



## OUS Governance Change Proposal Fact Sheet

### Summary Overview

The recent national recession, and changes in state resources over the last 20 years, has made it clear that reforms are needed in the way that Oregon funds and operates its system of higher education. Oregonians generally acknowledge that increasing educational attainment is worthy of public investment, but over the last 25 years the **imbalance between state needs and state resources** has fallen especially hard on higher education. As a result of mandates enacted in the 1990s (tax limitations and mandatory sentencing laws) and the volatile economic cycles in the first decade of this century, the **responsibility for funding Oregon's public universities has shifted from the State to the universities, its students and faculty**. This shift has contributed to an unprecedented situation in which the current generation of adult Oregonians are less educated than the generation that preceded them. For Oregon to remain competitive in today's global economy, more Oregonians must have higher education degrees.

These factors have **led the State Board of Higher Education to seek structural changes** for the Oregon University System. Their goals are to raise the education level of Oregonians through student access and success, providing high quality, affordable education; conducting research to support a vital Oregon economy; and supporting development of a strong, diverse workforce, more companies and jobs, and vibrant communities throughout the state. With support from the Legislature, this goal can become a reality.

### Key Components of the Governance Change Proposal

- **Tuition Accountability** is a key component of the governance proposal: it would ensure that tuition paid by students and interest earned on tuition will actually go to support students, rather than being used to balance the state budget and support other state agencies. The proposal ensures an effective student voice in setting tuition levels at public universities, Board approval of any tuition increases, and legislative oversight. Additionally, the proposal would eliminate past practices by which the legislature has swept university fund balances, primarily made up of tuition revenues, into other state agency budgets.
- **Access and affordability will remain a key state focus**: better control over costs will equate to enhanced access and affordability for more Oregonians. The Board will require that tuition increases are balanced with sufficient need-based fee remissions (tuition discounts) for eligible, needy Oregon students/families in order to enhance affordability for the state's most vulnerable families.
- **Accountability of the System will be broadened and refocused**: funding of the System would change from a line-item budget to a performance compact, changing the focus from inputs to outcomes based on agreed upon long-term performance targets set by the System, Legislature, and the Governor. Measures will include enrollment of Oregon students, affordability, degrees awarded, employment of graduates, funded research, workforce enhancement, and other state goals. Each biennium, the System and its universities will report on progress made on these performance metrics and will be accountable to its stakeholders.
- **Creating advantages, efficiencies, and cost control through structural change**: changing the OUS status from a state agency to a statewide public university system will provide OUS and Oregonians with many advantages, including:

- Assurance that student-paid tuition revenues and related investment earnings will be protected and directed towards their instruction, financial aid, quality programs and student success, and help campuses manage through the anticipated large budget cuts in 2011-2013.
  - Adoption of a simplified “block grant” budgeting approach which both community colleges and K-12, but not OUS, receive today, and which will be driven by outcomes and accountability, not based on the prior biennial budget plus an automatic increase for inflation, but on what the state needs for students to succeed, thus moving from a compliance focused system to an achievement focused one.
  - Better control over costs and revenues will achieve lower overhead and result in more optimal use of resources. For example, by purchasing its own risk management insurance – rather than being in the state “pool”, OUS could save millions of dollars annually, thereby lowering costs that now students end up covering through tuition.
  - Exemption from state strictures/assessments now costing millions of dollars each year, the savings from which will be used to support educating greater numbers of Oregon college students.
  - Increased flexibility will also enable OUS to sustain the Oregon State University Extension Service, Agricultural Experiment Station, Forest Research Laboratory and other university-based public service programs that support Oregonians across the state. General fund support is a critical investment in the people and communities these programs serve.
  - Flexibility in funding and running university research enterprises, which generate knowledge, promote innovation, create jobs, and help people and communities cope with economic and social challenges; with greater flexibility, research and innovation can grow, ensuring an attractive climate for companies and industries that can bring new jobs to the state.
- **Statewide focus would remain**: the Board of Higher Education would continue to govern the System, ensuring that the overarching goals of access, affordability, quality, and innovation continue to serve the needs of all Oregonians. The Chancellor’s Office would also remain, ensuring oversight and achievement of statewide goals, policy and advocacy support, Board support, and system-wide accountability functions.
  - **Change for the betterment of Oregon**: the Board will be pursuing this governance proposal with the state in the 2011 Legislative Session, working with the Governor and the Legislature. All of these elements will allow the OUS to enhance access, affordability and success for Oregonians by meeting the state’s 40-40-20 goals; allow the system to be more accountable, and deliberative in long-term planning as it gains greater cost control; offer higher quality programs throughout the State; attract and retain faculty and staff of distinction, and ensure a globally competitive workforce.

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