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Neil Bryant, Chair  
Higher Education Coordinating Commission  
255 Capitol Street NE, Third Floor  
Salem, OR 97310

Dear Chair Bryant,

I am writing this letter in response to questions that were asked during the Higher Education Coordinating Commission (HECC) Funding and Achievement Subcommittee meeting on Thursday, March 15. Thank you for the continued discussion regarding the long-range capital plan for OSU-Cascades, as the plan is critical for building the campus in Central Oregon.

In response to Commissioner Wyse's questions during last week's meeting, I have attached a spreadsheet that outlines the expected growth at OSU-Cascades and associated building and infrastructure costs. It should be noted that although OSU-Cascades will have higher infrastructure costs associated with a new campus, it will not have any deferred maintenance costs. I believe the HECC should be requesting similar information from all of the campuses, since this information should be used in determining long-term capital investments for all of the campuses.

As was made clear in the information provided to the HECC, beginning in 2000 the governor, state legislature, and Oregon University System made a commitment when they worked with the community to propose, plan, fund, and build a campus in Central Oregon. They were responding to the rapid growth of the region and lack of a university to serve students in Central Oregon. OSU-Cascades is the legacy of that promise.

Oregon State University did not establish OSU-Cascades as a branch campus to grow its own enterprise. Instead, it responded to the state's 2000 Request for Proposals (RFP) as part of its land grant mission to serve an underserved region in Oregon. In that RFP, the state promised that the establishment and ongoing cost of the branch campus would not come at the expense of the managing university's budget. OSU and UO responded to the RFP with the understanding that the state would provide *additional* funds for the branch campus.

The OSU-Cascades project needs to be contrasted to other, strategic, moves by existing universities to establish off-campus research or education sites, including OSU's Hatfield Marine Science Center, Oregon Tech's Portland-Metro campus, or OSU's and UO's programs in Portland. Those off-campus actions were the result of strategic decisions made by universities to invest their own resources to establish new programs to serve Oregon higher education.

As the state envisioned, OSU-Cascades has been successful in its mission to serve Central Oregon, and its enrollment is growing. Now that additional buildings are required to increase capacity, the state should continue to support the campus it created. It is not reasonable to expect OSU to provide scarce capital from its allocation to build the campus in Central Oregon. That would

certainly come at the expense of OSU-Corvallis student space needs, which is clearly inconsistent with the state's original intent in establishing the branch campus in Bend.

Contrary to a characterization that was made during last week's meeting, OSU-Cascades is not seeking "independence" from OSU. The brand, accreditation, and shared services provided by being a branch of OSU are extremely valuable, and there are no plans or intentions to alter this arrangement. It should be noted that OSU provides these services at no cost to OSU-Cascades and with no incremental financial contribution from the state. In contrast, the regional universities are provided an allocation to support their shared services costs. Like the regional universities, OSU-Cascades provides the local administrative support necessary to operate a separate physical campus.

Central Oregon is the fastest-growing region of the state, and its K-12 system is also growing rapidly. Nearly 2,000 students graduate from the region's high schools each year, and without additional capacity at OSU-Cascades, students would have to travel three hours to attend another 4-year university. Many of Central Oregon's students are place-bound and would be unable to complete a four-year degree without a nearby university. In order to provide the path to prosperity for these place-bound students, who include many rural, low-income, and underrepresented students, capacity at OSU-Cascades has to grow over time.

OSU-Cascades is critical to Oregon's 40-40-20 educational attainment goal, and its enrollment growth reflects progress toward that goal. The large majority of OSU-Cascades students are from Central Oregon, indicating the campus is meeting its mission to address an underserved need, and one-third are first-generation college-goers. The phased capital plan (see attached) allows OSU-Cascades to meet the needs of an anticipated enrollment of 3,000 by 2034, and the plan can be adapted appropriately if enrollment grows more slowly than anticipated.

OSU-Cascades is also meeting the needs of Central Oregon's economy—one of the fastest growing in the nation—providing degree programs in relevant and emerging fields. Regional employers look to OSU-Cascades to provide skilled workers in growing industries such as software technology, biosciences, healthcare, and outdoor products, as well as to provide talented interns and faculty research expertise.

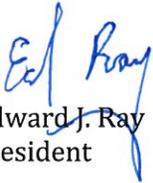
Not only can OSU-Cascades help the community grow sustainably, but the presence of the university will also have a positive economic impact. According to a study by ECONorthwest, by 2025, OSU-Cascades will contribute \$196.8 million in statewide economic output, bringing the state an additional \$3.43 million in annual income tax revenue.

OSU-Cascades has been more than just a good steward of state dollars, but creative and efficient with space use. Based on the HECC's published student enrollment data for the fall of 2017 and the E&G square footage for 2016 (most recent data), the average gross square foot (GSF) per student at public universities in Oregon (not including OSU-Cascades) is 147 GSF/student. OSU-Cascades is currently serving its students with 68 GSF/student. Clearly, there are many aspects of a comprehensive university that are lacking at OSU-Cascades, such as faculty research labs, a library, or a student success center. One example of efficiency is the standard for faculty office size at OSU-Cascades of 85-95 GSF/person rather than the typical 120-140 GSF/person. At full build-out with the addition of many of the currently missing elements, OSU-Cascades will still be below the average efficiency at 133 GSF/student. OSU-Cascades will continue to be a good steward of state resources.

OSU-Cascades has also been mindful of the impact of our future costs on state and tuition resources. The campus has built into its current and future operating plans a building reserve fund; OSU-Cascades will not create a new deferred maintenance issue for the state. OSU-Cascades will pursue public-private partnerships to build energy facilities and other auxiliary operations.

Treating OSU-Cascades' capital needs separately from OSU's is simply honoring the original promise of the state to provide *additional* resources to support the branch campus and not to make the growth of the branch campus come at the expense of an existing university. The state increased the total allocation to the OUS system in 2001 to establish the branch campus, and it should now increase the total capital allocation and provide a separate line for OSU-Cascades.

Sincerely,

A handwritten signature in blue ink that reads "Ed Ray". The signature is written in a cursive style with a large, stylized "E" and "R".

Edward J. Ray  
President