

2019-21 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 across Oregon. For EOU, the net cut is approximately \$2.5M.

In the Governor's investment budget, she assumed that tax increases 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. 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 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 early-March.

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.