



To: University of Oregon Board of Trustees
From: Hans Bernard, Asst. Vice President for State Affairs & Special Asst. to the President - PDX
Libby Batlan, Senior Director of State Relations
Subject: 2017 Legislative Session Plan & Priorities
Date: December 2, 2016

THE YEAR IN REVIEW

One year ago, the University of Oregon State Affairs team was ramping up for the 2016 February legislative session. We had an ambitious agenda, and were well-positioned for success with a solid governance structure, a thriving \$2 billion capital campaign, and a new university president.

President Schill and the Board of Trustees clearly articulated UO's three primary objectives:

1. Build our tenure-related faculty and promoting academic research.
2. Ensure affordability and access for our students.
3. Deliver a rich, excellent educational experience for our students.

State Affairs' budget and policy priorities aim to serve these objectives by increasing state support for operating and capital construction funds, minimizing unnecessary external control over university operations, using UO's network of alumni advocates to effectively move messages, and improve UO's influence as a premier research university and economic engine.

In 2016, State Affairs was able to secure key wins for UO:

- ✓ **Achieved legal certainty to invest in equities:** We were successful in passing a legislative referral to the November ballot that gives universities more financial management tools to better meet the needs of students and the institution.
- ✓ **Improved UO's relationship with the Higher Education Coordinating Commission (HECC):** UO continues to monitor, evaluate, and develop relationships with the HECC and other state agencies to ensure we inform and are informed, remain autonomous, and realize our potential under institutional governance.

POST-ELECTION LANDSCAPE IN OREGON

STATEWIDE OFFICES:

Democrat Kate Brown was elected to finish Governor Kitzhaber's term. An open Secretary of State seat (vacated by Brown) will be filled by former Republican legislator Dennis Richardson. This is the first time a Republican has been elected to statewide office in Oregon since 2002. State Representative and Chair of the House Higher Education Committee, Democrat Tobias Read, won the race for State Treasurer.

LEGISLATURE:

The Oregon Legislature will remain under Democratic control in both chambers. Senate Republicans picked up one seat in Southern Oregon. There will be 14 new members of the Oregon House and four new members of the Oregon Senate. The Eugene legislative delegation will see two changes. Democrat Julie Fahey will take Rep. Val Hoyle's seat, and Sen. Chris Edwards has vacated his position to take a role at UO as the new Associate Vice President of Strategic Initiatives. The statutory process has been initiated to appoint his replacement.

BALLOT MEASURES:

Defeat of Measure 97: Prevents a gross receipts tax from taking effect. Lawmakers and stakeholders from labor and business have indicated an interest in identifying other revenue options.

Passage of Measure 95: Amends the Oregon Constitution to allow universities to invest in equities to reduce financial risk and increase investments to benefit students.

Passage of Measure 96: Amends the Oregon Constitutions to dedicate 1.5% of state lottery net proceeds to fund support services for Oregon veterans, generating approximately \$19 million. Higher education will work with the Department of Veterans Affairs to get a piece of this revenue to fund veteran student services.

Passage of Measure 98: Requires state funding for dropout prevention, career and college readiness programs in Oregon high schools. It dedicates at least \$800 to each enrolled high school student (\$294 million next biennium). The measure is triggered by the balance in the General Fund.

Passage of Measure 99: Creates "Outdoor School Education Fund" to provide outdoor school programs statewide. This will cost \$44 million next biennium and the funds will be allocated to the OSU Extension Service.

Passage of Measure 100: Prohibits the purchase or sale of certain wildlife species. It does not include an exemption for university research, so we will work with the Humane Society to pursue.

2017 LEGISLATIVE AGENDA

Despite the difficult budget realities facing the state, UO is well-positioned for success. We have strong and sustained leadership, healthy relationships with campus groups including labor and students, an unprecedented philanthropic gift of \$500 million to jumpstart research capacity, and ever-improving relationships with elected officials and other stakeholders.

OPERATING BUDGET

The Legislature and the Governor are facing a budget shortfall of approximately \$1.7 billion next biennium. These budget challenges will require UO to work hard, but be realistic, in its expectations and strategies regarding the operating and capital construction budget. While it is always our goal to get every dollar we can from the state to protect students and services, we expect next session may mean cuts to the progress we made two years ago.

This spring, the universities submitted a joint funding request to the HECC, which highlighted and supported the following reality: For all universities to keep tuition increases at or below 5% and preserve current financial aid and student support services, state investment in the Public University Support Fund (PUSF) must increase by at least 15%—or \$100 million—in the 2017-19 biennium (to \$765 million). This is necessary due to large, state-mandated cost increases related to insurance, retirement, and bargained labor contracts.

Governor's Recommended Budget:

Public University Support Fund:

- The Governor funded the Public University Support Fund (PUSF) at the 2015-17 Legislatively Approved Budget (LAB) of **\$667.3 million**. Because of the current service level calculations and the technical details on how funds are split over the biennium (49% in the first year, 51% in the second), this does represent a modest cut to UO of approximately \$2 million to \$2.5 million each year.

Student Financial Aid:

- The Governor increased funding for the Oregon Opportunity Grant by \$11 million from last biennium, bringing the total funding amount to **\$151 million**, which is estimated to provide grants to an additional 5,000 students.

Oregon Promise:

- The Governor recommended funding the Oregon Promise “Free Community College” program at **\$39.7 million**.

Public University State Programs

- The Governor recommended unchanged or flat funded from the 2015-17 biennium at \$39.1 million. For UO, these programs include the Center for Advanced Wood Products, the Labor Education Research Center (LERC), and the Clinical Legal Education Program.

Budget Timeline:

- December 1, 2016: The Governor's Recommended Budget was released.
- February 22, 2017: Revenue forecast is released that will lead the Ways & Means Co-Chair to craft their budget.
- Early 2017 (specific date unknown): Ways & Means Co-Chairs release their budget that takes into account the Governor's budget and frames priorities for session.
- May: Revenue forecast.
- Late June/early July 2017: Legislatively Adopted Budget is approved.

Because universities will likely face some cuts in operating next biennium, it is important we can accurately articulate the impact of those cuts on students and the institution. With a cut of any form, it will be difficult to keep tuition below 5%. In addition to tuition levels, UO must also evaluate cuts to its administrative and operating budget and use of its reserves.

CAPITAL CONSTRUCTION

UO took a more strategic approach to capital construction this biennium. Rather than proposing several small projects that total a large sum, we have prioritized two investments: A classroom and faculty office building and the Knight Campus for Accelerating Scientific Impact.

Classroom and Faculty Office Building:

\$55 million request in a combination of Article XI-G and XI-Q bonds

This project will allow the university to properly accommodate its undergraduate population by adding vital classroom space (~1,700 new seats) and faculty offices (~90). This project will alleviate the current shortage that prevents some students from gaining access to the classes required to graduate, thereby easing current capacity constraints. Adding faculty offices allows UO to properly house faculty currently assigned to inadequate spaces. The project includes funding for renovations to existing faculty office spaces, and makes way for the planned and necessary new hires to be housed on campus.

Knight Campus for Accelerating Scientific Impact:

\$100 million request in Article XI-G bonds

This capital investment will ensure that UO can build world-class facilities and equip them with shared instrumentation. By partnering with the state, UO can focus other portions of the gift on endowing faculty positions, building out entrepreneurial programs, and ensuring researchers have the resources needed to bring forward basic scientific discoveries that can change the world.

The \$100 million in bonds, along with a university match of \$100 million, will be used to:

- Construct two 75,000 square-foot buildings that will comprise the heart of the Knight Campus on the north side of Franklin Boulevard;
- Equip these buildings with state-of-the-art, shared scientific instruments that can be used by researchers and local Oregon companies; and
- Construct a sky bridge that will connect the Knight Campus to the main campus, enabling students, faculty, and staff to safely cross Franklin Boulevard. Both the new facilities and the sky

bridge will enhance Franklin as a gateway to Eugene and the UO while improving way-finding and enhancing bicycle and pedestrian safety in the corridor.

Governor’s Recommended Budget:

The proposed budget includes approximately **\$275 million** in funding for university Capital construction projects. The budget also recommends funding for \$75 million in community college projects.

UO’s Projects:

Classroom and Faculty Office Building: The Governor’s budget provides **\$44 million** for UO’s Classroom and Faculty Office Building. The project UO submitted to the HECC included funding to renovate faculty offices once the new building was constructed. The Governor’s budget does not provide funding for those portions of the project (\$11 million).

Knight Campus for Accelerating Scientific Impact: The Governor’s budget supports full funding for the Knight Campus, with the investment made over the course of three biennia. An initial investment of **\$34 million** is included in the 2017-19 budget.

Public Safety:

As recommended by the Campus Safety Work Group Governor Brown convened after the violence at Umpqua Community College, her budget includes \$15 million on bonding funds for security improvements at campus facilities.

Capital Timeline:

- August 2016: HECC approved a list of capital projects vetted by universities and forwarded that list to the Governor (this list included the classroom building request only.)
- October 2016: UO received a gift from Phil & Penny Knight to establish the Knight Campus for Accelerating Scientific Impact.
- Early November 2016: At the direction of Governor Brown, the HECC met to consider a staff recommendation for the Knight Campus, which became an opportunity for a capital match after the initial HECC approval of projects. In its meeting, the HECC approved the staff recommendation to include the Knight Campus.
- December 1, 2016: Governor Brown released her recommended budget, funding portions of the Classroom & Faculty Office Building and the Knight Campus building.
- December 2016 – June 2017: Execution of an advocacy campaign to fund both the classroom building and the Knight Campus building.

POLICY

As a result of legislative deadlines, the bill universe for the 2017 session is still unknown. Below are the highlights of the proactive agenda public universities plan to pursue next session. There will be a myriad of policies that we will have to either advocate for or defend against, and those will become clear after the first of the year.

Changes to Postdoctoral Scholar Retirement Benefits to Stimulate Research Funding:

Policy Overview: With United Academics and other labor organizations, universities are proposing a statutory amendment to exclude postdoctoral scholars from the employees eligible for Public Employee Retirement System (PERS) and the Oregon Retirement Plan (ORP). Institutions would independently pursue more cost effective alternatives to remain competitive in attracting postdoctoral scholars.

Establish a University “Fighting Fund” to Help Secure and Leverage Federal Research Funding:

Policy Overview: Seek to establish a renewable fund that would enable universities to have a source of match when seeking competitively awarded federal research grants, enabling stronger applications. The HECC would distribute funding through a collaborative process with universities.

Endangered Species Fix:

Policy Overview: Work with the Oregon Humane Society to pursue a legislative fix that includes an exemption for public universities that use certain animals in research as a result of the passage of Measure 100.

Campus Public Safety:

Policy Overview: The Governor’s Campus Safety Work Group, chaired by UO’s Andre Le Duc, has identified strategies to better support public safety and emergency management at Oregon’s postsecondary institutions:

1. Establish a Higher Education Safety and Resilience Council.
2. Appropriate \$500,000 to support a three-year statewide training initiative to advance a number of the recommendations identified in this report.
3. Hire two FTE to manage the council and develop/implement a statewide training program.
4. Establish an online training/resource portal to share promising practices and protocols.
5. Allow universities with police forces to hire retired law-enforcement officers.
6. Develop a physical-security grant program to help institutions pay for critical public safety infrastructure in existing buildings and campus infrastructure.

Additional Services for Veteran Students:

Policy Overview: Revise legislation passed during the 2015 session that created a priority registration process for veteran students. The primary goal is to ensure that veteran students have access to the courses they need throughout their entire academic careers to make maximum use of their federal benefits. Additionally, we will work to provide more funding for veteran’s services.

ADVOCACY

UO Government & Community Relations is working with the UO Alumni Association to reimagine and enhance the university’s alumni advocate’s strategies and mechanisms. By the start of the 2017 session, we plan to unveil a new advocate’s website that will act as an information hub, community, and action center for advocates to contact elected officials and strategically push messages on various digital platforms. We are confident that we can continue to grow UO’s list of advocates and induce higher quality engagement year-round.