OUS, 2011-2013 Operating Budget Request

BACKGROUND
Each biennium, the Oregon University System submits three different types of requests for consideration by the Governor and Legislature in the legislative session: 1) operating budget requests for Current Service Level and new state General Fund funding – also known as Policy Option Packages (POPs), 2) capital budget requests, and 3) legislative concepts for other statutory changes. This docket item deals with POPs. Separate docket items are included for the capital budget requests and the Governance Change Legislative concept.

OPERATING BUDGET REQUEST

CURRENT SERVICE LEVEL
The Current Service Level (CSL) for 2011-2013 represents the budget necessary to continue 2009-2011 program levels forward through the next biennium. Once the CSL is calculated, policy option package requests are submitted to request budget increases above CSL to support new program initiatives, statutory changes, and items not allowed in the CSL. Items not allowed in the CSL include cost-of-living (COLA) increases, unclassified personnel merit increases, PEBB (Public Employees’ Benefits Board) health insurance rate increases, and costs of projected enrollment growth. Exclusions from the CSL related to compensation are generally budgeted in an Emergency Fund that gets allocated mid-biennium by the Emergency Board. The following table shows the 2011-2013 OUS Operating Budget.

<table>
<thead>
<tr>
<th>Budget Request</th>
<th>General Fund</th>
<th>Other Funds Limited</th>
<th>Lottery Funds</th>
<th>Other Funds Non-Limited</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2011 Legislatively Approved Budget</td>
<td>$820.8</td>
<td>$1,514.5</td>
<td>$23.1</td>
<td>$2,253.7</td>
<td>$4,612.2</td>
</tr>
<tr>
<td>Base Budget Adjustments</td>
<td>87.5</td>
<td>93.0</td>
<td>3.7</td>
<td>58.9</td>
<td>243.2</td>
</tr>
<tr>
<td>Essential Packages</td>
<td>8.4</td>
<td>8.8</td>
<td>2.8</td>
<td>0.4</td>
<td>20.3</td>
</tr>
<tr>
<td>2011-2013 Current Service Level Budget</td>
<td>$916.7</td>
<td>$1,616.3</td>
<td>$29.6</td>
<td>$2,313.0</td>
<td>$4,875.7</td>
</tr>
<tr>
<td>Total Policy Packages (2)</td>
<td>77.0</td>
<td>88.0</td>
<td>-</td>
<td>-</td>
<td>165.1</td>
</tr>
<tr>
<td>2011-2013 OPERATING BUDGET REQUEST</td>
<td>$993.7</td>
<td>$1,704.4</td>
<td>$29.6</td>
<td>$2,313.0</td>
<td>$5,040.7</td>
</tr>
</tbody>
</table>

% Change from LAB
21.1% 12.5% 28.3% 2.6% 9.3%

(1) Excludes Capital Construction, May General Fund Reduction and June E-Board OFL Limitation increase
(2) Pending Policy Packages for 09-11 enrollment growth and COPs Debt Service are not included and are still in development
POLICY OPTION PACKAGE REQUESTS

Due to the economic challenges, State funding will be limited in the upcoming biennium; thus, OUS is keeping its requests for new State funding to a minimum. Nevertheless, the following initiatives are critically important to the future of the State and its citizenry as they will ensure that more Oregonians are educated at a higher level, that Oregon has the workforce it needs to compete in today's globally competitive world, and that Oregon has the research and development operations needed to drive innovation and sustain the economy into the future. These initiatives include the following:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
<th>General Fund Requested</th>
<th>Other Funds Limited Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enrollment Growth</td>
<td>$29,447,021</td>
<td>$64,678,128</td>
</tr>
<tr>
<td>2</td>
<td>Faculty Salaries</td>
<td>7,640,781</td>
<td>13,009,979</td>
</tr>
<tr>
<td>3</td>
<td>Forest Harvest Tax</td>
<td>0</td>
<td>2,170,367</td>
</tr>
<tr>
<td>4</td>
<td>ETIC – Sustainable Engineering</td>
<td>12,000,000</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Services to Veterans</td>
<td>605,000</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>EOU Regional Services Institute</td>
<td>300,000</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Transportation Electrification and Smart Mobility</td>
<td>1,500,000</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>Improving Student Outcomes</td>
<td>6,950,000</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>Preparing for a Diverse World</td>
<td>430,000</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>Creating a College-Going Culture for Underrepresented Students</td>
<td>3,535,060</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>Sustainability Research Initiative</td>
<td>4,400,000</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>Product Design Collaborative in Portland</td>
<td>2,240,000</td>
<td>0</td>
</tr>
<tr>
<td>13</td>
<td>Metals and Manufacturing “Collaboratory”</td>
<td>4,495,000</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>Doctoral Education in Sustainability, Health/Life Sciences and Targeted Engineering Programs</td>
<td>3,000,000</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>Coordinated Support for Campus Sustainability Efforts</td>
<td>470,000</td>
<td>0</td>
</tr>
<tr>
<td>16</td>
<td>Certificates of Participation (COPs)</td>
<td>$0</td>
<td>$88,185,000</td>
</tr>
</tbody>
</table>

Sub-Total | $77,012,862 | $88,043,474

Total Requested | $165,056,336

These prioritized requests are detailed below:

1. **Enrollment Growth** .................................................................$29.4 million
OUS enrollment of Oregon resident students is expected to increase next biennium to 137,124 FTE and to keep growing into the foreseeable future. To serve these students will require increased funding from the State as the amount of tuition paid by resident students is less than the cost of serving these students. OUS is requesting $29.4 million in State General Fund
funding to serve the projected enrollment growth in resident students in 2011-2013. This is calculated as follows:

<table>
<thead>
<tr>
<th>Oregon University System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request for Enrollment Growth Funding</td>
</tr>
<tr>
<td>For the 2011-2013 Biennium</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundable FTE Enrollment in 2010-11</td>
<td>66,194</td>
<td>67,945</td>
<td>69,179</td>
<td></td>
</tr>
<tr>
<td>Incremental Fundable Student FTE</td>
<td>1,751</td>
<td>2,985</td>
<td>4,736</td>
<td></td>
</tr>
<tr>
<td>Estimated Total Costs per Student FTE</td>
<td>$11,500</td>
<td>$12,177</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Est. Tuition Rev. per Student FTE</td>
<td>$5,709</td>
<td>$5,709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GF Portion of Est. Costs per Student FTE</td>
<td>$5,791</td>
<td>$6,468</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GF Request to Serve Enrollment Growth</td>
<td>$10,140,041</td>
<td>$19,306,980</td>
<td>$29,447,021</td>
<td></td>
</tr>
</tbody>
</table>

### 2. Faculty Salaries

As has been noted before, OUS faculty have lower salaries than do their peers. And, even though these comparisons improve somewhat when comparing total compensation to peers due to our generous benefit packages, OUS still lags its peers. Yet, OUS faculty have worked very hard to serve a growing enrollment and growing research while making great strides to improve student success, shown by improvements in retention and graduation rates and other success indicators. Because of the State’s current financial challenges, OUS is proposing a 2 percent salary increase each year for faculty at the beginning of their contract term in the 2011-2013 Biennium (4.04 percent for the biennium). This amounts to a request for added General Fund of $7.64 million as calculated below:

<table>
<thead>
<tr>
<th>Faculty Salary Increase - 2011-2013 (General Fund Request)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;G and Statewide Public Services</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>@ 2% per year</td>
</tr>
<tr>
<td>Faculty Salaries base for 2011-2013</td>
</tr>
<tr>
<td>$ 263,000,000</td>
</tr>
<tr>
<td>2011-12 Increase</td>
</tr>
<tr>
<td>$ 5,260,000</td>
</tr>
<tr>
<td>2012-13 Salary Base</td>
</tr>
<tr>
<td>$ 268,260,000</td>
</tr>
<tr>
<td>2012-13 Increase</td>
</tr>
<tr>
<td>$ 5,365,200</td>
</tr>
<tr>
<td>2011-2013 Salary and Pay Increase</td>
</tr>
<tr>
<td>$ 15,885,200</td>
</tr>
<tr>
<td>OPE Rate for 2011-2013 = 30%</td>
</tr>
<tr>
<td>$ 4,765,560</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total 2011-2013 Projected Cost of Salary Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 20,650,760</td>
</tr>
</tbody>
</table>

| General Fund Portion = 37%                                  |
| $ 7,640,781                                                 |
| Other Funds Portion = 63%                                   |
| $ 13,009,979                                                |
Note: to obtain $13 million in Other Funds would equate to a 1 percent tuition increase at the beginning of the biennium.

3. Forest Harvest Tax (OSU Forest Research Laboratory)
   This is a request to extend a tax which sunsets statutorily each biennium and involves no state General Funds. The Forest Harvest Tax is a self-imposed tax by the forest industry and family forestland owners that is based on the volume of timber harvested in Oregon each year. The proceeds from this tax are transferred to the Oregon Forest Research Laboratory (OFRL) to help fund research, experimentation and studies that enhance the varied uses for forest-based resources. A tax of $0.92 per thousand board-feet of harvest is currently authorized by House Bill 2214. This rate expires every two years and must be extended through legislative action.

With a current projection of 6.1 billion board feet, these tax revenues provide approximately 40 percent of the base operating support for the Oregon Forest Research Laboratory. Implementation of this package helps to maintain the base capacity and infrastructure of the OFRL, the College of Forestry, and the Oregon Extension Service.

This policy package is a request for $6 million in Other Funds expenditure limitation for the 2011-2013 biennium. This presumes an Oregon harvest level of 6.5 billion board feet per biennium at the current rate of $0.92 per 1,000 board feet. A higher rate could be authorized by the taxpayers if appropriated support for the OFRL is increased for 2009-2011.

4. ETIC – Making Sustainable Engineering a Strategic Priority .................. $12.0 million
   This proposal for the Engineering and Technology Industry Council (ETIC) focuses in a single area: sustainable engineering, as described below. Monies allocated to this proposal will used to establish an ETIC Matching Fund.

ETIC has gone through a strategic planning process that considered a variety of engineering education and research opportunities. When ETIC considered which areas should be selected for its growth strategy it used several criteria. The ideal areas of investment are characterized by:

- Leveraging existing expertise and providing opportunity to grow this expertise;
- Providing opportunity to collaborate with other Oregon campuses and/or industry partners;
- Aligning with existing or emerging industry strengths in Oregon;
- Providing opportunity to create a center that will be nationally and globally competitive, attracting the best faculty and the best students;
- Aligning with federal funding priorities and opportunities; and
- Leveraging other strengths unique to Oregon.

From these criteria, ETIC has established a series of three priorities for investing in engineering education and research: (1) Sustainable Engineering, (2) Neuro Engineering, and (3) Cyber Security. While ETIC believes that all three of these areas represent important opportunity
areas for Oregon residents and businesses, at this time ETIC is proposing to focus on just one of the highest priorities: **Sustainable Engineering**. Sustainable Engineering includes six sub-categories:

- **Energy Generation**: Technology that produces electrical and other energy with a minimum carbon footprint;
- **Energy Conservation & Efficiency**: Technology that reduces energy waste and increases efficiency of energy conversion;
- **Intelligent Energy Management**: Technology that allows for improving supply and demand balance;
- **Green Materials Chemistry**: Technology that creates materials with minimum environmental impact;
- **Water Resources**: Technology that increases the supply of clean water and minimizes the environmental impact of waste water treatment;
- **Environmental Sensing & Systems**: Technology that monitors environmental impact and creates systems that make maximum usage of resources with minimal environmental impact.

ETIC has conducted an inventory of existing and potential expertise among the eight ETIC campuses in these sub-categories. While the depth and breadth of expertise varies from campus to campus, all the campuses have both strengths and opportunities that fit the sustainable energy strategy.
Oregon has reached a consensus that sustainability is its main economic development strategy. From the Oregon Business Plan\(^1\) to the Governor’s office, Oregon’s leaders see the combination of natural (wind, wave, geothermal) and industrial (solar, wind) assets together with our nation’s strategic need for larger and local sources of clean energy as a unique opportunity for Oregon. To seize this opportunity, Oregon needs to grow its existing strengths in sustainable engineering education and research to produce work-ready engineers and research that will support the growth of these industries.

When it created its Sustainability Initiatives Committee in November 2008, the Board set the goal of making the Oregon University System (OUS) “a recognized international leader in sustainability.” Funding this proposal will allow the OUS to take big step in that direction.

5. **Services to Veterans** ............................................................................................................... $605,000

In coordination with the Oregon Department of Veterans Affairs (ODVA), OUS is seeking 50 percent of the cost of supporting six Veterans Services Officers to serve student veterans on our campuses. In 2009-2011, these services were funded with monies that are no longer available; therefore, this request is to pay for one-half of the costs associated with continuing these services. ODVA is requesting funding to cover the other half of these costs.

6. **EOU – Regional Services Institute** ................................................................. $300,000

The Regional Services Institute (RSI) will match the traditional service region of Eastern Oregon University and work to provide research, resources, and guidance to communities and organizations lacking access to and engagement with university faculty, staff, students, and resources. This project seeks to re-deploy the longstanding entity housed at EOU, most recently known as the Regional Services Institute. The office serves critical support needs for the University in its work within the region, including the Eastern Oregon Rural Alliance, economic development districts, and the economic gardening initiative in partnership with EOU’s Pierce Library.

Funds utilized for the Institute will enable communities to engage in their own economic development, leverage public university resources, and expand a sustainable economy. The RSI will:

1. Provide access for business and organizations niche market information on sustainable economics.
2. Lead efforts for EOU’s economic development work in eastern Oregon.
3. Engage university programs and faculty with businesses and organizations.
4. Build internship, research, and employment opportunities for students by coordinating with campus and business.
5. Help connect emerging companies with investors and potential mentors and other

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sources of expertise, including faculty and graduate students.

6. Research and develop economic strategies in partnership with rural communities using tools such as surveys conducted by student employees and by tracking industry cluster development.

7. Assist local and regional economic development organizations in creating synergistic proposals to leverage resources.

7. PSU – Transportation Electrification and Smart Mobility

This request would establish a multidisciplinary Transportation Electrification and Smart Mobility Center of Excellence based at Portland State University (PSU) and the Oregon Transportation Research and Education Consortium (OTREC).

The Center of Excellence will serve the Pacific Northwest region by identifying, field-testing, and generalizing knowledge about the practicality and suitability of promising mobility strategies, technologies, services, and practices that help mitigate pollution, congestion, and dependence on foreign oil. The Center will employ a “Living Laboratory” approach that enlists local and national partners (e.g., Daimler Trucks, Intel, IBM, the Open Software Foundation, Ziba Design, Weiden + Kennedy, Google, Ford, Toyota, Nissan, etc.) and employ in-place assets (people, places, practices) to test its various projects, many of which are expected to focus on urban freight mobility, consumer behavior, transport telematics, and transportation electrification and the impact on and integration with the electric grid. The “Living Laboratory” approach allows students and faculty to experience, evaluate, and research transportation electrification in the urban environment. The intent is a truly collaborative and cross-disciplinary approach with various parties and partnerships to deliver education, training, research, and information exchange, accelerating the adoption of electric vehicles and the development of a smart mobility system. The Center will provide policy and technical guidance to the state and nation, and help solve research questions for transportation electrification.

Possible research projects include the following:
- Evaluating Driver Responses to Electric Vehicles using GPS.
- Adapting Policy Environments to Facilitate New Vehicle Technology.
- Electrification of urban freight mobility.
- Sustainable Mobility Index.
- Demographic Changes and New Vehicle Technology.

8. Improving Student Outcomes

A. Retention Programs Tied to Need-based Aid

This proposal targets lower-income students who may perceive that they can’t afford to pursue a four-year OUS degree and may be at high attrition risk for financial reasons even if they make it to a university. Many of these will be first-generation college students who have been exposed to a “college-going culture” and may lack knowledge of how to apply for college,
secure financial aid, and otherwise be successful in college once admitted supported with aid and other resources.

If effectively publicized in the first place, an OUS-wide initiative like this would help students and their families understand that an OUS education is affordable. Students who meet the criteria for the programs and participate actively in them would be retained and would graduate at rates higher than for students overall. Student indebtedness would be reduced dramatically, as well.

This proposal would provide the programming and staff support needed, in conjunction with need-based fee remissions, to help retain high-risk students. The funding estimate assumes that, based on the UO program, an estimated 20 additional staff FTE would be needed across the seven OUS institutions to serve the approximately 2,600 resident first-time freshmen who receive Pell grants each year.

The commitment to a cohort would be for four years; thus, this proposal is multi-biennial, extending at minimum through 2015-2017 (at which point the 2012-13 entering cohort would have completed its eligibility for the program). The total cost for 2011-2013 would be $3,400,000.

**B. Increased Peer Mentoring and Advising at OUS Institutions** $3,550,000

Since each campus already employs this strategy to some extent, this proposal provides funds for peer mentoring that can be incorporated into existing, diverse campus approaches. Students at high attrition risk—often identified through the application and admission phase but also identified by early-warning systems and poor academic performance during their first academic terms—can be matched with trained and supervised peer mentors, tutors, and advisors. Peer mentoring programs created or augmented by new funding can be set up initially in a way that allows for program evaluation of effectiveness. At-risk students served by the program will have higher grade point averages, higher retention, and better academic progress toward degrees than students with similar characteristics who either choose not to participate or do not meet program eligibility.

This proposal is scalable. Costs include student wages, which should be set above Oregon minimum wage levels in order to attract high achieving students. An hourly wage of $10 per hour could be a starting point. OPE for student pay is typically 5 percent of wages. Depending on the size of the initiative and the number of students targeted for it, there should be staff FTE devoted to designing or adapting the program on each campus, for training and mentoring the peer leaders throughout their employment, and for conducting ongoing program evaluation.
9. Preparing for a Diverse World ......................................................................................... $430,000

A. Recruitment and Retention of Diverse Faculty and Professional Staff....................... $400,000
Having access to faculty and staff who have shared experiences, culture, and language plays an important role in the recruitment and retention of students from underserved populations.

Faculty and staff who may come from the same communities and backgrounds as the underserved students are able to provide supportive and culturally relevant counseling and advice based on common experiences. Growth in the diversity of faculty is directly associated with growth in the diversity of the student population.

Currently, 15 percent of the students enrolled at an OUS institution self-identify as an underrepresented minority; however, just 9 percent of faculty in OUS are self-identified people of color, with less than 3 percent being Latino. These faculty and staff members are often expected to serve as role models, mentors, and translators (among other roles) in addition to the duties required by their position. This is largely the result of campuses lacking a critical mass of diverse faculty and staff members to draw on and limited cultural competency skills among other staff. This additional work load is often unrecognized in pay scales and not valued in promotion or tenure decisions.

OUS institutions face many challenges in recruiting faculty and staff to work in a state not known for diversity or multiculturalism and, for several campuses, the additional challenge of attracting scholars to small and/or rural communities is an even greater challenge. In order to increase the number of diverse faculty and raise the expectations for cultural competency among all staff, OUS institutions must strategically and intentionally work to diversify applicant pools and provide incentives for the individuals and departments who demonstrate through their hiring practices that diversity is a priority.

This proposal would provide increased funding for expanding diverse applicant pools and recruitment for faculty and professional positions, supplemental funds for faculty from underrepresented backgrounds that advance specific academic program priorities, and supplemental funds for faculty that advance scholarly work related to diversity, equity issues, and social justice, regardless of their race or ethnicity.

B. Latino Student Success Advisory Council ..................................................................... $30,000
Latinos are the largest (11 percent) and fastest growing minority population in the state, with nearly 50 percent of Oregon’s Latinos under the age of 24. This number is predicted to grow and it is estimated that by 2019 over 20 percent of Oregon’s 12th graders will be Latino. A sustained effort on the part of the Oregon University System is needed to provide the tools and skills Latino students need to prepare for and succeed in college.

During the past academic year, the Latino Student Success Resource Team (LSSRT), under the leadership of Dr. Charles Martinez, UO Vice President for Institutional Equity and Diversity, convened to identify and advance potential initiatives for Academic Strategies Committee’s
consideration. Over the several meetings of the LSSRT, members found that the opportunity to share approaches, promising practices, new issues, and potential resources was valuable not only on behalf of the Board but also to provide the opportunity for members to more systematically engage their own campus community.

This proposal will create an ongoing advisory council to continue work on issues related to Latino student access and success in Oregon. The council will allow for continued dialogue among key stakeholders and provide regular feedback to the Academic Strategies Committee and Board on promising practices, trends, and developing issues related to the outreach, recruitment, enrollment, and retention of Latino students at OUS institutions. The Council will include a representative from each OUS institution, representatives from the K-12 system and Oregon’s community colleges, a representative from the Oregon Student Association/Students of Color Coalition, and representation from key community-based organizations and businesses that serve Latinos across the state.

Initial areas to be addressed by the Council include:

- Development of faculty professional training opportunities related to the skills needed to work with Latino populations and to support the hiring and orientation of diverse faculty members;
- Identification of appropriate training tools and resources related to professional development in the areas of diversity, equity issues, social justice, and multiculturalism;
- Engagement of Latino alumni and community leaders to identify resources for Latino students and improve student success; and
- Coordination with other related advisory groups, such as ONWARD (Oregon Net-Work for Access, Retention, and Degree Completion) and the proposed Portland Regional Higher Education Access Advisory Council, especially to identify ways that effective models and approaches developed by the Latino Student Success Advisory Council may be extended to other underserved communities in Oregon.

10. Creating a College-Going Culture for Underrepresented Students.......$3.54 million

A. Bilingual College Access Information ................................................................. $41,700

This proposal will fund the development and creation of bilingual college outreach/recruitment materials targeting Latino students and families for whom Spanish is the primary or second language spoken in the home, specifically students in grades 10-12 and their families and prospective transfer students. These materials would cover the key access areas of financial aid, admissions, and parent engagement in the college transition process, highlighting the opportunities and supports available within the Oregon University System. Providing culturally relevant information and messages designed for the Spanish-speaking community demonstrates the System’s commitment to access and will help to build confidence and trust with Oregon’s Latino community. These materials would be used as initial contact pieces (printed and online) to supplement individual campus efforts.
To translate the existing OUS Viewbook would be a one-time cost of approximately $1,700 in addition to a nominal fee to cover OUS staff time for slight redesign of the existing English language Viewbook. Cost for annual revisions would be minimal. Costs for printing additional Viewbooks are estimated at $5,000 annually (10,000 Viewbooks at an estimated 50 cents each).

Translation of three existing OUS web pages under “Enrollment & Student Services: Admissions, Costs and Aid, and Transfer Students” would have a one-time cost of approximately $500 for text and links only. Translation of resource links would cost an additional $80-$100 per page, depending on content. Additional costs include staff time to create Spanish links/pages and post information.

The proposal would also fund a single day event to serve campus marketing, outreach, and admissions staff. Potential partners include Univision, El Hispanic News, and local consultants. The event’s estimated cost is $5,000-$7,500 for facility rental in a central location, catering, speaker fees, materials, and promotion for an anticipated attendance of 100 people (10-15 staff members per campus).

Finally, there would be a one-time development cost for creation of an OUS Spanish language television commercial to promote higher education in Oregon, estimated at $2,000 (plus an annual fee for any revisions or updated footage) and $10,000 for 150 “showings” (estimated at 36 per week, over four weeks).

B. Increased Support for ASPIRE and GEAR-UP; Summer Institutes for Rural Counselors and Mentors

This proposal would expand ASPIRE (Access to Student assistance Programs In Reach of Everyone) and GEAR-UP (Gaining Early Awareness and Readiness for Undergraduate Programs) programs and support summer institutes for public school counselors and volunteer mentors from rural communities. Since GEAR-UP and ASPIRE are well established in the state, increasing their coverage in rural Oregon will help foster college-going cultures in communities and schools that might not otherwise have the resources to do so. Expansion of GEAR-UP and ASPIRE will increase college-going rates among currently underserved rural Oregonians, and will increase the number of these students seeking and obtaining financial aid and scholarships. Summer institutes will increase the knowledge and skills of key influencers of pre-college students, so that they will have current information about financing college (including updated knowledge of federal, state, and other financial aid available), college readiness, and application/enrollment procedures at community colleges, OUS institutions, and private colleges.

The ASPIRE Director has identified 95 sites where schools have already indicated the necessary interest and support for an ASPIRE Program. $341,400 in 2011-12 would add 45 ASPIRE sites to the current 115 statewide. $697,600 in 2012-13 would add another 50 sites to that total.

GEAR-UP’s current operating budget totals $1.5 million. In the first year of its 2008 grant, 1,450 7th graders were served by the 12 GEAR-UP clusters and 20 schools. The number of rural
Oregon students served by an additional 10 clusters would depend on the particular school clusters chosen.

Counselors and mentors served would be rural practitioners in middle and high schools and volunteer mentors in rural school and community settings. Five summer institutes serving 50 participants each in rural locations could be funded at approximately $150 per participant, based on costs for similar events such as the Fall OUS counselor conferences. If held in two consecutive summers, the total biennial cost to serve 500 counselors and mentors (250 each summer) would be $75,000.

C. “Hub and Spoke” Models for Educational Delivery to Rural and Remote Underserved Areas

Oregon’s size, terrain, and population distribution present challenges to educational opportunity in geographically large and remote areas of the state. In areas of relatively recent population growth, such as in Central Oregon, higher education services have struggled to keep pace with the rate of growth and demographic change. The Board of Higher Education’s Long-Range Plan recognizes the challenges faced by these underserved parts of Oregon and notes among the Board’s strategic priorities finding effective solutions to these challenges.

The proposals described below aim to fund and support the development and implementation of several targeted initiatives and pilot programs in regions of Oregon which serve rural and other under-served populations, and/or serve students in fast-growing regions of the state, in order to increase access to postsecondary education and educational attainment overall in these regions. Funding would be requested from the State General Fund budget process, and would come from reallocated, in-kind, and/or matching funding from OUS institutions, and from the formation of educational collaborations.

The “hub and spoke” concept is an approach to deliver postsecondary educational opportunities outward from a “hub” location – such as OSU-Cascades in Bend – to rural satellite locations – such as Madras and Prineville, for example, or Eastern Oregon University’s Regional Centers throughout the state – in order to offer greater access to rural Oregonians who live outside of commutable postsecondary delivery areas. Currently, large primarily rural regions within the state, such as Central and Eastern Oregon and some coastal regions, for example, are left with few postsecondary options and the inability to drive the distances required to attend classes at hub campuses. Given that postsecondary participation and degree attainment rates of rural areas are significantly lower than those in metropolitan areas of the state, it is important to reach out and offer alternative methods of delivery of postsecondary options to these Oregonians.

Under this proposal, Oregon University System campuses would work in collaboration with community college partners to extend targeted bachelor’s degrees to existing satellites and expand certificate programs related to the workforce and economic needs of that particular region. OUS campuses would work with community college partners to expand satellites to other areas of need in the rural area. In addition, these sites could offer gateway courses such
as college skills, basic math, and/or writing courses to help facilitate the transition to college-level work. It is well understood that there would have to be a certain “critical mass” of student enrollments to be able to maintain an economically viable delivery model through satellites.

The proposal is targeted to Oregonians who need additional postsecondary education options in order to have the requisite skills to meet regional workforce and economic development needs and to increase their own employment and earning opportunities. The proposal also targets communities in rural areas needing to build a larger pool of highly skilled workers in order to retain current and attract new businesses and industries that need employees with skill levels beyond those generally obtained through achieving a high school diploma.

The proposal for 2011-2013 is a pilot test of the approach, anticipating that a successful result would lead to broader implementation across more sites in the future, with the goal of increasing college participation, retention, and degree or certificate completion rates for rural Oregonians. As a pilot, the proposal seeks to determine the most successful location and delivery options that will achieve this goal by assessing and evaluating programs and approaches.

D. Academically and Administratively Aligned “University College” for Central Oregon

While Oregon State University-Cascades and Central Oregon Community College are co-located on the COCC site, they remain separately funded and administered institutions also governed by different Boards and under different state agencies. The two institutions currently are not aligned administratively, programmatically, and in other ways that would facilitate improvements in student success and outcomes by increasing enrollment, retention, and degree completion rates. Thus, there necessarily exists separate staffing and operations that are not incentivized to build bridges across administrative and academic lines that would make it easier for students to move through a four-year degree. With transfer, administrative, and other barriers eliminated, the success and completion rates of the students would be improved.

The proposal to create a University College for lower-division students will strengthen the partnership between OSU-Cascades and COCC by maintaining the community college mission and also providing dually-enrolled community college students with a “four-year experience” that assumes, from the beginning of the student’s freshman year, completion of a bachelor’s degree as the end goal. COCC and OSU-Cascades faculty would work together to provide cohort experiences for these students, along with learning communities to increase retention and success and thus greater degree attainment. The cohort lower-division education will be located next to the upper-division programs, which need a new instructional facility within the next few years.

In order to create a transparent, student-centered University College for Central Oregon, COCC and OSU-Cascades must collaborate in more efficient ways—for example, through their IT systems, other administrative functions, and academic/curricular alignment. By sharing some of the main administrative functions and aligning IT systems, the University College will enable
students to experience a transparent transition from lower-division to upper-division in their bachelor’s degree programs, the same as students who begin at a traditional four-year university, such as OSU in Corvallis.

Currently, students who wish to transfer from COCC to OSU-Cascades must do so in the traditional way of transferring credits, transcripts, etc.—a 2+2 model, similar to most community college and OUS partnerships. By creating a transparent four-year experience through the University College for students who are seeking a bachelor’s degree, students will be more likely to continue in school to a four-year degree. The University College would also be able to attract students who currently leave the Central Oregon area in order to achieve the four-year experience offered at other institutions at higher cost to the students; in the University College model, students would continue to pay community college tuition rates for their first two years in the program. The 2+2 model would still be available for students who begin their academic study entirely within the community college rather than in the four-year learning cohorts which they begin as freshmen.

The University College concept will also focus on increasing the potential of more students to complete their two-year degree, involving increased collaboration between COCC and OSU-Cascades in sharing transcripts and collaborating to make administrative processes transparent, thus helping students who are close to completion to reach their degree goal. Within this model, lower-division students will continue to save about 30 percent on tuition costs during their first two years of college as they would pay COCC rates.

From a branding and marketing perspective, OSU-Cascades can use the University College model to align itself as an “equal” four-year university option, the same as any other within the OUS, complementary to a continuing 2+2 model. This would attract more students from within the region to access a four-year degree, as well as out-of-state students whose tuition helps support Oregon students, and it would be attractive to existing companies and companies exploring a location in the Bend/Central Oregon region. The Central Oregon business community has commented strongly that without a four-year university in the region, new companies will be difficult to attract because it is perceived that that there is not a diverse skill set and educational level within the area’s workforce, nor potential for student internships and apprenticeships, nor the potential for signature or applied research collaborations between higher education and the business community.

11. Sustainability Research Initiative...........................................................................$4.4 million
Since 2001, the Oregon legislature and U.S. Congress have created three multi-institutional interdisciplinary research institutes focused on natural resources and sustainability within OUS. In addition, efforts are underway to consolidate OUS research on water and renewable energy, which could lead to the creation of two new multi-campus centers, positioning Oregon to compete better for new federal funding. These centers often struggle with limited resources and can be more efficient and effective under a coordinated model that includes shared administrative support services, research seed funds, and collaborative data management.
This proposal will promote interinstitutional and interdisciplinary collaborations and centers supporting Oregon’s competitiveness in addressing critical state and national research priorities for sustainability (natural resources, climate change, water resources, renewable energy, and sustainable mobility). The proposal includes reallocation of existing positions and/or resources to support proposal writing and development for large multi-campus interdisciplinary research proposals. At an estimated 5:1 return-on-investment, economic impact is estimated to be $22 million.

**12. Product Design Collaborative in the Portland Area ..................$2.24 million**

Portland firms are internationally renowned for their innovative design talent and Portland’s reputation as a design center allows local talent to export their skills globally. The Portland Development Commission (PDC) identified “activewear and outdoor gear” as an important regional cluster and is making strategic investments to strengthen the cluster. A long-term goal identified in the PDC economic development strategy is to “develop a world class design program by enhancing existing educational programs through strategic partnerships.”

Higher education programs and resources related to product design are scattered throughout Oregon and disconnected from the growing Portland design industry cluster.

A higher education center for creative enterprise around product design, with integral connections to architecture, interior design, and art practice, will help to support Portland’s industry cluster and provide students with both an ambitious education and resources that will help them succeed beyond the university. The concept builds on a consortium of organizations and individuals representing the full spectrum of creative, entrepreneurial, civic, and educational interests.

The participating Oregon higher education institutions include the Oregon Institute of Technology, Oregon State University, Portland State University, University of Oregon, Pacific Northwest College of Art, and Marylhurst University. The proposal targets program development and infrastructure investments, including research studios, resource centers, incubator space, and production facilities. The goal of the design collaborative is to create a world-class level of higher education in design in Portland.

**13. Metals and Manufacturing “Collaboratory” ..................$4.495 million**

Oregon State University and Washington State University offer technical expertise and equipment to support the Oregon metals and manufacturing industry but the current model is inefficient, requiring duplication among campuses and creating unnecessary challenges for industry to access the resources.

The Metals and Manufacturing Working Group, made up of representatives of OUS institutions, WSU, and metals industry companies, proposes creation of a multi-institution “collaboratory,” with participation from OIT, OSU, PSU, and WSU. The Northwest Collaboratory for Sustainable Manufacturing (NWCSM) concept mirrors a “center of excellence” approach where technical
expertise and equipment are leveraged across the University System and WSU to keep duplication to a minimum and maximize access to resources.

The 2011-2013 budget request has three principle thrusts: 1) to protect the university assets that are currently critical to supporting the active industrial base, 2) to prepare for impending changes caused by faculty retirements, and 3) to work towards the long-term vision of NWCSM. The participating institutions are committed to provide for the continuing costs of maintaining faculty capacity beyond 2015.

14. Doctoral Education in Sustainability, Health/Life Sciences, and Targeted Engineering Areas ........................................................................ $3,000,000

This proposal supports doctoral student recruitment and support in the research areas identified above by providing stipends that are at competitive levels. Because students typically require five to six years to complete a doctoral degree, this should be recognized as the first of three biennial budget requests.

A fellowship fund to recruit new graduate students in the targeted areas aligned with the signature research areas of ONAMI (Oregon Nanoscience and Microtechnologies Institute), OTRADI, and BEST (Oregon Built Environment and Sustainable Technologies Center), and the Board’s focus to increase graduates and impact in sustainability, the health/life sciences, and the engineering areas of applied science, technology, and advanced manufacturing, will strengthen the link between graduate education and economic and workforce development.

OUS institutions are losing students to whom admission offers have been extended because other universities have made more attractive financial offers. To make OUS institutions competitive with top universities nationwide, stipends offered to doctoral students need to be raised to a minimum of $33,333 per year. This amount is about the average currently provided by the National Institutes of Health and National Science Foundation research grant support per doctoral student.

In order to have a real impact, it is necessary to add, as rapidly as possible, at least 30 new doctoral students each year (10 in each of the three targeted areas). Therefore, this proposal seeks two years of support for a cohort of 30 students who would begin in the first year of the biennium and one year of support for a cohort of 30 students who would start in the second year of the biennium. These 60 new students will require $3 million. As noted above, each student can be expected to need, on average, 5 or 6 years to complete their doctoral courses and thesis, so the request to support these students will be resubmitted for each of the 2013-2015 and 2015-2017 biennia.
15. Coordinated Support for Campus Sustainability Efforts.............................. $470,000
There is broad desire to collaborate on sustainability activities among students and faculty and low-cost solutions to foster communication and collaboration can be effective. Currently, the capacity to provide appropriate coordinated support does not exist. Creating functional support at the System-level, with the right balance between a Systemwide focus and facilitating the diverse sustainability activities of the individual institutions, provides a resource and mechanism to achieve effective communication and coordination among campuses. Through the creation of a well-designed OUS web portal for sustainability, as well as through symposia and conferences which convene OUS and external partners and experts in sustainability fields, a System-level function would provide an effective and efficient means to identify sustainability strengths and put forward an “Oregon” face to the world.

This proposal would develop functional support within the Chancellor’s Office to assist campuses in facilitating partnerships where appropriate, communicating sustainability efforts, and providing coordinated information, including website and performance metrics support.

OTHER AGENCIES’ POLICY PACKAGES FOR BOARD ENDORSEMENT
In addition, the Board will be asked to endorse budget packages being requested by partner agencies. These include:

1. Continued funding for the Oregon Opportunity Grant Shared Responsibility Model, developed by the Board’s Access and Affordability Working Group, but being requested in the budget of the Oregon Student Assistance Commission;

2. Items that may be sought in September by OregonInC, either directly or through the budget of the Oregon Economic and Community Development Department, to fund signature research centers and other aligned activities; and

3. Oregon Department of Veterans Affairs in pursuing the other one-half of the funding needed to maintain services to students who are veterans.

Together, these proposals, along with those advanced by the State Board of Higher Education, provide a sound, strategic plan for both the investment needed to ensure a vibrant economy and society for Oregonians, and the integrated framework and approach to service embodied in the Governor’s proposal for a closely linked education enterprise for Oregon and Oregonians.

MANDATORY TEN PERCENT REDUCTION PLAN
In addition to submitting the budget request as outlined above, OUS is required by state law to submit a 10 percent reduction plan. The System currently has record enrollment and research growth that has provided increased revenues. These enrollments and revenues are forecast to continue to grow in 2011-2013, thus can offset much of a reduction in state funding at this level. In addition, campuses have increased fund balances as a means of getting through the next two years without major program or expense reductions at a 10 percent reduction in state
funding. The System is committed to maintaining access and affordability for all qualified Oregonians seeking to attend an OUS institution during this time.

SUPPLEMENTAL TWENTY-FIVE PERCENT REDUCTION PLAN
OUS is already underfunded compared to other states, and reductions in state funding of this magnitude will precipitate tuition increases above the single digit increases currently forecast, could lead to enrollment reductions or restrictions and/or force structural changes within the System, including a number of cuts across all programs, limiting access to higher education, and limiting the services received by Oregonians. It could also result in added furloughs or employee pay reductions, reduced equipment purchases, deferring of facility maintenance, and other measures. It will also force major changes in the manner in which the Statewide Public Services are delivered by Oregon State University.

Staff Recommendation to the Board:
Staff recommends that the Board approve the 2011-2013 OUS Biennial Operating Budget request, including Policy Packages reflecting the Board’s budget priorities, and 10 percent and 25 percent reduction options. The Vice Chancellor for Finance and Administration is given authority to make funding adjustments if revisions in the estimates for the Current Service Level, revenue projections, or student enrollment information are necessary.

(Board action required.)