Crunch Time for Oregon’s Public Universities: Holding the Line on Quality
What’s the crunch?

- Rising enrollments
- Declining state support
- Declining financial aid
- Deferred maintenance backlog

Result—the threat to quality
Increasing enrollment: OUS enrollment 1989 to 2010

- Actual enrollment:
  - 1989: 70,221
  - 2010: Projected: 93,322

- Chart showing enrollment trends from 1989 to 2010.
But state funding for higher education is falling

OUS Share of State General Fund Appropriations

87-89 89-91 91-93 93-95 95-97 97-99 99-01 01-03

12.2% 6.9% 7.4%
Oregon Opportunity Grant is declining

Eligible Grant Applicants and Award Recipients

- Eligible Applicants
- Award Recipients

<table>
<thead>
<tr>
<th>Year</th>
<th>Eligible Applicants</th>
<th>Award Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>30,954</td>
<td>15,710</td>
</tr>
<tr>
<td>1999-00</td>
<td>33,562</td>
<td>17,895</td>
</tr>
<tr>
<td>2000-01</td>
<td>41,181</td>
<td>18,623</td>
</tr>
<tr>
<td>2001-02</td>
<td>44,824</td>
<td>18,572</td>
</tr>
<tr>
<td>2002-03</td>
<td>54,057</td>
<td>20,661</td>
</tr>
</tbody>
</table>
Oregon Opportunity Grant is declining (cont’d)

- Oregon Opportunity Grant provides 10.4% of total cost of attendance
  - Down from 11% in 2001-02
  - Target level of support is 15%

- Opportunity grant program will fund only one of every three eligible applicants in 2003-04
## Not keeping up with our neighbors

<table>
<thead>
<tr>
<th></th>
<th>Oregon</th>
<th>Washington</th>
</tr>
</thead>
<tbody>
<tr>
<td>State population</td>
<td>3.4 M</td>
<td>5.9 M</td>
</tr>
<tr>
<td>Need grants</td>
<td>18,600</td>
<td>50,000</td>
</tr>
<tr>
<td>Award level (%)</td>
<td>31%</td>
<td>94%</td>
</tr>
<tr>
<td>(of public 4-yr tuition &amp; fees)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding 2002-03</td>
<td>$18.2 M</td>
<td>$103 M</td>
</tr>
<tr>
<td>Other grants</td>
<td>None</td>
<td>$24.5 M</td>
</tr>
<tr>
<td>(work study &amp; merit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average award</td>
<td>$1,060</td>
<td>$1,816</td>
</tr>
</tbody>
</table>
Maintenance & replacement have been deferred too long

- Half of OUS’ buildings are between 25 and 40 years old
  - Subsystems (heating, ventilation, roofing, etc.) are well past published standards for lifecycle
  - These buildings and systems need simultaneous overhaul
  - Current backlog of subsystem replacement projects is estimated at $500 million
50% of all OUS Facilities were constructed between 1960 and 1975
That’s why we’re here today:

Oregon needs to hold the line on quality!
How we came to be where we are today
Accountability and performance measurement

- SB 271 — efficiency
- SB 919 — goals
- Performance measures
Goals for the future of Oregon’s public universities

- Expand access to students statewide
- Strengthen the quality of existing academic programs
- Enhance the employability of graduates
- Achieve cost-effectiveness
## Key performance measures and indicators

<table>
<thead>
<tr>
<th>Goals</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing access</td>
<td>New Oregon students—freshmen, transfers, total enrollment</td>
</tr>
<tr>
<td>Building quality programs</td>
<td>Freshman persistence; bachelor’s completion rate; recent graduate satisfaction; foundation revenues and assets; gifts, grants &amp; contracts; competitive faculty compensation</td>
</tr>
<tr>
<td>Creating economic opportunity &amp; employability</td>
<td>Graduate success, total degree production, degrees in shortage areas (engineering, computer science, teacher education)</td>
</tr>
<tr>
<td>Managing for cost effectiveness</td>
<td>Current fund balance; gifts, grants &amp; contracts; foundation revenues &amp; assets</td>
</tr>
</tbody>
</table>
OUS serving the state

- Serving more than 1 million Oregonians each year with teaching, research, and public service
- Enrollment increase of over 14,000 since 1992
- At the core of Oregon’s future in a knowledge-driven economy
- Over $250M per year in sponsored research
- High levels of student and employer satisfaction
Oregon University System
Serving all of Oregon

143 sites
7 universities
1 branch campus
Increasing enrollment: OUS enrollment 1989 to 2010

- 1989: 70,221
- 1992: 78,111
- 1995: 50,000
- 1998: 60,000
- 2001: 70,000
- 2004: 80,000
- 2007: 90,000
- 2010: 93,322

Actual vs. Projected Enrollment
Demand drivers for enrollment

- Pipeline
  - High school graduates
  - Continuation rates
  - Transfers
  - Masters in engineering, teacher education, health professions

- And beyond . . .
  - Re-entrants
  - Career change
  - Professional development
  - Lifelong learners
  - “Broken Bachelors”
OUS productivity: 1990s and last biennium

OUS Appropriations & Enrollment Change

- State appropriations
- CPI-Adjusted appropriations
- Enrollment

1990s
- 21.3% State
- -4.3% CPI
- 9.7% Enrollment

Last biennium
- 11.0% State
- -5.4% CPI
- 11.0% Enrollment
The Resource Allocation Model (RAM)

- Begun in 1999
- A new way of doing business for the OUS
  - Encourages entrepreneurship
  - Funding follows the student
# RAM components

## Campus Based Revenue
- Tuition and Fees
- Sponsored Programs
- Auxiliaries
- Gifts and Grants

## State Tax Funds

### Per Student Support
- Student Centered
- Understandable
- Accountable
- Stakeholders know what they are buying
- Limited number of allocation elements

### Lump Sum Pools
- Statewide Public Services
- State Initiatives
- Performance
- Specialty Disciplines
- Transition Funding
- Regional Access
- Support for Research
- Public Services
- Board Initiatives
OUS peer groups

**OSU LIST**
- U. Arizona
- U. Cal Davis
- Iowa State U.
- Purdue U.
- North Carolina St U.
  - Michigan State U.
  - Colorado State U.

**PSU LIST**
- U. Illinois Chicago
- Indiana U/Purdue U at Indianapolis
- U. Memphis
- U. Wisc Milwaukee
  - George Mason U.
  - San Diego St U.
  - Western Michigan U.
  - U. Texas Arlington
  - U. Toledo

**UO LIST**
- U. Colo. Boulder
- U. Cal Santa Barbara
- U. Iowa
- Indiana University at Bloomington
- U. N.C. Chapel Hill
- U. Washington
  - U. Michigan
  - U. Virginia

**LARGE UNIVERSITIES SHARED LIST**
- U. Arizona
- U. California Davis
- Iowa State U.
- Purdue U.
- North Carolina St. U.
- U. Illinois Chicago
- Indiana U/Purdue U at Indianapolis
- U. Memphis
- U. Wisconsin Milwaukee
- U. Colorado Boulder
- U. California Santa Barbara
- U. Iowa
- Indiana U. Bloomington
- U. North Carolina Chapel Hill
- U. Washington
- SUNY Buffalo

**REGIONAL UNIVERSITIES SHARED LIST**
- California State U. Stanislaus
- Fort Hays State U. (KS)
- U. Michigan Flint
- Southeast Missouri State U.
- Plymouth State College (NH)
- SUNY College at Fredonia
- Southern Utah U.
- Mary Washington College (VA)
- Eastern Washington U.
- U. Wisconsin Parkside

**OIT LIST**
- Cal Poly Pomona
- U. Southern Colorado
- Southern Polytechnic State U. (GA)
- Purdue U. North Central
- Pittsburgh State U. (KS)
- Western Carolina U. (NC)
- SUNY at Alfred
- East Tennessee State U.
- U. Houston Downtown
- Weber State U. (UT)
- West Virginia U. Instlt of Tech
The quality index

- The RAM provides a quality index for the relationship between enrollment and funding
- The quality index may be expressed as a percentage of the average state funding for OUS peers
- To assure quality under a predictable formula, the quality index must not fall below the minimal level of 80% of peer average state funding
The quality index and OUS funding targets

Funding Range of Peer Universities

- 80% of peer avg
- 85% of peer avg
- 90% of peer avg

- Median
- Highest
- Lowest

2003-2005
2005-2007
2007-2009
Recent history of the quality index

- OUS percent of peer average...
  - 89% (2000)
  - 88% (2001)
  - 75% (2002)
  - 75% (2003)
  - 65% (2004)
  - 65% (2005)

- OUS funding target for 2003-2005: 80%
- If Measure 28 fails: 72%
Growing demand while quality index declines

Funding Range of Peer Universities

Fiscal Year

Enrollment

Quality Index

Enrollment
Access denied

- Reduction in state support denies access to academically qualified Oregonians…
  - Eligible students who can’t get an Oregon Opportunity Grant
  - Part-time students not eligible for most financial aid programs
  - Students unwilling or unable to take on significant loan debt
  - Reduced class sections limiting choice and academic progress
Tuition and fee rates, 1980-2002

Undergraduate Resident Tuition and Fees

$0 $500 $1,000 $1,500 $2,000 $2,500 $3,000 $3,500 $4,000 $4,500 $5,000

An “F” on affordability

- How the western states “measure up” in cost to students relative to family income:
  - **A** – California
  - **B** – Utah
  - **C** – Colorado, New Mexico, Washington
  - **D** – Arizona, Idaho, Nevada, Wyoming
  - **F** – **OREGON**, Montana

The solutions . . .

How do we address these significant challenges to access, quality, affordability, and maintenance of our capital assets?
The Deal

- A new partnership with Oregon
- Agreed to by
  - the State
  - the System
  - the students
What’s the Deal?

- A multi-biennial strategy to address the funding, access, and quality conundrum
  - Creates a partnership (instead of an argument) between the System and the State
Investment components of The Deal

State Support
- Fund at 80% of peer average state support in 2003-2005, increasing to 90% by 2007-2009
- State investment in research incentives related to performance

Student Tuition
- Fair share with the State for resident undergraduates
- Predictable
- Direct a portion of new tuition revenue raised to fund financial aid for the neediest students

Institutional Efficiencies
Allow campuses to:
- Eliminate expenditure limits on non-state funds
- Eliminate restrictions on capital projects not funded by the State
- Reduce the institution match requirement on General Obligation bonds
- Retain interest earnings on non-General Fund dollars
- Buy, hold, sell property
- Streamline IT purchases and contracts
- Expand or establish academic programs according to market demand
Return on investment in The Deal

- Competitive performance in measures of student success and faculty accomplishment
- Below-average cost to state taxpayers
- Fair share of student investment, with affordability preserved for those with greatest financial need
- Increase enrollment capacity to 100,000 by 2010
- Double the level of funded research and technology transfer by 2010
- Expand university outreach and public service
### How OUS will show added-value to Oregon taxpayers

#### 1. Access to learning

<table>
<thead>
<tr>
<th>Goals defined</th>
<th>Goals measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase enrollment to 100,000</td>
<td>Total headcount enrollment in credit courses (unduplicated, four-term)</td>
</tr>
<tr>
<td>Double transfers in college pathways</td>
<td>Total newly admitted undergraduate students who transferred from an Oregon community college (fall term)</td>
</tr>
<tr>
<td>Double spending on student financial aid</td>
<td>Total expenditures on financial assistance from state, federal and institutional sources per full-time student per FY</td>
</tr>
</tbody>
</table>

#### 2. Excellence in learning

<table>
<thead>
<tr>
<th>Goals defined</th>
<th>Goals measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance student success</td>
<td>Proportion of undergrads <strong>persisting</strong> to second year by entering cohorts and student characteristics (freshman, cc transfers, students of color, lower-income)</td>
</tr>
<tr>
<td></td>
<td>Proportion undergrads <strong>completing</strong> bachelor’s degrees by entering cohorts and student characteristics (freshman, cc transfers, students of color, lower-income)</td>
</tr>
<tr>
<td>Double enrollment and degrees in high-tech fields</td>
<td>Total degrees awarded in engineering and computer science disciplines per AY (bachelor’s, master’s and doctoral degrees)</td>
</tr>
</tbody>
</table>

#### 3. Excellence in research

<table>
<thead>
<tr>
<th>Goals defined</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Double R&amp;D Spending</td>
<td>Total sponsored research expenditures from gifts, grants, &amp; contracts per FY</td>
</tr>
<tr>
<td>Product Commercialization</td>
<td>Total licenses and options executed and gross license income received per FY</td>
</tr>
</tbody>
</table>
OUS commitment

- OUS commits to:
  - Enhanced performance goals of student success and faculty accomplishment
  - 50/50 fair share with the State for resident undergraduates
  - Tuition that is predictable, tied to an appropriate index
  - Financial aid set-aside to support neediest students (in addition to Oregon Opportunity Grant and regular tuition remission funding levels)
  - Moderating funding requests and bridging the gap by efficiencies (through flexibility) and entrepreneurship
State commitment

- State commits to:
  - Establishing a base of quality funding relative to national benchmarks
  - Supporting investment in improved quality – by growing funding relative to OUS peers from 80% to 85% to 90% of the peer average over next three biennia
  - Supporting additional management and fiscal flexibility (with accountability) for State Board and campuses
  - Improving need-based financial aid (to remove the state’s F grade on affordability)
The Deal delivers

- Nationally competitive performance (above average)
- At below-average cost to state taxpayers
- With a fair share borne by students and affordability preserved for the most needy
- And the margin of excellence provided by institutional effort and stakeholder support
We need your support to:

- Renew commitment to growth and access
  - 100,000 OUS capacity by 2010
- Establish a base of quality and invest in it
  - From 80% of national peers to 90% by 2007-2009 biennium
- Build financial aid
- Adopt the Flexibility Initiatives in The Deal to empower the campuses