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Background Brief on ...

Oregon University System

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Oregon University System

The Oregon University System (**OUS**) consists of the Office of the Chancellor and Oregon's seven public universities. It is governed by the Oregon State Board of Higher Education (**Board**). The Board seeks, through the OUS, to accomplish the following broad goals to produce the highest levels of educational outcomes for Oregonians:

- 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 post-secondary education
- Ensure high-quality student learning leading to subsequent student success
- Create original knowledge and advance innovation
- Contribute positively to the economic, civic, and cultural life of communities in all regions of Oregon

Oregon's Public Universities

Eastern Oregon University (EOU) serves its regional mission through programs in the liberal arts, professional programs in business, education, and community service, and cooperative programs in agriculture and nursing.

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

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 physical education, home economics, oceanography, pharmacy, and veterinary medicine. The OSU-Cascades campus in Bend opened in Fall 2001 in partnership with Central Oregon Community College, and offers degree programs in arts and sciences, business, education, natural resources, and recreation.

Portland State University (PSU) is an urban university offering liberal arts and sciences programs and professional programs in business, education, engineering, health, performing arts, and urban

University	Location	Fall 2006 Enrollment (headcount)	Resident Undergraduate Tuition & Fees 2007-08
Eastern Oregon University	La Grande	3,433	\$6,072
Oregon Institute of Technology	Klamath Falls	3,318	\$6,093
Oregon State University	Corvallis	19,753	\$5,910
Oregon State University - Cascades	Bend	497	\$5,319
Portland State University	Portland	24,999	\$5,765
Southern Oregon University	Ashland	4,836	\$5,502
University of Oregon	Eugene	20,376	\$6,168
Western Oregon University	Monmouth	5,037	\$5,577
Total		82,249	

and public affairs.

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

The *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, human development and performance, journalism, law and music and performing arts, and planning and public policy.

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

State Board of Higher Education

The volunteer, 13-member Board governs the OUS. Members are appointed to two-year or four-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.

Strategic priorities of the Board for achieving the OUS goals and outcomes were presented in September 2006 and include:

1. Increase educational attainment

- Raise Oregonians' aspirations

- Make post-secondary education affordable for Oregonians
- Lead a statewide effort to deliver a measurable increase in higher education participants and success for underserved populations throughout the state
- Facilitate student success and degree completions by improving the efficiency and effectiveness of Pre-K-20 learning processes
- Provide the educated workforce needed for the areas of health care, engineering, and related technologies, as well as other workforce and economic development areas as they emerge

2. Invest in globally competitive research

- Attract and retain high-quality internationally-recognized faculty, particularly in targeted areas of existing excellence
- Sustain existing signature research funding while developing new signature research centers
- In partnership with the Oregon Innovation Council, align targets for research funding growth and research productivity with the needs of Oregon companies and industry clusters
- Establish at every OUS university an expectation of student engagement in

research, at both the undergraduate and graduate levels

3. Assure the long-term financial viability of the OUS and its institutions

- Explore governance and/or new organizational models as required to achieve the Board's goals and other strategic priorities
- Develop service models for areas of the state projected to grow significantly, especially Portland and Bend
- Invest in faculty recruitment and retention
- Develop the role of the Chancellor as the OUS Chief Executive Officer
- Provide the policy support and expectation for the OUS presidents to manage the academic and capitol assets of their institutions

Office of the Chancellor

The first chancellor was hired in 1931 to oversee a growing number of public universities in Oregon and ensure an overarching statewide mission that would serve the best interests of all Oregonians. It was believed that a central administration would save money by consolidating services rather than duplicating them at each campus.

The chancellor is hired by the Board and serves at its pleasure. The chancellor is entrusted to carry out the policies of the Board and acts as its administrative officer. Functions include: directing the overall administration of the Chancellor's Office; executing existing and new policies; overseeing the operations and employees of the Chancellor's Office and ensuring support for the many initiatives related to the Board's vision for higher education in the state; leading the biennial operating and capitol budget process, including presenting proposals to the Legislative Assembly, supporting and facilitating the efforts of universities to achieve overall OUS goals; facilitating campuses' efforts to achieve their educational missions; creating partnerships among the OUS campuses, community colleges, and K-12 institutions; and

working closely with the Legislative Assembly, the Governor, and other constituencies for support and reinvestment in higher education. The Chancellor's Office has 92 employees at 5 sites.

Throughout 2004, significant leadership and structural changes took place within the OUS that positioned the organization to help more Oregonians access a post-secondary education in future biennia. One of the Governor's and the Board's objectives is to ensure that the Chancellor's Office is fully aligned with the goals and focus of the Board and the state. The office now focuses on the development and implementation of policy and advocacy for post-secondary education in Oregon, management reporting and control systems, planning and analysis, communications and government relations, and fulfillment of statutory functions. Campuses have been given greater autonomy and flexibility, along with requisite control measures to ensure accountability.

Some former Chancellor's Office functions have been transferred to particular campuses to manage for the OUS, such as: Information Technology Services, now managed by OSU; operation of the NERO wide-area network was transferred to UO; operation of the Southwestern Oregon University Center, now managed by EOU; and the Oregon Center for Advanced Technical Education is now managed by PSU. The Provosts' Council, made up of academic vice presidents of the OUS campuses, completes due diligence and formal review of new academic degree and certificate program requests and makes recommendations to the Chancellor, who subsequently forwards them to the Board. The Council replaces a function formerly carried out by the Academic Division of the Chancellor's Office that was eliminated during the restructuring.

Approximately \$3 million in savings from the reorganization has been used to increase affordability for students, lessen the impact of Ballot Measure 30 budget reductions on the campuses, mitigate tuition increases, and fund the Board's Working Group initiatives.

Tuition and Access

From 2000-2001 to 2007-2008, tuition increased between 62 percent and 79 percent at the OUS institutions as state funding decreased. The state to student share of costs changed from the 1999-2001 and the 2005-2007 biennia with the student share of costs increasing from 41 percent to 54 percent and the state share declining from 50 percent to 36 percent. Today, Oregon ranks 47th in the U.S. in state funding per student in post-secondary education. In order to meet the national average at current enrollment levels Oregon would need an additional investment of \$333 million (in 2006-2007 dollars) per biennium.

The Board is committed to making higher education affordable. In the 2005-2007 biennium, tuition increases were limited to 3.4 percent for 2007-2008. The OUS will hold tuition increases to the projected change in median family income each year in order to maintain access to an affordable education.

The National Center for Public Policy and Higher Education found in its *Measuring Up 2006* report that, for the lowest income students at Oregon's public 4-year universities, net college costs represent nearly 83 percent of their annual family income (net college costs equal tuition, room, and board minus financial aid). Oregon has had relatively low need-based financial aid compared to neighboring states and the national average. For 2005-2006, the 37th 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 \$224. This compares to \$722 per student in Washington, \$514 per student in California, and \$575 which is the per student national average. Oregon's combination of rising tuition and low financial aid earned the state an "F" for affordability in the *Measuring Up 2006* report.

College students today face the largest college debt in the nation's history, with a majority of today's students leaving campus in debt. A 2006

report by Pew Charitable Trusts called the *Project on Student Debt*, cited Oregon as having the 20th highest debt level of all states for students attending public institutions, with average debt of \$19,667 for the Class of 2006.

The 2007 Legislative Assembly passed Senate Bill 334 that fundamentally changed the state's primary student financial aid program, the Oregon Opportunity Grant. Grants awarded under the newly-modeled Oregon Opportunity Grant program assume that the student bears the primary responsibility for paying for college whether it is through taking out loans, working, or finding other sources for grants or scholarships. The state provides funding to bridge the student's financial contribution combined with the financial contributions of the student's family and the federal government to reach the total cost of education. The new formula applies to students who first attend an eligible post-secondary institution on or after July 1, 2008. The Legislature funded this new model with \$106 million.

The 2007 Legislative Assembly also passed House Bill 2729 that established in statute the Access to Student Assistance Programs in Reach of Everyone (ASPIRE) program. The program, run by the Oregon Student Assistance Commission, provides mentoring and resources to help students access education and training beyond high school.

Shrinking budgets have not enabled universities to expand to meet demand. Higher tuition, and larger and fewer classes, result in students taking longer than four years to graduate. Oregon's population is projected to grow by over 32.6 percent from 2000, when the population was 3.4 million, to 2025, with a projected population of over 4.5 million. The magnitude of what would be needed to meet higher educational attainment levels—the number of students and bachelor's degrees needed from Oregon's public and private 4-year institutions over the next 20 years—is daunting, even if bachelor's-or-greater attainment levels were to remain at the current 27.7 percent. At the current rate of enrollment and degree production, by 2025 the OUS would

need to enroll an estimated 37,000 more students than are currently enrolled, and award approximately 4,500 more bachelor's degrees than the 12,600 now awarded annually. This is the equivalent of adding the students and degrees of PSU, SOU, and WOU combined, during an average year.

Enrollment growth (headcount) for the OUS for Fall 2007 was at an all-time high. There were 82,249 students enrolled which was a 1.5 percent increase over Fall 2006. The overall 10-year enrollment growth of 28.3 percent outpaced national averages. Fall 2007 full-time equivalent student enrollment, that measures total credit-bearing activity on campuses, increased system-wide by 592 students, or 0.9 percent, from 67,111 in 2006 to 67,703 in 2007. Across the system, the number of newly admitted undergraduates increased 4.0 percent from 16,841 in Fall 2006 to 17,523 in Fall 2007.

OUS Budget Model

In December 1997, the Board changed the way each university is allocated funds. Rather than pooling all funds and distributing them according to formula, as of the 1999-2000 fiscal year institutions have been allowed to keep tuition funds they generate. This model, the Resource Allocation Model (**RAM**), rewards institutions that attract, retain, and successfully educate students. Despite significant enrollment increases in the last six years, the RAM funding allocations had been "frozen" at 2002-2003 actual enrollment levels for undergraduates and the lesser of the 2000-2001 or 2002-2003 enrollments for masters and doctoral students, as there has been no increased state funding for new enrollment since that time. The 2007-2009 Legislatively Approved Budget provided \$20 million in General Fund to support costs associated with increasing enrollment.

Move Toward Autonomy

In July 2002, the OUS university presidents sent a letter to a planning committee of the Board explaining that, in the absence of adequate public support, institutions needed more leeway to respond to the demands of the marketplace and

were therefore seeking greater autonomy for the OUS.

During the 2003 Legislative Session, Senate Bill 437 was introduced to grant more autonomy to campuses, and achieve greater efficiencies in administration. While the enacted measure did not contain all the provisions originally requested, it did make the following, significant changes:

- Allowed the OUS to buy and sell property, technology, or intellectual property
- Exempted the OUS from state information technology rules and competitive contracting procedures
- Shortened timelines for new programs to be approved and relaxed criteria that would have prevented the OUS from offering them
- Allowed interest earned in donation accounts established for the Article XI-G Bond-funded capitol projects to be credited to the accounts

Oregon Health & Science University

Oregon Health & Science University (**OHSU**) is the only academic medical center in the state and primarily operates on its main campus adjacent to downtown Portland. It is Portland's largest employer. The Legislature separated OHSU from the OUS in July 1995, making it a public corporation so it would have 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.

In 2001, the Legislative Assembly enacted Senate Bill 832, referred to as The Oregon Opportunity Act. This law 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. With the funds, OHSU has added more than 250 researchers and opened a 300,000 sq. ft. state-of-the-art lab facility since 2002. Currently, OHSU averages 1 new breakthrough or innovation every 2.7 days, with more than 4,100 research projects currently underway. Based on new companies and licenses, OHSU disclosed 132 new inventions in 2007, up from 32 in 2000.

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