February 27, 2014

To: Members of the University Governance Work Group
Presidents, OUS Technical and Regional Universities

From: Chair Matthew Donegan

Re: Governance Considerations

The University Governance Work Group has evaluated four governance options available to the Technical & Regional Universities:

1. Institutional Boards
2. Multi-Campus System
3. Affiliation
4. Multi-Campus Integrated University

With the evaluation of these options now complete, the purpose of this memo is to describe the pathways available to the OSBHE to achieve the desired policy outcomes. In general, there are two paths available to the OSBHE: direct OSBHE authority (as granted by SB 270); and future legislation. Direct OSBHE exists for two of the governance options—institutional boards and system—while future legislation (with recommendations by the OSBHE) would be required for the other two governance options—affiliation and integrated university.

Background – Senate Bill 270

In 2013, the Oregon Legislature adopted Senate Bill 270, establishing institutional boards to govern Oregon State University, Portland State University, and the University of Oregon. Additionally, the legislation allows presidents of Oregon’s technical and regional universities to “determine that the university should become a university with a governing board” and outlines a process for the State Board of Higher Education to “endorse” or “not endorse” the president’s request.

The process is described in the following excerpt:

Section 168a. (2)(a) If the president of Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, or Western Oregon University determines that the university should become a university with a governing board, the president shall notify the Governor and the State Board of Higher Education of the university’s intent. Notification under this subsection must occur during the period beginning March 1, 2014, and ending June 1, 2015. (b) Within 45 days of receiving notification under this subsection from a university president, the State Board of Higher Education shall decide
whether or not to endorse the university’s decision. If the board endorses the request, the board shall immediately communicate any endorsement to the Governor.

Of note, a proposed amendment to SB 270 being considered in the 2014 Legislature, should it pass, would give the board the option but not the obligation to negotiate certain conditions (financial viability, coordination) with TRU presidents as requisite to an endorsement vote.

Governance Options – Direct Board Authority

As outlined in SB 270, the OSBHE has direct authority to endorse new institutional boards, or not endorse them, and keep a system as the default. There is no authority to authorize affiliations with larger universities, or to form an integrated university, though the OSBHE may recommend these options for future legislation (next section).

Under its direct authority, the OSBHE may combine its endorse / not endorse votes to pursue four policy options:

1. **Institutional Boards for All TRU Schools**
   - Required Board Action: Unanimous endorsement votes for all four TRU requests.
   - Outcome: Institutional boards become operational on July 1, 2015, until which time OUS and the OSBHE continue to provide oversight. After this point, OUS and OSBHE discontinue operations.
   - Considerations: All four TRU presidents have communicated their intentions to request institutional boards.

2. **Four-Member System**
   - Required Board Action: Unanimous non-endorsement votes for all four TRU requests.
   - Outcome: Surviving entities to both OUS and OSBHE continue operations beyond 2015.
   - Considerations: TRU communities obviously have the ability to request institutional boards in future legislation. The OSBHE may wish to issue recommendations to ensure the work of this group is not lost.

3. **Three-Member System**
   - Required Board Action: An endorsement vote for one TRU request, and a non-endorsement vote for the three remaining TRU requests.
   - Outcome: One institutional board would be established effective July 1, 2015. For the remaining three TRU schools, surviving entities to both OUS and OSBHE would provide oversight beyond 2015.
   - Considerations: Questions pertaining to scale economies, critical mass, and viability of a three-member system would likely invite future attempts at legislation and prolonged ambiguity and uncertainty for the affected institutions. The OSBHE may wish to issue recommendations to ensure the work of this group is not lost.
4. Two-Member System  
   Required Board Action: An endorsement vote for two TRU requests and a non-endorsement vote for the two remaining TRU requests.  
   
   Outcome: Two institutional boards would be established effective July 1, 2015. For the remaining two TRU schools, surviving entities to both OUS and OSBHE would provide oversight, most likely under a temporary basis until a long-term solution is crafted under future legislation.  
   
   Considerations: A two-member system is a temporary tool available to the OSBHE, should it determine future legislation (see next) is necessary for two schools not garnering endorsement votes for institutional boards.

Governance Options – Future Legislation

5. Affiliation  
   Required Board Action: A non-endorsement vote for any single university, combined with future legislation. The OSBHE may elect to issue recommendations supporting affiliation.  
   
   Outcome: Institutions not receiving institutional boards would continue to be governed by OUS/OSBHE under a temporary basis until a long-term solution is crafted under future legislation.  
   
   Considerations: Affiliation remains a future option, in the event a school is granted an institutional board or remains within a system, should future changes be deemed appropriate.

6. Integrated University  
   Required Board Action: A non-endorsement vote for multiple universities, combined with future legislation. The OSBHE may elect to issue recommendations supporting an integrated university.  
   
   Outcome: Institutions not receiving institutional boards would continue to be governed by OUS/OSBHE indefinitely, until future legislation determines otherwise.  
   
   Considerations: Given the lack of awareness and support for this option in the Legislature, pursuing an Integrated University policy would be highly speculative.

Cc: Interim Chancellor Melody Rose