Principles to Guide Policymaking Regarding Higher Education Governance & Finance

presented to
Joint Education Committee
Salem, Oregon
February 1, 2011
Principles

• Preeminent Principle: State Should Focus on Goals
  – Start with Defining Goals & Establishing Benchmarks
  – Determine Gaps Between Performance and Goals
  – Develop Strategies to Close Gaps
  – Keep Tying Finance and Accountability Back to Goals
Oregon's Goals

• A Population Educated for the Desired Quality of Life – 40/40/20
• A Population Educated for Oregon’s Desired High-Demand/High-value Occupations – 40/40/20 in the Right Balance
• Innovation and Research to Support Economic Expansion and Diversification in Oregon
• Reduction of Geographic and Demographic Gaps in Achieving the Quality of Life Desired for All in Oregon
Percent of Adults with an Associate Degree or Higher by Age Group – U.S. & Leading OECD Countries

Source: OECD, Education at a Glance 2010
Percent of Population Ages 25-64 with an Associate Degree or Higher, 2007

Source: U.S. Census Bureau, 2007 American Community Survey.
Current Educational Attainment of 25 to 64 Year Olds vs. the 2025 Goal (40, 40, 20)

Sources: U.S. Census Bureau, 2007 American Community Survey (Public Use Microdata Samples; Oregon Population Survey)
The GAPS - Additional Certificates and Degrees Needed by 2025 to Meet the 40,40,20 Goal

- **Undergraduate Certificates:** 343,323
  - Additional Certificates: 54,205
  - Additional Degree Holders: 109,591
  - Certificates/Degrees from Production: 83,988
  - Degree Holders from Net Migration: 31,962
  - Total: 343,323

- **Associate Degrees:** 72,259
  - Additional Certificates: 31,962
  - Additional Degree Holders: 104,013
  - Certificates/Degrees from Production: 146,430
  - Degree Holders from Net Migration: 31,962
  - Total: 72,259

- **Bachelor's Degrees:** 58,533
  - Additional Certificates: 209,106
  - Additional Degree Holders: 322,326
  - Certificates/Degrees from Production: 319,620
  - Degree Holders from Net Migration: 355,807
  - Total: 58,533
The Relationship Between Educational Attainment, Personal Income, and the State New Economy Index (2008)

Source: U.S. Census Bureau, 2008 American Community Survey; Bureau of Economic Analysis
Simply Stated

- States have an obligation to
  - Set Goals – State “What” Should Be Accomplished
  - Create a Financing Framework that Ensures Adequate Educational Capacity and the Utilization of that Capacity to Achieve State Goals
  - Establish Measures of Accountability – Determine “Whether” Goals are Being Attained
  - Delegate to Institutions the Determination of “How” Goals are to be Achieved
Additional Critical Principles

• Formulate Policy from Perspective of the State and Its Citizens (Both Individual and Corporate)
  – Institutions are Means to an End, not Ends in their Own Right
  – The Ends are:
    • College/program completion for students
    • A supply of educated workers for employers

• Devise Policies to be Applied Systematically – to All Institutions or All Institutions in a Given Sector
  – Not to be Applied only to a Single Institution
  – Policy should Recognize and Reflect Differences in Mission

• Encompass in Higher Education Policy All Educational Programs Designed to Serve Adults -- OUS, CCs, Vocational Education Centers, Adult Basic Ed, ESL
Additional Critical Principles (Continued)

• Benefits Should Accrue to All
  • Geographic Areas of the State
  • Racial and Ethnic Subpopulations

• Finance Policy Should Be Structured to Yield
  – Adequate Funding for Institutions
  – Affordability from the Perspective of Both Students and the State

• The Higher Education Enterprise Must Be Well Managed And “Efficient” – Producing the Outcomes Specified in the Goals at the Lowest Cost Consistent with the Ability to Maintain Quality
  – System
  – Campuses
• Where Change is Not Worth the Brain Damage
  - Locally Governed Community Colleges
  - The OUS System for Governing the Seven Universities
  - No Institutional Closures (Mission Adjustment, Perhaps)
  - No Change in the Tax Structure, So Few Additional Public Resources
  - No Changes Related to OHSU

• Where Change is Imperative and Worth the Struggle
  - Major Change in the Relationships between the State, Higher Education, and Other Partners – This Extends to both Governance and Finance
Priorities for Attention & Absolute Action

• Create True Higher Education System, Not an Accumulation of Institutional Interests or Separate Foci on Universities Versus Community Colleges

• Establish Clear Delineation of Responsibilities Among
  – Legislature
  – Executive Branch
  – Statewide Higher Education Coordinating Commission
  – OUS Governing Board
  – The State Board of Education and the Department of Community Colleges and Workforce Development
  – Local Community College District Boards
Priorities for Attention & Absolute Action (Continued)

• Establish the OUS as a Government Entity with Defined Authority and Responsibility
  – Accountable for Achieving State Goals
  – Not a State Agency
  – Powers Comparable to Community College Districts
A Governance Structure Consistent with State Goals, Principles & Givens

- Governing Board, Oregon University System
- Chancellor
- Oregon Higher Education Policy Board
  - Statewide Services
    - OR Student Assistance
    - Fed. Programs
- State Board of Education
  - Department of Community Colleges and Workforce Development
  - Governing Boards, Local Community College Districts

Note: Dotted line relationship is for coordination, not governance.
ROLES AND RESPONSIBILITIES OF KEY ENTITIES
Governor/Executive Branch

• Recommend to the Legislature a Consolidated Budget for Higher Education System to Accomplish Goals Established by Oregon Higher Education Coordinating Commission (OHECC)

• Recommend State Appropriations for Each Major Sector (OUS, Community Colleges and Workforce Development, and Student Financial Assistance) According to Policies and Methodologies Recommended by the OHECC

• Appoint Members of OHECC and OUS Board

• Delegate to the OHECC Authority for Rulemaking related to the Postsecondary Education System—Subject to Appropriate Accountability
• Adopt (e.g., by Joint Resolution) Goals for Higher Education as Framework for Establishing Policy and Enacting State Appropriations for the System and Monitoring System Performance

• Establish Level of State Appropriations for the Higher Education System

• Make Appropriations for Each Sub-system (OUS, Community Colleges and Student Financial Aid) According to Policies and Methodologies Recommended by the Oregon Higher Education Coordinating Commission
Oregon Higher Education Coordinating Commission

• Legal Status: State Agency with Delegated Rulemaking Authority for Higher Education System

• Powers
  – Provide Statewide Policy Leadership for All Higher Education in Oregon as State Agency with Delegated Rulemaking Authority
  – Develop State Goals, Accountability Measures and Metrics for Postsecondary Education System within the Framework of P-20 Goals Developed in Collaboration with State Board of Education
  – Develop System Strategic Plan for Achieving State Goals
  – Approve Institutional Missions
• Powers (Continued)
  - Recommend to the Governor and Legislature the Higher Education Request for Annual Appropriations for:
    • Student Financial Aid – Shared Responsibility
    • OUS – Ongoing Operations
    • Community Colleges – Ongoing Operations
    • New Capacity (New Facilities and/or Programs)
    • Performance
  - Maintain Statewide Data System (P-20) in Collaboration with State Board of Education
  - Administer Student Financial Assistance Programs
  - Approve/Authorize Non-Public and Out-of-State Institutions
Oregon University System (OUS)

• Legal Status: Governmental Entity with Defined Authority and Responsibility
  - Accountable for Achieving State Goals
  - Not a State Agency
  - Powers Comparable to Community College Districts

• Powers
  - Carry out All Powers Currently Assigned to the Oregon State Board of Higher Education
  - Recommend University Missions to the OHECC
  - Develop Finance Policies and Methodology for Allocation of State Appropriations Among Campuses in Accordance with OHECC Policies
• Powers (Continued)
  - Manage the System Effectively and Efficiently with Flexibility Balanced by Accountability, including (as examples) authority to:
    • Establish Tuition Policies
    • Retain and Invest Tuition and Other Non-State Revenues and Retain Earnings
    • Carry Over Unexpended State Appropriations and Other Revenues from One Fiscal Year to the Next
    • Adopt and Administer Human Resource Policies Separate from the State of Oregon (Health Insurance, Retirement Plans, etc.)—Subject to Protections for Employees Currently Enrolled in State Plans
    • Approve Non-State Funded Capitol Projects
    • Obtain Legal and Audit Services Independent of State agencies
• Powers (Continued)
  – Retain Revenue and Keep Interest Income on Investment of those Revenues
  – Delegate Management Responsibility to Universities--Subject to Accountability for Performance Related to State Goals and Mission
Local Community College Districts

- No Change in Authority/Powers
- Relationship to Department of Community Colleges and Workforce Development and State Board of Education Remains the Same