



OSU Board of Trustees

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April 10, 2019

Joint Committee on Ways and Means
Senator Betsy Johnson, Co-Chair
Senator Elizabeth Steiner Hayward, Co-Chair
Representative Dan Rayfield, Co-Chair
900 Court Street NE, Room H-178
Salem, Oregon 97301

Dear Co-Chairs,

On behalf of the members of the Oregon State University Board of Trustees, I write to share with you that last week we made the extremely difficult decision to increase tuition by 4.29% for undergraduate resident students attending OSU next year. Our decision seeks to keep a four-year university education as affordable as possible for Oregonians from every corner of this state. As in the past, our deliberations were based on a months-long process that actively involved students throughout the university.

You should know that even a 4.29% increase in tuition has significant impact on our students. We hear countless stories from students whose lives are impacted by the rising cost of their education – students who may have to drop out because they cannot afford to pay more; students who already go hungry or experience homelessness as they struggle to pay for school.

We do not choose to keep resident tuition increases below 5% because it is easy. In fact, this will force us to make severe cuts in personnel and services that will undermine OSU's ability to improve student success. We have made this commitment because we believe deeply in OSU's mission as a land grant university to provide access to higher education for the residents of Oregon. We need your help if we are to stay the course.

We continue a commitment to keep enrollment of resident undergraduate students at no less than 67% of OSU's Corvallis campus undergraduate enrollment. We also commit to dedicate 12% of the tuition increase to tuition waivers in an effort to reduce the effects of increasing costs on those students who are least able to afford it. Next academic year, the university will devote more than \$50 million to direct student support in the form of institutional financial aid and scholarships. In contrast, low-income students attending OSU this year received one fifth of that amount – only \$9.3 million in financial assistance from the State of Oregon in the form of Oregon Opportunity Grants.

We are ever mindful that increasing tuition threatens access to higher education in our state, especially among disadvantaged student populations. Recent reductions in enrollment among low and lower-middle income students substantiate our concerns. Over our history as a board, we

have sought to maintain affordability for resident students, but throughout this time we also have been presented with bearing the burden of mandated and unfunded state retirement and health benefit costs. In the next fiscal year, we are projecting an increase of \$9.6 million in benefit costs just for Corvallis campus Education and General operations.

To absorb these mandated cost increases while also minimizing tuition increases next year, the university will reduce programmatic spending by \$12.7 million in 2019-20. (The \$12.7 million assumes the state legislature will approve the \$40 million increase in state funding for universities proposed by the Ways & Means Co-Chairs.) These \$12.7 million in new reductions are in addition to \$20 million we reduced in 2017-18 and \$7.5 million we reduced this year. To implement these reductions, we have consolidated administrative functions, closed class sections, hired fewer instructional faculty and graduate teaching assistants, eliminated repeat sections of courses (those designed to create more opportunities for students to progress faster), and deferred replacement and repair of instructional equipment and software.

Without additional state support this legislative session, OSU and its students, faculty and staff are on an unsustainable path. Over the next academic year, the university is considering leaving vacant, or eliminating, approximately 100 faculty, graduate assistant and classified positions. The university could be forced to reduce student success advising and mentoring; defer repair of critical building systems and recruit a higher proportion of out-of-state students able to pay higher tuition. Taking these actions will threaten the attainment and quality of an OSU degree while directly eliminating access to those Oregonians who are least able to afford a post-secondary degree.

OSU's peers nationally face similar pressures – but from a significantly different position. The State of Oregon underfunds its universities through direct support, while also underfunding resident students who need help in paying tuition. In 2016-17, the most recent year statistics are available, Oregon resident undergraduates on average received \$463 in grant aid from the state. By comparison, Washington resident undergraduates on average received \$1,269 in state grant aid – nearly three times the amount received by Oregon resident undergraduates. On average California resident undergraduates received \$1,177 in state grant aid. Meanwhile, OSU's resident undergraduate tuition in 2017 was 93.5% and 77.7% of peer universities in Washington and California, respectively.

FY2017	
Annual State Appropriation per	
State	Resident Student FTE
Oregon	\$5,959
Washington	\$6,982
California	\$8,477

Source: SHEEO annual tabulation of state appropriations per student FTE.

In the face of these differences, we find that it is unfathomable that the recent proposal from the Joint Committee on Student Success for \$2 billion in increased revenues included not one dime for post-secondary students. We urge you to consider the increasing needs and challenges facing Oregon students across the state at all levels of the educational continuum. We recognize, and deeply appreciate, that the Ways & Means Committee Co-Chairs have proposed a framework

budget that provides an increase of \$40 million for Oregon's public universities over the previous biennium. However, we believe that at a minimum, an additional \$80 million is needed in order to achieve an appropriate balance between tuition increases and expenditure reductions. This amount would comprise less than 6% of the Student Success revenue package for the 2019-21 biennium.

If the legislature ultimately determines that more funding can be found, OSU's plan is to alleviate the harm that will result to our students, faculty and staff by the expenditure reductions we are making as a result of our recent tuition decision. Further increases over the \$120 million level will enable us to better serve students, increase graduation rates, decrease time to graduation and ultimately serve the growth and prosperity of the State of Oregon. We have been urged to advocate for voter approval of a revenue package focused on advancing access to quality education in Oregon. We stand ready to engage in that effort when funding from this effort is made available for the entire pre-K-20 public education system in Oregon.

As we administer our statutory responsibility to serve the people of Oregon, we have done all we can with what is available to us. We have cut costs, streamlined university administrative processes, and sought to assist those students who are least able to afford increased costs. However, due to statutory limitations, we have no ability to control our major cost drivers – embedded employee retirement and health insurance costs.

We urge you to help address the fundamental problems facing Oregonians by considering these embedded public employee benefit cost exposures while providing new revenues to finance Oregon's education system as a whole. We support your efforts to ensure that students in our K-12 system are better prepared to enter college. We believe state investments should also increase access, transferability of credits, affordability and quality in post-secondary education. In short, we need both: structural reform to ease the cost drivers that confront every public employer and new revenues to support students across the spectrum. Both are needed to ensure a brighter future for all Oregonians and a more resilient economy across the state.

If the legislature approves a comprehensive approach to resolving these fundamental challenges, we will join in efforts across the state to assure Oregonians that these investments in students are worthy and warranted.

Sincerely,



Rani Borkar
OSU Board Chair

cc: Kirk Schueler, OSU Board Vice Chair
Ed Ray, OSU President and Board Member
Mike Bailey, OSU Board Member
Mark Baldwin, OSU Board Member
Patty Bedient, OSU Board Member
Julia Brim-Edwards, OSU Board Member
Darry Callahan, OSU Board Member

Paul Kelly, OSU Board Member
Michele Longo Eder, OSU Board Member
Julie Manning, OSU Board Member
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Angel Mandujano-Guevara, OSU Board Member
Laura Naumes, OSU Board Member
Mike Thorne, OSU Board Member
Ben Cannon, Oregon Higher Education Coordinating Commission Executive Director
Members Joint Ways & Means Committee
Members Education Subcommittee
Members Joint Committee on Student Success
Senate President Courtney
Speaker Kotek