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Background Brief on ...

# Oregon University System

## Oregon University System

The Oregon University System (OUS) consists of Oregon's seven public universities including a branch campus, and the Office of the Chancellor and is governed by the Oregon State Board of Higher Education (Board). The Board works to accomplish broad goals (see page 2) that will achieve the highest levels of educational outcomes for Oregonians, and based upon Oregon's postsecondary mission, as declared by the Oregon Legislative Assembly (ORS 351.009), to:

1. Ensure that at least 40 percent of adult Oregonians have earned a bachelor's degree or higher;
2. Ensure that at least 40 percent of adult Oregonians have earned an associate's degree or post-secondary credential as their highest level of educational attainment; and
3. Ensure that the remaining 20 percent or less of all adult Oregonians have earned a high school diploma, an extended or modified high school diploma, or the equivalent of a high school diploma as their highest level of educational attainment.

This goal is commonly referred to as 40-40-20.

## Oregon's Public Universities

*Eastern Oregon University (EOU)* serves students and communities throughout Oregon with a special focus on rural, regional and distance learning. Programs are delivered on campus, online and onsite in La Grande and at 16 regional centers and include liberal arts, business, education and cooperative programs in agriculture, nursing and dental hygiene.

*Oregon Institute of Technology (OIT)*, the Northwest's only polytechnic institution, serves the state with programs in business, engineering and health technologies, and cooperative programs in dentistry and nursing.

<b>University</b>	<b>Location</b>	<b>Fall 2011 Enrollment (headcount)</b>	<b>Resident Undergraduate Tuition &amp; Fees 2011-13 (based on 15 credit hours/term)</b>
Eastern Oregon University	La Grande	4,298	\$7,238
Oregon Institute of Technology	Klamath Falls	3,911	\$8,308
Oregon State University	Corvallis	24,977	\$8,138
Oregon State University - Cascades	Bend	764	\$6,855
Portland State University	Portland	28,958	\$7,653
Southern Oregon University	Ashland	6,744	\$7,521
University of Oregon	Eugene	24,447	\$9,310
Western Oregon University*	Monmouth	6,217	\$7,989
		<b>Total Enrollment 100,316</b>	<b>Average Tuition &amp; Fees (non-weighted) \$7,877</b>

\*Tuition for participation in WOU's Tuition Promise Program, which guarantees a constant tuition rate for incoming freshmen and transfer students for four years, is \$8,529.

*Oregon State University (OSU)* is a land, space, sea, and sun grant university with programs in the liberal arts and sciences and professional programs in agricultural sciences, business, education, engineering, forestry, health and human sciences, oceanography, pharmacy, and veterinary medicine. The OSU-Cascades campus in Bend opened in 2001, in partnership with Central Oregon Community College, and offers degree programs in arts and sciences, business, engineering, education, natural resources, and recreation.

*Portland State University (PSU)* is a diverse urban university offering liberal arts and sciences programs and professional programs in fine and performing arts, liberal arts and sciences, business administration, education, urban and public affairs, social work, engineering and computer science.

*Southern Oregon University (SOU)* provides liberal arts and sciences programs, professional programs in business, education, and performing arts, and a cooperative program in nursing.

*University of Oregon (UO)* is an Association of American Universities liberal arts and sciences university with professional programs in

architecture and allied arts, business, education, journalism, law, music and performing arts, and planning and public policy.

*Western Oregon University (WOU)* provides programs in liberal arts and sciences, professional programs in education, business, and public services, and a cooperative program in nursing.

### **Oregon State Board of Higher Education (OSBHE)**

A volunteer, 15-member Board governs the OUS. Eleven public members are appointed to four-year terms and two faculty and two student members are appointed to two-year terms by the Governor, and are subject to Senate confirmation. The Board elects a president and vice-president, and committees and working groups of the Board meet regularly. The Board has three current Standing Committees: Academic Strategies, Governance and Policy, and Finance and Administration.

The Board's long-term strategic plan defines statewide higher education priorities of the OUS through 2025. The Board, on behalf of OUS, seeks to accomplish four goals to produce the

highest level of educational outcomes for Oregonians:

1. Create in Oregon an educated citizenry to support responsible roles in a democratic society and provide a globally competitive workforce to drive the State's economy, while ensuring access for all qualified Oregonians to quality postsecondary education;
2. Ensure high-quality student learning leading to subsequent student success;
3. Create original knowledge and advance innovation; and
4. Contribute positively to the economic, civic, and cultural life of communities in all regions of Oregon.

### **Office of the Chancellor**

The State Board of Higher Education entrusts the system office, known as the Chancellor's Office, to carry out the Board's statewide goals and initiatives for the benefit of Oregon and Oregonians, as well as implementing legislatively identified and required fiduciary, compliance, and other duties, Board and Governor's policies, and all directives related to higher education. The Chancellor's Office ensures that higher education is efficient and aligned; provides consolidated functions for the campuses in many areas to ease the financial strain on students and Oregon taxpayers; and ensures that statewide higher education partnerships and initiatives are collectively advanced in ways which benefit Oregonians now and in the future.

The first chancellor was hired in 1931 to oversee a growing number of public universities in Oregon and to ensure an overarching statewide mission that would serve the best interests of all Oregonians. The chancellor is hired by the Board and entrusted to carry out the policies of the Board as its chief executive officer. Functions of the Chancellor's Office include: developing and implementing initiatives, policies, and goals of the Board, Governor, and Legislature; directing the numerous consolidated functions that avoid duplication across campuses such as payroll, financial reporting, internal audit, system-wide data and informational

systems, legal services for the four small campuses, and others; coordinating capital construction to ensure that facilities and statewide capacity are examined across the system; developing and managing partnerships and initiatives between educational sectors that improve and expand educational attainment and success, including performance measurement, transfer and articulation policies and tools, and alignment of academic programs and missions; legislative and executive responses including leading the biennial operating and capital budget process and presenting it to the Legislative Assembly; advancing and incentivizing collaborations among institutions and their partners; managing external federal and private grant funds; and centralized coordination of statewide work with other education and state partners and agencies.

### **OUS and PK-20 Education**

The OUS is working with its state, education, and policy partners to achieve the legislatively established goal of 40-40-20, sharing in the responsibility for all of its component segments. While OUS places a primary focus on bachelor's and advanced degrees, the university system also develops joint strategies with community colleges and focuses on educator preparation, engagement with K-12, and enhancing the PK-12 pipeline.

The OUS and State Board of Higher Education are also engaged with the PK-20 work and vision of the Oregon Education Investment Board (**OEIB**), which was formed during the 2011 Legislative Session under Senate Bill 909. Under the leadership of Governor Kitzhaber and the OEIB, the OUS collectively, each OUS institution, and other education sectors have developed Achievement Compacts which detail measurements set to inform and guide the system's work toward 40-40-20. The OUS is also engaged with the state's other postsecondary partners through the Higher Education Coordinating Commission (**HECC**), which first convened in July 2012.

## Governance Reform

The critical need to educate more Oregonians to meet community and workforce demands prompted the State Board of Higher Education in 2010 to seek governance changes for the OUS which allow the system to better fulfill its statewide mission while meeting the demands of a competitive, global economy. A package of reforms, included within Senate Bill 242 (SB 242), was passed by the 2011 Legislature and now allows OUS flexibility to operate in a changing environment, while being held accountable for performance.

SB 242 legislation redefined the OUS as a public university system with greater autonomy and independence to manage its affairs, operations and obligations. Key components now in effect are listed below. Most of these provisions became operative on January 1, 2012 or July 1, 2012.

- SB 242 created a Higher Education Coordinating Commission to develop state goals and accountability measures for all of postsecondary education in Oregon – community colleges and OUS – and a strategic plan for achieving these;
- Instead of its previous state agency status, the OUS is now defined as a Public University System, consisting of the Office of the Chancellor, the seven OUS institutions and related offices and activities. The State Board of Higher Education continues to carry out its duties, and OUS remains an instrumentality of the state and a governmental body;
- OUS is not subject to the requirement to seek expenditure limitations to spend other available moneys including tuition and fees collected; this will improve campuses' ability to plan longer term, knowing what available revenues will be within any given biennium;
- OUS has the ability to maintain all interest earnings in the Oregon University System Fund, including earnings on tuition revenues; these will remain with the individual campuses to increase

affordability by exclusively funding need-based student financial aid;

- Students are more broadly involved on university-based committees which develop tuition rate proposals sent to the Board for approval each year;
- Accountability is increased, with a new achievement compact with the state that will provide measurable education and research outcomes, on which funding will be based;
- The state budget process will now use a simplified “block grant” budgeting approach which is driven by outcomes and accountability, a move from a compliance-focused to an achievement-focused system; SB 242 allows OUS to make changes to decrease costs, including enabling it to: purchase lower-cost risk insurance rather than being in the state pool; explore healthcare options with a labor-management group; eliminate certain assessments from the Department of Administrative Services; retain its own legal services, no longer using Department of Justice attorneys and services; and overall enables the universities to function more effectively;
- OUS is no longer required to seek legislative authority on capital construction projects that exclusively use private donor/external funding.

OUS continues to follow public records/meetings laws just as other public bodies do today, and continues to pay assessments for and be engaged with: Secretary of State for audits, archives and administrative rules; Ethics Commission; Central Government – for Legislature and Governor’s Office; Minority, Women-Owned and Emerging Small Business; and Treasury for banking services.

The OUS and State Board of Higher Education Governance and Policy Committee have also explored proposals for institutional boards which have been advanced by the University of Oregon and Portland State University. During the 2012 Legislative Session, through House Bill 4061, the Oregon Legislature created the Special Committee on University Governance to explore these issues, and the OSBHE has provided

testimony and recommendations to this committee on institutional boards and the governance authority of such boards in relation to the system-wide State Board.

### **Tuition and Access**

The State Board of Higher Education is committed to maintaining affordable access to higher education. They are responsible for approving OUS annual tuition rates, and the process for student engagement in tuition-setting. For 2012-13, OUS campuses are near or below their peers for in-state tuition. However, decreases in state funding have shifted more and more of the proportion of college costs to students in recent years through increased tuition and fees.

From 1999-2000 to 2009-2010, tuition and fees increased on average 119 percent at OUS institutions as state funding decreased. During this ten-year period, the state-to-student share of costs changed substantially with the student share of costs increasing from 43 percent to 63 percent, and the state share declining from 49 percent to 29 percent (the other 8 percent of costs are Other Education & General Funds). Looking further back to 1989-90, the student share of costs was 29 percent and the state share was 62 percent.

Tuition increases were mitigated by a Board goal to hold increases in the three percent range during the four-year period from the 2005-06 academic year to 2008-09. Because of significant budget decreases in the recessionary environment since the 2009 Legislative Session, tuition increases have been higher than three percent for most OUS institutions since that time.

Today, Oregon ranks 44th in the U.S. in state funding per student in postsecondary education, spending an average of \$4,359 per full-time equivalent (FTE) student in fiscal year 2011. In order to meet the national average – which is \$6,290 per FTE student, at current enrollment levels, Oregon would need an additional investment of over \$300 million per biennium.

Through a combination of efforts—including federal and state financial aid programs, private support, institutional aid programs, and campus strategies, OUS universities make a committed effort to balance tuition levels with financial assistance to keep college affordable and accessible for Oregon’s families and students. Through a Working Group directed by the Governor and supported by the Legislature, the Board of Higher Education worked with a cross-sector group in 2004-05 to restructure the Oregon Opportunity Grant (**OOG**) to a new Shared Responsibility Model. The goal of the new model is that all partners, including the student, through working, saving, borrowing and obtaining other scholarships/grants, share responsibility in ensuring affordable access. With the Legislature’s support, OOG biennial funding has increased from \$44 million to a high of \$106 million in 2007-2009, to its current funding of \$97 million for 2011-2013. While currently oversubscribed based on greater financial need among Oregon’s students and families, the OOG helps thousands of public and private college and university students meet college costs.

Oregon has had relatively low need-based financial aid compared to neighboring states and the national average. For 2010-11, the 42<sup>nd</sup> Annual Survey Report on State-Sponsored Student Financial Aid published by the National Association of State Student Grant and Aid Programs estimated need-based aid per undergraduate student in Oregon at \$114. This compared to \$829 per student in Washington, \$736 per student in California, and \$447 which is the per-student national average.

College students today face the largest college debt in the nation’s history, with a majority of today’s students borrowing. The OUS data show that for the 60 percent of undergraduate students who borrow, their average, cumulative indebtedness at graduation was almost \$22,216 for the Class of 2010, while the national average (computed by the Project on Student Debt) was \$25,250. In another affordability measure, federal loan default rates, 2009 data from the National Student Loan Data System of the U.S.

Department of Education, show the default rate reported by OUS institutions ranged from 2.2 percent to 6.1 percent, compared to a national average of 8.8 percent overall and 5.2 percent for four-year public universities.

To the extent possible, OUS campuses have stepped in to address shortfalls in the OOG with campus-based financial aid programs. Acknowledging the importance of affordability as a significant factor in student access and success, the Board of Higher Education established a system-wide target of meeting at least 12 percent of unmet student need, using institutional funds (after applying federal and state need-based grants are applied). Also, a work group has been formed to study additional affordability metrics.

In addition to addressing college access through affordability, OUS has numerous partnerships with K-12 and community colleges to facilitate pathways for students, such as dual-credit opportunities, articulation agreements, degree partnership programs, transfer programs and degrees such as the Associate of Arts, Oregon Transfer Degree (AAOT), the Oregon Transfer Module (a set of general education courses that is transferable between public two-year and four-year colleges and universities in Oregon), and college outreach to help students prepare and plan for college. At a system level, OUS houses two federally funded college access programs: the state's College Access Challenge Grant (CACG) Program, and Gaining Early Awareness and Readiness for Undergraduate Program (Oregon GEAR UP). These two programs work in concert to increase the number of traditionally underrepresented students, primarily low-income, who are prepared to enter and succeed in college. In addition, each OUS campus or center has multiple K-12 and community colleges relationships and partnerships, and OUS campuses collaborate in outreach and recruitment efforts to high schools across the state through the annual Fall Visitation program.

Enrollment (headcount) for the OUS for Fall 2011 was 100,316 students, a 3.5 percent

increase from Fall 2010, an increase of 3,356 students, and the first time OUS has exceeded 100,000 students for overall enrollment. This is a five-year increase of 23.8 percent, the largest five-year growth in forty years for OUS, and the highest five-year growth rate in the U.S. The overall 10-year enrollment growth of 35.8 percent outpaced the national average of 22.8 percent at public four-year universities. Fall 2011 full-time equivalent student enrollment (that measures total credit-bearing activity on campuses) increased system-wide by 2,220 students, or 2.8 percent compared to an increase of 4,239 students, or 5.6 percent in 2010. Across the system, undergraduate enrollment increased 4.7 percent to 84,126 students.

### **OUS Budget Model**

In 1997, the Board changed the way each university is allocated funds. Rather than pooling all revenue and distributing it according to a formula, beginning in 1999-2000, institutions were allowed to keep the tuition funds they generate. The new approach allocated state funds on a per-fundable-student basis called "enrollment driven funding" with the balance distributed for "targeted programs" relating to research, public services and other factors. This model, called the Resource Allocation Model (**RAM**), was intended to determine the level of state funding needed to adequately fund instructional costs. Due to insufficient state funding, it has never functioned as designed, but has been adjusted each biennium to whatever level of state funding has been available and used to allocate the available state funds to the institutions.

Despite an additional \$20 million in the 2007-2009 biennium to support the costs associated with increasing enrollment, state support for growth has been absent in 2009-2011 and 2011-2013 due to budget cuts related to poor economic conditions. The Board began offering incentive funding to OUS campuses in 2009 for improved retention rates. In recognition of the state's 40-40-20 goals, current incentive funding has been allocated to campuses based on the percentage of degrees produced compared to the system as a whole.

The work of the OEIB, including the achievement compacts for OUS and each institution, will inform the next stage of development of the OUS budget model. It is anticipated that the future model will incorporate a much stronger alignment with outcome measures. Additionally, OUS is working with two of the Program Funding Teams established as part of the Governor's 10-Year Plan. Each of the six teams is focused on a particular outcome area. Most of the OUS budget – Education and General, Extension Service, Debt Service and Lottery Funds – is being reviewed by the Education Funding Team. Agricultural Experiment Station and Forest Research Laboratory are assigned to the Economy & Jobs Funding Team.

### **Oregon Health & Science University**

Oregon Health & Science University (OHSU), an affiliate to OUS, is the only academic medical center in the state and primarily operates on its main campus adjacent to downtown Portland. It is also Portland's largest employer. The Legislative Assembly separated OHSU from the OUS in 1995, making it a public corporation with greater operating flexibility to compete in the health-care industry. OHSU academic programs and fees are still overseen by the Board.

In 2001, OHSU merged with Oregon Graduate Institute of Science and Technology (OGI), a private nonprofit school to begin offering graduate degrees in electrical and computer engineering, computer science, biochemistry, molecular biology, and biomedical engineering. Also in 2001, the Legislative Assembly enacted Senate Bill 832, referred to as The Oregon Opportunity Act, which created a public/private partnership to provide OHSU with \$200 million in state-backed general obligation bonds.

With the additional research infrastructure, OHSU hoped to increase the number of research discoveries helping to build a new bioscience industry in Oregon while improving the health of all Oregonians. The proceeds of the bonds

were more than matched with \$378 million in privately raised funds.

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