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76^h LEGISLATIVE ASSEMBLY
JOINT SPECIAL COMMITTEE ON UNIVERSITY GOVERNANCE (HB 4061)

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TO: Governor John Kitzhaber
Senate President Peter Courtney
House Co-Speaker Bruce Hanna
House Co-Speaker Arnie Roblan

FROM: Joint Special Committee on University Governance (HB 4061)

SUBJECT: Recommendations for Legislation in the 2013 Legislative Session

House Bill 4061 (2012) created the Special Committee on University Governance to review, discuss and analyze issues surrounding governance within the higher education system including establishment of institutional governing boards for Oregon's public universities. The committee was directed to report its findings and proposed legislation to the Governor and the Legislative Assembly no later than November 1, 2012.

The committee met ten times between April and September of 2012. In addition to reviewing prior legislative work and recommendations of national experts, the committee heard from the Governor, the presidents of all seven public universities, the State Board of Higher Education's Committee on Governance and Policy, the State Treasurer's Office and representatives of students, faculty, alumni and other stakeholders. A preliminary legislative concept and recommendations were submitted to interim legislative committees related to higher education on August 15, 2012 as required by House Bill 4061 and public comments were received during the following thirty days.

A high degree of overlap in concerns and interests expressed by those providing testimony formed the basis for the committee's findings that Oregon may benefit from having public universities with institutional boards that:

1. Provide transparency, public accountability and support for the university.
2. Are close to and closely focused on the individual university.
3. Do not negatively impact public universities that do not have institutional boards.
4. Lead to greater access and affordability for Oregon residents and do not disadvantage Oregon students relative to out-of-state students.
5. Are similar to the State Board of Higher Education in composition, constitution and transparency.
6. Have a dual fiduciary responsibility to the university and to the State of Oregon as a whole.
7. Promote the academic success of students in support of the mission of all education beyond high school as described in ORS 351.009 (40-40-20).

The committee's findings also include the following:

1. There are economy-of-scale benefits to having a coordinated university system.
2. Shared services may continue to be shared among universities.
3. Ownership of all university property, whether acquired before or after the creation of an institutional board, through state funding, revenue bonds, or philanthropy, resides with the people of Oregon.
4. The Legislative Assembly has a responsibility to monitor the success of institutional boards at fulfilling their missions, compacts and the principles stated above.

Based on these findings, the attached legislative concept contains the following provisions:

SECTION 2. Establishes Institutional Boards for Portland State University and the University of Oregon

Establishes institutional boards for Portland State University and the University of Oregon to manage the affairs of the university by exercising and carrying out all of the powers, rights and duties that are expressly conferred upon the board by law, or that are implied by or incident to such powers, rights and duties.

SECTION 3. Establishes Process for Future Institutional Boards

Provides that the State Board of Higher Education (or its successor), upon request of a university president at an additional university, will analyze and make recommendations to the Legislative Assembly regarding establishment of institutional boards at additional universities based on evaluation of capacity and capability for governance by an institutional board and clear evidence of support by the university community.

SECTION 4. Annual Report from Oregon Education Investment Board Evaluating Effectiveness of Institutional Boards

Requires the Oregon Education Investment Board to report to the Legislative Assembly annually on ability of institutional boards created under Section 2 to meet academic goals and fulfill fiduciary responsibilities.

SECTION 5. Board Composition and Appointment Process

The Governor will appoint and the Senate will approve 11 to 15 members from a slate of candidates nominated by the university, one of which must also be a member of the State Board of Higher Education and one of which must be the university president, who will be a nonvoting member. This section also addresses removal of board members, vacancies, officers, and minimum meeting requirements and requires that a newly formed institutional board shall convene for the first time not later than February of an even-numbered year

SECTION 6. Powers and Duties of Institutional Boards

- Entrance into annual achievement compacts with OEIB
- Appointment, reappointment and removal of university president in consultation with the Governor and State Board of Higher Education (SBHE) with appointment subject to approval by a majority of the SBHE or its successor
- Approval of mission statement and academic programs in conjunction with existing review and approval by the State Board of Higher Education and the Higher Education Coordinating Commission
- Establishment of tuition rates and fees for non-resident and graduate students and for resident students subject to specified limits

- Authority over all employment issues (with State Board of Higher Education collaboration on collective bargaining with employees represented by statewide bargaining units)
- Ability to issue revenue bonds within stated limits and subject to review by the State Treasurer
- Authorization to take, hold and dispose of mortgages on property held in trust for the people of Oregon

SECTION 7. Submission of Budget Requests

Provides that institutional boards will submit budget requests to the State Board of Higher Education (or its successor) for consolidation and forwarding to the Higher Education Coordinating Commission.

Although differences of opinion persist regarding details including threshold criteria, board composition and tuition-setting limitations (among others), the Special Committee on University Governance voted unanimously to forward these recommendations as represented in the attached legislative concept draft (LC 759 dated 10/4/12) for consideration by the 2013 Legislative Assembly.