



**Oregon
University
System**

Flexibility Initiatives

Requested for Board Approval

**December 20, 2002
Oregon State Board of Higher Education**

Flexibility Initiatives Summarized by Level of Control

Initiative		Level of Control		
		Administrative	Statutory	Constitutional
1	Tuition and Fees (Connected to #5 Expenditure of Non-State E&G Operating Funds)	✓		
2	Institutional Financial Aid	✓		
3	Enrollment and Funding of Resident Undergraduates	✓		
4	Academic Program Authority		✓	
5	Expenditure of Non-State E&G Operating Funds (Connected to #1 Tuition and Fees)		✓	
6	Interest Earnings		✓	
7	Purchasing and Contracting		✓	
8	Use of Private Funds		✓	
9	Donor Privacy		✓	
10	Legal Oversight and Representation	✓	✓	
11	Other Funds Construction Projects		✓	
12	Real Estate and Personal Property		✓	
13	Limitations on Bonding		✓	
14	Bond Match Requirement			✓
15	Research, Technology Transfer, and Intellectual Property	✓		
16	Employee Insurance and Retirement	✓		

Summary of Flexibility Initiatives

Initiative	Flexibility Proposal	System Recommendation	Board Accountability Provisions
Affordability, Tuition, and Enrollment Management			
1. Tuition and Fees	Vest institutions with responsibility for setting tuition and fees, within boundaries established by the Board.	<ul style="list-style-type: none"> • Board policy already provides maximum flexibility to campuses in setting non-resident tuition and fees. • Board will apply limitations based on fair share and predictability for resident undergraduate tuition. • Board will maintain its oversight for tuition charged to resident grad/professional students. • Board will require tuition remissions to support financially needy Oregon students to accompany tuition increases. 	Tuition proposals from campuses will be accompanied by student impact analysis.
2. Institutional Financial Aid	Give campuses greater flexibility to provide financial aid to students; tied to flexibility in setting tuition.	<ul style="list-style-type: none"> • Increase grants through OSAC for students • Adopt Board policy to ensure that a portion of tuition increases are set aside for financial aid for needy students 	Fee remissions, scholarships, and other financial aid awarded to students, including information on student family income level, will be reported annually to the Board by campuses.
3. Enrollment and Funding of Resident Undergraduates	<ul style="list-style-type: none"> • Limit total number of funded students to a level that provides adequate funding for each student. • Distribute funded students among institutions in an equitable way. • Determine the numbers of students to be accepted, based on the agreed upon funding level of RAM. 	<ul style="list-style-type: none"> • Develop a System agreement among campuses for distribution of students by campus that will be supported if there is no increase in state General Fund and if GF support increases to the quality level requested in Board-approved budget. • Each campus that can enroll additional Oregon residents beyond level described above will identify available program capacity and provide assurance to teach out these students if GF support as described above does not increase in the future. 	Annual audit report to the Board will be required of campuses. Definitions related to enrollment and program capacity will be defined by the Board in consultation with campus presidents.

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Academic Program Development			
4. Academic Program Authority	<ul style="list-style-type: none"> Permit campuses, with Board approval, to establish or expand academic programs based on market demand, academic priorities, and available resources. Exempt OUS from program review authority of the Office of Degree Authorization (under OSAC). 	<ul style="list-style-type: none"> Streamline program approval process. Establish expedited appeal for cases where an OUS institution objects to a proposed program on grounds of adverse impact and insufficient unmet demand to sustain a potentially duplicative offering. Seek exemption from review by OSAC. 	Board will review and authorize streamlined program approval process. Five-year follow-up reviews of expedited programs must show evidence that Board goals are being met.
Fiscal Operations and Management			
5. Expenditure of Non-State E&G Operating Funds	Delegate to OUS the authority for establishing expenditure limits for non-State Education & General Operating Funds.	Seek legislative approval to remove expenditure limitation on non-State Education & General Operating Funds.	Board will review and approve expenditure of non-State Education & General operating funds when expenditures exceed budget targets.
6. Interest Earnings	<ul style="list-style-type: none"> Allow OUS institutions to retain interest earned on non-state dollars, specifically tuition and fees. If returned to the institutions, this money should not be used as a substitute for state support. 	<ul style="list-style-type: none"> Seek legislative approval to retain interest earnings on non-General Fund sources. Continue to follow existing statutory requirements related to cash management for non-General Fund sources just as OUS does for the funds over which OUS currently has authority to retain interest earnings. 	Within the recently adopted Systemwide Fiscal Accountability Framework, OUS will develop a more sophisticated cash management policy that adheres to standards of “best practices.” Periodic reports and audits will be required.
7. Purchasing and Contracting	Seek reversal of the amendment to SB 271 that granted authority to the Department of Administrative Services (DAS) to review and approve IT and telecom purchases and contracts.	<ul style="list-style-type: none"> Seek amendment of ORS 291 that currently limits SB 271 purchasing authority for IT and telecommunication areas. Seek designation of the Board as final authority for IT and telecom purchases. Seek DAS cooperation in authorizing OUS to enter into, independently, the Western States Contracting Alliance (WSCA) purchasing coalitions. 	IT and Telecommunications purchases would follow the existing processes in OUS OARs for purchase of goods and services. Current processes are in accordance with the public contracting requirements of ORS 279.
8. Use of Private Funds	<ul style="list-style-type: none"> Request greater flexibility in the use of assessments on endowments and of pledges to match state bonding. Work to obtain legislative authority to that end. 	<ul style="list-style-type: none"> Seek approval to use private funds more flexibly to match bonding requirements. This change may require voter approval to change the Oregon Constitution to allow for anything other than a dollar-for-dollar match. 	OUS would continue to subject bonding proposals to a rigorous fiscal analysis, including a comprehensive contingency plan to follow in the event that anticipated pledges are not forthcoming.

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9. Donor Privacy	Work to obtain statutory exemption (similar to that for OHSU) to protect personal information of donors to OUS institutions.	Seek legislative exemption from public disclosure of personal information about donors or potential donors unless disclosure is authorized by that person.	OUS will develop policies and procedures that guide the safekeeping of information and help ensure donor privacy.
10. Legal Oversight & Representation	Permit OUS universities that are capable of providing legal services in the areas of contract review, technology transfer, and intellectual property rights, to have the opportunity to employ their own legal counsel.	<ul style="list-style-type: none"> Seek legislative and DOJ exemption for OUS from mandatory contract review based on predetermined monetary limits. This exemption would authorize OUS to seek legal review based on self-determined need and complexity of issues. 	Board may direct review of contracts on periodic basis. Board will establish policy parameters within which campuses may employ legal counsel.
11. Other Funds Construction Projects	Request delegation of authority to OUS for approving capital projects that involve no General Fund expenditure.	Seek legislative relief from regulation and requirements for construction projects when not funded with state funds.	Board will follow review and approval processes currently in place. New rules may be added as necessary to protect the interests of the System, campuses, and the state.
12. Real Estate and Personal Property	Within guidelines established by the Board, request institutional authority to buy, hold, and sell real and personal property, and thus, relief from legislative approval for such transactions.	Review other states' models to assess strengths and weaknesses of local control of real estate and personal property.	Board will follow review and approval processes currently in place. New rules may be added as necessary to protect the interests of the System, campuses, and the state.
13. Limitations on Bonding	Request change to permit expansion of use of Certificates of Participation (COPs) as a match for GO bonds.	Seek change in restrictions on bond match requirement to permit greater use of COP resource.	Board will follow review and approval processes currently in place. New rules may be added as necessary to protect the interests of the System, campuses, and the state.
14. Bond Match Requirements	Request change in dollar-for-dollar match requirement for General Obligation (GO) Bonds	Advance a constitutional amendment to Article XI-G of the Oregon Constitution, to change match requirement to a one-to-three formula (one dollar of campus match to three dollars Article XI-G Bonds) instead of one-to-one.	Continue present Board oversight of General Obligation Bond-financed construction projects.
15. Research, Technology Transfer, and Intellectual Property	Give campuses full management responsibility for legal and financial issues related to research and technology transfer activities and intellectual property rights.	Explore with appropriate entities (Dept. of Justice, campuses, staff) non-administrative issues, including ownership or delegation of title to intellectual property, and federal legislative efforts to reduce restrictions regarding private activity bonds.	To be determined.
16. Employee Insurance and Retirement	<ul style="list-style-type: none"> Explore opportunities to offer OUS' own health care program for OUS employees. Review alternatives to PERS. 	<ul style="list-style-type: none"> Review and, if necessary, update recent studies of competitive health care programs. Undertake a review of competitive options in retirement programs. 	To be determined following System review of studies and options.