UBC Analysis of Main Points of Bunsis Presentation

- Data used is from audited financial statements rather than budgets as that is more reliable. **TRUE** (Budgets are forward looking (where you are going/headed) and Audited Financial Statements are a look backward (where you have come from/been.))

- Both OUS and OSU are in solid financial condition, have strong reserves, positive cash flows, revenues exceed expenses, and manageable debt levels. **TRUE** (Although there are some smaller OUS institutions that are struggling)

- Faculty salaries at OSU are low compared to peer institutions. The salaries are low in all ranks but especially for full professors. There is a serious problem with salary compression. **TRUE** (The Provost has indicated that faculty salaries are a top priority for 2011-2013. Data on the comparison between UO and OSU salaries are appended.)

- Faculty are being asked to accommodate more students but there are fewer faculty to do this, resulting in higher work-loads. **TRUE** (There are complex features to this problem as some colleges may be more affected, there are strategic shifts to use fixed term instructors rather than tenure-track faculty in delivering courses, the recent Provost’s initiative hiring may bring some relief, etc.)

- In hindsight, the faculty furloughs were fiscally unnecessary. **TRUE** (Faculty furlough decision was made ahead of approval of Oregon ballot measures 66 and 67 (income tax increases). These measures were projected to fail at the ballot box. Classified employees (SEIU contracted staff) contracted furlough days as part of bargaining agreement for 2009-2011biennium. The Faculty Senate approved faculty furloughs as shared burden of projected declining OSU financial resources. At a time of significant recession and rising unemployment, it was felt to be important to take the furloughs and that it might benefit the University in the eyes of the public and the legislature.

- State support of higher education (OSU) is likely to decline substantially over the next biennium. There may be other ways to compensate for this. Generally **TRUE** although there are areas such as the SWPS where serious problems arise. The principal way to compensate for decreased State contributions is through increased tuition.

- The OSU Foundation is very healthy ($400 million in assets) and a portion of these assets can/are used for student scholarships. **TRUE**

- Athletic spending at OSU is high relative to peers and negatively impacts expenditures on core functions. **POSSIBLY MISLEADING** OSU is 4th highest expenditure/UG FTE in the PAC-10. Approximately 4 M$ from E&G funds is directed to Athletics and the BASF contributes about 3.6 M$ to student scholarships. There is a possible issue of gender inequality in the salaries of assistant coaches and the
group requests the Provost look into this question. These issues point up the general need for greater transparency in athletic budgets.

- OSU’s reserves are over $300 million. **MISLEADING** These reserves are generally obligated. 146 M$ are in cash, 180 M$ are in non-cash reserves. Over 50% of the cash reserves are Debt Service Reserve plus cash to pay for existing construction projects. These should be regarded (prudently) as obligated.

- OSU unrestricted net assets are $92 million and these assets can be spent. **TRUE** (The 92 M$ includes items (41%) that are not generally available for instructional activities such as fund balances for Auxiliaries, SWPS, Supply and Service accounts, etc.)

- In representing OSU’s revenue, grant and contract revenues should be included, even though they are ear-marked for specific purposes. This is critical in establishing total revenue growth as research funding at OSU has been growing substantially. **FALSE/MISLEADING** These types of funds are generally restricted, not available for general (instructional) use. Indirect cost funds (F&A charges) received by University are reimbursement for expenditures not a revenue source and do not fully compensate for research expenses. Several metrics that show growth in funding for OSU are the result of increased research funding and mask the decreases in funding for E&G purposes. The use of “Award” data in the Bunsis analysis is misleading.

- The decline in State support of OSU is compensated by the growth in other revenues, including grants and contracts. **MISLEADING** See above.

- OSU spends less on instruction than most public institutions (23% of total revenues) and this percent is declining with time. **MISLEADING** The percentage spent on instruction is lowered artificially by OSU’s expenditures on research and SWPS which are higher than most public institutions. (OSU is 6th among peer institutions of percent spent on instruction.)


- Faculty costs are less than half of the cost of instruction. **TRUE** (For 2010 faculty salaries and benefits are 49.4% of the total instructional cost.)

- If for some reason, there is a need to cut the OSU budget, the cut should be made in Central Administration. **YES AND NO** One should remember that “Central Administration” includes the Library, Facilities Services (energy costs, etc) as well as “the 6th floor”. F&A costs are ~ 35% which is similar to or below similar costs for our peer institutions. This percentage has remained flat in recent years. As a goal, reduction of Administration would be wonderful but perhaps not achievable.