From:	salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To:	CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject:	[Salem Update] A brief end of session review
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Attachments:	OUSRelease_2007-09budget_6-26-07_v5.doc FactSheetOUS_Budget07-09_v6.doc ATT6079143.txt

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The legislature adjourned shortly after noon today. This update provides a brief summary of how OSU fared during the 2007 legislative session. More comprehensive information is attached from the Oregon University System. And you are always welcome to call me if you have questions or concerns.

First, the good news: In short – this was the millennium's best legislative session for higher education. Accomplishments include:

- Significant increases in the operating budget for the Oregon University System, including increases for enrollment, faculty salaries, and reducing the faculty/student ratio over the levels recommended by the Governor;
- $561 million in capital construction projects across all seven OUS campuses, including over $31 million in Article XI-G bonds for the construction of a new LPI/Chemistry building at OSU; and
- Increases in funding and revamping student financial aid to enable a sliding scale grant program intended to reach more students and to provide more assistance.

The legislature also approved a number of targeted programs and funding increases, both in the OUS budget and in other state agencies, including:

- $15 million increase for the Engineering Technology Industry Council recommended programs;
- $28 million for new programs recommended by the Oregon Innovation Council (Oregon Inc), including: $5.25 for the Oregon Translational Research and Drug Discovery Institute (OTRADI), $2.5 million for the Bio-Economy and Sustainable Technologies Research Center (BEST), $3.4 million for the Food Processing Innovation & Productivity Initiative, $900K for the Community Seafood Initiative, $2.9 million for the Manufacturing Initiative, $4.2 million for the Wave Energy Initiative, and $9 million for the existing Oregon Nanoscience and Microtechnologies Institute (ONAMI).
- $5 million increase for OSU's Statewide Public Service Programs (Extension, Agriculture Experiment Station, and Forest Research Lab.)

Now, the sobering news: While the budget may be the best we've seen in this millennium, it's been a pretty short millennium so far, and the budgets of the past have been especially short for higher education. Neither the budget recommended by the Governor, nor the one passed by the legislature reaches the level that was recommended by the State Board of Higher Education. Even the legislators who approved the budget acknowledged that the funding increases were inadequate. Simply put, the budget adopted for the next biennium is a first, and significant, step in

the right direction, but it does not erase a decade of decline.

Final budgets for the individual institutions will not be determined until September, once the state board has had an opportunity to review how the "Resource Allocation Model" spreads money among the seven campuses based on their enrollments and the costs of the programs they offer.

Nevertheless, it is possible to anticipate that over the next biennium – which officially begins on Sunday – OSU can look forward to some stability. The one-time reductions that were required in order to balance the current year's budget will have to stick and there is no funding for new academic endeavors unless the cost of those endeavors are taken from some other program. But we are not looking at additional reductions through the biennium, and modest salary increases may be able to be funded without a raid on programmatic funds.

What happens next? The OSU Budget Office will be working across the colleges and programs at OSU to distribute more comprehensive information about the budget. Nothing will be finalized until the board determines an equitable process for distributing the funds.

There are a number of observations that can be drawn from the preceding six months:

1. Legislators like targeted investment programs. The significant increases contained in the Oregon Inc. and ETIC programs belie the fact that targeted programs are trophies that legislators can take home. This trend will not change in future sessions.

2. Oregon's newspapers helped. The editorial pages of Oregon's largest newspapers provided significant support for increased core funding for OUS institutions. Special appreciation is due to the *Oregonian's* David Sarasohn who doggedly made the case for investing in Oregon's universities.

3. A number of legislators stand out as true champions for higher education:

    - As Chair of the Revenue Committee and as a member of the Ways and Means Education Subcommittee, Sen. Ryan Deckert (D-Beaverton) not only provided support for increased expenditures – he also worked to provide the revenues needed to support the budgets.
    - Sen. Richard Devlin (D-Lake Oswego) demonstrated the most in depth knowledge of the OSU capital investments and consistently advocated for increased investments in higher education.
    - Rep. Phil Barnhart (D-Eugene) chaired the House Revenue Committee and participated as a stalwart advocate for increased investments in higher education on the Ways and Means Education Subcommittee. Barnhart also led the Higher Education Caucus that served to alert members from both chambers of the need to support higher education.
    - Sen. Frank Morse (R-Albany/Corvallis) advocated for increased funding for higher education from his position on the Education Subcommittee.

Many other legislators helped improve the picture for higher education. The challenge ahead is to demonstrate that the limited increased investments they have made in higher education are actually resulting in landmark improvements. Over the coming months, my hope is to work across the campus to demonstrate our gratitude for the first, significant step that has been taken, and second, to demonstrate how continuing in that direction will result in a better Oregon across the state.

☞ On Saturday, June 30th at 9:30 AM, local legislators will provide a summary of the session at the Corvallis/Benton County Public Library.

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