

Legislative Budget Development Overview

Governor's Recommended Budget

Traditionally, the Governor submits one recommended budget – the Governor's Recommended Budget or GRB – to the legislature, which reflects her policy and funding priorities in early winter. The GRB establishes the starting place for universities to begin budget modeling and as a basis for the tuition setting process. In late November, 2019 Governor Brown submitted two GRBs for the 2019-21 Biennia; one based on current state revenue forecasts, the second assumed the legislature would pass a significant revenue package to fund additional priorities.

In the “base budget,” which used only current state revenues, Governor Brown flat funded the Public University Support Fund (PUSF) and eliminated the Engineering Technology Support Fund (ETSF) and Sports Lottery, a significant net cut for the universities. This scenario presents significant financial challenges to Oregon Tech, as well as all seven public universities. This would require either significant budget reductions, tuition increases or both.

The “investment budget” the Governor assumed that a significant tax increases, on the order of \$2 billion dollars would be approved by the legislature, and that it would survive a likely referral to the ballot. In this budget scenario, the Governor proposed an increase of \$120 million dollars to the PUSF (currently at \$765 million dollars), an increase to \$60 million dollars for the ETSF and a modest increase in Sports Lottery funding. In this budget scenario Oregon Tech is likely to receive significant incremental investment from the state, maintain tuition below 5% and make strategic investments. The Governor has indicated that university funding tied to the investment budget would come with certain commitments from the regarding investments and tuition.

These two budget scenarios create a high level of uncertainty, including what initial budget allocation to base tuition setting and planning around, the size, composition and likelihood of passage for a revenue package, and whether it would survive a referral to voters (likely in early 2020). Thus, the GRB is a much less reliable starting place for budget and tuition planning than in prior years.

Co-Chairs Budget

After Governor Brown submitted the GRB in late November, the conversation around operating dollars shifted to the legislature. The legislature is responsible for writing and passing a balanced budget for all state agencies, as well as for university support funds, as well as for writing and enacting changes to the state's tax code. The Co-Chairs of the Joint Ways and Means Committee are responsible for issuing a “Co-Chairs Budget” which provides an outline or starting place for the budget development process during the 2019 legislative session. The Co-Chairs budget is typically issued early in during the legislative session, in late February to mid-March.

At this point it remains unclear what, if any, portions of the GRB the legislature plans to do with the Governor's recommendations. Discussion of a broad tax increase continues, which would be necessary in order for the Public University Support Fund to see meaningful levels of re-investment. Until a the disposition of a tax measure is understood no meaningful budget predictions can be made. If no tax measure is proposed or does not pass the Legislature, then it is unlikely meaningful investments in the PUSF will come to fruition. However, the floor investment level is also uncertain. It could be as low as the GRB flat funding level, or marginally above that level.

The public universities remain far from certain of legislative leadership's funding plan or intention for the main university funding streams, and no reasonable estimates can be made at this time, beyond wide ranges of funding levels.

State Budget Timeline

	2018		2019						
	November	December	January	February	March	April	May	June	July
Tuition Setting Process					X		X		
GRB	X								
Co-Charis Budget									
Revenue Package									
Legislatively Adopted Budget									
Board of Trustee Meetings			X		X		X	X	
HECC Meetings (Tuition)							X	X	X