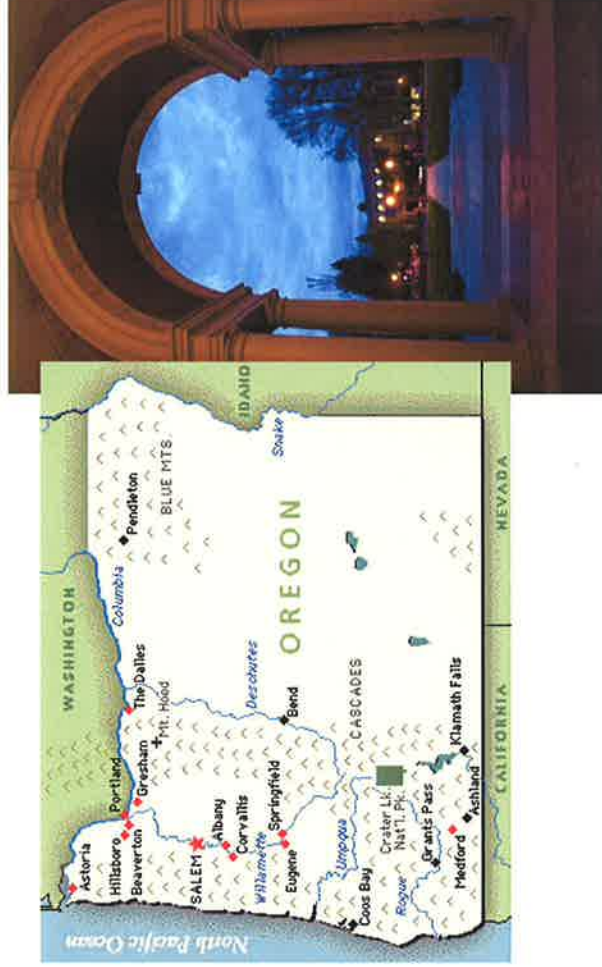




Oregon University System

# Oregon University System 2009-2011 Operating Budget



Presented by:  
Jay Kenton  
Vice Chancellor for Finance and Administration

Oregon University System

# Agenda

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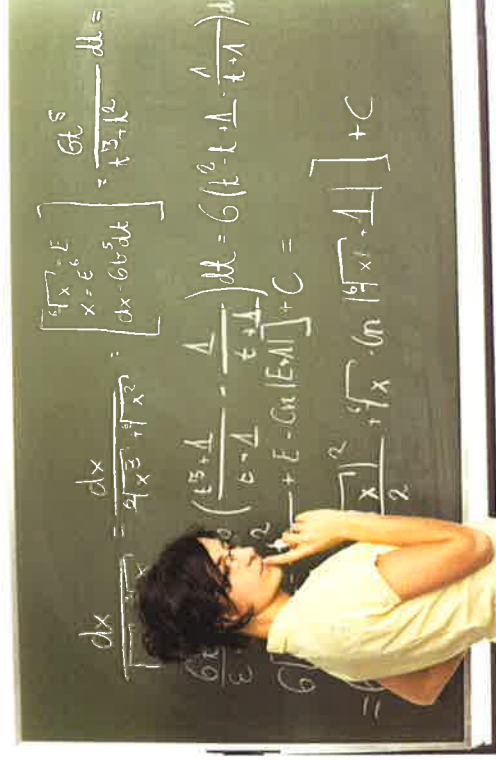
- Report on 2007-09 Budget Notes
- Reconciliation of the 2007-09 Legislatively Approved Budget (LAB) with the 2009-11 Essential Budget Level (EBL) and the 2009-11 Governor's Budget Request (GRB)
- Report on OUS Education and General and Statewide Public Services Revenues and Expenses
- Concluding Remarks

# 2007-09 Budget Note Follow-up

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**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.



# Faculty Salaries and Total Compensation

## Faculty Salaries (excluding benefits) Compared to Peers

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
EOU	81.6%	77.6%	77.2%	80.1%	86.0%	85.2%	81.8%	79.5%	
OIT	93.6%	90.3%	90.5%	89.1%	85.4%	87.9%	87.7%	82.7%	
OSU	90.8%	87.4%	86.9%	87.5%	85.8%	84.8%	85.0%	84.8%	
PSU	86.7%	85.9%	86.2%	87.0%	86.6%	83.0%	87.0%	83.6%	
SOU	89.6%	84.9%	85.3%	86.4%	84.3%	83.4%	82.6%	84.0%	
UO	81.8%	79.2%	80.6%	81.7%	79.7%	81.5%	78.6%	79.1%	
WOU	81.9%	89.8%	90.2%	89.0%	84.9%	81.8%	85.4%	87.1%	
<b>OUS Average</b>	<b>86.6%</b>	<b>85.0%</b>	<b>85.3%</b>	<b>85.8%</b>	<b>84.7%</b>	<b>83.9%</b>	<b>84.0%</b>	<b>83.0%</b>	<b>84.5%</b>

Source: OUS Fact Books and University Profiles

## Faculty Total Compensation (salaries plus benefits) Compared to Peers

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
EOU	87.2%	82.8%	84.0%	87.4%	86.0%	96.0%	93.7%	90.4%	
OIT	99.5%	96.3%	96.8%	97.3%	93.8%	99.9%	98.6%	94.0%	
OSU	94.4%	90.4%	90.3%	92.7%	91.2%	92.5%	92.6%	92.0%	
PSU	90.0%	89.2%	88.8%	91.2%	90.4%	90.3%	94.3%	90.7%	
SOU	94.8%	90.6%	91.9%	94.0%	92.0%	94.4%	94.1%	94.9%	
UO	85.6%	83.3%	86.2%	88.0%	86.1%	91.3%	88.4%	88.2%	
WOU	87.2%	94.6%	96.4%	96.2%	93.3%	91.7%	95.3%	96.1%	
<b>OUS Average</b>	<b>91.2%</b>	<b>89.6%</b>	<b>90.6%</b>	<b>92.4%</b>	<b>90.4%</b>	<b>93.7%</b>	<b>93.9%</b>	<b>92.3%</b>	<b>94.2%</b>

Source: 2008 OUS Performance Report

# 2007-09 Budget Note Follow-up

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## 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.

# 2007-09 Budget Note Follow-up

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## **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.



# 2007-09 Budget Note Follow-up

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## **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.

# 2007-09 Budget Note Follow-up

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## **Interest Earnings**

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.



# Budget Reconciliation

Item	General Funds	Lottery Funds
2007-09 LAB (before cuts)	\$893.2	\$ 26.0
2009-11 Salary/Health	31.3	0
Other EBL Adj. - inflation, O&M and debt	<u>34.5</u>	<u>8.6</u>
EBL - Agency Request Budget	959.0	34.6
Other Adj. - benefits and capital	(34.0)	(1.7)
EBL - Governor's Requested Budget	925.0	32.9
Cuts to Public Service, Support & Administration	(16.3)	0
Honeybee Research Roll-up	0.3	0
Investment Earnings	(13.9)	0
Climate Center	0.3	0
ETIC	3.0	0
Postsecondary Quality Education Commission	0.1	0
Capital	<u>18.0</u>	<u>0</u>
Governor's Requested Budget Totals	\$916.5	\$ 32.9

# Oregon University System - Reconciliation of 2007-09 LAB to the 2009-11 EBL and GRB



	State General Fund							Lottery			
	E&G	AES	ES	FRL	Subtotal	Debt Service	Capital	Total	Debt Service	Sports Action	Total
<b>07-09 Leg. Approved Budget through Mar 09 (a)</b>	710,935,340	62,415,272	45,158,836	6,979,652	825,489,100	39,384,932	28,327,500	893,201,532	13,298,809	12,683,423	25,982,232
<b>09-11 EBL salary &amp; health roll-up costs</b>	27,161,895	1,944,081	2,021,995	193,504	31,321,475	-	-	31,321,475	-	-	-
<b>09-11 other EBL adjustments</b>											
General inflation and other adj	4,920,809	402,985	245,608	63,458	5,632,860	-	-	5,632,860	-	-	-
Library inflation increases	290,073	-	-	-	290,073	-	-	290,073	-	-	-
Utilities increases	1,715,567	46,036	3,207	24	1,764,834	-	-	1,764,834	-	-	-
State Government Service Charges	335,741	29,560	27,759	3,417	396,477	(98,844)	-	297,633	-	-	-
New Building Operations & Maintenance	2,915,362	-	-	-	2,915,362	-	-	2,915,362	-	-	-
Climate Center Phase In	180,316	-	-	-	180,316	-	-	180,316	-	-	-
Debt Service/Lottery/Capital adjustments	-	-	-	-	-	23,614,293	-	23,614,293	8,288,684	355,136	8,643,820
Storm damage Phase-Out	-	-	-	(174,400)	(174,400)	-	-	(174,400)	-	-	-
<b>09-11 EBL, ARB</b>	<b>748,455,103</b>	<b>64,837,934</b>	<b>47,457,405</b>	<b>7,065,655</b>	<b>867,816,097</b>	<b>62,900,381</b>	<b>28,327,500</b>	<b>959,043,978</b>	<b>21,587,493</b>	<b>13,038,559</b>	<b>34,626,052</b>
PERS, PEBB, and other EBL adjustments	(7,137,716)	(674,745)	-	(52,549)	(8,429,792)	-	-	(8,429,792)	-	-	-
Debt Service/Lottery/Capital adjustments	-	-	-	-	-	2,769,527	(28,327,500)	(25,557,973)	(1,740,737)	70,944	(1,669,793)
<b>09-11 EBL, GRB</b>	<b>741,317,387</b>	<b>64,163,189</b>	<b>46,892,623</b>	<b>7,013,106</b>	<b>859,386,305</b>	<b>65,669,908</b>	<b>-</b>	<b>925,056,213</b>	<b>19,846,756</b>	<b>13,109,503</b>	<b>32,956,259</b>
Cuts to admin., support & public service	(14,421,065)	(146,821)	(1,669,407)	(65,254)	(16,302,547)	-	-	(16,302,547)	-	-	-
Honeybee research roll-up costs	-	167,546	111,491	-	279,037	-	-	279,037	-	-	-
POP 104 Investment Earnings	(13,918,248)	-	-	-	(13,918,248)	-	-	(13,918,248)	-	-	-
POP 107 Research/Sustain - Climate Center	325,000	-	-	-	325,000	-	-	325,000	-	-	-
POP 112 ETIC	3,000,000	-	-	-	3,000,000	-	-	3,000,000	-	-	-
POP 119 Post Sec. Quality Education	100,000	-	-	-	100,000	-	-	100,000	-	-	-
POP 401 Capital	-	-	-	-	-	-	18,000,000	18,000,000	-	-	-
<b>09-11 GRB</b>	<b>716,403,074</b>	<b>64,183,914</b>	<b>45,334,707</b>	<b>6,947,852</b>	<b>832,869,547</b>	<b>65,669,908</b>	<b>18,000,000</b>	<b>916,539,455</b>	<b>19,846,756</b>	<b>13,109,503</b>	<b>32,956,259</b>

(a) Excludes SB 5552-A cuts

# Oregon University System

## Education and General Fund and Statewide Public Service Fund - Updated 4/23/09

(\$ in millions)



Fiscal Year	***								2002-2009		Annual
	2002	2003	2004	2005	2006	2007	2008	Estimated 2009	\$ Change	% Change	Increase
Beginning Fund Balance	\$64	\$82	\$93	\$110	\$110	\$97	\$102	\$112			
Net tuition and fees	\$300	\$351	\$393	\$436	\$452	\$483	\$512	\$574	\$274	92%	10%
State Appropriations (Inst/CO)*	321	296	276	270	289	303	345	272	-49	-15%	-2%
State Appropriations (SWPS)*	46	45	47	43	49	51	55	52	6	12%	2%
Other Appropriations****	16	14	11	14	13	13	15	66	50	318%	23%
Indirect cost recoveries	37	39	43	47	50	49	52	51	14	37%	5%
Other revenue	21	21	20	25	26	29	32	35	14	65%	7%
<b>Total Revenue</b>	<b>\$741</b>	<b>\$768</b>	<b>\$789</b>	<b>\$834</b>	<b>\$879</b>	<b>\$927</b>	<b>\$1,011</b>	<b>\$1,050</b>	<b>\$309</b>	<b>42%</b>	<b>5%</b>
Salaries and wages	\$414	\$431	\$432	\$447	\$477	\$498	\$528	\$576	\$162	39%	5%
Other payroll expenses	158	171	173	201	235	241	251	284	126	80%	9%
Utilities	16	17	19	21	25	23	26	28	12	81%	9%
Assessments	7	7	7	8	9	9	13	13	6	96%	10%
Other expenses	129	132	140	157	147	151	183	186	57	44%	5%
<b>Total Expenditures</b>	<b>\$723</b>	<b>\$758</b>	<b>\$772</b>	<b>\$834</b>	<b>\$892</b>	<b>\$922</b>	<b>\$1,001</b>	<b>\$1,087</b>	<b>\$364</b>	<b>50%</b>	<b>6%</b>
<b>Net</b>	<b>\$18</b>	<b>\$10</b>	<b>\$18</b>	<b>\$0</b>	<b>-\$13</b>	<b>\$5</b>	<b>\$10</b>	<b>-\$37</b>			
Ending Fund Balance	\$82	\$92	\$110	\$110	\$97	\$102	\$112	\$75			
% of Total Expenditures	11%	12%	14%	13%	11%	11%	11%	7%			
<b>Enrollment (FTE)</b>	<b>67,056</b>	<b>70,681</b>	<b>71,284</b>	<b>71,557</b>	<b>71,672</b>	<b>71,328</b>	<b>71,919</b>	<b>75,714</b>	<b>8,658</b>	<b>12.9%</b>	<b>2%</b>
<b>\$ Per Student FTE</b>											
Net tuition and fees	\$4,468	\$4,972	\$5,517	\$6,098	\$6,307	\$6,772	\$7,119	\$7,581	\$3,113	70%	8%
State Appropriations (Inst/CO)*	\$4,787	\$4,193	\$3,867	\$3,767	\$4,033	\$4,249	\$4,797	\$3,592	-1,194	-25%	-4%
Employees (FTE) **	7,836	7,865	7,548	7,738	8,052	8,002	8,140	8,409	573	7.3%	1%
<b>\$ Per Employee FTE</b>											
Salaries and wages	\$48,652	\$50,296	\$52,334	\$52,719	\$54,250	\$57,052	\$59,330	\$63,529	\$14,877	31%	4%
Other payroll expenses	\$17,540	\$18,744	\$19,548	\$22,395	\$25,393	\$26,325	\$26,903	\$29,175	\$11,635	66%	8%
<b>OPE/Salary</b>	<b>36%</b>	<b>37%</b>	<b>37%</b>	<b>42%</b>	<b>47%</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>			

### Percentages of Total Revenues or Total Expenditures

Net tuition and fees	40%	46%	50%	52%	51%	52%	51%	55%
State Appropriations (Inst/CO)*	43%	39%	35%	32%	33%	33%	34%	26%
State Appropriations (SWPS)*	6%	6%	6%	5%	6%	5%	5%	5%
Other Appropriations	2%	2%	1%	2%	1%	1%	1%	6%
Indirect cost recoveries	5%	5%	5%	6%	6%	5%	5%	5%
Other revenue	3%	3%	3%	3%	3%	3%	3%	3%
<b>Total revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Salaries and wages	57%	57%	56%	54%	53%	54%	53%	53%
Other payroll expenses	22%	23%	22%	24%	28%	26%	25%	26%
Utilities	2%	2%	2%	3%	3%	2%	3%	3%
Assessments	1%	1%	1%	1%	1%	1%	1%	1%
Other expenses	18%	17%	18%	19%	16%	16%	18%	17%
<b>Total Expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

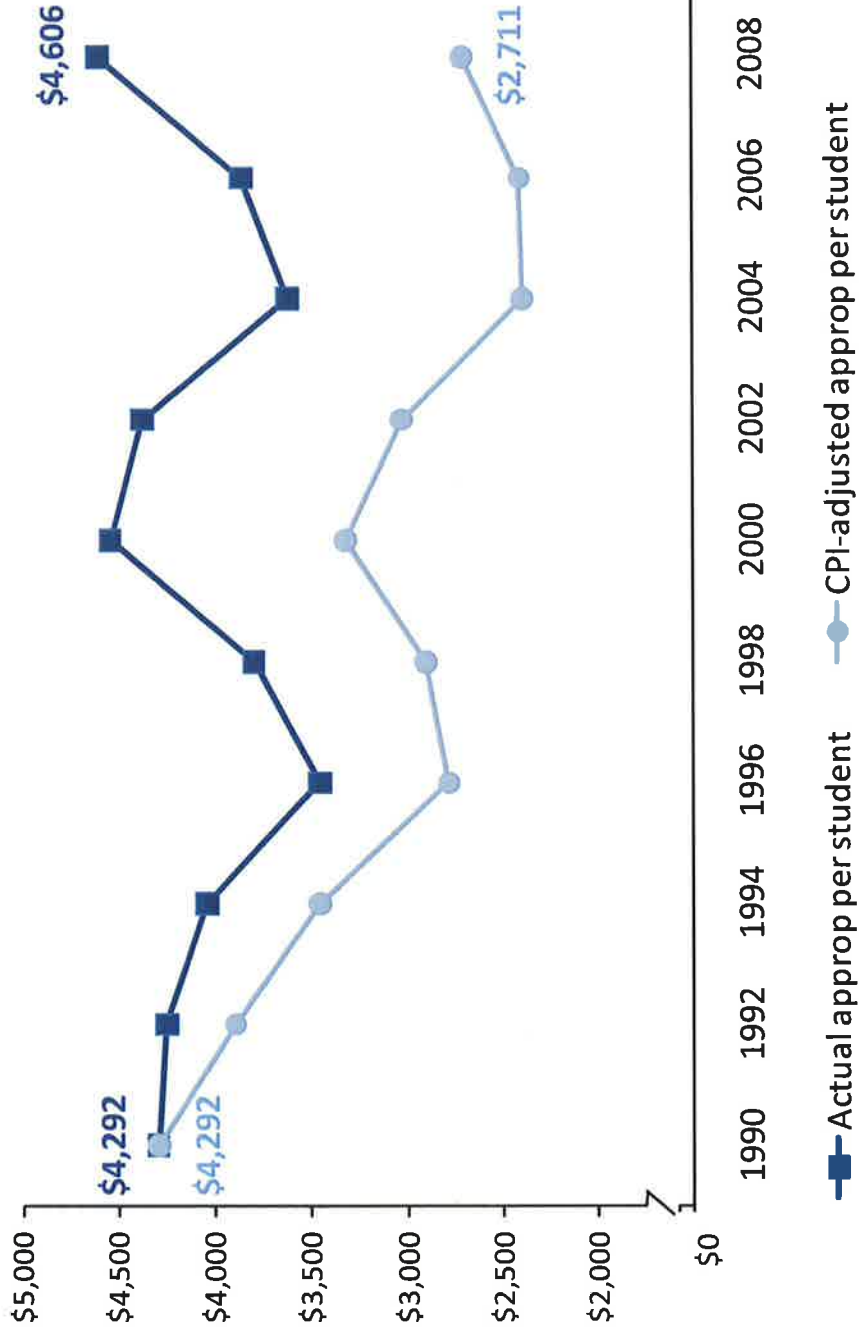
\* Excludes General Fund and Lottery Funds for debt service, capital and sports lottery.

\*\* Excludes student, graduate, and research assistants

\*\*\* Estimate is based upon Q3 projections which includes the additional 4% reduction in fund balance and expenses. Breakout is based upon Q3 y-t-d actual %'s.

\*\*\*\* 2009 includes \$56 million in Recovery Act funds.

# State Appropriation per Student Actual and CPI-Adjusted



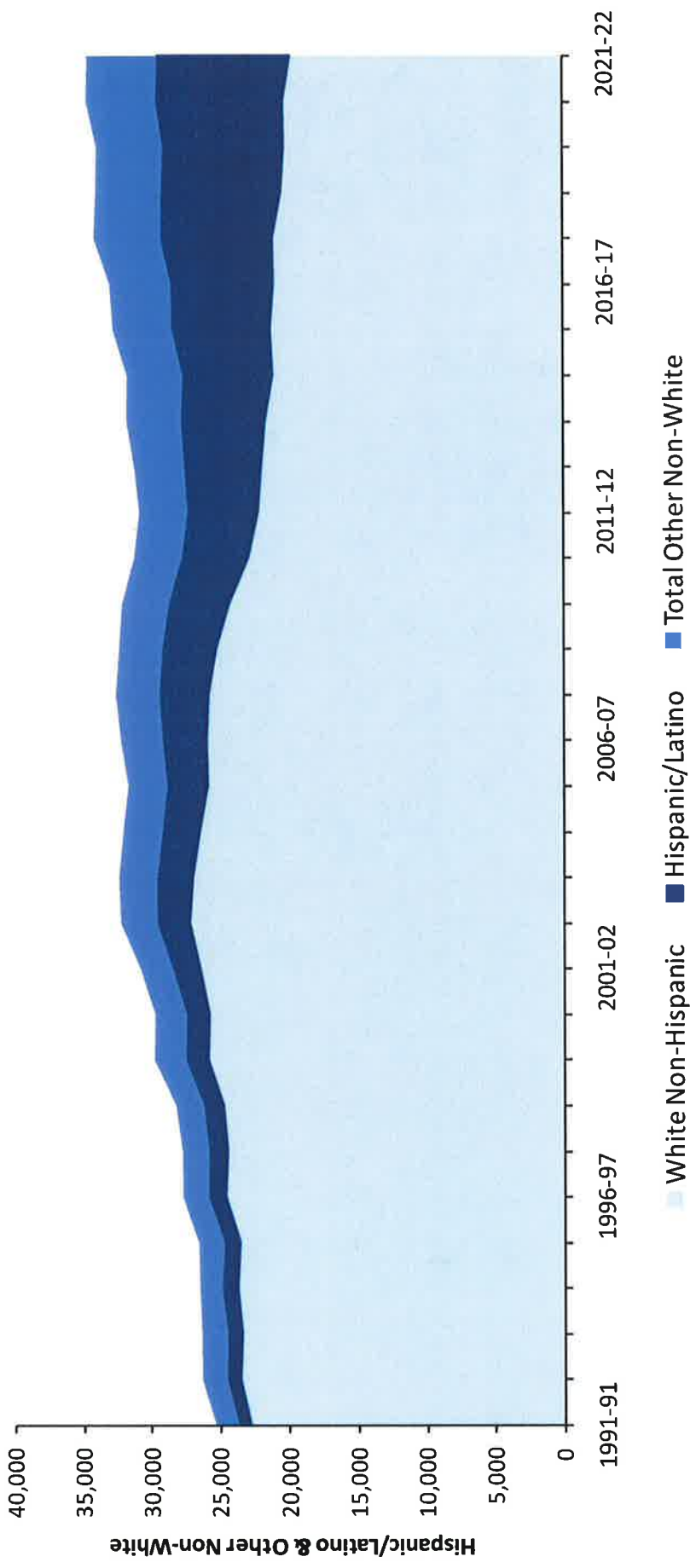
## Department of Administrative Services (DAS) Assessments to the Oregon University System 1999-01 through 2007-09

Assessment	1999-2001	2001-2003	2003-2005	2005-2007	2007-2009	2009-2011	\$ Change	% Change
Tort Liability	\$1,873,572	\$2,423,306	\$4,081,940	\$3,340,749	\$5,838,743	\$6,274,004	4,400,432	234.87%
Property Insurance	\$2,822,528	\$2,122,632	\$3,646,325	\$4,751,110	\$8,119,153	\$9,575,147	6,752,619	239.24%
Workers' Compensation	\$486,359	\$0	\$1,856,023	\$4,752,777	\$8,482,719	\$8,252,506	7,766,147	1596.79%
Risk Charges - subtotal	\$5,182,459	\$4,545,938	\$9,584,288	\$12,844,636	\$22,440,615	\$24,101,657	18,919,198	365.06%
IRMD Planning & Review	\$200,000	\$200,000	\$248,967	\$250,000	\$179,385	\$236,836	36,836	18.42%
IRMD E-Government	\$0	\$0	\$43,463	\$188,010	\$0	\$0	0	
IRMD - State Mail	\$87,345	\$77,940	\$116,268	\$118,765	\$157,867	\$143,142	55,797	63.88%
IRMD GIS	\$0	\$212,824	\$199,093	\$192,764	\$222,186	\$252,718	252,718	
IRMD - LINUS	\$0	\$0	\$0	\$38,760	\$0	\$0	0	
IRMD - Business Continuity Planning	\$0	\$0	\$0	\$56,867	\$0	\$0	0	
IRMD - Cybersecurity/Ent. Sec. Off.	\$0	\$0	\$0	\$704,629	\$211,947	\$297,212	297,212	
Strategic IT Mgmt.	\$0	\$0	\$0	\$91,176	\$0	\$0	0	
IRMD Subtotal	\$287,345	\$490,764	\$607,791	\$1,640,971	\$771,385	\$929,908	642,563	223.62%
Secretary of State Audit	\$1,812,177	\$2,106,477	\$2,181,107	\$2,524,247	\$2,873,701	\$2,996,302	1,184,125	65.34%
Director's Office	\$204,258	\$499,959	\$530,043	\$494,946	\$532,997	\$506,698	302,440	148.07%
Landscape Maintenance	\$29,092	\$40,971	\$33,911	\$36,152	\$46,279	\$0	(29,092)	-100.00%
Capitol Planning	\$30,707	\$39,870	\$0	\$0	\$0	\$0	(30,707)	-100.00%
Mall Plaza Debt Service	\$92,707	\$112,790	\$93,212	\$64,720	\$92,933	\$92,117	(590)	-0.64%
State Controllers	\$302,463	\$366,123	\$224,866	\$226,333	\$221,146	\$291,702	(10,761)	-3.56%
Budget & Management	\$626,868	\$744,908	\$785,948	\$992,227	\$877,504	\$887,370	260,502	41.56%
Archives	\$73	\$133	\$25	\$0	\$694	\$11,441	11,368	15572.60%
Central Government Service Charge	\$543,461	\$512,298	\$418,097	\$729,137	\$802,594	\$944,047	400,586	73.71%
Minority Women & Emerging Small Bus.	\$64,087	\$57,790	\$73,531	\$86,175	\$85,742	\$366,312	302,225	471.59%
Oregon Government Ethics Commission	\$0	\$0	\$0	\$0	\$0	\$206,287	206,287	
Banking Services (usage based)	\$316,232	\$418,782	\$482,634	\$748,187	\$450,937 *	\$389,100 *	72,868	23.04%
Project Management	\$8,915	\$0	\$0	\$0	\$0	\$0	(8,915)	-100.00%
DAS Property Management	\$11,927	\$0	\$0	\$0	\$0	\$0	(11,927)	-100.00%
Debt Management - Xi-F + Xi-G	\$155,817	\$219,247	\$270,104	\$200,628	\$270,815	\$309,893	154,076	98.88%
Debt Management - COPS	\$10,484	\$9,046	\$4,965	\$2,800	\$3,852	\$8,049	(2,435)	-23.23%
Debt Management - Lottery Bonds	\$0	\$0	\$0	\$9,417	\$10,370	\$23,477	23,477	
<b>Total</b>	<b>\$9,679,072</b>	<b>\$10,165,096</b>	<b>\$15,290,522</b>	<b>\$20,600,576</b>	<b>\$29,481,564</b>	<b>\$32,064,360</b>	<b>\$22,385,288</b>	<b>231.28%</b>

\* Estimates

State Appropriations	\$744.7	\$755.5	\$657.6	\$737.5	\$791.5
Assessments as % State Appropriations	1.30%	1.35%	2.33%	2.79%	3.72%
OUS Enrollments (2nd year of each bien.)	62,510	70,681	71,554	71,328	74,257
Assessments per Student FTE	\$154.84	\$143.82	\$213.69	\$288.81	\$397.02

# Projected Oregon Public High School Graduates by Race/Ethnicity, 1991-92 through 2021-22



Source: Western Interstate Commission for Higher Education, Knocking at the College Door, March 2008.



*Thank you for your continuing support  
and for your attention today.*

Questions?