



Q&A:
Higher Education Reform Proposal
Oregon University System

Q: Why does the OUS want to reform the public higher education system in Oregon?

A: State funding for Oregon universities has shrunk to among the lowest levels in the nation, now covering less than 30% of the cost of students' education. As a result, tuition has increased while access and the quality of instruction are threatened. Proposed reforms will make universities more flexible in meeting the needs of students while also making campuses more accountable for meeting state goals for an educated and productive citizenry. Thus, the Board of Higher Education is seeking reforms so that the universities can remain viable, affordable, and can offer a high quality education to Oregonians through greater operating flexibility and ability to forward plan, knowing what resources are available.

Q: Would the state agency status of the OUS change through this new structure?

A: Yes. This compact would change OUS's status from a state agency to a public university system while maintaining its current statewide higher education goals. The Board of Higher Education would continue to govern the OUS, retaining its current authority, including tuition setting; and the Office of the Chancellor would continue in its current statewide governance role and functions. This new status would increase operating flexibility and improve cost control, saving money by, for example, enabling OUS to purchase its own risk insurance at lower costs than is the case today in the state pool. Many state assessments would also be eliminated, and combined with other savings, would lower OUS costs by several million dollars a biennium.

Q: What do Oregonians gain from this change in higher education?

A: More Oregonians will be able to enter college and graduate within a reasonable time through these reforms. In exchange for gaining more operating flexibility, universities will be accountable for meeting performance goals, including maintaining affordability, producing highly skilled graduates and more degrees, and achieving other goals that help Oregon overall as a state. It is clear that Oregon's economy needs both an educated workforce and job-creating innovation. Universities are the key to both, but cannot do their job on a starvation diet and with today's constraints.

Q: What is an example of how students and families will be affected by the change to a "public university system?"

A: Students and families can be assured that the tuition they pay actually stays at the university to fund education and support; the state now can take tuition dollars to fund other state agencies. Legislative leaders have provided assurances that this will not occur again; the proposed reform legislation would lock that promise in place. Interest earned on student tuition is also now used by the state to fund other state agencies; this reform would keep it at the universities to fund student instruction and services. Additionally, if more students attend OUS than were predicted by the state, the System must currently seek legislative permission to spend the tuition dollars paid by the students and families that are already at the campus to educate the students; the legislature has the option to say "no" putting campuses at risk of not being able to hire faculty, and add the courses that students need to move through their degrees and graduate on time. The OUS's reform proposal, if passed, would ensure that the hard earned money that students and families pay to get educated will actually be used for that purpose.

Q: How will this reform proposal maintain affordability for Oregon students?

A: A new tuition-setting process will be in place that considers all the factors that affect student costs, including availability of State and institutional aid. Students will have direct input into the process of tuition setting through a

participatory process mandated for each campus by the State Board of Higher Education. The Board also has aggressive, statewide goals for increasing educational attainment in Oregon, achievement of which was the reason the Board advanced this proposal. That achievement would be impossible if tuition were raised too high for price-sensitive Oregonians to be able to afford to attend universities. Mindful of the need to effectively manage costs while ensuring high quality, the Board also has adopted guidelines for education costs against which it will monitor the tuition at each university.

Q: How would the budget process of the OUS change under this proposed new structure?

A: OUS is proposing the adoption of a block grant budgeting approach – such as Oregon K-12 schools and community colleges have today – driven by performance outcomes and accountability, not bureaucracy or automatic budget adjustments. Today’s OUS budget has several thousand line items open to micromanagement and involving expensive compliance and oversight by OUS, DAS, and the Legislative Fiscal Office.

Q: What is OUS providing to the state in exchange for greater flexibility in its operations and governance?

A: OUS is proposing a new compact with the state, committing the universities to provide measurable education and research outcomes in exchange for funding and flexibility. Appropriations and targets would be developed by the OUS, the Governor, and the Legislature, and would be based on indicators such as affordability, degrees, employable graduates, and externally funded research, among several others.

Q: What would cost savings in the new structure be used to do?

A: Cost savings and increased flexibility would enable the OUS to educate more Oregonians, keep college affordable, advance research and innovation, and meet workforce needs in the state which are directly related to industry growth, jobs, and the health of the state economy.

Q: How will the Board of Higher Education’s reform proposal affect individual campuses?

A: The Board has advanced a two-step proposal. The first step will be transformation of the OUS and its seven member universities from their current and outmoded status as a state agency into a more autonomous and agile “public university system” during the 2011 Legislative Session. The second step will be consideration by the Board of the unique circumstances, needs and potential of each university, and could entail creation of institutional boards at one or more universities. Such decisions will be made in full consideration of what is best for Oregon students and taxpayers and for all seven public universities. This will require a substantial “due diligence” examination of how each university’s specific mission and governance can help achieve the overall goals of public higher education. In recognition of both the importance and the magnitude of the effort it will take to enact the Board proposal, all seven university presidents signed a letter of endorsement.

Q: Are there other governance reform proposals besides the Board’s that campuses have put forward?

A: The University of Oregon has a proposal specifically for the UO and includes creating its own institutional board. UO’s proposal is inconsistent with the process outlined above for governance reform included in the Board proposal, and thus the Board of Higher Education does not support separate enactment of the UO proposal.

Q: Would OUS be seeking more state funding than it has received in the past to make this change?

A: Although Oregon’s state appropriations per student already rank among the lowest in the country and are expected to fall further, the Board is not seeking more funding. This proposal was developed so that the universities could educate more Oregon students through governance and structural reforms that provide cost savings, flexibility to manage resources, and state General Fund investment in students and degrees.

For more information, please contact the Chancellor’s Office at 503-725-5714 or see www.ous.edu.