

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5531-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Garrard

Carrier – Senate: Sen. Girod

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

Vote: 23 – 0 – 2

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, G. Smith, Thatcher, Whisnant
– Nays:
– Exc: Richardson

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Nelson

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Monica Brown, Legislative Fiscal Office

Meeting Date: June 3, 2011

Agency

Oregon Health and Science University

Budget Page

--

LFO Analysis Page

12

Biennium

2011-13

Budget Summary*

	2009-11	2011-13	2011-13	2011-13	Committee Change from	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	Committee Recommendation	2009-11 Leg Approved \$ Change	% Change
General Fund	\$ 73,312,357	\$ 81,842,436	\$ 63,400,000	\$ 65,534,636	\$ (7,777,721)	-10.6%
Other Funds	\$ 66,472	\$ 66,472	\$ 66,472	\$ 66,472	\$ 0	0.0%
Other Funds Debt Service	\$ 31,912,502	\$ 31,568,288	\$ 31,568,288	\$ 31,568,288	\$ (344,214)	-1.1%
Other Funds Non-limited	\$ 421,238	\$ 0	\$ 0	\$ 0	\$ (421,238)	-100.0%
Other Funds Debt Service Non-limited	\$ 66,101,633	\$ 0	\$ 0	\$ 0	\$ (66,101,633)	-100.0%
Total	171,814,202	113,477,196	95,034,760	97,169,396	(74,644,806)	-43.4%

Position Summary

Authorized Positions

Full-time Equivalent (FTE) Positions

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Health and Science University (OHSU) has operated as a public corporation since 1995. As such, the State no longer approves the University's operating budget, but does continue to support OHSU through grants for academic programs, Area Health Education Centers, Child Development and Rehabilitation Centers, 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.

Summary of Education Subcommittee Action

The Subcommittee approved a budget of \$65,534,636 General Fund and \$31,634,760 Other Funds. General Fund is reduced by 10.6 percent from the 2009-11 Legislatively Approved Budget (LAB) through March 2011. Other Funds are reduced by 1.1 percent from the 2009-11 LAB. There is no Other Funds Non-limited expenditure authority in the 2011-13 budget. The 2009-11 LAB included \$66.1 million Other Funds Non-limited on a one-time basis for refinancing Article XI-L bonds sold to support the Oregon Opportunity program.

The recommended budget for OHSU includes a reduction of \$2.36 million General Fund for a supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. This budget

bill includes specific language allowing the Department of Administrative Services to distribute to OHSU up to 54 percent of this total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored during the February 2012 session to OHSU for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

At the approved funding level, OHSU is expected to preserve many Child Development and Rehabilitation Center programs and limit reductions in rural health services.

The Subcommittee took the following actions:

- Approved the base budget and essential packages.
- Approved Package 085 that biennializes 2009 allotment reductions and Package 086 that eliminates inflation.
- Approved Package 090 that includes reductions from the 2011-13 Current Service Level included in the Governor’s budget. Package 810 restores a part of these reductions.
- Approved Package 810 that restores \$3,500,000 General Fund to the Child Development and Rehabilitation Center, \$867,420 General Fund to the School of Nursing, and \$125,827 General Fund to the Office of Rural Health.
- Approved Package 819 that reduces General Fund by \$2,358,611 as part of a statewide supplemental ending balance that may be appropriated in the February 2012 session.

Senate Bill 5531 has three General Fund line item appropriations: Education and General Services, the Child Development and Rehabilitation Center, and University hospitals and clinics.

Education and General Services

The Subcommittee approved a General Fund budget of \$55,978,561 for Education and General Services, a 10.1 percent reduction from the 2009-11 LAB. The approved budget is distributed among program areas as follows.

School of Medicine.....	\$22,863,224
School of Nursing.....	\$19,787,830
School of Dentistry.....	\$9,273,415
Area Health Education Centers/Office of Rural Health.....	\$4,054,092

Child Development and Rehabilitation Center

The Subcommittee approved \$7,239,450 General Fund for the Child Development and Rehabilitation Center, a 16 percent reduction from the 2009-11 LAB.

University hospitals and clinics

The Subcommittee approved \$2,316,625 General Fund for University hospitals and clinics, a 4.1 percent reduction from the 2009-11 LAB. These funds will be used to support operation of the Oregon Poison Center at a reduced level.

Bond Related Costs

The Subcommittee approved an expenditure limitation of \$31,634,760 Other Funds to pay debt service and other costs on \$200 million in Article XI-L general obligation bonds. The bonds were sold to enhance OHSU's research programs in health sciences and biotechnology as part of the Oregon Opportunity Program. Master Tobacco Settlement funds are used to pay these costs.

Summary of Performance Measure Action

The Subcommittee reviewed agency performance measures and targets indicated in the attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5531-A

**Oregon Health and Science University
Bill McGee 503-378-2078**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$ 73,312,357	\$ 0	\$ 31,978,974	\$ 66,522,871	\$ 0	\$ 0	\$ 171,814,202	0	0.00
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 81,842,436	\$ 0	\$ 31,634,760	\$ 0	\$ 0	\$ 0	\$ 113,477,196	0	0.00
2011-13 Governor's Recommended Budget*	\$ 63,400,000	\$ 0	\$ 31,634,760	\$ 0	\$ 0	\$ 0	\$ 95,034,760	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from GRB)									
SCR 002: Education & General/Hospitals & Clinics/CDRC									
Package 810 LFO Analyst Adjustments									
6085 Other Special Payments	\$ 4,493,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,493,247	0	0.00
Package 819 Supplemental Statewide Ending Balance									
6085 Other Special Payments	\$ (2,358,611)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,358,611)	0	0.00
TOTAL ADJUSTMENTS	\$ 2,134,636	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,134,636	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 65,534,636	\$ 0	\$ 31,634,760	\$ 0	\$ 0	\$ 0	\$ 97,169,396	0	0.00
% Change from 2009-11 Leg Approved Budget	-10.6%	0.0%	-1.1%	-100.0%	0.0%	0.0%	-43.4%	0.0%	0.0%
% Change from 2011-13 Current Service Level	-19.9%	0.0%	0.0%	0.0%	0.0%	0.0%	-14.4%	0.0%	0.0%
% Change from 2011-13 Gov's Recommended Budget	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%

*Excludes Capital Construction Expenditures

Legislatively Proposed 2011-2013 Key Performance Measures

Agency: OREGON HEALTH & SCIENCE UNIVERSITY

OHSU ORS 353.030 (1) It shall be the public policy of Oregon Health and Science University in carrying out its missions as a public corporation ... (2) The university will strive for excellence in education, research, clinical practice, scholarship and community service. ... (3) The university is designated to carry out the following public purposes and missions on behalf of the State of Oregon... (4) The university shall carry out the public purposes and missions of this section in the manner that, in the determination of OHSU Board of Directors, best promotes the public welfare of the people of the State of Oregon. [1995 c. 162 § 3; 2001 c. 123 § 3].

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - DMD ACCESS – Percent of entering cohort who are in-state DMD students 25.00		Approved KPM	65%	50%	50%
2 - MD ACCESS – Percent of entering cohort who are in-state MD students		Approved KPM	74%	70%	70%
3 - NURSING ACCESS – Percent of entering nursing cohort who are in-state students		Approved KPM	92%	93%	93%
4 - NURSING COMPLETION – Percent of nursing student cohorts completing bachelor’s degrees		Approved KPM	90%	92%	92%
5 - DEGREES – Total number of degrees and certificates awarded		Approved KPM	946	900	900
6 - DENTAL WORKFORCE – Total number of DMD degrees awarded		Approved KPM	71	73	73
7 - PHYSICIAN WORKFORCE – Total number of MD degrees awarded		Approved KPM	127	110	110
8 - NURSING WORKFORCE – Total bachelor’s degrees awarded in nursing.		Approved KPM	291	306	306
9 - NURSING FACULTY – Total graduate degrees and certificates awarded in nursing.		Approved KPM	73	75	75
10 - PROFESSIONAL COMPETENCE – Percent of DMD students passing senior-level credentialing examinations on their first attempt		Approved KPM	76%	95%	95%

Agency: OREGON HEALTH & SCIENCE UNIVERSITY

Mission: ORS 353.030 (1) It shall be the public policy of Oregon Health and Science University in carrying out its missions as a public corporation ... (2) The university will strive for excellence in education, research, clinical practice, scholarship and community service... (3) The university is designated to carry out the following public purposes and missions on behalf of the State of Oregon... (4) The university shall carry out the public purposes and missions of this section in the manner that, in the determination of OHSU Board of Directors, best promotes the public welfare of the people of the State of Oregon. [1995 c. 162 § 3; 2001 c. 123 § 3].

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
11 - PROFESSIONAL COMPETENCE – Percent of MD students passing senior-level credentialing examinations on their first attempt		Approved KPM	93%	95%	95%
12 - PROFESSIONAL COMPETENCE – Percent of bachelor’s level nursing students passing senior-level credentialing examinations on their		Approved KPM	93%	92%	92%
13 - RESEARCH PRODUCTIVITY – Research dollars per faculty		Approved KPM	\$199	\$170	\$170
14 - ADULT INPATIENT EXPERIENCE – Overall Rating of Experience with OHSU Hospital		Approved KPM	83.3	86.6	86.6
15 - PEDIATRIC INPATIENT EXPERIENCE – Overall Rating of Experience with OHSU Doernbecher Children’s Hospital		Approved KPM	84.2	87.5	87.5
16 - OREGON POISON CENTER – Percent of calls to the Oregon Poison Center managed without requiring referrals to community		Approved KPM	75%	76%	76%
17 - CDRC SERVICES – Total clinical, surgical and/or diagnostic services provided to patients		Approved KPM	43,213	36,000	36,000
18 - HOSPITAL MORTALITY – Ratio of observed mortality over expected mortality for OHSU inpatients		Approved KPM	0.86	0.89	0.89
19 - BOTTOM LINE – Consolidated unrestricted net income from total operations (in thousands)		Approved KPM	82,463	53,512	53,512
20 - MD CLINICAL ROTATIONS – Total number of medical student weeks served in rural and urban, underserved communities		Approved KPM	648	550	550
21 - RURAL PRECEPTORS – Total number of physicians supervising medical students in rural communities		Approved KPM	76	84	84
22 - RURAL PIPELINE – Total number of rural K-12 students enrolled in science and healthcare education pipeline programs		Approved KPM	1,505	1,100	1,100

Agency: OREGON HEALTH & SCIENCE UNIVERSITY

Mission: ORS 353.030 (1) It shall be the public policy of Oregon Health and Science University in carrying out its missions as a public corporation ... (2) The university will strive for excellence in education, research, clinical practice, scholarship and community service... (3) The university is designated to carry out the following public purposes and missions on behalf of the State of Oregon... (4) The university shall carry out the public purposes and missions of this section in the manner that, in the determination of OHSU Board of Directors, best promotes the public welfare of the people of the State of Oregon. [1995 c. 162 § 3; 2001 c. 123 § 3].

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
23 - RURAL HEALTH –Federal funds generated per state dollar invested in the Office of Rural Health		Approved KPM	4.5	3.0	3.0

LFO Recommendation:

Approve.

Sub-Committee Action: Approve.