

## HECC - State Support for Oregon Health and Science University (OHSU)

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	80,856,311	99,052,202	99,027,769	101,025,993	97,915,835
Other Funds	237,760,882	38,828,443	38,576,738	30,871,500	30,871,500
Other Funds (NL)	14,159,401	--	--	7,298,890	7,298,890
<b>Total Funds</b>	<b>332,776,594</b>	<b>137,880,645</b>	<b>137,604,507</b>	<b>139,196,383</b>	<b>136,086,225</b>

\* Includes Emergency Board and administrative actions through December 2018.

### Program Description

The Oregon Health and Science University (OHSU) is Oregon's only public academic health center. OHSU's mission includes education, research, clinical care, and public service. OHSU provides services across the state through its full service and trauma center hospital, clinics, research centers, community outreach programs, and health care professional training programs. In addition to its primary site in Portland, OHSU has clinical facilities throughout the Portland metropolitan area, the Oregon National Primate Research Center, and teaching programs in various locations throughout the state. OHSU has operated as a public corporation since 1995 and is governed by a Board of Directors appointed by the Governor and confirmed by the Senate. The Legislature no longer approves the OHSU budget (or limits its expenditures from tuition and other sources), but continues to provide direct support for specific purposes, including the Schools of Medicine, Dentistry, and Nursing, Office of Rural Health and Area Health Education Centers (AHEC), Child Development and Rehabilitation Center (CDRC), and the Oregon Poison Center. Direct state funding makes up a small percentage of OHSU's total revenues (less than 2% of OHSU's \$2.9 billion revenues in fiscal year 2017). OHSU's largest revenue source is patient service revenues, which includes indirect state resources through the Oregon Health Plan and state employee health services.

State support for OHSU also includes debt service on outstanding general obligation bonds issued for the benefit of OHSU. Tobacco Master Settlement Agreement Funds support debt service on Article XI-L Oregon Opportunity Bonds that were issued to enhance OHSU's research programs in genetics and biotechnology. General Fund supports debt service on Article XI-G general obligation bonds issued to finance the expansion of the OHSU Knight Cancer Institute as well as a minor amount of legacy debt. OHSU revenues support legacy Article XI-F (1) general obligation bonds issued when OHSU was part of the Department of Higher Education.

### CSL Summary and Issues

OHSU's 2019-21 current service level (CSL) budget of \$139.2 million is \$1.6 million (or 1.2%) more than the 2017-19 legislatively approved budget (LAB) of \$137.6 million. Program funding is increased by the standard inflation rate of 4.2% for non-state employee personnel costs and debt service is adjusted for scheduled payments during the biennium. The remaining budgeted amounts for the Scholars for a Healthy Oregon Initiative (SHOI) (\$2.7 million) and the Primary Health Care Loan Forgiveness Program (\$537,675) have been phased-out of the CSL

budget to reflect the transfer of the programs from OHSU to the Oregon Health Authority (OHA). HB 3396 (2015) established the Health Care Provider Incentive Fund within OHA to consolidate Oregon’s health care provider incentive programs, including SHOI and the Primary Health Care Loan Forgiveness Program. Transfer of the programs was effective January 1, 2018, with funding for the 2017-18 school year included in OHSU’s 2017-19 LAB and funding for the 2018-19 school year included in OHA’s 2017-19 LAB. The 2019-21 CSL budget detail for OHSU programs is provided below.

<b>OHSU 2019-21 Current Service Level Budget Detail</b>		
	<b>General Fund</b>	<b>Other Funds</b>
School of Medicine	\$ 26,869,476	\$ -
School of Nursing	23,237,435	-
School of Dentistry	10,890,046	-
Office of Rural Health/Area Health Education Centers	4,760,841	-
Child Development and Rehabilitation Center	8,639,193	-
Oregon Poison Center	2,764,543	-
<b>Total Programs</b>	<b>\$ 77,161,533</b>	<b>\$ -</b>
Oregon Opportunity Program - XI-L Debt Service	\$ -	\$ 30,871,500
OHSU Knight Cancer Institute - XI-G Debt Service	23,565,250	-
Legacy Debt - XI-F (1) Debt Service	-	7,298,890
Legacy Debt - XI-G Debt Service	299,210	-
<b>Total Debt Service</b>	<b>\$ 23,864,460</b>	<b>\$ 38,170,390</b>
<b>Total OHSU 2019-21 CSL</b>	<b>\$ 101,025,993</b>	<b>\$ 38,170,390</b>

Policy Issues

During the 2018 session, statutory changes were made to consolidate the budget and responsibility for administering debt service on outstanding general obligation bonds issued for the benefit of OHSU within the Higher Education Coordinating Commission (HECC). Previously, debt service on outstanding Article XI-L Oregon Opportunity Bonds, Article XI-G bonds issued for the Knight Cancer Institute, and legacy Article XI-F (1) bonds was included in the Department of Administrative Services’ (DAS) budget and debt service on legacy Article XI-G bonds was included in HECC’s budget. Consolidating state support to OHSU, including debt service, within HECC was intended simplify and

make the budget more transparent, as well as align OHSU debt service expenditures within the post-secondary education budget. HECC continues to be responsible for coordinating post-secondary education in the state, but the transfer of OHSU debt service to HECC did not change OHSU's direct relationship with the State of Oregon or transfer authority over OHSU to HECC.

#### Other Significant Issues and Background

General Fund support to OHSU provides a portion of funding for specific education and public service programs; therefore, OHSU's 19 key performance measures (KPMs) primarily focus on outcomes within these mission areas. OHSU measures include the percentage of Oregon students admitted into programs, degrees awarded in fields with workforce shortages, professional licensure pass-rates, effectiveness of statewide programs, and improving access to health care in rural Oregon.

OHSU partners with public universities and community colleges to provide access to health care programs on campuses across the state, including the College of Pharmacy with OSU, OHSU-PSU Joint School of Public Health, and Clinical Laboratory Science and Paramedic Education Programs with OIT. Through the Oregon Consortium for Nursing Education (OCNE), OHSU partners with 11 community colleges to provide Registered Nurse to Bachelor of Science degrees at the Portland campus and online.

The 2019-21 Governor's Budget decreased state support to OHSU by \$3.1 million, eliminating inflation and reducing program funding to 2017-19 levels.