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 governed under a central staff and shared board of this kind. SOU expects the same general benefits typically ascribed to institutional boards: an institutional board would better allow the university to assess the strategic landscape, identify, and pursue opportunities, identify and mitigate risks, and take decisive action (e.g., creating regional partnerships, approving new projects, adjusting programs, changing presidential leadership).

   Regarding benefits specific to its university, SOU states,

   “SOU, which shares a building in Medford with Rogue Community College, sees tremendous benefit to having its institutional board meet regularly with RCC’s governing board to pursue strategic thinking and partnership opportunities. The two boards, working together, would bring significant benefit to students at both institutions and to the pipeline for future students. Similarly, a university institutional board that understands firsthand the challenges and opportunities of K-12 in southern Oregon and can meet with local school boards, superintendents, and principals as needed, will assist and provide guidance for SOU as the university creates short- and long-term plans to achieve 40-40-20 goals and meet the needs of underserved students in the region.”

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

   SOU states,

   “Over the past six months, SOU’s president has been meeting regularly with business leaders, Foundation and Advisory Board members, and university supporters while developing a confidential matrix of prospective institutional board members.

   “There is tremendous enthusiasm and interest in serving on an institutional board for SOU and working with SOU leadership. Oregon is home to many extremely capable
individuals who are committed to the long-term success of Southern Oregon University. SOU also has high-caliber alumni across the nation and around the world who are prospective governing board candidates. A number of prospective SOU governing board members have served or currently serve effectively on high-profile and highly professional boards such as those of statewide and national foundations, the Oregon Shakespeare Festival, Asante Health Group, and community colleges as well as those of large corporations. Moreover, southern Oregon is home to many talented individuals, committed to public service, who have been appointed to state and federal agency boards.”

3. Does the university have a realistic transition plan to implement an institutional board by July 1, 2015? How does this compare to a status quo scenario, in which a downsized system office and revamped OSBHE, continue to provide oversight?

SOU states,

“SOU has developed a realistic timeline for completing the tasks necessary for implementing an institutional board by July 1, 2015. The timeline, which begins immediately in April 2014, includes key dates for items such as developing bylaws, confirming board members, hiring necessary legal and staff support, defining board committees and board policies, and transitioning the OUS OARs and IMDs as appropriate, in addition to orienting and training new board members.”

II. Fiscal Implications

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

The Chancellor’s Office and SOU estimate direct costs associated with an institutional board to be approximately $1,250,000 per year. In the plan developed by the Chancellor’s Office and SOU, board staffing would include internal and external audit, one full-time attorney (serving both the institution and the board), a board secretary, and additional time from institutional research (IR) support staff.

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, SOU would receive an additional $896,072 per year. Incremental costs for an institutional board are therefore estimated to be $353,928 per year or $58 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?

SOU states,

“A SOU Governing Board will be highly influential in the process of acquiring funds through philanthropic efforts, corporate partnerships, and research. The long-term relationships among SOU business leaders, donors, and alumni will be strengthened as they support the university’s strategic initiatives that significantly impact the region. Current SOU donors and supporters express great excitement about using their influence to direct substantial resources to SOU once the decision to move forward with locally based governance has been made.

“The mission of the SOU Foundation is to attract substantial funding, especially for recruiting and retaining SOU students. The current SOU Foundation Board has publicly stated and strongly supports the establishment of an SOU governing board whose strategic direction will enhance and strengthen efforts to raise private funds. There is strong belief in southern Oregon that existing corporate-university partnerships (including internships, training, scholarships, and research) will serve as models for new collaboration and will promote further investment in the university as local authority and “on the ground” governance is established.

“Research opportunities, frequently funded through state and federal grants, are strengthened when there is alignment of purpose within the university community, the region, and the funder. An SOU governing board will provide a clear and coordinated mission statement among our constituents, increasing the viability and importance of any given project.

“With a strong local governing board that is also politically connected statewide, there is strong belief in southern Oregon that state allocations for SOU may also be positively affected through strong advocacy. Collaboration of the TRUs through a Presidents’ Council that connects with all four institutional boards may also create strong advocacy to support our largely undergraduate mission and our primarily Oregonian student body.”

As with the other TRU analyses, SOU did not attempt to incorporate additional revenues into financial projections, and therefore views these financial projections as conservative.

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

SOU 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. SOU further
posits that “these modest incremental costs should be offset by closer board oversight” of campus management including finances.

This last statement suggests SOU views their cost projections as conservative and improved management though closer board oversight as upside.

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

SOU’s financial forecasts are provided in the Appendix. SOU acknowledges that increasing administrative costs, as programs and classes are being reduced, must be justified by material benefits. These benefits are summarized above.

SOU also argues that, among the governance options available, an institutional board provides SOU with the greatest certainty in executing its business plans. A substantial portion of SOU’s retrenchment will be completed by July 1, 2015, the starting date for an institutional board. Until that time, SOU will continue to execute its retrenchment plans under the oversight of the downsized CO and OSBHE. After July 1, 2015, the capacities of the CO and OSBHE are highly uncertain, and thus an institutional board will not be materially disadvantaged, on a comparative basis. In the long-term, an institutional board will increase the positive pressure placed on the SOU staff to refine and execute financially sustainable business plans.

III. Institutional Mission & Identity

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

SOU’s retrenchment has cast a prominent spotlight on competing views toward its mission.

A new institutional board for SOU would need to hit the ground running on this momentous issue while confronting deadlines and financial metrics as required by SOU’s retrenchment plan. For this to have a realistic chance of success, through July 1, 2015, the reconstituted CO and OSBHE would need to (1) continue to require close consultation with SOU during the retrenchment process, while simultaneously (2) ensuring a seamless transition to the incoming SOU board, and (3) supporting the HECC as it assumes responsibility for statewide funding, mission statements, degree programs, and significant changes to current academic programs, each of which could be significant in navigating the relationship between retrenchment and SOU’s mission in the future.
**SOU adds,**

“As we progress through the next years of our retrenchment plan, our board will work actively with us and provide guidance as we begin reinvestment in programs that are central to SOU’s mission, meet student demand and our region’s workforce needs and help achieve the state’s 40-40-20 educational achievement goals.”

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?

*SOU has conducted its own community outreach. Based on the methods employed, SOU communicates community support for its proposal. Please see Appendix.*