

SETTING OUR COURSE

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I thank the President of the Faculty Senate and members of the Senate for this opportunity to address you regarding the current state of the university and the challenges and opportunities we face this year and for the next several years at Oregon State University. Much of what I will say today is guided by the work we have done to update the strategic plan, the economic realities we face, and the increasing clarity we have gained concerning what we must accomplish to become a leader among land grant universities in the twenty-first century.

A number of years ago my father-in-law took me on a “short cut” to get us from one point to another in the same city. After more than enough time to insure that it was not a short cut, we approached a road sign that informed us that we were entering the city we started in. I told him that we were lost. In the spirit of his pioneer ancestors he told me that you can’t be lost if you know where you are going. In retrospect, I think he identified a necessary but insufficient condition for getting where we want to go. One needs to know the destination not to get lost, but a route is required too.

Provost Randhawa and I have spent time recently summarizing what we believe some of Oregon State University’s essential attributes will be by 2025 if we are to eventually rank among the top 10 land grant universities in the next 20-30 years. This summary is appended to this speech and on our website.

Achieving this profile by 2025 will be a daunting task under the best of circumstances and our circumstances are unlikely to be the best for the foreseeable future. But there are steps we can and are taking now that will move us toward that goal.

My objective today is not to simply review the difficult circumstances that we face and then assuage your concerns about our current circumstances with a vision of the Promised Land. Rather, I want to paint a clear picture of what we must achieve to be a top ten land grant university in the years ahead, describe how far we must travel to get there, and explain how the difficult decisions we are making now point us in the right direction.

Oregon State University in 2025

I begin with a snapshot of attributes of Oregon State University in 2025 and contrast that with our current circumstances. Then, I will describe the course we must set for ourselves if we are committed to reaching our destination. I have said repeatedly, aspiring to be among the top ten land grant universities in America is not about rankings for their own sake or for bragging rights. It is about attaining the student, research, and service success of the very best public universities.

If we are successful in setting and sustaining a course toward greater excellence, I believe that Oregon State University can be among the top 15 land grant universities by 2025 and well on our way to being among the top ten. Consequently, we will be an international research university that attracts the very best students and faculty to our education and research programs from around the world. The university will be recognized for identifying, exploring, and solving critical contemporary challenges to sustaining Earth eco-systems, improving human health and wellness, and promoting economic growth and social progress. These are the three signature areas of excellence we identify in our updated strategic plan.

Furthermore, our graduates will be leaders in public and private sectors, contributing significantly to the economic and social progress of their communities.

As an economist, I understand the importance of financial resources to achieving our goals and I am pretty clear on the challenge we face in garnering the resources that will be needed for success. Let me start first with the attributes we should aim for by 2025. Then I will turn to the reality check on where we stand on those measures now and explain how the actions we are taking will insure that we have the resources we need to be successful.

In 2025, Oregon State University should have 30-35,000 students, with close to 6,000 graduates each year. That would represent growth of 50%-75% in our FTE enrollment in the next 15 years, which is consistent with the state of Oregon's goal to substantially increase the college-going rate for high school graduates to advance our competitive position in the national and global economy. That student enrollment is consistent too with the current scale of operation of the peer institutions we have identified as top 10. While Oregon State University has an exceptional record of collaboration across programs within the university and with other universities within the state and around the world, it remains true that "Big Science" requires a research university to capture the economies of scale and scope necessary to tackle fundamental and multi-disciplinary real problems with the most advanced and sophisticated teams of scholars and equipment, which is often extraordinarily expensive. A university of that size would require the number of tenured and tenure track faculty to range from 1,300 to 1,500.

In 2025 the first year retention rate for entering freshmen should approach 90% and the six year graduation rate should be in the 75-80% range, up from 81% and 62% today. Our graduates are our greatest contribution to the future and the target figures just cited are comparable to the retention and graduation performance of the leading public universities in America today. And, as our nation, state and student populations become increasingly diverse over time it will be critical to equalize the graduation rates for all demographic groups.

Changing national and state demographics, the need to prepare our graduates to compete and lead in a global economy, and the understanding that excellence can only be sustained in a truly diverse community makes it imperative that 20-25% of our students will be from historically under-represented groups, which cannot be accomplished unless 20-25% of our faculty are also from historically under-represented groups. Increasing excellence and diversity will also be reflected in our ability to keep many of the best and brightest students in Oregon and to attract talented students from around the country and abroad. Specifically, among our Oregon students, 50% will be high achieving high school graduates by 2025; another 25% of our students will be non-resident and international students. The need for us to provide highly skilled employees to the state for economic competitiveness, create a culture of inquiry and discovery throughout the university, and sustain a "Big Science" capability over time will require that up to 25% of our students will be enrolled in graduate and professional degree programs.

Lastly, we must also double our annual fundraising capability and double the size of our funded research grants and contracts portfolio. Aspiring to be a top 10 land grant university is about reaching for this level of performance.

Aspiring to be a top 10 land grant university also means that we must be good stewards of our regional campus in Bend. With COCC, the University of Oregon, and other partners in Central Oregon, we should see the Cascades Campus achieve an enrollment figure of 3,000 to 4,000 by 2025 compared to the present figure of around 600 students. That level of success will require us to help colleagues there build signature programs that will make the Cascades Campus a destination of choice for students and

faculty. We must also promote effective fundraising for the Cascades Campus and develop local university-industry partnerships in research. Our ultimate objective should be to position the campus in conjunction with COCC to fully meet the higher education needs of Central Oregon.

Current Circumstances

Where do we stand today? Our enrollment is 21,000 and we graduated 4,232 students last year. Six year graduation rates for historically under-represented groups are significantly below the overall average for the university. In terms of our student profile, 16% of our students are from historically under-represented groups, as is 13% of our faculty. Among our Oregon students, 32% are high achieving high school graduates. Only about 21% of our students are from out of state or abroad and 15% of our students are in our graduate programs.

How do we close such large gaps between our current profile and our aspirations in the next 15 years, when the only certainty is that our annual state funding will be reduced by as much as \$15-20 million during this biennium? And, while we have moved beyond last autumn's hysteria that we were entering a second great depression in this country, no one believes that the coming economic recovery is likely to be very strong in the foreseeable future.

Managing Costs and Moving Forward

I have been reminding groups over the course of the last year that in difficult times it is important to manage the things we control and to be mindful but not traumatized by the things we do not. In preparing to manage our financial challenges this year and to move positively toward our vision for this great university in 2025, we updated our strategic plan last year. We established guidelines for budget reductions and reallocations to insure that we maximize student learning and success and minimize the adverse impact of budget reductions on the ability of students to make timely progress toward graduation. The strategic plan will also guide us to maximize the recruitment and retention of faculty and to advance student success in the three signature areas of distinction.

Managing our current financial challenges requires the university to flatten administrative processes and to narrow the scope of our course and program offerings. Actions have already been approved on the administrative side to eliminate redundancy, consolidate structures and simplify processes. The implementation of the business centers is one example of the action being taken. We are in the process of implementing the fourth of seven regional business centers. The intent is to consolidate financial and personnel services that traditionally are maintained at the department, program, and college levels into the business centers, with the expectation that 75 percent of decisions will be made at the business center level without requiring approval from multiple administrative layers.

We have already eliminated some positions through this process and the original target of eliminating up to 50 staff positions remains in place. Additional cost reductions will result from streamlining operations and reducing redundancies in various academic support areas, including IT and functions related to marketing, media and events.

We are likewise working to narrow the scope of our course and program offerings by eliminating low enrollment sections, courses, majors, and minors at every level. Implementing recently established guidelines could reduce our course offerings by several hundred even as we increase sections in key bottleneck courses in areas such as chemistry, mathematics, and communications. The academic system

guidelines, approved in July 2009, will further result in eliminating or consolidating small departments into larger units.

Proposals to create a divisional structure for groups of colleges were advanced by the Advisory Council on Budgets and Strategic Priorities that I commissioned in Winter 2009. We will proceed with the creation of the divisional units with some adjustments to reflect recent strategic decisions. The result will be reduced costs and greater interdisciplinary alignment around the three signature areas of the updated strategic plan. We will keep the administrative offices of the College of Education on the main campus to focus on growing the double degree program and education in the STEM disciplines. Concurrently, we will establish the program elements from the original proposal at the OSU-Cascades Campus. Provost Randhawa will share with you the implementation details of those proposals, and the other recommendations on program reduction and consolidation, student success and administrative streamlining, over the next week.

We have a system of shared governance, and the guidance and in many instances the leadership of the Faculty Senate will be central to the success of our efforts. The review of the baccalaureate core that the Senate is engaged in is one example of its leadership role in not simply reducing costs but also redirecting resources to improve the learning environment for our students. I look to this body also for advice on the extent to which faculty should forego compensation increases and consider furlough days for at least the current year to help us manage our budget and minimize job losses at the university. These deliberations will have real consequences. We expect to eliminate as many as 300 positions at the university over the next two years. Every effort will be made to accomplish this through vacancies but it is not realistic to think that no one will lose his or her job.

Growing Our Resource Base and Strategic Investments

In my first major address to the university community in autumn 2003, I noted that we could not continue to rely on double digit tuition increases to meet our financial needs, in effect financing our aspirations for this great university on the backs of our students and their families. Instead, we would have to manage our costs, redirect resources to invest in the future, and do all we can to grow our resource base beyond tuition and state funding. The response from you and our colleagues and alumni and friends of the university has been extraordinary.

For instance, last year our faculty colleagues were awarded research grants and contracts totaling \$252 million, an almost \$100 million increase in the last six years. Six years ago our total fundraising was \$29.3 million. Last year we raised \$82 million. This was the second highest total raised in an academic year and it occurred during the worst financial year since the Great Depression.

This fundraising progress is being driven by The Campaign for OSU. We began the quiet phase of our first campus wide fundraising campaign in July 2004 and went public in October 2007. To date we have raised more than \$534 million toward the campaign goal of \$625 million with almost two years to go in the campaign. This shows how much people believe in you and our colleagues and how much they value the talents and accomplishments of our graduates, research, and service efforts.

I am particularly proud that we have raised more than \$84 million toward our \$100 million campaign goal for scholarships and fellowships, allowing more than 3,200, or 20%, of our Oregon undergraduate students to enroll under the Bridge to Success program and pay no tuition and fees last year. We expect to provide Bridge to Success funding for 3,200 students this year.

As great as these efforts have been we must more than double the value of our annual awards of research grants and contracts by the year 2025. To do so will require an even higher degree of collaboration among faculty across colleges to advance the three signature areas identified in the University's Strategic Plan. A divisional structure that aligns groups of colleges in support of the three signature areas will further enhance our capacity to compete for major research grants and collaborate with industry, while providing a context for changes that are being envisioned for academic departments, Statewide Public Service programs, and centers, institutes and other programs.

We must dramatically expand our participation in research consortia with universities within the state, and around the nation and the world. We have a significant stake in the success of collaborative in-state efforts such as ONAMI, OTRADI, and BEST. We have growing prominence in national projects such as the Ocean Observing Initiative. We must also significantly increase our direct partnerships with industry. Right now only 2% of our annual research funding results from industry partnerships. We must increase this to 4-8% of our total even as we more than double our annual research portfolio by 2025. Our aspirational peers have demonstrated that partnering with private industry has had a positive impact on achievement of strategic goals related to student excellence, economic impact, and research innovation. Our success in all of those areas will also be dramatically enhanced by the growth in the absolute and relative size of our graduate programs described earlier. I will rely on our provost and our new vice president for research to provide key leadership in each of these research dimensions.

As noted, The Campaign for OSU is proving to be a remarkable success. Nevertheless, in my first speech to the university I said that once we started our first campaign we would never look back on the way we managed fundraising in the past. Part of the objective of each campaign, beyond meeting campaign goals, is to double annual fundraising compared to the pre-campaign period. We will do that during this campaign because we are working with outstanding colleagues in the OSU Foundation to identify and build relationships with the alumni and friends who will lead our fundraising efforts beyond this campaign and be the major donors in the next campaign. More than doubling the annual fundraising level achieved through this campaign will require at least one and perhaps two additional campaigns in the next 15 years. That is what I meant about never looking back.

Earlier I talked about diversity among our students and faculty and the importance of improving performance with respect to both retention and graduation rates in terms of their impact on the quality of all we do. There are resource benefits to be counted too. By increasing our out-of-state and international enrollments we will enhance tuition revenue considerably. Our partnership with INTO will bring the first class of international Pathway students to campus this autumn. Our goal is to double the number of international students on campus over the next five years. With key investments in information technology; targeted recruitment of high achieving high school graduates from Oregon, the nation and the world; and improved student services, including advising, we can sharply reduce our costs of graduating students even as we grow our revenue base.

Our efforts to change our profile over the next 15 years will rest upon our ability to communicate with the audiences we need to reach to be successful. There are increasing numbers of groups in Oregon speaking out for greater state support for higher education. The Governor has appointed a special cabinet to review how government could work better in Oregon, including funding and the structure of higher education. I co-chair the Post-Secondary Quality of Education Commission. We need to provide those groups with clear and definitive evidence and statements of the impact we are having on the lives of Oregonians and the potential of our future contributions. We aspire to be among the top ten land grant universities because the land grant mission defines who we are. Through the Extension Service, the Agriculture Research Experiment Stations, the Forest Research laboratory, and in so many other ways

we reach out to improve the lives of Oregonians and people throughout the world. Ours is a public mission and it must be preserved and understood by the constituencies we serve.

In the research domain we need to convey to potential state, federal, international, public, and private partners an understanding of our capabilities and what we have already accomplished. Our efforts to continually enhance donor support from alumni and friends for the university, for the great work we do here requires us to speak to them in terms of their own aspirations for this university and its impact on the world. Our ability to attract high achieving and diverse colleagues, as well as high school graduates, and graduate students from Oregon, the nation and the world turns on our ability to articulate our vision for this university that resonates with their own aspirations. We must effectively execute our integrated marketing communications plan and communicate effectively with those and other audiences.

Charting and Staying the Course

When I came here I said that the state would never be the answer to funding all our aspirations for Oregon State. Therefore, we should not change our basic assumption that we must manage our costs, focus our investments and grow our resource base to the best of our ability.

I hope the foregoing has provided you with some sense of assurance that we are successfully managing the things we can control and paying attention to our external environment. Looking back at the past six years, we have been continually faced with uncertainties and reductions in our budget from the State. Yet, we have made substantial progress in growing our revenue base through research grants and private fundraising. We have reworked our base budgets to provide additional resources to the four colleges most centrally engaged in delivering undergraduate education. And we have redirected resources to enable competitive faculty compensation and to invest in six interdisciplinary growth areas.

With regard to investments, I noted earlier that to realize our aspirations for 2025 we must increase the number of tenured and tenure track faculty from 783 to between 1,300 and 1,500 in the next 15 years and we must begin now. I have instructed the provost to identify resources in administrative and other areas that can be reallocated over the next two years to add 25-30 new faculty positions to the colleges of the arts and sciences that are related to the signature areas. Furthermore, over the subsequent three years we should create 10-15 new faculty positions in each of the three strategic signature areas for the university.

I trust my description of what we aspire to achieve by 2025 and the current gaps in our performance have not struck you as too daunting to continue our efforts. While we keep an eye on our long-term goal, we must also focus our resources and energies on activities that will enable us to continue progressing toward that goal. During the 2009-2010 academic year:

- We will ensure that we manage our enterprise as cost effectively as we can maximizing resources allocated to the educational mission of the University
- We will ensure that the major elements of the University are best aligned to advance the three signature areas and that we invest in growing faculty capacity in those areas
- We will grow our international and non-resident student enrollment, as well as the number of high achieving students
- We will grow our grants and fundraising revenue base

I do not have a moment's hesitation in believing we will work through our immediate budgetary challenges and that we can achieve our aspirations for 2025 and beyond. And, I cannot imagine a better group of friends and colleagues with whom to test that proposition.

OSU IN 2025

In 2025, Oregon State University will be among the top 15 and well toward becoming a Top 10 land grant institution, known internationally for its student experience, research collaborations and impact, and faculty expertise in its signature areas of distinction.

Quantitatively, OSU will be characterized by:

- Student population of 30,000-35,000 with
 - 25% graduate and first-professional
 - 25% non-resident and international
 - 50% of high-achieving Oregon high school graduates
 - 20-25% U.S. minority students
 - 6,000 students graduating annually
- First-year student retention rate of 90% and six-year graduation rate of 75-80%
- 1,300-1,500 tenured/tenure-track faculty
- 20-25% U.S. minority faculty
- Total annual R&D expenditures of \$500-\$600 million
- Industry sponsored research 4-8%
- Annual private giving of \$175-\$225 million
- 3,000-4,000 students at the Cascades Campus

OSU will be an international research university that attracts the very best students and faculty to our education and research programs from around the globe.

OSU will be recognized for identifying, exploring and solving critical contemporary problems that are essential to sustaining Earth eco-systems, improving health and wellness, and promoting economic development and social progress.

OSU's graduates will be leaders in public and private sectors, contributing significantly to the economic and social progress of their communities.

COMPARISON WITH ASPIRATIONAL PEERS

(first number is average of peers, second is OSU; most data is for 2007-08):

| | |
|---|---|
| Number of degrees awarded | 9,579 versus 4,232 |
| Total Enrollment | 39,960 versus 21,000 (excluding OSU Cascades) |
| Faculty (tenured/tenure track) | 1,700 versus 800 |
| First-year retention rate | 89% versus 81% |
| Six-year graduation rate | 73% versus 62% |
| Total R&D expenditures | \$510M versus \$233M (most peers have medical programs) |
| Industry % R&D | 6% versus 2% |
| Annual private giving | \$169M versus \$91M (most peers have medical programs) |
| % U.S. minority students | 18% versus 16% |
| % international students | 9.2% versus 4.7% |
| % graduate students | 20% versus 15% (does not include first-professional) |
| % U.S. minority faculty | 18% versus 13% |
| % high achieving OR graduates coming to OSU | 32% |