Board Approval	13,432,270		

**2007-09 Other Funds Revenue
OIT**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	7,340,416	7,575,309	14,915,725
Nonresident Undergrad Instruction	783,889	783,889	1,567,778
Resident Grad Instruction Fee	5,196	5,196	10,392
Nonresident Grad Instruction Fee	-	-	-
Western Undergrad Exch (WUE) Inst Fee	758,886	783,171	1,542,057
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	-	-	-
Total Tuition Revenue - Academic Terms	8,888,387	9,147,565	18,035,952
Summer Session	414,669	427,938	842,607
Continuing Education	3,030,242	3,127,210	6,157,452
Total Gross Tuition Revenue	12,333,298	12,702,713	25,036,011
Education Fees:			
Resource Fees	793,250	793,250	1,586,500
Energy Surcharge	-	-	-
Total Education Fees	793,250	793,250	1,586,500
Percent Education Fees to Gross Tuition Revenue	6.4%	6.2%	6.3%
Total Gross Tuition and Fees Revenue	13,126,548	13,495,963	26,622,511
Other Revenue:			
Other Student Fees	619,906	619,906	1,239,812
Indirect Cost Recovery	322,457	322,457	644,914
State Agency Transfer	-	-	-
Investment/Debt	157,463	157,463	314,926
Sales and Services	117,888	117,888	235,776
Non-Governmental Grants and Contracts	1,019	1,019	2,038
Non-Governmental Gifts	-	-	-
Other Revenues	58,259	58,259	116,518
Total Other Revenue	1,276,992	1,276,992	2,553,984
Total Gross Tuition & Fees & Other Revenue	14,403,540	14,772,955	29,176,495
Programmatic Fee Remissions	1,255,000	1,255,000	2,510,000
<i>% to tuition</i>	10.2%	9.9%	10.0%
Net Tuition and Fees and Other Revenue	13,148,540	13,517,955	26,666,495
Budget Limitation per Sept 07 Board Approval	13,148,540		

**2007-09 Other Funds Revenue
OSU - CORVALLIS**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	54,492,240	56,876,328	111,368,568
Nonresident Undergrad Instruction	25,298,048	27,225,895	52,523,943
Resident Grad Instruction Fee	16,238,978	16,875,932	33,114,910
Nonresident Grad Instruction Fee	3,783,036	3,909,286	7,692,322
Western Undergrad Exch (WUE) Inst Fee	21,197	21,197	42,394
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	2,334,170	2,475,914	4,810,084
Vet Med Nonresident Instruction Fee	1,160,984	1,236,155	2,397,139
PharmD Resident Instruction Fee	4,099,973	4,385,175	8,485,148
PharmD Non-resident Instruction Fee	669,869	703,362	1,373,231
All Other Student Categories	774,906	808,305	1,583,211
Total Tuition Revenue - Academic Terms	108,873,401	114,517,549	223,390,950
Summer Session	4,671,235	4,923,482	9,594,717
Continuing Education	10,161,345	11,014,898	21,176,244
Total Gross Tuition Revenue	123,705,981	130,455,929	254,161,910
Education Fees:			
Resource Fees	12,625,652	13,004,422	25,630,074
Energy Surcharge	-	-	-
Total Education Fees	12,625,652	13,004,422	25,630,074
Percent Education Fees to Gross Tuition Revenue	10.2%	10.0%	10.1%
Total Gross Tuition and Fees Revenue	136,331,633	143,460,351	279,791,984
Other Revenue:			
Other Student Fees	5,545,868	5,602,760	11,148,628
Indirect Cost Recovery	24,480,000	24,960,000	49,440,000
State Agency Transfer	-	-	-
Investment/Debt	1,311,610	1,311,610	2,623,220
Sales and Services	9,268,000	9,546,000	18,814,000
Non-Governmental Grants and Contracts	-	-	-
Non-Governmental Gifts	-	-	-
Other Revenues	675,680	695,950	1,371,630
Total Other Revenue	41,281,158	42,116,320	83,397,478
Total Gross Tuition & Fees & Other Revenue	177,612,791	185,576,671	363,189,462
Programmatic Fee Remissions	12,370,598	13,045,593	25,416,191
<i>% to tuition</i>	10.0%	10.0%	10.0%
Net Tuition and Fees and Other Revenue	165,242,193	172,531,078	337,773,271
Budget Limitation per Sept 07 Board Approval	165,242,193		

**2007-09 Other Funds Revenue
OSU-CASCADES**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	666,545	695,701	1,362,246
Nonresident Undergrad Instruction	134,259	139,572	273,830
Resident Grad Instruction Fee	522,099	571,860	1,093,958
Nonresident Grad Instruction Fee	42,112	43,796	85,908
Western Undergrad Exch (WUE) Inst Fee	-	-	-
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	40,518	41,503	82,022
Total Tuition Revenue - Academic Terms	1,405,533	1,492,432	2,897,964
Summer Session	-	-	-
Continuing Education	-	-	-
Total Gross Tuition Revenue	1,405,533	1,492,432	2,897,964
Education Fees:			
Resource Fees	182,132	187,596	369,728
Energy Surcharge	-	-	-
Total Education Fees	182,132	187,596	369,728
Percent Education Fees to Gross Tuition Revenue	13.0%	12.6%	12.8%
Total Gross Tuition and Fees Revenue	1,587,665	1,680,028	3,267,692
Other Revenue:			
Other Student Fees	16,770	17,105	33,875
Indirect Cost Recovery	-	-	-
State Agency Transfer	-	-	-
Investment/Debt	-	-	-
Sales and Services	10,700	11,000	21,700
Non-Governmental Grants and Contracts	-	-	-
Non-Governmental Gifts	-	-	-
Other Revenues	1,000	1,000	2,000
Total Other Revenue	28,470	29,105	57,575
Total Gross Tuition & Fees & Other Revenue	1,616,135	1,709,133	3,325,267
Programmatic Fee Remissions	25,110	26,207	51,317
<i>% to tuition</i>	1.8%	1.8%	1.8%
Net Tuition and Fees and Other Revenue	1,591,025	1,682,926	3,273,950
Budget Limitation per Sept 07 Board Approval	1,591,025		

**2007-09 Other Funds Revenue
PSU**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	46,418,297	48,956,449	95,374,746
Nonresident Undergrad Instruction	17,768,730	18,843,866	36,612,596
Resident Grad Instruction Fee	23,072,271	25,075,279	48,147,550
Nonresident Grad Instruction Fee	5,474,222	5,722,333	11,196,555
Western Undergrad Exch (WUE) Inst Fee	3,126,684	3,377,942	6,504,626
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	309,755	326,692	636,447
Total Tuition Revenue - Academic Terms	96,169,959	102,302,561	198,472,520
Summer Session	10,858,212	11,382,202	22,240,414
Continuing Education	19,913,198	24,708,297	44,621,495
Total Gross Tuition Revenue	126,941,369	138,393,060	265,334,429
Education Fees:			
Resource Fees	8,930,005	9,418,298	18,348,303
Energy Surcharge	-	-	-
Total Education Fees	8,930,005	9,418,298	18,348,303
Percent Education Fees to Gross Tuition Revenue	7.0%	6.8%	6.9%
Total Gross Tuition and Fees Revenue	135,871,374	147,811,358	283,682,732
Other Revenue:			
Other Student Fees	3,897,310	4,092,176	7,989,486
Indirect Cost Recovery	6,103,325	6,408,491	12,511,815
State Agency Transfer	-	-	-
Investment/Debt	990,379	1,039,898	2,030,277
Sales and Services	1,726,297	1,812,611	3,538,908
Non-Governmental Grants and Contracts	17,364	18,232	35,596
Non-Governmental Gifts	-	-	-
Other Revenues	300,000	300,000	600,000
Total Other Revenue	13,034,674	13,671,408	26,706,082
Total Gross Tuition & Fees & Other Revenue	148,906,048	161,482,766	310,388,814
Programmatic Fee Remissions	6,979,802	7,867,458	14,847,260
% to tuition	5.5%	5.7%	5.6%
Net Tuition and Fees and Other Revenue	141,926,246	153,615,308	295,541,554
Budget Limitation per Sept. 07 Board Approval	141,926,246		

**2007-09 Other Funds Revenue
SOU**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	11,167,394	11,625,257	22,792,652
Nonresident Undergrad Instruction	2,501,396	2,603,954	5,105,350
Resident Grad Instruction Fee	1,567,919	1,632,204	3,200,123
Nonresident Grad Instruction Fee	275,193	286,476	561,669
Western Undergrad Exch (WUE) Inst Fee	2,330,723	2,426,282	4,757,005
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	59,196	59,196	118,392
Total Tuition Revenue - Academic Terms	17,901,822	18,633,369	36,535,191
Summer Session	1,520,675	1,583,023	3,103,698
Continuing Education	2,290,914	2,384,842	4,675,756
Total Gross Tuition Revenue	21,713,411	22,601,234	44,314,645
Education Fees:			
Resource Fees	1,447,140	1,506,473	2,953,613
Energy Surcharge	-	-	-
Total Education Fees	1,447,140	1,506,473	2,953,613
Percent Education Fees to Gross Tuition Revenue	6.7%	6.7%	6.7%
Total Gross Tuition and Fees Revenue	23,160,551	24,107,707	47,268,258
Other Revenue:			
Other Student Fees	804,999	838,004	1,643,003
Indirect Cost Recovery	282,244	282,244	564,489
State Agency Transfer	1,074	1,074	2,148
Investment/Debt	321,863	321,863	643,726
Sales and Services	449,100	452,244	901,344
Non-Governmental Grants and Contracts	3,851	3,851	7,703
Non-Governmental Gifts	499	499	998
Other Revenues	244,312	246,023	490,335
Total Other Revenue	2,107,943	2,145,802	4,253,744
Total Gross Tuition & Fees & Other Revenue	25,268,494	26,253,508	51,522,002
Programmatic Fee Remissions	1,850,000	1,925,850	3,775,850
<i>% to tuition</i>	8.5%	8.5%	8.5%
Net Tuition and Fees and Other Revenue	23,418,494	24,327,658	47,746,152
Budget Limitation per Sept 07 Board Approval	23,418,494		

**2007-09 Other Funds Revenue
UO**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	48,280,944	50,172,108	98,453,052
Nonresident Undergrad Instruction	70,554,722	72,671,364	143,226,086
Resident Grad Instruction Fee	17,998,668	18,538,628	36,537,296
Nonresident Grad Instruction Fee	7,117,768	7,331,301	14,449,069
Western Undergrad Exch (WUE) Inst Fee	512,150	529,563	1,041,713
Law Resident Instruction Fee	3,914,920	4,032,368	7,947,288
Law Nonresident Instruction Fee	7,152,950	7,367,539	14,520,489
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	1,342,416	1,388,058	2,730,474
Total Tuition Revenue - Academic Terms	156,874,538	162,030,929	318,905,467
Summer Session	8,800,794	9,064,818	17,865,612
Continuing Education	5,073,923	5,226,141	10,300,064
Total Gross Tuition Revenue	170,749,255	176,321,888	347,071,143
Education Fees:			
Resource Fees [1]	12,130,020	12,495,013	24,625,033
Energy Surcharge	907,145	907,145	1,814,290
Total Education Fees	13,037,165	13,402,158	26,439,323
Percent Education Fees to Gross Tuition Revenue	7.6%	7.6%	7.6%
Total Gross Tuition and Fees Revenue	183,786,420	189,724,046	373,510,466
Other Revenue:			
Other Student Fees	6,468,014	6,662,054	13,130,068
Indirect Cost Recovery	15,991,320	16,471,060	32,462,380
State Agency Transfer	519	535	1,054
Investment/Debt	1,013,292	1,043,691	2,056,983
Sales and Services	1,520,045	1,565,646	3,085,691
Non-Governmental Grants and Contracts	269,931	278,029	547,960
Non-Governmental Gifts	85,241	87,798	173,039
Other Revenues	1,247,710	1,285,141	2,532,851
Total Other Revenue	26,596,072	27,393,954	53,990,026
Total Gross Tuition & Fees & Other Revenue	210,382,492	217,118,000	427,500,492
Programmatic Fee Remissions	14,151,000	15,641,000	29,792,000
% to tuition	8.3%	8.9%	8.6%
Net Tuition and Fees and Other Revenue	196,231,492	201,477,000	397,708,492
Budget Limitation per Sept 07 Board Approval	196,231,492		

**2007-09 Other Funds Revenue
WOU**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	13,768,754	14,659,020	28,427,774
Nonresident Undergrad Instruction	2,053,830	2,155,706	4,209,536
Resident Grad Instruction Fee	1,424,960	1,544,240	2,969,200
Nonresident Grad Instruction Fee	615,895	643,669	1,259,564
Western Undergrad Exch (WUE) Inst Fee	1,677,663	1,839,603	3,517,266
Law Resident Instruction Fee	-	-	-
Law Nonresident Instruction Fee	-	-	-
Vet Med Resident Instruction Fee	-	-	-
Vet Med Nonresident Instruction Fee	-	-	-
PharmD Resident Instruction Fee	-	-	-
PharmD Non-resident Instruction Fee	-	-	-
All Other Student Categories	168,643	177,075	345,718
Total Tuition Revenue - Academic Terms	19,709,745	21,019,313	40,729,058
Summer Session	1,384,470	1,492,037	2,876,507
Continuing Education	1,312,062	1,396,545	2,708,607
Total Gross Tuition Revenue	22,406,277	23,907,895	46,314,172
Education Fees:			
Resource Fees	1,121,476	1,170,821	2,292,297
Energy Surcharge	-	-	-
Total Education Fees	1,121,476	1,170,821	2,292,297
Percent Education Fees to Gross Tuition Revenue	5.0%	5.6%	4.9%
Total Gross Tuition and Fees Revenue	23,527,753	25,078,716	48,606,469
Other Revenue:			
Other Student Fees	620,000	620,000	1,240,000
Indirect Cost Recovery	740,000	760,000	1,500,000
State Agency Transfer	-	-	-
Investment/Debt	200,000	275,000	475,000
Sales and Services	247,154	260,000	507,154
Non-Governmental Grants and Contracts	30,000	25,000	55,000
Non-Governmental Gifts	-	-	-
Other Revenues	27,800	30,000	
Total Other Revenue	1,864,954	1,970,000	3,777,154
Total Gross Tuition & Fees & Other Revenue	25,392,707	27,048,716	52,383,623
Programmatic Fee Remissions	1,587,000	1,650,000	3,237,000
<i>% to tuition</i>	7.08%	6.90%	6.99%
Net Tuition and Fees and Other Revenue	23,805,707	25,398,716	49,146,623
Budget Limitation per Sept 07 Board Approval	23,805,707		

**2007-09 Other Funds Revenue
Chancellor's Office**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction			
Nonresident Undergrad Instruction			
Resident Grad Instruction Fee			
Nonresident Grad Instruction Fee			
Western Undergrad Exch (WUE) Inst Fee			
Law Resident Instruction Fee			
Law Nonresident Instruction Fee			
Vet Med Resident Instruction Fee			
Vet Med Nonresident Instruction Fee			
PharmD Resident Instruction Fee			
PharmD Non-resident Instruction Fee			
All Other Student Categories			
Total Tuition Revenue - Academic Terms	-	-	-
Summer Session			
Continuing Education			
Total Gross Tuition Revenue	-	-	-
Education Fees:			
Resource Fees			
Energy Surcharge			
Total Education Fees	-	-	-
Percent Education Fees to Gross Tuition Revenue			
Total Gross Tuition and Fees Revenue			
Other Revenue:			
Other Student Fees			
Indirect Cost Recovery	2,000,000	1,950,000	3,950,000
State Agency Transfer	-	-	-
Investment/Debt	-	-	-
Sales and Services	-	-	-
Non-Governmental Grants and Contracts	19,000	21,000	40,000
Non-Governmental Gifts	-	-	-
Other Revenues-Centralized Cost Recovery	684,000	737,000	1,421,000
Total Other Revenue	2,703,000	2,708,000	5,411,000
Total Gross Tuition & Fees & Other Revenue	2,703,000	2,708,000	5,411,000
Programmatic Fee Remissions	-	-	-
% to tuition	-	-	-
Net Tuition and Fees and Other Revenue	2,703,000	2,708,000	5,411,000
Budget Limitation per Sept 07 Board Approval	2,703,000		

**2007-09 Other Funds Revenue
OUS Total**

	FY 2007-2008 Estimates	FY 2008-09 Estimates	2007-09 Biennial Total
Resident Undergrad Instruction	185,791,834	194,420,459	380,212,293
Nonresident Undergrad Instruction	121,194,732	126,640,683	247,835,416
Resident Grad Instruction Fee	60,876,531	64,292,356	125,168,887
Nonresident Grad Instruction Fee	17,311,195	17,939,994	35,251,189
Western Undergrad Exch (WUE) Inst Fee	8,427,303	8,977,758	17,405,061
Law Resident Instruction Fee	3,914,920	4,032,368	7,947,288
Law Nonresident Instruction Fee	7,152,950	7,367,539	14,520,489
Vet Med Resident Instruction Fee	2,334,170	2,475,914	4,810,084
Vet Med Nonresident Instruction Fee	1,160,984	1,236,155	2,397,139
PharmD Resident Instruction Fee	4,099,973	4,385,175	8,485,148
PharmD Non-resident Instruction Fee	669,869	703,362	1,373,231
All Other Student Categories	2,730,484	2,837,826	5,568,310
Total Tuition Revenue - Academic Terms	415,664,945	435,309,590	850,974,535
Summer Session	27,955,456	29,196,004	57,151,460
Continuing Education	49,159,381	55,648,780	104,808,161
Total Gross Tuition Revenue	492,779,782	520,154,373	1,012,934,156
Education Fees:			
Resource Fees	37,740,026	39,118,814	76,858,840
Energy Surcharge	1,059,358	1,062,402	2,121,760
Total Education Fees	38,799,384	40,181,216	78,980,600
Percent Education Fees to Gross Tuition Revenue	7.9%	7.7%	7.8%
Total Gross Tuition and Fees Revenue	531,579,166	560,335,589	1,091,914,756
Other Revenue:			
Other Student Fees	18,321,940	18,818,741	37,140,681
Indirect Cost Recovery	50,275,409	51,610,315	101,885,724
State Agency Transfer	1,593	1,609	3,202
Investment/Debt	4,123,546	4,284,988	8,408,534
Sales and Services	13,550,063	13,986,939	27,537,002
Non-Governmental Grants and Contracts	341,165	347,131	688,296
Non-Governmental Gifts	85,740	88,297	174,037
Other Revenues	3,238,855	3,353,472	6,592,327
Total Other Revenue	89,938,311	92,491,491	182,429,802
Total Gross Tuition & Fees & Other Revenue	621,517,477	652,827,081	1,274,344,558
Programmatic Fee Remissions	40,018,510	43,302,188	83,320,698
% to tuition	8.1%	8.3%	8.2%
Net Tuition and Fees and Other Revenue	581,498,967	609,524,893	1,191,023,860
Budget Limitation per Sept 07 Board Approval	581,498,967		

Other Funds Revenue

Approximately 50% of OUS funding comes from Non-Limited funding sources, which are not subject to expenditure limitation by the Legislature. These funds may be from restricted sources that are identified for specific purposes, or they may be unrestricted funds, including revenues from sales, auxiliary services, and designated operations. The various funding sources are described below:

Designated Operations

Includes tuition for non-credit continuing education and other revenue from self-support instruction. Other sources include unrestricted gifts and royalties and activities that support instruction and public service and are covered by user fees such as student transportation and housing for field trips, special equipment or facility users' fees.

Service Departments

Includes sales and service revenue (e.g., printing services and other internal service funds).

Auxiliary Enterprises

Includes student incidental and health service fees and all other enterprise revenue from dormitories, food services, student centers, book stores, and parking.

Restricted Funds

Funds designated for specific purposes, including gifts, grants, and contracts. Also includes the following student financial aid programs: Federal PELL and SEOG Grants, Federal Work Study, Oregon Opportunity Grants, and other campus aid programs.

Student Loan Programs

Consists entirely of interest, capital contributions and other revenues used to support the student loan programs.

Sports Action Lottery

The passage of HB 3466 by the 2005 Oregon Legislative Assembly eliminated the state's authority to operate sports wagering games. As a result the bill awarded 1% of all Lottery net proceeds to colleges and universities to support sports programs that previously received proceeds from Sports Action. The revised statute continues to set aside 12% of the funds for non-athletic graduate student scholarships. The remaining 88% is distributed to the intercollegiate athletic departments of the OUS institutions. Of this amount, 30% is to be used for revenue producing sports and at least 50% is to be used for women's athletics. The statute authorizes the State Board of Higher Education to determine the distribution of these funds among the OUS institution intercollegiate athletic programs and set forth certain points to consider in that process. The distribution below is based on the Board formula adopted on November 2, 2006.

Institution	Lottery Funds
Eastern Oregon University	427,144
Oregon Institute of Technology	427,144
Oregon State University	1,267,998
Portland State University	1,033,731
Southern Oregon University	427,144
University of Oregon	1,320,343
Western Oregon University	537,684

Debt Service

The legislature has been granted the authority by the Oregon Constitution to authorize, on behalf of the OUS, the issuance of bonds for construction, equipping, rehabilitation, remodeling, and repair of facilities. The constitution authorizes two types of bonds:

- 1) Article XI-G Bonds, which are general obligation bonds for facilities that are of a general classroom and/or laboratory nature. Dedicated State General Funds are appropriated each biennium for debt service payments on Article XI-G Bonds for capital construction.
- 2) Article XI-F(1) Bonds, general obligation bonds to finance capital projects on facilities that are wholly self-supporting and self liquidating. Revenues from gifts, grants, or building fees are used for debt service payments.

	State General Fund	Non-Limited Other Funds	Lottery Funds	2007-08 Total
Debt Service Requirement	17,836,980	69,560,114	3,878,615	91,275,709

Certificates of Participation Project Funding

The legislature approved \$18,960,000 Other Funds for campus technology and ETIC projects to be funded with Certificates of Participation (COPs). Debt service on these COPs will be paid with university Other Funds and budgeted as Nonlimited Other Funds.

Institution	Equipment or Project	2007-09 Amount
EOU	Storage area network and video streaming	\$ 200,000
OSU	Enterprise computing systems upgrade	\$ 3,000,000
PSU	Storage and server expansion	\$ 600,000
PSU	Classroom technology refresh and new building Technology	\$ 450,000
PSU	Network equipment upgrades	\$ 450,000
PSU	Desktop and security upgrades	\$ 400,000
PSU	Document imaging and workflow systems	\$ 850,000
PSU	Building access control systems	\$ 250,000
PSU	Research Equipment	\$ 1,000,000
ETIC	Facilities and equipment	<u>\$11,760,000</u>
Total		\$18,960,000

VII. Statewide Public Service Programs

Targeted funding is provided for OSU's three statewide public service programs including the Agricultural Experiment, Extension Service, and Forest Research Laboratory. The Legislature appropriates state General Fund dollars separate for each of these three programs. Other funds revenues come mainly from federal and county sources, sales and services and donations. General Fund funding is allocated 49%-51% between 2007-08 and 2008-09.

2007-08 OSU Statewide Public Services Expenditure Limitation Summary					
	State General Fund	Other Funds Limited	Total Limited Funds	Other Funds Non-Limited	Total All Funds
Agricultural Experiment Station	29,335,748	6,955,654	36,291,402	30,496,696	66,788,098
Extension Service	21,183,960	12,064,379	33,248,339	3,458,230	36,706,569
Forestry Research Laboratory	3,226,729	4,258,524	7,485,253	11,764,061	19,249,314
Total	53,746,437	23,278,557	77,024,994	45,718,987	122,743,981

2008-09 OSU Statewide Public Services Expenditure Limitations Summary					
	State General Fund	Other Funds Limited	Total Limited Funds	Other Funds Non-Limited	Total All Funds
Agricultural Experiment Station	30,687,233	7,239,559	37,926,792	30,496,696	68,423,488
Extension Service	22,200,163	12,556,803	34,756,966	3,458,230	38,215,196
Forestry Research Laboratory	3,387,208	4,432,341	7,819,549	11,764,061	19,583,610
Total	56,274,604	24,228,703	80,503,307	45,718,987	126,222,294

2007-09 OSU Statewide Public Services Expenditure Limitations Summary					
	State General Fund	Other Funds Limited	Total Limited Funds	Other Funds Non-Limited	Total All Funds
Agricultural Experiment Station	60,022,981	14,195,213	74,218,194	60,993,392	135,211,586
Extension Service	43,384,123	24,621,182	68,005,305	6,916,460	74,921,765
Forestry Research Laboratory	6,613,937	8,690,865	15,304,802	23,528,122	38,832,924
Total	110,021,041	47,507,260	157,528,301	91,437,974	248,966,275

**Summary of Other Funds Limited Revenue - 2007-09 Biennium
Statewide Public Service Programs**

	FY 2007-08 Estimates	FY 2008-09 Estimates	2007-09 Total Estimates
Agricultural Experimental Station			
Federal Revenues	4,566,363	4,400,000	8,966,363
Sales and Services	2,100,000	2,300,000	4,400,000
Interest/Investment Income	35,000	45,000	80,000
Gifts (Non-Governmental)	30,000	40,000	70,000
Grants (Non-Governmental)	-	-	-
Other Revenues	160,000	180,000	340,000
State Agency Transfers In	-	-	-
Indirect Cost Recovery	-	-	-
Total Other Funds Limited Revenue	6,891,363	6,965,000	13,856,363
Use of Fund Balance	64,291	274,559	338,850
Total Available Revenue	6,955,654	7,239,559	14,195,213
Budget Limitation per Sept 07 Board Approval	6,955,654	-	-
Extension Service			
Federal Revenues	5,493,639	5,500,000	10,993,639
Sales and Services	647,714	633,174	1,280,888
Interest/Investment Income	-	-	-
Gifts (Non-Governmental)	-	-	-
Grants (Non-Governmental)	-	-	-
Other Revenues	5,439,153	6,150,000	11,589,153
State Agency Transfers In	-	-	-
Indirect Cost Recovery	-	-	-
Total Other Funds Limited Revenue	11,580,506	12,283,174	23,863,680
Use of Fund Balance	483,873	273,629	757,502
Total Available Revenue	12,064,379	12,556,803	24,621,182
Budget Limitation per Sept 07 Board Approval	12,064,379	-	-
Forest Research Laboratory			
Federal Revenues	698,000	698,000	1,396,000
Sales and Services	200,524	134,341	334,865
Interest/Investment Income	-	-	-
Gifts (Non-Governmental)	-	-	-
Grants (Non-Governmental)	-	-	-
Other Revenues	-	-	-
State Agency Transfers In	2,800,000	3,600,000	6,400,000
Indirect Cost Recovery	-	-	-
Total Other Funds Limited Revenue	3,698,524	4,432,341	8,130,865
Use of Fund Balance	560,000	-	560,000
Total Available Revenue	4,258,524	4,432,341	8,690,865
Budget Limitation per Sept 07 Board Approval	4,258,524	-	-
Total Statewide Public Service Programs	23,278,557	24,228,703	47,507,260

VIII. OUS Capital Construction Budget for 2007-2009

The Legislature approved the \$561.3 million OUS Capital Budget (SB 5516), which included several amendments from the original Governor's recommendations. The primary changes include:

1. Project Deletions removed from the 2007-2009 budget:

- a. EOU Hermiston University Center \$13 million
- b. EOU Eastern Oregon Regional Information Center \$25.5 million
- c. SOU Theatre Arts Expansion \$8.7 million
- d. OSU Wind Energy Demonstration Project \$5 million
- e. OSU Biofuels Energy Demonstration Project \$4 million
- f. OIT Geothermal Energy Demonstration Project \$5 million
- g. SYS Solar Energy Demonstration Project \$5 million
- h. SYS ORBIS Cascade Alliance Library Services \$9.2 million
- i. UO Residence Hall Renewal Projects \$4 million

2. Project Reductions in state funding:

- a. OIT Center for Health Professions \$3.5 million reduction
- b. SYS Capital Renewal, Code, & Safety \$30.4 million reduction
- c. WOU Business/Math/Computer Science \$8.5 million reduction

3. Technical Adjustments made to the 2007-2009 budget:

Additions to SB 5516:

- a. OUS requested that \$4.5 million of "Other Funds" to be added for the OSU Goss Stadium Project. The expansion will be gift funded and is needed to comply with ADA and NCAA rules for minimum seating requirements.
- b. OUS requested the redirection of the spending limitation and bond proceeds of \$4.75 million of Lottery Bonds, \$4.75 million of Article XI-G Bonds, and \$9.5 million of Other Funds for the 2005-2007 OSU Graf Hall Project to a new project; the HP Building 11 Renovation. The project will renovate leased space on the Hewlett – Packard campus in Corvallis.
- c. OUS requested a \$13.5 million increase in Other Funds limitation for the PSU PCAT Redevelopment Project, approved at the December 2006 Emergency Board. However, the legislature approved \$10 million in XI-G bonds and the addition of \$12 million in Other Funds. This addition to the project will provide space for the City of Portland's Archives.
- d. OUS requested a \$4 million increase in Other Funds limitation for the OSU Apperson Hall Project, approved in the 2005-2007 biennium. The increase is due to construction cost inflation and project enhancements. The project is 100% donor funded.
- e. OUS requested \$5 million of Lottery funds for the UO Hayward Field Project and was granted \$2.5 million of XI-G bonds and \$2.5 million of matching Other Funds limitation.

Modifications to SB 5516:

OUS requested increases to the Other Funds limitations for the following UO projects:

- a. \$1 million for UO Gilbert/Peterson Hall project due to construction cost inflation.
- b. \$5 million for the Integrative Science Complex, Phase 2 for additional gift support.
- c. \$1 million for the Oregon State Museum of Anthropology project due to construction cost inflation.

Project Extension:

OUS requested the OSU Parking Services Building project be extended. The project was originally approved under Chapter 845 Section 2 (5)(g), Oregon Laws 2001.

Capital Repair

Capital repair funding, historically funded in the operating budget, increased from \$23.6 million in 2005-2007 to \$50 million in 2007-2009. The 2007-2009 campus allocations are based on a formula using 50 percent based on each campus' proportion of square footage of Education and General space and 50 percent based on each campus' proportion of the current deferred maintenance backlog. The table below presents the allocation.

	Capital Repair Budget	
	2005-2007 Allocation	2007-2009 Allocation
EOU	\$ 820,000	\$ 1,269,363
OIT	960,000	1,995,803
OSU	7,690,000	17,166,631
PSU	3,922,500	10,648,948
SOU	1,230,000	2,170,551
UO	6,460,000	12,720,256
WOU	1,350,000	2,028,448
	22,432,500	48,000,000
System Reserve	1,160,158	2,000,000
Total	\$ 23,592,658	\$ 50,000,000

For additional information and a list of Capital Projects for 2007-09, go to:

<http://capcon.ous.edu/flash/>

Capital Construction Summary by Campus

Priority Class	Project Name	General Fund	XIG Bonds	XIF Bonds	Lottery	SELP	Seismic	Cop's	Other	Project Total
2007-09										
Eastern Oregon University E&G										
	Inlow Hall DM/Seismic Tier I 3.00	\$1,312,000	\$1,312,000	\$0	\$0	\$3,618,000	\$0	\$0	\$0	\$6,242,000
Eastern Oregon University	Campus Summary	\$1,312,000	\$1,312,000	\$0	\$0	\$3,618,000	\$0	\$0	\$0	\$6,242,000

Oregon Institute of Technology

	1.00 E&G Center for Health Professions	\$0	\$5,500,000	\$0	\$0	\$0	\$0	\$0	\$14,500,000	\$20,000,000
Oregon Institute of Technology	Campus Summary	\$0	\$5,500,000	\$0	\$0	\$0	\$0	\$0	\$14,500,000	\$20,000,000

Oregon State University

SBF 1.00	Intramural Field Synthetic Turf Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,250,000	\$3,250,000
E&G 0.00	Apperson Hall	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000,000	\$4,000,000
E&G 1.00	Pauling Research & Education Bldg. (LPI & class laboratory)	\$0	\$31,256,035	\$0	\$0	\$0	\$0	\$0	\$31,256,035	\$62,512,070
E&G 2.00	Mouse Model Organism Facility	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500,000	\$1,500,000
E&G 3.00	Nash Hall DM/Seismic Tier II	\$3,776,000	\$3,776,000	\$0	\$0	\$6,824,000	\$0	\$0	\$1,198,000	\$15,574,000
E&G 4.00	National Wave Energy Research Center	\$1,500,000	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000	\$6,000,000
E&G 7.00	Building Rewiring	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$5,000,000
AUX 0.00	Goss Stadium Expansion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500,000	\$4,500,000
AUX 1.00	UHDS Arnold Hall Renovation	\$0	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$3,500,000
AUX 2.00	Cross Country Track	\$0	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
AUX 3.00	University/Athletics Academic Center	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$1
AUX 4.00	Boathouse Remodel	\$0	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
AUX 5.00	Gill Coliseum Renovation	\$0	\$0	\$20,000,000	\$0	\$0	\$0	\$0	\$0	\$20,000,000
Oregon State University	Campus Summary	\$5,276,000	\$36,532,035	\$29,500,001	\$0	\$6,824,000	\$0	\$5,000,000	\$48,704,035	\$131,836,071

Priority Class	Project Name	General Fund	XIG Bonds	XIF Bonds	Lottery	SELP	Seismic	Cop's	Other	Project Total
Portland State University										
E&G 1.00	Science Research & Teaching Center/Hazardous Waste Facility	\$0	\$9,500,000	\$0	\$0	\$0	\$0	\$0	\$9,500,000	\$19,000,000
E&G 2.00	Lincoln Hall DM/Seismic Tier I	\$8,616,000	\$8,616,000	\$0	\$0	\$11,986,000	\$0	\$0	\$0	\$29,218,000
E&G 2.00	PCAT Redevelopment	\$0	\$10,000,000	\$42,000,000	\$0	\$0	\$0	\$0	\$19,000,000	\$71,000,000
E&G 3.00	Science Building II DM/Seismic Tier II	\$7,658,500	\$7,658,500	\$0	\$0	\$10,992,000	\$0	\$0	\$0	\$26,309,000
E&G 4.00	Campus Fiber Expansion & Telcom Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
AUX 1.00	Parking Expansion, Block 189 Development	\$0	\$0	\$12,000,000	\$0	\$0	\$0	\$0	\$0	\$12,000,000
AUX 2.00	Student Housing and Land Acquisition	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$1
AUX 3.00	Peter Stott Center Gymnasium Expansion	\$0	\$0	\$8,500,000	\$0	\$0	\$0	\$0	\$0	\$8,500,000
AUX 4.00	Retail Development	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$1
AUX 6.00	Walk of the Heroines	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,800,000	\$1,800,000
Portland State University Campus Summary		\$16,274,500	\$35,774,500	\$62,500,002	\$0	\$22,978,000	\$0	\$1,000,000	\$30,300,000	\$168,827,002

Systemwide

SYS 1.00	Capital Renewal, Code, and Safety (Current needs)	\$0	\$0	\$20,000,000	\$50,000,000	\$0	\$0	\$0	\$13,100,000	\$83,100,000
SYS 2.00	Reserves	\$0	\$0	\$1,810,397	\$0	\$0	\$0	\$0	\$1,959,007	\$3,769,404
AUX 1.00	Riverfront Research Park Multi Tenant Building	\$0	\$0	\$19,250,000	\$0	\$0	\$0	\$0	\$0	\$19,250,000
Systemwide Campus Summary		\$0	\$0	\$41,060,397	\$50,000,000	\$0	\$0	\$0	\$15,059,007	\$106,119,404

University of Oregon

E&G 0.00	Hayward Field	\$0	\$2,500,000	\$0	\$0	\$0	\$0	\$0	\$2,500,000	\$5,000,000
E&G 1.00	Integrative Science Complex, Phase 2	\$0	\$30,000,000	\$0	\$0	\$0	\$0	\$0	\$35,000,000	\$65,000,000
E&G 2.00	Gilbert/Peterson Hall Phase 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$6,000,000
E&G 3.00	Oregon State Museum of Anthropology	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000	\$3,500,000
E&G 4.00	Fenton Hall DM/Seismic Tier I	\$2,480,500	\$2,480,500	\$0	\$0	\$3,111,000	\$0	\$0	\$0	\$8,072,000
E&G 5.00	Classroom and Laboratory Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$5,000,000
AUX 2.00	Riverfront Research Park Building Purchase	\$0	\$0	\$14,373,000	\$0	\$0	\$0	\$0	\$0	\$14,373,000
AUX 3.00	New Student Housing	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$1
AUX 4.00	Food Service Upgrade	\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$1,000,000
University of Oregon Campus Summary		\$2,480,500	\$34,980,500	\$15,373,001	\$0	\$3,111,000	\$0	\$5,000,000	\$47,000,000	\$107,945,001

Priority Class	Project Name	General Fund	XIG Bonds	XIF Bonds	Lottery	SELP	Seismic	Cop's	Other	Project Total
Western Oregon University E&G										
	Business/Math/Computer Science (Former DPSST Facility) 1.00 E&G	\$2,000,00	\$2,500,000	\$0	\$0	\$0	\$0	\$0	\$500,000	\$5,000,000
	Humanities & Soc. Science DM/Seismic Tier II 2.00 AUX New	\$984,500	\$984,500	\$0	\$0	\$1,074,000	\$0	\$0	\$1,080,000	\$4,123,000
	Student Residence 1.00	\$0	\$0	\$11,250,000	\$0	\$0	\$0	\$0	\$0	\$11,250,000
Western Oregon University	Campus Summary	\$2,984,500	\$3,484,500	\$11,250,000	\$0	\$1,074,000	\$0	\$0	\$1,580,000	\$20,373,000
Biennium Funding Summary 2007 09		\$28,327,500	\$117,583,535	\$159,683,401	\$50,000,000	\$37,605,000	\$0	\$11,000,000	157,143,042	\$561,342,478

Class Project Name	State Funds			Campus Funds			Total			
	Agency	Governor's	Adopted	Agency	Governor's	Adopted	Agency	Governor's	Adopted	
<u>Eastern Oregon University</u>										
AUX	Hoke Union Building	\$5,000,000	\$0	\$0	\$6,100,000	\$0	\$0	\$11,100,000	\$0	\$0
E&G	Hermiston Univ. Center/BMCC Partnership	\$6,500,000	\$6,500,000		\$6,500,000	\$6,500,000		\$13,000,000	\$13,000,000	\$0
E&G	Eastern Oregon Regional Information Center	\$17,900,000	\$17,900,000		\$7,600,000	\$7,600,000		\$25,500,000	\$25,500,000	\$0
<u>Oregon Institute of Technology</u>										
E&G	Village for Sustainable Living	\$2,500,000			\$2,500,000			\$5,000,000	\$0	\$0
E&G	Center for Health Professions	\$9,000,000	\$9,000,000	\$5,500,000	\$9,000,000	\$11,000,000	\$14,500,000	\$18,000,000	\$20,000,000	\$20,000,000
<u>Oregon State University</u>										
AUX	Boathouse Remodel				\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
AUX	Gill Coliseum Renovation				\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
AUX	Cross Country Track				\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
AUX	University/Athletics Academic Center				\$15,000,000	\$1	\$1	\$15,000,000	\$1	\$1
AUX	UHDS Arnold Hall Renovation				\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
AUX	Goss Stadium Expansion						\$4,500,000			\$4,500,000
E&G	Mouse Model Organism Facility	\$750,000			\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
E&G	Pauling Research & Education Bldg. (LPI & class lab)	\$31,256,035	\$31,256,035	\$31,256,035	\$31,256,035	\$31,256,035	\$31,256,035	\$62,512,070	\$62,512,070	\$62,512,070
E&G	Student Learning Center	\$20,000,000			\$20,000,000			\$40,000,000	\$0	\$0
E&G	Expedition Support Center (COAS)	\$1,999,996			\$2,000,000			\$3,999,996	\$0	\$0
E&G	Building Rewiring				\$0	\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$5,000,000
E&G	Apperson Hall						\$4,000,000			\$4,000,000
SBF	Intramural Field Synthetic Turf Project				\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000
<u>Portland State University</u>										
AUX	Peter Stott Center Gymnasium Expansion				\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000
AUX	Parking Expansion, Block 189 Development				\$10,000,000	\$12,000,000	\$12,000,000	\$10,000,000	\$12,000,000	\$12,000,000
AUX	Land Acquisition				\$10,000,000	\$1		\$10,000,000	\$1	\$0
AUX	Walk of the Heroines				\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
AUX	Retail Development				\$5,000,000	\$1	\$1	\$5,000,000	\$1	\$1
AUX	Student Housing and Land Acquisition				\$24,000,000	\$1	\$1	\$24,000,000	\$1	\$1
E&G	Science Research & Teaching Center/Hazardous Wa	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$19,000,000	\$19,000,000	\$19,000,000
E&G	Graduate School of Social Work (PCAT)	\$10,000,000		\$10,000,000	\$49,000,000		\$61,000,000	\$59,000,000	\$0	\$71,000,000
E&G	Community College Partnership Building	\$5,000,000			\$5,000,000			\$10,000,000	\$0	\$0
E&G	Campus Fiber Expansion & Telcom Upgrades					\$1,000,000	\$1,000,000	\$0	\$1,000,000	\$1,000,000
<u>Southern Oregon University</u>										
E&G	Theatre Arts Expansion and Remodel	\$4,350,000	\$4,350,000		\$4,350,000	\$4,350,000		\$8,700,000	\$8,700,000	\$0
E&G	Sciences Renovation & Addition	\$8,000,000						\$8,000,000	\$0	\$0
<u>Systemwide</u>										
SYS	Capital Renewal, Code, and Safety (Current needs)	\$80,000,000	\$80,400,000	\$50,000,000	\$30,000,000	\$33,100,000	\$33,100,000	\$110,000,000	\$113,500,000	\$83,100,000
<u>Deferred Maintenance/Seismic Remediation</u>										
	Lincoln Hall DM/Seismic Tier I	\$29,218,000	\$29,218,000	\$29,218,000				\$29,218,000	\$29,218,000	\$29,218,000
	Fenton Hall DM/Seismic Tier I	\$8,072,000	\$8,072,000	\$8,072,000				\$8,072,000	\$8,072,000	\$8,072,000
	Inlow Hall DM/Seismic Tier I	\$6,242,000	\$6,242,000	\$6,242,000				\$6,242,000	\$6,242,000	\$6,242,000
	PE & Wolverton Mem. Pool DM/Seismic Tier II	\$9,381,000						\$9,381,000	\$0	\$0
	Peter W. Stott Center DM/Seismic Tier II	\$10,538,000						\$10,538,000	\$0	\$0
	Nash Hall DM/Seismic Tier II	\$14,376,000	\$14,376,000	\$14,376,000	\$1,198,000	\$1,198,000	\$1,198,000	\$15,574,000	\$15,574,000	\$15,574,000

Class Project Name	State Funds			Campus Funds			Total		
	Agency	Governor's	Adopted	Agency	Governor's	Adopted	Agency	Governor's	Adopted
Humanities & Soc. Science DM/Seismic Tier II	\$3,043,000	\$3,043,000	\$3,043,000	\$1,080,000	\$1,080,000	\$1,080,000	\$4,123,000	\$4,123,000	\$4,123,000
Condon Hall DM/Seismic Tier II	\$9,531,000						\$9,531,000	\$0	\$0
Science Building II DM/Seismic Tier II	\$26,309,000	\$26,309,000	\$26,309,000				\$26,309,000	\$26,309,000	\$26,309,000
Dearborn Hall DM/Seismic Tier III	\$8,451,000						\$8,451,000	\$0	\$0
Churchill Hall DM/Seismic Tier III	\$4,369,000						\$4,369,000	\$0	\$0
Straub Memorial Hall DM/Seismic Tier III	\$12,117,000						\$12,117,000	\$0	\$0
Sackett Hall DM/Seismic Tier III	\$3,879,000			\$10,414,000			\$14,293,000	\$0	\$0
Finley Hall DM/Seismic Tier III	\$2,311,000			\$6,168,000			\$8,479,000	\$0	\$0
Callahan Hall DM/Seismic Tier III	\$4,403,000			\$5,346,000			\$9,749,000	\$0	\$0
Renewable Energy Demonstration Projects									
Wind Farm Project	\$5,000,000	\$5,000,000					\$5,000,000	\$5,000,000	\$0
National Wave Energy Research Center	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Biofuels Lab and Learning Center	\$3,000,000	\$3,000,000		\$1,000,000	\$1,000,000		\$4,000,000	\$4,000,000	\$0
Geothermal Power Generation Project	\$5,000,000	\$5,000,000					\$5,000,000	\$5,000,000	\$0
Solar Energy Demonstration Projects	\$4,000,000	\$4,000,000		\$1,000,000	\$1,000,000		\$5,000,000	\$5,000,000	\$0
SYS ORBIS Cascade Alliance Regional Library Services C	\$4,600,000	\$4,600,000		\$4,600,000	\$4,600,000		\$9,200,000	\$9,200,000	\$0
SYS OUS Portland Office				\$10,000,000			\$10,000,000	\$0	\$0
SYS Reserves					\$9,613,711	\$3,769,404	\$0	\$9,613,711	\$3,769,404
University of Oregon									
AUX Residence Hall Renewal for Marketing				\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000	\$0
AUX Residence Hall Renewal				\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000	\$0
AUX Food Service Upgrade				\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
AUX New Student Housing				\$40,000,000	\$1	\$1	\$40,000,000	\$1	\$1
AUX Riverfront Research Park Building Purchase				\$14,373,000	\$14,373,000	\$14,373,000	\$14,373,000	\$14,373,000	\$14,373,000
AUX Riverfront Research Park Multi-Tenant Building				\$19,250,000	\$19,250,000	\$19,250,000	\$19,250,000	\$19,250,000	\$19,250,000
E&G Condon Hall Addition & Alterations	\$4,000,000			\$4,000,000			\$8,000,000	\$0	\$0
E&G Integrative Science Complex, Phase 2	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$35,000,000	\$60,000,000	\$60,000,000	\$65,000,000
E&G Classroom and Laboratory Upgrades					\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$5,000,000
E&G Gilbert/Peterson Hall Phase 3				\$5,000,000	\$5,000,000	\$6,000,000	\$5,000,000	\$5,000,000	\$6,000,000
E&G Oregon State Museum of Anthropology				\$2,500,000	\$2,500,000	\$3,500,000	\$2,500,000	\$2,500,000	\$3,500,000
E&G Hayward Field			\$2,500,000			\$2,500,000			\$5,000,000
Western Oregon University									
AUX New Student Residence				\$11,250,000	\$11,250,000	\$11,250,000	\$11,250,000	\$11,250,000	\$11,250,000
E&G Business/Math/Computer Science (Former DPSST Fa	\$13,000,000	\$13,000,000	\$4,500,000	\$1,000,000	\$1,000,000	\$500,000	\$14,000,000	\$14,000,000	\$5,000,000
Totals	\$435,596,031	\$313,766,035	\$233,516,035	\$466,785,035	\$280,720,751	\$327,826,443	\$902,381,066	\$594,486,786	\$561,342,478

IX. Other Information Related to the 2007-09 Operating Budget

LEGISLATIVE BUDGET NOTES

FACULTY SALARY CATCH-UP – \$10,000,000

Institutions shall use the funds allocated to them from the \$10 million approved in this package to move faculty compensation rates closer to peer levels, and thereby maintain institution quality, recruit and retain high-quality faculty, and promote academic excellence for students. The Department shall include information on the impact of this funding on measures of campus performance in its budget request to the 2009 Legislative Assembly.

2009-11 ESSENTIAL BUDGET LEVEL IMPACT

The approved budget for all programs supported by General Fund and Lottery Funds expenditures fully funds these programs in the 2007-09 biennium. The Subcommittee understands that Essential Budget Level (EBL) calculations for the 2009-11 biennium budget will not include General Fund or Lottery Funds phase-in adjustments. Notwithstanding this, the Subcommittee understands that a General Fund phase-in adjustment will be included in the EBL calculation for the Faculty Salary Catch-Up Package. This phase-in shall be calculated on the basis of package funds being distributed through two equal salary percentage increases awarded on July 1 of each fiscal year in the 2007-09 biennium.

ENROLLMENT INCREASE - \$20,600,000

The Subcommittee understands that beginning in the 2009-11 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate Cell Funding in the Resource Allocation Model on the basis of the actual fundable student FTE counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known.

UNDERGRADUATE TUITION AND FEE INCREASE

The adopted budget projects net tuition and fee revenues of \$1 billion for the 2007-09 biennium. The Subcommittee expects tuition rate increases for resident undergraduate students, excluding students enrolled at Western Oregon University, to average 3.4% each year of the biennium. The Department shall report to the interim Joint Committee on Ways and Means or Emergency Board prior to any State Board of Higher Education approval of tuition and fee rate increases that would result in average increases for resident undergraduate students, excluding students enrolled at Western Oregon University, exceeding these amounts. The Subcommittee further expects the Department to limit resource fee (including energy surcharge fee) revenue to no more than 8.6% of gross tuition revenue.

INTEREST EARNING

The Department shall assist the State Treasurer and the Legislative Fiscal Office in an examination of the management and investment of Department funds, and in the development of fund management policy proposals designed to optimize outcomes to both the State General Fund and the Oregon University System. The report findings and policy proposals shall be presented to the interim Joint Committee on Ways and Means or Emergency Board no later than January 1, 2008.

X. Addenda

2007-2009 Legislative Final Action – Staff Report to State Board of Higher Education

September 6, 2007 Board Docket, Pages 16-26

2007-09 Certificates of Participation Funding

September 6, 2007 Board Docket, Pages 51 – 63

Approach to 2007-09 Budget Allocation and the Proposed Fiscal Year 2007-08
Operating Budget Allocations

2007-09 Budget and the Proposed 2007-08 Budget PowerPoint Presentation

Legislative Bill Summaries:

House Bill 3543-B

Senate Bill 5515-A

Senate Bill 5516-B

Senate Bill 5549-A

House Bill 5035-A

For text of 2007-2009 Legislative Bills, refer to URL:

<http://www.leg.state.or.us/billsset.htm>

For Legislative Bill Summaries, refer to URL:

<http://www.leg.state.or.us/comm/sms/SMS03Frameset.html>

For text of Board Agenda and Docket, refer to URL:

http://www.ous.edu/state_board/meeting/index.php

OUS, Certificates of Participation Funding from October 2007 Sale

The Legislatively Adopted Budget included \$29.96 million in Certificate of Participation (COP) spending limitation for 12 campus projects and a single line item representing several ETIC projects.

The projects were presented to the Board during the 2007-2009 budget process; however, the ETIC request was not shown as discrete projects. On July 20, 2007, ETIC confirmed its allocation of the COPs funds for facilities improvements and equipment purchases planned for the current biennium, which total \$11.76 million.

The Certificates of Participation sale dates are scheduled for October 2007 and tentatively for May 2008 and March 2009. The October sale is for the first \$5,587,950 against this limitation.

The projects are listed below with individual project narratives in Attachment A.

Oregon State University-ETIC	
OSU Laboratory Upgrades (15-year term).....	\$3,294,550
OSU MIME Shop Expansion and Equipment (5-year term).....	<u>241,000</u>
Total OSU Request.....	<u>\$3,535,550</u>
Portland State University	
PSU Storage and Server Expansion (5-year term).....	300,000
PSU Classroom Technology Refresh and New Building Technology (5-year term)....	300,000
PSU Network Equipment Upgrades (5-year term).....	250,000
PSU Desktop and Security Upgrades (5-year term).....	250,000
PSU Fiber Expansion/Telecom Facility Upgrades (5-year term).....	250,000
PSU (ETIC) Instructional and Research Equipment (5-year term).....	302,400
PSU (ETIC) Renovation of Computer Science Labs (15-year term).....	<u>400,000</u>
Total PSU Request.....	<u>\$ 2,052,400</u>
Total.....	<u>\$ 5,587,950</u>

It is anticipated that the staff will bring a similar document to the Board for approval prior to the two subsequent sales

Staff Recommendation to the Board:

The staff recommends that the Board approve the proposed October sale of Certificates of Participation as described in the attached document.

(Board action required.)

ATTACHMENT A

**COP Narrative
Projects for Oregon State University
ETIC**

Budget Proposal

The Oregon University System (OUS) requests the sale of \$3,535,550 in Certificates of Participation in October 2007, which will be paid off using System resources in subsequent years. OUS expects to use the proceeds from this sale to fund projects at Oregon State University.

Project Narratives

Laboratory Upgrades: \$ 3,294,550

Statement of Need

Since the initiation of ETIC support for the College of Engineering in 1999, undergraduate and graduate enrollments have increased significantly and research expenditures have more than doubled. These changes have strained the College’s laboratory resources in many programs to the point that without significant investment in renovations and upgrades, we would be forced to turn students away in order to maintain program instructional quality or ensure student safety or we would be forced to discontinue important research. The four projects described below will help us complete important upgrades.

Graf Hall Laboratories – The planned renovation of Apperson Hall will permanently displace several geotechnical and materials research laboratories. In addition, the expanding research program in the nanomaterials processing and microdevice areas have necessitated relocating and upgrading several research laboratories from Gleeson Hall. Graf Hall is the most suitable location to accommodate these labs. These upgrades are essential if this important research is to continue.

Gleeson Hall Laboratories – As designed in 1955, the open bay area in Gleeson Hall occupied the southeast quadrant of the building and was used to construct four-story tall reactors to demonstrate and test chemical plant processes. These physical reactors have been replaced by computer simulations and over time the grated area in the bay has been covered and converted to other uses. The Fire Marshall has declared that this does not meet current fire or safety codes and that these areas must be filled in and walls constructed to meet current standards or the space must be vacated. This space is currently being used by the School of Chemical, Biological and Environmental Engineering for both teaching and research and is necessary to meet the mission of the School.

The Hinsdale Wave Research Laboratory received a major upgrade of the new tsunami facility commissioned in 2003 and will receive an additional upgrade of the large wave flume in 2008. With these upgrades, there is an increase in full-time faculty, staff, students, and instrumentation at the facility and there are over 3,000 visitors to the

facility annually. The current floor plan is inadequate to handle these new demands and a renovation is needed to provide (1) office space for the increased number of permanent faculty and staff to operate the expanded facility, (2) a work space for staff and climate controlled storage area for new instrumentation, (3) work and meeting space for graduate and undergraduate students, and (4) a lobby area to keep daily visitors safe and separated from ongoing laboratory activities.

Dearborn Hall Laboratory – The donation of specimen preparation equipment (manual and automatic polishing equipment, precision diamond sectioning saws, etc.) for materials characterization coupled with the recent move of existing laboratory facilities from Graf Hall to Dearborn Hall room 1D has created the need for remodeling the space in Dearborn1D. This includes remodeling to handle all the electrical, plumbing, exhaust, and sewer needs of the recently donated and previously existing equipment. This laboratory is a shared facility essential to graduate research in many departments and will also be incorporated into a newly developed graduate/undergraduate laboratory course on materials characterization beginning Spring 2008.

Project Descriptions

Graf Hall Laboratories – Approximately 1,700 sq ft on the 1st floor will be remodeled to accommodate the relocated geotechnical engineering laboratories. Improvements such as vacuum and high pressure air supplies, potable water, cabinetry with soil-trapped sinks, and distilled, de-ionized water will be provided. Approximately 1,500 sq ft on the 3rd floor of Graf Hall will be remodeled to accommodate the needs of researchers in the nano- and micro-materials engineering area. This laboratory will share the vacuum and high pressure air supplies identified above. Additional improvements may include reverse-osmosis water and a fume hood, as well as cabinetry and countertops.

Gleeson Hall Laboratory Renovation – This project involves construction of concrete floors to replace the existing grated areas on the 1st, 2nd, and 3rd floors (about 8,300 sq ft). Walls with fire related doors will be constructed to provide a number of laboratory spaces as well as to establish fire exit pathways on each floor and in the basement. The project will include other improvements such as the installation of cabinets, hoods, and sinks as required in the various teaching and research labs. It is expected that the required ADA improvements take the form of improvements to an existing elevator.

Hinsdale Wave Laboratory –This project will add 3,260 sq ft of climate-controlled space on the first and second floors of the laboratory beneath and adjacent to the 2,017 sq ft of existing office space on the second floor. Plans include four additional offices for staff, redesigned space for students, an electrical shop and instrumentation storage room, a faculty and student meeting area, and a lobby for the general public.

The existing materials characterization preparation equipment was moved from Graf Hall to Dearborn Hall room 1D this past year and new equipment was donated from Linn Benton Community College. This room needs to be upgraded with an exhaust hood that meets current safety standards. This requires ducting from the basement to the buildings roof (four floors); a new approved roof exhaust stack; and a sink, water, and sewer for wet chemical work. The room also needs sample preparation tables, automatic polishing equipment, specimen sectioning equipment, and some other smaller items to be installed that require water, sewer, and electrical service and some room remodeling.

The estimated average life of this project is 15 years.

Project Schedule

Aug-Dec 2007Planning and design
 Jan-Sep 2008.....Construction
 Jan-Dec 2008Occupy

Project Budget

Direct Construction Cost:
 Contractors.....\$2,533,800
 Design, Permitting, Project Management.....760,750

 Total\$3,294,550

Draw Schedule

Oct-Dec 2007\$ 934,550
 Jan-Mar 20081,230,000
 Apr-Jun 2008.....930,000
 Jul-Dec 2008.....200,000

 Total\$3,294,550

MIME Shop Expansion Project:\$ 241,000

Statement of Need

Under previous ETIC funding, the number of Mechanical Engineering B.S. students more than doubled from 350 to 720 per year. A recent merger with Industrial and Manufacturing Engineering created a school of 1000 undergraduates and another 150 graduate students. All undergraduate students are trained in the machine shop as part of their curricular experience and graduate students use the shop as part of their research projects. Thus, there exists a great need to expand the footprint of the Mechanical, Industrial, and Manufacturing Engineering (MIME) machine shop as well as increase the machine tools available for educational and research purposes.

Project Description

Begin in November 2007; expand existing ME shop (3,631 sq ft) by 1,011 sq ft in basement of Rogers Hall, Monroe Street, and relocate existing IME shop into new space. Purchase new equipment specified below. The new shop will be designed to support the students in the new school, as well as research needs of additional graduate students and faculty added in support current ETIC proposal goals. The estimated average life of this project is five years.

Project Schedule

The project will begin in November 2007 with relocation of labs in Rogers Hall. Initial purchase of equipment will begin so that the shop is operational for Winter 2008.

Project Budget

Direct Construction Cost:
 Contractor\$ 43,000
 Design, Permitting, Project Management.....13,000

Facilities Improvement Subtotal	<u>56,000</u>
Equipment Cost.....	\$185,000
Total	\$241,000
 Draw Schedule	
Oct-Dec 2007	<u>\$241,000</u>
Total	\$241,000

COP Narrative
PROJECT: Portland State University Information Technology Projects

Budget Proposal

Portland State University requests the sale of \$1,350,000 in Certificates of Participation in October 2007, which will be paid off using System resources in subsequent years. OUS expects to use the proceeds from this sale to fund five campus technology projects at Portland State University.

Proposal #1 – Storage and Server Expansion \$300,000 (Total Project Cost \$600,000)

Statement of Need

Portland State University has over 300 host computers (servers) providing critical services for academic, administrative, and public service functions. Demand on these servers is always changing and in almost all cases is increasing. The security and reliability on these systems has become increasingly vital to university operations. There is an ongoing need to keep these systems up to date and to ensure adequate capacity for campus operational and academic needs.

Project Description

This project is a comprehensive redesign and replacement of critical server based systems at PSU. The project has the following goals:

- Make improvements to contain the costs of operation for an increasingly large and diverse collection of campus servers
- Align various university efforts for upgrades of existing production servers
- Provide appropriate hardware upgrades for the following systems:
 - SCT Banner and database services
 - Mail services
 - Web services
 - Print services
 - Anti-Virus software and IDS software, firewall hardware
 - Active Directory services and windows file services

The scope of this project includes the following:

- Upgrading mission critical Unix, Linux, and Microsoft based systems hardware
- Upgrading Storage Area Network technology and increase storage capacity
- Re-evaluating current design to migrate more services to lower cost open source based server software platforms (move more Unix systems to Linux)
- Improving campus data security, privacy, and reliability of services

Some of the benefits that will be realized as a result of this project are:

- Greater availability and reliability of services
- Centralized and simplified management and administration of user accounts, user files, and network resources for all campus users
- Improved performance for critical PSU systems
- Containment of operational cost despite increasing customer population / IT demands

Project Schedule

October 1, 2007 – Planning and design

December 15, 2007 – Initial platforms transition and Storage Area Network hardware added.

January 6, 2008 - June 30 2009 – Server upgrades and migrations carried out and completed.

TOTAL Project Budget

Server Hardware:	\$360,000
Storage Hardware:	180,000
Racking Hardware:	30,000
Consulting/Contracted Project Labor:	<u>30,000</u>
 Total:	 \$600,000

2007A Draw Schedule (\$300,000 in this sale)

Oct-Dec 2007	\$ 50,000
Jan-Mar 2008	150,000
Apr-Jun 2008.....	<u>100,000</u>
 Total:	 \$ 300,000

Proposal #2 – Classroom Tech Refresh and New Building Technology \$300,000 (Total project costs \$450,000)

Statement of Need

As our faculty continues to develop materials for a technology rich curriculum, the demand for more technology-capable classrooms continues to grow. Also, the current technology classrooms set at PSU do not include enough mid-sized classrooms (30-75 seat). As a result, smaller classes needing the technology are often scheduled into larger rooms. Careful selection of additional classrooms for enhancements will improve the overall campus technology classroom utilization.

Project Description

Funds would allow classroom and basic technology improvements to nine classrooms varying in size from 30 to 75 seats, as well as more elaborate technology suites in six other classrooms. Each classroom would undergo design and renovations to the room to improve aesthetics and acoustics; install projection mounts and conduit for equipment; purchase and install audio, visual, and projection equipment; and provide connectivity to campus networks. Each room will be capable of:

- Projecting faculty presentations
- Providing connectivity to local and national resources allowing faculty to use a wide range of instructional materials
- Providing permanent AV equipment in the classrooms eliminating setup time
- In select rooms, providing the infrastructure-allowing faculty to extend their instruction to remote learners.

The equipment complement in each room includes a projection system, media source switching hardware, computer workstation(s), DVD player, and audio amplification system. Some rooms will also receive cameras and network equipment upgrades. Each classroom is controlled by a smart equipment control system allowing faculty one-button access to the equipment. Facility improvements will include projection screens, painting, lighting/light control improvements, and installation of the technology and needed wiring.

Project Schedule

October 1, 2007 – Planning and design

December 1, 2007 – Technology ordered for installation in 6 rooms, Installation

June 12, 2008 - Sept 30, 2008 – Technology ordered for installation in 9 rooms, Installation

TOTAL Project Budget

Projectors:	\$135,000
Sound/Computer Equipment:	135,000
Sound/Computer Equipment:	90,000
Mounting Hardware/Wiring/Facilities/Labor:	<u>90,000</u>
 Total:	 \$450,000

2007A Draw Schedule

Oct-Dec 2007	\$ 50,000
Jan-Mar 2008	100,000
Apr-Jun 2008.....	<u>150,000</u>
 Total:	 \$ 300,000

Proposal #3 – Network Equipment Upgrades \$300,000 (Total project costs \$450,000)

Statement of Need

Network usage on the campus continues to increase. Wireless networks, labs, classrooms, and departmental users are driving increased Internet bandwidth and local network usage. The PSU networks core, distribution, and edge layers need to be

regularly upgraded to keep in step with the requirements coming from the user community. This upgrade will help insure the network has the capacity to serve increasing numbers of students and staff as well as increased usage at each network connection.

Project Description

This project would provide the hardware, software, and support needed to upgrade the PSU network core, distribution and edge layers. This upgrade will be demand-based and selective; switches and routers will be replaced with updated equipment capable of operating at 100Mb and 1Gb speeds where needed. Inter-building and extra-campus connections will also be upgraded to comply with evolving security and privacy requirements and laws.

Portions of this project are interdependent with the server upgrade plans discussed above.

Where needed, network upgrades will be scheduled to coordinate with the completion of related server migrations and location moves.

Project Schedule

October 1, 2007 – Planning and design

December 1, 2007 - Sept 30 2008 – Network equipment upgrades installed

TOTAL Project Budget

Switching/Routing Hardware:	\$382,500
Connective Fiber/Wire:.....	22,500
Racking Equipment:	22,500
Consulting/Contracted Project Labor:	<u>22,500</u>
Total:	\$450,000

2007A Draw Schedule (\$250,000)

Oct-Dec 2007	\$150,000
Jan-Mar 2008	50,000
Apr-Jun 2008.....	<u>50,000</u>
Total:	\$ 250,000

Proposal #4 – PSU Desktop and Security Upgrades \$250,000 (Total project costs \$400,000)

Statement of Need

PSU’s Office of Information Technologies attempts to maintain minimum equipment standards for desktop workstations on campus. Periodically, an upgrade is required to replace the oldest workstations on campus with moderately priced new machines. Upgrading these desktops will improve the workstation performance for staff/faculty, reduce maintenance time, and hold down costs for ongoing technical support.

During this upgrade, we will also enhance the existing workstations of select faculty and staff users with software that will help detect and prevent intrusion and/or inappropriate

access to systems. This software will allow central control of security profiles for key machines on the PSU network.

Project Description

This project will bulk purchase approximately 325 new, low-cost workstations/monitors for faculty and staff use. Funds will also cover the costs of a special staff team for software and station installation. This equipment would replace the oldest departmental equipment, and the oldest equipment on campus would be removed from service. It will also improve the security and privacy management of PSU desktops used as primary workstations by faculty and staff.

Project Schedule

- October 1, 2007 – Inventory campus, select desktop security tool suite for key faculty staff machines
- November 1, 2007 – Begin replace approximately 75 Apple machines, install security and IDS tools)
- March 1, 2008 – Continue with replace of 125 Faculty PC machines
- October 15, 2008 – Continue with 25 Mac machines, 100 PC machines
- June 30, 2009 – All installation completed

TOTAL Project Budget

Desktop Computers:	\$280,000
Desktop Security Tools (Firewalls, IDS Tools):	60,000
Consulting/Contracted Project Labor:	<u>60,000</u>
Total:	\$400,000

2007A Draw Schedule (250K in this sale)

Oct-Dec 2007	\$ 50,000
Jan-Mar 2008	150,000
Apr-Jun 2008.....	<u>50,000</u>
Total:	\$ 250,000

Proposal #5 – Fiber Expansion/ Telecom Facility Upgrades \$500,000 (Total project costs \$1 Million)

Statement of Need

Telecommunications technologies are undergoing significant changes in how voice services are delivered to end users. Traditional telephone switching systems are being replaced with technologies that result in voice services converging with data network services so that one combined telecommunications infrastructure can deliver both phone and data network services to end users’ desktops. The technologies driving these changes are Voice over Internet Protocol (VoIP) and Session Internet Protocol (SIP). Over the next three to five years, VoIP/SIP will be **the** dominant technology used for voice communications and PSU, along with the other Oregon University System campuses, must be prepared to convert to VoIP/SIP.

Regardless of which VoIP/SIP solution we ultimately choose for PSU, the first critical step in that conversion plan is an upgrade of the data network and telecommunications facilities required to support and provision these technologies to end users. Both the

campus fiber optic data network and the telecommunications terminal rooms/closets must be upgraded to accommodate the equipment that will deliver VoIP/SIP to the desktop.

Project Description

This project will identify and upgrade the telecommunications infrastructure and facilities that need to be upgraded or enhanced to position PSU for future conversion to VoIP/SIP technologies for voice services for campus users. More specifically, we will assess the fiber optic network facilities between buildings and the riser systems within buildings to determine where additional or new fiber is required. The copper wire distribution within buildings will be assessed to identify those areas in need of additional or new copper wiring. The assessment/identification phases of this project will also include telecommunications terminal closets or rooms where network distribution and VoIP/SIP equipment will need to be installed. We will focus on power, air conditioning, equipment rack space, and security access.

Once the needs assessment/identification phases are complete, the project will then entail various actual upgrade activities to include acquisition and installation of fiber and copper wiring; construction/remodel work of varying degrees to equip telecom terminal rooms/closets with proper power, air conditioning, equipment racking, and security access controls; and installation of equipment racks and related infrastructure in telecom rooms.

Project Schedule

October 1, 2007 – Infrastructure assessment, planning, and design completed
 December 15, 2007 – Project implementation plan and timeline completed
 January 6, 2008 - June 30, 2009 – Telecom facilities upgrade installation activities to occur and be completed

TOTAL Project Budget

Fiber to and within Buildings:	\$250,000
Copper Distribution in Building:	150,000
Closet Electrical Backup/Racking Equipment:	500,000
Consulting/Contracted Project Labor:	<u>100,000</u>
 Total:	 \$1,000,000

2007A Draw Schedule (250,000 in this sale)

Oct-Dec 2007	\$50,000
Jan-Mar 2008	100,000
Apr-Jun 2008.....	<u>100,000</u>
 Total:	 \$ 250,000

**COP Narrative
PROJECT: Maseeh College of Engineering and Computer Science
Portland State University
ETIC Request**

Budget Proposal

For the Fall 2007 COP sale, the Maseeh College of Engineering and Computer Science (MCECS) at Portland State University is planning for two significant projects that will include:

- 1. Instructional and Research Equipment: \$302,400
- 2. Facility Renovation: \$400,000

Project Narratives

1. Instructional and Research Equipment: \$302,400

Statement of Need

As a part of equipping the new Engineering Building, a number of pieces of equipment are needed to further the educational and research mission of the college. Equipment will be installed in classrooms and laboratories and will improve the instructional capacity of faculty as well as allow researchers to collaborate with local, regional, and international partners. Additionally, much of the equipment will provide opportunities for both graduates and undergraduate students to gain research experience and engage in more in-depth special projects and club activities. Finally, investment in labs allows our talented faculty to compete for larger grants and gain national prominence.

Project Description

Types of equipment to be purchased will include, but are not limited to, digital projectors, digital controller for standard load frame testing, hydraulics flume, instructional pipe network system, data acquisition system, Sonitek velocity meter, non-contact laser extensometer, video/media remote meeting technology, ultrapure de-ionized water system photoresist spinner, and a hyphenated systems 3D confocal microscopy system. Equipment will benefit the college overall, positively impacting students and faculty. Each of the five departments that comprise MCECS have collaborated on their equipment needs for this first draw and most of the pieces will have cross-disciplinary value.

Project Schedule

Equipment will be identified, purchased, and installed between October and December 2007.

Project Budget

Total \$302,400

Draw Schedule

Draw will be done entirely in the October 2007 bond sale.

2. Phase 2 Renovation of Computer Science Labs: \$ 400,000

Statement of Need

Due to a move from another space near campus, the Computer Science Department currently is lacking space for undergraduate laboratories and other student space needs. The College began to address this six months ago by funding the renovation of space in the basement of our new building. During the first phase of the renovation, the college created space for faculty offices and some general student gathering places. The next phase is to re-establish undergraduate laboratories and create new space for funded research projects.

Project Description

Phase 2 completes the build-out of space for Computer Science by providing two permanent laboratories for undergraduate instruction, a space for tutors and teaching assistants to meet with students, and space for three to four laboratories for funded research projects. The renovated space will provide hands-on instruction that can be offered without disturbing students working on projects in proximity. Additionally, a large conference room will provide a venue for research talks, invited speakers, and department meetings. This conference room will be shared among all departments in the college.

With the addition of laboratory space, the department will greatly enhance its ability to attract external funding as well as provide students with hands-on experiential learning opportunities.

Construction work includes 4,500 sq ft of remodel space including painting, carpeting, raised floor, ceiling, walls, doors, power, lighting, mechanical, fire sprinkler, and data.

Project Schedule

Phase I renovation will be completed by September 2007. Phase II will begin in October 2007 with a target completion of late December 2007.

Project Budget

Total \$ 400,000

Draw Schedule

Draw will be done entirely in the October 2007 bond sale.

Approach to 2007-2009 Budget Allocation and the Proposed Fiscal Year 2007-08 Operating Budget Allocations

The proposed approach for the allocation of the Oregon University System 2007-2009 budget and the proposed OUS 2007-08 Annual Operating, Debt Service, and Capital Repair and Construction Budgets are summarized in this report for Board consideration and approval. Following the discussion of the principles and processes used to guide the allocation of the 2007-2009 General Fund to the campuses, you will find a 2007-08 budget that is proposed for Board adoption.

2007-2009 Distribution of State General Fund:

The proposed allocation of the 2007-2009 General Fund budgets to the seven campuses and the Chancellor's Office have been made in accordance with Legislative directives, Board policies, and agreed upon principles and processes as expressed in the following guiding principles:

Guiding Principles:

1. Compliance with the OUS Board's expectations, budget request justifications and progress toward Board's priorities;
2. Compliance with Legislative expectations and representations;
3. Equitable basis of distributing General Fund support among campuses;
4. Creation of incentives to serve added Oregon students;
5. Creation of incentives to improve retention, increase graduates, and improve student success;
6. Begin to renormalize the Resource Allocation Model (RAM) to comport with the following budget note by 2009-2011:

“The Subcommittee understands that beginning in the 2009-2011 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate Cell funding in the Resource Allocation Model on the basis of actual fundable student FTE [full time equivalent] counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known” (Senate Bill 5515 OUS Legislative Operating Budget); and

7. Phase all campuses to a funding level as determined by the RAM over next four years. Note: this will depend upon adequate funding from the Legislature in 2009-2011.

The recommended annual distributions of state General Fund through the OUS Resource Allocation Model (RAM) are developed to comply with Senate Bill 5515, the primary operating budget bill for OUS passed by the 2007 Legislative Assembly. Due to past fiscal pressures, the fundable student FTE used in the RAM was frozen at 2002-03 levels for undergraduate funding and 2001-02 for most graduate programs. As noted

above, the 2007 Legislative Assembly instructed OUS to “renormalize” the RAM by distributing General Fund through the RAM on the basis of actual fundable student FTE counts by the 2009-2011 biennium. The impacts of this directive are twofold: 1) campuses that have experienced enrollment growth and/or enrollment shifts from “low” to “high” cost programs since the freeze was implemented will receive larger allocations; and 2) campuses that have experienced enrollment declines and/or enrollment shifts from “high” cost to “low” cost programs since the freeze was implemented will receive lesser allocations. Thus, as we begin this transition it is important to recognize the differential impacts that this directive will have on our respective campuses.

Because of these differential impacts, campuses will need to take compensating action to adapt to new funding levels, and because there is insufficient funding to make this transition to a fully renormalized RAM in one step, this proposed budget begins the process to phase in funding for all fundable FTEs in two steps: the first in 2007-2009 and the second in 2009-2011. Taking the second step will be dependent upon sufficient state General Fund being provided to OUS in the 2009-2011 Legislative Session.

The enrollment growth policy package of \$20.6 million received in 2007-2009 was not sufficient to completely renormalize the RAM in one biennium. As a result, OUS committed to allocating \$10.3 million to past growth/changes and splitting the remainder of the policy package appropriation between increasing the cell values for all students/campuses and funding the projected 2007-2009 fundable enrollment growth. The phase-in calculations will be based on 50 percent of the actual values for both the unfunded growth/changes in fundable students between the year of the freeze and 2006-07 actual enrollment and the projected 2007-2009 fundable enrollments.

Funding for several targeted programs were also based upon enrollments, which were frozen at 2002-03 levels or rates that have not been adjusted in recent years. It is proposed that the algorithms to calculate these adjustments will also be phased in using a two biennia or 50 percent factor in each biennium assuming that there is sufficient funding provided in 2009-2011 to do so. In addition, it is proposed that the Vet Med phase-in subsidy will be phased out as funded enrollments and cell funding for veterinary medicine increases to replace this funding that was provided to assist OSU in implementing a four-year Vet Med program during the years RAM funding was frozen.

Proposed Enrollment Driven General Fund Allocation Process:

1. Determine the enrollment funding for each campus by segmenting enrollment into three discrete segments:
 - 2007-2009 enrollment floor based on 2005-2007 allocations, plus 2007-2009 Essential Budget Level (EBL) adjustments;
 - Enrollment changes from 2002-03 to 2006-07; and
 - Projected enrollment changes from 2006-07 to 2007-2009.

- a. To determine the 2007-2009 enrollment floor, we first add the 2005-2007 enrollment funding of \$422.1 million to the:
 - i. Tuition buydown distribution, \$17.25 million;
 - ii. Faculty recruitment and retention funding, \$.8 million;
 - iii. 2005-2007 compensation increase funding, \$25.0 million; and
 - iv. EBL adjustments, \$18.0 million.
 - v. The outcome of this calculation yields \$483.2 million as the 2007-2009 enrollment funding floor.
- b. To determine the enrollment changes from 2002-03 to 2006-07, we first derive 2007-2009 cell values using the 2007-2009 enrollment floor (as determined in 1.a. above) plus the savings from the Vet Med phase-in (\$3.3 million) and, the additional cell funding to improve retention, reduced time to degree, and improve graduation rates as discussed below (\$4.0 million). Then we multiply this derived 2007-2009 cell value by the fundable 2006-07 enrollment to determine the amount of the funding earned by each campus as a result of the change in fundable enrollment from 2002-03 to 2006-07. As this amount is more than we have available for RAM renormalization, we will need to phase this over two biennia; thus we multiply the derived adjustments, both positive and negative, by 50 percent.
- c. In order to improve the success of Oregon and Oregonians, more Oregonians must earn baccalaureate degrees. Universities will receive funding in 2007-2009 to improve retention of freshmen to the sophomore year, to reduce the time required for students to complete baccalaureate degrees, and to increase the percentage of freshmen who attain such degrees within four and six years. To that end, a portion of the funding provided for enrollment (\$4.0 million) and a portion of the funding provided for regional campuses (\$3.5 million – see 2.c.ii. below) must be used for efforts designed by campuses to attain these ends. Release of these funds will be contingent upon agreement with the Chancellor's Office upon a plan to achieve higher retention and graduation rates, with quantified performance measures showing current performance and goals for improvement in each of the next six years. Our purpose in establishing this funding mechanism for 2007-2009 is to provide the resources and incentives for campuses to develop and begin implementing plans that achieve improved retention and graduation rates. In future biennia, it is our intention to direct this funding to those campuses that show measurable improvement in retention and graduation.
- d. Using the same 2007-2009 cell valuations as determined in 1.b. above, distribute \$5.3 million to fund projected 2007-2009 enrollment growth.
 - i. For campuses, growth in 2007-2009 is funded at 50 percent, subject to the settle-up process as described below.
 - ii. For campuses that are projected to have enrollment reductions in 2007-2009 (EOU and OIT), no negative adjustments will be made

- in 2007-2009, however, adjustments will need to be made in 2009-2011, based on actual enrollments, in order to fully renormalize the RAM as directed by the aforementioned budget note.
- iii. These allocations will be subject to a settle-up process at the end of each year, thus we are creating an enrollment reserve of \$423,000 in the event that fundable enrollments exceed projections. However, we will not be able to allocate any funding for enrollment above the level of this reserve.
- e. Total campus enrollment funding is determined by adding the floor amount determined in 1.a. above to the following:
 - i. The campuses' share of the 50 percent phased 2002-03 to 2006-07 enrollment adjustments (as discussed in 1.b. above);
 - ii. The allocation to improve retention, graduation, and time to degree (1.c. above); and
 - iii. The 2007-2009 enrollment growth funding funded at 50 percent, if any (1.d. above).
 - f. As noted above, enrollment-driven targeted programs also need to be adjusted in accordance with current enrollment distributions. Given that the Legislative funding provided for RAM renormalization in 2007-2009 will only be sufficient to fund 50 percent of the change in fundable enrollments from 2002-03 to 2006-07, all adjustments will be made at this 50 percent rate, with the remaining 50 percent adjustment to occur next biennium subject to adequate Legislative funding to do so.
 - i. Small school support – inflate rate per FTE by 10.29 percent (for four years of no change) and multiply this amount by 7,500 FTE less projected 2007-2009 FTE enrollments and subtract 50 percent of this delta due to phasing;
 - ii. Engineering technology and engineering graduate supplements – inflate rate by 10.29 percent and multiply times projected 2007-2009 enrollments, less 50 percent due to phasing;
 - iii. Collaborative Nursing – inflate rate by 10.29 percent and multiply by 2006-07 actual enrollments, less 50 percent for phasing.
 - g. As earlier noted, OSU received Vet Med program phase-in funding when they expanded this program during the period of the enrollment freeze (2003-2005). Thus, as more of their currently unfunded “fundable” enrollments are funded, this phase-in funding needs to be phased out on a proportional basis. This distribution assumes that Vet Med program phase-in funding is phased out at the same rate that previously unfunded “fundable” enrollments are phased in (funded); or 50 percent - (see 1.b. above);

Enrollment Projections:

OUS expects FTE enrollment to increase by an average of approximately 2.3 percent in 2007-2009 for a total FTE enrolment of 72,952 (see Tables 1 & 2). Systemwide and campus enrollment projections are summarized in the following tables. More detail regarding enrollment will be reported in the annual enrollment report at the November 2007 Board meeting.

Table 1
Total FTE Enrollment for 2007-2009
By Institution

	2002-03 and Grad Cap	2006-07	2008-09 Projected	% Change 2006-07 and 2008-09	2008-09 % Change from 2002-03 and Cap
EOU	2,640	2,460	2,252	-8.5%	-14.7%
OIT	2,463	2,319	2,334	0.6%	-5.2%
OSU	18,435	18,581	19,217	3.4%	4.2%
OSU-Cascades	172	293	311	6.1%	80.8%
PSU	17,491	18,927	19,657	3.9%	12.4%
SOU	4,648	4,174	4,232	1.4%	-9.0%
UO	20,334	20,421	20,776	1.7%	2.2%
WOU	4,497	4,152	4,173	0.5%	-7.2%
Total	70,681	71,327	72,952	2.3%	3.2%

Table 2
Total FTE Enrollment for 2007-2009
By Student Level

	2002-03 and Grad Cap	2006-07	2008-09 Projected	% Change 2006-07 and 2008-09	2008-09 % Change from 2002-03 and Cap
UG	56,130	56,697	57,946	2.2%	3.2%
Master	10,309	9,406	9,669	2.8%	-6.2%
Doctoral	3,542	3,793	3,898	2.8%	10.1%
Pharmacy	298	481	447	-7.1%	50.0%
Vet Med	102	320	343	7.2%	236.3%
Law	300	630	649	3.0%	116.3%
Total	70,681	71,327	72,952	2.3%	3.2%

Targeted Program Funding:

2. Targeted programs are proposed for adjustment necessary to comport with the approved budget, including adding new targeted programs for discrete Legislative decisions:
 - a. All targeted programs are inflated in accordance with EBL funding;
 - b. Programs that have been phased out are eliminated:
 - i. Fee remission equity;
 - ii. WUE funding.
 - c. Regional support funding is distributed based on;

- i. Funding to implement Board-approved retrenchment plans (\$2.0 million). This will be one-time, non-recurring funding that will be reallocated by the Board in 2009-2011;
 - ii. Funding to improve retention, graduation, and student success (\$3.5 million). Again, this will be subject to receipt and approval of campus proposals to improve in these areas (also see 1.c. above); and
 - iii. Funding to underpin campus finances (\$3.5 million). This funding must be used to fund a mutually agreed-upon plan to reach financial sustainability.
- d. ETIC base funding is redistributed as directed by the ETIC Board and the \$15 million of new funding is allocated as directed by the ETIC Board.
- e. Campus public service programs are adjusted for EBL changes and \$188,000 for LERC per Legislative directive;
- f. Dispute resolution is adjusted to reflect added funding due to phase in and agreed upon campus distribution changes;
- g. Natural Resources is adjusted by EBL and the Legislative supplement;
- h. Oregon Solutions is adjusted for EBL and new investments;
- i. Climate Center is adjusted in accordance with Legislative budget;
- j. Leadership Institute is adjusted in accordance with Legislative budget.
- k. Health professions is adjusted per the approved policy package proposal.
- l. Rural access is adjusted based on the approved policy package (100 percent to EOU);
- m. Funding is allocated to WOU to fund debt service on DPSST bonds as agreed;
- n. Vet Diagnostic Lab is adjusted in accordance with Legislative intent;
- o. Statewide Public Service (SWPS) budgets are adjusted for EBL changes and for new investments as specified by the Legislature;
- p. Chancellor's Office funding is adjusted by EBL and to provide support for Board initiatives;
- q. Southwest Oregon University Center, 5th Site, OCATE, and OWEN funding are adjusted for EBL changes and are re-categorized as necessary from a Systemwide program to programs that OUS has transitioned to the campuses;
- r. Systemwide expenses/programs are adjusted to comport with state assessments, etc.;
- s. IDTS funding is adjusted to comport with the newly allocated amounts, including the approved carry-forward from last biennium.
- t. Utilities funding is distributed based on 2006-07 utility (electricity and natural gas) expenses. Note: this funding will be rolled into the enrollment driven cell values in future biennia;

- u. Faculty salary funding distributed based on 2006-07 faculty salaries in Education and General Funds and instruction, research, and public service program areas. This funding is intended to assist campuses in gaining position in relation to peer faculty salaries. This funding must be used only to improve faculty compensation for faculty (excluding those with the rank of dean or above) involved in and funded from, teaching, research, or public service activities and budgets. Note: this funding will be rolled into the enrollment-driven cell values in future biennia;
- v. Student:faculty ratio funding is distributed based on each campus' relative distance to its peers. SOU and OIT are not eligible due to their ratios being less than peers in 2006-07. This funding is intended to allow OUS to hire additional full-time faculty positions at the institutions who participate in this allocation, thereby lowering their student:faculty ratios. Note: this funding will be rolled into the enrollment-driven cell values in future biennia.

Table 3 compares the proposed 2007-2009 budget to the 2005-2007 budget.

Table 3
Total Budget 2005-2007 vs. 2007-2009
General Fund

	2005-2007	2007-2009 *	% Change
EOU	\$ 27,754,791	\$ 33,257,814	19.8%
OIT	33,312,947	41,433,760	24.4%
OSU – Corvallis	172,794,744	206,456,039	19.5%
OSU – Cascades	6,866,682	8,900,620	29.6%
PSU	127,406,412	150,383,503	18.0%
SOU	31,537,970	36,469,567	15.6%
UO	133,270,307	149,781,424	12.4%
WOU	34,035,945	38,307,239	12.5%
CO	13,948,043	15,734,418	12.8%
Industry Affairs/OMI/ETIC/OCKED	6,846,714	7,924,998	15.7%
Systemwide Expenses	4,597,726	4,058,510	-11.7%
Education and General Program	592,372,281	692,707,892	16.9%
Agricultural Experiment Station	54,668,605	60,022,981	9.8%
Extension Service	39,412,724	43,384,123	10.1%
Forest Research Laboratory	5,536,652	6,613,937	19.5%
Statewide Public Services	99,617,981	110,021,041	10.4%
Total Operating Budget	691,990,262	802,728,933	16.0%
Debt Service Budget	30,297,888	39,384,932	30.0%
Capital repair /Construction	14,796,329	28,327,500	91.4%
Total Budget	\$ 737,084,479	\$ 870,441,365	18.1%

* 2007-2009 does not include an OUS allocation from the statewide salary pool that will be released later this biennium.

Capital Repair:

Capital repair funding increased from \$23.6 million in 2005-2007 to \$50 million in 2007-2009. The 2007-2009 proposed campus allocations are based on a formula using 50 percent based on each campus' proportion of square footage of Education and General space and 50 percent based on each campus' proportion of the current deferred maintenance backlog. Table 4 presents the proposed allocation and contrasts this proposal to the allocations from 2005-2007.

Table 4
Capital Repair Budget

	2005-2007 Allocation	2007-2009 Proposed Allocation
EOU	\$ 820,000	\$ 1,269,363
OIT	960,000	1,995,803
OSU	7,690,000	17,166,631
PSU	3,922,500	10,648,948
SOU	1,230,000	2,170,551
UO	6,460,000	12,720,256
WOU	1,350,000	2,028,448
	22,432,500	48,000,000
System Reserve	1,160,158	2,000,000
Total	\$ 23,592,658	\$ 50,000,000

Proposed 2007-08 Budgets:

Using the principles and processes as outlined above, Table 5 presents the proposed 2007-08 OUS Budgets by Campus. In addition, the proposed 2007-08 RAM allocations by campus are presented in Appendix A. A description of all funding sources follows this presentation.

Table 5
Proposed 2007-08 OUS Budgets by Campus – All Sources

	General Fund	Other Funds Limited	Lottery Funds Limited	Non-Limited Other Funds	2007-08 Total All Funds
Education and General Program					
EOU	16,696,586	13,432,270	427,144	13,438,828	43,994,828
OIT	21,237,443	13,148,540	427,144	16,551,555	51,364,682
OSU-Corvallis	100,241,588	165,242,193	1,267,998	347,296,037	614,047,816
OSU-Cascades	4,340,394	1,591,025	-	-	5,931,419
PSU	73,023,230	141,926,246	1,033,731	129,851,134	345,834,341
SOU	18,407,901	23,418,494	427,144	58,334,290	100,587,829
UO	72,629,354	196,231,492	1,320,343	351,731,004	621,912,193
WOU	18,684,769	23,805,707	537,684	56,242,381	99,270,541
CO	7,709,865	2,703,000	-	3,582,265	13,995,130
Other *	3,924,649	-	-	-	3,924,649
Systemwide Expenses	1,988,670	-	-	-	1,988,670
Total Education & General Program	\$338,884,449	\$581,498,967	\$5,441,188	\$977,027,494	\$1,902,852,098
Statewide Public Services:					
Agricultural Experiment Station	29,335,748	6,955,654	-	30,496,696	66,788,098
Extension Service	21,183,960	12,064,379	-	3,458,230	36,706,569
Forest Research Laboratory	3,226,729	4,258,524	-	11,764,061	19,249,314
Total Statewide Public Services	\$53,746,437	\$23,278,557	-	\$45,718,987	\$122,743,981
2007-08 Total Operating Budget	392,630,886	604,777,524	5,441,188	1,022,746,481	2,025,596,079
Debt Service	17,836,980	-	3,878,615	69,560,114	91,275,709
Capital Repair/Construction	28,327,500	533,014,978	-	-	561,342,478
2007-08 Total Budget	\$438,795,366	\$1,137,792,502	\$9,319,803	\$1,092,306,595	\$2,678,214,266

* Industry Affairs/OMI/ETIC/OCLD/IDTS/Enrollment Growth

Note: Lottery funding is provided for graduate scholarship support and athletics in the operating budget and debt service in the Debt Service budget. The Other Funds Limited (OFL) allocation for each campus equals the projected OFL revenue.

Revenue Sources:

The OUS Operating Budget is comprised of four sources of revenue. Descriptions and relevant information related to these revenue sources follow below. Table 6 contains a comparison of the proposed 2007-08 budget to the 2006-07 budget.

State General Funds:

State General Funds are appropriated to OUS biennially by the Legislature. The distribution of these funds to the campuses is developed in compliance with Legislative Budget Notes and Board policy. Funds are allocated through the OUS RAM per the description above

Please note that as a general rule, General Fund is distributed 49 percent in the first year of the biennium and 51 percent in the second year. However, some elements, such as enrollment funding, are based on projected enrollments and faculty salary increases and are allocated on a one-third in year one and two-thirds in year two. The 2007-08 operating budget will be adjusted when there is an appropriation from the salary pool.

Other Funds Limited:

Other Funds Limited revenue for the operating budget is comprised principally of estimated campus tuition and fees calculated on the basis of enrollment projections and the tuition and fees published in the 2007-08 Academic Year Fee Book. Indirect cost recovery on sponsored research, as well as lesser amounts of other miscellaneous forms of income, comprise the remaining Other Funds Limited revenue. The projected increase of 6 percent over the 2006-07 operating budget is driven by increases in tuition plus projected enrollment growth.

Lottery Funds:

Lottery Funds are comprised of net Lottery proceeds distributed from the Economic Development Fund. In prior biennia, Lottery Funds were provided from the sale of the Sports Action Lottery game. Beginning in this biennium, OUS will receive 1 percent of the net proceeds of the Oregon Lottery. These funds are distributed to campuses according to Board policy adopted in November 2006, with 12 percent allocated for graduate scholarships and 88 percent allocated for support of intercollegiate athletics. The anticipated proceeds from the Lottery, estimated at \$12.7 million less a \$4.9 million General Fund reduction, are expected to significantly exceed the 2005-2007 proceeds of \$3.6 million from the defunct Sports Action Lottery. The General Fund reduction was offset against the institutional EBL increases.

Due to the shift in funding from Sports Action to the Oregon Lottery and timing of the distributions, OUS will only receive three-sevenths of the biennial total in 2007-08 and will see an additional increase in 2008-09 when allocated four-sevenths of the total.

Other Funds Nonlimited:

Other Funds Nonlimited revenue estimates include sponsored programs; gifts, grants, and contracts; designated operations (e.g., community workshops and other self-sustaining public service and education activities); and auxiliary activities such as student housing, service, parking, athletics, and incidental fee activities. Expenditure of these funds is not limited by the Legislature.

The increase in the Other Funds Nonlimited budget by an inflationary factor was more than offset by the accounting change removing FFELP revenue from the Income Statement; therefore, real expenditures as opposed to the budget are expected to increase rather than decrease as depicted in Table 6 below.

Debt Service and Capital Budgets:

The debt service budget is funded from General Fund and Lottery appropriations, as well as nonlimited auxiliary operations. The increase in the 2007-08 budget is related to Article XI-G bond sales occurring at the end of fiscal year 2007 and Lottery bond sales scheduled in the current biennium, as well as Article XI-F bond sales throughout the biennium.

The Capital Repair and Construction budget includes \$28 million in General Fund for construction and deferred maintenance projects and an additional \$533 million in Other Funds Limited allocation from the state. The details of the capital budget were presented to the Board at the July meeting.

Comparison of 2007-08 proposed budget to the 2006-07 budget:

Table 6
Funding Changes 2006-07 VS. 2007-08

Fund Source	2006-07	2007-08	% Change
Operating Budget			
General Fund	353,983,409	\$ 392,630,886	11%
Other Funds Limited	567,972,905	604,777,524	6%
Lottery Fund	2,839,563	5,441,188	92%
Other Funds Nonlimited	1,128,969,305	1,022,746,481	-9%
Total Operating Funds	2,053,765,182	2,025,596,079	-1%
Debt Service Budget			
General Fund	16,382,107	17,836,980	9%
Lottery	2,839,563	3,878,615	37%
Other Funds Nonlimited	50,286,418	69,560,114	38%
Total Debt Service	69,508,088	91,275,709	31%
Capital Budget			
General Fund	-	28,327,500	Na
Other Funds Limited	-	533,014,978	Na
Total Capital Budget	-	561,342,478	Na
Total	\$2,123,273,270	\$2,678,214,266	26%

* Capital is historically reflected in the first year of the biennium. Therefore, the 2005-2007 Capital Budget was reflected in 2005-06 with nothing in 2006-07.

Staff Recommendation to the Board:

The staff recommends that the Board:

1. Approve the proposed guiding principles and process used to determine the 2007-2009 budget allocation as described in this docket, including the lifting of the enrollment freeze to begin phasing in use of the current enrollments for allocating the budget through the RAM; and

2. Approve the 2007-08 Annual Operating Budget, as described in this docket, and delegate authority to the Chancellor or his designee to make adjustments to the OUS Annual Operating Budget for 2007-08, as is necessary. Salary allocations authorized by the Legislative Emergency Board or Legislative Assembly will be brought to the Board for review and approval after they are authorized.

(Board action required.)

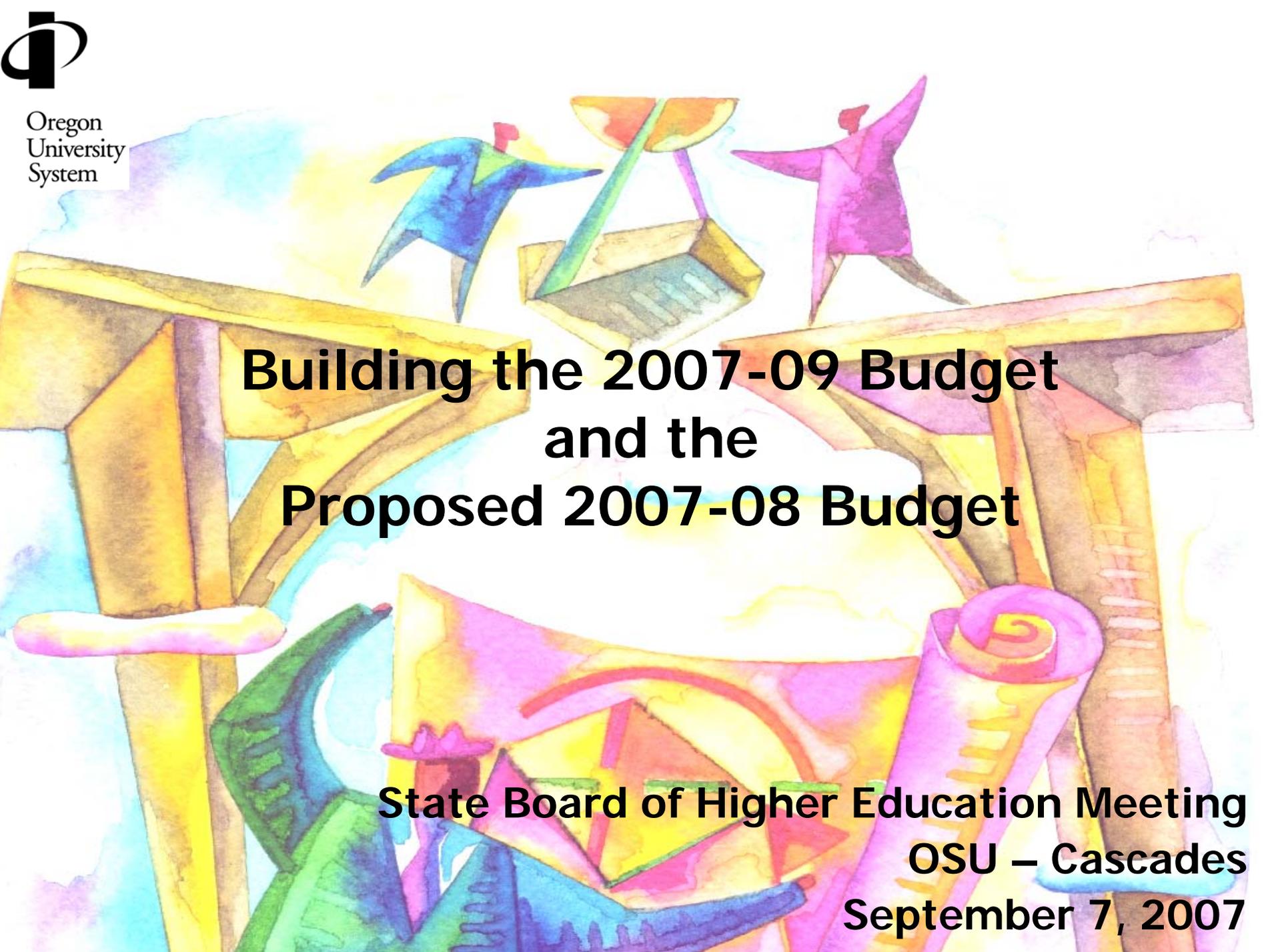
Appendix A
2007-08 RAM Allocation (General Fund) by Campus

PROPOSED DRAFT - SUBMITTED FOR BOARD APPROVAL ON 9/7/2007

	EOU	OIT	OSU	OSU-CC	PSU	SOU	UO	WOU	Total Campuses	CO	E&G	AES	ES	FRL	OUS
1 Undergraduate Funding	\$ 8,127,713	\$ 9,377,502	\$ 46,035,147	\$ 733,151	\$ 42,313,927	\$ 11,002,369	\$ 41,722,484	\$ 12,691,185	\$ 172,003,478	\$ 207,612	\$ 172,211,090				\$ 172,211,090
2 Graduate Funding	1,001,019	8,925	28,632,825	135,822	20,058,048	1,898,478	22,107,010	1,501,878	75,344,005		75,344,005				75,344,005
3 Enrollment Funding	\$ 9,128,732	\$ 9,386,427	\$ 74,667,972	\$ 868,973	\$ 62,371,975	\$ 12,900,847	\$ 63,829,494	\$ 14,193,063	\$ 247,347,483	\$ 207,612	\$ 247,555,095				\$ 247,555,095
4 Targeted Programs															
5 Regional Support - New Policy Package															
6 Retrenchment	1,000,000	-	0	0	0	1,000,000	0	0	2,000,000	0	2,000,000				2,000,000
7 Retention & Graduation	367,500	367,500	0	245,000	0	367,500	0	367,500	1,715,000	0	1,715,000				1,715,000
8 Underpinning	367,500	367,500	0	245,000	0	367,500	0	367,500	1,715,000	0	1,715,000				1,715,000
9 Small School Funding															
10 Statewide Access	0	895,117	0	0	0	0	0	0	895,117	0	895,117				895,117
11 Small School Support Adjustment	3,370,876	3,476,438	0	2,961,477	0	2,077,460	0	2,184,478	14,070,729	0	14,070,729				14,070,729
12 Regional Access	914,442	393,499	0	0	0	295,125	0	98,378	1,701,444	0	1,701,444				1,701,444
13 Collaborative OUS Nursing Program	21,380	11,912	0	0	0	34,186	0	0	67,478	0	67,478				67,478
14 Engineering															
15 Industry Affairs/OMI	0	-	0	0	0	0	0	0	0	891,971	891,971				891,971
16 ETIC Allocations	225,000	700,000	9,741,877	0	3,797,718	265,000	1,465,405	375,000	16,570,000	2,070,000	18,640,000				18,640,000
17 Engineering Technology Undergraduate	0	1,808,502	0	0	0	0	0	0	1,808,502	0	1,808,502				1,808,502
18 Engineering Graduate	0	-	1,469,348	0	665,026	0	0	0	2,134,374	0	2,134,374				2,134,374
19 Research															
20 4% of Sponsored Research	46,392	17,673	2,269,462	0	376,280	35,346	1,117,059	133,282	3,995,494	0	3,995,494				3,995,494
21 3%/2% of Faculty Salaries - Research	41,771	69,619	634,305	0	546,121	99,013	743,375	72,714	2,206,918	0	2,206,918				2,206,918
22 Signature Research/OCKED	0	-	241,882	0	25,461	0	241,882	0	509,225	50,936	560,161				560,161
23 Institutes/Programs															
24 Campus Public Service Programs	239,274	-	1,010,278	0	847,033	106,698	897,208	1,643	3,102,134	0	3,102,134				3,102,134
25 Dispute Resolution	0	-	0	0	388,838	0	722,127	0	1,110,965	0	1,110,965				1,110,965
26 Natural Resource Institute	0	-	225,241	0	0	0	0	0	225,241	0	225,241				225,241
27 Oregon Solutions	0	-	0	0	1,274,000	0	0	0	1,274,000	0	1,274,000				1,274,000
28 Climate Center	0	-	0	0	0	0	0	0	0	0	0			0	0
29 Leadership Institute	0	-	0	0	73,500	0	0	0	73,500	0	73,500				73,500
30 Health Professions Programs	262,000	3,516,000	0	0	0	388,000	0	362,800	4,528,800	0	4,528,800				4,528,800
31 Rural Access	284,200	-	0	0	0	0	0	0	284,200	0	284,200				284,200
32 Vet. Med. Program Phase-in	0	-	1,614,138	0	0	0	0	0	1,614,138	0	1,614,138				1,614,138
33 DPSST Debt Service	0	-	0	0	0	0	0	85,000	85,000	0	85,000				85,000
34 Veterinary Diagnostic Lab	0	-	367,500	0	0	0	0	0	367,500	0	367,500				367,500
35 Central Services															
36 Chancellor's Office Operations	0	-	0	0	0	0	0	0	0	7,709,865	7,709,865				7,709,865
37 IT Fifth Site/OCATE/SW Oregon/OWEN	140,765	-	2,780,378	0	727,724	0	504,940	0	4,153,807	0	4,153,807				4,153,807
38 Systemwide Expenses/Programs	90,760	88,949	1,199,282	0	527,058	215,742	1,097,646	156,426	3,375,863	1,988,670	5,364,533				5,364,533
39 IDTS	0	-	0	0	0	0	0	0	0	704,130	704,130				704,130
40 Other Miscellaneous Funding	0	-	0	0	0	0	0	0	0	0	0				0
41 SWPS	0	-	0	0	0	0	0	0	0	0	0				0
42 Bldg. Maintenance/SWPs	0	-	2,003,851	0	0	0	0	0	2,003,851	0	2,003,851	29,154,703	21,022,510	3,196,729	53,373,942
43 Utilities	54,997	23,503	447,395	2,043	136,785	89,986	243,040	56,422	1,054,171	0	1,054,171	20,378	3,450	0	1,077,999
44 Faculty Salaries	81,320	114,804	804,057	17,901	746,362	165,498	886,837	167,888	2,984,667	0	2,984,667	160,667	158,000	30,000	3,333,334
45 Student Faculty Ratio	59,677	-	764,622	0	519,349	0	880,341	62,675	2,286,664	0	2,286,664				2,286,664
46 Total Targeted Programs & Policy Pkgs	7,567,854	11,851,016	25,573,616	3,471,421	10,651,255	5,507,054	8,799,860	4,491,706	77,913,782	13,415,572	91,329,354	29,335,748	21,183,960	3,226,729	145,075,791
47 Proposed Cells and Targeted Programs	16,696,586	21,237,443	100,241,588	4,340,394	73,023,230	18,407,901	72,629,354	18,684,769	325,261,265	13,623,184	338,884,449	29,335,748	21,183,960	3,226,729	392,630,886
48 Debt Service										17,836,980	17,836,980				17,836,980
49 Capital Construction	1,312,000		5,276,000		16,274,500		2,480,500	2,984,500	28,327,500		28,327,500				28,327,500
50 Total Budget	\$ 18,008,586	\$ 21,237,443	\$ 105,517,588	\$ 4,340,394	89,297,730	\$ 18,407,901	\$ 75,109,854	\$ 21,669,269	\$ 353,588,765	\$ 31,460,164	\$ 385,048,929	\$ 29,335,748	\$ 21,183,960	\$ 3,226,729	\$ 438,795,366



Oregon
University
System

A vibrant watercolor illustration depicting the process of budgeting. In the center, a wooden scale is shown with a blue figure on the left pan and a purple figure on the right pan. Above the scale, a yellow figure is shown in a dynamic, jumping pose. Below the scale, a large purple scroll is unrolled, and a green figure is shown in a similar jumping pose. The background is a mix of warm yellow and orange tones, suggesting a bright, energetic atmosphere. The overall style is artistic and colorful, with soft edges and a sense of movement.

Building the 2007-09 Budget and the Proposed 2007-08 Budget

**State Board of Higher Education Meeting
OSU – Cascades
September 7, 2007**

2007-2009 OUS Budget

Guiding Principles:

- Compliance with Legislative expectations and representations
- Reinforce OUS Board expectations and goals
- Equitable basis for distribution of General Fund to campuses
- Creation of incentives to:
 - Serve more Oregonians
 - Improve retention, reduce time to degree and improve graduation rates
 - Attain sustainable finances at the regional campuses
- Begin to renormalize the RAM as directed by budget note



2007-2009 Budget: Legislative Expectations



Budget Note

"The Subcommittee understands that beginning in the 2009-11 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate cell funding in the Resource Allocation Model on the basis of actual fundable student FTE counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known."

(SB 5515 OUS Legislative Operating Budget)



2007-2009 Budget: Legislative Expectations

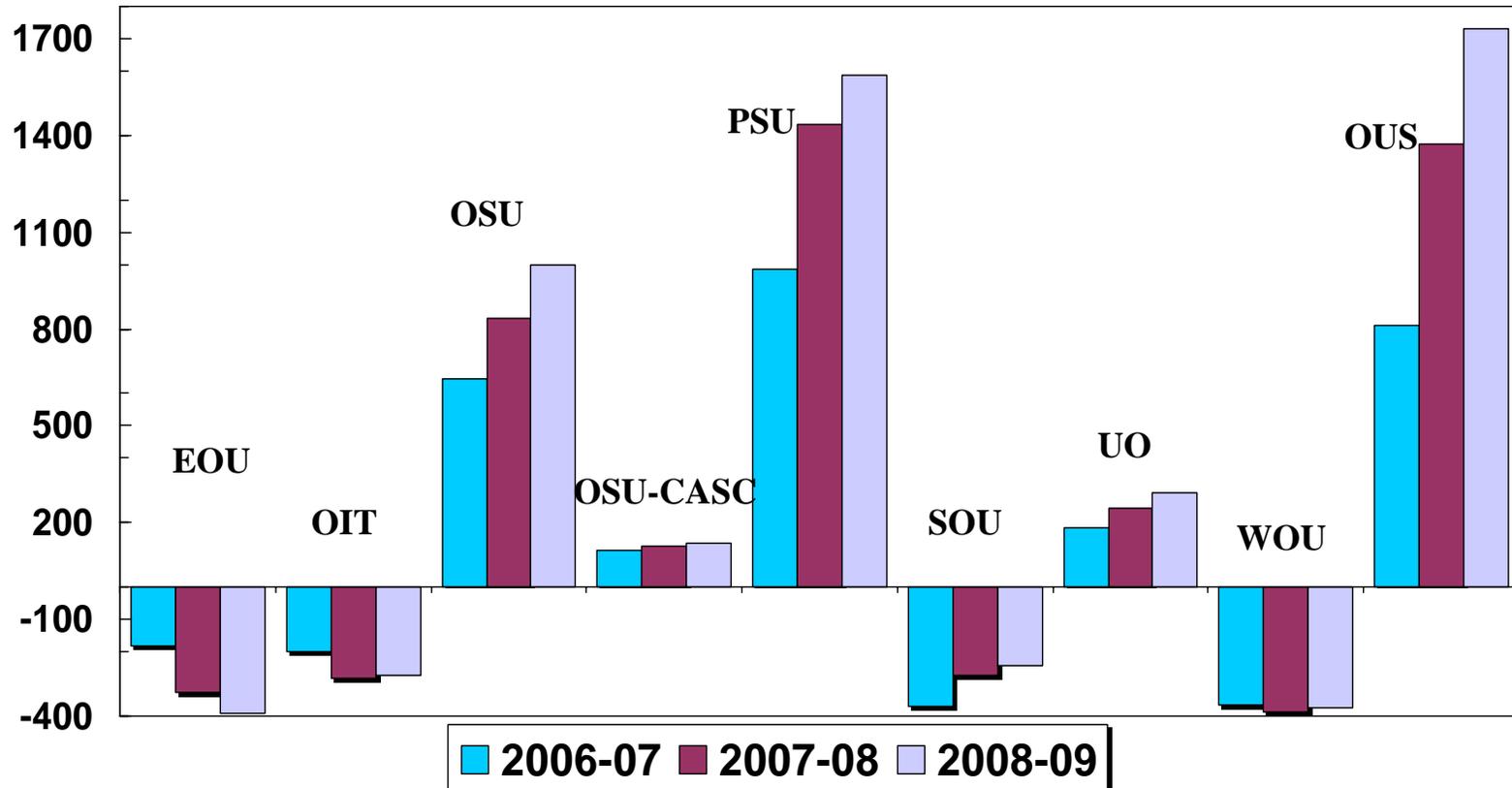
Renormalizing the RAM to Comply with Budget Note

- Negative impact to some campuses; positive impact to others
- Funding the past enrollment growth from the frozen 2001-03 base to 2006-07 would cost \$25.8 million
- Funding the projected 2007-09 growth would cost \$9.8 million
- Funding received in 2007-09 insufficient, thus suggesting a two-biennium “phased” approach to renormalization
- Path to compliance by 2009-11
 - Phase in funding for enrollment changes - 50% in 2007-09 and 50% in 2009-11 (subject to adequate funding)
 - Phase out subsidies



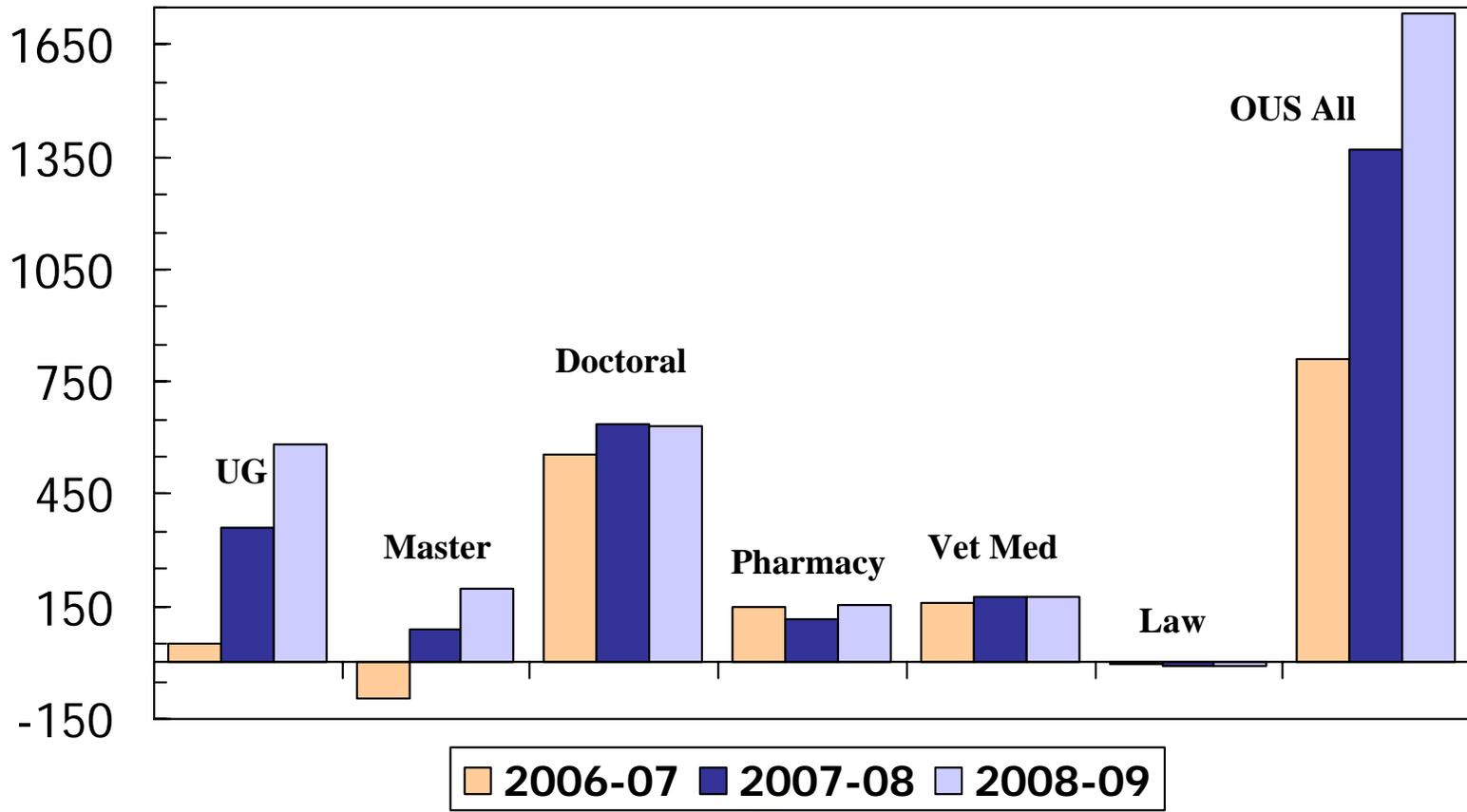
2007-09 Budget

Fundable FTE Difference from 2002-03 to
2006-07 actual and 2007-09 projected enrollments



2007-2009 Budget – Enrollment Driven

Fundable FTE Difference from 2002-03 to
2006-07 Actual and 2007-09 Projected Enrollments



2007-2009 Budget: Legislative Expectations

Enrollment Growth Policy Package

➤ \$20.6 million

➤ Legislative expectation:

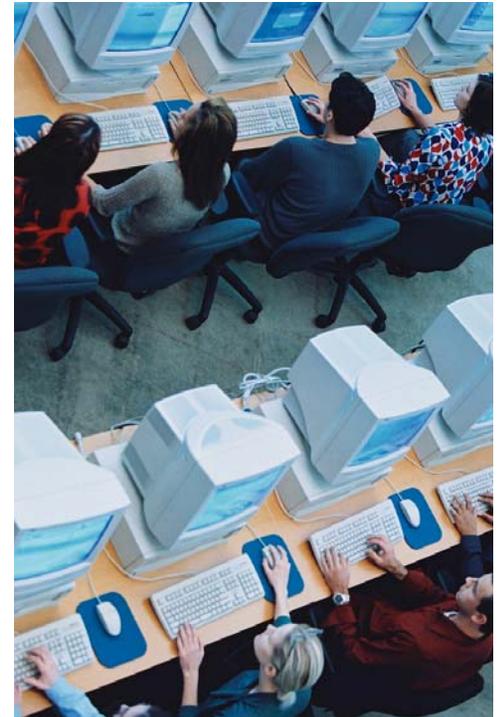
- \$10.3 million to begin to “renormalize” the RAM by funding past growth of previously unfunded fundable students; and
- \$10.3 million for:
 - Increased enrollment of 2007-09 fundable students; and
 - to increase cell values for all institutions – with the monies to be used for improved student retention and graduation.



2007-09 Proposed Budget – Enrollment Driven

Enrollment Driven Formula

- Floor
 - Adjusted 2005-07 Allocation
- +/- 2003-2007 Enrollment Change
 - funded @ 50%
- + Increased Cell Value For Student Success
 - \$4 million distributed to all campuses with understanding that campuses would improve retention and graduation (see slide #14 for detail)
- + 2007-09 Enrollment Growth
 - Funded at 50%
 - Subject to settle up process
 - \$423,000 enrollment reserve



2007-09 Budget – Cell Values

	Lower Division	Upper Division	Master/Grad	PhD
Level 1	\$2,150 / \$2,414 / \$3,780	\$2,768 / \$3,108 / \$4,866	\$3,346 / \$3,931 / \$6,155	\$6,298 / \$7,399 / \$11,585
Level 2	\$2,699 / \$3,031 / \$4,746	\$3,454 / \$3,879 / \$6,073	\$4,527 / \$5,318 / \$8,327	\$7,544 / \$8,863 / \$13,878
Level 3	\$3,866 / \$4,341 / \$6,797	\$5,239 / \$5,882 / \$9,211	\$6,495 / \$7,630 / \$11,947	\$9,512 / \$11,175 / \$17,498
Law			\$7,151 / \$8,401 / \$13,154	\$6,298 / \$7,399 / \$11,585
Pharm.	\$5,598 / \$6,576 / \$10,297	\$5,598 / \$6,576 / \$10,297	\$8,528 / \$10,019 / \$15,688	\$17,713 / \$20,809 / \$32,583
Vet Med			\$24,929 / \$29,286 / \$45,858	

2006-07 cell values 55-58% of estimated peer values

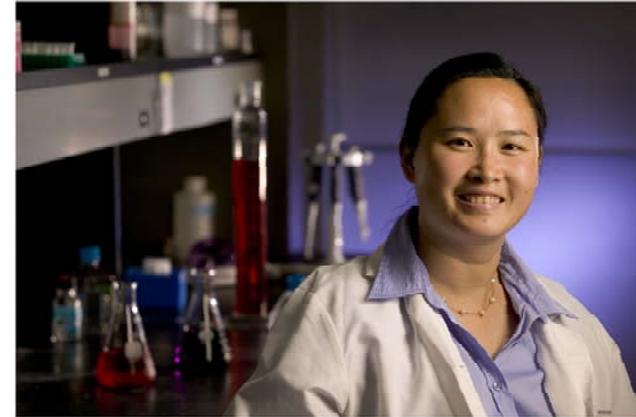
2007-08 proposed cell values 64% of estimated peer values

2007-08 estimated peer values @ 100%

2007-2009 Budget: Legislative Expectations

Faculty Salaries Policy Package

- \$10 million
- Legislative expectation:
 - Faculty salary funding distributed based on 2006-07 faculty salaries in E&G funds and instruction, research and public service program areas.
 - Funding intended to assist campuses in gaining position in relation to peer salaries. Must be used only to improve compensation for faculty (excluding those with the rank of Dean or above) involved in, and funded from, teaching, research or public service activities and budgets.



2007-2009 Budget: Legislative Expectations

Student:Faculty Ratio Policy Package

➤ \$6.9 million

➤ Legislative expectation:

- Funding to reduce student:faculty ratios at campuses that were above peer levels
- Proposed funding distribution based on each campus' relative distance to its peers. Intended to allow OUS to hire additional full-time faculty at institutions participating in this allocation, thereby lowering their student:faculty ratios
- OIT and SOU are currently less than peers and will not participate in this funding



2007-2009 Budget: Legislative Expectations

Regional Support Policy Package

➤ \$9 million

➤ Legislative expectation:

- Increase retention, graduation or other student success factors;
- Provide a base amount needed for sustainable operations. This funding must be used to fund a mutually agreed upon plan to reach financial sustainability; and
- Provide transition funding needed by some campuses to execute Board approved retrenchment plans.



2007-2009 Budget: Board Expectations

Funding to improve student retention and graduation:

- \$4 million from enrollment funding and \$3.5 million from regional support funding - **\$7.5 million total**
- Universities will receive this funding in 2007-09 to:
 - improve retention of freshmen to the sophomore year;
 - reduce the time required for students to complete baccalaureate degrees; and
 - increase the percentage of freshmen who attain such degrees within four and six years.
- Release of funds contingent upon agreement with Chancellor's Office on plan to achieve higher retention and graduation rates, with quantified performance measures showing current performance and goals for improvement in each of next six years
- In future biennia, intention that funding directed to campuses that show measurable improvement in retention and graduation



2007-2009 Budget: Board Expectations

Funding to improve regional campus sustainability:

- \$3.5 million from regional support funding
 - This funding must be used to fund a mutually agreed upon plan to reach financial sustainability
- \$2 million from regional support funding
 - This funding is to be used by SOU and EOU to implement Board approved retrenchment plans
 - This funding is to be non-recurring transition funding only and will be reallocated by the Board in 2009-11
- \$3.5 million for improved retention and graduation
 - This will also help in achieving financial sustainability

2007-09 Budget - Targeted Programs

Targeted Programs Classification

- Regional support
- Engineering
- Research
- Institutes and programs
- SWPS
- Central Services
- Other



2007-09 Budget - Targeted Programs

➤ Most Targeted Programs not enrollment driven, with four exceptions:

- Small school support

\$717 Per FTE < 7,500
(\$430 per FTE @ Cascades)

- Engineering technology

Adjustment for higher cost programs
\$5,045 per FTE

- Engineering graduate

Adjustment for higher cost programs
\$4,036 per FTE

- Collaborative nursing

Adjustment for cost of services provided to OHSU students at regional campuses
\$331 per FTE

➤ Frozen since 2001-03

- Rates
- FTE

➤ In 2007-09 rates and FTE are updated

➤ Phased in at 50 percent



2007-09 Budget - Targeted Programs

Engineering

- Industry Affairs/OMI
- Engineering graduate and technology support
- ETIC
 - Rebase former dollars (\$22.3 million)
 - New policy package (\$15.0 million)
 - Expected outcomes
 - Movement toward goal to increase engineering graduates from 1,127 in 1999 to 2,227 in 2012-13
 - Expand research dollars from \$32 million in 1999 to \$81 million in 2008-09



2007-09 Budget - Targeted Programs

Research funding

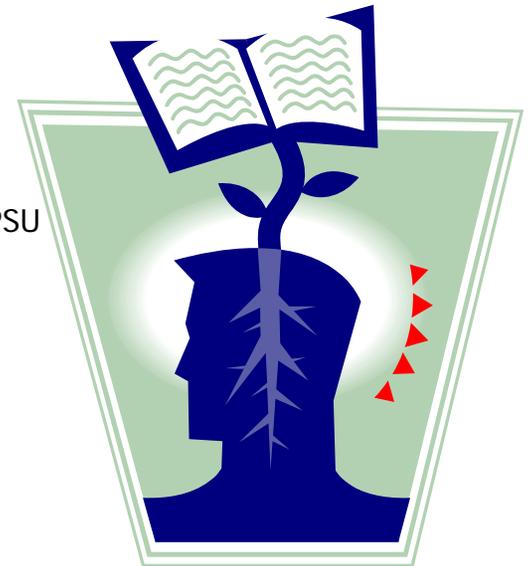
- Formula based as a percentage of research dollars
 - No increase other than EBL adjustments since 2003
 - Proposed allocation for 2007-09 is increased for EBL only
 - Current allocation approximately 50 percent of amount needed based on these formulas (% research and % faculty salaries)
 - Cost to rebase is \$12 million
 - Federal IDC may decline, potentially changing economics of research



2007-09 Budget - Targeted Programs

Institutes/Programs

- Campus public service programs
 - LERC \$188,000 (UO)
- Dispute Resolution
 - additional \$752,000 and change in distribution formula between PSU and UO
- Natural Resource Institute
 - additional \$200,000 (OSU)
- Oregon Solutions
 - additional \$2,600,000 (PSU)
- Climate Center
 - \$180,000 (OSU)
- Leadership Institute
 - \$150,000 (PSU)



2007-09 Budget - Targeted Programs

Institutes/Programs (continued)

➤ Rural Access

- Pilot Program \$580,000 to EOU
- Outcomes
 - » Establish district based program to encourage rural high school students to attend college
 - » Increase number of rural high school freshman attending college in Oregon
 - » Increase freshman to sophomore persistence rate for students from rural high schools
 - » Increase number of college graduates who came from rural high schools

➤ Health professions

- \$7,396,500 distributed to OIT, EOU, SOU and WOU
- Outcomes
 - » Develop adequate capacity to provide core basic science & education courses required in OCNE curriculum
 - » Increase Sonography graduates by 15-21 per year by 2011
 - » Increase Medical Technologist graduates by 24 per year by 2011
 - » Increase Dental Hygienist graduates by 24 per year by 2011

➤ Veterinary Medicine

- Diagnostic Lab
 - » \$750,000
- Phase out of subsidy relative to phase-in of enrollment funding
 - » \$3.3 million – 50% in 2007-09, balance in 2009-11 subj. to available funding

• DPSST Debt Services

- \$170,000 to replace income lost when DPSST moved



2007-09 Budget - Targeted Programs

Statewide Public Services

➤ \$15 million increase

- Outcomes

- ✓ Increased profits and sustainability within the Oregon agricultural sector including viticulture and bio-based products
- ✓ Increase output and wage income in the forestry sector
- ✓ Increase number of Oregonians participating in extension services
- ✓ Increase the number of volunteers associated with SWPS per FTE faculty in SWPS

IDTS

➤ \$1.437 million

➤ New funding plus carry-forward from 2005-07



2007-09 Budget – Other Categories

Miscellaneous

- Utilities
 - Based on 2005-06 usage



Debt Service

- Based upon debt service schedules

Capital

- All of the General Fund for capital is allocated to the first year of the biennium



2007-09 Budget – Other Categories

Lottery

- Funding Increased from \$3.6 million to \$12.7 million
 - General Fund reduced by \$4.9 million
- Distributed using Formula adopted by OUS Board last year
- Allocated 3/7ths in year one due to Lottery allocation schema

Capital Repair

- Allocated based on E&G facility square feet and deferred maintenance backlogs



Staff Recommendations

1. Approve the proposed guiding principles and process used to determine the 2007-09 allocation of State General funds including the lifting of the enrollment freeze to begin the process of phasing in the use of current enrollments as the basis of RAM allocations;
2. Approve the 2007-08 Annual Operating Budget as displayed in Table 5 and Appendix A; and
3. Authorize the Chancellor or designee to make adjustments as needed.



2007-2009 OUS Budget

Thank you for your interest and attention



Questions?



Oregon University System

74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: HB 3543-B

Carrier - House: Rep. Dingfelder
Carrier - Senate: Sen. Avakian

JOINT COMMITTEE ON WAYS AND MEANS

Action: Do Pass the A-Engrossed Measure as Amended and Be Printed B-Engrossed

Vote: 15 - 5 - 2

House - Yeas: D. Edwards, Galizio, Hanna, Jenson, Nathanson, Nolan, Shields
- Nays: Garrard, Morgan
- Exc:

Senate - Yeas: Bates, Brown, Courtney, Devlin, Johnson, Schrader, Verger, Westlund
- Nays: Morse, Nelson, Whitsett
- Exc: Gordly, Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: 6/22/07

Agency

Department of Higher Education

Budget Page

LFO Analysis Page

Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Senator Kurt Schrader, Co-Chair

Representative Mary Nolan, Co-Chair

Senator Richard Devlin, Natural Resources Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee Change from
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
General Fund	\$ 0	\$ 0	\$ 180,000	\$ +180,000	+100.0%

Position Summary

Authorized Positions	0	0	5	+5
Full-time Equivalent (FTE) Positions	0.00	0.00	1.88	+1.88

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund is provided to support operation of the Department of Higher Education Oregon Climate Change Research Institute.

Summary of Subcommittee Action

House Bill 3543 sets reduction goals for greenhouse gas emissions. The bill creates the Oregon Global Warming Commission with the Department of Energy (DOE) providing clerical, technical and management personnel to serve the Commission. The Commission will recommend ways to coordinate state and local efforts to reduce greenhouse gas emissions in Oregon; track and evaluate impacts caused by greenhouse gasses and global warming; work to identify incremental targets for the reduction of greenhouse gas emissions; and, report to the Legislative Assembly on progress toward achievement of greenhouse gas emission goals. DOE indicates that staff support and reimbursement of Commission expenses can be absorbed with existing resources.

The bill also creates the Oregon Climate Change Research Institute within the Department of Higher Education. The Institute will facilitate research, serve as a climate change information clearinghouse, provide technical assistance, and at least once each biennium, assess the state of climate change science as it relates to impacts on Oregon.

The Subcommittee approved a \$180,000 General Fund appropriation and five positions (1.88 full-time equivalent positions) to operate the Climate Change Research Institute for the second year of the 2007-009 biennium. Funding will roll-up to \$360,000 in the 2009-11 biennium.

Summary of Performance Measure Action

None.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 3543-B

Department of Higher Education
 Bill McGee 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007-09 GOVERNOR'S BUDGET *	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0.00
SUBCOMMITTEE ADJUSTMENTS									
Program Unit 001: Education and General Services									
Personal Services	168,722	0	0	0	0	0	168,722	5	1.88
Services and Supplies	11,278	0	0	0	0	0	11,278	0	0.00
TOTAL ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$180,000	5	1.88
SUBCOMMITTEE RECOMMENDATION *	\$180,000	\$0	\$0	\$0	\$0	\$0	\$180,000	5	1.88
% Change from Governor's Budget	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%

* Excludes Capital Construction expenditures



74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: SB 5515-A

Carrier – House: Rep. D. Edwards
Carrier – Senate: Sen. Morse

JOINT COMMITTEE ON WAYS AND MEANS

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 0 – 1

House -- Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields

-- Nays:

-- Exc:

Senate -- Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

-- Nays:

-- Exc: Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: 6/8/07

Agency

Department of Higher Education

Budget Page

B-15

LFO Analysis Page

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Biennium

2005-07

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Senator Kurt Schrader, Co-Chair

Representative Mary Nolan, Co-Chair

Representative Larry Galizio, Education Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee Change from	
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Governor's Budget	
General Fund	\$ 692,450,145	\$ 783,714,206	\$ 804,180,374	\$ +20,466,168		+2.6%
General Fund Debt Service	30,238,004	43,350,014	37,756,473	-5,593,541		-12.9%
Lottery Funds	5,744,213	13,481,449	12,683,423	-798,026		-5.9%
Lottery Funds Debt Service	5,673,311	18,008,612	17,298,809	-4,709,803		-26.2%
Other Funds	1,127,233,131	1,225,223,975	1,209,223,975	-16,000,000		-1.3%
Other Funds Nonlimited	2,312,772,303	2,095,968,777	2,095,968,777	0		0.0%
Other Funds Debt Service Nonlimited	104,164,334	132,034,637	132,034,637	0		0.0%
Total	\$ 4,278,275,441	\$ 4,311,781,670	\$ 4,305,146,468	\$ -6,635,202		-0.2%

Position Summary

Authorized Positions	14,465	18,019	17,823	-196
Full-time Equivalent (FTE) Positions	11,881.04	12,753.11	12,557.21	-195.90

2005-2007 Supplemental Appropriation

General Fund	0.00	0.00	(600,000.00)
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Summary of Revenue Changes

Most of the Department's General Fund appropriation is distributed through the Resource Allocation Model (RAM). The campuses receive funding based on student enrollment on a full-time equivalent basis. The remaining General Fund support to campuses, and all General Fund support for centralized services, is distributed through the RAM as targeted programs. Targeted programs are designed to address the costs of the system that are not directly related to enrollment levels. General Fund is also used to pay debt service on Article XI-G bonds sold for Capital Construction projects and Certificates of Participation (COPs) sold for information technology projects.

Beginning in July 2007, one percent of Lottery Funds deposited into the Department of Administration Services Economic Development Fund will be transferred to the Sports Action account to finance intercollegiate athletics and graduate student scholarships. Currently, the Department receives revenues from specific sports betting games operated by the Lottery. Lottery proceeds are also allocated for debt service on Lottery-backed bonds.

The primary sources of Other Fund revenues for the Education and General Services program unit are tuition and fees. Other sources include sales and charges for services, indirect cost recovery on grants, and other miscellaneous revenues. Nonlimited funds include gifts and sponsored research financed by the federal government, private industry, and other private groups. These Nonlimited funds, the major source of support for research, also directly benefit and enhance the instruction and research programs supported by the General Fund and tuition revenue.

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Other Funds supporting the Agriculture Experiment Station, Extension Service, and Forest Research Laboratory come from federal formula funds, sales and service fees, indirect cost recovery on federal grants, interest earnings, and miscellaneous income. Nonlimited gifts, grants, and contracts also support research activities of the three statewide public service programs. The Forest Research Laboratory also receives revenues from the Forest Products Harvest Tax. The Subcommittee approved an expenditure level for the Forest Research Lab that assumes extension of the sunset on this tax.

Most self-supporting Nonlimited revenue sources are dedicated to a specific purpose and are independent of General Fund and limited Other Funds supported programs. The revenue sources include student aid funds, food service and other enterprise sales, dormitory fees, health service fees, and course fees for non-credit continuing education programs, among others. Expenditure of these revenues are shown in the Other Services (Nonlimited) program unit.

Historically, all federal funding received by the Department is budgeted as Other Funds.

The Subcommittee approved a \$798,026 reduction in the Lottery Funds expenditure limitation in the Sports Action program unit to reflect both an increase in the May 2007 revenue forecast and to account that the Department will only receive seven quarters of lottery transfers in the 2007-09 biennium.

Summary of Subcommittee Action

The Department of Higher Education is the state agency name for the educational institutions, governing board, central administration, support services, and public services that make up the Oregon University System (OUS). The institutions consist of the University of Oregon, Oregon State University, Portland State University, the three regional universities (Eastern, Western, and Southern Oregon Universities), and the Oregon Institute of Technology. Funding for the three OSU statewide public service programs, the Agricultural Experiment Station, the Extension Service, and the Forest Research Laboratory, is also included in the Department's budget.

The Subcommittee approved an operating budget of \$841,936,847 General Fund, \$25,982,232 Lottery Funds, \$4,305,146,468 total funds, and 12,557.21 full-time equivalent positions. General Fund is increased from the 2007-09 Essential Budget Level (EBL), as adjusted by Package 801 in the Debt Service program unit, by 9.8 percent. Lottery Funds are increased by 87 percent. Total funds and full-time equivalent are increased by 3.2 percent and 3.4 percent respectively. The Department's capital construction budget will be considered separately in Senate Bill 5516.

The approved budget includes the following Subcommittee actions:

- An increase of \$9 million General Fund was approved to support the education and general services programs at the regional and branch campuses: Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, and the Oregon State University Cascades Campus.

- Funding to increase faculty salaries respective to the Department's peer institutions was increased by \$10 million General Fund. The funds will be distributed to all campuses and the Oregon State University statewide public service programs. The Subcommittee adopted the following budget note.

Budget Note

Institutions shall use the funds allocated to them from the \$10 million approved in this package to move faculty compensation rates closer to peer levels, and thereby maintain institution quality, recruit and retain high-quality faculty, and promote academic excellence for students. The Department shall include information on the impact of this funding on measures of campus performance in its budget request to the 2009 Legislative Assembly.

- An increase of \$6.9 million was provided to hire faculty on campuses where the existing student-faculty ratios exceeds peer levels. The Subcommittee adjusting hiring dates for new positions to ensure that there would be no phase-in costs as part of the 2009-11 Essential Budget Level.
- An additional \$20.6 million General Fund was provided to support costs associated with increasing enrollments in the university system. The Department's Other Funds expenditure limitation was increased by \$26 million to allow the expenditure of tuition revenues resulting from enrollment growth that exceed cost increases in the EBL.
- The Subcommittee discussed distribution of General Fund to campuses under the Resource Allocation Model (RAM). The Board of Higher Education decided to use 2002-03 student full time equivalent (FTE) for distribution of enrollment based funding as a result of budget reductions following the recession of the early 2000s. The Board has continued to use 2002-03 FTE through the 2005-07 biennium. The following budget note was adopted.

Budget Note

The Subcommittee understands that beginning in the 2009-11 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate Cell Funding in the Resource Allocation Model on the basis of the actual fundable student FTE counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known.

- Support for the Agricultural Experiment Station, Extension Service, and Forest Research Laboratory is increased by \$5 million above the 2007-09 EBL. One of the 21 new positions is designated as a Christmas Tree Specialist in the Extension Service.
- Funding for the Engineering Technology and Industry Council (ETIC) program was increased by \$15 million General Fund and \$11.8 million Other Funds (funded from the sales of Certificates of Participation). These amounts supplement the \$22.3 million General Fund in the EBL for ETIC initiatives. The Subcommittee directed that additional General Fund be distributed as follows: Oregon State University: \$11.5 million; Portland State University: \$2.5 million; University of Oregon: \$530,000; held centrally for eventual distribution: \$490,000.

- Increased funding was approved for several additional programs, including the Oregon State University Veterinary Diagnostic Laboratory (\$750,000 General Fund), the Portland State University Oregon Solutions program (\$1.2 million General Fund), the Oregon State University Institute for Natural Resources (\$200,000 General Fund), nursing and allied health programs (\$7.4 million General Fund), the Eastern Oregon University rural access program (\$580,000 General Fund), and continued development on the PreK-20 Integrated Data System (\$1.4 million General Fund). The Subcommittee noted that the adopted budget funds the University of Oregon Labor Education Research Center (LERC) at \$188,000 above EBL.

- The Subcommittee approved an Other Funds expenditure limitation necessary to accommodate increases in tuition and resources fees during the 2007-09 biennium. The following budget note was approved to indicate the Subcommittee's expectations regarding the increases.

Budget Note

The adopted budget projects net tuition and fee revenues of \$1 billion for the 2007-09 biennium. The Subcommittee expects tuition rate increases for resident undergraduate students, excluding students enrolled at Western Oregon University, to average 3.4% each year of the biennium. The Department shall report to the interim Joint Committee on Ways and Means or Emergency Board prior to any State Board of Higher Education approval of tuition and fee rate increases that would result in average increases for resident undergraduate students, excluding students enrolled at Western Oregon University, exceeding those amounts. The Subcommittee further expects the Department to limit resource fee (including energy surcharge fee) revenue to no more than 8.6% of gross tuition revenue.

- The impact of House Bill 2198, that would allow the Department to retain interest earnings on its cash balances, was discussed by the Subcommittee. The Subcommittee did not approve the shift of \$16 million from General Fund to Other Funds needed to implement the bill in the 2007-09 biennium on a budget-neutral basis. The following budget note was adopted regarding potential changes in fund management.

Budget Note

The Department shall assist the State Treasurer and the Legislative Fiscal Office in an examination of the management and investment of Department funds, and in the development of fund management policy proposals designed to optimize outcomes to both the State General Fund and the Oregon University System. The report findings and policy proposals shall be presented to the interim Joint Committee on Ways and Means or Emergency Board no later than January 1, 2008.

- The Subcommittee adopted the following budget note to address the impact of the adopted budget on the 2009-11 Essential Budget Level.

Budget Note

The approved budget for all programs supported by General Fund and Lottery Funds expenditures fully funds these programs in the 2007-09 biennium. The Subcommittee understands that Essential Budget Level (EBL) calculations for the 2009-11 biennium budget will not include General Fund or Lottery Funds phase-in adjustments. Notwithstanding this, the Subcommittee understands that a General Fund phase-in adjustment will be included in the EBL calculation for the Faculty Salary Catch-Up package. This

phase-in shall be calculated on the basis of package funds being distributed through two equal salary percentage increases awarded on July 1 of each fiscal year in the 2007-09 biennium.

Education and General Services

This program unit includes the instruction, research, public service, and operating costs of the seven institutions that make up the Oregon University System and the centralized administration and support services of the system.

The Subcommittee approved a budget of \$692,348,796 General Fund, \$2,945,253,758 total funds, and 9,632.95 full-time equivalent positions, increased from the EBL by 11.1 percent, 4 percent and 4.2 percent respectively. The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 090 that reduces General Fund by \$4,900,000 as a result of increased Lottery Funds supporting intercollegiate athletics in the Sports Action Lottery program unit. The reduction corresponds to estimated General Fund subsidies for athletics programs at the large institutions during the 2005-07 biennium. With the transition from Sports Action games to a fixed distribution of one percent of lottery proceeds, lottery revenues received by the Department in the Sports Action program unit are projected to more than double between 2005-07 and 2007-09.
- Approved Package 111 that includes \$9,000,000 General Fund and 36 positions (36.00 FTE) for support of the four regional universities and the Oregon State University Cascades Campus.
- Modified Package 112 that includes \$8,000,000 General Fund to increase faculty salaries respective to peer institutions. The Subcommittee increased total funding for faculty salaries to \$10,000,000 department-wide and shifted \$1,046,000 from the Education and General Services program unit to Package 801 in the Agricultural Experiment Station, the Extension Service, and the Forest Research Laboratory to increase salaries for faculty located within those units.
- Modified Package 113 that includes \$6,860,000 General Fund and 90 positions (90.00 FTE) to reduce student-faculty ratios. The Subcommittee eliminated 42 positions and 42.00 FTE partly to correct a technical error in the Governor's budget and partly to ensure that all of the new positions will not be hired mid-biennium, avoiding phase-in cost increases in the 2009-11 biennium EBL associated with this package.
- Modified Package 114 that includes \$14,600,000 General Fund, \$26,000,000 Other Funds, and 393 positions (393.00 FTE) for projected increases in enrollment by adding an additional \$6,000,000 General Fund. The Subcommittee eliminated 137 positions and 137.00 FTE to correct a technical error in the Governor's budget.
- Modified Package 115 that includes \$2,200,000 General Fund for increased utility costs. The Subcommittee shifted \$48,628 from the Education and General Services program unit to Package 801 in the Agricultural Experiment Station, the Extension Service, and the Forest Research Laboratory to increase salaries for utility costs paid by those units.
- Approved Package 116 that eliminates 21 positions and 20.94 FTE to reflect position actions taken by the Department during the 2005-07 biennium.
- Approved Package 301 that provides \$7,396,000 and 26 positions (25.00 FTE) to increase nursing pre-requisite courses for the Oregon Consortium for Nursing Education (OCNE) program and to expand the sonography, clinical laboratory science, and dental hygiene programs at the Oregon Institute of Technology.

- Reduced Package 302 to expand the ETIC program from \$17,000,000 General Fund to \$15,000,000 General Fund. Positions and FTE were reduced from 40 to 35.
- Increased Package 303 that funds information systems projects related to PreK-20 system integration by shifting \$600,000 General Fund from the 2005-07 biennium to the 2007-09 biennium. The funds were approved for the Information Data Transfer System but will not be spent prior to the end of the current biennium. SB 5515 has been amended to disappropriate \$600,000 General Fund from the 2005-07 Legislatively Approved Budget.
- Reduced Package 304 that funds efforts by Eastern Oregon University to increase college attendance in rural areas of the state by \$1,020,000 General Fund and 14 positions (13.65 FTE).
- Added Package 307 that provides \$750,000 General Fund and 4 positions (4.00 FTE) to the Oregon State University Veterinary Diagnostic Laboratory.
- Approved Package 309 that includes \$18,960,000 Other Funds for campus technology and ETIC projects, to be funded with Certificates of Participation (COPs). Debt service on these COPs will be paid with university Other Funds and budgeted as Nonlimited Other Funds. Following is a list of specific projects.

Campus	Project	Other Funds
EOU	Storage area network and video streaming	\$200,000
OSU	Enterprise computing systems upgrade	\$3,000,000
PSU	Storage and server expansion	\$600,000
PSU	Classroom technology refresh and new building technology	\$450,000
PSU	Network equipment upgrades	\$450,000
PSU	Desktop and security upgrades	\$400,000
PSU	Document imaging and workflow systems	\$850,000
PSU	Building access control systems	\$250,000
PSU	Research equipment	\$1,000,000
ETIC	Facilities and equipment	\$11,760,000

- Reduced Package 351 that provides funding for the Institute for Natural Resources at the University of Oregon by \$50,000 General Fund.
- Reduced Package 352 that includes funding for the Oregon Solutions program at Portland State University by \$300,000 General Fund.
- Denied Package 451 that shifts \$16,000,000 General Fund to Other Funds in anticipation of passage of House Bill 2198 allowing the Department to retain interest on funds in its Treasury accounts.
- Approved Package 452 that includes \$155,000 Other Funds and 1 position (1.00 FTE) to support the Department's use of variable rate and synthetic fixed rate debt financing on Article XI-F (1) bonds as proposed in House Bill 2199. The Subcommittee requested the Department of Administrative Services to unschedule the Other Funds expenditure limitation if HB 2199 is not enacted.

Agricultural Experiment Station

The Agricultural Experiment Station conducts research and demonstrations in the agricultural, biological, social, and environmental sciences. Research is conducted at a central station at Corvallis and at eleven branch stations in major crop and climate areas of the state.

The Subcommittee approved a budget of \$60,122,518 General Fund, \$135,315,949 total funds, and 642.65 full-time equivalent positions. General Fund and FTE are increased from the EBL by 5.5 percent and 1.7 percent respectively while total funds are reduced by 0.1 percent. The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 070 that reduces Other Funds by \$3,241,719 to elimination expenditure authority for which revenues will not be available.
- Reduced Package 201 to support operations of the Agricultural Experiment Station by \$260,000 General Fund, one position, and 1.25 FTE.
- Added Package 801 that includes a technical adjustment to shift \$536,000 General Fund from the Education and General Services program unit. The package shifts \$482,000 General Fund from Package 112 for faculty salaries and \$41,587 from Package 115 for utility costs.

Extension Service

The Extension Service is the educational outreach arm of Oregon State University in its capacity as Oregon's Land Grant and Sea Grant university. Extension faculty on campus and in county offices throughout the state work with researchers and volunteers to develop and deliver non-credit educational programs based on locally identified needs. The majority of Extension faculty are assigned to county locations. Extension Specialists are OSU faculty members who develop educational programs and serve as technical resources for county-delivered programs. Extension Agents are OSU faculty assigned to county field locations. Generally, counties provide office space and operating expenses, including support staff. Programs are delivered with the assistance of thousands of volunteers.

The Subcommittee approved a budget of \$43,460,635 General Fund, \$75,024,648 total funds, and 425.71 full-time equivalent positions. increased from the EBL by 5.2 percent, 2.9 percent, and 1.7 percent respectively. The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Reduced Package 201 to support operations of the Extension Service by \$166,667 General Fund and 1 position (0.75 FTE). One of the seven remaining new positions is designated as a Christmas Tree Specialist.
- Added Package 801 that includes a technical adjustment to shift \$481,041 General Fund from the Education and General Services program unit. The package shifts \$474,000 General Fund from Package 112 for faculty salaries and \$7,041 from Package 115 for utility costs.

Forest Research Laboratory

The Forest Research Laboratory (FRL) at Oregon State University conducts research on sustainable forest yields, use of forest products, and stewardship of Oregon's resources. This research is conducted in laboratories and forests administered by the University and cooperative agencies and industries throughout the state. Research results are made available to potential users through educational programs and publications that are directed to forest landowners and managers, manufacturers and users of forest products, leaders of government and industry, the scientific community, the conservation community, and the general public.

The Subcommittee approved a budget of \$6,625,125 General Fund, \$38,153,461 total funds, and 221.91 full-time equivalent positions. General Fund and FTE are increased from the EBL by 14.2 percent and 1.3 percent respectively, while total funds are reduced by 0.8 percent. The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 070 that reduces Other Funds and Other Funds Non-limited by \$9,002,300 due to the scheduled sunset of the Forest Products Harvest Tax and elimination of expenditure authority for which revenues will not be available.
- Reduced Package 201 to support operations of the Forest Research Laboratory by \$73,333 General Fund and 0.25 FTE.
- Approved Package 202 that restored Other Funds expenditure limitation reduced in Package 070 in anticipation of the extension of the Forest Products Harvest Tax in House Bill 2115. If action on HB 2115 results in a different level of revenue than anticipated, an adjustment will be proposed to the Forest Research Laboratory Other Funds limitation in the Emergency Fund bill.
- Added Package 801 that includes a technical adjustment to shift \$90,000 General Fund from Package 112 in the Education and General Services program unit. These funds will be used to increase faculty salaries.

Other Services (Nonlimited)

The Nonlimited expenditure authority included in this program unit consists of self-support activities such as residence halls, bookstores, parking, health centers, and food services; self-support instruction; and student aid and loan repayments. The program unit also includes: internal service activities such as campus printing services where funds are moved between campus departments in exchange for services; pass-through accounts for specific accounting purposes such as payroll activities; and authorized but vacant positions for which funding is not allocated to individual operating budgets. Most Nonlimited funds (including federal support for research) are shown in the appropriate program level (Education and General, the OSU statewide public service programs, or Debt Service), to provide a clearer picture of program costs and funding.

The Subcommittee approved a budget of \$906,916,420 Other Funds Nonlimited and 1,633.99 full-time equivalent positions. These amounts are unchanged from the EBL.

Debt Service

This program includes the cost of Debt Service on Capital Construction and information systems projects financed with bonds and Certificates of Participation. General Fund appropriations are made to pay the Debt Service on Article XI-G bonds, traditionally used to finance instructional and public service facilities and COPs, primarily used for information systems projects. Lottery Funds are allocated for Debt Service on lottery-backed revenue bonds. Revenues from self-supporting programs and student building fees are the sources of Debt Service for repayment of Article XI-F(1) bonds, which are traditionally a revenue source for construction of student unions, dorms, parking structures, and similar self-supporting programs.

The Subcommittee approved a budget of \$39,379,773 General Fund, \$13,298,809 Lottery Funds, and \$139,120,227 Other Funds Nonlimited. General Fund is equal to the EBL as adjusted in Package 801. Lottery Funds and Other Funds Nonlimited are increased from the adjusted EBL by 66.9 percent and 6.5 percent respectively. The Subcommittee took the following actions:

- Approved the base budget and essential packages, subject to the adjustments included in Package 801.

- Approved Package 310 that includes \$4,210,004 Other Funds Non-limited for debt service on Certificates of Participation to be sold for information technology and ETIC projects. The project expenditure authority is included in Package 309 in the Education and General Services program unit and Package 401 in the Capital Construction program unit. Certificates of Participation authorized in Package 401 are addressed in Senate Bill 5516.
- Reduced Package 401 that funds debt service on new capital construction projects funded with Lottery Bonds and Article XI-F (1) bonds. The Subcommittee reduced Lottery Funds by \$3,150,299 based on an anticipated \$50,000,000 in Lottery Bond sales during the biennium for capital renewal and code compliance and safety projects. Expenditure of the bond proceeds is included in SB 5516.
- Added Package 801 to reduce debt service on previously-sold Article XI-G bonds, State Energy Program (SELP) loans, and Lottery Bonds by \$6,607,373 General Fund and \$1,559,504 Lottery Funds. The reductions are intended to adjust expenditure levels to equal revised projections of debt service costs for already issued debt and previously approved SELP loans. Under this action, all loan repayment costs anticipated for SELP loans are financed by the General Fund appropriation. Beginning in the 2009-11 biennium, loan repayment costs will be shared by the General Fund and campus Other Funds as outlined in the budget report approved with Senate Bill 5514 (2005) that authorized the SELP loans.

Sports Action Lottery

This program unit includes one percent of Lottery Funds deposited into the Department of Administration Services Economic Development Fund transferred to the Sports Action account to finance intercollegiate athletics and graduate student scholarships. Prior to July 2007, the Department of Higher Education received revenues from the Sports Action lottery game, which was authorized by the 1989 Legislature. House Bill 3466 (2005) eliminated the game and established the one percent transfer.

Eighty-eight percent of the revenues deposited into the Sports Action Account, not to exceed \$8 million annually, are used to finance intercollegiate athletics. The remaining 12 percent are for graduate student scholarships that are not awarded on the basis of athletics. Of the athletic funds, 70 percent must be used for non-revenue producing sports, and at least 50 percent must be used for women's athletics. The Board of Higher Education determines allocation among the campuses.

The Subcommittee approved a budget of \$12,683,423 Lottery Funds, increased from the EBL by 14.2 percent. The Subcommittee approved the base budget and essential packages. The Subcommittee also reduced Package 090 by \$798,026 to reflect the May 2007 revenue forecast and make a technical adjustment resulting from the shift from the Sports Action games to the one percent distribution; the Department will receive only seven payments during the 2007-09 biennium as a result of the program change. Beginning 2009-11, the Department will receive the normal eight payments per biennium.

Summary of Adjustments to 2005-07 Legislatively Approved Budget

The Subcommittee disappropriated \$600,000 General Fund approved for the Information Data Transfer System in the 2005-07 biennium. Due to the timing of the project, these funds will not be spent on the project during the current biennium but are needed to complete the project. The Subcommittee increased Package 303 in the Education and General Services program unit to allow the Department to spend the funds in 2007-09.

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Summary of Performance Measure Action

The Subcommittee approved performance measures as submitted by the Department, with appropriate target changes to incorporate the impact of policy packages funded in the approved budget. The Subcommittee also directed the Department to report on additional measures with its 2009-11 budget request. These recommendations are shown on the Legislatively Adopted 2007-09 Key Performance Measures form attached.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Higher Education
 Bill McGehee 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007 (3) GOVERNOR'S BUDGET *	\$827,064,220	\$31,490,061	\$1,225,223,975	\$2,223,003,414	\$0	\$0	\$4,311,781,670	18,019	12,753.11

SUBCOMMITTEE ADJUSTMENTS

Program Unit 001: Education and General Services

Package 112: Faculty Salary Catch-up Personal Services	954,000	0	0	0	0	0	954,000	0	0.00
Package 113: Student Faculty Ratio Personal Services	0	0	0	0	0	0	0	(42)	(42.00)
Package 114: Enrollment Growth Personal Services	4,585,714	0	0	0	0	0	4,585,714	(137)	(137.00)
Services and Supplies	1,414,286	0	0	0	0	0	1,414,286	0	0.00
Package 115: Utility Costs Services and Supplies	0	0	0	0	0	0	0	0	0.00
Fuels and Utilities	(48,628)	0	0	0	0	0	(48,628)	0	0.00
Package 302: ETIC Personal Services	(1,154,006)	0	0	0	0	0	(1,154,006)	(5)	(5.00)
Services and Supplies	(417,770)	0	0	0	0	0	(417,770)	0	0.00
Capital Outlay	(428,224)	0	0	0	0	0	(428,224)	0	0.00
Package 303: Information Systems Personal Services	216,710	0	0	0	0	0	216,710	0	0.00
Services and Supplies	365,890	0	0	0	0	0	365,890	0	0.00
Capital Outlay	17,400	0	0	0	0	0	17,400	0	0.00
Package 304: Rural Access Initiative Personal Services	(672,143)	0	0	0	0	0	(672,143)	(14)	(13.65)
Services and Supplies	(146,721)	0	0	0	0	0	(146,721)	0	0.00
Capital Outlay	(201,136)	0	0	0	0	0	(201,136)	0	0.00
Package 307: Veterinary Diagnostic Lab Personal Services	645,000	0	0	0	0	0	645,000	4	4.00
Services and Supplies	105,000	0	0	0	0	0	105,000	0	0.00
Package 351: Institute for Natural Resources Services and Supplies	(50,000)	0	0	0	0	0	(50,000)	0	0.00
Package 352: Oregon Solutions									

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS		OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
		LIMITED	NONLIMITED	LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Services and Supplies	(300,000)	0	0	0	0	0	0	(300,000)	0	0.00
Package 451: Investment Income										
Services and Supplies	16,000,000	0	0	(16,000,000)	0	0	0	0	0	0.00
<u>Program Unit 002: Agricultural Experiment Station</u>										
Package 201: Statewide Public Services										
Personal Services	(205,642)	0	0	0	0	0	0	(205,642)	(1)	(1.25)
Services and Supplies	(49,709)	0	0	0	0	0	0	(49,709)	0	0.00
Capital Outlay	(4,649)	0	0	0	0	0	0	(4,649)	0	0.00
Package 801: LFO Analyst Adjustment										
Personal Services	482,000	0	0	0	0	0	0	482,000	0	0.00
Services and Supplies	0	0	0	0	0	0	0	0	0	0.00
Fuels and Utilities	41,587	0	0	0	0	0	0	41,587	0	0.00
<u>Program Unit 003: Extension Service</u>										
Package 201: Statewide Public Services										
Personal Services	(140,467)	0	0	0	0	0	0	(140,467)	(1)	(0.75)
Services and Supplies	(25,533)	0	0	0	0	0	0	(25,533)	0	0.00
Capital Outlay	(667)	0	0	0	0	0	0	(667)	0	0.00
Package 801: LFO Analyst Adjustment										
Personal Services	474,000	0	0	0	0	0	0	474,000	0	0.00
Services and Supplies	0	0	0	0	0	0	0	0	0	0.00
Fuels and Utilities	7,041	0	0	0	0	0	0	7,041	0	0.00
<u>Program Unit 004: Forest Research Lab</u>										
Package 201: Statewide Public Services										
Personal Services	(63,800)	0	0	0	0	0	0	(63,800)	0	(0.25)
Services and Supplies	(9,333)	0	0	0	0	0	0	(9,333)	0	0.00
Capital Outlay	(200)	0	0	0	0	0	0	(200)	0	0.00
Package 801: LFO Analyst Adjustment										
Personal Services	90,000	0	0	0	0	0	0	90,000	0	0.00
<u>Program Unit 009: Other Services (Non-limited)</u>										
<u>Program Unit 013: Debt Service</u>										
Package 401: Capital Construction										
Debt Service										
Principal - bonds	0	(880,000)	0	0	0	0	0	(880,000)	0	0.00
Interest - bonds	0	(2,270,299)	0	0	0	0	0	(2,270,299)	0	0.00

* Excludes Capital Construction expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Adjustment	0	0	0	0	0	0	0	0.00	
Services and Supplies	105,000	0	0	0	0	105,000	0	0.00	
State Government Service Charges	(1,118,832)	0	0	0	0	(1,118,832)	0	0.00	
Loans Repaid to State Agencies									
Special Payments	(1,467,927)	(650,001)	0	0	0	(2,117,928)	0	0.00	
Principal - bonds	(4,125,614)	(909,503)	0	0	0	(5,035,117)	0	0.00	
Interest - bonds									
<u>Program Unit 016: Sports Action Lottery</u>									
Package 090: Analyst adjustments									
Services and Supplies	0	(702,263)	0	0	0	(702,263)	0	0.00	
Agency Program Related S&S									
Special Payments	0	(95,763)	0	0	0	(95,763)	0	0.00	
Diet to Individuals									
TOTAL ADJUSTMENTS	\$14,872,627	(\$5,507,829)	(\$16,000,000)	\$0	\$0	(\$6,635,202)	(196)	(195.90)	
SUBCOMMITTEE RECOMMENDATION *	\$641,938,847	\$25,982,232	\$1,209,223,975	\$2,228,003,414	\$0	\$4,305,146,468	17,823	12,557.21	
% Change from Governor's Budget	1.80%	-17.49%	-1.31%	0.00%	0.00%	-0.15%	-1.08%	-1.54%	
<u>2005-07 SUPPLEMENTAL APPROPRIATION/LIMITATION</u>									
Program Unit 001: Education and General Services									
Integrated Data Transfer System	(\$600,000)	\$0	\$0	\$0	\$0	(\$600,000)	0	0.00	

LEGISLATIVELY ADOPTED 2007-09 KEY PERFORMANCE MEASURES

NAME OF AGENCY: DEPARTMENT OF HIGHER EDUCATION

Mission: ORS 351.009 – The Legislative Assembly declares that the mission of all higher education in Oregon is to: 1) Enable students to extend prior educational experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional, and technological expertise, together with heightened intellectual, cultural, and humane sensitivities and a sense of purpose; 2) Create, collect, evaluate, store, and pass on the body of knowledge necessary to educate future generations; 3) Provide appropriate instructional, research, and public service programs to enrich the cultural life of Oregon and to support and maintain a healthy state economy.

2007-09 KPM#	Legislatively Adopted KPMs for 2007-09	Changes to 2005-07	Target 2008	Target 2009
1	COST AS A PERCENT OF INCOME – Cost of attendance at OUS for a resident undergraduate (tuition & fees, room & board, other expenses) as a percent of Oregon median family income.	No change	29.6%	29.6%
2	COST COVERED BY AID – Percent of total cost of attendance at OUS covered by federal and state need-based aid for resident undergraduate financial aid recipients: a) Financial aid including loans, b) Financial aid excluding loans.	No change	TBD	TBD
3	FIRST-TIME FRESHMEN – Number of entering first-time, full-time freshmen	No change	10,841	11,284
4	COMMUNITY COLLEGE TRANSFERS – Number of students who are new Oregon community college transfers	No change	4,050	4,215
5	ENGINEERING EMPLOYER SATISFACTION – Average rating of overall quality of engineering/computer science graduates by Oregon employers (5-pt scale)	No change	4.0	NA
6	GRADUATE SATISFACTION – Average rating of overall quality of experience by recent OUS bachelor's graduates (5-pt scale)	No change	NA	4.1
7	PHILANTHROPY – TOTAL GIFTS FROM PHILANTHROPIC SOURCES (\$ IN MILLIONS) A) TOTAL, B) CAPITAL PROJECTS, C) FACULTY SUPPORT (INCLUDING CHAIRS), D) SCHOLARSHIPS, E) OTHER	New wording and targets	\$114.7	\$124.2
8	STUDENT/FACULTY RATIO – Ratio of students to full-time faculty	No change	25.5	25.0
9	PERSISTENCE – Percent of full-time freshmen who demonstrate progress by returning for the second year	No change	82.25%	82.65%
10	COMPLETION – Percent of full-time freshmen starting and completing a bachelor's degree at an OUS university (6-year graduation rate)	No change	59.75%	60.25%
11	TRANSFER STUDENT COMPLETION – Percent of Oregon community college transfers completing a bachelor's degree at an OUS university (6-year graduation rate)	No change	78.0%	78.0%

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2007-09 KPM#	Legislatively Adopted KPMs for 2007-09	Changes to 2005-07	Target 2008	Target 2009
12	SPONSORED RESEARCH – Total sponsored research and development dollars supported by external fund sources (\$ in millions) a) Total. b) Federal sources. c) Private sources	No change	\$323.2	\$328.2
13	RESEARCH DOLLARS PER FACULTY – Sponsored research dollars per faculty at research/doctoral universities – OSU, PSU, UO (\$ in thousands)	No change	\$144.1	\$144.9
14	INVENTIONS – Number of inventions disclosed per year	No change	117	134
15	LICENSE INCOME – License income per \$100M research expenditures per year	No change	\$1,704	\$1,830
16	START-UP COMPANIES – The number of start-up/spin-off companies per \$100M research expenditures per year	New wording and data	1.7	1.7
17	INTERNSHIPS – Percent of bachelor's graduates completing an OUS-approved internship	No change	NA	85.0%
18	BACHELOR'S DEGREES – Total number of bachelor's degrees granted	No change	13,075	13,228
19	ADVANCED DEGREES – Total number of advanced degrees granted (master's, doctoral, and professional)	No change	4,717	4,800
20	ENGINEERING AND COMPUTER SCIENCE DEGREES – Total number of degrees granted in engineering and computer sciences (all levels; includes multiple majors)	No change	1,589	1,638
21	GRADUATE SUCCESS – Percent of graduates employed and/or continuing education	No change	NA	93.0%
22	EMPLOYED IN OREGON – Percent of employed graduates working in Oregon	No change	NA	80.0%
23	STATEWIDE PUBLIC SERVICES EXTERNAL FUNDS – External funds generated per state dollar invested in Statewide Public Services (SWPS)	No change	1.45	1.48
24	FRESHMAN PARTICIPATION – Oregon freshman participation rate in OUS institutions	No change	21.58	22.14
25	TIME TO DEGREE – Average time to degree for students entering as full-time freshmen (years)	No change	4.59	4.59
26	TRANSFER STUDENT TIME TO DEGREE – Average time to degree for community college transfers (years)	No change	3.00	3.00

LEGISLATIVELY ADOPTED 2007-09 KEY PERFORMANCE MEASURES

NAME OF AGENCY: DEPARTMENT OF HIGHER EDUCATION

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2007-09 KPM#	Legislatively Adopted KPMs for 2007-09	Changes to 2005-07	Target 2008	Target 2009
27	SWPS VOLUNTEERS – Number of volunteers associated with Statewide Public Services programs per FTE faculty in SWPS (Extension Service only)	New data and targets	118.0	120.0
28	SWPS PARTICIPATION – Number of Oregon residents participating in activities sponsored through SWPS programs per FTE faculty in SWPS (Extension Service only)	No change	4,700	4,800
29	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall, timeliness, accuracy, helpfulness, expertise, availability of information	No change		

For links to high-level outcomes and Oregon Benchmarks reference the agency's Budget Form 107BF04a.

LEGISLATIVELY ADOPTED 2007-09 KEY PERFORMANCE MEASURES

NAME OF AGENCY: DEPARTMENT OF HIGHER EDUCATION

Mission: ORS 351.009 – The Legislative Assembly declares that the mission of all higher education in Oregon is to: 1) Enable students to extend prior educational experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional, and technological expertise, together with heightened intellectual, cultural, and humane sensitivities and a sense of purpose; 2) Create, collect, evaluate, store, and pass on the body of knowledge necessary to educate future generations; 3) Provide appropriate instructional, research, and public service programs to enrich the cultural life of Oregon and to support and maintain a healthy state economy.

LEGISLATIVE FISCAL OFFICE RECOMMENDATION:

Approve the performance measures submitted by the Department, but adjust targets for the impact of policy packages approved in the bill.

Additionally, note longer-term target impacts as follows:

For KPM #18 – Bachelor's Degrees, an additional 150-200 bachelor's degrees should be awarded each year, beginning in 2011. For KPM #19 – Advanced Degrees, an additional 135-140 advanced degrees should be awarded each year, beginning in 2010.

Direct the Department to include, with its budget request to the 2009 Legislative Assembly, data on actual levels and revised projections for the following measures. Although these measures are not to be added as Key Performance Measures, the 2008 and 2009 targets for them are identified below. Year 2011 targets for additional measures ii, iii and iv are 64, 46 and 56, respectively:

Additional Reported Measures			Target 2008	Target 2009
i	NUMBER OF INSTITUTIONS WITH PROJECTED FUND BALANCES BELOW 5% OF REVENUES		<= 2	<= 1
ii	DEGREES IN SONOGRAPHY		>= 48	>= 48
iii	DEGREES IN CLINICAL LAB TECHNOLOGIST		>= 22	>= 22
iv	BACHELOR'S DEGREES IN DENTAL HYGIENE		>= 32	>= 32
v	PEER REVIEWED AND PUBLISHABLE INSTITUTE FOR NATURAL RESOURCES WORK PRODUCTS		50	60
vi	OREGON SOLUTIONS: TOTAL NUMBER OF COMMUNITY-BASED PROJECTS COMPLETED		25	28

SUBCOMMITTEE ACTION:

The Subcommittee approved the Legislative Fiscal Office recommendation.

74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session
 BUDGET REPORT AND MEASURE SUMMARY

MEASURE: SB 5516-B

Carrier - House: Rep. Galizio
 Carrier - Senate: Sen. Devlin

JOINT COMMITTEE ON WAYS AND MEANS

Action: Do Pass the A-Engrossed Measure as Amended and Be Printed B-Engrossed

Vote: 18 -- 0 - 4

House - Yeas: D. Edwards, Galizio, Garrard, Hanna, Nathanson, Nolan, Shields

- Nays:

- Exc: Jenson, Morgan

Senate - Yeas: Bates, Brown, Courtney, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

- Nays:

- Exc: Gordly, Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: 6/23/07

Agency
 Department of Higher Education

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 2007-09
 2005-07
 2003-05
 2001-03

Department of Community Colleges and Workforce Development

B-6


Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
 Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
 Morgan, Nathanson, Nolan, Shields


 Representative Mary Nolan, Co-Chair

Subcommittee on Capital Construction and Bonding

Budget Summary

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
<u>Department of Higher Education</u>					
General Fund Capital Construction	\$ 14,796,329	\$ 0	\$ 28,327,500	\$ +28,327,500	0.0%
Other Funds Capital Construction	\$ 549,592,057	\$ 594,486,786	\$ 533,014,978	\$ -61,471,808	-10.3%
Total	\$ 564,388,386	\$ 594,486,786	\$ 561,342,478	\$ -33,144,308	-5.6%
<u>Department of Community Colleges and Workforce Development</u>					
Other Funds Capital Construction	\$ 77,000,000	\$ 174,300,000	\$ 80,081,000	\$ -94,219,000	-54.1%

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

Department of Higher Education

Summary of Revenue Changes

Funding for Department of Higher Education capital construction projects includes General Fund, Article XI-G bonds, energy loans, Lottery Bonds, Article XI-F (1) bonds, and gifts, grants, and donations. Traditionally, the construction, renovation and acquisition of instructional and public service buildings have been financed equally by the General Fund and Article XI-G general obligation bond proceeds. More recently, these facilities have been financed by donations and Article XI-G bonds. The donations are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on these bonds is paid with General Fund.

Deferred maintenance projects are partially funded with Small-scale Energy Loan Program (SELP) funds. Begun in 1980 after voters approved Article XI-J of the Oregon Constitution, SELP loans are available to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes and non-profit organizations for projects involving energy conservation, producing energy from renewable resources, using recycled materials to create new products, or producing or using alternative fuels. A loan may range from several thousand dollars to several million dollars. Debt service on the Article XI-J bonds will be paid with energy savings realized by the campuses and General Fund.

Lottery bonds are also used to fund capital repair projects. Debt service will be paid with Lottery revenues.

Student unions, dormitories, parking structures, and similar projects are generally financed from auxiliary enterprise balances and the proceeds of Article XI-F(1) bonds. Debt service on these bonds is paid with revenues generated by the facility.

Other Funds (Other Revenues) from self-supporting projects, gifts, grants and donations, including Federal Funds, are a major funding source for Capital Construction projects.

The Subcommittee denied some projects included in the Governor's budget, increased funding for others, added projects that were not in the Governor's budget, and adjusted the mix of revenue sources on approved projects. General Fund, which was not included in the Governor's budget, constitutes \$28.3 million of the adopted budget. Lottery Bonds are reduced from \$174.9 million to \$50 million and SELP loans are reduced from \$47.6 million to \$37.6 million. Article XI-G bonds are increased from \$91.3 million to \$117.6 million. Article XI-F (1) bonds are reduced from \$174.9 million to \$159.7 million. Certificates of Participation are unchanged at \$11 million. Revenues from gifts, grants, and donations are increased from \$142.2 million to \$157.1 million.

Summary of Subcommittee Action

This bill provides appropriations and expenditure limitations for Capital Construction projects for the Department of Higher Education. Approval of bonding amounts for Article XI-G, Article XI-F(1), Lottery Bonds, energy bonds and Certificates of Participation is included in separate legislation.

The Subcommittee approved a budget of \$28.3 million General Fund and \$533 million Other Funds for 39 projects and reserves. General Fund is increased from the 2005-07 Legislatively Approved Budget (LAB) by 91.4 percent while Other Funds are decreased by 3 percent. The recommended budget includes five new construction academic projects partially funded by donations. These five projects total \$237.5 million total funds, and include the Linus Pauling Research and Education Building at Oregon State University, the second phase of the Integrative Science Complex at the University of Oregon, the Science Research and Technology Center/Hazardous Waste Facility and the redevelopment of the Portland Center for Advanced Technology block at Portland State University, and the second phase of the Center for Health Professions at the Oregon Institute of Technology. The recommended budget funds six deferred maintenance projects at \$89.5 million total funds, including Lincoln Hall and Science Building II at Portland State University, Inlow Hall at Eastern Oregon University, Nash Hall at Oregon State University, Fenton Hall at the University of Oregon and the Humanities and Social Sciences Building at Western Oregon University. Funding for capital repair, code compliance, and safety is more than doubled from the 2005-07 LAB; these funds keep the deferred maintenance backlog from growing.

The Subcommittee discussed the use of Article XI-G bonds and Article XI-G bonds match requirements, and members indicated their intent to review issues relating to Article XI-G bonds during the interim, including expectations for donor match for Article XI-G bond-supported deferred maintenance projects, and the impact of the donor match on the prioritization of academic capital projects. The Subcommittee noted that a legislative expectation, expressed in a budget note adopted with the 2005-07 biennium Department of Higher Education budget, remains in force.

This expectation is that the Department and its campuses will obtain legal authority for spending Article XI-G bond proceeds for any project from the Legislature, prior to seeking or accepting donations for that project which would serve as an Article XI-G match.

The Subcommittee discussed the state's debt capacity and the level of debt service that can be sustained in future biennia. By eliminating some projects, reducing funding levels for others, and changing the mix of revenue sources on approved projects, the Subcommittee was able to reduce the projected increase in General Fund and Lottery Funds debt service in the 2009-11 biennium, when it is fully phased-in, from \$57.1 million in the Governor's recommended budget to approximately \$34.6 million in the adopted budget.

System-wide projects

The Subcommittee approved the following system-wide project.

- Capital renewal, code compliance, and safety issues: approved \$50,000,000 Other Funds (Lottery Bonds), \$20,000,000 Other Funds (Article XI-F(1) bonds), and \$13,100,000 Other Funds (Other Revenues) to maintain facilities throughout the Oregon University System and keep the deferred maintenance backlog from growing. Debt service on the Lottery Bonds will be paid with Lottery Funds. Article XI-F (1) bond debt service will be paid with housing, dining, parking, and other university funds. The source of the other revenues is gifts and grants.

Eastern Oregon University

The Subcommittee approved the following project for Eastern Oregon University, totaling \$6.2 million total funds.

- Inlow Hall and Grand Staircase: approved \$1,312,000 General Fund, \$1,312,000 Other Funds (Article XI-G bonds), and \$3,618,000 Other Funds (SELP loans) for deferred maintenance and seismic upgrades. Beginning in the 2009-11 biennium, debt service costs will be split between campus energy savings, estimated at \$44,000 in 2009-11, and General Fund.

Oregon Institute of Technology

The Subcommittee approved the following project for the Oregon Institute of Technology, totaling \$20 million total funds.

- Center for Health Professions: approved \$5,500,000 Article XI-G bonds and \$14,500,000 Other Funds (Other Revenues) for a second building to support expansion of medical imaging, dental, respiratory, and nursing programs. The source of Other Revenues is gifts and donations. General Fund will pay the debt service on the Article XI-G bonds.

Oregon State University

The Subcommittee approved the following 13 projects, totaling \$131.8 million total funds.

- Linus Pauling Research and Education Building: approved \$31,256,035 Other Funds (Article XI-G bonds) and \$31,256,035 Other Funds (Other Revenues) for construction of a new facility to house the Linus Pauling Institute, the Environmental Health Sciences Center, and the Marine/Freshwater Biomedical Sciences Center. The source of the other revenues is gifts and grants. Debt service on the Article XI-G bonds will be paid with General Fund.

- Oregon State University (OSU) Apperson Hall: approved a \$4,000,000 Other Funds (Other Revenues) increase in a \$10,000,000 Other Funds (Other Revenues) expenditure limitation established in Senate Bill 5514 (2005). The increase was approved due to construction cost inflation and project enhancements. The project is entirely funded with donations.
- Portland State University Portland Center for Advanced Technology (PCAT) redevelopment: transferred \$42,000,000 Other Funds (Article XI-F (1) bonds) and \$9.0 million Other Funds (Other Revenues) approved by the Emergency Board in December 2006 to new expenditure limitations described above.

Changes in 2003-05 capital construction authority

The Subcommittee approved redirection of three expenditure limitations approved for OSU in the 2003-05 biennium to remodel Graff Hall and an adjacent building to a remodel of Building 11 on the Hewlett-Packard Corvallis Campus. The purpose of the project is unchanged: to develop laboratory and other space for the Oregon Nanoscience and Microtechnologies Institute (ONAMI) project. OSU has negotiated a 30-year lease with Hewlett-Packard for lease of the facility. Expenditure limitations being redirected are \$4,750,000 Other Funds (Lottery Bonds), \$4,750,000 Other Funds (Article XI-G bonds), and \$9,500,000 Other Funds (Other Revenues) established in House Bill 5028 (2003).

Change in 2001-03 capital construction authority

The Subcommittee approved extension of a \$1.6 million Other Funds (Article XI-F (1) bonds) expenditure limitation for the Oregon State University Parking Services Building project approved in Senate Bill 5525 (2001) through June 30, 2009.

Department of Community Colleges and Workforce Development

Summary of Revenue Changes

Oregon Revised Statute 341.009 (14) directs that "...the state should maintain a policy of substantial state participation in community college building costs....". During the 1960s and 1970s, the Legislature authorized the sale of \$5.0-\$7.0 million in Article XI-G bonds per biennium for community college construction projects, with an equal amount of General Fund to meet the constitutionally-required 50 percent state match. The 2005-07 LAB included \$38.5 in Article XI-G bonds for community college projects, the first bond authorization since the 1979-81 biennium.

Projects included in the approved budget are funded with Article XI-G bonds and local revenues generated by the community college districts through local tax levies, donations, grants, or other sources. Local revenues are categorized as Other Funds in the budget, although they are technically transferred to the General Fund and used to match Article XI-G bonds. Debt service on the Article XI-G bonds will be paid with General Fund.

Summary of Subcommittee Action

The Subcommittee approved a budget of \$40,040,500 Other Funds (Article XI-G bonds) and \$40,050,000 Other Funds (Other Revenues) for eight community college capital construction projects. Total funds for community college projects are increased by four percent from the 2005-07 L.A.B. The following projects are approved for the 2007-09 biennium:

- Central Oregon Community College Science and Allied Health Building: approved \$5,778,000 Other Funds (Article XI-G bonds) and \$5,778,000 Other Funds (Other Revenues) to construct a new facility with classroom and laboratory space for healthcare workforce and other educational programs.
- Chemeketa Community College Classrooms and Health Science Building: approved \$5,625,000 Other Funds (Article XI-G bonds) and \$5,625,000 Other Funds (Other Revenues) to construct a new facility for general education and healthcare workforce training.
- Clackamas Community College Allied Health Care Center for Excellence: approved \$5,156,250 Other Funds (Article XI-G bonds) and \$5,156,250 Other Funds (Other Revenues) to construct a new facility in Milwaukie for healthcare workforce training.
- Lane Community College Health and Wellness Building: approved \$6,750,000 Other Funds (Article XI-G bonds) and \$6,750,000 Other Funds (Other Revenues) to construct a new building with space for healthcare workforce training and wellness/fitness programs.
- Linn-Benton Community College Science and Health Center: approved \$3,731,250 Other Funds (Article XI-G bonds) and \$3,731,250 Other Funds (Other Revenues) to renovate the campus science center and upgrade laboratory space.
- Oregon Coast Community College campus expansion: approved \$3,000,000 Other Funds (Article XI-G bonds) and \$3,000,000 Other Funds (Other Revenues) for expansion of the Newport aquarium center, construction of a new facility in or near Waldport, and purchase of land in or near Lincoln City.
- Portland Community College Educational Center: approved \$7,500,000 Other Funds (Article XI-G bonds) and \$7,500,000 Other Funds (Other Revenues) to construct a workforce development center in Washington County to replace the Capital Center, which is planned for sale.
- Mount Hood Community College: approved \$2,500,000 Other Funds (Article XI-G bonds) and \$2,500,000 Other Funds (Other Revenues) to construct a new building for a child development center.

Debt service on these projects will be paid by the General Fund, and is projected at \$6.5 million when it is fully phased-in during the 2009-11 biennium.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5516-B

Department of Higher Education
 Bill McCee 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007-08 GOVERNOR'S BUDGET	\$0	\$0	\$594,486,786	\$0	\$0	\$0	\$594,486,786	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
Program Unit 089: Capital Construction Package 401: Capital Construction Capital Outlay	28,327,500	0	(61,471,808)	0	0	0	(33,144,308)	0	0.00
TOTAL ADJUSTMENTS	\$28,327,500	\$0	(\$61,471,808)	\$0	\$0	\$0	(\$33,144,308)	0	0.00
SUBCOMMITTEE RECOMMENDATION	\$28,327,500	\$0	\$533,014,978	\$0	\$0	\$0	\$561,342,478	0	0.00
% Challenge from Governor's Budget	0.00%	0.00%	-10.34%	0.00%	0.00%	0.00%	-5.88%	0.00%	0.00%
<u>2005-07 SUPPLEMENTAL APPROPRIATION LIMITATION</u>									
House Bill 5515 (2005) OSU Apperson Hall Emergency Board December 2006: PSU PCAT redevelopment	0	0	4,000,000	0	0	0	4,000,000	0	0.00
	\$0	\$0	(\$51,000,000)	\$0	\$0	\$0	(\$51,000,000)	0	0.00

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Community Colleges and Workforce Development
 Bill McGee 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS		OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
		LIMITED	NONLIMITED	LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007-09 GOVERNOR'S BUDGET	\$0	\$0	\$0	\$174,300,000	\$0	\$0	\$0	\$174,300,000	0	0.00
SUBCOMMITTEE ADJUSTMENTS										
Program Unit 089: Capital Construction										
Package 102: Capital Construction										
Special Payments	0	0	0	(94,219,000)	0	0	0	(94,219,000)	0	0.00
Dist to Community Colleges										
TOTAL ADJUSTMENTS	\$0	\$0	\$0	(\$94,219,000)	\$0	\$0	\$0	(\$94,219,000)	0	0.00
SUBCOMMITTEE RECOMMENDATION	\$0	\$0	\$0	\$80,081,000	\$0	\$0	\$0	\$80,081,000	0	0.00
% Change from Governor's Budget	0.00%	0.00%	0.00%	-54.06%	0.00%	0.00%	0.00%	-54.06%	0.00%	0.00%

Department of Higher Education
Campus

Campus	Project	General Fund	XI-G Bonds	XI-F (1) Bonds	Lottery Bonds	Energy Loans	Certificates of Participation	Other Revenues	Total
EDU	Inlow Hall Deferred Maintenance/Seismic Tier I	1,312,000	1,312,000			3,618,000			6,242,000
OIT	Center for Health Professions		5,600,000					14,500,000	20,000,000
OSU	Pauling Research & Education Bldg.		31,256,035					31,256,035	62,512,070
OSU	Nash Hall Deferred Maintenance/Seismic Tier II	3,776,000	3,776,000			6,824,000		1,198,000	16,574,000
OSU	National Wave Energy Research Center	1,500,000	1,500,000					3,000,000	6,000,000
OSU	Gill Coliseum renovation			20,000,000					20,000,000
OSU	OSU Dining Center Renovation; Arnold Catering			3,500,000					3,500,000
OSU	Cross Country Track			3,000,000					3,000,000
OSU	Athletics/Academic Center			3,000,000					3,000,000
OSU	Boathouse remodel			1					3,000,000
OSU	Mouse Model Organism Facility			3,000,000					3,000,000
OSU	Building reworking								3,000,000
OSU	Intramural Field Synthetic Turf project						5,000,000		5,000,000
OSU	Goss Stadium additions								5,000,000
OSU	Apperson Hall construction							3,250,000	3,250,000
PSU	Lincoln Hall Deferred Maintenance/Seismic Tier I	8,616,000	9,616,000					4,500,000	4,000,000
PSU	Science Research & Teaching Center/Hazardous Waste Facility		9,500,000						11,986,000
PSU	Science Building II Deferred Maintenance/Seismic Tier II	7,658,500	7,658,500						10,992,000
PSU	PCAT Redevelopment Project		10,000,000	12,000,000					19,000,000
PSU	Parking expansion (block 189 development)			12,000,000					12,000,000
PSU	Student housing and land acquisition			1					1
PSU	Peter Stott Center Gym expansion			8,500,000					8,500,000
PSU	Retail development								1
PSU	Walk of the Heroines								1
PSU	Campus fiber expansion and telecom facility upgrades							1,800,000	1,800,000
UC	Integrative Science Complex, Phase 2		30,000,000				1,000,000		1,000,000
UC	Fenton Hall Deferred Maintenance/Seismic Tier I	2,480,500	2,480,500					35,000,000	35,000,000
UC	Hayward Field		2,500,000			3,111,000			5,072,000
UC	Gilbert/Peterson Hall phase 3								5,000,000
UC	Oregon State Museum of Anthropology								6,000,000
UC	Riverfront Research Park Multi-Tenant Building			19,250,000					19,250,000
UC	Riverfront Research Park building purchase			14,373,000					14,373,000
UC	New student housing								1
UC	Food service upgrade			1,000,000					1,000,000
UC	Classroom and laboratory upgrades								5,000,000
WCU	Business/Mgmt/Computer Science (Former DPSST Facility)	2,000,000	2,500,000						6,000,000
WCU	Humanities & Soc. Science Deferred Maintenance/Seismic Tier	964,500	964,500			1,074,000		500,000	5,000,000
WCU	New student residence			11,250,000				1,080,000	4,123,000
SYS	Capital renewal, code, and safety			20,000,000					11,250,000
SYS	Reserves			1,810,397				13,100,000	83,100,000
								1,959,007	3,769,404
	Total Department of Higher Education	28,327,500	117,583,535	159,883,401	50,000,000	37,605,000	11,000,000	157,143,042	561,342,478

Department of Community Colleges and Workforce Development

Campus	Project	General Fund	XI-G Bonds	XI-F (1) Bonds	Lottery Bonds	Energy Loans	Certificates of Participation	Other Revenues	Total
Central Oregon	Science & Allied Health Instructional Building		5,778,000					5,778,000	11,556,000
Chenookela	Classroom & Health Sciences		5,625,000					5,625,000	11,250,000
Clackamas	Allied Healthcare Center of Excellence		5,156,250					5,156,250	10,312,500
Lane	Health & Wellness Building		6,750,000					6,750,000	13,500,000
Linn-Benton	Science Center Expansion/Renovation		3,731,250					3,731,250	7,462,500
Mt. Hood	Child Development Center		2,500,000					2,500,000	5,000,000
Oregon Coast	Expansion of Aquarium Building, South County Campus, & Central Campus Land		3,000,000					3,000,000	6,000,000
Portland	Educational Center		7,500,000					7,500,000	15,000,000
	Total Department of Community Colleges and Workforce Development	40,040,500	40,040,500					40,040,500	80,081,000



74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: SB 5549-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier - House: Rep. Nolan
Carrier - Senate: Sen. Schrader

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 19 - 0 - 3

House

Yea: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields
Nays:

Exc:

Senate - Yea: Bates, Brown, Courtney, Devlin, Johnson, Morse, Schrader, Verger, Westlund, Whitsett
Nays:

Exc: Gordly, Nelson, Winters

Prepared By: Linda Gilbert, Department of Administrative Services

Reviewed By: Sheila Baker, Legislative Fiscal Office

Meeting Date: 6/24/07

Agency

Emergency Board
Various Agencies

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LFO Analysis Page

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Senator Kurt Schrader, Co-Chair

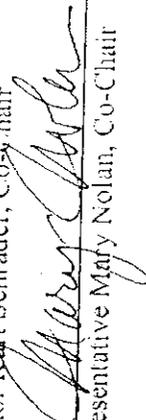
Biennium

2007-09

2005-07

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields



Representative Mary Nolan, Co-Chair

Capital Construction and Bonding Subcommittee

Budget Summary*

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
<u>Emergency Board</u>					
General Fund - General Purpose	\$ 0	\$ 30,000,000	\$ 30,000,000	0	0.0%
General Fund - Special Purpose Appropriations					
State Employee Compensation	\$ 0	\$ 130,000,000	\$ 125,000,000	\$(5,000,000)	-3.8%
Department of Justice	\$ 0	\$ 0	\$ 1,000,000	+\$1,000,000	+100.0%
Oregon State Police	\$ 0	\$ 0	\$ 9,000,000	+\$9,000,000	+100.0%
Legislative Administration	\$ 0	\$ 0	\$ 600,000	+\$600,000	+100.0%
Legislative Administration	\$ 0	\$ 0	\$ 550,000	+\$550,000	+100.0%
Government Standards and Practices	\$ 0	\$ 0	\$ 700,000	+\$700,000	+100.0%
Department of Education	\$ 0	\$ 0	\$ 800,000	+\$800,000	+100.0%
Secretary of State	\$ 0	\$ 0	\$ 1,800,000	+\$1,800,000	+100.0%
Various agencies	\$ 0	\$ 0	\$ 2,500,000	+\$2,500,000	+100.0%
<u>Administrative Services, Department of</u>					
General Fund	\$ 0	\$ 0	\$ 2,800,000	+\$2,800,000	+100.0%
Other Funds	\$ 0	\$ 0	\$(78,110,202)	\$(78,110,202)	-100.0%
<u>Columbia River Gorge Commission</u>					
General Fund	\$ 0	\$ 0	\$ 61,906	+\$61,906	+100.0%
<u>Commission on Children and Families, State</u>					
General Fund	\$ 0	\$ 0	\$ 200,000	+\$200,000	+100.0%
<u>Community Colleges and Workforce Development, Department of</u>					
General Fund	\$ 0	\$ 0	\$ 600,000	+\$600,000	+100.0%
Federal Funds	\$ 0	\$ 0	\$ 3,000,000	+\$3,000,000	+100.0%
<u>Department of Corrections</u>					
General Fund	\$ 0	\$ 0	\$(1,000,000)	\$(1,000,000)	-100.0%
<u>Economic and Community Development Department</u>					
General Fund	\$ 0	\$ 0	\$ 1,000,000	+\$1,000,000	+100.0%
<u>Education, Department of</u>					
General Fund	\$ 0	\$ 0	\$ 460,000	+\$460,000	+100.0%

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
<u>Energy Department of</u>					
General Fund	\$ 0	\$ 0	(1,500,000)	\$ (1,500,000)	-100.0%
Other Funds	\$ 0	\$ 0	4,600,000	\$ 4,600,000	+100.0%
<u>Geology and Mineral Industries, Department of</u>					
General Fund	\$ 0	\$ 0	139,249	\$ 139,249	+100.0%
Lottery Funds	\$ 0	\$ 0	1,500,000	\$ 1,500,000	+100.0%
Other Funds	\$ 0	\$ 0	1,500,000	\$ 1,500,000	+100.0%
<u>Governor's Office</u>					
Other Funds	\$ 0	\$ 0	200,000	\$ 200,000	+100.0%
<u>Department of Higher Education</u>					
General Fund	\$ 0	\$ 0	1,150,000	\$ 1,150,000	+100.0%
Other Funds	\$ 0	\$ 0	700,000	\$ 700,000	+100.0%
<u>Department of Human Services</u>					
General Fund	\$ 0	\$ 0	5,731,832	\$ 5,731,832	+100.0%
<u>Judicial Department, Oregon</u>					
General Fund	\$ 0	\$ 0	1,655,105	\$ 1,655,105	+100.0%
<u>Justice, Department of</u>					
General Fund	\$ 0	\$ 0	925,485	\$ 925,485	+100.0%
Other Funds	\$ 0	\$ 0	3,509,291	\$ 3,509,291	+100.0%
<u>Land Conservation and Development, Department of</u>					
General Fund	\$ 0	\$ 0	1,585,146	\$ 1,585,146	+100.0%
<u>Legislative Administration Committee</u>					
General Fund	\$ 0	\$ 0	5,106,812	\$ 5,106,812	+100.0%
Other Funds	\$ 0	\$ 0	770,000	\$ 770,000	+100.0%
<u>Liquor Control Commission, Oregon</u>					
Other Funds	\$ 0	\$ 0	1,278,000	\$ 1,278,000	+100.0%
<u>Long Term Care Ombudsman</u>					
General Fund	\$ 0	\$ 0	86,664	\$ 86,664	+100.0%
Other Funds	\$ 0	\$ 0	69,750	\$ 69,750	+100.0%

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
<u>Military Department, Oregon</u>					
General Fund	\$ 0	\$ 0	\$ 594,600	\$ +594,600	+100.0%
Other Funds	\$ 0	\$ 0	\$ 6,397,731	\$ +6,397,731	+100.0%
<u>Oregon Youth Authority</u>					
General Fund	\$ 0	\$ 0	\$ 1,032,668	\$ +1,032,668	+100.0%
Other Funds	\$ 0	\$ 0	\$ 99,999	\$ +99,999	+100.0%
<u>Parks and Recreation, Department of</u>					
Federal Funds	\$ 0	\$ 0	\$ 600,000	\$ +600,000	+100.0%
<u>Public Defense Services Commission</u>					
General Fund	\$ 0	\$ 0	\$ 1,950,000	\$ +1,950,000	+100.0%
<u>Public Utility Commission</u>					
Other Funds	\$ 0	\$ 0	\$ 276,566	\$ +276,566	+100.0%
<u>State Lands, Department of</u>					
Other Funds	\$ 0	\$ 0	\$ 75,000	\$ +75,000	+100.0%
Federal Funds	\$ 0	\$ 0	\$ 850,000	\$ +850,000	+100.0%
<u>State Police, Oregon Department of</u>					
General Fund	\$ 0	\$ 0	\$ 661,658	\$ +661,658	+100.0%
Other Funds	\$ 0	\$ 0	\$ (3,229,589)	\$ (3,229,589)	-100.0%
<u>Transportation, Oregon Department of</u>					
Other Funds	\$ 0	\$ 0	\$ 55,973,434	\$ +55,973,434	+100.0%
<u>Treasurer of State</u>					
Other Funds	\$ 0	\$ 0	\$ 2	\$ +2	+100.0%
<u>Veterans' Affairs, Oregon Department of</u>					
General Fund	\$ 0	\$ 0	\$ 29,600	\$ +29,600	+100.0%
<u>Water Resources Department</u>					
General Fund	\$ 0	\$ 0	\$ 50,000	\$ +50,000	+100.0%

Various Agencies ⁽¹⁾	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
General Fund	\$ 0	\$ 0	(6,571,080)	\$ (6,571,080)	-100.0%
Lottery Funds	\$ 0	\$ 0	(122,382)	\$ (122,382)	-100.0%
Other Funds	\$ 0	\$ 0	(4,934,063)	\$ (4,934,063)	-100.0%
Federal Funds	\$ 0	\$ 0	(1,857,476)	\$ (1,857,476)	-100.0%

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

(2) See Agency Adjustments Attachment I

* Excludes Capital Construction

Position Summary

Geology and Mineral Industries, Department of

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	1	1
0.00	0.00	1.00	1.00

Department of Higher Education

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	7	7
0.00	0.00	6.50	6.50

Justice, Department of

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	17	17
0.00	0.00	20.46	20.46

Land Conservation and Development, Department of

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	0	0
0.00	0.00	(5.50)	(5.50)

Long Term Care Ombudsman

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	1	1
0.00	0.00	0.75	0.75

Military Department, Oregon

Authorized Positions

Full-time Equivalent (FTE) Positions

0	0	1	1
0.00	0.00	1.00	1.00

Percentage
Committee
Change from
Governor's Budget

2007-09

Legislatively Approved Budget (1) Governor's Budget Committee Recommendation Difference from Governor's Budget

State Lands, Department of
Authorized Positions 0 0 1 1
Full-time Equivalent (FTE) Positions 0.00 0.00 0.50 0.50

Public Utility Commission
Authorized Positions 0 0 1 1
Full-time Equivalent (FTE) Positions 0.00 0.00 1.00 1.00

State Police, Department of
Authorized Positions 0 0 (10) (10)
Full-time Equivalent (FTE) Positions 0.00 0.00 (8.14) (8.14)

Transportation, Oregon Department of
Authorized Positions 0 0 (1) (1)
Full-time Equivalent (FTE) Positions 0.00 0.00 (1.00) (1.00)

2005-07 Supplemental Appropriations

2003-05 2005-07

Legislatively Approved Budget Governor's Budget Committee Recommendation Difference from Governor's Budget

Emergency Board
General Fund - General Purpose \$ 0 \$ 0 \$ (1,657,119) \$ (1,657,119)

Education, Department of
Other Funds \$ 0 \$ 0 \$ 100,000 \$ +100,000

State Police, Oregon Department of
General Fund \$ 0 \$ 0 \$ (661,658) \$ (661,658)

Summary of Subcommittee Action

Senate Bill 5549 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budget and position authority as described below.

Other omnibus adjustments reflect reductions in the hourly rate for Department of Justice attorney charges, adjusted treasury debt management charges that reflect updated information on agencies' relative debt levels and new debt issuances, and reductions in Public Employee Retirement System (PERS) rates. The PERS rate for state agencies is reduced from 12.98 percent as assumed in the Governor's budget to the final rate of 12.71 percent. The rate for judges is reduced from 27.14 percent to 25.70 percent. The combined result of these changes in assessments and charges on agency budgets are presented in Attachment 1. Total savings are \$6.6 million General Fund, \$0.1 million Lottery Funds, \$ 4.9 million Other Funds and \$1.9 million Federal Funds.

Emergency Board

The Emergency Board allocates General Fund and provides Other Funds and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated \$30 million General Fund to the Emergency Board for general purposes.

The Subcommittee made nine special purpose appropriations to the Emergency Board, totaling \$141,950,000:

- \$125,000,000 to finance negotiated increases in state employee salary and benefit changes. This special purpose appropriation expires July 1, 2008 if not allocated before that date.
- \$1,000,000 for the Department of Justice for the on-going legal costs associated with the state's defense of the revenue stream generated from the Master Settlement Agreement entered into with major tobacco companies. This appropriation is in addition to \$1 million appropriated for this purpose to the Department of Justice in Senate Bill 5520-A. If allocated, the funds may be used for staff as well as outside counsel.
- \$9,000,000 for Oregon State Police, Oregon Wireless Interoperability Network (OWIN), to be used to assist in funding any further costs for the OWIN project for the 2007-09 biennium after review by the Legislature or the Emergency Board.
- \$600,000 for the Legislative Administration Committee to support the Interim Committee on Court Facilities.
- \$550,000 for the Legislative Administration Committee, for planning, debt service, and relocation costs of legislative and executive branch agencies during renovation of the Capitol building.
- \$700,000 for the Government Standards and Practices Commission to support development of an electronic report filing system.
- \$800,000 for the Department of Education for local option equalization grants.
- \$1,800,000 for the Secretary of State for costs associated with a statewide special election to be held in November, 2007.
- \$2,500,000 for state agencies' continuous improvement projects.

The \$125 million special purpose appropriation to the Emergency Board for negotiated salary and benefit increases for state employees is to be spread proportionately among represented, nonrepresented, management, and executive service employees. It is understood that there may be differences in how each proportional share is spent and that the Executive Branch may choose to focus the new and existing management and executive service compensation funds on recruitment and retention issues. Any increases granted in excess of the proportional share must be paid for by agencies. The Executive Branch is expected to report to the Emergency Board, at the time of distribution of the special purpose appropriation, on: actual compensation changes, any changes that require agencies to cover additional costs and the agency plans on how such costs will be paid for, and the amount of rollover for the 2009-11 biennium as a result of decisions made by the Executive Branch on final compensation packages granted to employees.

Unless otherwise noted, if these special purpose appropriations are not allocated by the Emergency Board before December 1, 2008, any remaining funds become available to the Emergency Board for general purposes.

Adjustments to Approved Budgets

Administrative Services, Department of

The Subcommittee approved a \$2.8 million General Fund appropriation to be paid to the Oregon Historical Society. This funding will enable the Society to extend museum and public access hours, digitize photos and other holdings, and host regional workshops.

The bill reduces three Other Funds expenditure limitations to resolve an inadvertent double count in Senate Bill 5502 (2007), the primary DAS budget bill: State Data Center is reduced by \$20,283,644; State Services Division by \$4,773,888, and other operating expenses by \$53,052,670.

Columbia River Gorge Commission

The Subcommittee appropriated \$61,906 General Fund to enable the Commission to hire a project manager to assess and track the condition of the Columbia River Gorge's scenic, cultural, recreational and environmental resources and to provide public outreach.

Commission on Children and Families, State

An additional \$200,000 General Fund is appropriated to the State Commission on Children and Families for the Children's Relief Nursery in Multnomah County. These funds are to be used to support the organization's work with the Center for Family Success with at-risk TANF families and children of incarcerated parents.

Department of Corrections

The General Fund appropriation for the Department of Corrections is reduced by \$1,000,000, from the agency's Operations Division.

Community Colleges and Workforce Development, Department of

A General Fund appropriation of \$600,000 is made to the Department of Community Colleges and Workforce Development to be distributed equally to the Sabin-Schellenberg Skills Center of the North Clackamas School District #12 and the Portland Community College Skills Center.

The Department's Federal Funds expenditure limitation is increased by \$3.0 million to accommodate receipt of a Workforce Innovation in Regional Economic Development (WIRED) grant from the U.S. Department of Labor. The total grant amount of \$5.0 million will be expended over the 2007-09 and the 2009-11 biennia. The Department was given approval to apply for the grant by the Joint Committee on Ways and Means in April 2007. The Department of Labor began the WIRED initiative in February 2006 to assist regional workforce investment efforts in expanding high-skill and high-wage employment opportunities. Funds may be used to expand job training services and information and to provide training to individual workers. The funds awarded to Oregon will be distributed to regional workforce agencies serving the Portland and Salem metropolitan areas.

Economic and Community Development Department

An appropriation of \$1.0 million General Fund is made to the Oregon Arts Commission/Cultural Trust for the Creative Oregon Initiative, to increase support for Oregon's arts, cultural, and creative sectors by providing technical assistance, leadership development, and capacity building for medium to large arts organizations.

Department of Education

\$160,000 General Fund is appropriated to the Department of Education, to be directed to the Classroom Law Project to further the mission of expanding civics education in Oregon with an emphasis on staff development.

An additional \$300,000 General Fund appropriation is made for the administration of a budget note for a study on alternative methods to funding transportation costs for students. The Department is to report to the interim Joint Committee on Ways and Means or the Emergency Board on the options available, along with recommendations on suggested changes, before the 2009 legislative session.

Energy Department of

The Other Funds expenditure limitation provided for the Department of Energy's Public Purpose Fund (OMSI) in Senate Bill 5512 (2007) is increased by \$4.6 million for the purpose of OMSI debt service. The General Fund appropriated to the Department in the same bill is decreased by \$1.5 million.

Geology and Mineral Industries, Department of

The Subcommittee approved funding for the Light Imaging and Detection Radar (LIDAR) system. The \$139,249 General Fund appropriation is for a full-time limited duration Information Systems Specialist 6 position (1.00 full-time equivalent) for the system; the Lottery Funds and Other Funds expenditure limitations are increased by \$1,500,000 each, for a total of \$3,139,249. This is a one-time expenditure. The Lottery Funds are Measure 66 Capital funds from the Oregon Watershed Enhancement Board. The addition of the funds is expected to increase LIDAR mapping and possibly leverage other sources of funding.

Governor's Office

\$200,000 Other Funds expenditure limitation is supplied for support of the Education System Design Team, per House Bill 3141. The revenue will be transferred from the State School Fund.

Department of Higher Education

The Subcommittee approved a \$1.0 million General Fund appropriation for the Oregon Solutions program at Portland State University. All of the funds provided in this appropriation shall be allocated to support the Oregon Solutions program, and none shall be used to support other activities of the University or the Department. The Subcommittee also added a \$150,000 General Fund appropriation for the NEW Leadership Oregon program at Portland State University, to fund a Program Director position.

The Other Funds expenditure limitation for the Oregon State University Forest Research Laboratory is increased by \$700,000 and 7 positions (6.50 full-time equivalent) to accommodate an increase in the Forest Products Harvest Tax included in House Bill 2115. The tax rate is increased from 67 cents per million board feet to 92 cents per million board feet for calendar years 2008 and 2009.

Department of Human Services

The Subcommittee recommended an additional General Fund appropriation in the amount of \$1,511,832 to enhance nursing facility Certified Nursing Assistant staffing levels. This restores full General Fund support for a policy package proposed by the Governor to implement recommendations from the Nursing Facility Staffing Commission.

The Subcommittee recommended an additional \$4,000,000 for the In-Home Care Workers program. It also added \$220,000 General Fund for community-based, non-profit Centers for Independent Living, who help persons with severe disabilities maintain or increase their level of independence.

Judicial Department

The Subcommittee approved a one-time \$700,000 General Fund appropriation for the purpose of a grant to the Oregon State Bar for legal aid services. In addition, \$955,105 General Fund is approved for judges' salaries. Senate Bill 5518, the main appropriation bill for the Judicial Department, provided \$7.5 million General Fund to increase judges' salaries by 14 percent effective July 1, 2007 and an additional three percent July 1, 2008. This additional funding brings the first year increase to 16 percent.

Justice, Department of

The Department of Justice's Other Funds limitation is increased by \$2,215,294 to provide legal case review for the Department of Human Service's child welfare staff and to provide consistent legal representation in shelter case and pre-judicial hearings. This amount is in addition to the \$2.6 million Other Funds limitation included in the Department of Justice budget bill (Senate Bill 5520) for this purpose. The combined amount corresponds to the General Fund and federal funding available for this purpose in the Department of Human Services budget. No positions are added, but the 16 positions established in Senate Bill 5520 are increased by 5.71 full-time equivalent with these added resources.

House Bill 2469 establishes a child support pass-through which requires the Department of Justice to pay the first \$50 of child support collected each month (up to \$200 per family) directly to the family for those households receiving Temporary Assistance to Needy Families (TANF). Currently all of the child support payment is used to offset the cost of the child support program at the Department of Justice. With the pass-through payment to families, it is estimated that the child support program will lose a total of \$925,485 revenue in the nine months after the October 2008 effective date of this change. This bill reduces the Other Funds limitation by \$925,485 and backfills the lost revenue with \$925,485 General Fund.

The budget bill for the Department of Justice (Senate Bill 5520) did not include Other Funds expenditure limitation for the agency's responsibilities in reviewing and processing Ballot Measure 37 claims. This bill provides a total \$2,219,482 Other Funds expenditure limitation for this purpose, for 17 positions (14.75 full-time equivalent). These amounts reflect the amount available in the budget for the Department of Land Conservation and Development for legal costs for Ballot Measure 37 claims. There is also a \$1.5 million General Fund special purpose appropriation to the Emergency Board for the Department of Land Conservation and Development (DLCD) for this purpose. If the Emergency Board allocates that \$1.5 million to DLCD, the Department of Justice will need to return to the Emergency Board for further expenditure limitation authority.

Land Conservation and Development, Department of

The Subcommittee approved an additional \$1,985,146 General Fund appropriation to meet expected costs associated with processing Ballot Measure 37 claims. The appropriation is associated with House Bill 3546, which extends from 180 days to 540 days the period for government entities to review and act upon claims submitted pursuant to Ballot Measure 37 (2004) after November 1, 2006, before the property owner is entitled to just compensation and may file a civil action. In order to incorporate the provisions of House Bill 3546, positions approved in House Bill 5033 in Package 101 were adjusted as follows, reducing a net 5.50 full-time equivalent positions:

- Change one limited-duration, full-time Principal Executive Manager D position and one limited-duration, full-time Administrative Specialist 2 position, phased-in effective July 1, 2007, to permanent status.
- Establish one limited-duration, full-time Office Specialist 1 position, phased-in effective July 1, 2007, and phased-out effective June 30, 2008 (0.50 full-time equivalent); one permanent, full-time Operations and Policy Analyst 1, phased-in effective July 1, 2007 (1.00 full-time equivalent); four limited-duration, full-time Program Analyst 2 positions, phased-in July 1, 2007, and phased-out June 30, 2008 (2.00 full-time equivalent); two permanent, full-time Planner 3 positions, phased-in July 1, 2007 (2.00 full-time equivalent).
- Reduce months on six limited-duration, full-time positions, so that they are phased-in July 1, 2007, and phased-out effective June 30, 2008 (reduction of 3.00 full-time equivalent). The positions consist of one Administrative Specialist 1, one Administrative Specialist 2, and four Planner 3 positions.
- Eliminate three limited duration, full-time Program Technician 2 positions and five limited-duration, full-time Planner 3 positions (reduction of 8.00 full-time equivalent).

Concurrently, funding for the "Big Look" was decreased by \$400,000 General Fund. The Department is directed to provide minimal staff support for activities related to the "Big Look". The Department may redirect staff to other activities.

Legislative Administration Committee

The Legislative Administration Committee is appropriated \$3,999,943 General Fund for debt service costs for the Capitol Renovation project, and \$1,106,869 General Fund for other costs associated with the project, including relocation costs. Other Funds expenditure limitation is increased by \$770,000 for Certificates of Participation cost of issuance expense.

The funding for debt service and other related costs for the renovation of the Capitol wings is based on what is known today about the potential project costs. Final plans and costs are dependent on actual contracts, and approved budgets and staffing levels for the legislative agencies. In addition, there will be relocation costs for Legislative and Executive Branch staff that will need to move out of the Capitol building in order for the

renovation project to be completed. Therefore, to cover the possibility of other adjustments to the total cost for the project, \$550,000 is appropriated to the Emergency Board in a special purpose appropriation for potential costs when final plans are approved

Oregon Liquor Control Commission

The Other Funds expenditure limitation for OLCC is increased to accommodate \$1,278,000 in carryforward funds that are dedicated to completion of the Information Technology infrastructure enhancement.

Long Term Care Ombudsman

To respond to the increasing number of Oregonians residing in long-term care facilities, the Subcommittee approved a \$86,664 General Fund appropriation and added \$69,750 Other Funds expenditure limitation for a second permanent, full-time Deputy State Long Term Care Ombudsman position, to begin January 1, 2008. This will allow the agency to increase the number of volunteer ombudsmen by as many as 30. Increasing the staff and number of volunteer ombudsmen is expected to decrease the average time to close non-abuse complaint cases and increase the percentage of facilities visited at least once a quarter.

Military Department, Oregon

The Military Department, for the Office of Emergency Management 9-1-1 program, receives an increase of \$6,303,131 Other Funds expenditure limitation to distribute 2005-07 revenues collected to support public safety answering points.

The Subcommittee funded a limited duration Emergency Management policy advisor position (1.00 full-time equivalent) under the Department's Emergency Management Program. The funding for the position includes \$94,600 General Fund and an equal amount of Other Funds expenditure limitation.

The Subcommittee also appropriated \$500,000 General Fund for the Oregon Military Emergency Financial Assistance Program. This program provides hardship grants and loans to guard members and immediate family members of the Oregon National Guard on active duty. Expenditures from the Emergency Financial Assistance Fund are made as Other Funds. The Department has existing Other Funds limitation within its base budget for this program. The \$500,000 is a one-time appropriation to be phased-out of the Department's budget for the 2009-11 biennium.

The Subcommittee instructed the Department of Revenue to report to the Department of Administrative Services Budget and Management Division and the Legislative Fiscal Office on the amount(s) of 2006 and 2007 state income tax check-off revenue transferred to the Oregon Military Emergency Financial Assistance Program. Check-off revenue is the dedicated source of funding for the program.

Oregon Youth Authority

Earlier in the session it became known that the OYA would need to restructure its capital construction request to incorporate more recent information with respect to rehabilitating and reopening the Oak Creek youth correctional facility in Albany. The Public Safety Subcommittee approved the agency's operating budget without funding the costs associated with the capital construction projects, with the understanding that OYA would present an updated capital construction plan. The updated plan has been approved as part of House Bill 5006, the Capital Construction bill. Senate Bill 5549 includes the related \$632,668 General Fund debt service on Certificates of Participation to be issued for these projects during the 2007-09 biennium, and added \$99,999 Other Funds expenditure limitation to cover the COPs cost of issuance.

An additional \$400,000 General Fund is appropriated for special payments to be targeted to youth gang intervention services in east Multnomah County. This amount is in addition to the \$3.4 million General Fund included for Multnomah County youth gang services in Senate Bill 5544.

Parks and Recreation, Oregon Department of

The Subcommittee approved an increase of \$600,000 Federal Funds expenditure limitation to expend a Coastal and Estuarine Land and Conservation Program (CELP) grant. The CELP provides funding for public land purchases to achieve conservation purposes. The grant will be used to acquire 319 acres along Beaver Creek in Lincoln County. This land is upstream from Ona Beach state park. The acquisition would help conserve wetlands and the Beaver Creek Watershed, as well as provide recreational opportunities through a water trail. The acquisition is consistent with Oregon Parks and Recreation Commission's Investment Strategy and Acquisition Plan.

Public Defense Services Commission

The Subcommittee approved a supplemental General Fund appropriation of \$1,950,000, which will establish a juvenile appellate unit and increase funding for contracted attorneys.

Public Utility Commission

In an action affecting this agency and the Department of Transportation, the Oregon Board of Maritime Pilots is transferred to the Public Utility Commission. The Subcommittee added \$276,566 Other Funds expenditure limitation and one position (1.00 full-time equivalent) to this budget to accommodate the transfer.

State Lands, Department of

The Subcommittee approved increases in expenditure limitations for Federal and Other Funds grants that may be received before either an Emergency Board meeting or the 2008 Special Session. The Department received approval to apply for these grants. The South Slough National Estuarine Research Reserve (SSNERR) may receive grant funds for an estuary monitoring grant, for example. So, \$100,000 Federal Funds expenditure limitation and one limited duration Natural Resource Specialist 3 position (0.50 full-time equivalent) is added. SSNERR also has a history of success in obtaining grants from parties other than the Federal government, so \$75,000 Other Funds expenditure limitation is added. Also, the Department may be successful in its application for a federal grant to preserve the Fender's Blue Butterfly. The grant request is for \$750,000 Federal Funds and would be passed through to the Trust for Public Land to acquire 1,400 acres of land in the Eola Hills west of Salem.

The expenditure limitations above are approved with the understanding that the Department of Administrative Services will unschedule the funds until official notice of awards are received and the agency demonstrates the need to expend the funds as required to the Legislative Fiscal Office and the Department of Administrative Services.

State Police, Oregon Department of

The budget bill for the Oregon State Police (OSP) (Senate Bill 5533) included \$3,679,588 Other Funds expenditure limitation for staff and other costs for the planning and development of the Oregon Wireless Interoperability Network project. The budget bill for OSP assumed that this was to be limitation with two years of duration. Since this is a major capital construction project, it is more appropriate for this limitation to be six years in duration, the standard for capital construction projects. House Bill 5006, the Capital Construction bill, includes the necessary six-year limitation to replace that in the OSP budget bill.

	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
Consumer and Business Services				
Board of Accountancy	0	(3,067)	0	0
Board of Tax Practitioners	0	(1,804)	0	0
Construction Contractors Board	0	(24,899)	0	0
Board of Licensed Professional Counselors and Therapists	0	(1,670)	0	0
Psychologist Examiners	0	(2,373)	0	0
State Board of Chiropractic Examiners	0	(3,154)	0	0
Board of Clinical Social Workers	0	(1,445)	0	0
Oregon Board of Dentistry	0	(4,362)	0	0
Board of Examiners of Licensed Dietitians	0	(102)	0	0
State Mortuary and Cemetery Board	0	(1,954)	0	0
Board of Naturopathic Examiners	0	(837)	0	0
Board of Examiners of Nursing Home Administrators	0	(375)	0	0
Occupational Therapy Licensing Board	0	(562)	0	0
State Board of Pharmacy	0	(7,673)	0	0
State Board of Pharmacy	0	0	0	(360)
Board of Radiologic Technology	0	(574)	0	0
State Board of Examiners for Speech-Language Pathology and Audiology	0	(639)	0	0
Oregon State Veterinary Medical Licensing Board	0	(1,204)	0	0
Health Licensing Agency	0	(7,901)	0	0
Bureau of Labor and Industries	(22,434)	0	0	0
Bureau of Labor and Industries	0	(11,934)	0	0
Bureau of Labor and Industries	0	0	0	(2,320)
Public Utility Commission - Utility program	0	(25,239)	0	0
Public Utility Commission - Residential Service Protection Fund	0	(1,387)	0	0
Public Utility Commission - Policy and administration	0	(36,557)	0	0
Public Utility Commission	0	0	0	(700)
Department of Consumer and Business Services	0	(319,561)	0	0
Real Estate Agency	0	(10,631)	0	0
Oregon State Board of Nursing	0	(12,344)	0	0
Economic and Community Development				
Economic and Community Development Department - Oregon Arts Commission	(1,429)	0	0	0
Economic and Community Development Department - Administration of department programs (operations)	0	(19,918)	0	0
Economic and Community Development Department - Arts and Cultural Trust	0	(1,015)	0	0
Economic and Community Development Department - Administration of department programs (operations)	0	0	(31,382)	0
Economic and Community Development Department - Administration of department and community development programs (program services)	0	0	0	(1,660)
Housing and Community Services Department	(351)	0	0	0

Agency Adjustments
Assessments/Charges

SB 5549-A
Attachment 1

	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
Housing and Community Services Department	0	(56,583)	0	0
Department of Community Services Department	0	0	0	0
Department of Veterans' Affairs - Fair services provided by the Department of Veterans Affairs	(2,650)	0	0	(111,174)
Department of Veterans' Affairs	0	(62,395)	0	0
Employment Department	(5,609)	0	0	0
Employment Department	0	(58,558)	0	0
Employment Department	0	0	0	0
Education				(165,735)
Teacher Standards and Practices Commission	0	(8,133)	0	0
Oregon Student Assistance Commission	(4,495)	0	0	0
Oregon Student Assistance Commission	0	(3,763)	0	0
Department of Higher Education - Education and general services of higher education	(970,904)	0	0	0
Department of Higher Education - Agricultural Experiment Station and the branch experiment stations of Oregon State University	(99,537)	0	0	0
Department of Higher Education - Extension Service of Oregon State University	(76,512)	0	0	0
Department of Higher Education - Forest Research Laboratory of Oregon State University	(11,188)	0	0	0
Department of Higher Education - Debt-related costs	5,159	0	0	0
Department of Higher Education - Education and general services of higher education	0	(1,435,993)	0	0
Department of Higher Education - Agricultural Experiment Station and the branch experiment stations of Oregon State University	0	(4,827)	0	0
Department of Higher Education - Extension Service of Oregon State University	0	(26,371)	0	0
Department of Higher Education - Forest Research Laboratory of Oregon State University	0	(9,349)	0	0
Department of Community Colleges and Workforce Development - Operations	3,118	0	0	0
Department of Community Colleges and Workforce Development - Department of Community Colleges and Workforce Development	0	(1,836)	0	0
Department of Community Colleges and Workforce Development - Oregon Youth Conservation Corps	0	(714)	0	0
Department of Community Colleges and Workforce Development - Federal Funds	0	0	0	0
Department of Education - Operations	(62,006)	0	0	(10,737)
Department of Education - Oregon State Schools for the Deaf and for the Blind	(29,196)	0	0	0
Department of Education - Operations	0	(10,722)	0	0
Department of Education - Oregon State Schools for the Deaf and for the Blind	0	(3,179)	0	0
Department of Education - Youth Corrections Education Program	0	(6,073)	0	0
Department of Education - Operations	0	0	0	0
Department of Education - Oregon State Schools for the Deaf and for the Blind	0	0	0	(37,009)
Department of Education - Youth Corrections Education Program	0	0	0	(666)
Department of Education - Youth Corrections Education Program	0	0	0	(96)
Administrative				
Advocacy Commissions Office	(422)	0	0	0
Department of Administrative Services - Operating expenses of the State Services Division	(2,715)	0	0	0

Agency Adjustments
Assessments/Charges

SB 5549-A
Attachment 1

	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
Department of Administrative Services - Other operating expenses	(3,036)	0	0	0
Department of Administrative Services - Operating expenses of the State Data Center	0	(68,873)	0	0
Department of Administrative Services - Operating expenses of the State Services Division	0	(235,433)	0	0
Department of Administrative Services - Other operating expenses	0	(291,888)	0	0
Treasurer of State - Administrative expenses of State Treasury operations	0	(39,818)	0	0
Treasurer of State - Administrative expenses of the Oregon 529 College Savings Network	0	(1,825)	0	0
Oregon Racing Commission	0	(5,430)	0	0
Public Employees Retirement System - Administrative and operating expenses	0	(105,013)	0	0
Secretary of State - Executive Office, BSD, ISD, HRD	(3,079)	0	0	0
Secretary of State - Elections Division	(11,905)	0	0	0
Secretary of State - Archives Division	(4,245)	0	0	0
Secretary of State - Executive Office, BSD, ISD, HRD	0	(14,000)	0	0
Secretary of State - Audits Division	0	(22,576)	0	0
Secretary of State - Archives Division	0	(1,522)	0	0
Secretary of State - Corporation Division	0	(8,611)	0	0
Secretary of State - Help America Vote Act	0	0	0	(1,618)
Oregon Liquor Control Commission - Administrative expenses	0	(138,456)	0	0
Department of Revenue	(184,792)	0	0	0
Department of Revenue	0	(35,637)	0	0
Employment Relations Board	(2,573)	0	0	0
Employment Relations Board	0	(424)	0	0
Employment Relations Board	0	(1,984)	0	0
Office of Governor	(16,350)	0	0	0
Office of Governor	0	0	(3,407)	0
Office of Governor	0	(4,036)	0	0
Oregon Government Standards and Practices Commission	(2,150)	0	0	0
State Library	(1,955)	0	0	0
State Library	0	(6,633)	0	0
State Library	0	0	0	(1,458)
Human Services				
Long Term Care Ombudsman	(197)	0	0	0
Long Term Care Ombudsman	0	(2,425)	0	0
Commission for the Blind	(1,925)	0	0	0
Commission for the Blind	0	(649)	0	0
Commission for the Blind	0	0	0	(16,447)
Psychiatric Security Review Board	(1,648)	0	0	0
Board of Medical Examiners for the State of Oregon	0	(16,490)	0	0
Office of Private Health Partnerships	(11,413)	0	0	0
Department of Human Services - Department-wide Support Services	(145,195)	0	0	0
Department of Human Services - Children, Adults and Families	(554,075)	0	0	0

Agency Adjustments
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	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
Department of Human Services - Health Services	(370,727)	0	0	0
Department of Human Services - Seniors and People with Disabilities	(173,333)	0	0	0
Department of Human Services - Department-wide Support Services	0	(28,653)	0	0
Department of Human Services - Children, Adults and Families	0	(22,523)	0	0
Department of Human Services - Health Services	0	(77,950)	0	0
Department of Human Services - Seniors and People with Disabilities	0	(6,493)	0	0
Department of Human Services - Health Services	0	0	(2)	0
Department of Human Services - Department-wide Support Services	0	0	0	0
Department of Human Services - Children, Adults and Families	0	0	0	(168,130)
Department of Human Services - Health Services	0	0	0	(609,544)
Department of Human Services - Seniors and People with Disabilities	0	0	0	(173,304)
State Commission on Children and Families	(7,217)	0	0	(266,989)
State Commission on Children and Families	0	(1,387)	0	0
State Commission on Children and Families	0	0	0	0
Judicial Branch				(787)
Commission of Judicial Fitness and Disability	(180)	0	0	0
Judicial Department - Operations	(876,092)	0	0	0
Judicial Department - Mandated payments	(5,250)	0	0	0
Judicial Department	0	(44,974)	0	0
Judicial Department	0	0	0	0
Public Defense Services Commission - Office of Public Defense Services	(14,462)	0	0	(694)
Public Defense Services Commission - Public Defense Administration	(4,746)	0	0	0
Public Defense Services Commission - Indigent Defense Services Division	0	(1,089)	0	0
Legislative Branch				0
Legislative Administration Committee - General program	(27,562)	0	0	0
Legislative Administration Committee	0	(693)	0	0
Legislative Assembly - Expenses of the Seventy-fourth Legislative Assembly	(12,602)	0	0	0
Legislative Assembly - Expenses of the Seventy-fifth Legislative Assembly	(26,883)	0	0	0
Legislative Assembly - Expenses of the Seventy-fifth Legislative Assembly	(14,308)	0	0	0
Legislative Counsel Committee	0	(2,112)	0	0
Legislative Fiscal Officer	(10,390)	0	0	0
Legislative Revenue Officer	(3,190)	0	0	0
Commission on Indian Services	(567)	0	0	0
Natural Resources				0
State Marine Board - Administration and education	0	(2,598)	0	0
State Marine Board - Marine law enforcement	0	(672)	0	0
State Marine Board - Facilities construction and maintenance and land acquisition	0	(1,470)	0	0

Agency Adjustments
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	General Fund		Other Funds		Lottery Funds		Federal Funds	
	Total		Total		Total		Total	
State Marine Board - Facilities construction and maintenance and land acquisition	0		0		0		0	(119)
Department of Energy	0		(29,960)		0		0	0
Department of Energy	0		0		0		0	(3,977)
Department of Geology and Mineral Industries	(4,573)		0		0		0	0
Department of Geology and Mineral Industries	0		(5,039)		0		0	0
Department of Geology and Mineral Industries	0		0		0		0	0
State Parks and Recreation Department - Administration	0		(5,478)		0		0	(1,449)
State Parks and Recreation Department - Grant programs	0		(951)		0		0	0
State Parks and Recreation Department - Operations	0		(36,262)		0		0	0
State Parks and Recreation Department - Facility repair and maintenance	0		(20)		0		0	0
State Parks and Recreation Department - Heritage conservation	0		(344)		0		0	0
State Parks and Recreation Department - Oregon State Fair Operations	0		(2,972)		0		0	0
State Parks and Recreation Department - Heritage conservation	0		(1,525)		0		0	0
State Parks and Recreation Department - Administration	0		0		(8,374)		0	0
State Parks and Recreation Department - Grant programs	0		0		(291)		0	0
State Parks and Recreation Department - Operations	0		0		(2,650)		0	0
State Parks and Recreation Department - Facility repair and maintenance	0		0		(2,268)		0	0
State Parks and Recreation Department - Heritage conservation	0		0		(2,158)		0	0
State Parks and Recreation Department - Oregon State Fair Operations	0		0		(1,607)		0	0
State Parks and Recreation Department - Recreation programs and planning	0		0		(799)		0	0
State Parks and Recreation Department - Operations	0		0		0		(86)	(508)
State Parks and Recreation Department - Heritage conservation	0		0		0		0	0
Land Use Board of Appeals	(2,321)		0		0		0	0
Land Use Board of Appeals	0		(83)		0		0	0
Water Resources Department	(44,904)		0		0		0	0
Water Resources Department - Water resources program	0		(8,242)		0		0	0
Water Resources Department - Water Development Fund loan administration	0		(302)		0		0	0
Oregon Watershed Enhancement Board	0		0		(8,412)		0	0
Department of State Lands - Common School Fund programs	(296)		0		0		0	0
Department of State Lands - South Slough National Estuarine Research	0		(1,093)		0		0	0
Department of State Lands - Common School Fund programs	0		(27,828)		0		0	0
Department of State Lands - Oregon Wetlands Mitigation Bank Revolving Fund Account	0		(114)		0		0	0
Department of State Lands - South Slough National Estuarine Research	0		0		0		0	(922)
Department of State Lands - Common School Fund programs	0		0		0		0	(597)
State Department of Agriculture - Administration and Support Services	(2,805)		0		0		0	0
State Department of Agriculture - Food Safety	(7,326)		0		0		0	0
State Department of Agriculture - Natural Resources	(5,833)		0		0		0	0
State Department of Agriculture - Agricultural Development	(3,218)		0		0		0	0
State Department of Agriculture - Administration and Support Services	0		(10,016)		0		0	0
State Department of Agriculture - Food Safety	0		(25,087)		0		0	0

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	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
State Department of Agriculture - Natural Resources	0	(16,729)	0	0
State Department of Agriculture - Agricultural Development	0	(13,562)	0	0
State Department of Agriculture	0	0	(11,693)	0
State Department of Agriculture - Food Safety	0	0	0	(47)
State Department of Agriculture - Natural Resources	(9,187)	0	0	(6,126)
Department of Environmental Quality - Air quality	(45,163)	0	0	0
Department of Environmental Quality - Water quality	(2,917)	0	0	0
Department of Environmental Quality - Waste management and cleanup	(1,131)	0	0	0
Department of Environmental Quality - Cross media	0	(47,792)	0	0
Department of Environmental Quality - Air quality	0	(58,270)	0	0
Department of Environmental Quality - Water quality	0	(65,893)	0	0
Department of Environmental Quality - Waste management and cleanup	0	(2,001)	0	0
Department of Environmental Quality - Cross media	0	(29,118)	0	0
Department of Environmental Quality - Agency management	0	0	(25,277)	0
Department of Environmental Quality - Parks and Natural Resources Fund	0	0	0	(7,314)
Department of Environmental Quality - Air quality	0	0	0	(12,110)
Department of Environmental Quality - Water quality	0	0	0	(16,281)
Department of Environmental Quality - Waste management and cleanup	0	0	0	(586)
Department of Environmental Quality - Cross media	0	0	0	0
State Department of Fish and Wildlife - Fish Division, Fish propagation	(7,108)	0	0	0
State Department of Fish and Wildlife - Fish Division, Fish natural production	(5,489)	0	0	0
State Department of Fish and Wildlife - Fish Division, Fish marine resources	(2,500)	0	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife game	(306)	0	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife habitat	(1,480)	0	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife diversity	(1,780)	0	0	0
State Department of Fish and Wildlife - Administrative Division	(1,075)	0	0	0
State Department of Fish and Wildlife - Fish Division, Fish propagation	0	(11,350)	0	0
State Department of Fish and Wildlife - Fish Division, Fish natural production	0	(25,684)	0	0
State Department of Fish and Wildlife - Fish Division, Fish marine resources	0	19,483	0	0
State Department of Fish and Wildlife - Fish Division, Fish interjurisdictional fisheries	0	(18,748)	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife game	0	(29,006)	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife habitat	0	(5,934)	0	0
State Department of Fish and Wildlife - Wildlife Division, Wildlife diversity	0	(515)	0	0
State Department of Fish and Wildlife - Administrative Division	0	(26,330)	0	0
State Department of Fish and Wildlife - Capital improvement	0	(163)	0	0
State Department of Fish and Wildlife - Fish Division, Fish natural production	0	0	(12,391)	0
State Department of Fish and Wildlife - Wildlife Division - wildlife habitat	0	0	(2,224)	0
State Department of Fish and Wildlife - Fish Division, Fish propagation	0	0	0	(33,923)
State Department of Fish and Wildlife - Fish Division, Fish natural production	0	0	0	(35,664)
State Department of Fish and Wildlife - Fish Division, Fish marine resources	0	0	0	(6,435)

Agency Adjustments
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	General Fund		Other Funds		Lottery Funds		Federal Funds	
	Total		Total		Total		Total	
State Department of Fish and Wildlife - Fish Division, Fish interjurisdictional fisheries	0		0		0		0	(10,918)
State Department of Fish and Wildlife - Wildlife Division, Wildlife game	0		0		0		0	(3,201)
State Department of Fish and Wildlife - Wildlife Division, Wildlife habitat	0		0		0		0	(9,772)
State Department of Fish and Wildlife - Wildlife Division, Wildlife diversity	0		0		0		0	(1,650)
State Department of Fish and Wildlife - Administrative Division	0		0		0		0	(1,344)
State Forestry Department - Agency administration	(3,528)		0		0		0	0
State Forestry Department - Protection from fire	(14,689)		0		0		0	0
State Forestry Department - Private Forests	(11,752)		0		0		0	0
State Forestry Department - Agency administration	0		(4,520)		0		0	0
State Forestry Department - Protection from fire	0		(33,232)		0		0	0
State Forestry Department - State-owned forest lands	0		(33,066)		0		0	0
State Forestry Department - Private Forests	0		(8,404)		0		0	0
State Forestry Department - Forest nursery	0		(1,835)		0		0	0
State Forestry Department - Equipment pool	0		(3,919)		0		0	0
State Forestry Department - Facilities maintenance and development	0		(194)		0		0	0
State Forestry Department - Agency administration	0		0		0		0	(410)
State Forestry Department - Protection from fire	0		0		0		0	(7,119)
State Forestry Department - Private forests	0		0		0		0	(2,023)
State Forestry Department - Urban forests	0		0		0		0	(224)
Department of Land Conservation and Development - Planning program	(103,755)		0		0		0	0
Department of Land Conservation and Development - Planning program	0		(660)		0		0	0
Department of Land Conservation and Development - Planning program	0		0		0		0	(3,455)
Public Safety								
Board of Parole and Post-Prison Supervision	(18,943)		0		0		0	0
Department of State Police - Patrol services, criminal investigations and gaming enforcement	(175,518)		0		0		0	0
Department of State Police - Fish and wildlife enforcement	(7,614)		0		0		0	0
Department of State Police - Forensics services and State Medical Examiner	(41,378)		0		0		0	0
Department of State Police - Administrative services, information management and Office of the State Fire Marshal	(64,537)		0		0		0	0
Department of State Police - Oregon Wireless Interoperability Network	(1,772)		0		0		0	0
Department of State Police - Patrol services, criminal investigations and training enforcement	0		(40,021)		0		0	0
Department of State Police - Fish and wildlife enforcement	0		(23,633)		0		0	0
Department of State Police - Forensics services and State Medical Examiner	0		(77)		0		0	0
Department of State Police - Administrative services, information management and Office of the State Fire Marshal	0		(33,816)		0		0	0
Department of State Police - Oregon Wireless Interoperability Network	0		(4,718)		0		0	0
Department of State Police - Patrol services, criminal investigations and gaming enforcement	0		0		0		0	(373)
Department of State Police - Fish and wildlife enforcement	0		0		0		0	(856)
Department of State Police - Forensics services and State Medical Examiner	0		0		0		0	(1,089)

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	General Fund Total	Other Funds Total	Lottery Funds Total	Federal Funds Total
Department of State Police - Administrative services, information management and Office of the State Fire Marshal	0	0	0	(1,548)
Department of State Police - fish and wildlife enforcement activities	0	0	(9,443)	0
Department of Corrections - Operations	(1,318,593)	0	0	0
Department of Corrections - Administration, public services, general services and human resources	(129,062)	0	0	0
Department of Corrections - Transitional services	(70,125)	0	0	0
Department of Corrections - Community corrections	(13,286)	0	0	0
Department of Corrections - Operations	0	(41,407)	0	0
Department of Corrections - Administration and general services	0	(10,376)	0	0
Department of Corrections - Transitional services	0	(158)	0	0
Oregon Criminal Justice Commission	(1,193)	0	0	0
Oregon Criminal Justice Commission	(144)	0	0	0
Department of Justice for district attorneys	(15,778)	0	0	0
Department of Justice	(353,552)	0	0	0
Department of Justice	0	(285,826)	0	0
Department of Justice	0	0	0	0
Oregon Military Department - Administration section	(7,573)	0	0	(126,522)
Oregon Military Department - Operations section	(12,529)	0	0	0
Oregon Military Department - Community Support section	(1,397)	0	0	0
Oregon Military Department - Administration section	0	(1,817)	0	0
Oregon Military Department - Operations section	0	(3,454)	0	0
Oregon Military Department - Community Support section	0	(2,302)	0	0
Oregon Military Department - Operations section	0	0	0	0
Oregon Military Department - Community Support section	0	0	0	0
Oregon Military Department - Emergency Mgt	(2,200)	0	0	(69,155)
Oregon Military Department - Emergency Mgt	0	0	0	(5,532)
Oregon Military Department - Emergency Mgt	0	(3,886)	0	0
Oregon Military Department - Standards and Training - Operations	0	0	0	0
Oregon Youth Authority - Operations	(279,533)	(48,796)	0	(5,704)
Oregon Youth Authority	0	0	0	0
Oregon Youth Authority	0	(5,488)	0	0
Oregon Youth Authority	0	0	0	0
Oregon Youth Authority	0	0	0	(8,813)
Transportation				
Department of Transportation - Maintenance and emergency relief programs	0	(153,476)	0	0
Department of Transportation - Preservation program	0	(29,392)	0	0
Department of Transportation - Bridge program	0	(22,388)	0	0
Department of Transportation - Highway safety program	0	(5,693)	0	0
Department of Transportation - Operations program	0	(23,429)	0	0
Department of Transportation - Modernization program	0	(25,996)	0	0
Department of Transportation - Special programs	0	(108,458)	0	0

Agency Adjustments
Assessments/Charges

SB 5549-A
Attachment 1

	General Fund	Other Funds	Lottery Funds	Federal Funds
	Total	Total	Total	Total
Department of Transportation - Local government program	0	(2,960)	0	0
Department of Transportation - Driver and motor vehicle services	0	(99,458)	0	0
Department of Transportation - Motor carrier transportation	0	(36,038)	0	0
Department of Transportation - Transportation program development	0	(42,566)	0	0
Department of Transportation - Public transit	0	(12,399)	0	0
Department of Transportation - Rail	0	(4,063)	0	0
Department of Transportation - Transportation safety	0	(2,235)	0	0
Department of Transportation - Oregon Board of Maritime Pilots	0	(580)	0	0
Department of Transportation - Central services	0	208,526	0	0
Department of Transportation - Motor carrier transportation	0	0	0	(496)
Department of Transportation - Transportation program development	0	0	0	(2,373)
Department of Transportation - Public Transit	0	0	0	(904)
Department of Transportation - Transportation Safety	0	0	0	(1,325)
Department of Transportation - Driver and motor vehicle services	0	0	0	(71)
Oregon Department of Aviation - Operations	0	(1,869)	0	0
Oregon Department of Aviation - Aircraft registration	0	(86)	0	0
Oregon Department of Aviation - Search and rescue	0	(86)	0	0
Totals - all agencies	(6,571,080)	(4,934,063)	(122,382)	(1,857,476)

74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: HB 5035-A

Carrier – House: Rep. Galizio
Carrier – Senate: Sen. Schrader

JOINT COMMITTEE ON WAYS AND MEANS

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 18 – 0 – 4

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Nathanson, Nolan, Shields
– Nays:

– Exc: Jenson, Morgan

Senate – Yeas: Bates, Brown, Courtney, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett
– Nays:

– Exc: Gordly, Winters

Prepared By: Linda Ames, Department of Administrative Services

Reviewed By: Robin LaMonte, Legislative Fiscal Office

Meeting Date: 6/23/07

Agency

Economic and Community Development Department
Department of Administrative Services
Various Agencies

Budget Page

LFO Analysis Page

Biennium
2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters



Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Capital Construction and Bonding Subcommittee

Budget Summary*

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
<u>Economic and Community Development Department</u>					
Lottery Funds	0	0	5,450,000	+5,450,000	+100.0%
Lottery Funds Debt Service	0	0	389,882	+389,882	+100.0%
Other Funds Debt Service	0	0	2,130,000	+2,130,000	+100.0%
Total	\$ 0	\$ 0	\$ 7,969,882	\$ +7,969,882	+100.0%
<u>Department of Administrative Services</u>					
Lottery Funds Debt Service	0	0	168,703	+168,703	+100.0%

(1) Includes adjustments through the December 2006 meeting of the Emergency Board
 * Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Lottery collects revenues from traditional and video lottery gaming. It pays player prizes and its operating expenses out of these revenues and then transfers the balance (net profits) to the Department of Administrative Services (DAS) Economic Development Fund (EDF). DAS then distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific Legislative allocations. The amounts outlined in this bill are based on the Lottery forecast from the DAS Office of Economic Analysis as of May 15, 2007. As actual amounts vary, the allocations or distributions set forth within may also vary – in some cases requiring related expenditure limitation adjustments.

The Oregon Lottery transfers Lottery Funds to the Administrative Services Economic Development Fund (EDF) on a quarterly basis. From each quarterly transfer, a number of dedicated distributions are required by the Oregon Constitution or are provided for in Oregon Revised Statutes (ORS), including:

- The Oregon Constitution requires that 18 percent of net proceeds be distributed to the Education Stability Fund;
- The Oregon Constitution requires that 15 percent of net proceeds be distributed to the Parks and Natural Resources Fund;
- Oregon Statute requires that 2.5 percent of net proceeds of video lottery gaming be distributed to the counties for economic development projects. Beginning with the 2005-07 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 are also funded from this source;

- Effective July 1, 2007, Oregon Statute eliminates sports-related lottery games and instead requires that one percent of net profits be distributed to the Sports Lottery Account for sports programs at state institutions of higher education and for scholarships. This results in 7 quarters of distribution under the new program during the 2007-09 biennium;
- Oregon Statute requires that one percent of net profits be transferred to the Department of Human Services for Gambling Addiction treatment. During the 2007-09 biennium, the Department will be directed to return \$2,000,000 of unspent funds distributed but for which expenditure limitation is not provided;
- Oregon Statute requires that one percent of the net profits, not to exceed \$1.53 million annually, adjusted biennially pursuant to certain changes in the Consumer Price Index, be transferred to the County Fair account;
- Oregon Statute requires that annual debt service payments for outstanding Lottery Bonds be satisfied before allocating for other purposes.

Finally, the Legislature makes other allocations from the EDF within authorized public purposes. These purposes include job creation, economic development and public education. Currently, the bulk of allocations are made to the Department of Education for the State School Fund and to the Oregon Economic and Community Development Department for various program expenditures. During the 2007-09 biennium, debt service requirements will comprise approximately 12 percent of the total distributions from this account.

Debt service allocations are paid annually in the first quarter of each fiscal year. Interest earned on the EDF remains within the fund itself. If at the end of any quarter funds remain undistributed, they will remain in the EDF for allocation in future quarters. If in any quarter, revenue in the EDF is insufficient to pay for quarterly distribution of allocations, DAS will first fund debt service obligations. Remaining revenues will be distributed in a prorated manner.

Summary of Subcommittee Action

Allocation of Lottery Revenue

House Bill 5035 allocates lottery revenue from the EDF. The amounts outlined in this bill are based on the Lottery forecast from the DAS Office of Economic Analysis as of May 15, 2007. The attached Table A-1 displays the Lottery Funds allocated by the Subcommittee from the EDF. The allocations are summarized below.

- A total of \$167.5 million Lottery Funds is allocated for debt service for outstanding and proposed bonds to the Department of Education, Department of Higher Education, Housing and Community Development Department, Economic and Community Development Department, Department of Transportation, and the Department of Administrative Services (for Oregon Public Broadcasting bonds). New lottery bonds for the 2007-09 biennium include the following:

Connect Oregon II

The Legislature authorized the sale of lottery bonds for the second phase of an initiative funding multimodal transportation projects. The funds will finance loans and grants to public bodies and private entities for public transit and air, marine, and rail transportation projects.

Housing: Homeless Assistance

The sale of lottery bonds was authorized to leverage existing state and local resources to create 150 new units of permanent housing for homeless families, adults, and youth. Support services for the homeless will also be funded.

Infrastructure Funds

The Legislature authorized lottery bonds to recapitalize the community infrastructure fund administered by the Oregon Economic and Community Development Department. These funds are primarily used by local communities for public works and water/wastewater infrastructure projects. Because the bonds will be issued late in the biennium, no funding was needed for debt service in 2007-09. The debt service for the 2009-11 biennium is expected to be about \$4.3 million.

Higher Education Capital Repair

The sale of lottery bonds was authorized for capital repair projects in the Oregon University System in order to maintain facilities and keep the deferred maintenance backlog from growing.

Coos Bay Channel Project

The Legislature authorized lottery bonds to deepen and widen the deep draft navigation channel in the Port of Coos Bay. The State's investment is critical in securing federal Corps of Engineers support and approval. This project is essential to developing a major intermodal container terminal for Coos Bay Harbor in partnership with private sector investors.

TriMet South Corridor Project

The Legislature authorized lottery bonds to extend the light rail system from downtown Portland to Milwaukie. The State's investment is expected to leverage significant levels of federal matching funds. Because the bonds will be issued late in the biennium, no funding was needed for debt service in 2007-09. The debt service for the 2009-11 biennium is expected to be about \$44.9 million.

Streetcars

The sale of lottery bonds was authorized to provide funds for the manufacture of streetcars for the Eastside Streetcar Line in Portland. This will assist in the expansion of the fixed rail transit system and is expected to foster development of an important industry in Oregon. Because the bonds will be issued late in the biennium, no funding was needed for debt service in 2007-09. The debt service for the 2009-11 biennium is expected to be about \$3.6 million.

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Oregon Public Broadcasting

The Legislature authorized lottery bonds for Oregon Public Broadcasting, who must respond to a federal mandate to switch to digital from analog television broadcasting. Investment of State funds will ensure that towers and other necessary infrastructure is in place before the February 2009 deadline so that service will not be interrupted in more remote areas of the state – including the Columbia Gorge, the Oregon coast, and much of Eastern and Southern Oregon. Bonds authorized in 2001 helped fund the switch to digital in the more populated areas of Oregon.

Hillsboro Parking Structure

The Legislature authorized lottery bonds to build a parking structure associated with a medical facility in Hillsboro. Because the bonds will be issued late in the biennium, no funding was needed for debt service in 2007-09. The debt service for the 2009-11 biennium is expected to be about \$1.3 million.

- The State School Fund is allocated \$634.1 million Lottery Funds.
- The Department of Administrative Services is allocated \$35,190 for transfer to the Department of Agriculture for administration of county fairs.
- A total of \$67.4 million Lottery Funds is allocated for the Economic and Community Development Department. This includes \$18.5 million for Operations, \$43.3 million for the Oregon Community Development Fund, and \$1.3 million for the Film and Video Office. It also includes a number of targeted enhancements:
 - \$1.7 million Strategic Reserve for workforce investments;
 - \$1.4 million for Targeted Service Providers, to support the under-served populations of minority- and women-owned businesses and small businesses in rural or distressed communities;
 - \$500,000 for the Oregon Main Street Program, to preserve and restore Oregon's historic downtowns;
 - \$250,000 for targeted workforce training;
 - \$500,000 for a grant to the City of Eugene for facilities and other costs related to the 2008 Olympic Trials.
- The Office of the Governor is allocated \$2.1 million Lottery Funds for the Economic Revitalization Team. Half of this funding will come from the 2.5 percent of video lottery proceeds that are dedicated to county economic development.

Lottery Funds Expenditure Limitation

Lottery Funds expenditure limitation related to these allocations are generally contained within the respective agency budget bills. However, in some cases, decisions were made after agency budgets were finalized. The Subcommittee approved the following Lottery Funds expenditure limitation actions within this bill:

Department of Administrative Services

- An increase of \$168,703 Lottery Funds expenditure limitation for debt service on bonds authorized for Oregon Public Broadcasting.

Oregon Economic and Community Development Department

- An increase of \$449,647 Lottery Funds expenditure limitation for debt service on bonds authorized for the Coos Bay Channel project.
- A decrease of \$59,765 Lottery Funds expenditure limitation and an increase of \$2,130,000 Other Funds expenditure limitation for debt service on existing bonds, to correct the agency's budget bill, Senate Bill 5508.
- An increase of \$5,250,000 Lottery Funds expenditure limitation for the Oregon Translational Research and Drug Development Institute (OTRADI), which is a signature research center in support of drug development in the area of infectious diseases. There is also an increase in Lottery Funds expenditure limitation of \$200,000 for the Strategic Reserve to provide leadership training.

The Subcommittee discussed the performance measures related to the policy package for the Oregon Innovation Council (Oregon InC) as detailed in the budget note below.

Budget Note

The Oregon Innovation Council (Oregon InC) is directed to identify the targets related to the following performance measures and report on those targets to the Joint Legislative Audit Committee at the first meeting following adjournment of the 74th legislative assembly, and to report to the 75th meeting of the legislative assembly on the outcomes from these measures.

1. Package Outcome Measure #1: Leverage of federal, private and foundation dollars.
2. Package Outcome Measure #2: Successful commercialization of Oregon technology resulting in one or more of the following: new jobs, retained jobs, increased state revenue, new start-up companies and/or recruitment of companies to Oregon.
3. Program Specific Outcomes:
 - a. Food Processing Initiative: Proposed Outcome Measure: Estimated productivity enhancements (in millions of dollars) for Oregon companies as a result of: 1) direct assistance from the Innovation and Productivity Center; and/or 2) the adoption of new technology facilitated by the Innovation and Productivity Center.
 - b. Seafood Initiative: Proposed Outcome Measure: Number of direct jobs retained and direct jobs created in Oregon's seafood industry.
 - c. Manufacturing Initiative: Proposed Outcome Measure: Increase (by percentage and in millions of dollars) in the volume of applied manufacturing research conducted at Oregon Universities with federal funding and/or industry match.
 - d. Wave Energy: Proposed Outcome Measure: Megawatts generated from ocean wave energy facilities on the Oregon Coast.

- e. Bio-Economy and Sustainable Technologies (BEST) Signature Research Center (SRC): Proposed Outcome Measure: Increase (by percentage and in millions of dollars) in the volume of research in the areas of bio-fuels, bio-products and/or green building conducted at Oregon Universities with federal funding and/or industry match.
- f. Oregon Nanoscience and Microtechnologies Institute (ONAMI) SRC: Proposed Outcome Measure: Number of technologies developed in partnership with ONAMI that are commercialized by start-up and/or existing Oregon companies; and leverage of federal and private funding for ONAMI research.
- g. Translational Research and Drug Development Institute (OTRADI) SRC: Proposed Outcome Measure: Revenue (in millions of dollars) generated by royalties and licenses for translational research conducted by OTRADI; and increase (by percentage and in millions of dollars) in the amount of federal, private and foundation funding for research and development in the areas of drug discovery and infectious diseases.

Education Stability Fund

A constitutional amendment approved by Oregon voters in 1997, and amended in 2002, requires that 18 percent of net lottery proceeds be transferred to the Education Stability Fund. Interest earnings on this fund are continuously appropriated for the benefit of education programs. These earnings are split 75 percent to the Oregon Education Fund, which is currently used to help pay debt service on Lottery bonds that were previously issued for the Department of Education, and 25 percent to the Oregon Student Assistance Commission (OSAC).

Parks and Natural Resources Fund

Ballot Measure 66, approved by Oregon voters in 1998, requires 15 percent of net lottery proceeds to be transferred to the Parks and Natural Resources Fund. This fund is continuously appropriated for the benefit of State Parks and other natural resource agencies.

County Economic Development

Oregon Statutes require that 2.5 percent of net proceeds of video lottery gaming be distributed to the counties for economic development projects. Beginning with the 2005-07 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 have also been funded from this source.

Gambling Addiction

The 1999 Legislature statutorily dedicated one percent of net lottery proceeds to be transferred to the Department of Human Services to fund gambling addiction programs in the state. The Department will be directed to return \$2.0 million of unspent funds previously distributed, but for which expenditure limitation is not provided in the 2007-09 biennium.

Higher Education Sports Programs

Effective July 1, 2007, the 2005 Legislature statutorily dedicated one percent of net lottery proceeds to be transferred to the Department of Higher Education for distribution to institutions to offset the costs of intercollegiate athletic programs and for academic scholarships.

County Fairs

The 2001 Legislature statutorily dedicated one percent of net lottery proceeds, with certain limitations, for distribution to county fair programs throughout the state.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5035-A

**ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT
DEPARTMENT OF ADMINISTRATIVE SERVICES
Linda Ames - 503-378-4366**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007-09 GOVERNOR'S BUDGET *	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0.00
SUBCOMMITTEE ADJUSTMENTS									
Economic and Community Development Department									
900-00: Lottery Bond Debt Service	0	449,647	0	0	0	0	449,647	0	0.00
Debt Service - Coos Bay Channel Project	0	(59,765)	2,130,000	0	0	0	2,070,235	0	0.00
Adjustment to existing debt service	0	5,250,000	0	0	0	0	5,250,000	0	0.00
200-00 Community Development Fund	0	200,000	0	0	0	0	200,000	0	0.00
Special Payments - OTRADI	0								
Special Payments - Strategic Reserve for Leadership Training	0								
TOTAL ADJUSTMENTS - OECCD	\$0	\$5,839,882	\$2,130,000	\$0	\$0	\$0	\$7,969,882	0	0.00
Department of Administrative Services									
099*: Special Government Payments	0	168,703	0	0	0	0	168,703	0	0.00
Debt Service - new OPB bonds	\$0	\$6,008,585	\$2,130,000	\$0	\$0	\$0	\$8,138,585	0	0.00
SUBCOMMITTEE RECOMMENDATION *	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
% Change from Governor's Budget									

* Excludes Capital Construction expenditures

2007-09 Total Projected EDF Resources	1,392,224,599
Less: Education Stability Fund Distribution	(236,906,936)
Less: Parks and Natural Resources Distribution	(197,422,447)
2007-09 NET PROJECTED EDF RESOURCES	957,895,216

2007-09 LAB Allocations	New Lottery Funds Allocation	Beginning Lottery Balance	Other and Interest Earnings	LAB Expenditure Limitation	Ending Lottery Balance
ECONOMIC DEVELOPMENT FUND					
COUNTY VIDEO ECONOMIC DEVELOPMENT FUNDS					
Transfers to Counties (Allocation only)	45,182,914	NA	NA	NA	NA
Office of the Governor Economic Revitalization Team	1,073,056	0	0	1,073,056	0
DEBT SERVICE COMMITMENTS					
Department of Education Bonds outstanding prior to 2005-07	41,874,677	1,594,251	1,705,711	44,331,642	842,997
Department of Higher Education Outstanding bonds	7,948,180	21,492	0	7,969,672	0
Proposed bonds	5,329,137	0	0	5,329,137	0
Economic and Community Development Dept. Outstanding bonds	57,726,272	212,499	0	57,938,771	0
Proposed bonds - Coos Bay Channel Project	449,647	0	0	449,647	0
Housing and Community Services Dept. Outstanding bonds	4,396,584	64,176	5,676	4,456,647	9,789
Proposed bonds	1,476,120	0	0	1,476,120	0
Department of Transportation Outstanding bonds	41,579,216	49,248	0	41,628,464	0
Connect Oregon II	4,931,493	0	0	4,931,493	0
Department of Administrative Services Public Broadcasting Bonds - outstanding	1,605,934	22,304	0	1,628,238	0
Public Broadcasting Bonds - proposed	168,703	0	0	168,703	0
OTHER ALLOCATIONS					
Department of Higher Education Sports Programs	11,634,945	1,048,478	0	12,683,423	0
Department of Education State School Fund	634,142,231	0	0	634,142,231	0
Department of Administrative Services For Department of Agriculture County Fairs Admin.	35,190	0	0	35,190	0
Distribution to County Fairs	3,557,141	0	0	3,557,141	0
Economic and Community Development Dept. Operations	18,514,986	329,986	0	18,284,972	560,000
Oregon Community Development Fund	43,269,190	8,104,745	539,500	50,130,895	1,782,540
Strategic Reserve for Workforce	1,700,000	0	0	1,700,000	0
Targeted Service Providers	1,350,000	0	0	1,350,000	0
Oregon Main Street	500,000	0	0	500,000	0
Targeted Workforce Training	250,000	0	0	250,000	0
Olympic Trials	500,000	0	0	500,000	0
Film and Video	1,281,695	0	0	1,281,695	0
Office of the Governor Economic Revitalization Team	1,073,056	33,513	0	1,048,569	58,000
Department of Human Services Gambling Addiction Treatment	13,161,496	201,360	0	13,161,000	201,856
TOTAL ECONOMIC DEVELOPMENT FUND	\$844,711,863	\$11,682,052	\$2,250,887	\$910,006,706	\$3,455,182

REMAINING EDF RESOURCES AVAILABLE FOR ALLOCATION 13,183,353

2007-09 LAB Allocations	New Lottery Funds Allocation	Beginning Lottery Balance	Other and Interest Earnings	LAB Expenditure Limitation	Ending Lottery Balance
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EDUCATION STABILITY FUND / OREGON EDUCATION FUND					
Student Assistance Commission Opportunity Grant	6,929,176	2,950,000	0	9,879,176	0
Department of Education Education bonds outstanding	20,787,526	4,414,725	0	12,083,447	13,118,804
TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND	\$27,716,702	\$7,364,725	\$0	\$21,962,623	\$13,118,804

Flow of Funds - Oregon State Lottery

