Oregon Health & Science University

Progress Report on

Northwest Commission on Colleges and Universities

2008 Recommendation 1

October 16, 2009
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I. Introduction

On April 1 2008, an evaluation committee of the Northwest Commission on Colleges and Universities visited Oregon Health & Science University to prepare a focused interim report on OHSU’s response to five recommendations (numbers 2, 4, 6, 9 and 10) from the 2005 Comprehensive Evaluation Report. These recommendations included:

2. The Committee recommends that, as the research program is enhanced, the University maintain a strong commitment to quality educational programs at the undergraduate, graduate and professional levels (Standard 2.A; 2.D).

4. The Committee recommends that each OHSU School or program develop a written policy on timely release of examination and final course grades to students (Standard 2.B.2).

6. The Committee recommendations that the University develop a rationale for the type and term of faculty appointments in the various Schools, Programs and Institutes (Standard 4.A).

9. The Committee recommends that the University undertake a review of the examination policies and processes for all OHSU external degree programs to ensure student authenticity and security of exams during administration (Policy 2.6; Standard 9.A.2).

10. The Committee recommends that a consistent rational be developed for setting tuition rates across the schools and programs with particular attention to discrepancies between programs (including external degrees) (Policy B-12).

The evaluator concluded:

The University has responded in good faith to each of the recommendations from 2005 that are the subject of this focused interim report. Except as noted regarding 2005 Recommendation 2, the evaluator considers each of these issues resolved.

With respect to 2005 Recommendation 2, the evaluator observed:

Overall, University and academic program administrators demonstrate a commitment to educational quality. However, all agreed that program quality is being challenged by the impact of the tort cap loss. They are hopeful of legislative redress, but are planning resource allocations on the assumption that this impact won’t be resolved soon.

The April 2008 Focused Interim Report made one recommendation (hereafter referred to as 2008 Recommendation 1) which is the focus of the October 2009 Progress Report.
NWCCU recommends that:

1. The University should continue to monitor and demonstrate its commitment to high standards of teaching and learning by providing sufficient human, physical, and financial resources to support its educational programs whenever and however they are offered (Standard 2.A.1).

The 2008 Focused Interim Report also noted that the University has been challenged by an Oregon Supreme Court decision that found unconstitutional certain provisions of the Oregon Tort Claims Act that limited OHSU’s liability for the acts of its employees and agents in large-damage cases on December 28, 2007. ¹

OHSU leadership began immediately to calculate the potential impact of the tort cap loss on the University. Several principles guided program reductions:

- Preserve OHSU Hospital’s ability to help fund university public missions.
- Preserve programs key to sustaining OHSU and uniquely provided by OHSU.
- Reduce based on strategic priorities; do not “thin the soup” across the board.
- Retain faculty/staff essential for OHSU to remain a top-tier institution.
- Work with partners where possible to transition services that OHSU must end.

Senior leadership met at length to quantify the impact of the loss of the tort cap and necessary organizational changes. OHSU’s strategic plan, Vision 2020, was crafted over a year with input from across the university and the entire state. This participatory decision-making process was impossible in face of a crisis situation.

These proposed reductions were described to the OHSU community in a Town Hall meeting on January 2009 which was also broadcast on the Intranet. The recommendations for

¹ In December 2007, when the Oregon Supreme Court made this landmark ruling, six lawsuits placed on hold for more than eight years moved forward. This decision, which eliminated the tort cap for Oregon public entities, equated to a loss in state support. For OHSU, having a cap or maximum on tort claims helped keep insurance premiums lower, reduced risk and exposure from medical malpractice suits, allowed the university to invest in other high priority programs, and protected the financial health of OHSU. A cap is essential to preserving the ability to provide valuable and necessary services provided by public entities including OHSU.

In the ruling the court reaffirmed a previous Oregon Court of Appeals conclusion that OHSU is a public body and therefore entitled to tort cap protection like other public entities such as public schools and fire departments. The court also ruled that the state constitution provides for a remedy that is "adequate," and apparently determined on a case-by-case basis. Finally, the court said it is unconstitutional to substitute a public body as the defendant in place of individual employees if that results in an inadequate remedy. The opinion left ample room for the legislature to make changes to the remedies so long as those changes provide an adequate remedy compared to what was available to the injured party previously.
reductions were approved by the OHSU Faculty Senate and Board of Directors. The implementation of program reductions began immediately. The focus of President Joe Robertson, MD, MBA and the Executive Leadership Team has been on getting back on track with Vision 2020 given the pressures that OHSU has been under. The University’s revised five-year plan forced a shift from protecting and strengthening all of the programs to preserving OHSU’s core functions. "Core" includes unique programs in the Schools of Medicine, Nursing, Dentistry and Pharmacy, as well as within the health system and basic science research, including the Vollum Institute, VGTI and the Primate Center. OGI School of Science and Engineering will become a unit within the School of Medicine. These cuts were made strategically – guided by the priorities established in Vision 2020, rather than on an "across-the-board" percentage basis (Appendix B. OHSU 2020 in 2009).

When the NWCCU evaluator visited the campus in April 2008, the University was undergoing the implementation of program reductions without the benefit of a resolution of the tort cap and legislative redress. In addition, the overall global financial crisis coupled with a state budget shortfall, unsure revenue forecast for the Hospital, and undecided bond credit rating appeared to threaten the University’s capital capacity and financial sustainability.

Actions taken by OHSU or other entities over the last 20 months have reduced financial uncertainty for the University that threatened academic program quality. The University continues to monitor the resources available to support academic programs to address the concern reflected in the 2008 Recommendation 1.
II. Actions Subsequent to 2008 Recommendation 1

Key sources of financial uncertainty for the University were regarded as threats to providing sufficient human, physical, and financial resources to support its educational programs. The sources include six as follows:

- Tort reform
- Stable credit rating
- Global financial crisis
- University Hospital volume
- State budget reductions for FY 2009-2011
- Administrative efficiencies

These are addressed independently despite their being linked inextricably.

Tort Reform

The legislature created the Oregon Tort Claims Act Interim Task Force in February 2008 to make recommendations to the 2009 legislative assembly on needed changes to the Oregon Tort Claims Act in the wake of the state Supreme Court’s decision in Clarke v. OHSU. This Task Force was comprised of legislators and representatives of OHSU, Oregon’s trial lawyers and various local governments. The charge was to balance fairly the availability of vital public services with appropriate remedies for those who are harmed.

The result of their work is contained in several bills, including Senate Bill 311. Senate Bill 311, which passed the Senate in February and House in March 2009, increases the per claim damage limits for state agencies and entities, including OHSU. On April 15, 2009 Governor Ted Kulongoski signed a new tort cap into law. (See Appendix A)

This new cap balances the need for individual compensation with the need to provide public services. Not only will this new tort cap protect individuals, but it will provide OHSU with savings in insurance premiums and self-insurance costs. The new tort cap allows OHSU to continue to accept the most difficult cases and provide essential but potentially high-liability health services to Oregonians and others who seek care at OHSU. The legislative redress came about one year following the April 2008 NWCCU Focused Interim Report.

**FISCAL IMPACT:** The legislative redress provides more certainty for financial planning as to requirements for liability insurance and potential patient claims.
Stable Credit Rating

During the time between the elimination of the tort cap and legislative redress, OHSU leaders were concerned about the impact of this unknown risk on the University’s bond credit rating.\(^2\) If the University’s bond credit rating were lowered as a result of the loss of the tort cap, the availability of favorable capital markets and cash-on-hand would be reduced significantly.

Prior to this year, the Standard & Poor’s Rating was the only rating sought by OHSU. In FY 2010, OHSU sought ratings from two additional credit rating agencies—Moody’s Investor Service and Fitch Rating. The University was involved in several months of discussions with credit analysts, including on-site meetings in early March 2009 with representatives across OHSU.

The University learned by the end of spring that the credit rating agencies had given strong third-party confirmation that the steps OHSU had already taken, and those being planned, were creating a financially sustainable model. These bond ratings include:

- ‘A’ by Fitch
- ‘BBB+’ by S&P
- ‘A2’ by Moody’s.

All three gave OHSU a Rating Outlook of ‘stable.’ These ratings of OHSU’s financial health are regarded as “investment quality.” That OHSU was able to sustain this S&P Rating ‘BBB+’ through the market turmoil of the last year and tort cap loss is a testimony to the quality of the University leadership. This reduces the University’s vulnerability in the bond market.

**FISCAL IMPACT:** OHSU will have access to lower interest rates (and lower debt payments) and quality capital markets than projected in January 2008.

Global Financial Crisis

The recent stock-market dive eroded millions from the endowments at OHSU and other universities throughout the United States. However, in calendar year 2008, OHSU and its Foundation investments outperformed major indices— for example, the S&P 500 witnessed a 37% decline—but OHSU’s endowment loss was limited to 24.8% This impacted the spending distribution for a number of endowed funds. But on the more positive side, in the first quarter of FY 2010, the investment performance has resulted in a gain of 9.8%.

In the midst of the economic crisis OHSU received its largest gift of $100 million in October 2008. This gift endowed the Knight Cancer Institute and the notable work by Brian Druker, M.D. Dr. Druker has worked for years to discover the weakness in one form of leukemia and

\(^2\) The credit rating is a financial indicator to potential investors of debt securities such as bonds. Letter designations (such as AAA, B, CC) are assigned by credit rating agencies such as Standard & Poor’s Rating (S&P), Moody’s Investor Service (“Moody’s”) and Fitch Rating (“Fitch”).
developed the first targeted gene therapy for cancer, the drug Gleevec™. Gleevec™ has revolutionized cancer research and treatment.

**FISCAL IMPACT:** The University’s endowments have shown improvement in the first quarter of FY 2010 and are being watched closely by staff. With the hoped for improvement in the U.S. economy, staff expect these investments to improve over the longer term. New development efforts are underway to support educational program quality.

**Increased Hospital Volume**

The Hospital projected a 5% growth in hospital admissions in FY 2009, but experienced only a 0.6% growth. During times of economic pressures, people have tended to delay elective surgeries and uncompensated care goes up because people lose jobs and health care benefits. Thus, OHSU projected that hospital admissions would continue to grow only 1% for FY 2010.

Despite the minimal inpatient growth, outpatient volume exceeded projections, resulting in meeting the projected total margin in FY 2009. This can partially be attributed to the acquisition of the community Hematology Oncology physician practice, Pacific Oncology

**FISCAL IMPACT:** This positive margin provided much needed correction towards financial stability and future sustainability.

**State Budget for FY 2009-2011**

Due to the downturn in Oregon’s economy, OHSU, along with every government agency or entity, was asked to prepare budget scenarios for reductions of between 5 and 30 percent for their base budget request for 2009-2011.

The legislatively adopted 2009-2011 state appropriated operating budget for OHSU is $79.4 million, a decrease of 10% or $8.8 million from the $88.2 million Essential Budget level determined by the Department of Administrative Services.

- The less than $80 million was distributed among six OHSU units: School of Medicine, School of Dentistry, School of Nursing, Area Health Education Centers/Office of Rural Health, Oregon Poison Center and Child Development and Rehabilitation Center.

- The 2009-2011 Educational and General Program appropriation\(^3\) is $67.4 million, a decrease of 10% from the $74.9 million E&G Essential Budget Level determined by the Department of Administrative Services as needed to maintain current service levels.

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\(^3\) Education and General Program (E&G), a subset of General Fund, is made up of core funding, such as undergraduate and graduate instruction.
In sum, state appropriations were reduced by about 10% for most OHSU units. The state gave OHSU more flexibility at the program level to determine how best to use the state appropriations. OHSU did not have to submit a line-by-line plan for the $67 million for E&G. A Budget Note in HB 5032 reflected an agreement reached to redirect state appropriations supporting the DMD program to the MD program over time.

- SOM was allocated a 7.8% reduction in state appropriations due to less tuition elasticity for its MD program.
- SOD was allocated a 15% reduction in state appropriations as it was deemed to have more elasticity to increase tuition for its DMD program.

Declining state appropriations for all of Oregon’s higher education programs has been the longstanding trend. This makes it difficult to meet the workforce needs of the state in the health professions and biomedical science fields. OHSU’s state appropriation was reduced by 14.5% in 2005-2007 from FY 2003-2005. This followed a prior reduction by 10.6% from FY 2001-2003. OHSU fared better in the 2009 legislative assembly than feared.

On a more positive note, the state approved the issuance of $110 million in bonds for a capital building project that represents a joint venture between the Oregon University System and Oregon Health & Science University. OHSU has contributed the land for the building in the South Waterfront campus and $40 million from a private donation made to the university to expand medical education.

The project “OUS/OHSU Life Sciences Collaborative Complex” will promote inter-institutional interaction, collaboration, and synergistic partnerships. The strategy approved will promote and attract partnerships with private bioscience and pharmaceutical companies in the region. Educational programs will address workforce shortages in the health professions.

**FISCAL IMPACT: A 10% reduction in state funding was absorbed with tuition increases and incremental adjustments not affecting overall program quality.**

**Increased Administrative Efficiency**

OHSU’s mission, vision and values are the most significant driver for budget priorities on an annual basis. The ongoing strategic planning process influenced budget priorities for FY 2008 and began driving budget decisions in FY 2009. To be financially sustainable as an academic health center, OHSU set as a priority the streamlining and aligning of academic and clinical programs, research support, and centralized administrative service. This has resulted in consolidating and merging some units as well as establishing multi-year business plans for every unit. The expectation is for “every boat to rest on its own bottom.”

The key changes for OHSU, in addition to Tort Cap Reform, that impacted the FY 2010 budget have included:

- Refinanced bonds to more favorable interest rates;
• Completed integration of Faculty Practice into the School of Medicine;
• Streamlined Central units (e.g., Human Resources, ITG, Marketing, Facilities);
• Integrated OGI programs, faculty and students into the School of Medicine;
• Moved some unit-based student support services to Academic & Student Affairs;
• Updated methodology for distributing unit overhead costs (Overhead Cost Allocation);
• Completed assessment of deferred maintenance for OHSU’s capital components; and
• Developed a roadmap to a Green Campus to strength campus sustainability efforts.

One of the most important challenges facing academic health centers, including OHSU, has been to find new sources of revenue to support social missions as competitive health care markets and governmental belt tightening have reduced AHCs’ margins from clinical services. In earlier years, clinical revenue helped support health professions education, especially in the medical school.

With a declining total margin, OHSU Central Financial Services updated the method for determining overhead cost allocation. These allocated costs are composed primarily of the “space cost” of facilities, insurance, and interest expense on our debt. Other overhead cost allocation (OCA) components include the costs of the central departments that support the entire institution, such as Human Resources, Student Affairs, Information Technology, Facilities, Legal Affairs, Risk Management and Finance. Since these departments do not generate external revenue, their costs have to be recovered through the revenue generating departments of the hospital, schools, centers and institutes.

The process for updating of the OCA was inclusive, with input from the Schools, the Research mission, various departments and internal financial officers. It was a concerted team effort to find an equitable methodology and mechanism for recovering overhead costs. Then, OHSU set a target for a healthy total margin (i.e., 4.5% for the Hospital and 1.5% for the University). (See Figure 1)
Achieving a healthy total margin requires units to develop financial plans with Central Financial Services that ensures revenues exceed expenditures, including “space costs” that need to be recovered.

**FISCAL IMPACT. OHSU’s educational programs have added overhead cost and total margins into their financial plans to align with OHSU’s strategy toward financial sustainability.**

**Summary**

The environment has not been steady or predictable due to challenges facing all academic health centers; unique issues facing OHSU, and conditions shared with all higher education institutions and society (such as the downturn in the global economy).

OHSU faced a number of financial challenges over the last 20 months, in addition to the removal and eventual readjustment of the tort cap. In a perfect world, OHSU would not have to worry about surprise and vulnerability.

OHSU is fortunate to have a strategic plan in Vision 2020 that allowed us to deploy resources to mitigate risk and exposure and take advantage of opportunities. In these hard financial times, OHSU received its largest gift of $100 million for the Knight Cancer Institute; we trained more students and residents; and faculty received top national and international recognition for their work.
III. Impacts on OHSU’s Commitment to Educational Programs

The ability to deliver high quality programs is reflected in financial resources, faculty resources, and student resources. OHSU made up for lost state revenue from other sources, including tuition, private fundraising, and federal funds. These fund sources fill the gap to sustain educational program quality. The impacts on OHSU, particularly on maintaining the quality and commitment to the education programs are addressed in three sections: FTE and Budget Reductions for FY 2010, Tuition Increases, and Faculty Recruitment and Retention.

Budget Reductions for FY 2010

Based upon a number of factors, Corporate Financial Services planned conservatively for the volatile U.S. and global economies by asking all units to plan for a 15% reduction in FY 2010 from FY 2009 budgets. The total OHSU budget reductions for FY 2010 totaled $29.5 million. The budget reductions for the academic programs comprised half of the total. (See Table 1)

<table>
<thead>
<tr>
<th>OHSU Unit</th>
<th>FY 10 Reductions ($ in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Dentistry</td>
<td>$1,568</td>
</tr>
<tr>
<td>School of Medicine</td>
<td>$13,800</td>
</tr>
<tr>
<td>School of Nursing</td>
<td>$1,500</td>
</tr>
<tr>
<td>CDRC</td>
<td>$1,070</td>
</tr>
<tr>
<td>Research Units</td>
<td>$1,200</td>
</tr>
<tr>
<td>Central/Other Units</td>
<td>$10,412</td>
</tr>
<tr>
<td><strong>Total University Reductions</strong></td>
<td><strong>$29,549</strong></td>
</tr>
</tbody>
</table>

In addition to increasing tuition and fees for students, these proportional reductions have impacted Academic & Student Support as follows:

- Reduced university support for extramurally funded K-16 health and science pipeline programs;
- Eliminated journal subscriptions based on price increases and citation data (faculty and student usage); and
- Eliminated capital for instructional support, new equipment and repair.
**QUALITY IMPACT: OHSU offset reductions in state and other support by increasing tuition to sustain current quality levels. Some decentralized programs and services have been centralized to reduce administrative costs and increase impacts (e.g., diversity, student access, minority student recruitment).**

**Tuition Increases**

Although OHSU is a public institution, a declining portion of its budget comes from state appropriations. The continued erosion in state support has been offset once again by a proportional increase in tuition for FY 2010.

When there is a large year-to-year change in tuition, OHSU phases in the increase with the entering cohort. This is done to shield enrolled students from the disruption of unanticipated increases, except for inflationary adjustments.

Tuition increases are always a last resort in budget planning to maintain quality programs. We have avoided “thinning the soup” which could impact the reputation of the University’s programs.

Some markets are statewide; whereas, others are national or international. A number of programs, such as the MD program, are near the top of the market in price to students, but others have more tuition elasticity. Tuition has increased for all programs over the last five years as follows:

- Resident tuition for DMD students increased by more than 30% between 2005-06 and 2009-10 (from $19,950 up to $26,093). The School of Dentistry is at the top of the market in terms of student price.

- Resident tuition for MD students increased 33% between 2005-06 and 2009-10 (from $24,102 up to $32,132). Medical students had a 4% to 5.3% tuition increase in 2009-10 after jumping 17.0% in 2008-09. Average tuition of OHSU medical students is at the top among other public institutions and above the mid-range among private institutions.

- In the School of Nursing, resident tuition increased 32% between 2005-06 and 2009-10 (from $7,425 up to $9,801) for the baccalaureate program. Tuition for nursing increased 2.8% in 2009-10 (compared to 2008-09) compared to an increase of 19.9% in 2008-09. OHSU’s tuition for undergraduate nursing students is at the top of the market for its public peers.

- For the PhD programs in the biomedical sciences in the SOM, resident tuition increased 12.6% between 2005-06 and 2009-10 (from $16,119 up to $18,144). Tuition for PhD students in 2009-10 did not increase over 2008-09 tuition levels. (*See Table 2 Trends in Annual Tuition for Selected OHSU Programs*)
In 2008-09, Ph.D. students in the basic sciences received stipends between $20,000 and $26,000 depending on program status with most covering tuition, fees, and health insurance. For graduate education, including the M.D. and D.M.D. programs, the majority of financial support comes in the forms of student loans. The assumption is many of these graduates, typically, will have higher earnings and a greater capacity to repay debt.

The total aid processed for OHSU students—grants, scholarships and loans—increased 107% from 1999-00 to 2008-09. The average debt load for recent OHSU graduates is $170,000 for MDs and $166,000 for DMDs. High tuition has the greatest impact on learners from modest-income backgrounds. OHSU’s has been looking into efforts to increase the diversity of students enrolled and graduated from our programs in health professions, biomedical science and healthcare management to reflect the increasing racial and ethnic diversity of Oregon’s population. Program staff have been working with OHSU’s Foundation to raise funds to meet this strategic goal.

Despite the increases in tuition overtime, OHSU’s educational programs in medicine, dentistry and nursing have strong reputations and the quality of the applicant pools continues to be very high.

**QUALITY IMPACT: Despite the increase in tuition, the quality of the applicant pools remains high; all programs are filled to capacity for 2009-10.**

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4 Health disparities are believed to occur as the result of complex interactions between social, economic, political, historical, individual, and other related factors (Institute of Medicine, 2002). The increasing ethnic and racial diversity of the United States, language and cultural barriers are now well recognized as significant factors that can contribute to health disparities among minority populations, even when other factors such as education and income are comparable. Recruiting and retaining minorities in the health professions can help alleviate cultural and linguistic access issues, and potentially reduce health disparities among diverse and underserved populations. For example, minority health professionals are more willing to work in underserved communities, and many speak the native language or dialect of clients from their own ethnic background. Also, when patients and providers are of the same ethnicity and sensitive to cultural and language barriers, greater client satisfaction and treatment adherence also tend to occur (Sullivan Commission, 2004).

5 The OHSU School of Medicine primary care program was ranked third in the nation by U.S. News & World Report in its annual survey of "America’s Best Graduate Schools 2010 Edition." The OHSU School of Medicine primary care program was ranked third in the nation by U.S. News & World Report in its annual survey of "America's Best Graduate Schools 2010 Edition." In a companion survey of specialty programs, the School of Medicine’s Rural Medicine program ranked fourth nationwide. The School’s Family Medicine program also featured in the 2010 listings of best specialty programs, ranking at number eight in its category. For more than a decade, U.S. News & World Report has consistently ranked the School of Medicine’s education programs among the best in the nation. Rankings are based on peer assessment surveys. The Physician Assistant program is ranked among the top ten nationally, and the Nurse Midwifery program is ranked in the top five.
# Table 2. Tuition Trends for Selected OHSU Programs

*Academic Years 2005-06 through 2009-10*

<table>
<thead>
<tr>
<th>Program</th>
<th>2005-06</th>
<th>2006-07</th>
<th>1 Yr Change</th>
<th>2007-08</th>
<th>1 Yr Change</th>
<th>2008-09</th>
<th>1 Yr Change</th>
<th>2009-10</th>
<th>1 Yr Change</th>
</tr>
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<tbody>
<tr>
<td><strong>Resident</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DMD</td>
<td>$19,950</td>
<td>$21,049</td>
<td>5.5%</td>
<td>$21,679</td>
<td>3.0%</td>
<td>$25,582</td>
<td>18.0%</td>
<td>$26,093</td>
<td>2.0%</td>
</tr>
<tr>
<td>MD</td>
<td>$24,102</td>
<td>$25,068</td>
<td>4.0%</td>
<td>$26,070</td>
<td>4.0%</td>
<td>$30,504</td>
<td>17.0%</td>
<td>$32,132</td>
<td>5.3%</td>
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<tr>
<td>Nursing BS*</td>
<td>$7,425</td>
<td>$6,105</td>
<td>-17.8%</td>
<td>$7,953</td>
<td>30.3%</td>
<td>$9,537</td>
<td>19.9%</td>
<td>$9,801</td>
<td>2.8%</td>
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<tr>
<td>Grad Nursing</td>
<td>$11,952</td>
<td>$13,392</td>
<td>12.0%</td>
<td>$14,724</td>
<td>9.9%</td>
<td>$16,920</td>
<td>14.9%</td>
<td>$17,352</td>
<td>2.6%</td>
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<tr>
<td>Phys Asst</td>
<td>$24,912</td>
<td>$25,668</td>
<td>3.0%</td>
<td>$26,460</td>
<td>3.1%</td>
<td>$28,584</td>
<td>8.0%</td>
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<tr>
<td>PhD</td>
<td>$16,119</td>
<td>$18,630</td>
<td>4.0%</td>
<td>$17,442</td>
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<td><strong>Non-Resident</strong></td>
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<td>DMD</td>
<td>$34,622</td>
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<td>Nursing BS*</td>
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<td>$22,500</td>
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<td>3.0%</td>
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<td>3.1%</td>
<td>$28,584</td>
<td>8.0%</td>
<td>$30,024</td>
<td>5.0%</td>
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<tr>
<td>PhD</td>
<td>$23,868</td>
<td>$24,840</td>
<td>4.1%</td>
<td>$25,848</td>
<td>4.1%</td>
<td>$26,892</td>
<td>4.0%</td>
<td>$26,892</td>
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</tbody>
</table>

**NOTES:** Excludes mandatory fees

*For years 2006-07 through 2009-10, tuition data are based on 33 credit hours a year. 2005-06 tuition based on 45 credits per year.*

*Source: OHSU Academic Year Fee Books, 2005-06 through 2009-10*
Faculty Recruitment and Retention

Recruiting talented faculty and keeping OHSU competitive are top goals for President Robertson, the Provosts, and the Executive Leadership Team. Departments maintained strong support for faculty recruitment and retention by taking reductions in discretionary parts of their budgets (e.g., travel, hosting meetings). Overall, faculty recruitment this year has been running near the same pace in prior years. Given the highly competitive markets of academic health centers and the depressed business cycle in the U.S, we are pleased with our continued ability to fill faculty positions with our top recruitment choices.

- In the School of Dentistry, they hired 12 new faculty members, hired a Chair in Endodontics, but postponed recruitment for a Chair in Community Dentistry.

- Since January 2009, the School of Medicine has filled 100 faculty positions in teaching, research and clinical positions. Several recruitments are still open and moving along with the expectation that they will be successful. This is at about the same rate as the prior year.

- Professional master’s degree programs in the School of Medicine, which are self-supporting, brought in as many tuition paying students as possible. To accommodate increased students, some faculty have increased their course loads, others are changing courses to a hybrid format (mostly online, minimal face-to-face sessions).

- The School of Nursing continues to recruit and hire faculty despite the challenge of a shrinking workforce of quality nursing faculty (due to retirements).

In July of 2009, OHSU and the OHSU Foundation launched a 3-year, $100 million fund-raising initiative to retain, recruit and support exceptional faculty. The campaign was the result of a university-wide needs assessment. Guided by the results, OHSU’s leadership team selected 13 priorities to frame philanthropic fund-raising efforts in three broad categories:

**Faculty Retention and Recruitment** ($50-$60 million) will help secure endowed positions, research funds, recruitment packages, student stipends and special equipment required to retain and recruit talented faculty.

**Enhanced Core Facilities** ($5-$15 million) will expand key technology resources enabling multidisciplinary collaborations and hastening breakthroughs in research, education and clinical care. Core resources are essential elements of a top research university.

**Multidisciplinary Collaborations** ($20-25 million) will expand and enhance key multidisciplinary ventures that OHSU faculty are uniquely able to pursue. These
include basic and clinical aging research, cancer research and outreach, stroke research and treatment, cardiovascular health, and community-based health improvement projects.

Early progress is steady, with strong initial support from philanthropic partners in the areas of enhanced core facilities, and cardiovascular disease prevention and health outreach. These new initiatives are the result of discussions with the deans, school administrators, OHSU Faculty Senate, and faculty about how to recruit and retain exceptional faculty.

QUALITY IMPACT: OHSU has been able to fill position vacancies required for the continued strength of our educational programs. And, the launch of a funding raising initiative in July 2009 will add to our capacity to retain and recruit in competitive faculty and student markets.

IV. Conclusion

For OHSU, the past 20 months proved challenging with the loss of the tort cap and other conditions related to the current unsettled economic environment. This Progress Report has captured the principal conditions affecting OHSU’s financial stability. Due to budget planning, OHSU enters this time of economic distress in relatively good position. The state budget shortfall was not as great for OHSU as it was for other government entities. The loss of the tort cap was ameliorated with tort reform and OHSU did not have to commit the projected resources to liability insurance payments. Reductions made to FY 2009 and 2010 budgets protected the core and emphasized the University’s commitment to quality educational programs. OHSU is financially stable because units have sustainable business plans.

There are still some uncertainties such as the level of investment the federal government in biomedical research given the ongoing conflicts in the Middle East, high unemployment rates that could increase requests for charity care, unsettled health care reform, and tightened credit available to students to take out loans to finance their advanced education.

Given the work we have done to develop a sustainable financial model that supports the strategic plan in Vision 2020, we are committed to maintaining quality throughout the organization, and especially the core educational programs and will continue to closely monitor the status of the resources necessary to maintain that goal.
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Appendix A - Senate Bill 311

Liability Caps:

- Increases the per claim damage limits recoverable under the Oregon Tort Claims Act (OTCA) from the current $200,000 to $1.5 million for the state of Oregon, Oregon Health Science University (OHSU), the State Accident Insurance Fund (SAIF) and the Oregon Utility Notification Center.
- Increases the per claim damage limit to $500,000 for all other public entities.
- Increases the per occurrence damage limits under the Oregon Tort Claims Act from the current $500,000 to $3 million for the State of Oregon, OHSU, SAIF and the Oregon Utility Notification Center and to $1 million for all other public entities.
- Increases the State of Oregon, OHSU, SAIF and Oregon Utility Notification Center per claim limits by $100,000 per year until 2015.
- Increases the State of Oregon, OHSU, SAIF, and Oregon Utility Notification Center per occurrence limits by $200,000 per year until 2015.
- Increases the per claim limits for all other government entities by $33,333 per year until 2015.
- Increases the per occurrence limits for all other government entities by $66,666 per year until 2015.
- Increases all property damage limits from the current $50,000 per claim to $100,000 per claim and $500,000 per occurrence.
- Applies (after 2015) an escalator based on the Portland-Salem OR-WA Consumer Price Index for All Urban Consumers up to three percent each year.
- Begins escalator for property damage in 2010. Removes the distinction between economic and non-economic damages.
- Creates a Tort Claims Task Force to revisit the issue of tort liability of public bodies to convene in the year 2014.
- Allows direct appeal to the Supreme Court for challenges to the constitutionality of the damage limits.
- Applies to causes of action against the State of Oregon, OHSU, SAIF and the Oregon Utility Notification Center from December 28, 2007.
- Declares emergency. Effective July 1, 2009.