

Memorandum

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

From: Thomas C. Meredith, AGB Consultant and AGB Senior Fellow

Subject: **Considerations and Comparisons Regarding the Possible Creation
of a Multi-Campus System for Oregon's Public Technical and
Regional Universities**

Introduction

The following is an analysis of the creation of a multi-campus system involving the four technical and regional universities (TRUs) in Oregon: Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon University. With the passage of SB270, and the creation of HECC, a shared services enterprise, and separate governing boards for three research universities, the governance of the four TRUs remains in question. A multi-campus system is one of several options being considered by the University Governance Work Group (UGWG) for the TRUs, in addition to the options of separate governing boards for each or affiliation with Oregon State University. The UGWG asked the Association of Governing Boards of Universities (AGB) to examine this option and provide a report to assist it in its work.

Multi-campus systems are common in higher education in the United States. Some of these multi-campus systems are statewide in their scope, while others comprise a small number of state institutions. Some include institutions of just one type, and others are mixed. Seven university systems currently exist that are comprised of “non-flagship” institutions of similar, or somewhat similar missions. These systems, sometimes referred to as “segmental” are: California State University, University of Louisiana System, Regional University System of Oklahoma, Pennsylvania State System of Higher Education, and Texas State University System. These systems range from very large, with 23 institutions and over 437,000 students (the California State University System), to relatively modest, with six institutions and just over 42,000 students (the Regional University System of Oklahoma), to relatively small (the Nebraska State College System) with three institutions with 9,000 students. An additional three

systems combine community and technical colleges with the non-flagship universities into single systems, and there are numerous other community college systems.

This analysis presents the pluses and minuses of a small multi-campus system of four similar institutions, highlighting a variety of issue areas and providing cost/benefit comments, when useful.

Basic Principles and Thoughts

1. Institutional autonomy should be the first choice, whenever possible, when debating where the authority should lie.
2. Institutional creativity and expertise should be utilized to solve most problems. This not only brings outstanding talent to bear on a concern but also builds system loyalty and respect.
3. The system board must maintain the final authority on important issues.
4. The TRU board and system head (e.g. chancellor, commissioner, or executive director) will be the only ones primarily thinking about the greatest good for the state of Oregon. Institutions and institutional boards primarily focus on their own success and understandably so.
5. System staffing should be kept to a minimum. Outside experts should be hired as needed to address a particular issue.
6. Audit and legal functions for the TRU campuses should be housed in the system office.
7. System decisions on institutional requests should be timely and quick and should be based mainly on need, mission and financial viability. Outside experts can be used to address quality.
8. Rewards drive behavior. The rewards system put in place for the campuses for funding and recognition will determine how the campuses act and establish their priorities.
9. The system office should focus on results and not on dictating how the campuses reach the results.
10. The system office should facilitate more than it dictates.
11. The system office and board should advocate for the campuses and its leadership as much as it regulates.
12. The system office should treat institutions and their faculty and staff with respect and as colleagues.
13. The institutions in the system should give respect and deference to the TRU board and its staff.
14. The TRU board, with significant input from the campuses, must set the direction for the system and its institutions through the strategic plan.

Analysis

- **Multi-campus System Structure** The four TRU campuses would report to one board with the responsibility of governing those campuses and their activities. There would not be separate governing boards for each campus. The TRU governing board would exercise the authority granted to it by the state legislature and be subject to the authority granted to the Higher Education Coordinating Commission (HECC). Though the scope of responsibilities of this board would be less, compared to the OSBHE, it would exercise the same essential governance functions, including: hiring and supporting the system head; planning, budgeting and resource allocation; assuring educational quality; oversight of polices; communicating with external constituencies; and helping to assure that the TRU campuses individually and collectively are responsive to the needs of the State.
- **Mission** Initially, the current missions of the TRU institutions should be maintained. At a later date, the mission of each campus should be reviewed to ensure the state is being served at a maximum level and as efficiently as possible. This will set the stage for the system-wide strategic plan.
COST/BENEFIT: No difference in the beginning.
- **Board Support** Having one board instead of four will be more cost effective in terms of board costs.
- **President's Authority** The TRU presidents would report to the chancellor of the system. The chancellor and the TRU board would determine their respective roles and relationships with the presidents, in regard to presidential compensation and presidential evaluation. COST/BENEFIT: No difference.
- **Accreditation** Each TRU institution would continue with its own independent accreditations. The governing board should receive a summary report from the accrediting body and oversee needed improvements. COST/BENEFIT: The difference is probably not fiscal in nature, but governance is a critical factor in regional accreditation. The advantage of a system board is that members can learn and promote regional accreditation standards as quality indicators for several institutions rather than one. The downside is that regional accreditors expect presidents to have close contact with governing boards, and these relationships are less close in a system.
- **Administrative Structure** There will not be an immediate need to change the administrative structure on each campus. However, in short order, an analysis should be conducted to determine where administrative tasks can be merged, expanded or eliminated as a result of taking advantage of the synergy of

campuses working together. Collaboration should be a focus of the TRU board, chancellor and campus leadership.

To put into context the size and functions of the TRU system, we considered the existing OUS system, OUS's recommended staffing for the transition year, and other somewhat comparable systems. The administrative structure of the OUS system office will likely be reduced considerably during the transition year (July 1, 2014 to June 30, 2015). The four institution TRU multi-campus system, a new entity, would need to be coordinated with existing OUS staff, to ensure continued support for essential functions. Recommended staffing for the TRU system includes: three academic staff, four internal auditors, three general counsel staff, three financial staff, and three institutional research staff, plus the chancellor, an assistant to the chancellor, a secretary, and a board secretary, to meet the minimum needs. If other special functions are given to the chancellor's office, then additional staff may be necessary. At this staffing level, the campuses should look to the system office for all of their audit and legal needs. Additional expertise should be purchased by contract by the system office on an as needed basis.

Alternatively, a smaller system could be envisioned, with some functions performed at the institutional rather than system level. The options for the system office structure can vary from the Nebraska model with just 10 staff members, strong central authority, and selected services provided to campuses (see Addendum 1) to the Regional University System of Oklahoma (RUSO), with only six staff members serving a much larger enterprise, because the staff serve primarily the board itself, not the campuses (see Addendum 2).

COST/BENEFIT: The potential exists for savings on personnel costs as functions are consolidated at the system level, compared to individual campuses. It is more expensive to perform legal, audit and institutional research functions at the institution level, and likely with less specialized expertise. While a Council of Presidents may achieve some of the economies of scale voluntarily, this is much less likely.

- **Shared Services** The TRU governing board should mandate participation by the TRU campuses in the Shared Services Enterprise including the TRU system office operation. According to a November 11, 2013 memorandum from the TRUs to the Shared Services Work Group, the TRU campuses already use shared services for the following functions: financial statement, Fifth Site operations (information technology), payroll processing, labor relations, benefits administration, internal bank, and risk management. It is unclear the extent to which they use shared purchasing and other functions which benefit from economy of scale. **COST/BENEFIT:** Utilization of shared services will be beneficial under either governance model.

- **Legal Services** This service should be consolidated in the system office with a minimum number of attorneys ready to be of assistance to all of the campuses. Use should be made of contract attorneys for special situations only. COST/BENEFIT: Providing legal services at the system level should result in fewer full-time legal staff and a reduction in benefits, compared to services at the campus level.
- **Faculty** Faculty should be incentivized to collaborate across the TRU campuses in order to broaden academic opportunities and expertise for students. For example, visiting professors in unique areas would serve this purpose as would electronically offering specialized classes and lectures to other TRU campuses. COST/BENEFIT: Higher quality offerings would be available to all TRU campuses without having each campus purchase that expertise full-time.
- **Students** Students would have expanded academic opportunities and access to the top experts in each discipline on the TRU campuses. For example, the leading expert on nanotechnology could provide a lecture each semester on the topic to all of the TRU campuses that could then be utilized in appropriate classes. Also, the system board could develop, with campus input, a policy to maximize the transfer of students between campuses to facilitate the reduction in their time to degree. Finally, a common admissions application for all TRU campuses and a common financial aid application form would encourage a greater participation rate. COST/BENEFIT: Shared academic expertise eliminates the need to hire the best in every area on every campus.
- **Faculty and Staff Development** Through the leadership in the system office and by utilizing campus task forces, regular faculty development opportunities could be provided electronically and sometimes in person to all of the faculty on all of the TRU campuses. Faculty development could be by discipline or maybe on a topic, like the latest research on learning.

Staff development could occur in the same manner. For example, physical plant directors could learn together about new techniques in energy efficiencies. The possibilities are endless. COST/BENEFIT: Increased effectiveness in the classroom and across the campuses could occur on a much broader scale than possible with separate boards and it could be done more economically.

- **Inter-institutional Cooperation** Separate stand-alone universities rarely exploit the range of opportunities available to enhance efficiency and effectiveness by working with other campuses. The TRUs through the leadership of the system would be supported in finding these opportunities. COST/BENEFIT: Pursuing avenues for doing business across campuses is more likely in a multi-campus system.

- **Fundraising** Each campus should conduct its own fundraising and maintain its own institutionally related foundation. The system office should be reluctant to compete with the institutions in raising private funds, however, it could provide support to coordinate fundraising efforts and share investment and other professional expertise. COST/BENEFIT: Private fundraising is far more effective by an institution rather than a system office because of the long-standing loyalty and affection graduates have for their alma mater.
- **Political Advocacy** The TRU institutions working together through the system office in their approach for public funds can be far more successful than if they made the approach individually, especially in light of the competition from the research universities. The coordination at the system level should enable the HECC and the legislature to work more effectively with the institutions. COST/BENEFIT: More successful legislative communication should occur.
- **Athletics** Each institution should maintain its current athletic status and affiliation. However, athletic budgets and programs should be monitored by the TRU board and system head. COST/BENEFIT: There should be greater accountability for athletic budgets and programs.
- **Audits** The TRU board should be in charge of the audit function for the campuses. This should be a major responsibility. All auditors should report to the system chief auditor. COST/BENEFIT: Accountability should be served well as the TRU board is given assurances regarding the financial status of each campus. A separate function of the system auditor is to assist institutions in finding more efficient ways to do their business.
- **Strategic Planning** One of the most important functions of the TRU board is to set the direction for the system so the State of Oregon will be served well utilizing the combined resources of the TRU campuses. Campus input should be required in the development of the plan. COST/BENEFIT: Individual institutional boards are focused on institutional priorities. The system and the campuses will be more focused on pulling together to meet the needs of the state.

Conclusion

- **Summary of Costs and Benefits**
An analysis of costs and benefits must consider more than financial implications. A system board for the four TRUs should, on balance, offer savings over governance for these four institutions each with its own governing board; one board is less expensive than four. We can't estimate whether the costs of operating a system will be less than the cost of performing system

functions at the institutional level. Whether or not there are financial benefits, a system would offer significant advantages for planning, faculty and staff development, faculty collaboration, academic programming, student services, student academic benefits, and many other aspects of inter-institutional cooperation and system coordination.

- **Why create a multi-campus system for the TRU institutions?**

There is an enormous array of talent and expertise in residence on each of the four campuses. Instead of operating independently with their own boards, what if all of that talent and expertise could be directed and harmonized for the common good for the state of Oregon and her students as well as for the benefit of each individual campus? It is possible to do so under a multi-campus system.

All campuses have many of the same business functions. What if they could find ways to gain economies of scale in providing those services that could result in monetary savings and increased efficiencies and effectiveness? It is possible under a multi-campus system.

- **Why should a multi-campus system for the TRU institutions NOT be created?**

A system can be the source of increasing regulations and demands that can stifle creativity on those campuses. If so, then the creation of the system for the TRUs would have been a negative development.

A system board rather than a local board will likely provide less oversight and accountability may be diminished. Unless the system office has a strong audit responsibility, an institution can slip into trouble financially.