

**Matt Donegan**

**Testimony – Senate Education and Workforce Development Committee**

**February 7, 2013**

Chair Hass, members of the Committee, for the record my name is Matt Donegan. I am pleased to be here today as Chair of the State Board of Higher Education, member of the Oregon Education Investment Board, and one of two members of the OEIB who served on the Special Committee on University Governance.

In 2009, Chancellor Pernsteiner commissioned outgoing University of Oregon president Dave Frohnmayer to examine the changing needs of higher education. The report Mr. Frohnmayer delivered included the concept of institutional governing boards. This report was the first step in the development of legislation for the 2011 Session.

In 2010, Senator Hass and Representative Read, convened a legislative working group to study the issue of increased flexibility for higher education in order to deal with ongoing declining levels of state support for our universities.

About this time the State Board of Higher Education began investigating new governance models that would provide the University System with increased flexibility and insulate it from having tuition income diverted by the state to meet other financial obligations. This conversation would eventually lead to the development of legislation you enacted last session, Senate Bill 242.

During this process the board also investigated the possibility for the State Board of Higher Education to establish governing boards for some or all of its universities. The Board brought in numerous nationally recognized consultants, examined the governance approaches taken in

other states, and considered proposals from each of the seven university presidents.

The presidents seeking institutional governing boards talked about two major advantages: the possibility of increased financial resources (either donations or local tax income) and more direct advice that presidents could receive from board members devoted exclusively to their universities rather than from members with a statewide responsibility.

The Board explored how such boards might be established and operated in a way that did not hinder the achievement of broader statewide policy goals.

Based upon many months of work assessing how institutional boards have worked in other states, and getting input from all stakeholders, the Board voted on a final recommendation for institutional boards. These were divided into **POWERS RESERVED TO THE STATE BOARD OF HIGHER EDUCATION; POWERS OF INSTITUTIONAL BOARDS THAT REQUIRE STATE BOARD APPROVAL; POWERS OF INSTITUTIONAL BOARDS THAT REQUIRE THE ADVICE AND CONSENT OF THE STATE BOARD; and POWERS THAT would BE EXERCISED IN PARALLEL BY BOTH THE STATE BOARD AND INSTITUTIONAL BOARDS IN THEIR RESPECTIVE SPHERES.**

This final recommendation of the State Board of Higher Education was received by the Legislature's Special Committee on University Governance during the summer of 2012.

The Special Committee had been established after the issue of institutional boards was considered during the 2011 and 2012 legislative sessions. The committee met ten times between April and September of 2012. In addition to reviewing prior legislative work and

the final recommendation of the State Board of Higher Education, the committee also heard from national experts, the Governor, the presidents of all seven universities, the Treasurer's Office and representatives of students, faculty, alumni and other stakeholders.

The testimony we heard formed the basis for the recommendation that Oregon may benefit from having public universities with institutional boards that:

- Provide transparency, public accountability and support for the university.
- Are close to and closely focused on the individual university.
- Do not negatively impact public universities that do not have institutional boards.
- Lead to greater access and affordability for Oregon residents and do not disadvantage Oregon students relative to out-of-state students.
- Are similar to the State Board of Higher Education in composition, constitution and transparency.
- Have a dual fiduciary responsibility to the university and to the State of Oregon as a whole.
- Promote the academic success of students in support of Oregon achieving the statutory goal of 40-40-20.

This recommendation resulted in the Senate Bill you have before you today.

While there are many details yet to be resolved the Joint Committee on University Governance and State Board of Higher Education have carefully considered these issues and are supportive of the establishment of institutional boards.

The bottom line for the State Board, and I believe the Joint Committee was and is: the needs of the state, including the important 40-40-20 goal, must be met by Oregon's public universities collectively, regardless of whether a campus has an institutional board or not, but institutional governing boards will likely assist us in that collective mission.

Thank you for the opportunity to testify this afternoon. I'm happy to take any questions from the Committee.