**Chancellor’s Office Reorganization**

**Summary**
At the May 7, 2004, meeting of the State Board of Higher Education, a report of the Chancellor’s Office Review Working Group was presented (a copy of the document can be found at [http://www.ous.edu/board/dockets/hnd040507-COR.pdf](http://www.ous.edu/board/dockets/hnd040507-COR.pdf).) The proposal was designed to focus the Office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations.

A proposed organizational chart accompanied the written report.

After considerable discussion by the Board, it was agreed to tentatively accept the report and proposed reorganization after additional information was made available. Specifically, staff were requested to: provide a “cross-walk” from the current organizational structure to the proposed one to enable a review of which positions/functions were being eliminated and what new ones were being added; and a cost analysis of the savings that would accrue from the proposed restructuring.

**Analysis**
The data provided by staff indicate that overall, with the current reorganization, 22 FTE will be reduced; and 11 positions are undetermined at the present time, pending further study.

The total amount of permanent savings derived from the reorganization is over $1 million with $747,515 in undetermined savings. The estimated amount of temporary costs to provide support in a transitional period is approximately $528,000.

**Staff Recommendation**
Staff recommends approval of the Chancellor’s Office reorganization as presented in the report of the Chancellor’s Office Review Working Group.

*(Board action is required.)*
Overview of Chancellor’s Office Reorganization

The proposed Chancellor’s Office reorganization is designed to focus the office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations. The Chancellor’s Office will continue to be responsible for Systemwide auditing, budgeting, and allocation of General Funds. In addition, the Chancellor’s Office will continue to perform those functions required of it by statute.

The Chancellor’s Office should provide the maximum autonomy and flexibility to the institutions while maintaining its commitment to the public purposes for which it was founded. It is imperative that the Chancellor’s Office operates in a truly consultative relationship with the presidents of the seven universities. The role of the Chancellor’s Office should be to focus on policy, advocacy, strategy, incentives, and accountability for educational outcomes, leaving the universities more freedom to mount programs and offer services in any way so long as they are consistent with their Board-approved mission and will serve the state’s educational goals.

To the extent feasible, the Chancellor’s Office will divest itself of the responsibilities for providing service functions and technical support. The desirability to maintain Systemwide standardization and economies of scale will impact upon the nature and extent of the activities ultimately retained. Emphasis will be placed on shifting the development and implementation of academic programs to the university, college, or other affected agency entity. However, the Chancellor's Office staff will provide coordinating support to assure that the desired Board programs and initiatives are effectively communicated and implemented.

Often there will be no bright line separating what functions and activities are most appropriately carried out in the Chancellor’s Office as opposed to the university level. The fundamental philosophy behind the reorganization proposal is to concentrate the activities of the Chancellor’s Office on higher-level policy, operation, and management issues.
Issues of Consideration in the Chancellor’s Office Reorganization

I. Introduction

In mid-1991, the Oregon State System of Higher Education (OSSHE) Board formed the Board Administrative Review Committee (BARC) to conduct a comprehensive review of OSSHE operations and costs. BARC authority to make recommendations for changes was based on a budget note in Oregon Senate Bill 5519, which required OSSHE to conduct a comprehensive review of its Systemwide operations, including the Chancellor’s Office.

In regard to the Chancellor's Office, BARC was asked to comply with the SB 5519 budget note directive to:

“…identify budget cuts of up to 50 percent; and investigate the feasibility of eliminating the Chancellor’s Office function altogether.”

(BARC Exec. Summary p. i.)

Composed of several OSSHE Board members, other Oregon citizens, and members from the colleges and universities within the System, BARC obtained the services of KPMG Peat Marwick to help them with their work.

As the study of the Chancellor’s Office progressed, it became clear that cost savings approaching the SB 5519 mandated 50 percent could not be obtained without redefining the role of the Chancellor’s Office. Indeed, BARC found that many within the Chancellor’s Office, leaders on the OSSHE campuses, and legislative leaders agreed that if the Chancellor’s Office were to be kept, it should be reorganized to improve its: “Advocacy,” “Policy, Standards and Coordination,” and “Strategy and Planning” functions while it “…divests ‘Direct Service’ and ‘Technical Expertise’ functions.” (IBID. p. iii.)

BARC did not recommend a specific new structure for such a reorganized Chancellor's Office, but it did recommend reductions in Chancellor’s Office “Direct Services” and “Technical Expertise” functions, the cost of which at the time was $4.1 million. BARC also recommended that the role of the Chancellor’s Office should change from a provider of central administrative services to a policy and advocacy role and that the change “…could result in the elimination of most of the costs associated with these services.” (IBID. p. iii.)

More than ten years have passed since the BARC study. In the interim, some important efficiencies in the Chancellor’s Office have been made. Efficiencies in accounting procedures, data management, and a greater ability for universities to operate more independently in some budget matters have been helpful and welcome changes. These changes notwithstanding, it may have been unreasonable to expect a complex organization like the Chancellor’s Office to change itself. The essential concerns raised by BARC remain unchanged. The Chancellor’s Office continues to operate as an administrative and technical service provider to universities. There are times when the
“layering” of expensive administrative activities that BARC found in the OUS staff duplicates expertise found on the campuses. The emerging advocacy and policy roles for the Chancellor’s Office remain problematic. It is not clear that this advocacy is helping to build the sense of confidence among Oregon’s citizens and other important constituencies that the University System needs to better serve the cause of higher education in this state.

The following recommendations to reorganize Academic Affairs within the Chancellor’s Office are consistent with the BARC recommendations, but they are not simply or only updated BARC recommendations. The fiscal crisis in Oregon, coupled with the increasing costs of higher education, may be placing the access and affordability of a public college education beyond the means of too many prospective students. Given this crisis, there may be no better time than now to reconsider how well the OUS is serving the state. The expectation is that a clearer advocacy and planning focus for the OUS and its staff will lead to policies and actions that will increase student access, make a college education more affordable, and strengthen partnerships with Oregon’s community colleges and high schools at a time when every dollar counts.

This proposed reorganization makes no claim to be omniscient. Some things that others might see as valuable may not be here. An attempt was made to consider the importance of all Academic Affairs functions and their relation to planning and advocacy before eliminating any. What is presented here describes a workable, interim, academic affairs/planning organization that doubtless will change as the OUS Board proceeds with a more extensive and fully formed re-structured Chancellor’s Office.

(A) Assumptions About Reorganization

- The new OUS Board has made it clear that a more direct reporting line needs to be established between the universities and the Board. University presidents and provosts are expected to play a more direct role in the array of Board policy deliberations from budget and enrollment matters to legislative initiatives.

- Conversely, a small Board staff, focused on policy development, means that the Board staff will be less present in the day-to-day campus business of the state’s universities.

- A smaller reorganized Board staff with a policy focus will be expected to supply the planning and analysis necessary for the Board to develop policy while being less of an intermediary between the universities and the Board in policy formation and problem-solving.

- Academic Affairs staff activities should be limited to being directly supportive of Board business without engaging in academic program development and duplicating other operations that are properly the business of the universities.

The following reorganization is consistent with these assumptions and directives.
(B) Proposed Academic Councils

1. Graduate Program Council: The Council will have approximately ten members and be chaired by an OUS Board member. It will consist of individuals outside of the OUS and representatives from OUS institutions. The appointed members from outside the OUS will be determined in consultation with the campuses and will represent expertise in areas needed to make informed decisions regarding graduate programs at OUS universities. The appointed members will serve on an ad hoc basis. The New Graduate Program Officer will be a permanent member of the Council. [Space for words in regard to regional college membership.] The University of Oregon, Oregon State University, and Portland State University will each name a permanent member on the Council. Bylaws for the Council will be written by its members and approved by the OUS Board.

   The agenda of this Council will be to recommend, for Board approval, all new Ph.D. and related master's programs, graduate certificate programs, substantive degree program changes, name changes, and other initiatives designed to support economic development in Oregon.

2. Provosts' Council: The academic provosts of the OUS institutions and Oregon Health & Science University will comprise this Council. The chairmanship of the Council will rotate annually among the provosts. The Strategic Programs and Planning Office will supply secretarial and other ex-officio staff support for the Council's work. Bylaws for this Council will be written by its members and approved by the OUS Board.

   The agenda of the Council will continue to center on degree and program approvals, student access, community college articulation and partnerships, and intra-university cooperation. New bachelor's and master's programs, certificate programs, name changes, and other substantive degree changes recommended by the Council will go directly to the Board's consent agenda.
## Interim Academic Affairs/Planning Reorganization Position Summary

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<th>Position Title</th>
<th>FTE</th>
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<tr>
<td>Strategic Programs and Planning Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<tr>
<td>Graduate and Research Policy Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<tr>
<td>Economic Development and Industry Affairs Officer</td>
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<td>Graduate Policy and Research Officer</td>
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<tr>
<td>Enrollment Policy and Community College Liaison Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<td>K-12 and Teacher Education Liaison Officer</td>
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