# A NEW PARTNERSHIP BETWEEN THE STATE OF OREGON AND ITS UNIVERSITIES

Affordable access to public higher education





UK. KENTUCKY

TOP UNIVERSITIES WITH LOCAL BOARDS

UF FLORIDA V7

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**PURDUE** 

# HIGHER EDUCATION

# The status quo is not an option

### THE PROBLEM

- Dwindling state funding; declining state resources
- State appropriations now just 7% of UO revenues dead last among peer institutions
- Skyrocketing tuition \$17,000 a year by 2020
- Outdated, bureaucratic governance
- Quality higher education critical to Oregon's economic future

## THE SOLUTION

# Modernize governance, create public higher education endowments

- All seven OUS Presidents agree on need for major reforms
- OUS governance proposal a good first step
- OUS + UO governance and endowment proposal = best solution
- Endowments are only proposal to address state funding, tuition costs

## **MODERNIZE GOVERNANCE**

#### More operational autonomy + local governing boards = less bureaucracy, more accountability

- · Governor-nominated, legislatively-approved board
- Greater direct oversight and expertise
- · Accrue tuition income to each university
- Autonomy over operations and finances
- Performance standards and benchmarks set by state-level board
- Independence to control costs

# **CREATE PUBLIC HIGHER EDUCATION ENDOWMENTS**

#### Recommit Oregon to its public mission and affordable tuition

COMPARISON OF UO STATE APPROPRIATION AND TUITION REVENUE PER STUDENT



- Only proposal that tackles funding, tuition
- Offers promise of stable and affordable tuition for Oregonians
- Leverages private matching dollars – at no cost to taxpayers
- For UO, locks-in \$63 million a year for 30 years; zero appropriation after bonds are retired
- Provides guaranteed funding stability for first time, selfsufficiency going forward
- Reduces risk for state, transfers accountability to universities
- Endowments used successfully for higher education for centuries



State bonding is already successful across Oregon, our students shouldn't be left out.

# HIGHER EDUCATION ENDOWMENT: HOW IT WORKS

#### Complete legislative control, leverages public/private dollars, phase in over time

#### UO EXAMPLE:

- Maintain \$63 million annual appropriation as debt payments
- Each state endowment dollar contingent on prior private dollar match
- 9% return + 4% distribution = \$64 million in year one;
  \$263 million in year thirty
- Managed by Foundation in agreement with State Treasurer
- After 30 years State General Fund no longer funds UO operations



2011	2012	2013	2014	2015 and Beyond ((	
Legislature refers bill to voters.	Voters approve use of bonds for endowment.	Pending voter approval, this marks first session when Legislature may approve bonds for endowment.	As private dollars are raised, an amount of state matching funds is directed to endowment per legislative approval.	Legislature approves )) bonds until endowment is fully implemented. Legislature always retains control of amount and timing of bonds.	Bonds paid off; UO receives no further bonds for operations.



"What's at stake is Oregon universities' ability to provide a higher quality education to the next generation of students. The state slowly has been withdrawing from its role in that vital enterprise, and it seems certain to withdraw still further...If state government can't be a robust partner in financing higher education, it should at least support universities' innovative efforts to find their way forward."

~ The Register-Guard EDITORIAL "Universities: Cut us loose" 6/4/10

For more information, visit www.uofoundation.org and www.newpartnership.uoregon.edu. Dave Barrows (503) 804-4482 | Tom Barrows (503) 551-2466 | Phil Donovan (503) 522-3023

#### PROJECTED ANNUAL DISTRIBUTION FROM A \$1.6 BILLION QUASI-ENDOWMENT RANGE OF INVESTMENT OUTCOMES