Legislature approves historic higher education capital budget

With approved operating budget, investments mark turnaround for Oregon students, universities

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PORTLAND, June 27, 2007 – The Legislature today approved a $561 million higher education capital construction budget for 2007-2009 ( Senate Bill 5516), including a doubling of the state funded portion to $233 million from the $115 million provided in 2005-2007. A 37% increase over the current biennium, the 2007-2009 budget is the largest investment in capital seen in decades for Oregon’s public universities. The budget includes funding for new construction, repair, deferred maintenance and seismic upgrades for the seven Oregon University System campuses.

“This capital budget will directly improve services, academic quality, research experiences and time to graduation for OUS students,” said George Pernsteiner, OUS chancellor. “The new construction directly addresses healthcare workforce shortages in Oregon, investments in research and innovation capacity, and preserves historical assets such as Lincoln Hall at Portland State University, critical to serving capacity issues and new enrollment. We are grateful for the tireless efforts of the Legislature and the Governor to reinvest in Oregon’s universities and our students.”

The systemwide and campus funding provided for deferred maintenance and repair will enable the university system to reduce the current $640 million backlog in deferred maintenance by $60 million (net of current and next biennium), the first time it has been reduced in several decades. Besides meeting critical repair needs, and building and modernizing classrooms and laboratories, the capital investments are estimated to create more than 11,800 construction jobs across the state over the next several years, provide a $1.25 billion economic output of goods and services through the projects, and provide almost $400 million in increased earnings for Oregonians.

Bob Simonton, OUS capital construction director said, “Real progress can now be made to address past issues through deferred maintenance fixes, current issues through capital repair funding, and future issues through support of new construction related to research, academic quality and capacity, and Oregon’s green energy future. By replacing old, inefficient heating, lighting, wiring and other basic infrastructure, the universities will save money, gain cleaner, more efficient energy, reduce greenhouse gases, and improve the safety and stability of our buildings through seismic upgrades.”

The 1,172 public university facilities represent 50% of all state-owned capital assets in Oregon, and have a current replacement value of $3.4 billion. Between 1995 and 2007, the $420 million state investment in OUS facilities has leveraged almost $800 million in private funding for academic, research and other buildings, and almost $940 million in campus-funded auxiliary projects, such as dining halls, dormitories, and physical education facilities.

The $233 million state-funded portion of the 2007-2009 capital budget includes: General Fund ($28 million), Article XI-G bonds ($117.5M, which must be matched), Lottery bonds ($50M), and Energy Loans ($37.6M). Other authorized funding includes Certificates of Participation ($11M); Article XI-F(1) bonds ($159.5M), and Other Revenues ($157.1M), such as donor contributions.

University projects supported by the capital construction budget include:

- Eastern Oregon University: Inlow Hall ($6.2M)
- Oregon Institute of Technology: Center for Health Professions ($20M)
The OUS operating budget was approved overwhelmingly by the Oregon Senate and the House last week. Including both operating and capital funding, the legislatively adopted 2007-2009 General Fund budget (LAB) for the Oregon University System is $870.4 million, an increase of 23% or $163.9 million over the 2005-2007 LAB of $706.5 million. The 2007-2009 Education and General Program appropriation – made up of core campus funding, such as undergraduate and graduate instruction – is $692.7 million, an increase of $125.6 million or 22% over 2005-2007 budget of $567.1 million. The total 2007-2009 OUS budget, including funds from the state, tuition revenue, auxiliaries, grants, contracts, donations and other funding, totals $4.9 billion, compared to the 2005-2007 total of $4.6 billion.

Pernsteiner said, “This budget signals a major commitment by the Legislature to meet Governor Kulongoski’s and the Oregon State Board of Higher Education’s ten-year reinvestment plan to improve student access and affordability, high quality learning, innovative research and programs directed at economic development, workforce shortages and other state priorities for Oregon. Our appreciation goes out to the legislators, the Governor, members of the campus communities, and the people of Oregon who have advocated for this important reinvestment in Oregon’s students and our future.”

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Oregon University System comprises seven distinguished public universities, reaching more than one million people each year through on-campus classes, statewide public services and lifelong learning. For additional information, go to www.ous.edu