

The State of Oregon appropriates General Fund (taxpayer dollars) and Lottery Funds to the seven public universities, mostly on a biennial basis, through the Higher Education Coordinating Commission (HECC). Funding for operations is appropriated in several categories (see table). HECC makes quarterly distributions of operational funding, with most categories allocated 49% in year one of the biennium and 51% in year two. Capital funding usually comes through authorization of state-paid debt for specific capital projects, although direct cash appropriations are possible for small, low-cost projects.

Operating Funding

The table shows the operating allocations to OSU for the 2019-21 biennium as well as total state allocations to all the universities. The **Public University Support Fund (PUSF)** is the largest allocation and is distributed to universities by formula, using the Student Success and Completion Model (SSCM). SSCM measures include credit hours taught, degrees awarded, and mission-specific activities.

2019-21 Biennial State Funding for Operations (in millions, after 2020 2nd Special Session reductions)			
Appropriation Category	Public Universities		OSU's share
Public University Support Fund	\$ 836.9	\$ 276.0	33.0%
State Programs (plus one-time/targeted)	\$ 44.6	\$ 23.6	52.8%
Statewide Public Services:			
Agricultural Experiment Station	\$ 74.3	\$ 74.3	100.0%
Extension Service	\$ 54.6	\$ 54.6	100.0%
Outdoor School	\$ 43.0	\$ 43.0	100.0%
Forest Research Laboratory	\$ 11.1	\$ 11.1	100.0%
Subtotal	\$ 1,064.6	\$ 482.6	45.3%
Sports Lottery	\$ 14.1	\$ 1.0	7.3%
State Energy Loan Program (SELP)	\$ 13.1	\$ 2.1	16.4%
Total	\$ 1,091.8	\$ 485.8	44.5%
Total State Appropriations (GF + LF) before 2020 2nd Special Session reductions for All Programs/State Agencies			
Public Universities share	4.6%		
With debt service, capital appropriations	5.5%		

Public university state programs are line item allocations for specific activities of interest to the state. Examples include the Institute for Natural Resources and the Oregon Climate Change Research Institute. The funding for these is recurring, but subject to review every legislative session. Sometimes there are one-time funds targeted for specific projects of interest to the legislature. These can range from crops to salmon to ocean acidification.

The Agriculture Experiment Station, Extension Service, and the Forest Research Laboratory constitute the **Statewide Public Services** – central to OSU’s land-grant mission. Each receive the largest part of their operating funds through this state appropriation (which also constitutes matching dollars for

federal funds). In 2017-18, the Extension Service began administering Oregon’s Outdoor School program (funded by Lottery) for fifth and sixth graders. At OSU, the state program funds, one-time funds, and Statewide Public Service funds are passed through to those particular units. PUSF funding, tuition and fees, indirect cost recovery, investment income, and other miscellaneous revenues make up the Educational and General (E&G) resources that are distributed across the university via the Shared Responsibility Budget Model.

Sports Lottery dollars are directed 88% to Athletics, used primarily for grants to student athletes, and 12% to the Graduate School for graduate scholarships. Additional state support helps repay loans for energy efficiency projects that were financed by the **Small-Scale Energy Loan Program (SELP)**.

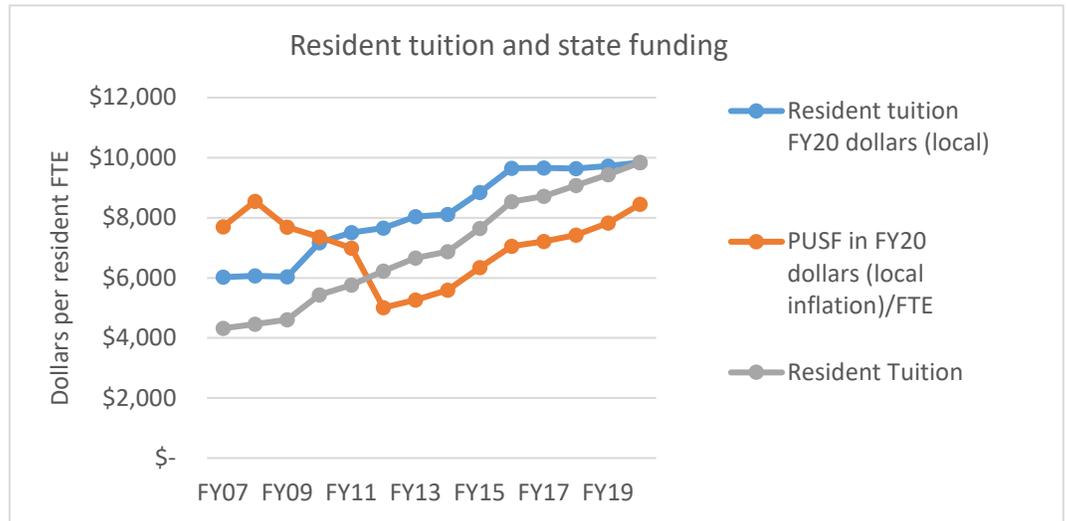
Trends in State Operating Support

For several decades, resources for E&G operations have been shifting – generally moving from primarily state supported to primarily student supported. For FY20, state appropriations covered 23% of OSU E&G operations. The state share varies across the public universities, from 13.6% to 47.4%. State funding for higher education declined significantly during the recession in Oregon as in many other states.

The PUSF did receive a large increase in 2015-17 and more recently an additional \$100 million in 2019-21. However, certain cost increases (such as retirement rates) are outside of university control. In the recent 2020 2nd Special Session, the PUSF was spared any reductions but cuts to the SWPS and the State Programs were respectively 2.5% and 5% biennially and 4.9% and 9.8% annually for FY21.

Capital Funding and Process

OSU has an internal process to identify high priority capital projects through an Infrastructure Working Group that helps develop a ten-year capital forecast. When a capital project approved by the Board of Trustees includes a request for state-paid debt support, it goes into the state budget process.



Universities submit project proposals to the HECC. Projects are scored by the HECC using a rubric that looks at several factors including Alignment with HECC priorities, Cost Savings (deferred maintenance), Life, Safety and Code compliance (a lot of this addressed deferred maintenance too), Impact of project on student success, Leveraging dollars (use of gifts, institution funds, other to match state support), and Strategic priorities of the state.

Based on the scoring, the HECC submits a prioritized list of projects from all institutions to the Governor. The Governor’s budget includes recommendations to the legislature for which projects to fund.

Over the last seven biennia, OSU has received about 27.6% of the available dollars for projects and about 35.5% of dollars for capital improvement & renewal.

Overall State Funding Process and Timelines

In even-numbered years, the seven public universities collaborate to develop a Consolidated Funding Request (CFR) for the next biennium. Most of the effort focuses on the PUSF. The state budget starts with estimating a continuing service level increase (5.9% for the next biennium), then increasing or reducing from that. The CFR is submitted to the HECC for incorporation into the HECC’s Agency Request Budget (ARB) to the governor. The governor submits to the legislature (in December for a continuing governor or February for a newly elected one) the Governor’s Recommended Budget (GRB) for consideration during the full session (odd-numbered years). The legislature’s final funding actions produce the Legislatively *Adopted* Budget (LAB). Any additional budgetary actions taken during the subsequent short session (even numbered years) result in the Legislatively *Approved* Budget, which becomes the starting point for the next state budget cycle.

State Outlook

On the state front, the September revenue forecast showed revenues for this biennium up \$2 billion over the previous forecast, so no additional reductions are expected this year. It is also improved for next biennium, although still down. The most recent forecast would allow for an across the board net increase of about 2.4%. The final change will depend a great deal on how much funding needs to be committed to support and maintain Oregon’s health programs and other mandated caseload programs. We will plan for scenarios from a 0% biennial change (a 3.9% decrease for FY22 over FY21) to a 10% biennial reduction (a 13.5% decrease for FY22 over FY21).