

Memorandum

Date: January 24, 2014

To: University Governance Work Group, Oregon State Board of Higher Education

From: Sheila M. Stearns, AGB Consultant and AGB Senior Fellow

Subject: Executive Summary of Four Governance Options for the Technical and Regional Universities (TRU)

This memorandum summarizes recent analyses by AGB Consulting of four governance options for the Technical and Regional Universities (TRU) of Oregon. Memoranda describing each are available from the OSBHE office. The following brief descriptions highlight differences among the four options and their long-term financial costs and benefits to the state of Oregon.

Multi-Campus System: This option envisions a small multi-campus system of the four TRU universities with one governing Board of Trustees, with a system office located possibly in Portland or Salem. This is a cost-effective option if the new system strikes a balance in centralization; that is, it retains enough central authority to achieve common-sense economies of scale and provide or coordinate shared activities among all four institutions (in addition to the shared functions offered by the Shared Services Enterprise), while maintaining a streamlined central staff to serve the Board of Trustees. In the long term, one board of trustees for four universities is more economical in terms of board governance itself. Given that the system board should promote or mandate intra-campus efficiencies in all areas from academics to administration, many other benefits should accrue to all system students and the State, in addition to particular institutions and their regions. The long-term savings and quality enhancements from shared functions could be significant, but the value is impossible to quantify at this time. The estimated annual cost to support the work of individual institutional governing boards in Oregon ranges from \$160,000 to \$265,000 per year. With a reduced staff, the annual budget for a system office, including the board, would range from \$1 million to \$5 million per year, depending on the needs and expectations of the Board of Trustees, and on how much authority and which services and activities would be delegated to campuses.

Affiliated Campus Option: This option envisions an affiliation of three of the technical and regional universities (Eastern Oregon University, Southern Oregon University, and Western Oregon University) with Oregon State University for oversight and governance by the OSU Board of Trustees and President.

Oregon Institute of Technology could also be included in this affiliation without significant differences in the principles or costs involved. This also assumes that OSU-Cascades in Bend continues as a branch campus of OSU, acknowledging that its situation is different from the TRU institutions because it does not have the separate accreditation, infrastructure, traditions, and identity of a stand-alone institution. The long-term advantage of the Affiliated Campus Option is the efficiency of a single governing board and added expertise and oversight of the host campus's administration, without the additional expense of a system office. Oregon State University already serves as the home campus for many shared services among universities in Oregon. Its budget would have to increase marginally for the OSU Board of Trustees and the OSU President to oversee several additional universities. The administrative and academic infrastructure in place to govern Oregon State University could be strengthened to govern additional smaller regional universities, probably at less cost and with more service to institutions than with the multi-campus TRU system described above.

Multi-Campus University: This option envisions combining three or all four of the TRU campuses into a single university, not an affiliation of several universities. (This option is outlined in a memorandum to the University Governance Work Group, December 10, 2013.) It is also known as a single consolidated university or integrated university. A Multi-Campus University has one governing board and a central administration, but in contrast with a Multi-Campus System of universities, it has a single mission, strategic plan, and regional accreditation. The primary beneficiaries of a single multi-campus university should be its students, with deep integration of all functions across all campuses. The central office of the university should be located on one of the campuses. Although this option has advantages from a policy perspective, it involves the most disruption and possibly political challenge because of changes in institutional identities, administration, governance, and accreditation. It may be an impractical (and undesirable) merger for several universities with decades of independent identities. The cost savings may not be significantly different from the affiliated model of universities described above with Oregon State University as the anchor.

Individual Institutional Governing Boards: This governance option envisions an autonomous Board of Trustees for each of the TRU campuses, similar to those being established for the University of Oregon, Oregon State University, and Portland State University. The institutions have estimated that the annual budget for board support for each would be \$160,000. This expense could be offset by a reduction in assessments that each institution may currently pay to the Oregon University System office, or that they presumably would be expected to pay to a central office under the other options. Whether or not this option is advantageous to Oregon in the long-term

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depends on a key judgment: Would the universities collaborate effectively through the Shared Services Enterprise and possibly a Council of Presidents to achieve economies of scale, specialized expertise, and continuous sharing of administrative and academic processes? With the Higher Education Coordinating Commission in place to oversee genuine and systemic coordination, this option has potential for decentralized, simplified coordination that may be as effective as the other three options.