



June 2010

Inside this Brief

- **Oregon University System**
- **Oregon's Public Universities**
- **State Board of Higher Education**
- **Office of the Chancellor**
- **Tuition and Access**
- **OUS Budget Model**
- **Move toward Autonomy**
- **Oregon Health & Science University**
- **Staff and Agency Contacts**

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Background Brief on ...

Oregon University System

Oregon University System

The Oregon University System (OUS) consists of the Office of the Chancellor and Oregon's seven public universities and one branch campus. It is governed by the Oregon State Board of Higher Education (Board). The Board seeks, through the OUS, to accomplish the broad goals (see page 2) to produce the highest levels of educational outcomes for Oregonians, and based upon the OUS mission as declared by the Oregon Legislative Assembly (ORS 351/009):

1. Enable students to extend prior education experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional, and technological expertise, together with heightened intellectual, cultural and humane sensitivities and a sense of purpose.
2. Create, collect, evaluate, store and pass on the body of knowledge necessary to educate future generations.
3. Provide appropriate instructional, research and public service programs to enrich the cultural life of Oregon and to support and maintain a healthy state economy.

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, dental, 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 cooperative programs in dental and nursing.

University	Location	Fall 2009 Enrollment (headcount)	Resident Undergraduate Tuition & Fees 2009-10
Eastern Oregon University	La Grande	3,957	\$6,456
Oregon Institute of Technology	Klamath Falls	3,927	\$6,570
Oregon State University	Corvallis	21,969	\$6,727
Oregon State University - Cascades	Bend	611	\$5,796
Portland State University	Portland	27,972	\$6,764
Southern Oregon University	Ashland	5,104	\$6,252
University of Oregon	Eugene	22,386	\$7,428
Western Oregon University	Monmouth	5,654	\$6,813
		Total Enrollment 91,580	Average Tuition & Fees (non-weighted) \$6,601

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 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 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.

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.

State Board of Higher Education

A volunteer, 12-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. The Board has three current Standing Committees: Academic Strategies, Governance and Policy, and Finance and Administration.

The Board completed a long-term strategic plan in 2007 which defined 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.

Strategic priorities of the Board for achieving the OUS goals and outcomes include:

1. Increase educational attainment and raise Oregonians' aspirations:
 - Make postsecondary education affordable for Oregonians;
 - Lead a statewide effort to deliver a measurable increase in higher education participants and success for underserved populations;
 - Facilitate student success and degree completion by improving the efficiency and effectiveness of pre-K-20 learning processes; and
 - Provide the educated workforce needed for the areas of health care, engineering, and related technologies, as well as other 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 (e.g., Oregon Nanoscience & Microtechnologies Institute (ONAMI)) 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; and
 - 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:
 - As required to achieve the Board's goals and other strategic priorities, explore governance and/or organizational models;
 - 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; and
- Provide the policy support and expectation for OUS presidents to manage the academic and capital assets of their institutions.

Office of the Chancellor

The Chancellor's Office carries out the Board of Higher Education'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. A key function of the Chancellor's Office is moving policies developed by the Board, Governor and Legislature to action. This includes development and implementation of policies governing: institutional missions; academic programs; class size; program demand; enrollment and admission requirements; diversity; tuition; transfer policies; accounting, budgets, and other fiscal policies.

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. 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; ensuring support for the many initiatives related to the Board's vision for higher education in the state; leading the biennial operating and capital 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 is organized under the Chancellor as chief executive officer, with two vice chancellors (finance/administration, and strategic programs/planning) and staff serving key system and Board functions.

In 2004, the Chancellor's Office underwent a major reorganization to reduce staffing and costs and to more clearly focus its mission and activities on strategic planning, policy development, accountability, oversight, coordination, and liaison functions. A few centralized operations were retained where they provided greatest efficiency for the system; some, such as information technology, were reassigned to the institutions to manage for the OUS; others, such as Academic Affairs, were eliminated. The number of staff was reduced by about half to the current 80 staff members. Campuses were given greater autonomy and flexibility, along with requisite control measures to ensure accountability.

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.

For the 2009-2011 biennium, the Chancellor's Office budget was reduced by 25 percent of its Essential Budget Level.

Tuition and Access

From 1999-2000 to 2009-2010, tuition and fees increased on average 95 percent at OUS institutions as state funding decreased. The state-to-student share of costs changed between 1999-2000 and 2007-2008 with the student share of

costs increasing from 43 percent to 55 percent, and the state share declining from 49 percent to 37 percent (the other 8 percent of costs are Other Education & General Funds). Twenty years ago (1989-90) the student share of costs was 29 percent and the state share was 62 percent.

Today, Oregon ranks 42nd in the U.S. in state funding per student in postsecondary education, spending an average of \$5,020 per full-time equivalent (FTE) student. In order to meet the national average – which is \$6,928 per FTE student, at current enrollment levels, Oregon would need an additional investment of approximately \$322 million (in 2009-2010 dollars) per biennium.

The Board of Higher Education is committed to maintaining affordable access to higher education. Tuition increases in the OUS remain below the national average for public institutions. This was made possible by a Board mandate to hold tuition to increases in the 3 percent range for a four-year period, from the 2005-2006 academic year to 2008-2009. Because of budget decreases to the OUS in the recessionary environment of the 2009 Legislative Session, tuition increases were higher than 3 percent for most OUS institutions for the 2009-2010 academic year. The "small" OUS campuses limited tuition increases, on average, to 5 percent; the "large" OUS campuses limited tuition increases to an average of 8 percent.

The Board's Access and Affordability Working Group worked with the Governor's Office and the Legislature in 2004 and 2005 to create and fund the Shared Responsibility Model of the need-based Oregon Opportunity Grant program. The 2007 Legislative Assembly passed Senate Bill 334 that changed the state's primary student financial aid program, the Oregon Opportunity Grant. Grants awarded under the newly modeled Oregon Opportunity Grant (OOG) program assumes that the student bears the primary responsibility for paying for college whether it is through taking out loans, working, or finding other sources of funding. 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 postsecondary institution on or after July 1, 2008. Since 2003-2005, 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 2009-2011. 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 to meet college costs, while also contributing themselves through working, borrowing, access to other scholarships and grants, and saving in advance. To the extent possible, OUS campuses have increased campus-based aid to help cover shortfalls in the OOG.

The 2007 Legislative Assembly also enacted 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.

The National Center for Public Policy and Higher Education found in its *Measuring Up 2008* report that, for the lowest income students at Oregon's public four-year universities, net college costs represent nearly 53 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 2007-2008 (last available report), the 39th 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 \$261. This compared to \$881 per student in Washington, \$537 per student in California, and \$468 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 2008* 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. The OUS data show that for the 59 percent of undergraduate students who borrow, their average, cumulative indebtedness at graduation was almost \$20,400 for the Class of 2008.

The 2009 Legislative Assembly passed Senate Bill 442 directing the Joint Boards of Education to study increasing student enrollment and student success for rural Oregonians. A Working Group of the Board of Higher Education is collaborating with community colleges statewide, and meeting with communities across Oregon, to determine the best approaches to increase access and college completion rates among rural populations.

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 four-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 the Fall of 2009 was 91,580 students; a 5.8 percent increase from Fall 2008. The overall 10-year enrollment growth of 36 percent outpaced

national averages. Fall 2009 full-time equivalent student enrollment (that measures total credit-bearing activity on campuses) increased system-wide by 4,536 students, or 6.4 percent compared to an increase of 3,612 students, or 5.3 percent in 2008. Across the system, the number of newly admitted undergraduates increased 4.0 percent from 18,956 in Fall 2008 to 19,721 in Fall 2009.

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 master’s 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. The Board of Higher Education began offering incentive funding to OUS campuses in 2009 for those who had significant increases in student retention rates since the longer a student can remain continuously enrolled the greater chance that they will achieve a degree.

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. In November 2009, former University of Oregon President, Dave Frohnmayer, issued a report echoing similar themes. The Board of Higher Education Governance and Policy Committee is working with campus, student, and community leaders to develop proposals for

alternative models of governance which will maintain the current mission and goals of the OUS for higher education in Oregon while seeking flexibility from the legislature in exchange for specific performance outcomes such as increased retention and graduation rates.

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, 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; and
- Allowed interest earned in donation accounts established for the Article XI-G Bond-funded capital 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 Legislative Assembly 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 one 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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The Chancellor's Office of Oregon University System and the Oregon Health & Science University assisted with the development of this document.