

Previous P-20 Structure

Legislature/Governor

OEIB

HECC

ELC

YDC

State Board of Education

OSAC

SBHE

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Gov's Office

Oregon Department
of Education

CCWD

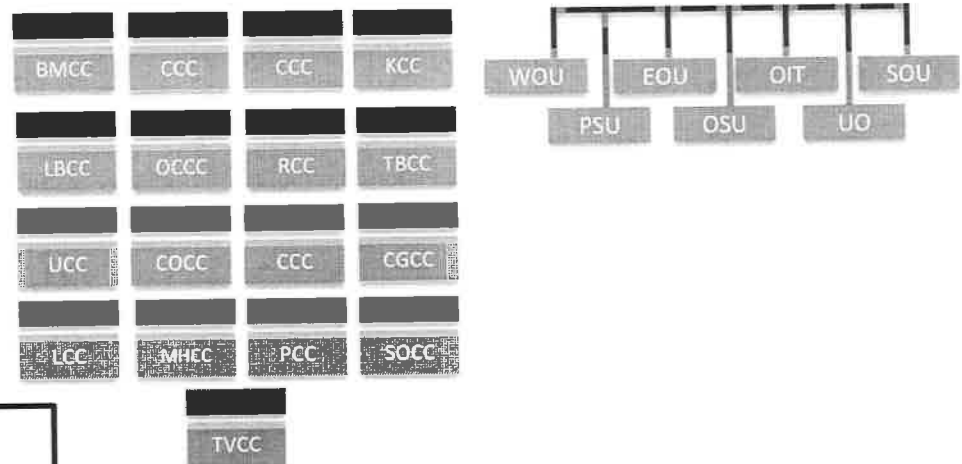
OSAC

OUS

Funding, Rules, Compacts

216 K-12 School and ESD
Boards & Districts

 Institution
 Board/Council
 Agency/Administration



New P-20 Structure

HB 3231, HB 3234, SB 270, HB 3120

Legislature/Governor

OEIB

ELC

YDC

SBE

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Oregon Department of Education

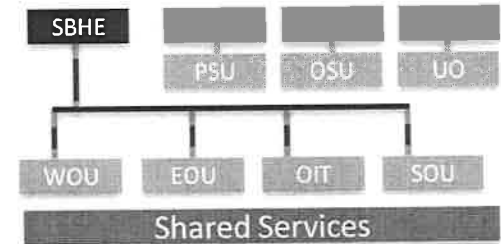
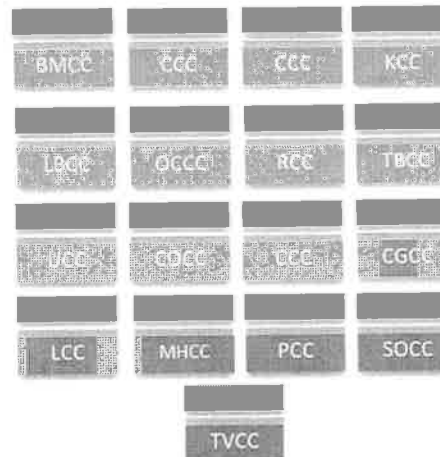
HECC

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SB 270C Establishing Institutional Governing Boards

Senate Bill 270 was introduced by the Senate Interim Committee on Education and Workforce Development. The bill is the culmination of the work by the Special Committee on University Governance, established by the passage of House Bill 4061 in 2012. It is also consistent with recommendations for the organization of the P-20 system adopted by the Oregon Education Investment Board in December 2012. It was passed with large, bipartisan majorities in the House and Senate in July, 2013.

SB 270C:

- Authorizes institutional governing boards at Portland State University and the University of Oregon,
- Provides an option for Oregon State University to choose to have an institutional governing board,
- Provides an option for Oregon's regional and technical universities to establish institutional governing boards upon approval from the State Board of Higher Education,
- Grants institutional governing boards discrete powers currently held by the State Board of Higher Education, including but not limited to: the ability to hire and fire university presidents, to issue revenue bonds in consultation with the Oregon State Treasury, and to set tuition within limits established by the legislature,
- Transfers statewide academic and policy coordination for public universities from the State Board of Higher Education to the Higher Education Coordination Commission,
- Requires all seven universities to continue to participate in certain shared administrative services through June 2015,
- Provides protections for universities designed to mitigate for any financial harm caused universities opting out of administrative shared services, and
- Establishes The Special Committee on University Governance and Operations and The Work Group on University Shared Services and enables these groups to recommend legislation for consideration in the 2014 legislative session.

Authorizing Institutional Governing Boards at Oregon's Universities: Through extensive deliberations The Special Committee on University Governance found that Oregon will benefit from local governing boards at public universities that provide transparency, increase public accountability and support for the university, are close to and closely focused on the individual university, lead to greater access and affordability for Oregon residents, and do not disadvantage Oregon students relative to out-of-state students. SB 270C establishes local governing boards at Portland State University and the University of Oregon. SB 270C permits the President of Oregon State University to opt to have local governing board, or for the University to continue to be managed through the State Board of Higher Education.

Additionally, SB 270C allows the presidents of Oregon's regional and technical universities to notify the State Board of Higher Education of their intent to form a Governing board between March 1, 2014 and June 1, 2015. The State Board of Higher Education is then required to determine whether the university will be allowed to form its own local governing board. If a governing board is established at a regional or technical university, it becomes operative July 1, 2015.

Under SB 270C, institutional boards must have 11-15 members, appointed by the Governor and subject to Senate confirmation. Boards must include one student, one faculty member, and one

non-faculty staff member. The Governor determines whether the faculty and staff member are voting. The President of the university serves as an ex officio non-voting member.

Granting Powers to Institutional Governing Boards: SB 270C transfers many powers currently held by the State Board of Higher Education to institutional governing boards on individual campuses. This transfer of authority would occur July 1, 2014 for UO, PSU, and OSU (if it chooses an institutional board before August 1, 2013). The powers that received the most discussion among legislative committees include:

- **Management of Campus Leadership** - SB 270C grants institutional governing boards the authority to appoint, reappoint, and remove the university president.
- **Ability to Issue Revenue Bonds for Capital Construction Projects**— SB 270C establishes that universities with governing boards are considered public bodies and are permitted to issue revenue bonds in accordance with current law (ORS chapter 287A). SB 270C includes specific provisions to protect the State of Oregon and to ensure that universities do not issue bonds that they will be unable to repay. SB 270C ensures that revenue bonds issued by a university with a governing board are not an indebtedness of the State of Oregon and are not payable from, and may not be secured by, a pledge of or lien on any amounts that a university with a governing board is required to pay to the State Treasurer for current bond debt. SB 270C stipulates that a university with a governing board may not sell, transfer, or lease real or personal property that was acquired, constructed, or improved with the proceeds of outstanding state bonds, absent the prior consent of the State Treasurer.
- **Ability to Set Tuition and Fees Within Limits Established by the Legislature** – SB 270C allows institutional governing boards to establish, eliminate, collect, and manage, tuition and mandatory enrollment fees. When setting tuition and fees, SB 270C requires that institutional governing boards include enrolled students and the recognized student government of the university in the decision making process. SB 270C prevents an institutional governing board from increasing resident tuition and mandatory enrollment fees by more than 5% annually, unless it receives prior approval from either the Higher Education Coordinating Commission or the Legislature.

Transferring Authorities to the Higher Education Coordinating Commission: SB 270C transfers some responsibilities of the State Board of Higher Education to the Higher Education Coordinating Commission, effective July 1, 2014. This transfer of authority ensures statewide coordination among all seven public universities, including those with institutional boards, and allows the State Board of Higher Education to focus on governing universities without local governing boards. For example, Section 8 of SB 270C stipulates that a university with a governing board shall submit any significant change in the university's academic programs to the Higher Education Coordinating Commission for approval. The bill requires that the Higher Education Coordinating Commission establish, by rule, what constitutes a "significant change." Additionally, in order to approve any change, the HECC must affirm that the proposed change is consistent with the mission of the university, and will serve the state in achieving the statutory education completion goals of 40/40/20.

Requiring Continued Participation in Certain Administrative Shared Services and Establishing Protections for all Universities: SB 270C was amended to require all universities to continue to participate in certain administrative shared services, including employee benefits, collective bargaining, and risk management through the end of the 2013-2015 biennium. In addition to this requirement, language was included in the final legislation that provides the Higher Education Coordinating Commission the ability to mitigate for any negative financial impact caused if they choose to withdrawal from any administrative shared services in the future.

Establishing Interim Committees and Work Groups Around University Shared Services: Currently, the Chancellor's office administers many office functions including payroll and accounting for all or some of Oregon's seven public universities. Additionally, the universities have also chosen to enter into contracts with each other to administer such functions as contracting and technology services. With institutional governing boards at Portland State University, the University of Oregon and possibly Oregon State University, and an option provided in the bill for Oregon's regional and technical universities to pursue institutional governing boards at a later date, the issue of university shared services warrants additional discussion and possible legislation.

SB 270C establishes a Special Committee appointed by the Governor, Senate President, and Speaker of the House. This Committee is directed to study issues of administration within the state post-secondary education system; and the coordination of operations, academic programs, shared services and other elements of that system. The committee is empowered to introduce legislation for consideration in the 2014 legislative session.

SB 270C also establishes The Work Group on University Shared Services, consisting of the presidents of Oregon's public universities. This work group is directed to develop a shared services model that delivers efficient and effective administrative operations to participating post-secondary institutions in a manner that focuses on quality, responsiveness and customer service and that seeks to achieve cost savings, economies of scale, accountability, transparency and streamlining.