

## Oregon Public University Council

Post Office Box 751 503-725-4411  
Portland, OR 97207



February 23, 2015

Chair Tim Nesbitt  
Commission Members  
Executive Director Ben Cannon  
Higher Education Coordinating Commission

Dear Chair Nesbitt, Commissioners, and Executive Director Cannon,

The seven presidents of Oregon's public universities appreciate the opportunity to provide a recommendation to the Commission about the importance of covering the costs for the Technical and Regional Universities (TRUs) associated with the unbundling of the Oregon University System (OUS).

Each of us is now actively engaged with our institutional governing boards. We are grateful for the opportunity to work with such dedicated education leaders who are committed to guiding our institutions and exercising their fiscal stewardship. Our Vice Presidents of Finance and Administration (VPFAs) have been working diligently with the Higher Education Coordinating Commission staff to transition from the Oregon University System Resource Allocation Model to the Student Success and Completion Model that will promote alignment of university outcomes with the goals of the Governor, the Commission, and the universities. One outstanding issue is the ability of the TRUs to absorb the shared services and operational costs associated with the dissolution of the system, regardless of the outcomes-based funding model.

In 2014, the Legislature reduced the Public University Support Fund by the amount of the remaining funding for Chancellor's Office operations. The 2015-17 Public University Support Fund contains no funding for Chancellor's Office operations as it ceases to exist on 7/1/15. Chancellor's Office operations previously covered a number of activities that now must be borne by the individual universities. The VPFAs have worked together to identify the costs that the TRUs will bear without a dedicated resource for covering these expenses.

For these reasons, we are united in our recommendation to the HECC that ongoing and dedicated funding for the costs in the attached worksheet be added to HECC's Regional Support base allocation for the TRUs in the amount of \$12,097,683 beginning with the 2015-17 biennium. The table itemizes the specific services and operating costs and the associated assumptions. Please note that a key assumption pertains to the \$1.9M per year currently funded in the FY15 allocation to the TRUs. If this funding for the "5th site" does not continue, the request increases from \$12.1M to \$15.9M per biennium.

Eastern Oregon University  
President Jay Kenton

Oregon State University  
President Ed Ray

Southern Oregon University  
President Roy H. Saigo

Western Oregon University  
President Mark Weiss

Oregon Institute of Technology  
President Chris Maples

Portland State University  
President Wim Wiewel

University of Oregon  
President Scott Coltrane

We would be happy to meet with you to discuss the details of the recommendation, and look forward to hearing from you about how this critical funding may be incorporated into the HECC's allocation formula.

Sincerely,

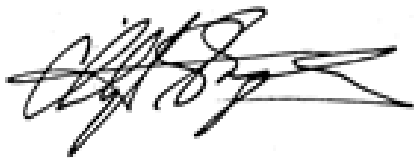
University Presidents



Jay Kenton  
Eastern Oregon University



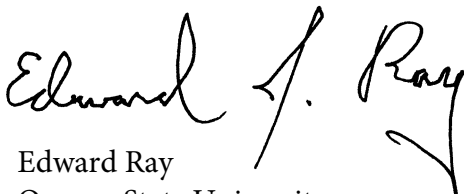
Roy Saigo  
Southern Oregon University



Chris Maples  
Oregon Institute of Technology



Scott Coltrane  
University of Oregon



Edward Ray  
Oregon State University



Mark Weiss  
Western Oregon University



Wim Wiewel  
Portland State University

Cc: Senator Richard Devlin, Co-Chair, Joint Committee on Ways & Means  
Representative Peter Buckley, Co-Chair, Joint Committee on Ways & Means

	A	B	C	D	E	F	G	H	I	J
1	<b>TECHNICAL &amp; REGIONAL (TRU)</b>									
2	<b>SHARED SERVICES &amp; UNBUNDLED OPERATIONAL COSTS REQUEST</b>									
3				<b>EOU</b>	<b>OIT</b>	<b>SOU</b>	<b>WOU</b>	<b>ANNUAL TOTAL</b>	<b>BIENNIAL AMOUNT</b>	
4	<b>USSE Services</b> <sup>2</sup>	Financial Reporting Services		\$92,400	\$92,400	\$92,400	\$92,400	\$369,600	\$751,027.20	
5		Information Technology Services (5th Site)		717,471	709,560	780,750	728,711	2,936,492	5,966,952	
6		Payroll & Related Tax Processing Services		62,770	44,020	44,020	43,270	194,080	394,371	
7		Collective Bargaining Services		47,250	47,250	47,250	47,250	189,000	384,048	
8		Optional Retirement Plan (ORP) Services		14,508	18,507	17,879	23,001	73,895	150,155	
9		Shared Legacy Debt Services		4,320	7,430	7,020	9,450	28,220	57,343	
10		Bank Reconciliation Services		16,290	16,290	16,290	16,290	65,160	132,405	
11		Endowment Services		2,380	450	3,310	120	6,260	12,720	
12		Public University Fund Administration (Treasury Debt Service Charges)		37,335	39,765	43,147	47,849	168,096	341,571	
19		<b>Other Operating</b> <sup>3</sup>	Financial Analyst/IR - 1 FTE per TRU		123,000	123,000	123,000	123,000	492,000	999,744
20	Cooperative Contracting			9,200	9,200	9,200	9,200	36,800	74,778	
21	Statewide Student Services			37,500	37,500	37,500	37,500	150,000	304,800	
22	Legal Services			250,000	250,000	250,000	250,000	1,000,000	2,032,000	
23	Internal Audit			175,000	175,000	175,000	175,000	700,000	1,422,400	
24	External Audit			125,000	125,000	125,000	125,000	500,000	1,016,000	
25	Capital Construction Services/Analysis			80,000	80,000	80,000	80,000	320,000	650,240	
26	<b>Other</b>	PEBB Composite Rate Increase		222,527	295,759	399,478	113,565	1,031,329	2,095,661	
27		Insurance Premium Increase		22,596	16,458	34,351	26,913	100,318	203,846	
28		Direct Board of Trustee Costs		75,000	85,000	85,000	75,000	320,000	650,240	
29		<b>Total Before Offsets</b>		<b>\$2,114,547</b>	<b>\$2,172,589</b>	<b>\$2,370,595</b>	<b>\$2,023,519</b>	<b>\$8,681,250</b>	<b>\$17,640,300</b>	
30	<b>Offsets</b>	<b>Less Offset for Cost Reductions &amp; Other Resources</b>								
31		Chancellor Office Prior Assessments <sup>4</sup>		47,005	72,947	110,583	185,051	415,586	844,471	
32		IT Fifth Site Funding in Outcome Based Funding Model <sup>5</sup>		478,020	478,020	478,020	478,020	1,912,080	3,885,347	
33		IT Fifth Site Costs Contributed by University		100,000	100,000	100,000	100,000	400,000	812,800	
34		<b>Total Offsets</b>		<b>\$625,025</b>	<b>\$650,967</b>	<b>\$688,603</b>	<b>\$763,071</b>	<b>\$2,727,666</b>	<b>\$5,542,617</b>	
35		<b>Total Net of Offsets</b>		<b>\$1,489,522</b>	<b>\$1,521,622</b>	<b>\$1,681,992</b>	<b>\$1,260,448</b>	<b>\$5,953,584</b>	<b>\$12,097,683</b>	
36										
37	<b>Footnotes</b>	<sup>1</sup> Includes 3.2% inflation (DAS) increase for second year of biennium 2016-2017								
38		<sup>2</sup> Does not imply specific service provider								
39		<sup>3</sup> Costs associated with unbundling of operating costs previously provided and paid by Chancellor's Office (not funded in university budgets)								
40		<sup>4</sup> Includes Indirect Cost Recovery & Auxiliary Assessments charged to each institution by Chancellor's Office								
41		<sup>5</sup> Included in the Mission Support section of the draft HECC Outcome Based Funding Model								