

June 7, 2010

To the OSU community and our friends:

As it has so many times over the past two years, Oregon faces a critical financial juncture. Recently released revenue forecasts show the state of Oregon facing a \$577-million budget shortfall, requiring significant cuts at all state agencies, including our public universities and colleges. That means a total of nearly \$12-million in reductions for OSU -- \$7 million for the university and \$4.9 million for the statewide extension, forest research lab, and agricultural experiment station programs that comprise a critical part of our mission.

The good news, which I shared earlier today with our campus community in Corvallis, is that we have the financial resources and plan to manage through this in a way that will neither require further furloughs or layoffs nor impact our academic programs or the student experience. Because of careful financial management, strong success in attracting international and out-of-state students, reduced expenditures, and the selfless actions of our faculty and staff, who agreed to furloughs in the 2009-10 academic year, we have enough resources to cover this new state budget reduction. I'm sure you join me in hoping that by the end of the current biennium (June 30, 2011), our state's economy will have recovered sufficiently from the recession that the state will be better situated to meet the needs of our higher education campuses, enabling us to play an even greater role as economic engines for Oregon.

Looking forward to the 2011-13 biennium, we have been asked to anticipate an additional 15 percent cut in state support for the university and our statewide programs. The greatest challenge will be to position our statewide programs to continue to meet the needs of the people of Oregon. We are absolutely committed to helping these mission-critical programs endure through these challenging times.

With regard to the Corvallis campus, assuming modest growth in enrollment and tuition charges in 2011-13, we will have resources in hand to make the investments in faculty hires and one-time educational service and facilities projects recently announced by the provost, again without further furloughs or layoffs, and to end FY13 with a fund balance of around 8 percent, which is within the guidelines of the OUS Board.

But here is our challenge: In order to deal with the very serious state shortfall, leaders in Salem are considering revenue sources that could include our current resources to help them resolve problems elsewhere in the state budget. While I understand the challenges of the state's financial situation, I believe strongly that funds generated by and for Oregon State University ought to remain with the university to meet the educational needs of our students and to utilize them in ways supported by legislative leaders. Having our resources reduced further and swept into the state's General Fund to cover shortfalls elsewhere would make only a minor contribution toward the state's overall needs, but would have a serious and abiding impact on our university.

Perhaps more simply put, my point is this: We can do this, we can manage through this financial challenge of the next three years. We can address the educational and financial needs of our students responsibly if we're simply given the authority to expend our own resources.

We will be discussing this matter with the state Emergency Board on June 15 and making as strong a case as possible on behalf of OSU and all of the Oregon University System. We'll report back to you after that meeting. But in the meantime, please know that as Oregon State continues to persevere through difficult times, we deeply appreciate your ongoing support.

Finally, there have been a number of proposals for changing the relationship of OUS to the state and we have yet to hear the proposals from the Governor's Reset Cabinet and the OUS Board. The Governor is scheduled to speak to the City Club on June 25th and release his recommendations. The OUS Board is likely to release its recommendations at the July Board meeting. With the approval of David Yaden, who chairs the post-secondary education sub-committee of the Reset Cabinet, I am releasing [the remarks that I shared with the Reset sub-committee](#), on which I serve, at the meeting on January 29, 2010.

Sincerely,

Edward J. Ray
President, Oregon State University