1. **CALL TO ORDER/ROLL CALL**

President Neil Goldschmidt called the meeting of the Executive Committee of the State Board of Higher Education to order at 7:30 a.m.

The following Executive Committee members answered present:

- Don Blair
- Henry Lorenzen
- Geri Richmond
- Neil Goldschmidt

The following Board members were also present:

- Bridget Burns
- Kirby Dyess
- Rachel Pilliod
- Tim Nesbitt
- John von Schlegell
- Gretchen Schuette
- Howard Sohn

System Office staff present: Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, David McDonald, Ben Rawlins, Marcia Stuart, Virginia Thompson, and Susan Weeks.

Others: Peter Gilkey (IFS), Philip Conn (WOU), Martha Anne Dow (OIT), Dave Frohnmayer (UO), Dixie Lund (EOU), Ed Ray (OSU), Elisabeth Zinser (SOU).

Meeting attendees also included other institution representatives, members of the System Office staff, interested observers, and members of the press.

2. **COMMENTS FROM THE CHAIR**

President Goldschmidt welcomed the Board members to their first Executive Committee meeting.

3. **ACTION ITEM**

a. Measure 30: Implications for OUS

**DOCKET ITEM:**

**Post Measure 30 – First Steps (Letter from Chancellor Jarvis to the Board)**
As the dust, and reality, from Measure 30 settles we must begin the process of addressing the specifics of budgetary reductions. While Board President Goldschmidt and I have begun discussing overall options, it was agreed that a systematic process should be established to assist the Board (and Executive Committee) in its task.

First, the defeat of Measure 30 causes a $7.5 million budget reduction for OUS. The Legislature passed House Bill (HB) 5077 identifying areas of budget cuts should the measure be defeated. The legislative intent, expressed in (HB) 5077, and interpreted for us by both the Department of Administrative Services (DAS) and the Legislative Fiscal Office (LFO), directs the HB 5077 reduction to the funds added for undergraduate education.

As we know, the support of undergraduate education and the current tuition charges are inextricably entwined. This interdependence was recognized and stressed by Governor Kulongoski in his recent post Measure 30 remarks:

“As for higher education, access remains my #1 priority. Though higher education faces a cut of $7.5 million, we will look for additional operational and administrative reductions in the chancellor's office and campus by campus, and we will take those reductions before we resort to tuition increases.” (Press conference, February 4, 2004)

The necessity that the Chancellor’s Office share in these budget reductions was emphasized by President Goldschmidt in his discussion with campus Presidents last Friday. We are also mindful that the Board has been charged with and is implementing the responsibility of conducting a review of the Chancellor’s Office. This review will provide a vital link in supporting the necessary budget cuts with a thorough and reasoned analysis of programmatic functions.

While a thorough analysis is a necessity, time is in short supply for students and staff to make their plans for next year. Therefore, I request authorization from the Executive Committee, acting on behalf of the Board, to proceed with notification to all employees of the Chancellor’s Office that, subject to program reduction, employment extension or contract renewal beyond the current contracted date of June 30, 2004, cannot be guaranteed. My plan is to communicate this decision to all Chancellor’s Office staff by email today and to offer them an opportunity to meet with me in group meetings in Portland, Corvallis, and Eugene on Thursday.

BOARD DISCUSSION AND ACTION:
President Goldschmidt remarked that since Measure 30 failed, the System had been tasked with finding ways to reduce the budget. “We have guidance from the Governor, who made some remarks about what he would prefer us to do with regard to tuition increases. The Chancellor will be notifying all employees of the System Office that, subject to program reductions, employment extension or contract renewal beyond the current contracted date of June 30, 2004, cannot be guaranteed,” he indicated.
Director Blair asked the Chancellor how he expected to couch the language in the letter to employees. “Is it going to be just the facts as you laid it out in your letter or is it going to try to indicate the extent with additional cuts to follow later after the Board meets?”

The Chancellor indicated that the answer was “yes, to both parts of the question. I’ll cover elements that are listed here, translated into this context and remind the members of my staff of our contractual situation and the way in which we will respond to any further end-reductions. So, it’s just a way of letting people know that we’re anticipating contributing to the response to Measure 30 and giving them a heads-up, both on the staff side and, as importantly, on the student side, so that they can see this process. This would initiate the process. The whole idea is to not put any specifics on it at this point,” he concluded.

President Goldschmidt added that without reductions in the System office, the Board would be left with the campuses taking the entire burden on themselves for the reductions. “This is some number north of $7.5 million,” he said. Continuing, he observed that the Board work group on the review of the Chancellor’s office had not had sufficient time yet to get a feel for the size or complexity of the System office.

Director Burns asked if there were any indication of the percentage of the cuts the System office would be dealing with. President Goldschmidt responded that the conversations had just started. “As the Chancellor pointed out, the legislative directive didn’t include us (System office); we were sort of on the sidelines. I think after informal conversations with the chair, vice chair, and the Chancellor, we concluded that this actually ought to be something the Executive Committee looks at, and the more we looked at it the more we’ve concluded that we ought to be on the same playing field, the same circumstances as the universities are. So, that literally is as far as we’ve gone.”

Vice President Richmond moved to authorize the Chancellor, acting on behalf of the Board, to proceed with notification to all employees of the Chancellor’s Office that, subject to program reduction, employment extension or contract renewal beyond the current contracted date of June 30, 2004, cannot be guaranteed.

President Frohnmayer asked that it be made clear that the Executive Committee action would affect only the Chancellor’s Office. “It does involve a very public giving of notice and my anxiety is that it will be viewed as Systemwide, including the institutions, rather than limited to the Chancellor’s Office. And that the distinction is perhaps something the public won’t fully grasp. I just hope that it’s crystal clear in the communication of the action that you are about to take, that it is limited to administration, limited to the central office, and does not extend to the campuses and does not extend to our instruction or research faculty,” President Frohnmayer concluded.

President Goldschmidt concurred that it was an important point to underscore. “I think, Chancellor, what we ought to do is say that it applies to, and put in the number of employees there are in the Chancellor’s Office, essentially the headquarters of the
Director Blair emphasized an earlier point he had made. “I think it is important for us to also indicate in the letter that this is only a preliminary heads-up and not a notice of lay-offs or any specific action. We’re not far enough along to determine what the actual cuts will be. So, I don’t think we want this to be interpreted as a lay-off notice.”

Director Nesbitt asked the Executive Committee what the time line was for clarifying and finalizing when the budget actions would be taken. Specifically, he asked if that would be done at the February 19th and 20th Board meetings.

Chancellor Jarvis indicated that the reduction packages being put together with the universities have to be ready for a mid-April submission to the Executive Department to be implemented by May 1, 2004.

There was further discussion concerning how the presidents and Chancellor would proceed to prepare materials for the February Board meeting. Chancellor Jarvis indicated “responses from the campuses would be fairly general at this point because they would be rethinking the impact, given the contribution from the System administration.”

President Goldschmidt urged the presidents to get involved in discussions about how the institutions would be handling the reductions and be as prepared as possible to discuss the strategies at the upcoming Board meeting.

Southern Oregon University President Zinser agreed that it was important to have discussion on timelines for implement changes in terms of timely notice to employees and other public issues. She reminded the Board that there are internal timelines to be met by the campuses.

In closing, President Goldschmidt urged Chancellor Jarvis to seek advice from the university people on the draft press release that would be going out regarding the budget reductions and implications for the institutions.

Those of the Executive Committee voting in favor of the motion were: Directors Blair, Lorenzen, Richmond, and Goldschmidt. Those opposed: none. Motion approved.

4. ADJOURNMENT

The meeting adjourned at 7:45 a.m.