Oregon State Board of Higher Education
Governance & Policy Committee

Docket Materials

January 28, 2010
9 a.m. – 12 p.m.
Teleconference
Meeting Agenda

1. Review of Guiding Principles

2. Policy and Values Statements

3. Issues Discussion
   a. Tuition
   b. Financial Aid
   c. Demography and Location
   d. Education collaboration
   e. Research collaboration

4. Performance Framework

5. Next Meeting / Adjournment
State appropriations per student have fallen from about $4,600 in 1989 to just $3,460 in 2009 (not adjusted for inflation). Universities have increased tuition for Oregon students and vastly increased the number of non-Oregonians they educate (at much higher prices) to compensate for some of the reduction in state support. However, young Oregonians now attend postsecondary institutions at levels below the national average at a time when the education levels of most countries are increasing. A postsecondary credential is seen throughout the world as necessary for the economic success of individuals, states, and countries. In Oregon, younger adults are less likely than their elders to possess such a credential. The erosion of state support over the past twenty years has led to Oregon’s investment becoming one of the lowest in the United States. Further, Oregon remains a state with a great deal of state regulatory control over its universities (but not its community colleges)—control that limits the income potential of universities while driving up their mandatory costs. If Oregonians are to be competitive with others in the United States and the world, they must be able to increase their access to and success in postsecondary education. Accomplishing that will require both an increase in state investment and the elimination of state strictures on universities—in other words, a new compact with state government.

Guiding Principle 1: Board goals for education attainment, educational quality, innovation/jobs, and community support will be met and should provide the framework for discussion.

Guiding Principle 2: If the goals of Principle 1 are to be achieved, the Board needs a new compact with the State of Oregon that includes both more state financial resources and more flexibility.

Guiding Principle 3: For a new compact with the state to be proposed, it should reasonably result in better performance in meeting the Board’s goals than would continuation of the current arrangement.

Guiding Principle 4: A new compact with the State must be a comprehensive strategy that deals effectively with all OUS institutions and all students.

Guiding Principle 5: The Board will consider any new compact after open consultation with faculty, students, state leaders, and others, with an interest in the success of Oregon public higher education.

Guiding Principle 6: The Oregon University System and all OUS institutions will operate in as efficient and cost-effective manner as possible while meeting student success, academic quality, and innovative economy objectives.
Elements for consideration (as we create an Oregon that looks the way the Board’s strategic plan envisions):

1. Student success
   a. Degree attainment and student-learning and achievement
   b. Geographic access and equity
   c. Demographic access and equity
   d. Transfer students/dual enrollment
   e. Fulfilling state goals in collaboration with community colleges and high schools
   f. Special attention to success of Oregon students
   g. Diversity

2. Affordability
   a. Tuition guidelines?
   b. Grant aid to meet state goals—institutional, state, or System?

3. Innovation and connection to Oregon economy
   State investment targeted to state objectives, including those for economic development, healthcare, and job priorities

4. Performance framework
   a. What will be the state goals and how will success and progress be measured, encouraged, and rewarded?
      (1) Degrees
      (2) Degrees in shortage areas or areas of state need
      (3) Access for Oregonians—total, geographic, demographic: setting targets, setting minimums
      (4) Connection to economic success
      (5) Research productivity and contribution to knowledge advancement and innovation, including ties to Oregon businesses and jobs
      (6) Reduced costs to educate students and conduct research
      (7) Open new avenues of funding to universities and the system
5. Structure (Assume new compact with state in every option)
   a. Current
      (1) With expanded operating flexibility
      (2) With block grant funding
   b. One public corporation or charter entity
   c. Multiple public corporations or charter entities (1, 3, 4, 7?)
   d. Roles and relationship between State Board and institutional boards (if any)
      (1) Mission and program allocation
      (2) Goal-setting
      (3) Performance contracts
      (4) Funding allocation
      (5) Relationship with state government
   e. Branch campuses
   f. Regional postsecondary education entities (including universities and community colleges)
   g. Approaches for each OUS institution
      (1) Unique opportunities
      (2) Financial viability and sustainability
      (3) Meeting state needs and state and Board goals

6. Special Cases
   a. Capital funding and capacity
   b. Statewide Public Services

7. The Price of Flexibility
   a. Paying for state assets (in $ or in outcomes?)
   b. Paying for state programs

8. Funding strategies for the future
   a. Keeping the State engaged
   b. What should State investment buy?
      (1) Degrees (with a greater emphasis on this than on enrollment)
      (2) Enrollment—Oregonians, first generation, undergraduate/graduate degrees in high demand
      (3) Collaborations with OUS institutions, OHSU, community colleges, K-12 for degrees, program articulation, and student progress
      (4) Financial Aid
(5) Buildings
(6) Collaborations with business, government, OHSU, and OUS institutions for research and innovation
(7) Solving Oregon’s big problems (e.g., energy, health care)
(8) More Oregonians will have better jobs
(9) Creating more jobs and businesses
(10) Reducing costs and operating more efficiently
(11) Graduates completing in 4 years
c. Incentives from Board for institutional performance
d. What are the consequences for not achieving performance requirements?
January 4, 2010

George Perksmeiner, Chancellor
Oregon University System
PO Box 751
Portland, OR 97207

Dear Chancellor Perksmeiner:

Thank you for taking the initiative to commission a report on the challenges facing Oregon’s public universities and possible options for addressing those challenges.

We wholeheartedly agree that the state’s higher education system is facing a crisis of major proportions that threatens its ability to meet the needs of Oregonians today and into the future. We are committed to working to resolve that crisis in a way that both allows individual institutions to continue to fill important and unique niches and continues the tradition of all seven universities working in concert to deliver a comprehensive statewide education network.

With those goals in mind, we have drafted the enclosed set of principles that we believe should serve as the basis for any restructuring of the Oregon University System (OUS) and its member institutions. We appreciate your consideration of these principles as you move forward in discussions with the Board, the Legislature and the Governor.

Please let us know if you have any questions or we can provide any more information.

Sincerely,

Wim Wiewel
President
Portland State University

Dr. Edward J. Ray
President
Oregon State University

Dr. Richard W. Lariviere
President
University of Oregon

Dr. Mary Callinan
President
Southern Oregon University
Dr. Robert O. Davies
President
Eastern Oregon University

Dr. Chris Maples
President
Oregon Institute of Technology

John P. Minahan
President
Western Oregon University

rm
enclosure
OUS Restructuring Discussion
Presidential Consensus Principles

Oregon’s seven public universities provide unique and critical services to the people of Oregon. Not only do they deliver a high-quality education for more than 91,580 students, they also are key partners with businesses, community organizations, government and other educational institutions in solving problems, fostering innovation and creating economic growth.

The primary challenge facing these universities is a long-term reduction in state support over the last two decades. Since 1989, state funding for the universities declined from $4,292 per student to $2,009 per student in inflation-adjusted dollars. In addition to lacking sufficient funds, each of the universities lacks the operating flexibility to best meet its public missions.

State funds are critical to the success of Oregon’s public universities. However, the current economic climate and the historical trend of declining state investment in higher education raise serious concerns about the likelihood of substantial state investments in higher education in the near term. Barring the ability to increase General Fund appropriations concomitant with the growth in student population, the state must now look to creative alternatives to allow its seven public universities to maintain and enhance critical services.

One way to achieve this goal is to establish a new governance structure that would provide the flexibility that universities need to operate in an efficient fashion while remaining accountable to the public. Several governance models are available for consideration.

Regardless of which model is used, it should be grounded in five principles:

1. Continued commitment by all seven universities to work individually and in concert to meet the public higher education needs of Oregonians as defined by state law and Oregon University System (OUS) policies.

2. Establishment of a state-funding floor per student to ensure that state contributions do not continue to decline. Funding would be provided as long as the universities meet relevant, measurable performance goals and would be based on student enrollment.

3. Ability to manage tuition. Tuition, which plays a critical role in determining the programs and services that Oregon’s universities can offer, has become the predominant revenue source supporting instruction at many campuses. In line with diversifying revenues, universities should have the authority to set tuition levels to reflect both cost and market factors, and to provide students greater access to classes, scholarships and other financial aid.

4. Ability to control capital expenditures and pursue alternative financing for capital and operations. With fast-growing student populations, the universities face significant space challenges. Universities should be allowed to issue bonds on their own faith and credit, while maintaining access to existing capital-financing mechanisms. The universities also should have the authority to seek operating and capital revenue from other public sources.

5. General operational flexibility. In order to operate more efficiently and effectively, universities should be provided with sufficient accountability and responsibilities to directly manage their operations.
Interinstitutional Faculty Senate Resolution
14 January 2010

Whereas the 2010 Oregon high school graduating class will be the largest in Oregon’s history.

Whereas Oregon Opportunity Grant requests have exceeded 2009-2010 allocated funds and requests for 2010-2011 already considerably outnumber those at the same time as the previous year.

Whereas enrollment in Oregon higher education institutions has increased greatly and is expected to increase further by 2025, while proportional state funding has considerably decreased.

Whereas under the current higher education structure and funding model in Oregon, *The Oregon Goal: 40-40-20* is unachievable by 2025. The State of Oregon is unable to meet the higher education needs of Oregon citizens today or plan effectively to meet the needs of future Oregon students.

Any efforts to resolve these issues must be consistent with the following core principles:

A. Any restructuring of Public Higher Education must improve the education of all Oregon Students.

B. Any restructuring of Public Higher Education must be based on a careful examination of other reorganization attempts, such as restructuring of academic programs at OHSU.

C. Any restructuring plans of Public Higher Education must strengthen the unique opportunities provided by each Oregon public university.

D. The faculty in general and the IFS in particular must be involved every step of the way.

E. Public Higher Education Institutions in Oregon should function collaboratively as a unified system for the benefit of Oregon.
Policy and Value Statements

1. Subject to available capacity and consistent with standards of academic quality:
   
a. All Oregonians who are qualified to be admitted to an Oregon public university will be able to attend and earn a degree regardless of where in the state they live, what their family income may be, what their family background might be, or what socioeconomic and demographic characteristics they may have. Access and student success shall be as equal as possible for all groups of Oregonians regardless of ethnicity, income, or location. Student success shall include (among other measures) the attainment of degrees and certificates, demonstrated student learning, employment of graduates, and acceptance of graduates into graduate programs.

b. All Oregonians who are qualified to transfer to an Oregon public university from another Oregon university or community college will be able to do so without loss of credit or progress toward degree regardless of where in the state they live, what their family income may be, what their family background might be, what socioeconomic and demographic characteristics they may have or in which university of community college they might be enrolled.

c. All Oregon public universities shall accept and educate Oregon students who meet their admissions requirements either as freshmen or as transfer students. They shall work cooperatively with Oregon schools and community colleges to ensure student access and success.

d. The composition of the faculty and staff of each of Oregon’s public universities will reflect as nearly as possible the demographic make-up of the state’s population and the students of each of the universities will reflect the demographic and socio-economic make-up of the state’s population.

2. Oregon’s public universities will encourage and conduct research that builds on the strengths of its faculty and aligns with the State’s economic development strategies and priorities and relates to the creation and sustenance of Oregon companies and Oregon jobs and creates competitive advantage for Oregonians in all parts of the state.

3. Oregon’s public universities will provide an educated adult population attuned to and aligned with the state’s workforce needs, with particular emphasis on those careers identified as essential by the state and supported by state investment.
4. In achieving its goals, the State Board of Higher Education will emphasize and reward collaboration in education and research among the public universities of the state and between those universities and the community colleges and high schools of Oregon.
1. General guidelines for resident undergraduate tuition and fees
   a. Tuition and fees shall continue to be combined
   b. What is the starting point for each campus? (current, premium, or market)
   c. Tuition rates charged by campuses could increase by the sum of:
      (1) Rate of inflation or rate of growth in Oregon household income plus
      (2) Per student reduction in state funding plus
      (3) 30% of increase to be diverted to need-based grant aid
         Example:
         Current rate: $7,000 per year
         3% inflation: $210
         10% state cut: $346 (based on 2009-10)
         $556
         Increase for aid: $239
         New rate: $7,795 per year (with $239 of that to be used for need-based grants)
   d. Aid amounts from prior years’ remissions must be sustained
   e. Tuition rates always shall be discounted by 1% for increased efficiency and cost control
      (Effect in example would be to reduce the rate from $7,795 to $7,717)

2. Program tuition
   a. High cost premium
   b. High market value premium
   c. Would these amounts be used to reduce general tuition?

3. Premium tuition or quality surcharge or other mechanism to permit improvements in faculty salaries, reduced class sizes, more opportunities for internships or undergraduate research, etc. Should such premiums be permitted, for what purposes, and using what approval process?

4. Use of tuition to pay for capital (directly or via debt service). Process and limitations, if any.

5. Graduate and nonresident tuition
   a. Market based
   b. Remission for state goals? (Who pays for remission?)

6. What process would the Board want to mandate for each campus and what involvement would students and other stakeholders have in that process?
Need-Based Grant Aid

In order to ensure that every qualified Oregonian has an opportunity to attend and succeed in every OUS university:

1. 30% of any resident undergraduate tuition increase must be used for need-based grant aid
   a. Kept by campus generating tuition?
   b. Centralized at OUS and reallocated to campuses based on student need (University of California System model)
   c. Centralized at OSAC (Oregon Student Assistance Commission) and reallocated to OUS students based on need
   d. Centralized at OSAC and reallocated to all OOG (Oregon Opportunity Grant) students based on need
   e. Change distribution of state funds to account for lower tuition generating capability of campuses serving lower income students

2. Would there be similar requirements for program tuition for high-cost or high-market value programs?

3. Should the Board not require any need-based aid, relying on the state instead?

4. What about graduate tuition and remissions?

5. Merit aid?

Issue: What about differential ability to pay of student bodies at different campuses? (Data from 2007-08 suggest about a 40% difference among the incomes of Oregon dependent students on financial aid at different OUS campuses.)
Demography and Location

The Board of Higher Education has stated its intention that all Oregonians, regardless of where they live or what their ethnic or socioeconomic status might be, can earn degrees at a public university in this state.

The Board’s Participation and Completion Committee (now a part of the Academic Strategies Committee) has determined that certain students face greater barriers to access and success and are, therefore, more difficult to attract, retain, and graduate than are others. Often, these are students from rural areas, students of color, students from low income families, and students who are the first in their families to attend college. Recent experience at OUS campuses has suggested that specific outreach, classroom teaching practices, and student services can result in attracting and retaining these underrepresented students. However, such efforts, when successful, can be expensive additions and enrichments to regular instructional programs and, thus, are not as widely and consistently available across the System as is necessary to ensure success with these students.

In a new compact with the state, would the Board wish to seek specific state funding for and award specific monies to campuses on the basis of attracting, retaining, and graduating such students? If additional state funding were not available, would the Board wish to devote a specified portion of existing appropriations to such purposes and make commitments to the state regarding the success of such students?
The State Joint Boards of Education and Higher Education have established policies and programs over the past five years designed to help students move more easily among and through the 24 public postsecondary institutions in the state. Elements of these efforts have been dual enrollment agreements, the Oregon Transfer Module, the ATLAS advising system, and the original and revised Associate of Arts—Oregon Transfer degree and its companion Associate of Science—Oregon Transfer degree. The success of these efforts has been borne out in the increased number of transfer students now attending Oregon universities and the success at which those students earn bachelor’s degrees. Further work along this line has been the newly adopted outcomes for general education that provides the framework for general education at all 24 institutions.

Simultaneously, efforts have been made to improve the clarity of the paths for high school students to enter and succeed in college. These efforts have included the alignment of advanced placement and international baccalaureate courses across all 24 institutions and the expansion of community college courses being taught in Oregon high schools. Recent OUS data show that new freshmen coming to a university with college-level work in high school (Advanced Placement, International Baccalaureate, or college courses) are far more likely to graduate and to graduate faster than are their counterparts who come without such work.

An early element of the Resource Allocation Model (adopted by the Board and funded by the state in 1999) included extra funding for collaborative efforts across institutional boundaries (with other OUS institutions or with community colleges or with OHSU). Only a small premium for nursing students has survived repeated budget cuts over the past decade. Despite that fact, OUS campuses continue to host OHSU nursing programs and have cooperated with OHSU in pharmacy and allied health education.

The policy choice for the state is whether to continue such collaborative efforts and, if so, how. As part of a new compact with the state, could the Board require universities to continue to accept AAOT, OTM, etc.? Could the Board require the continuation of common approaches to AP, IB, etc.? How would the Board either enforce or provide incentives for such collaboration?

Are there other areas of collaboration or commonality that could assist in meeting student success targets and fulfill P-20 goals (e.g., common financial aid forms, financial aid information sharing, common admissions process, automatic admission based on essential skills mastery)? If so, how might they be encouraged? Should collaborations with OHSU be continued or expanded?
Collaborative Research

One of the Board of Higher Education’s four main goals is to use university research to foster innovation for the advancement of Oregon’s economy and jobs. Oregon’s university faculty are able to compete successfully for federal funding for their research efforts. However, often they have to turn for team members to faculty at Oregon universities other than that which employs them. These multi-institutional, multi-discipline collaborative research teams have become the hallmark of many successful Oregon research proposals and have been key to the success of various Oregon Innovation Council initiatives, such as ONAMI.

In part, this success has been due to the reward structure put in place under Oregon InC which puts a premium on multi-institutional efforts on the theory that the small size of Oregon’s universities and their relatively small number of faculty members mean that Oregon institutions do not have the depth and breadth of their larger competitors in other states. The strategy has proven successful over the past several years.

This strategy is aided by the policies of the Board and of the Board’s Research Council to encourage multi-institutional and multi-disciplinary research. This has led not just to collaborative funding proposals but also to the way that facilities and equipment are funded and shared. Oregon’s overall approach has been recognized recently by the Milken Institute as providing this state with a competitive advantage over other states seeking to build future economies based on technology.

In a new compact with the state, would the Board and the state wish to continue to encourage such collaboration and, if so, how would this be done? Would policies and rewards be structured to help ensure this multi-institution cooperation? If so, how?
Performance Network—OUS Total

WHAT WOULD THE STATE PAY FOR?  
(Operating and Capital Funds)  

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*Separate tracking may not be permitted by law.

These are examples of categories. Others must be developed for the statewide public services.
Question: Would specific state investments be tied to each category?
Question: How would funds be distributed by category to each campus?
Question: Would campuses be required to enroll a certain number or percentage of Oregon students?
Question: What about campus public services?
Question: How would goals be allocated to campuses and how would performance be rewarded?
Question: If we could have just four goals and four key measures, what would they be?

Issue: Simplicity
## Discussion of New Compact with Oregon

### Draft Schedule

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| **December 2009** | Schedule and process  
Issues Outline |
| **January 2010** | Policy/Values Statements  
Tuition guidelines  
Financial aid  
Demography and location  
Collaborations for student success with community colleges, K-12, and OHSU  
Research collaboration  
Performance Framework |
| **February 2010** | Research and innovation (and collaboration)  
Degree targets  
Campus targets  
Performance framework revisited  
Tie to jobs and economy |
| **March 2010** | Improving performance (e.g., cost of degrees, time to degree)  
Performance targets  
Rewarding performance  
Collaborations  
Campus Proposals  
Finances  
Legislative Concept placeholders |
| **April 2010** | Capital  
Structure  
Campus missions  
Campus financial sustainability (by campus)  
Tuition  
Financial Aid  
Finances  
Ideas to Re-set Committee |
| **May 2010** | Draft Proposal to Board  
Draft to Re-set committee |
| **June 2010** | Final Proposal to Board  
Budget Draft |