

Strategic Planning Framework: Progress Since October

Report to the
Oregon State Board of
Higher Education



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

Initiative		Administrative	Statutory	Constitutional
1	Tuition & fees	✓		
2	Institutional financial aid	✓		
3	Enrollment & funding of resident UG	✓		
4	Academic program authority		✓	
5	Expenditure of non-State E&G operating funds		✓	
6	Interest earnings		✓	
7	Purchasing & contracting		✓	
8	Use of private funds		✓	

Continued...



Flexibility initiatives & level of control (cont'd)

Initiative		Administrative	Statutory	Constitutional
9	Donor privacy		✓	
10	Legal oversight & representation	✓	✓	
11	Other funds construct. proj.		✓	
12	Real estate & personal prop.		✓	
13	Limitations on bonding		✓	
14	Bond match requirement			✓
15	Research, tech transfer & intellectual property	✓		
16	Employee ins. & retirement	✓		



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



Investment components of The Deal

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

Student Tuition

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

Institutional Efficiencies

Allow campuses to:

- 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



Return on Investment in The Deal

Return on Investment

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



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.....



Request for Board approval (cont'd)

The Deal

- **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

