From:	salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To:	CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject:	[Salem Update] Ways and Means Subcommittee approves OUS budget
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Attachments:	devlinletter (6-15).doc ATT6997778.txt

Ways and Means Subcommittee approves OUS budget

With Rep. Larry Galizio (D-Tigard) the sole dissenting vote, the Joint Ways and Means Education Subcommittee approved the budget for the Oregon University System this morning. The budget includes several "add-backs" that reduce a number of targeted reductions from the 15% range as proposed in the co-chairs' budget last month to between 5 and 10%. A significant exception was a 25% cut to the Chancellor's office that remained unchanged.

Galizio's dissent was based on a legislative leadership agreement to devote $7 million in general funds to a "tuition buy down" across the system. The presidents of the three larger institutions had urged budget writers not to use general funds for tuition buy down, but rather to invest in additional class sections. A copy of that letter is attached.

<<devlinletter (6-15).doc>>

Galizio – and many of the members of the Subcommittee believe that a total of $14 million should be used to pay for additional class sections, rather than splitting these funds into class sections and a tuition buy down. As it stands, tuition for OSU and the other large universities will be essentially capped over the next biennium to 8% increases for each of the next two academic years. Final decisions regarding tuition levels at all the campuses are slated for the July meeting of the State Board of Higher Education.

Specific "add-backs" of interest to OSU

Agricultural Experiment Station, Extension Service and Forest Research Laboratory. The subcommittee added general funds to the Co-Chairs' budget for the OSU Statewide Public Service Programs, resulting in a 10% reduction from the Essential Budget Level. It may be useful to recall the history of possible reductions that had been considered for these programs over the legislative session. In response to a call from the legislature to balance the budget with no additional revenues, OUS had a one point considered a 50% cut for Extension. The all-cuts budget issued by the Legislative Fiscal Office in mid-session had suggested 30% cuts for all three statewide programs. In May the Co-Chairs had proposed a 15% reduction.

Campus Service Programs. The subcommittee added general funds to reduce cuts to the various campus based public service programs to a 5% level. At one point in the budget process, these programs had been targeted for 60% reductions. Programs important to OSU that benefit from the additional general funds include: the Institute for Natural Resources, Climate Change Research Institute, and

Veterinary Diagnostic Laboratory. The budget also carried forward funding in the next biennium for the bee research and extension positions that had been funded by the legislature last summer.

Small School Subsidy. The subcommittee also added some $6 million for the regional universities, including the OSU Cascades Branch Campus in Bend.

One program not on the list for add-backs is the Engineering and Technology Industry Council, which is currently listed for 15% reductions. During today's subcommittee meeting Rep. David Edwards (D-Hillsboro) indicated that he will be working to reduce the reductions between now and the end of the session through including funds in an end of session budget reconciliation bill.

We're not out of the woods yet

It is worth remembering a number of factors before counting on any of the $30 million that were added back in today's action -- as well as any of the other elements in the budget:

1. Oregon's unemployment rate was reported this week at 12.4%, creating an expectation that the revenues for the next biennium will fall below the number forecasted just last month. With the next forecast due in September, we could see declines that may need to be addressed through future budget reductions.

2. The general funds that were added today to the co-chairs' budget as well as the funding levels that were included in the co-chairs' budget, rely on over $700 million in tax increases that were approved by the House and Senate last week. If the revisions and increase in the corporate minimum taxes and the increase in individual tax rates for those earning over $125,000 are referred to Oregon voters and are repealed, all state-funded enterprises will face budgets that will look more like the "all cuts" budget that was issued following the February revenue forecast. That budget called for approximately 30% reductions across the board.

3. Distribution of enrollment growth money and tuition revenues will be a matter of discussion at OUS and will likely be the topic of some push and pull among and between the campuses.

Where do we go from here?

The full Ways and Means Committee will likely consider the budget later this week, and from there it will be considered first on the House and then on the Senate floor.

Two fiscal issues remain to be resolved during the remaining week or so of the session: the OUS capital budget and a possible add-back for ETIC.

The OUS capital budget has yet to be approved by the Ways and Means Subcommittee on Capital and Information Technology. That Subcommittee took public testimony on Monday. OSU President Ed Ray appeared before the committee urging it to support a shift of funds that will enable OSU to compete for federal

funding for a marine mammal building at the Hatfield Marine Science Center in Newport.

Two other donor-financed projects in the capital budget appear to be faring well – the $12 million Hallie Ford Center and the $14 million Student Success Center.

ETIC will be a matter for consideration in a session ending reconciliation bill.

If you have questions, comments or concerns -- please contact me directly.

Jock

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