Strategic Planning Framework: Progress Since October

Report to the Oregon State Board of Higher Education

December 20, 2002
Purpose

Seek Board approval for the Strategic Planning Framework, including amendments to the October report

- Vision
- Goals
- Flexibility initiatives
- The Deal
Communications since October

- 9 Town Hall meetings
- Student and faculty groups
- Business groups
- Civic organizations
- Oregon Business Council Leadership Summit
- Editorial boards
- Website responses
Recap of planning assumptions

- OUS will need to serve greater numbers of students (entering from high school, in the workforce, returning after an absence)
- In collaboration with the state, OUS has an obligation to provide affordable higher education
- Solutions to access and affordability choices require participation of multiple providers (OUS, community colleges, independent colleges, OSAC)
- State funding over next few biennia not likely to support fully-funded RAM
- State’s budget realities argue for greater OUS flexibility in accessing other revenue sources
Recap of plan components

- **Vision and goals**
  - Linking access and quality
  - 10 goals for access and excellence in learning, research, and service

- **Flexibility initiatives**
  - Affordability, Tuition, and Enrollment Management
  - Academic program authority
  - Fiscal management

- **The Deal**
  - State investment founded on linkage of quality and access
  - Student investment based on predictable, fair share, and financial aid for neediest
  - Flexibility to enhance institutional efficiency
  - Clear performance commitments from OUS for return on investment
Changes and additions

- Additions to Vision and goals
- Further discussion of moderating tuition increases and financial aid set-aside
- Assumptions connecting The Deal and the RAM
- Modifications in proposed flexibility initiatives
Addition to Vision Statement

- Provide educational services to sustain and propel Oregon into the future
- Provide access to quality education services to all Oregonians regardless of social attributes, residence, or economic circumstance
- Link access and excellence

- Promote diversity on OUS campuses by increasing numbers of women faculty, and of students, faculty, and staff of color
Addition to goals for access and excellence in learning

- Increase enrollment to 100,000 students
  - Undergraduate, graduate, and professional
  - Ideal enrollment/program mix for each campus
  - Community college transfer students

- Enhance student success to level of top states and universities in the U.S.

- Double enrollment and degrees in engineering and computer science

- Double spending on student financial aid
  - State (Oregon Opportunity Grant)
  - Institution (need-based, targeted, merit)
Tuition policy

- The Board is responsible for approving tuition rates for all students—undergraduate, graduate, resident, nonresident.
- Tuition limitations—fair share and predictability—apply to undergraduate resident students only.
- The Board will maintain its oversight for tuition charged to resident graduate and professional students.
- Board policy provides maximum flexibility to campuses for setting nonresident tuition and fees, subject to Board approval.
Moderating tuition increases

- Confirm the need to provide a predictable boundary on undergraduate tuition growth
- Review several possible indices
  - Tuition growth rates in Western states
  - Tuition growth rates among OUS peers
  - Higher Education Price Index (HEPI)
  - Other
Assumptions connecting The Deal and RAM

- More detailed presentation to follow
- Issues to be addressed:
  - Purposes of The Deal and RAM
  - Targeted programs
  - Systemwide calculations
  - Fees and fee remissions
  - Enrollment projections
  - Non-funded fundable enrollment
  - Unmet student demand
  - Appropriate mix of undergrad, grad, professional enrollment
  - Research component of The Deal
## Flexibility initiatives & level of control

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Administrative</th>
<th>Statutory</th>
<th>Constitutional</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tuition &amp; fees</td>
<td>✔</td>
<td></td>
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<tr>
<td>2 Institutional financial aid</td>
<td>✔</td>
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<tr>
<td>3 Enrollment &amp; funding of resident UG</td>
<td>✔</td>
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<tr>
<td>4 Academic program authority</td>
<td></td>
<td>✔</td>
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<tr>
<td>5 Expenditure of non-State E&amp;G operating funds</td>
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<td>6 Interest earnings</td>
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<td>7 Purchasing &amp; contracting</td>
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<td>8 Use of private funds</td>
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### Flexibility initiatives & level of control (cont’d)

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<tbody>
<tr>
<td>9 Donor privacy</td>
<td></td>
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<td>✓</td>
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<tr>
<td>10 Legal oversight &amp; representation</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>11 Other funds construct. proj.</td>
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<td>✓</td>
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<tr>
<td>12 Real estate &amp; personal prop.</td>
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<tr>
<td>13 Limitations on bonding</td>
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<tr>
<td>14 Bond match requirement</td>
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<td>✓</td>
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<td>15 Research, tech transfer &amp; intellectual property</td>
<td>✓</td>
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<tr>
<td>16 Employee ins. &amp; retirement</td>
<td>✓</td>
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Change in flexibility initiative on bonding limitations

- Revise proposal to require only a one-to-three match formula: $1 of campus match revenue to $3 of Article XI-G Bonds
- Rescind requested change in Article XI-F(1) bonding authority.
  - “Credit of the State” backs these bonds
  - Legislature prohibited from delegating that authority to an agency
  - Agency issuance of revenue bonds, without state backing and with higher debt service, would offer no financial advantage
Institutional Efficiencies
- Eliminate expenditure limits on non-state funds
- Eliminate restrictions on capital projects not funded by the State
- Reduce the institution match requirement on General Obligation bonds
- Retain interest earnings on non-General Fund dollars
- Buy, hold, sell property
- Streamline IT purchases and contracts
- Expand or establish academic programs according to market demand

Student Tuition
- Fair share with the State
- Predictable
- Direct a portion of new tuition revenue raised to fund financial aid for the neediest students

State Support
- Fund at 80% of peer average state support in 2003-2005, increasing to 90% by 2007-2009
- State investment in research incentives related to performance

Investment components of The Deal
Return on Investment in The Deal

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<tr>
<td>• Competitive performance in measures of student success and faculty accomplishment</td>
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<td>• Below-average cost to State taxpayers</td>
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<td>• Fair share of student investment, with affordability preserved for those with greatest financial need</td>
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<tr>
<td>• Increase enrollment capacity to 100,000 by 2010</td>
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<td>• Double the level of funded research and technology transfer by 2010</td>
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<td>• Expand university outreach and public service</td>
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Recommended next steps

- Following Board approval, revise October report to incorporate changes and additions; issue final report by January 1, 2003.
- Continue discussion with OSA about consultation and participation
  - Further meeting with Chancellor & Presidents January 2003
- Chancellor and Presidents continue work on:
  - Connecting The Deal to the RAM
  - Developing specific measures and implementation plan for goals
- Consider President Lussier’s work plan for addressing strategic planning issues (upcoming discussion)
Request for Board approval

Approval of the Strategic Planning Framework means approval of:

- The **Vision**, as amended to include statement on diversity
- The **10 goals**, including additional element regarding community college transfers
- **Flexibility initiatives**, with modifications in the Limitations on Bonding proposal
- **The Deal**

Continued.....
The Deal includes the following:

- State funding request at 80% of peer average for 2003-2005 (a reduction from the 90% level in the original OUS budget request)
  - Increase to 85% in 2005-2007
  - To 90% in 2007-2009
- Inclusion of a research incentive element (never before in previous OUS budgets)
- 50/50 fair share with the State for resident undergrads
  - Predictable, tied to an inflation index
  - Inclusion of a tuition set-aside for neediest students
- Institution efficiencies achieved through greater flexibility