I. Institutional Leadership, Oversight, & Accountability

1. For each university, how would an institutional board specifically improve student success, and advance regional/state interests, relative to alternative governance structures? What is the specific benefit?

   Each TRU university has argued that an institutional board provides a greater degree of intimate knowledge of campus issues, and that this benefit outweighs the lost expertise otherwise provided by a central system staff. As of July 1, 2014, the four TRU schools will be the only institutions in Oregon’s P-20 community subject to an additional layer of governance.

   As with the other TRU schools, EOU has described general benefits: an institutional board would better allow the university to assess the strategic landscape, identify and pursue opportunities, identify and mitigate risks, advocacy and take decisive action (e.g., creating regional partnerships, approving new projects, adjusting programs, meeting regional economic needs, changing presidential leadership and presidential evaluations).

   EOU has provided a list of specific benefits anticipated from an institutional board in the attached “Addendum.”

2. Can the university recruit a high-caliber board to provide appropriate leadership, oversight, and accountability?

   As part of its feasibility assessment, EOU has developed a list of approximately 20 potential board members, and has conducted preliminary “what if” discussions with these individuals. All responded that if asked to serve on the EOU Board, they would do so. These individuals represent a wide variety of backgrounds, including, postsecondary education, business, non-profit leadership, community advocacy, etc.

3. Does the university have a realistic transition plan to implement an institutional board by July 1, 2015? How does this compare to a small system scenario, in which a small central administration and revamped TRU Board, provide oversight?

   A transition plan has been drafted should EOU be granted an institutional board. This plan includes expansion of duties for several current positions, working with the other TRUs on possible shared positions, working with local community colleges on shared efforts, as well as contracting other services locally as necessary.

   The presidential transition will be included in this effort. EOU intends to retain a national search firm, and will give strong consideration to a firm with whom it has worked previously to fill numerous senior staff positions, and which has conducted other OUS searches as well.

   The Board may wish, and EOU may seek, to provide additional details regarding the EOU transition plan, particularly the sequencing of board nominations and confirmations,
presidential recruitment, and ultimate start dates for both the permanent president and institutional board.

II. Fiscal Implications

1. For each university, what are the incremental organizational costs (board, staff, and outsourced) directly attributable to institutional boards?

   Chancellor’s Office (CO)/EOU estimate direct costs associated with the governance transition to be $1.25 million per year.

   In 2013-2015, State General Fund appropriation to the Chancellor’s Office was $9.1 million or $4.5 million per year. To calculate the incremental organization costs associated with the governance and dissolution of the CO, we assume that the HECC receives $3 million of the total $9.1 million biennial appropriation to fulfill their data and statewide coordination mission. We then allocate the remaining $6.1 million per biennium or $3.05 million per year per Fall 2013 Headcount data provided in the OUS Fact Book, p. 15. These figures are only estimates for discussion purposes only.

   Based on the methodology above, EOU would receive an additional $606,673 per year. Incremental costs for an institutional board are therefore estimated to be $643,327 per year or $155 per student headcount, Fall 2013.

2. For each university, what are the incremental revenues (philanthropy, corporate partnerships, research, state appropriations, etc.) directly attributable to institutional boards?

   EOU has cited strong community interest in institutional boards as a rationale for modest increased revenues. Of note, as with the other TRU schools, EOU cites a recent slow-down in fundraising resulting from the current state of uncertainty surrounding governance. Perhaps this suggests pent-up donor interest, foretelling a one-time up-tick in philanthropy, should an institutional board be formed. State investment, EOU believes, represents an additional source of upside, as seven institutional boards would increase statewide advocacy for higher education.

3. What are the net incremental costs/savings directly attributable to institutional boards?

   EOU believes it is reasonable to expect incremental costs associated with an institutional board. The amount would approximate the figures cited in Question 1 above, reduced modestly by upside revenues described in Question 2. EOU states that the combined effects of improved cost management, through local boards, as well as improved revenues as previously described, represent significant upside not captured in its financial projections. EOU cites the Governor’s “tight-loose” philosophy, and its anticipated improvements to university management, as justification to this position.

4. How do the net incremental costs/savings affect the university’s financial sustainability?

   EOU’s financial forecasts are provided in the Appendix. EOU acknowledges that increasing administrative costs, as programs and classes are being reduced, must be justified by material benefits. These benefits are summarized above.
EOU also argues that, among the governance options available, an institutional board provides EOU with the greatest certainty in executing its near-term and long-term business plans. Given the dramatic changes already underway with the CO and OSBHE, an institutional board would introduce much less uncertainty than the formation of a downsized system and TRU board or an affiliate model approach—all of which would take into consideration significant legislation at a time when funding for higher education should be the dominate discussion and focus of ALL universities. In the long-term, an institutional board will increase the positive pressure placed on the EOU staff to refine and execute financially sustainable business plans. In addition, EOU believes an institutional board, drawn heavily from Eastern Oregon—with members from other rural areas as well key industry leaders throughout the Pacific Northwest—will more proactively incorporate the interests of the region into its strategic and business plans. EOU believes this will expand hiring pipelines for its graduates, and otherwise increase business and overall community engagement and support. Again, as stated in Question 3 above, EOU expects upside, beyond which is embedded in its forecasts, which would improve financial viability.

III. Institutional Mission & Identity

1. Under an institutional board, would the university be able to develop and implement a missions aligned with state and regional objectives? Is the campus’ current mission adequately developed in preparation for a transition?

EOU touts both its Eastern Promise and Regional Solutions community-based internships efforts as evidence it is serious about regional, K-12, and community collaboration. Further, EOU argues its financial difficulties are not due to mission drift of its program offerings, away from its regional mission, but rather class sizes and overloads (and state disinvestment). EOU asserts it is nonetheless committed to statewide success, and would work with the HECC to optimize its role within the Oregon higher education portfolio. EOU would work with AGB or similar consultants to develop best practices for board members, with an eye toward achieving both institutional and statewide success on behalf of students.

2. Is there evidence an institutional board would substantially benefit esprit de corps community sense of ownership, and ability to attract students, faculty, and strategic partners?

Under the methodologies employed by EOU, its surveys and community outreach indicate a clear preference for institutional boards. Please see Appendix. EOU states, “The campus community has expressed a desire for an institutional board in many ways—from the students, faculty, and staff—as well as very strong support from the community.”

As with philanthropy, EOU states that the current atmosphere of uncertainty is undermining its ability to attract and retain critical faculty and staff positions. EOU believes certainty is required to reverse this trend, and that an institutional board, and the enthusiasm it would generate on the campus and in the community, would best position EOU to build its human capital.
ADDENDUM
Anticipated Benefits of an Institutional Board
Submitted by Eastern Oregon University

EOU Specific Focus—It is clear that each university has its own unique challenges and opportunities. It is equally clear that a “one size fits all” approach is less than conducive to meet the challenges and take advantage of the opportunities presented to each campus particularly EOU. A board that is solely focused on a single university has proven to be a very worthwhile investment and a multitude of universities—large or small, fiscally robust or financially strained, private or public, research or undergraduate, they have all seen significant benefits from an institutional board.

An institutional board for EOU is less about “flexibility” but rather on “Board Level Leadership” focused solely and squarely on the success of EOU. In some ways, this will actually be less flexible for a president in that this focus of attention and action will be more detailed and more specific on desired outcomes to meet regional as well as statewide goals as related to 40-40-20 and other priorities.

Maintaining of Mission and its impact on the market we serve—An institutional board at EOU will ensure that our “institutional identity” of being a student focused undergraduate institution serving the State’s rural and most economically and academic disadvantaged students will be preserved. EOU currently serves students and communities who unserved by other OUS institutions. Maintaining this focus will lead to an enhanced and improved process of evaluating the success and challenges of EOU; the evaluation of the President’s performance; development of programs that meet the unique needs of our students and as well as serving the region; tying efforts of EOU to statewide goals and objectives, etc. Maintaining a sharp mission focus will also assist in EOU’s overall brand that will have direct impacts on philanthropy as gifts can be secured with the confidence that mission drift will not occur; student, staff and faculty recruitment; advocacy efforts; programmatic development and resource allocation; etc.

Regional Economic Perspective—EOU has taken—and continues to take—many strides to serve our rural regions economically, educationally, civically and culturally. An institutional board that brings a broader, comprehensive, and objective view to the challenges and opportunities of how the university can support our rural regions is important and will provide more specific guidance and direction to the University in meaningful ways focused on our institutional mission.

Fiscal—EOU operates on very limited resources. An EOU institutional board will provide the proper guidance and leadership in dealing with budgetary reductions and their impact on: regional economic goals; regional industry impacts; employment issues; and other macro issues. Also, the institutional board will provide proper and balanced guidance on enhanced revenue opportunities including—but not limited to—investments in programs that can grow based on regional need and requirements, industry and organizational partnerships, etc. Currently, the president is charged with these responsibilities, but an institutional board will expand the reach of a single president and create synergies well beyond the immediate geographic, business and social reach of a single person. This extended reach is particularly crucial to EOU’s successful mission fulfillment, given the large and vast geographic distances that separate the numerous communities we serve.

Advocacy—It is clear that advocacy, both at the HECC and, with the HECC’s approval, at the State Legislature, will be essential for the success of EOU. The institutional board will be an essential tool in those efforts, a tool which has been missing at times from the arsenal of EOU. While the president
of EOU has been extremely well received in the State Capital, and has been an effective advocate, a lot more can be done if the institutional board is mobilized in these collective efforts.

**Presidential Leadership**—An institutional board will be in the best position to select, retain, evaluate, and if necessary, remove, presidential leadership. There is no barrier between the Board, the Campus, and the President. Furthermore, the Board will fully understand the unique and distinct attributes that are needed to be a successful leader at EOU and throughout the Region.

All of these attributes, and many others, will assist EOU not only to “survive” but to thrive in the years and decades to come. These attributes cannot be readily, or consistently, attained by a Board that is geographically distanced from the university or one that has its focus shared with another university. EOU—and the regions we serve deserves the specific and dedicated attention of a committed group of leaders who are willing and able to provide the level of thought and consideration required to see that this institution continues to serves students who have no choice other than EOU, to serve a region that has limited economic drivers, yet is critical to the on-going health—economically, socially, culturally, civically, and educationally—of our State.