

Record Enrollments give Oregon universities big reserve accounts

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SALEM -- Record enrollments coupled with higher-than-ever tuition rates have helped give Oregon's higher education system something almost unheard of in this time of civic austerity -- a fluffy cushion of cash reserves.

At last report, the state's seven universities were on track to have combined reserves of just under \$200 million by June 30. The amount stands in stark contrast to comparatively paltry \$56 million the state has in its Rainy Day Fund and school reserve account.

At a time when people are clamoring for more state services, and students are looking for tuition relief, the reserve fund looks like a juicy target. But higher education officials say the reserves will help hold down future tuition increases, and budget writers at the Legislature say they're more impressed with than envious of higher education's expanding piggy bank.

"The university system is doing absolutely the right thing," says Rep. Peter Buckley, one of the co-chairmen of the Legislature's main budget committee. He said there are no plans to "raid" the reserves, as the state has done in the past.

"It's part of a five-year plan for stability," Buckley says.

Healthy reserve accounts are relatively new to Oregon's university system, which is better known for frequent pleas of poverty and calls for better treatment by state budgeters. A combination of circumstances has changed all that.

Last year, the Legislature approved a bill that gives universities more autonomy from the state and makes it harder for lawmakers to do what they have done in the past -- sweep chunks of tuition payments into the general fund to pay for unrelated state programs and services.

On top of that, the economic recession has sent scads more Oregonians back to college, whether because they lost jobs or because they decided they needed to up their academic credentials to find one. Furthermore, jumbo-sized tuition increases in California made Oregon schools seem like a deal -- even at non-resident rates -- and hordes of students came across the border.

"We have record numbers of students, and we have more students coming to us from out of state and internationally," says Jay Kenton, chief finance officer for the Oregon University System.

Also, on orders by the state, the campuses slowed spending two years ago, which helped build the current nest egg, he said. And on top of that, the state front-loaded its allowance

to the university system, giving it 54 percent in the first year of the biennium, which allowed universities to invest the extra money and recoup some interest earnings.

"It's kind of a calamity of errors almost, in terms of how we got to this point," Kenton said.

Not that he, or anyone in higher education, is complaining.

"We're a \$2.6 billion enterprise," Kenton says. "If you talk to most corporations, they don't drain their treasury every year. Granted, right now our reserves are a little high, but that's due to the herks and jerks by the Legislature."

Out of state subsidy

Admission policies also helped pad higher education's bank accounts. The University of Oregon's popularity has soared outside the state, aided by multiple appearances at national championship football games. **Now, one out of every two freshmen admitted pays out-of-state tuition.**

"They're paying \$27,000 a year in tuition, while the average cost to educate them is \$11,000 to \$12,000," Kenton says. "So they're a net gain." The higher tuition rates helps subsidize in-state UO students, who pay about \$6,000 in tuition, he says.

Roger Thompson, UO's vice provost for enrollment, says all those non-resident and international students aren't pushing out Oregon high school graduates. Just the opposite - they help Oregon high school graduates to consider staying in state, he says.

"Our primary goal is to enroll and educate Oregonians," Thompson says. The UO enrolls about the same number of in-state students each year, but the real growth has been in non-resident admissions.

The state has been consistently "disinvesting" in higher education, and the extra tuition paid by non-residents helps offset those losses, Thompson says.

Students say the reserves should be used to reverse a trend of skyrocketing tuition increases. Over the past four years, tuition at the state's bigger campuses has increased 70 percent, says Tiffany Dollar, chairwoman of the board of the Oregon Student Association.

"We know we have shrinking services -- fewer advisors, fewer counseling appointments, also increased class sizes," Dollar says. "We're in a really tough spot."

Students have proposed limiting tuition increases to no more than 7 percent over the next two years. She said he hopes the Oregon University System, with its bigger reserves, "does their part."