

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5529-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Galizio
Carrier – Senate: Sen. Devlin**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 16 – 4 – 1

House – Yeas: D. Edwards, Galizio, Garrard, Nathanson, Nolan, Shields

– Nays: Hanna, Jenson, Morgan

– Exc:

Senate – Yeas: Bates, Carter, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays: Gordly

– Exc: Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: 5/11/07

Agency

Oregon Health and Science University

Budget Page

B-4

LFO Analysis Page

23

Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Representative Larry Galizio, Education Subcommittee Chair

Budget Summary*

| | 2005-07 | | 2007-09 | | Percentage Committee |
|--------------------------|-----------------------------------|-------------------|--------------------------|-----------------------------------|-------------------------------|
| | Legislatively Approved Budget (1) | Governor's Budget | Committee Recommendation | Difference from Governor's Budget | Change from Governor's Budget |
| General Fund | \$ 73,337,168 | \$ 94,235,981 | \$ 86,561,620 | \$ -7,674,361 | -8.1% |
| Other Funds | 67,600 | 66,472 | 66,472 | 0 | 0.0% |
| Other Funds Debt Service | 31,907,550 | 31,912,194 | 31,912,194 | 0 | 0.0% |
| Total | \$ 105,312,318 | \$ 126,214,647 | \$ 118,540,286 | \$ -7,674,361 | -6.1% |

Position Summary

| | | | | |
|--------------------------------------|------|------|------|------|
| Authorized Positions | 0 | 0 | 0 | 0 |
| Full-time Equivalent (FTE) Positions | 0.00 | 0.00 | 0.00 | 0.00 |

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The largest source of revenue for the Oregon Health and Science University (OHSU) is payment for patient care services at OHSU’s hospitals and clinics. Other major revenue sources include government grants and contracts; private gifts, grants, and contracts; tuition and fees; sales and services of educational activities; and endowment income. For state budget purposes, only funds contributed by the state are tracked.

State General Fund is appropriated to the Department of Administrative Services for distribution to OHSU in support of the schools of Medicine, Dentistry, and Nursing, the Office of Rural Health, the Area Health Education Centers, the Child Development and Rehabilitation Center, and the Oregon Poison Center.

Tobacco Master Settlement funds pay debt service and financing costs associated with Article XI-L bonds sold to finance the Oregon Opportunity program.

There were no revenue forecast changes, fee ratifications, revenue source changes or other revenue actions approved by the Subcommittee.

Summary of Subcommittee Action

OHSU has identified its fundamental purpose as improving the wellbeing of people in Oregon and beyond. The University’s mission is to strive for excellence in education, research, clinical practice, scholarship, and community service. Prior to 1995, OHSU was a part of the Department of Higher Education. It was made an independent public corporation during the 1995 Legislative Session to enable it to respond to changing market conditions with greater agility, while retaining its public mission.

OHSU is comprised of four professional schools, two hospitals, numerous primary care and specialty clinics, and several research institutes and centers, as well as community service programs. Professional schools include the School of Medicine, School of Dentistry, School of Nursing, and the most recent addition, the School of Science and Engineering, formerly the Oregon Graduate Institute. The main campus is located in downtown Portland. The School of Science and Engineering and the Oregon Primate Center are located in Washington County. The university is expanding into Portland’s North Macadam area; the planned Schnitzer campus may eventually house some of the programs now located in downtown Portland and Hillsboro.

The Subcommittee approved a budget of \$86,561,620 General Fund and \$31,978,666 Other Funds. General Fund is increased by 14.5 percent from the 2007-09 Essential Budget Level (EBL) and by 18 percent from the 2005-07 Legislatively Approved Budget (LAB). Other Funds are increased by less than 0.01 percent from the 2005-07 LAB and unchanged from EBL. SB 5529-A has three General Fund line item appropriations, for Education and general services, the Child Development and Rehabilitation Center, and University hospitals and clinics.

Education and general services

The approved General Fund budget of \$73,643,191 for education and general services was directed by the Subcommittee to be allocated as follows:

| | |
|---|--------------|
| School of Medicine..... | \$33,682,764 |
| School of Nursing..... | \$21,364,156 |
| School of Dentistry..... | \$13,006,433 |
| Area Health Education Centers/Office of Rural Health..... | \$5,589,838 |

The Subcommittee directed the university to use the General Fund appropriated for the above programs, along with other funds available for these programs, to maintain existing service levels for all General Fund-supported programs, and to fund the enhancements identified in the Policy Packages below.

The Subcommittee approved \$4,120,000 General Fund in Package 101 to support costs associated with the permanent expansion of the of the MD program class to no fewer than 120 students. Unless the state reduces General Fund support for School of Medicine from the level approved in this bill, the university will seek to enroll no fewer than 120 students in each incoming cohort in the MD degree program. The Subcommittee understands that this is one-time funding that will be phased-out in the development of the 2009-11 biennium budget request and that the university will maintain the 120-student cohort in the MD degree program if General Fund support is maintained at the essential budget level.

The following enhancements were approved in Package 102 for the School of Nursing:

- \$1,723,000 General Fund to support the School of Nursing participation in the Oregon Consortium for Nursing Education (OCNE) program. The university will use the appropriated funds to enroll, in the School of Nursing baccalaureate program, students sited at community college campuses. The funds will allow the School of Nursing to increase enrollment in the BS Nursing program by 100 students per year. The

Subcommittee understands that the cost of continuing this enrollment increase will increase by \$861,000 General Fund, to \$2,584,000 General Fund, in the 2009-11 biennium.

- \$1,467,000 General Fund to support a 50-student expansion of the BS Nursing program cohort. The university will enroll no fewer than 280 students in each BS Nursing cohort at the BS Nursing campus programs operating at the time of the approval of this bill. The Subcommittee understands that the cost of continuing this enrollment expansion will increase by \$1,469,000 General Fund, to \$2,936,000 General Fund, in the 2009-11 biennium.
- \$1,400,000 General Fund to support establishment of a BS Nursing degree program on the campus of Western Oregon University (WOU). The university will enroll no fewer than 27 students in each BS Nursing cohort at the WOU campus. The Subcommittee understands that the cost of the Nursing program at WOU will increase by \$1,177,000 General Fund, to \$2,577,000 General Fund, in the 2009-11 biennium.
- \$1,008,000 General Fund to support 20 additional Master's Nursing program students per year. The appropriated funds will be used to support students in the Master of Nursing in Nursing Education program, and the university will enroll no fewer than 20 additional students in this program over the current level. The Subcommittee understands that the cost of expanding the Master of Nursing in Nursing Education program will increase by \$336,000 General Fund, to \$1,344,000 General Fund, in the 2009-11 biennium.

Package 103 with \$300,000 in proposed enhancements for the School of Dentistry was not approved.

The Subcommittee approved the following enhancements to the Area Health Education Centers (AHEC) in Package 104:

- \$620,639 General Fund to increase funding for AHEC operations throughout the state. The Subcommittee understands that these funds will increase by the standard EBL methodology in the 2009-11 budget request.
- \$400,000 General Fund for videoconferencing and on-line education enhancements. The Subcommittee understands that this is one-time funding that will be phased-out in the development of the 2009-11 biennium budget request.
- \$132,361 General Fund to support a statewide AHEC education director. The Subcommittee understands that these funds will increase by the standard EBL methodology in the 2009-11 budget request.
- \$80,000 General Fund to support enhancements to the Area Health Education Centers' K-12 programs. The Subcommittee understands that the cost of expanding these K-12 programs will increase by \$20,000 General Fund, to \$100,000 General Fund, in the 2009-11 biennium.

Child Development and Rehabilitation Center

The Subcommittee approved \$10,091,716 General Fund for the Child Development and Rehabilitation Center (CDRC) and directed that these funds, along with other available funds, be used to maintain existing service levels for all General Fund-supported programs of the CDRC.

University hospitals and clinics

The Subcommittee approved \$2,826,713 General Fund for University hospitals and clinics and directed that these funds, along with other available funds, be used to maintain existing service levels of the Oregon Poison Center.

Summary of Performance Measure Action

The Subcommittee approved agency performance measures and targets indicated in the attached Legislatively Adopted 2007-09 Key Performance Measures form.