AREAS FOR CONSIDERATION

1. Policy and Advocacy
2. Cost Savings
3. Management
4. Effectiveness in meeting goals
5. Scale/Competitiveness

1. **Policy and Advocacy**

Most of the discussion the Committee has had about Systemwide matters has dealt with policy and advocacy. These statewide and Systemwide roles have dealt with strategic planning for the Board and System (which is exemplified in the Strategic Plan, in efforts to align missions and programs, in transfer and admissions policies, and in tuition and financial aid policies, with Systemwide diversity policies and policies for the safety of students and employees, with a unified approach to capital planning and budgeting, with a unified state budget, and with coordinated advocacy with regard to the executive and legislative branches of Oregon government). The Oregon University System orchestrates the varying missions and institutions to pursue and achieve the strategic goals of the Board. Achievement has reached all-time record high levels in the past two years. Part of the reason for a Systemwide approach is that the overall interests of the state in optimizing results and ensuring collaboration among all 24 public postsecondary institutions in every part of the state may not be well served by each individual university pursuing its own self-interest. Each university has a distinct mission but all compete for state funds for operations and construction. The basic question deals with whether a unified voice or at least an orchestrated set of presentations and arguments makes sense for Oregon and for achieving 40-40-20 or whether these matters should be left entirely to individual universities.

2. **Cost Savings**

The Oregon University System currently operates some services on behalf of all campuses or aggregates demand in a way that achieves cost savings. These services range from the obvious (consolidated debt management, consolidated cash management, consolidated risk management, consolidated financial policies and financial statements, consolidated auditing services, consolidated payroll services, consolidated retirement plans, consolidated health care benefit plans, legal services for smaller campuses, coordinated approval for academic programs) to those associated with policy and advocacy (budget development for operating and capital, requests for state bonding approval, legislative advocacy) to those associated with
staffing a board. A review of the functions now performed by the Chancellor’s Office suggests that each university seeking to perform all these functions would have to spend at least $3 million and perhaps more than $5 million per year. This does not include savings from volume purchases, from consolidating risk exposures, from the volume refinancing of debt, or revenue from the increases in investment earnings associated with being able to manage a large amount of cash in a professional and stratified manner. It also does not consider the costs associated with academic program review and approval, collaborative efforts with community colleges and K-12 schools, or other aspects of academic affairs.

3. **Management**

Managing toward the goals of the Board and the State requires shared vision and good mechanics. Part of good management is good information and part of achieving the promise of the Oregon Education Investment Board requires consistent information about students, student demographics, student progress and achievement, and costs to educate students. Today, the Oregon University System has consistent data about all these matters due to a consolidated chart of accounts and financial statement through the Financial Information System, a consolidated payroll and human resource system, and standard data definitions and reporting for student information. The issue here is not campus operations but standard data definitions and reporting and standard policies for financial and accounting matters.

4. **Effectiveness**

The real purpose of the University System is to help ensure that the state’s goals (40-40-20 plus economic vitality and community vibrancy throughout the state) are achieved. Orchestrating programs of multiple universities with different missions and different resources and different locations in order to fulfill achievement objectives of the state has been a System role. Determining targets and incentives and holding presidents and universities accountable has been a responsibility of the System and the State Board of Higher Education. In a resource constrained environment, not only must efforts be orchestrated toward the state goal but care must be taken not to squander resources on duplicative expensive programs, especially those at the graduate level and those that require significant financial investment. This was one of the reasons the State System was founded and remains an important role for it.

5. **Scale/Competitiveness**

One of the precepts adopted by the Committee early in the governance discussion is that no university be harmed by the establishment of an independent board for another university. In part, this is to protect those institutions whose size and brand recognition do not automatically confer advantage to them and, in part, because reaching the state’s 40-40-20 goals in all parts of Oregon demands that all the universities be strong and well-functioning. One of the first results of the original establishment of the university system in Oregon was the stabilization of funding for the smaller colleges who, up until that time, had had great difficulty even being heard in the state capitol unless they had a powerful patron (which often did not happen). Then, as now, the smaller institutions were not able to mount as effective campaigns for public
or governmental investment as could the larger universities. Yet, today, all of them must be strong if Oregon has even a chance to achieve its ambitious education goals.

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