PORTLAND, May 16, 2014 – The State Board of Higher Education (OSBHE) today approved conditions for institutional boards for Eastern Oregon University and Southern Oregon University, which will begin governing their respective campuses on July 1, 2015. The intent of the conditions is to work in collaborative partnership with the OSBHE, Higher Education Coordinating Commission, the Governor’s Office and institutions to resolve current challenges at EOU and SOU so they can flourish under institutional governing boards. The two other regional/technical institutions, Oregon Institute of Technology and Western Oregon University, received endorsement from the OSBHE for self-governance last month without conditions.

James Middleton, chair of the OSBHE’s Academic Strategies Committee, who led the development of conditions said, “It is important that the conditions are clear, focused on the core issues of financial sustainability and operating conditions, and are consistent with a mission aligned with state and regional needs. These conditions will provide both a roadmap and a set of accountability metrics that will lead to stability and a positive route forward for both of these quality institutions.”

The first phase of the conditions process will begin immediately, with the OSBHE and the Chancellor’s Office working with the EOU and SOU administrations – and in consultation with appointed, but not serving, institutional board trustees, as possible – to clarify and strengthen their mission, to develop strategies to foster a competitive niche within the institution’s mission, and provide a pathway towards long-term financial viability.

An interim review of the campuses’ progress on meeting conditions will occur by December 31, 2015, when HECC will provide feedback to the institutions to assist them in successfully removing these conditions. The Commission will focus on progress in the following areas:

- Mission refinement;
- Program rationalization;
- Contribution towards 40-40-20; and
- Financial stability progress and trajectory.

The final comprehensive review of the conditions will occur by December 31, 2017, when the HECC will evaluate whether the institution effectively demonstrates a clear institutional focus and durable niche within the portfolio of public higher education assets in Oregon. If conditions have been met, HECC will recommend to the Governor that conditions be removed and that the SOU and/or EOU governing board(s) be on the same status as the other Oregon public universities.
To these ends, EOU and SOU are required to provide as part of the final review:

- Pro-forma financial statement of no less than five-years;
- Audited financial statements – which may include current OUS statements unaudited at the institutional level;
- All relevant and material assumptions; and
- Any requested supporting documentation.

Particular HECC attention will be focused on each institution’s ability to maintain financial stability within the outlined mission and program framework, and absent extra-ordinary and discretionary revenue (e.g., state appropriations) and expense items. While not serving as a single decision point, a trend analysis of the following metrics will substantially inform the HECC report:

1. Primary Reserve Ratio, target: 5%-7% minimum;
2. Debt Burden Ratio: target <7%;
3. Contribution Ratio Analysis;
4. Current Ratio: target at least 2:1; and
5. Enrollment Analysis.

HECC has the authority and responsibility at any point to recommend to the Governor that governance of the university be modified should there be substantial evidence of lack of progress toward plans, negative trend lines or other factors indicating that a university is failing in its mission or is no longer fiscally viable.

The OSBHE Governance and Policy Committee voted affirmatively to approve the conditions noted above, which were modified slightly during the course of the meeting’s discussion from what was in the posted docket.

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