
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Members of the Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office
(503) 986-1837

Date: June 3, 2013

Subject: Oregon Health Sciences University – HB 5029 Work Session
Recommendations

Oregon Health Sciences University –Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	77,012,354	66,041,261	69,794,258	68,862,387
Other Funds	30,520,386	31,634,760	31,639,826	31,639,826
Nonlimited - OF	66,435,465	69,307,022	0	0
Total Funds	\$173,968,205	\$166,983,043	\$101,434,084	\$100,502,213

Note: The Nonlimited Other Funds represents refinancing of bonds.

Background Information

The Oregon Health Sciences University (OHSU) has been a public corporation since 1995 and is no longer subject to the budgetary and other controls that other state agencies operate under. OHSU is not a state agency, but receives direct funding for specific purposes including the Schools of Medicine, Nursing and Dentistry. Funding is also provided for the Child Development and Rehabilitation Center, Oregon Poison Center, Area Health Education Centers and the Office of Rural Health. The State also provides approximately \$31.6 million for the debt service payments for bonds sold to enhance OHSU's research programs in genetics and biotechnology. Revenues from the Master Tobacco Settlement Agreement are used to make these payments, scheduled to be completed in 2024.

Direct state appropriations only make up roughly 2% of OHSU's total revenues – by far the largest revenue source are patient service revenues which includes indirect state resources through the Oregon Health Plan and state employee health services

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Sciences University. It contains the following:

- Work Session Presentation Report – LFO Analyst Recommended
- Legislatively Proposed 2013-15 Key Performance Measures

Adjustments to Current Service Level:

See attached “Work Session Presentation Report” dated 5/30/2013

Major changes to this budget in relation to the Current Service Level (CSL) are:

- The Governor had proposed a budget which was under the CSL by approximately \$4.2 million General Fund for the Schools of Medicine, Dentistry and Nursing as well as for the Area Health Education Center (AHEC) and the Office of Rural Health. He had intended to provide \$1.1 million more but this additional funding had been inadvertently left out of his budget. The LFO recommendation for package 090 adds this amount back.
- The Co-Chairs’ added back an additional \$2.2 million General Fund in package 812 which will offset a portion of the expected tuition increases for 2013-15. This leaves the budgets for the Schools, AHEC and the Office of Rural Health less than \$1 million General Fund under CSL.

Accept LFO Recommendation

Sen. /Rep. _____ moves the LFO recommendation to HB 5029.

Performance Measures

See attached “Legislatively Proposed 2013-15 Key Performance Measures” form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

Budget Notes

There are no recommended Budget Notes.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$68,862,387 General Fund and \$31,639,826 Other Funds and that HB 5029 be amended accordingly. The funding will be appropriated to the Department of Administrative Services and then provided to OHSU.

Sen. /Rep. _____ moves the LFO recommended changes to HB 5029.

HB 5029 Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ moves HB 5029 to the full committee as amended with a "do pass" recommendation.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	66,059,636	-	31,634,760	-	-	-	97,694,396	-	-
2011-13 Ebds, SS & Admin Act	(18,375)	-	-	-	69,307,022	-	69,288,647	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	66,041,261	-	31,634,760	-	69,307,022	-	166,983,043	-	-
2011-13 Leg Approved Budget (Base)	66,041,261	-	31,634,760	-	69,307,022	-	166,983,043	-	-
Summary of Base Adjustments	-	-	4,500	-	(68,723,571)	-	(68,719,071)	-	-
2013-15 Base Budget	66,041,261	-	31,639,260	-	583,451	-	98,263,972	-	-
020: Phase In / Out Pgm & One-time Cost	1,851,986	-	-	-	(583,451)	-	1,268,535	-	-
030: Inflation & Price List Adjustments	1,901,011	-	566	-	-	-	1,901,577	-	-
2013-15 Current Service Level	69,794,258	-	31,639,826	-	-	-	101,434,084	-	-
Adjusted 2013-15 Current Service Level	69,794,258	-	31,639,826	-	-	-	101,434,084	-	-
Total LFO Recommended Packages	(931,871)	-	-	-	-	-	(931,871)	-	-
2013-15 Legislative Actions	68,862,387	-	31,639,826	-	-	-	100,502,213	-	-
Net change from 2011-13 Leg Approved Budget	2,821,126	-	5,066	-	(69,307,022)	-	(66,480,830)	-	-
Percent change from 2011-13 Leg Approved Budget	4.3%	0.0%	0.0%	0.0%	(100.0%)	0.0%	(39.8%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	(931,871)	-	-	-	-	-	(931,871)	-	-
Percent change from 2013-15 Current Service Level	(1.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	(0.9%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	66,059,636	-	-	-	-	-	66,059,636	-	-
2011-13 Ebds, SS & Admin Act	(18,375)	-	-	-	-	-	(18,375)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	66,041,261	-	-	-	-	-	66,041,261	-	-
2011-13 Leg Approved Budget (Base)	66,041,261	-	-	-	-	-	66,041,261	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2013-15 Base Budget	66,041,261	-	-	-	-	-	66,041,261	-	-
020: Phase In / Out Pgm & One-time Cost	1,851,986	-	-	-	-	-	1,851,986	-	-
030: Inflation & Price List Adjustments	1,901,011	-	-	-	-	-	1,901,011	-	-
2013-15 Current Service Level	69,794,258	-	-	-	-	-	69,794,258	-	-
Adjusted 2013-15 Current Service Level	69,794,258	-	-	-	-	-	69,794,258	-	-
Total LFO Recommended Packages	(931,871)	-	-	-	-	-	(931,871)	-	-
2013-15 Legislative Actions	68,862,387	-	-	-	-	-	68,862,387	-	-
Net change from 2011-13 Leg Approved Budget	2,821,126	-	-	-	-	-	2,821,126	-	-
Percent change from 2011-13 Leg Approved Budget	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	0.0%	0.0%
Net change from 2013-15 Current Service Level	(931,871)	-	-	-	-	-	(931,871)	-	-
Percent change from 2013-15 Current Service Level	(1.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	(1.3%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 090 Analyst Adjustments

Package Description In the Governor's proposed budget, the Oregon Poison Center and Child Development and Rehabilitation Center (CDRC) were funded at the 2013-15 CSL level -- \$2,467,201 and \$7,710,000 respectively. OHSU's Education and General programs (Schools of Medicine, Nursing & Dentistry as well as Area Health Education Centers/Rural Health), are funded closer to the 2011-13 Legislatively Adopted Budget levels (\$55,418,977), due to overall General Fund constraints.

LFO Recommendation LFO recommends adding \$1,066,209 General Fund to the OHSU budget for additional funding for the Education and General programs.

LFO Recommended	(3,131,871)	-	-	-	-	-	(3,131,871)	-	-
-----------------	-------------	---	---	---	---	---	-------------	---	---

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 400 Transfer to Dept of Post-Sec Ed

Package Description The Governor proposed transferring funding for OHSU programs to a new Department of Post Secondary Education.

LFO Recommendation LFO recommends not accepting this package since the establishment of the Department of Post Secondary Education has not taken place. Funding for OHSU will flow through the Department of Administration (DAS) as it has for 2011-13.

LFO Recommended - - - - -

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 812 Increased Education Resources

Package Description Increase funding for the Schools of Medicine, Nursing and Dentistry by \$2.2 million General Fund. This additional funding will assist in the following ways.

1. Students enrolled in state supported programs for Fall 2013 will have their tuition frozen for the next school year. The 2013-14 school year has already been set.
2. The proportion of Oregon residents in the schools for 2013-14 should be able to be maintained at the same level for 2014-15.
3. Rural rotations for medical students should be continued.
4. The Nursing BS program will continue on the Portland Campus.
5. Office of Rural Health programs will be maintained at FY 2013 levels.
6. Funding for the rural K-12 "pipeline" programs will be maintained.

At this level, the state funding for the Education and General programs will be at over 98% of the Current Service Levels for 2013-15..

LFO Recommendation Approve the package.

LFO Recommended	2,200,000	-	-	-	-	-	2,200,000	-	-
-----------------	-----------	---	---	---	---	---	-----------	---	---

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	31,634,760	-	-	-	31,634,760	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	69,307,022	-	69,307,022	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	31,634,760	-	69,307,022	-	100,941,782	-	-
2011-13 Leg Approved Budget (Base)	-	-	31,634,760	-	69,307,022	-	100,941,782	-	-
Summary of Base Adjustments	-	-	4,500	-	(68,723,571)	-	(68,719,071)	-	-
2013-15 Base Budget	-	-	31,639,260	-	583,451	-	32,222,711	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	-	-	(583,451)	-	(583,451)	-	-
030: Inflation & Price List Adjustments	-	-	566	-	-	-	566	-	-
2013-15 Current Service Level	-	-	31,639,826	-	-	-	31,639,826	-	-
Adjusted 2013-15 Current Service Level	-	-	31,639,826	-	-	-	31,639,826	-	-
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2013-15 Legislative Actions	-	-	31,639,826	-	-	-	31,639,826	-	-
Net change from 2011-13 Leg Approved Budget	-	-	5,066	-	(69,307,022)	-	(69,301,956)	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	(100.0%)	0.0%	(68.7%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Bond Related Costs

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
--	--------------	---------------	-------------	---------------	------------------------	--------------------------	-------------	-----------	----------------------------

Package 400 Transfer to Dept of Post-Sec Ed

Package Description This package transfers funding for this OHSU Program to the Department of Post Secondary Education.

LFO Recommendation LFO does not recommend this package since at this time the establishment of the proposed Department of Post Secondary Education is not going forward.

LFO Recommended - - - - -

Legislatively Proposed 2013-2015 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 2014	Target 2015
1 - DMD ACCESS – Percent of entering cohort who are in-state DMD students 25.00		Approved KPM	51%	50%	50%
2 - MD ACCESS – Percent of entering cohort who are in-state MD students		Approved KPM	63%	70%	70%
3 - NURSING ACCESS – Percent of entering nursing cohort who are in-state students		Approved KPM	86%	93%	93%
4 - NURSING COMPLETION – Percent of nursing student cohorts completing bachelor’s degrees		Approved KPM	92%	92%	92%
5 - DEGREES – Total number of degrees and certificates awarded		Approved KPM	1,100	1000	1000
6 - DENTAL WORKFORCE – Total number of DMD degrees awarded		Approved KPM	68	73	73
7 - PHYSICIAN WORKFORCE – Total number of MD degrees awarded		Approved KPM	123	118	120
8 - NURSING WORKFORCE – Total bachelor’s degrees awarded in nursing.		Approved KPM	296	300	300
9 - NURSING FACULTY – Total graduate degrees and certificates awarded in nursing.		Approved KPM	89	85	85
10 - PROFESSIONAL COMPETENCE – Percent of DMD students passing senior-level credentialing examinations on their first attempt		Approved KPM	91%	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 2014	Target 2015
11 - PROFESSIONAL COMPETENCE – Percent of MD students passing senior-level credentialing examinations on their first attempt		Approved KPM	98%	95%	95%
12 - PROFESSIONAL COMPETENCE – Percent of bachelor’s level nursing students passing senior-level credentialing examinations on their		Approved KPM	95%	92%	92%
13 - RESEARCH PRODUCTIVITY – Research dollars per faculty		Approved KPM	\$205	\$180	\$180
14 - ADULT INPATIENT EXPERIENCE – Overall Rating of Experience with OHSU Hospital		Approved KPM	72	75	75
15 - PEDIATRIC INPATIENT EXPERIENCE – Overall Rating of Experience with OHSU Doernbecher Children’s Hospital		Approved KPM	86.1	89.0	89.0
16 - OREGON POISON CENTER – Percent of calls to the Oregon Poison Center managed without requiring referrals to community		Approved KPM	91%	90%	90%
17 - CDRC SERVICES – Total clinical, surgical and/or diagnostic services provided to patients		Approved KPM	49,556	50,000	50,000
18 - HOSPITAL MORTALITY – Ratio of observed mortality over expected mortality for OHSU inpatients		Approved KPM	0.82	0.89	0.89
19 - BOTTOM LINE – Consolidated unrestricted net income from total operations (in thousands)		Approved KPM	113,476	85,000	85,000
20 - MD CLINICAL ROTATIONS – Total number of medical student weeks served in rural and urban, underserved communities		Approved KPM	645	650	650
21 - RURAL PRECEPTORS – Total number of physicians supervising medical students in rural communities		Approved KPM	50	84	84
22 - RURAL PIPELINE – Total number of rural K-12 students enrolled in science and healthcare education pipeline programs		Approved KPM	1,328	1,300	1,300

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 2014	Target 2015
23 - RURAL HEALTH –Federal funds generated per state dollar invested in the Office of Rural Health		Approved KPM	4.23	3.5	3.5

LFO Recommendation:

Approve the 2014 and 2015 targets for Oregon Health and Science University (OHSU) listed above. Note that the target for #KPM 13 – Research Productivity – is lower than the most recent year reported in large part from the loss of federal funding or expected loss of federal research funding due to sequestration.

LFO also recommends that OHSU review the need for KPMs 14, 15, 18, and 19 prior to the next budget cycle. These four measures have little or no direct relation to the OHSU programs that state funds directly support. While they are important measures for the institution overall, these KPMs should be connected with the programs the state directly funds.

Sub-Committee Action: