

**2019 OPU/SEIU Classified Staff Negotiations**  
**OPU Opening Statement**  
**February 28, 2019**

Good morning everyone. Keith, thank you your opening statement. I will make every attempt to respond to your points, but I obviously prepared this in advance of your remarks.

I want to thank each of you for being here and representing your members at the table. We recognize that being a member of a bargaining team takes great time, effort, and commitment. Your commitment to this process tells us something about each of you—it tells us that you're invested in students and the work that you do for our universities. It also tells us that you'll work hard with us to identify common interests and hopefully find solutions to the many issues we face.

I am happy to see familiar faces around the table. Some of you have worked closely with our bargaining team and me in negotiations over the years, and others of you engaged with us in some great discussions during the town-hall visits to campus. I hope that this familiarity has given you the chance to get to know our team and how we will handle negotiations.

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When considering proposals, we will look for you to identify for us what you believe is the problem or issue—specifically, what do you feel is broken. Then, we will assess how the content of your proposal fixes that problem or address that issue, and at what cost. Cost must be a factor, because we are, once again, facing a very difficult economic time and with payroll and benefits running at close to a million dollars a day, we must find ways to contain our costs for sustainability purposes.

Now, the rest of this statement may seem a bit like the movie Groundhog Day or sound like a broken record, but it is the reality we face. The Governor's Recommended Budget for the public universities' education and general funding is a zero percent increase from the 2017-19 legislatively adopted budget. Absolutely no increase from the previous biennium. At the same time, the Universities expect their basic costs to increase 8.4% over the current biennium. This is an average. The range across all universities is between 7.8 and 10 percent. This means that somehow the Universities must cover somewhere between 7.8 and 10 percent increases in costs with no additional funding.

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Let me remind you that the Governor's Recommended Budget for the Universities does not include, nor has it ever included during my tenure, money specifically set aside for classified employees' wages and benefits. DAS, on the other hand, has \$200 million set aside in the Governor's Recommended Budget specifically for classified employees' wages and benefits. So, any comparisons to that which is going on economically at the DAS negotiation table must be viewed in this light.

The single most important factor affecting college affordability over the last decade has been the decision to shift the skyrocketing costs of mandated employee benefits and salaries to the backs of students. In the last biennium, legislative funding for higher education amounted to 22%, the remaining portion, or 78%, was covered by student tuition. That number was completely flipped nearly three decades ago when legislative support for higher education represented more than 60% of our funding, 30% or so coming from tuition, and the remaining 10% from miscellaneous revenue such as auxiliaries. So today, students are paying 78% of your salary and benefits, which creates a balancing act that impacts bargaining on

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our side of the table. We must consider how much is too much for students to bear in costs and subsequent borrowing as we also need to consider our classified staff.

Speaking of benefits, the Universities will face a 25.1 percent increase in PERS costs over the next biennium, and a 9.3% increase in healthcare costs. I want to focus on healthcare costs for a moment, because this may be an area where you can work with us on cost. A 2019 study published by the Millman group compared health benefits offered to State employees in Oregon, Washington, California, Idaho and Nevada. The study revealed that in comparing the value of the plans, Oregon ranked second, just behind California. In terms of costs, Oregon employers paid the highest average monthly premium per employee at \$1,403.91, followed by California at \$1,341.99. When it came to premiums paid by the employee, there was a stark difference. In comparing Employee Only and Employee, Plus Dependent coverages only, the study revealed that Oregon state employees paid, on average, 3% of the cost for both these coverages. Here is how the other states compared:

Employee Only:

CA, 20%; WA, 14%; ID, 10%; and NV, 10%

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Employee Plus Dependent

CA, 20%; NV, 19%; WA, 15%; and ID, 12%

We hope that with these facts you will engage us in a creative and positive discussion of how to best share in these costs.

In 2017, I was sure this wouldn't have to be said again, but it does. We face unprecedented times. If the legislature adopts the Governor's Recommended Budget as-is, with no additional increase, it will likely result in: 1) tuition increases at or above 10% for many of our universities; 2) budget shortfalls across all campuses in the tens of millions of dollars; 3) cuts to student services; and, 4) reductions in faculty and staff.

If it sounds like I am painting a grim picture, it is because I am. The money simply is not there right now. I said this in 2017, but I know what some of you are thinking, here we go again, the Universities want these budget cuts to come down on the backs of SEIU members. That's not it at all. We understand that SEIU members have had to deal with furloughs and step freezes in the past. Other

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employee groups have also been affected by budget shortfalls, and any increases they received are far less than the SEIU contract allows for when you include steps and COLAs.

As a partner in helping our students and universities thrive – and survive – SEIU also can demonstrate leadership in helping the entire system work for our students. Without students, none of us would be here. Our collective job is to protect their well-being in comprehensive ways, which includes a shared concern about tuition levels. We have already formed coalitions with SEIU and other labor organizations to actively engage the Governor, legislature, and other key personnel, to undo decades of disinvestment. Your push for a Better Oregon is, of course, something we believe in; we just want you and your members to fully understand that we are facing tough times and we expect SEIU's economic offers and negotiations to reflect this current reality.

Thank you for your time.