From: salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To: CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject: [Salem Update] Governor"s Recommended Budget
Date: Tuesday, December 02, 2008 8:41:11 AM
Attachments: GRB_FactSheet2009-11_v5.docx
ATT9801087.txt

With apologies for the delay in getting this out, here is a link to a release that outlines the Governor's Recommended Budget (GRB):

http://governor.oregon.gov/Gov/P2008/press_120108.shtml

I have attached a summary prepared by the Oregon University System (OUS).
<<GRB_FactSheet2009-11_v5.docx>>

For more detailed information, here is a link to the higher education section in the GRB:
http://www.oregon.gov/DAS/BAM/docs/Publications/GRB0911/B_Education.pdf
(Once in the PDF, go to p. B-14.) While you will find a number of interesting elements in the document, you will not find a definitive way to determine the extent of reductions from the current level of spending -- the Essential Budget Level (EBL) which is the amount that would be required if the same level of service provided this biennium were to be extended to the next one.

For reactions to the budget:

A link to a release from Senate President Peter Courtney (D-Salem) and Senator Margaret Carter (D-Portland) taking the budget to task for its cuts to human services and corrections: http://www.leg.state.or.us/press_releases/courtney_120108.pdf

A link to a release from Senate Republican Leader Ted Ferrioli (R-John Day) criticizing the taxes included in the Governor's proposal and calling for greater fiscal restraint: http://www.leg.state.or.us/press_releases/sro_120108.pdf

And finally, a link to a release from Speaker of the House designee Dave Hunt (D-Clackamas County) calling the effort a good first step but in need of work:
http://www.leg.state.or.us/press_releases/hdo_120108.pdf

Items not mentioned in the OUS summary include a 1.7% reduction applied to the OSU Statewide Public Service Programs (Agricultural Experiment Station, Extension, Forest Research Lab) and other public services and academic support and institutional management services across the system. Extension is targeted for an additional $1 million programmatic reduction.

The budget includes a $16 million reduction to OUS that may or may not be recovered by tapping into the Educational Stability Fund. If the Governor has his way, that decision will wait until February 2010. Given our recent experience in gaining

access to funds the legislature sets aside for the future, it would be prudent not to bank on this release.

For a glass-half-full view of the budget, the Governor's proposal has $53.1 million more in General and Lottery Funds than the budget approved by the legislature for the current biennium ($949.5 million vs. $896.4 million). Many other state agencies faired far worse, especially considering their increased case loads.

For a glass-half-empty view, the General Funds devoted to Higher Education E&G (classroom services) are 4.3 percent below the EBL. The overall budget relies on a number of tax proposals such as increasing the corporate minimum and cigarette taxes that were included in the Governor's last biennium, but were rejected by the legislature and Oregon voters.

Monday's budget release is a first step in a long process that will be dominated by future economic forecasts which will ultimately determine the success of lobbying efforts aimed at reversing cuts to critical programs. In the midst of a national recession, the proposal demonstrates an intent to minimize the damage to education programs across the entire spectrum, from pre-kindergarten through graduate school.

Whether the proposal sticks will depend on an economy that is far more turbulent and uncertain than in previous biennia. With no expectation of a favorable forecast on the horizon, it is probably safe to say that it won't get any better than this, and it could get far worse. It will be some time before we can say how the proposed reductions will affect OSU programs.

The next significant step in the process will be the convening of the Legislative Assembly on Monday, January 12. In late February the next quarterly revenue forecast will indicate whether further cuts need to be taken from the current biennium and will guide the development of an alternative budget crafted by the Joint Ways and Means Committee. But legislators will not make any final decisions until May when the next quarterly forecast is issued. That forecast will include information about income tax receipts based on the April 15 tax deadline, and will be used to guide "final" budget decisions. "Final" because it is likely a number of decisions will be punted to February 2010, when the legislature is likely to reconvene in another supplemental session.

Questions, concerns, etc, do not hesitate to give me a call.

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