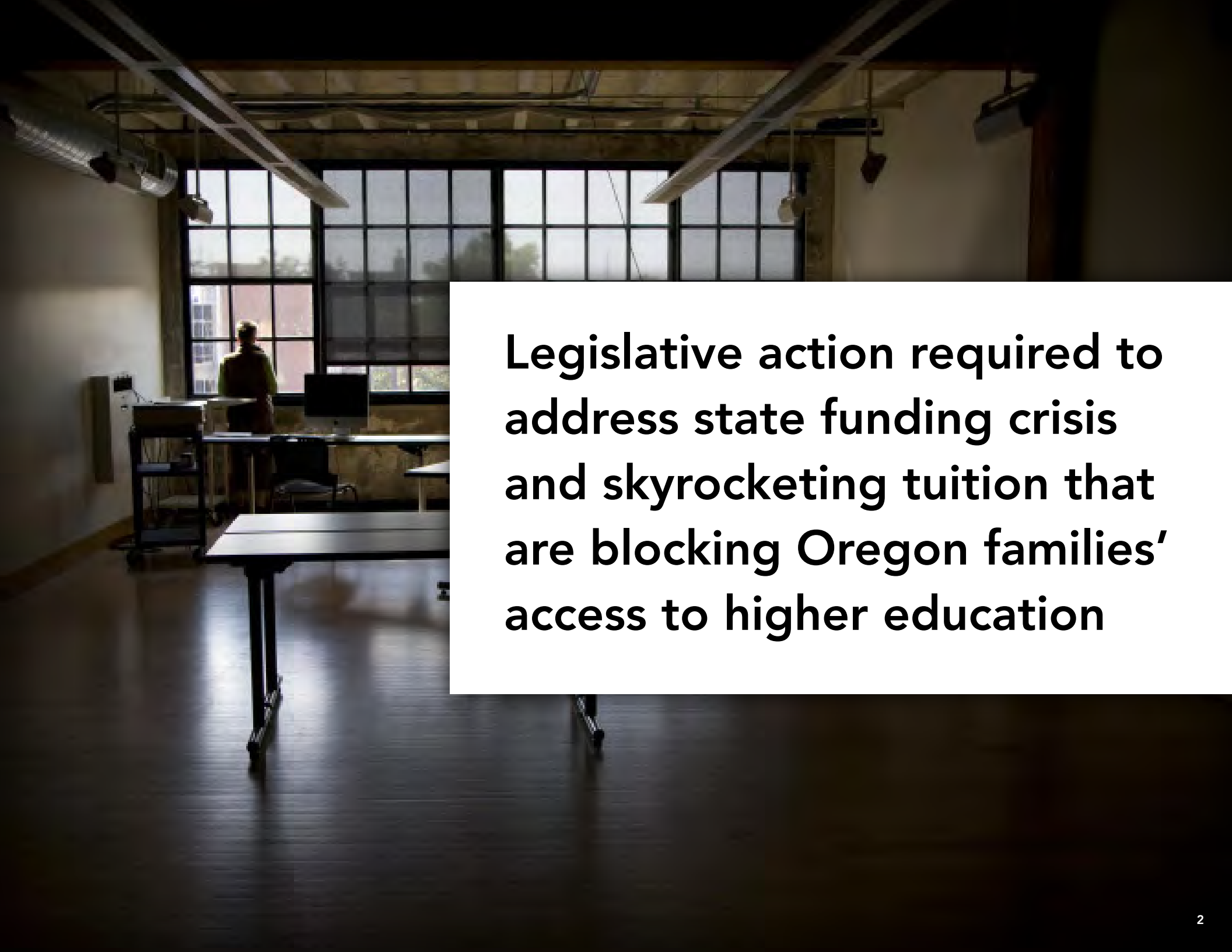




A NEW PARTNERSHIP BETWEEN THE STATE OF OREGON AND ITS UNIVERSITIES

Affordable access to
public higher education



Legislative action required to address state funding crisis and skyrocketing tuition that are blocking Oregon families' access to higher education



As state support for higher education declines, universities seek greater autonomy to stabilize funding and tuition

"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

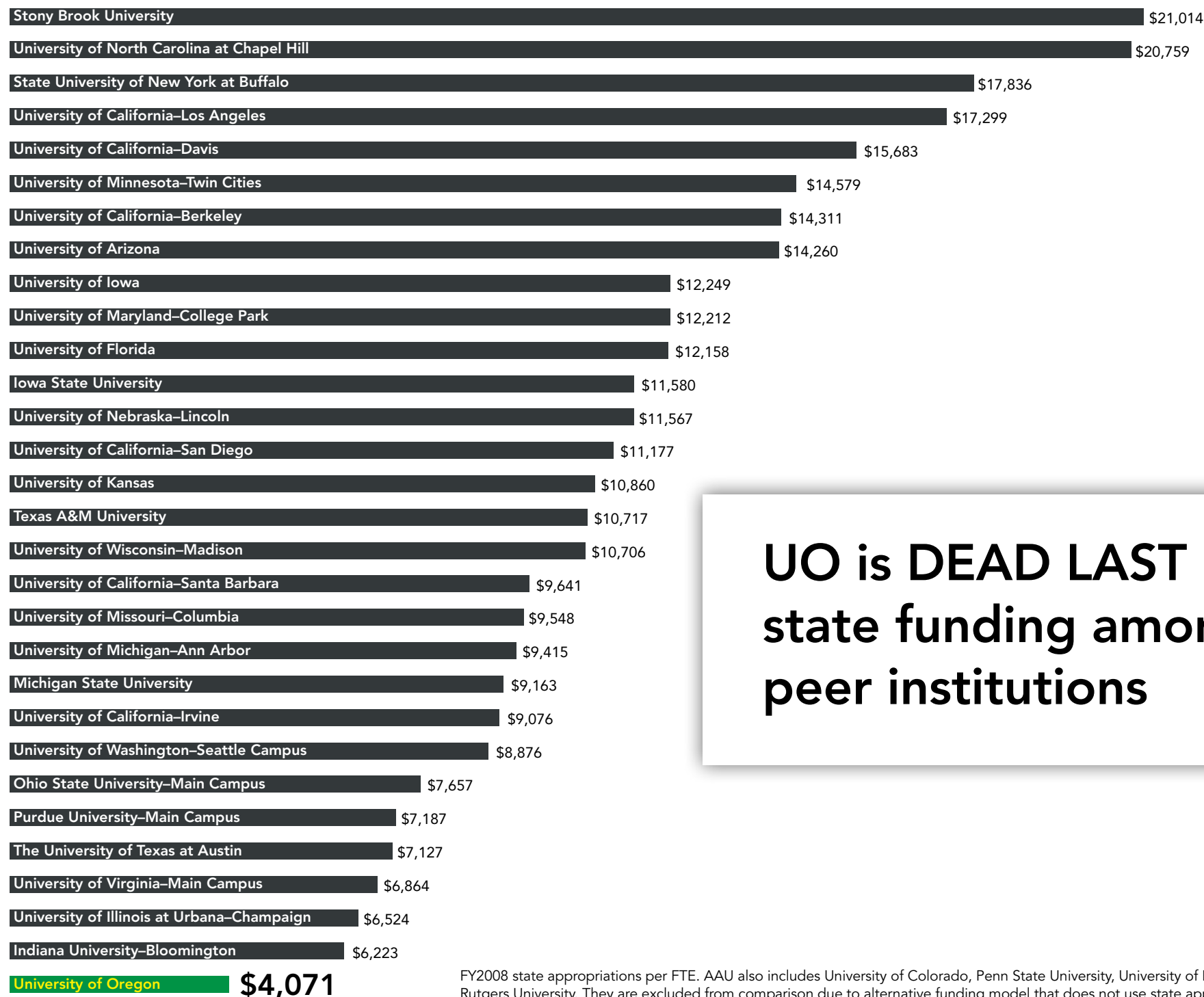
"Universities: Cut us loose" June 4, 2010

The background of the slide is a photograph of several rows of empty wooden chairs in a lecture hall or classroom. The chairs are made of light-colored wood with dark metal frames and are arranged in a tiered fashion. The lighting is soft, and the overall tone is somewhat somber, reflecting the theme of the slide.

Oregon families struggling to afford a college education

- Oregon is failing in its public mission to provide quality higher education to Oregonians at affordable tuition levels
- Dwindling state appropriations to universities mean skyrocketing tuition
- Current funding and governance are outdated and not applicable to new challenges facing the state or its public universities
- University of Oregon ranks dead last among AAU public universities in state funding per student

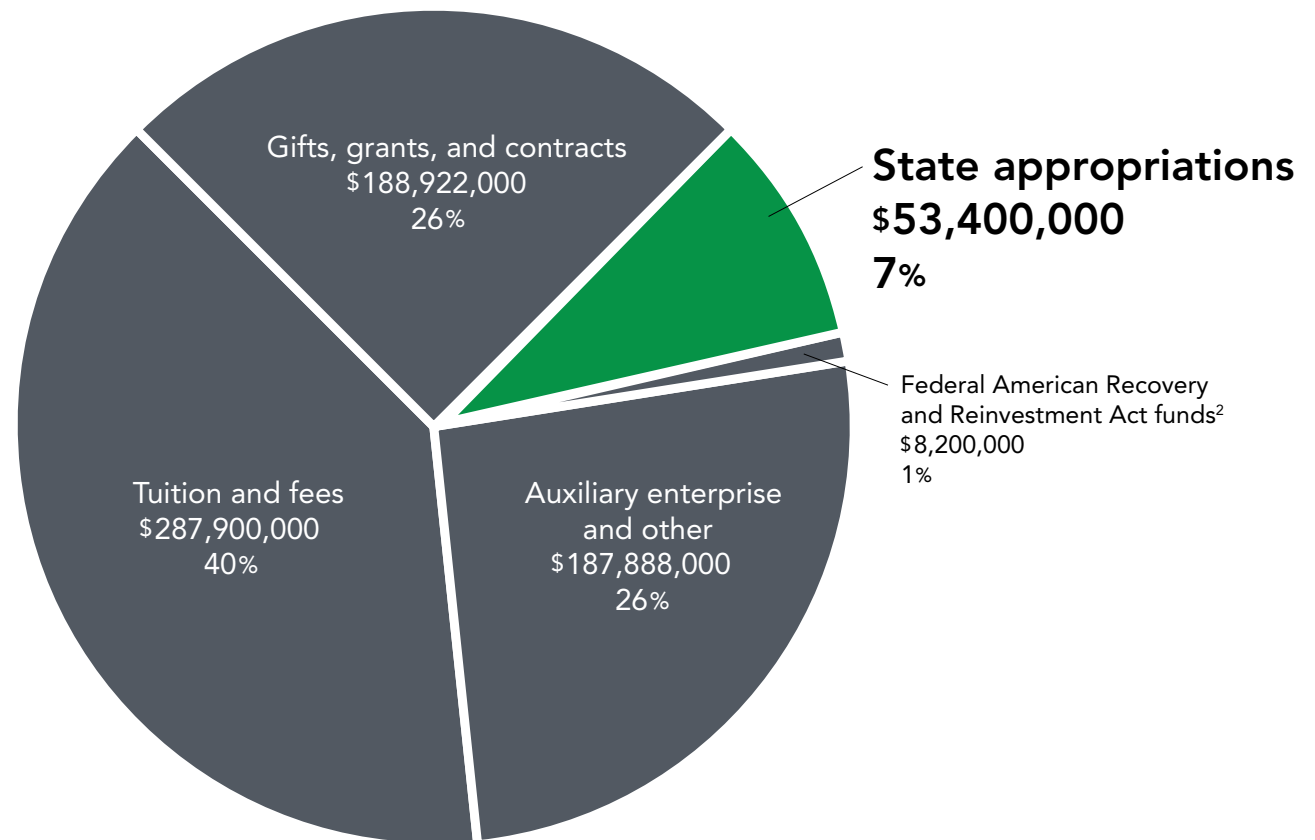
COMPARISON OF THE UNIVERSITY OF OREGON'S FUNDING PER FTE TO OTHER AAU PUBLIC INSTITUTIONS



FY2008 state appropriations per FTE. AAU also includes University of Colorado, Penn State University, University of Pittsburgh, and Rutgers University. They are excluded from comparison due to alternative funding model that does not use state appropriation.

State support for higher education and UO evaporating

**UO TOTAL PROJECTED
REVENUES, 2010-11
\$726.3 MILLION¹**



Figures as of May, 2010; state appropriations have gone down since then.

¹Operating support from the 2010 American Recovery and Reinvestment Act state fiscal stabilization funds ²Source: University of Oregon Office of Institutional Research.

A young woman with dark hair and bangs is looking slightly to her right with a gentle smile. She is wearing a green zip-up hoodie over a white t-shirt. She has a silver necklace with a heart pendant and star-shaped earrings. She is holding a white folder or book in front of her. The background is a blurred, light-colored wall.

**There are solutions
to the challenges.**

**Governance
and funding.**

OUS governance proposal is a good first step

- Tuition investment income accrues to OUS schools
- Accountability via performance agreements
- Greater autonomy over operations and finances

The background of the slide is a close-up photograph of several rolled-up documents or scrolls. The scrolls are made of aged, yellowish-brown paper and are tightly coiled. Some scrolls have blue or gold ribbons tied around them. The lighting is dramatic, with strong highlights and deep shadows, giving the image a historical or archival feel.

OUS Proposal + UO Plan = Best Solution

- Greater accountability for each university through local governing board
- Direct oversight for individual institutions
- State level board sets performance standards and benchmarks

Universities flourish under individual governing boards

GREATER ACCOUNTABILITY

- More direct oversight and expertise
- Governor-nominated, legislatively-approved board members

EFFICIENCIES

- Faster decisions on institutional challenges and opportunities
- Local insight into needs of individual institutions
- More efficient operations lead to institutional cost savings



Top universities governed by local boards



Local governing boards successful across Oregon

- OHSU
- Port of Portland
- Port of Coos Bay
- **17 community colleges**
- **20 educational service districts**
- **198 public school districts**
- **36 publicly-owned electric utilities**

The Oregonian

"The public corporation allowed OHSU to be more nimble and flexible. We train more students, we do more research, we treat a lot more patients and have more outreach programs than would have been possible without the public corporation."

~ Joe Robertson, president of OHSU
"Universities seek more autonomy" June 1, 2010

A large group of graduates in teal caps and gowns are seated in rows, facing away from the camera. The focus is on the teal mortarboards and tassels, which are slightly out of focus in the foreground and sharper in the middle ground. The background is blurred, showing a building and some greenery.

How do we stabilize tuition for Oregon families, making college accessible to all?

A group of graduates in green caps and gowns, with one woman in the foreground wearing a purple lei.

**Public endowment offers promise
of stable, affordable tuition**



STATE FORESTS



HIGHWAYS



Bonding is used for a variety of services Oregonians depend on.



PUBLIC TRANSPORTATION



POLLUTION CONTROL

**OUR STUDENTS
SHOULDN'T BE LEFT OUT.**



ALTERNATIVE ENERGY



WATER RESOURCES

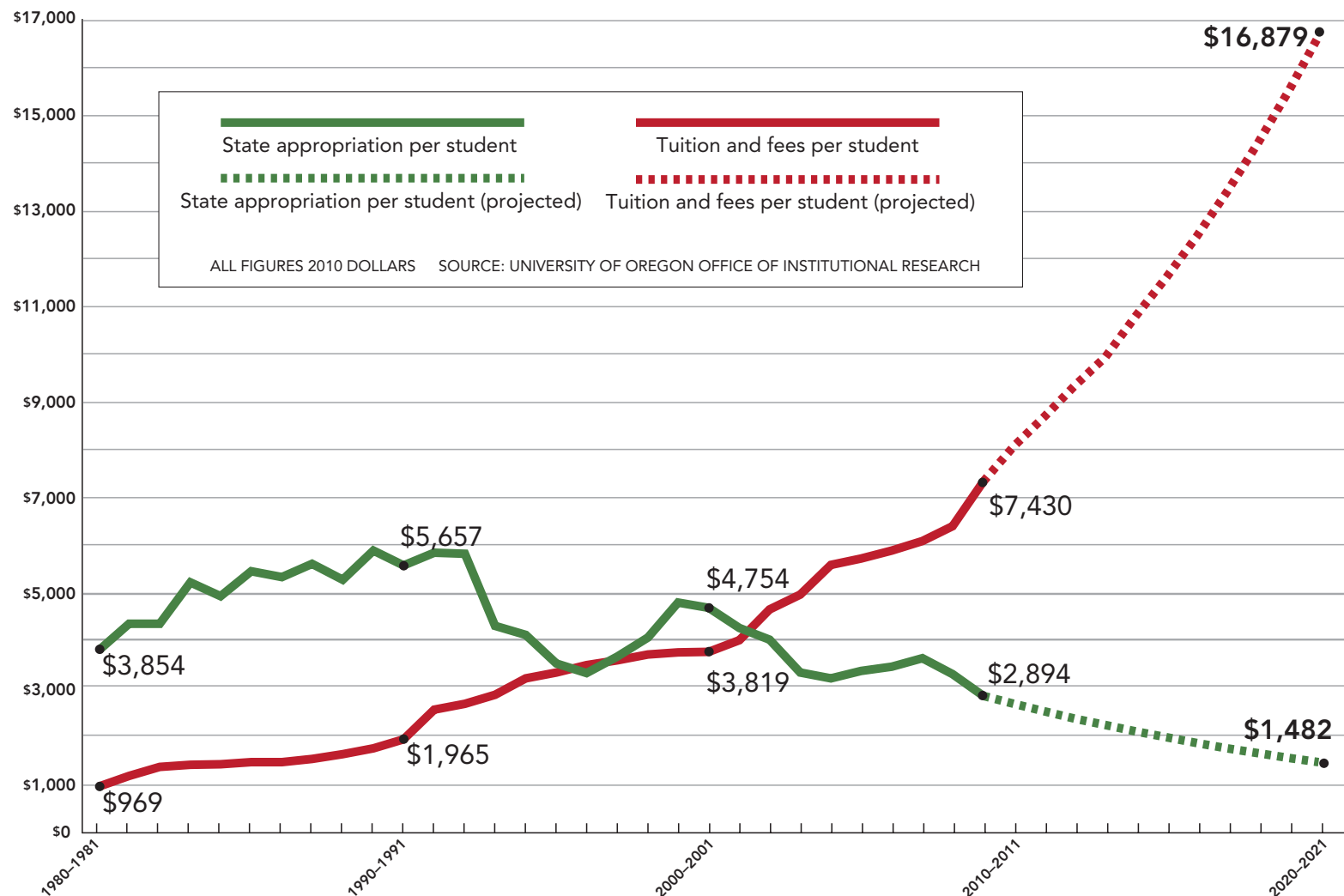


Public endowment funding model reduces risk and transfers accountability to universities

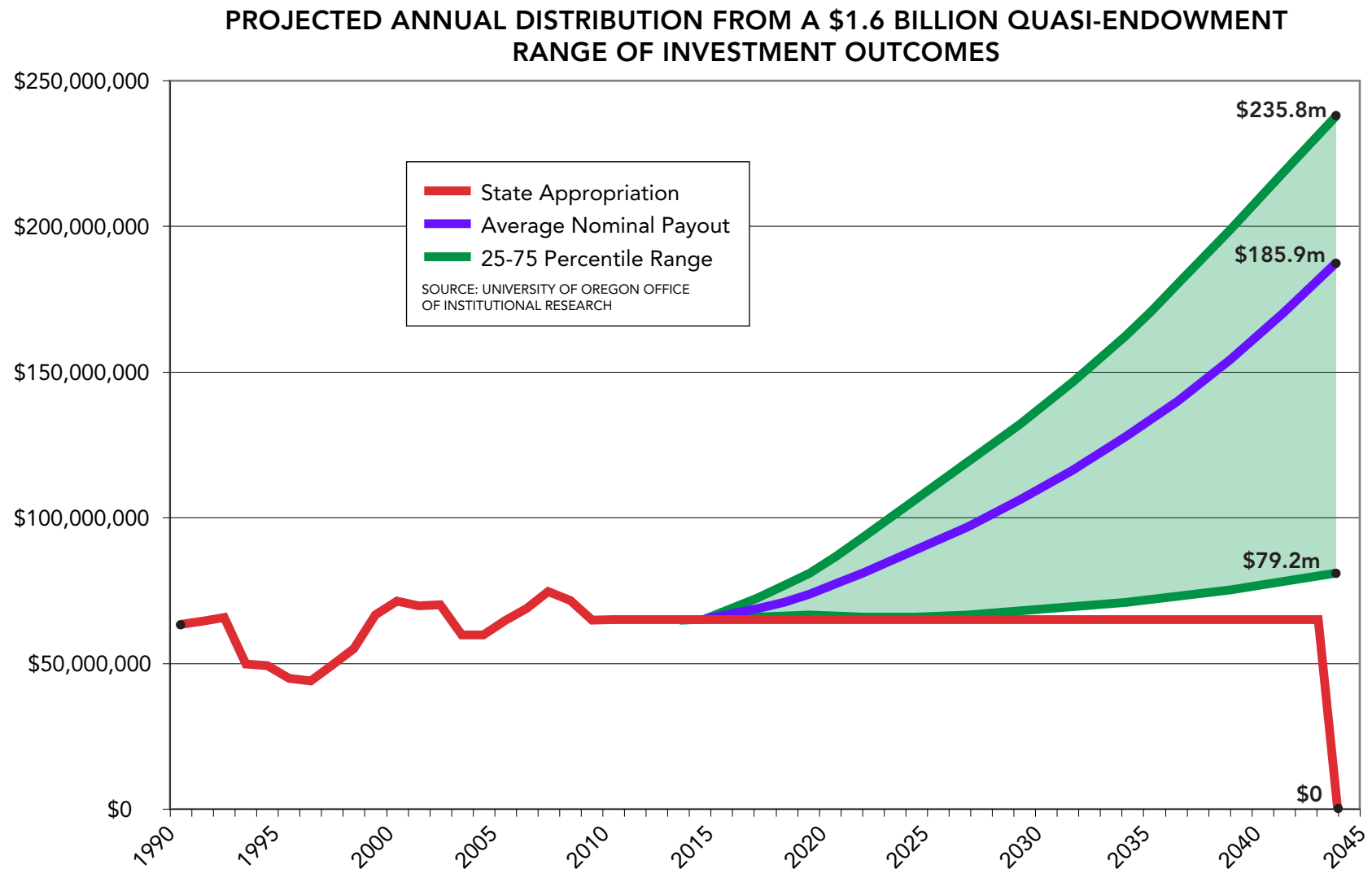
- Prior to any bonding by the state, institutions required to raise dollar-to-dollar matching funds from private sources
- For UO, state would continue \$63 million dollar a year appropriation for annual debt payments on general obligation bonds that create the endowment
- UO Foundation manages combined public/private endowment
- With estimated 9% return on endowment investments and 4% annual endowment distribution, the endowment is projected to generate \$64 million in its first year and grow each year to \$263 million in its 30th year – at no additional cost to the state
- UO then is self-sustaining and off the state general fund in perpetuity

Without change, tuition continues to skyrocket as state funding erodes and enrollment grows

COMPARISON OF UO STATE APPROPRIATION AND TUITION REVENUE PER STUDENT

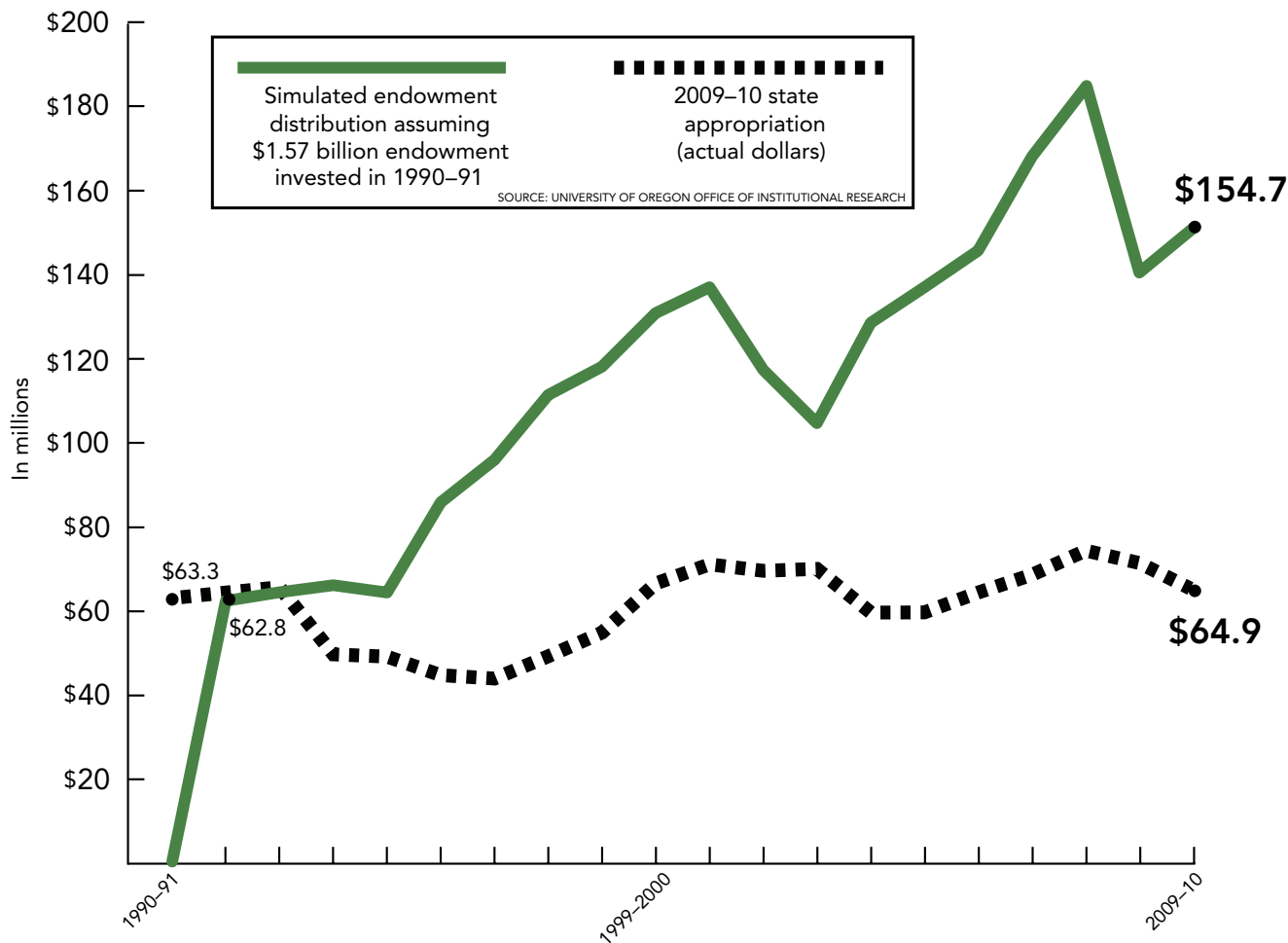


Public endowment leverages private investment in Oregon students at no additional cost to the state



If an endowment had been created in 1990:

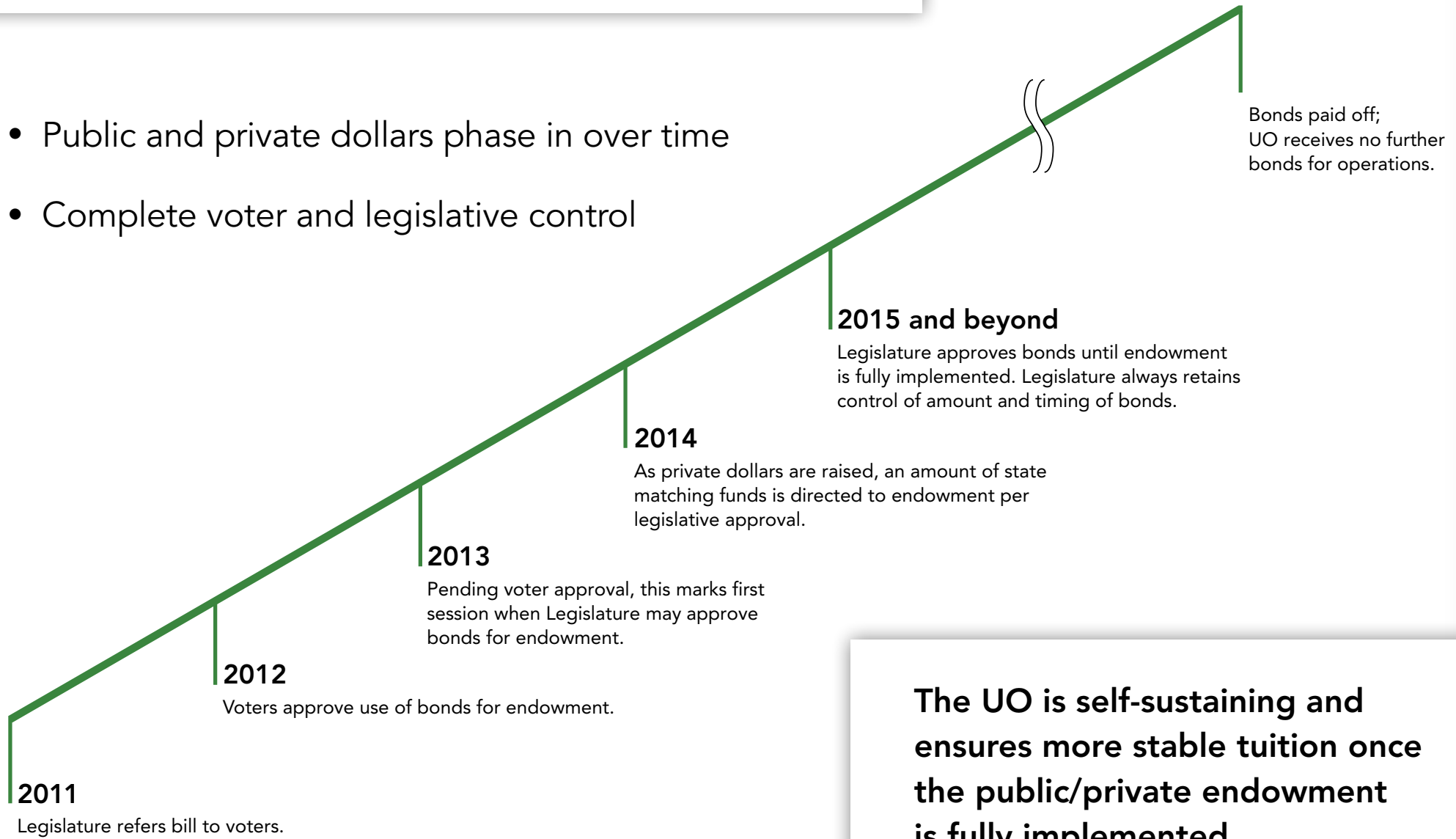
ACTUAL AND INFLATION-ADJUSTED UNIVERSITY OF OREGON STATE APPROPRIATION
VERSUS SIMULATED FUNDING UNDER AN ENDOWMENT MODEL



- Endowment balance would now be worth \$4.1 billion
- The State's obligation would be \$63 Million for 10 more years, then zero in 2020

Public endowment: how it works

- Public and private dollars phase in over time
- Complete voter and legislative control



The UO is self-sustaining and ensures more stable tuition once the public/private endowment is fully implemented.

Why is the endowment model the best solution?

- Endowments have been used as successful funding mechanisms at private universities for centuries
- Can be managed for more flexible asset allocation delivering higher returns
- Provides predictable funding to ensure university self-sufficiency in perpetuity
- Risk transfers to university, not state
- Only possible proposal to address tuition stability
- Leverages tremendous private investment in Oregonians' education

The background of the slide is a photograph of numerous black graduation caps with gold tassels falling through the air against a clear blue sky. The caps are scattered across the frame, creating a sense of movement and celebration.

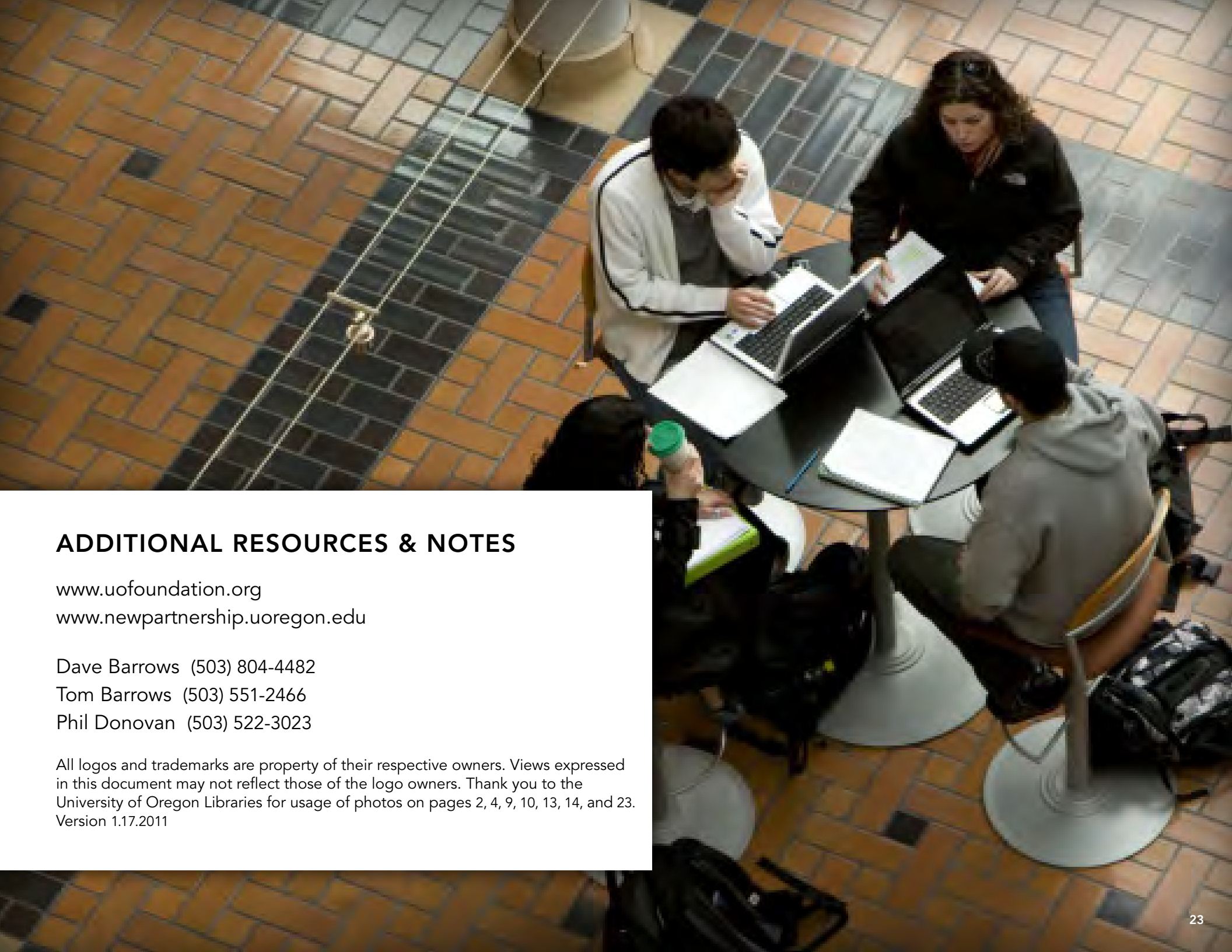
WHY ACT NOW?

"At its core, this new initiative is a means of extending the opportunity of a college education to the greatest possible number of Oregonians. It will stabilize the cost of a college education and will alleviate concerns that tuition rates at the UO may rise above many Oregonians' financial reach."

~ UO President Richard Lariviere

"A bold vision: the University of Oregon's financing plan deserves thorough consideration."

~ *Mail Tribune* editorial, June 4, 2010



ADDITIONAL RESOURCES & NOTES

www.uofoundation.org

www.newpartnership.uoregon.edu

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