

**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.

**SB 270A:**

- 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,
- 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, and
- Establishes The Special Committee on Regional and Technical Universities 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 Three Largest 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 270 establishes local governing boards at Portland State University and the University of Oregon. SB 270 also 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.

**Granting Powers to Institutional Governing Boards:** SB 270 transfers many powers currently held by the State Board of Higher Education to institutional governing boards on individual campuses. The powers that have received the most discussion among legislative committees include:

- **Management of Campus Leadership** - SB 270 grants institutional governing boards the authority to appoint, reappoint, and remove the university president.
- **Ability to Issue Revenue Bonds for Capital Construction Projects**– SB 270A 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 270A includes specific provisions to protect the State of Oregon, and ensure that universities do not issue bonds that they will be unable to repay. SB 270A 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 270A 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 270 allows institutional governing boards to establish, eliminate, collect, and manage, tuition and mandatory enrollment fees. When setting tuition and fees, SB 270 requires that institutional governing boards include enrolled students and the recognized student government of the university in the decision making process. SB 270 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 270A transfers some responsibilities of the State Board of Higher Education to the Higher Education Coordinating Commission. This transfer of authority ensures statewide coordination, and allows the State Board of Higher Education to focus on governing universities without local governing boards. For example, Section 8 of SB 270A 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.

**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 270A 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 270A 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.

**HB 3120A** builds on the work of SB 242 (2011) and the Special Committee on University Governance established by the passage of HB 4061 (2012). The bill is also consistent with recommendations adopted by the Oregon Education Investment Board in response to the requirement in SB 909 (2011) that the OEIB develop policies for streamlining and connecting the P-20 system. HB 3120A was crafted through a stakeholder process that included legislators, legislative staff, and representatives of the Oregon University System, the State Board of Higher Education, Department of Community Colleges and Workforce Development, Oregon Student Access Commission, Oregon Students Association, Oregon Community College Association, Associated Oregon Industries, Oregon Business Council, Oregon Community Foundation, AFT Oregon, Portland State University, Eastern Oregon University, and others.

HB 3120A consolidates policy making for post-secondary education by merging existing authorities of the State Board of Education for community colleges, the State Board of Higher Education for all seven universities, the Oregon Student Access Commission, and the Higher Education Coordinating Commission. In its current form, the bill does not create a Department of Post-Secondary Education. Rather, it leaves existing agencies (CCWD, OUS, OSAC) in place to support the HECC and its Executive Director.

**Effective July 1, 2014, HB 3120A:**

- Re-charters the Higher Education Coordinating Commission (HECC) with new and enhanced responsibilities, authorities, and membership,
- Establishes the HECC as the single point of statewide authority for higher education in Oregon:
  - For degree authorization (SB 242, 2011)
  - For oversight of private career schools (SB 242, 2011)
  - For public universities, including state budget development, resource allocation, and program approval (SB 270, 2013)
  - For community colleges, by transferring authorities currently held by the State Board of Education
  - For student access and financial aid, by transferring authorities currently held by the Oregon Student Access Commission
- Streamlines the state board/commission system by merging higher education responsibilities from four boards to one, and
- Maintains the existing agency structure including CCWD, OUS, and OSAC.

**Re-chartering the Higher Education Coordinating Commission:** The Higher Education Coordinating Commission (HECC) was established with the passage of SB 242 in 2011. HB 3120A permits the Governor to reappoint the HECC with new members upon passage, subject to Senate confirmation. Effective July 1, 2014, HB 3120A deletes the current statutory charge for the commission and replaces it with language directing the Commission to:

1. Advise the Oregon Education Investment Board on state goals, achievement compacts, investment strategies, and data collection,
2. Adopt a strategic plan for achieving state post-secondary education goals,
3. Recommend to the Governor and the Oregon Education Investment Board a consolidated higher education budget request aligned with the strategic plan they have adopted,
4. Distribute appropriations from the Legislative Assembly to community colleges, public universities, and student access programs,
5. Approve or disapprove any significant change to the academic program of a community college or a public university,
6. Adopt any changes to the university mission statements upon a recommendation from a public university's governing board, pursuant to any process required by the board to review and approve changes to the university's mission statement,
7. Review and determine whether a proposed annual increase of resident undergraduate enrollment fees, as described in ORS 351.063, of greater than five percent is appropriate,
8. Advise the Governor and the Legislative Assembly on issues of university governance,
9. Approve and authorize degrees,
10. Oversee the licensing of career schools under ORS 345.010 to 345.450, and

11. Advise the Legislative Assembly, the Governor, community colleges, public universities and other state boards and commissions on policies in order to:

- Improve access to higher education,
- Encourage student success,
- Improve the coordination of transfers and co-enrollment, accelerated college credit programs for high school students, applied baccalaureate and transfer degrees, programs and grants that span multiple institutions, and reciprocity agreements with other states,
- Enhance the use of dual credit, career and technical pathways,
- Coordinate with the State Workforce Investment Board, local workforce investment boards, the Oregon Health and Science University and independent institutions, to ensure that the state's colleges and universities offer programs in high-demand occupations that meet Oregon's workforce needs.
- Improve economies of scale by encouraging and facilitating the use of the shared services among post-secondary institutions in this state.

### **Establishing the HECC as the single point of statewide authority for higher education in Oregon:**

For degree authorization. SB 242 (2011) transferred authority for degree authorization from the Oregon Student Access Commission (OSAC) to the HECC, effective July 1, 2012. HB 3120A maintains the HECC's responsibility to oversee the Office of Degree Authorization.

For oversight of private career schools. SB 242 (2011) established that the state's regulatory powers relative to private career schools would transfer from the Oregon Department of Education to the HECC effective July 1, 2013. HB 3120A maintains that arrangement.

For public universities. SB 270 (proposed in 2013) provides for the HECC to be the single state board responsible for budget development, resource allocation, program/mission approval, and other state functions relative to all seven public universities in Oregon. HB 3120A assumes SB 270's passage.

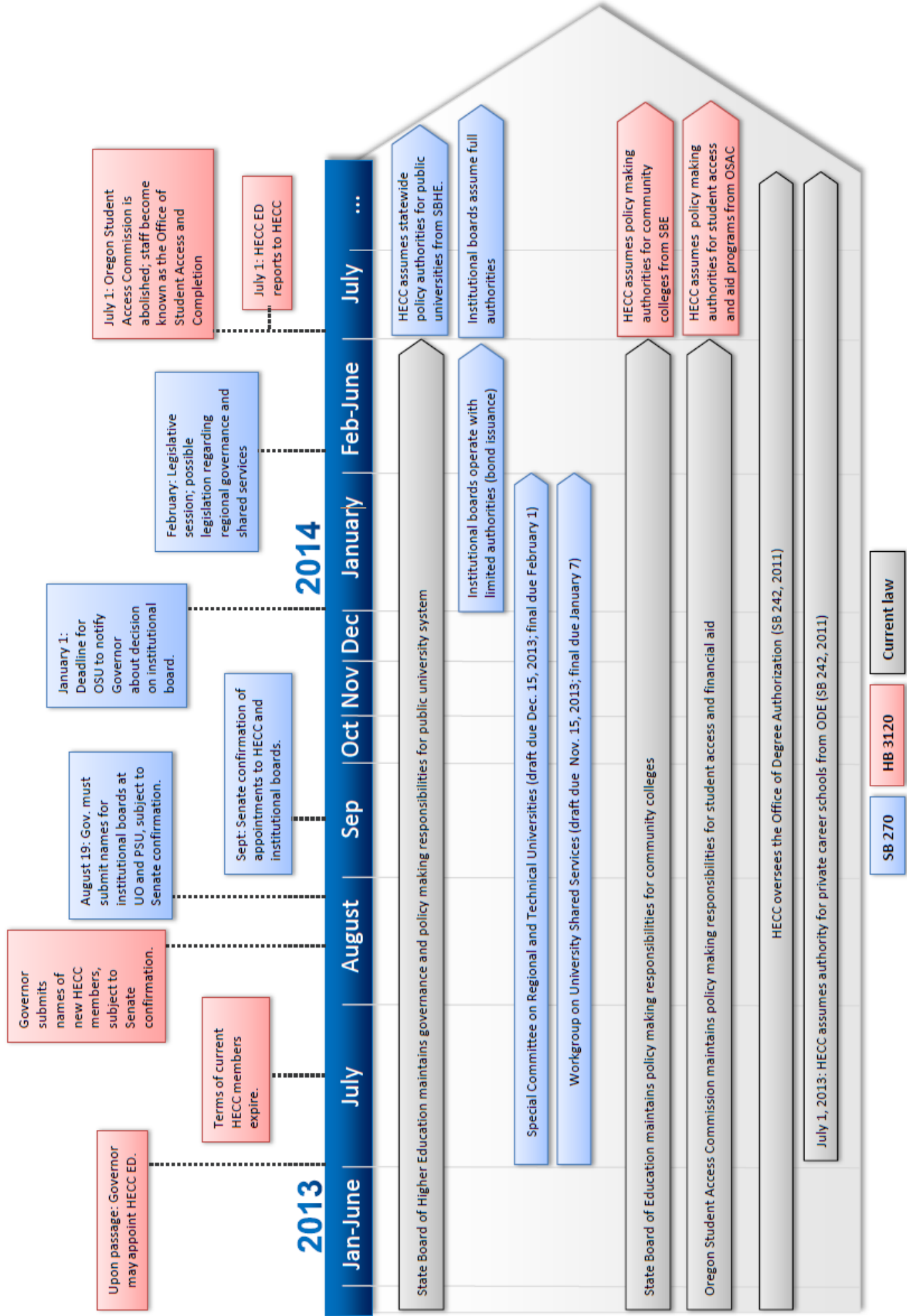
For community colleges. Current law stipulates that the State Board of Education is responsible for coordinating the state's community colleges and should have general supervisory responsibilities for that system. Its authorities include allocating state funding to community colleges, approving program changes at community colleges, and overseeing the process to form or change the boundaries of community college service districts. HB 3120A transfers those responsibilities from the State Board of Education to the HECC.

For student access and financial aid. The Oregon Student Access Commission board has statutory authority to manage and disperse numerous student financial aid programs including ASPIRE and the Oregon Opportunity Grant. HB 3120A transfers these authorities from the Oregon Student Access Commission board to the Higher Education Coordinating Commission. Under HB 3120A, OSAC agency staff would report to the HECC.

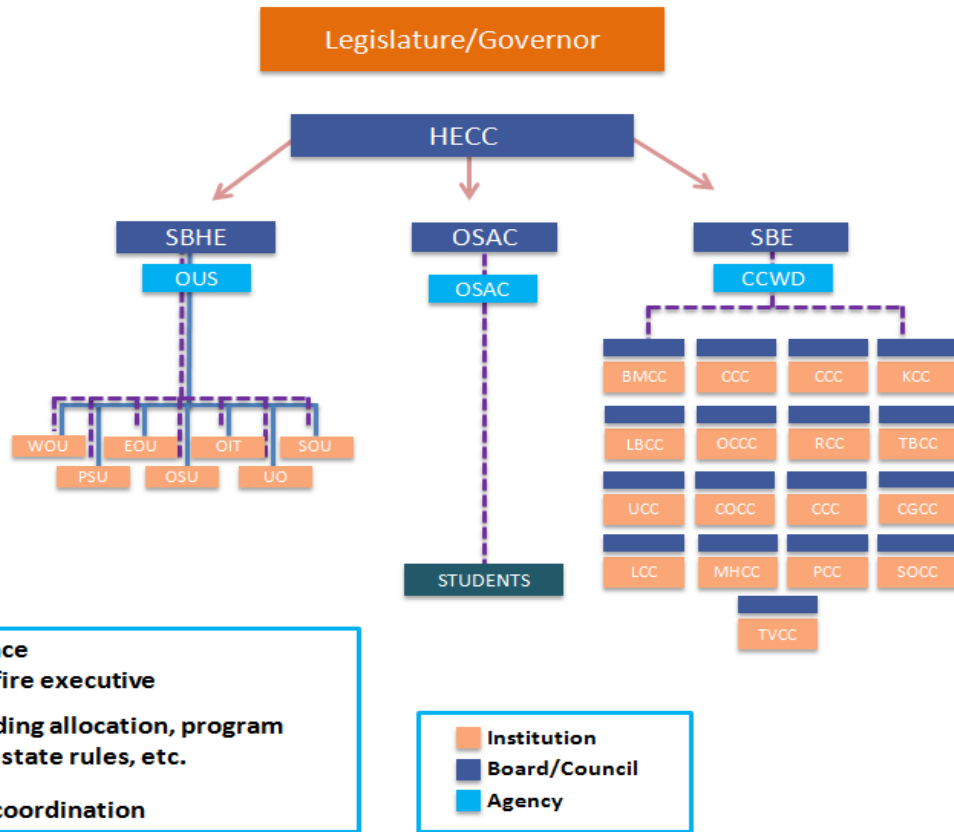
**Streamlining the state board/commission system by merging higher education responsibilities from four boards to one:** As described above, the HECC would assume higher education responsibilities held today by the State Board of Education, State Board of Higher Education, the Oregon Student Access Commission, and the HECC. The State Board of Education remains, but is focused on K-12. Under SB 270A, the State Board of Higher Education remains, but is transformed to be governing board for public universities that don't have their own institutional boards. Under HB 3120A, the OSAC board would be abolished.

**Maintaining the existing agency structure including CCWD, OUS, and OSAC:** Unlike earlier versions of HB 3120A, the current bill does not create a new Department of Post-Secondary Education. Rather, the HECC's authorities would be executed through an Executive Director and staff at existing agencies: CCWD, OUS, and OSAC.

# Combined Implementation Timeline HB 3120-SB 270



## Current Law



## HB 3120 and SB 270

