Oregon State University
State Funding Reductions and Tuition Planning
FAQs

The downturn in the economy is having an impact on the funding Oregon colleges and universities receive from the state. Earlier this year all state agencies – including schools in the Oregon University System – were required to create a plan for dealing with a potential 30 percent reduction in state funding for the 2009-11 fiscal year.

The actual reduction for OUS institutions may be less because of additional funding options from other sources, including the federal stimulus package. More information should be available in May, when the state’s next revenue forecast is announced. In the meantime, the university has developed a set of frequently asked questions to help students, faculty and staff better understand the budget situation and its impact on Oregon State University.

**What is the projected state funding reduction for OSU for the next two years?**
The Oregon Legislature has called for state agencies, including public universities, to plan for reductions in state revenues of up to 30 percent. Though these reductions may be moderated by using new taxes and other revenue sources, OSU and other state entities are creating scenarios that plan for reductions of 10 percent to 30 percent for the 2009-11 biennium. The monetary impact of these cuts would be $25 million (at 10 percent) or $75 million (at 30 percent) from OSU’s annual education budget. The legislature is expected to finalize the state budget in June.

**How much of the shortfall will be placed on students through tuition increases?**
The cost of resident undergraduate education is paid for by both tuition and general fund expenditures. Under the cuts proposed by the legislature, tuition would have to increase by 40 percent each year to replace all of the general fund dollars the cuts will eliminate. Instead of placing the entire burden on students through a tuition increase, OSU is proposing a combination of a lesser increase in tuition for resident students (equaling about one-third of the burden) while taking the rest through reductions in administrative and programmatic costs. Details on the tuition options can be found in charts A and B, which are attached.

**Where will the university take the remaining two-thirds of the reduction?**
The university is proposing to cover the remainder through salary reductions and FTE reductions for faculty and staff, the elimination of some programs, and budget reductions to administration and support services. Part of the reduction will be mitigated through increased revenue from other sources.

**How will the budget cuts affect instructional programs?**
When considering program reductions, OSU will put students first with a focus on providing access to core courses, maintaining quality and retaining top faculty. However, class sizes are likely to increase and student services will be affected. The university is taking a comprehensive look at its programs and will be guided by priorities of ensuring student success and maintaining and enhancing programs vital to OSU’s strategic plan. If fewer class sections are offered, the university will take action to ensure that students’ path to graduation is minimally affected.
Why will tuition increases for resident undergraduate students be higher than for non-residents and graduate students?
Non-resident and graduate students pay much higher tuition levels than in-state students for several reasons and it is important to keep these rates competitively priced so that the university maintains an ideal balance of students. The rates for non-resident students traditionally have been higher because the state provides no general funds to support them, so tuition must pay at least the full cost of their education. In fact, non-resident students pay more than the cost of their education and therefore help subsidize in-state students.

What will the university do to help students with high financial need?
When undergraduate tuition increases at a certain level, OSU automatically sets aside 30 percent of those dollars for tuition assistance and scholarships for needy students. In essence, students with a high level of need will see a smaller increase in tuition.

How does Oregon’s state funding (and tuition) compare with that of other states?
Oregon ranks 45th out of the 50 states in the amount of funding the state provides per student. Nevertheless, resident undergraduate tuition rates for OSU – and other OUS institutions – are slightly below the national average for similar institutions. Tuition for non-resident students is slightly higher.

Why doesn’t OSU cap enrollment?
OSU’s mission is to provide education to qualified Oregon students, so capping enrollment would be a last resort. The legislature would likely cut the university’s funding even more if OSU imposed caps. Capping non-resident student enrollment would actually harm Oregon residents because revenues from non-resident students help fund programs for residents. As a result, we continue to seek more non-resident students to help provide more revenues to support more Oregon students.

How can I get involved as a student to advocate for the importance of higher education?
Just as the university’s leadership is working hard in Salem on budget issues, OSU student leaders are advocating for you and welcome your involvement. Several activities are planned, including an OSU Day at the state capitol and testifying at legislative field hearings around the state. Contact the Associated Students of Oregon State University for more information.

Where can I suggest possible cost-saving ideas?
The university has received many suggestions on ways to save costs. If you have ideas, please send them to the Provost’s Office at: http://oregonstate.edu/leadership/provost/office/suggestions.html. They will be read.