JOHN A. KITZHABER, MD
Governor

December 1, 2011

Oregon Education Investment Board
155 Cottage Street NE, 3rd Floor
Salem, OR 97302

Dear Board Members:

At our first meeting on November 21, I heard many of you express a range of opinions about how and when to address the governance and management issues inherent in the design and implementation of an integrated state education system from pre-K to college and career. I also heard agreement that form should follow function in the design of the management and governance components of that system. And I am sure that you agree as well that the focus of our educational system should be on student success rather than institutional interests. With these principles to guide us, I recommend that we take the following steps to address and resolve the issues surrounding management and governance in a timely and deliberate manner.

The recommendation in **Section A** below is consistent with the recommendation of the Chief Education Officer Selection Work Team and will enable the Chief Education Officer, when hired, to lead our effort to design and begin to implement the integrated educational system that is so critical to student success.

- As this requires legislative action, I recommend that we approve this proposal as a legislative concept for the February 2012 legislative session and that we do so today to meet the December 5 deadline for such legislation. (On December 7, you are scheduled to approve the job description for the Chief Education Officer. If there is any inconsistency between that job description and this legislative proposal, we can modify our legislative proposal at that time.)

The recommendations in **Section B** below will enable us to pull together across silos and agency boundaries to implement an integrated educational system that provides the investments, direction, coordination and supports our schools need to achieve our goals for high school and college completion and ensure the success our of students in today's economy. This effort should enable us to direct more resources to promote and sustain effective teaching and learning.

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- I recommend that we discuss these recommendations today and prepare to act on these recommendations at our meeting on December 7, 2011.

In **Section C** below, I identify the steps I intend to take to advance the development of an option by which universities could establish independent boards with clearly demarcated powers. I informed the Board of Higher Education's governance committee of my intention in this regard in my letter to Co-Chairs Allyn Ford and Paul Kelly on Nov. 16. What I outline below is a process to ensure that I have a fully developed proposal to submit to the legislature in 2013. This process will require the engagement of members of your Board, the State Board of Higher Education and the Chief Education Officer and consultation with the administration, faculty, staff, students and supporters of each university with an interest in such boards. I will be calling on you to assist in this process, and I look forward to your advice and assistance.

A. Management/Administration: Chief Education Officer *To be addressed by OEIB in February 2012 legislation*

Recommendation: Give the Chief Education Officer the authority and resources needed to organize the state's integrated education system from pre-K to college and career (P-20).

Propose legislation for the February 2012 session to accomplish the following.

1. The Chief Education Officer shall have direction and control over the following positions for the purpose of designing and organizing the state's P-20 education system:
   a) Commissioner of Community Colleges and Workforce Development;
   b) Chancellor of the Oregon University System;
   c) Executive Director of the Oregon Student Assistance Commission;
   d) Early Childhood System Director*;
   e) Executive Director of the Higher Education Coordinating Commission (upon appointment per SB 242); and,
   f) Deputy Superintendent of Public Instruction* (upon appointment per SB 552).
   *Governor has appointing authority under current law.

2. The Chief Education Officer shall direct the positions listed in Section 1 (a)-(f) herein and work with the Superintendent of Public Instruction and her designees to design and organize the state's P-20 education system (see B – Governance/Management).

3. The Governor shall resolve any conflicts that may arise with existing boards and commissions which hold the appointing authority over the positions listed in Section 1 (a), (b), (c) and (e) herein.

B. Governance/Management: Functions, Responsibilities, State Boards and Commissions *To be addressed by OEIB as outlined for 2012 and as substantive legislation in 2013*

Recommendation: Develop legislation for the 2013 session to complete the organization of the state's P-20 education system, consolidate boards and commissions and streamline management, and free up resources to support teaching and learning.

1. The Oregon Education Investment Board shall:
   a) Identify the functions needed for the state's P-20 education system, e.g. investment, direction and coordination, and support;
   b) Create a work group of its members and other appointees, including legislators, to oversee the process of building out the functions of the state's P-20 education system in conjunction with the Chief Education Officer;
   c) Determine the top executive and management positions needed to staff the state's P-20 education system;
   d) Determine the boards and commissions needed to optimize the functions of the state's P-20 system;
   e) Report regularly to appropriate legislative committees; and,
   f) Propose the needed statutory changes in executive positions and boards and commissions to fully implement the state's P-20 education system and to maximize its effectiveness.

2. The work group shall be guided by the following principles and directives:
   a) Focus on the functions needed (e.g. investment, direction and coordination, and support) in designing the governance and management structures of the state's P-20 education system;
   b) Streamline and consolidate governance and management to improve decision-making and maximize resources;
   c) Commit to a flat organizational structure;
   d) Recognize the independence of local boards and their role in the P-20 education system;
   e) Arrive at one entity for the direction and coordination of the university system; and,
   f) Work within existing resources and free up resources to support teaching and learning.

3. The Governor directs the following boards and commissions to have their chief executive officers work with the Chief Education Officer to align and integrate their functions with the P-20 system:
   a) The Oregon State Board of Higher Education and the Chancellor of the Oregon University System;
   b) The Board of Education and the Workforce Investment Board and the Commissioner of Community Colleges and Workforce Development;
   c) The Oregon Student Access Commission and its Executive Director.

4. The representatives of the boards and commissions and the executives identified in Section 3 herein shall work to combine and align the functions of their systems and agencies and those of the Higher Education Coordinating Commission and arrive at a recommendation for a single entity to carry out these functions.

5. The work group authorized in Sections 1 and 2 herein and the representatives and executives identified in Sections 3 and 4 herein shall complete their work and submit their recommendations to the Governor and the Oregon Education Investment Board by September 15, 2012.

6. The Oregon Education Investment Board shall act on these recommendations and forward legislation to the 2013 Legislative Assembly no later than October 15, 2012 to accomplish the purposes described herein.

C. Governance/Coordination: OUS and Institutional Boards *To be addressed by the CEdO, OEIB and the OUS Board at the Governor's direction.*

Recommendation: At the Governor's direction, develop legislation for the 2013 session to authorize independent boards for one or more OUS universities, beginning in 2013-14 fiscal year.

1. The Chief Education Officer shall work with representatives of the Oregon Education Investment Board and the Oregon State Board of Higher Education, whose representatives shall be designated by the Governor, to develop recommendations for terms, conditions and authorities for independent boards to take effect in the 2013-14 fiscal year for one or more universities in the Oregon University System.

2. The Chief Education Officer shall consult with the administration, faculty, staff, students and supporters of each university with an interest in an independent board.

3. The Chief Education Officer shall report his/her recommendations for terms, conditions and authorities for university boards to the Governor by September 15, 2012.

4. The Governor intends to submit legislation for the creation of one or more university boards within the state's P-20 education system for submission as a legislative measure to the 2013 Legislative Assembly.

Sincerely,

John A. Kitzhaber, M.D.
Governor

c: Early Learning Council
Oregon State Board of Education
Oregon State Board of Higher Education
Oregon Student Access Commission

JAK/TN