# MINUTES OF THE REGULAR MEETING OF THE STATE BOARD OF HIGHER EDUCATION

**PORTLAND STATE UNIVERSITY, PORTLAND, OREGON**

**MAY 6, 2005**

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

President Henry Lorenzen called the regular meeting of the State Board of Higher Education to order at 10:12 a.m.

The following Board members were present: Henry Lorenzen, Kirby Dyess, Don Blair, Bridget Burns, Adriana Mendoza, Tim Nesbitt, Geri Richmond, Gretchen Schuette, Howard Sohn, and Tony Van Vliet. John von Schlegell was absent due to a business conflict.

OUS staff present included: George Pernsteiner, Michael Green, Ryan Hagemann, Nancy Heiligman, Jay Kenton, Benjamin Rawlins, and Susan Weeks.

Others present included: Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Khosrow Fatemi, Dave Frohnmayer, Ed Ray, and Elisabeth Zinser. OHSU Provost Lesley Hallick and Associate Provost Sam Connell were also present.

OUS staff members, institution representatives, members of the press, the public, and interested observers were also present.

2. **APPROVAL OF MINUTES**

- Regular Board Meeting, April 8, 2005

President Lorenzen called for a motion to approve the minutes of the April 8, 2005 meeting. Director Sohn moved approval of the minutes and Director Van Vliet seconded the motion. All in favor: Blair, Burns, Dyess, Lorenzen, Mendoza, Nesbitt, Richmond, Schuette, Sohn, and Van Vliet. Opposed: none. Motion passed.

3. **REPORTS**

Before turning to the Chancellor’s Report, President Lorenzen thanked President Bernstine for the informative and enjoyable campus visit.
a. Chancellor's Report

President Lorenzen asked Acting Chancellor Pernsteiner for the Chancellor's Report. Pernsteiner thanked Board members and staff for all of their work in preparation and presentation of the Phase Two Ways and Means hearings. Before turning to Senior Associate Director of Legislative Affairs Lisa Zavala for a legislative update, Pernsteiner noted that efforts on Senate Bill 220 were suspended because OUS and the Department of Justice had signed an agreement to permit additional flexibility in the provision of legal services.

Zavala reiterated the successful completion of the Phase Two Ways and Means hearings. She noted President Lorenzen's meetings with members of the Education Subcommittee members. Zavala added that the Senate President had formed a special budget committee, so the House and Senate now each had separate budget committees. Zavala noted that the May revenue forecast was to be released soon and was expected to be about $40 million. She added that OUS was waiting for final Senate action on the housekeeping bill for the Optional Retirement Plan and Director Nesbitt clarified that the $40 million revenue forecast was still well short of the $12.393 billion budget number agreed on by both the House and the Senate.

b. Presidents' Reports

President Lorenzen turned to the institution presidents for brief reports.

President Zinser introduced Southern Oregon University's new Vice President for Finance and Administration Jim Main and its new Vice President for Institutional Advancement Jacqueline Schad.

President Ray recognized Professor Brent Dalrymple's National Medal of Science, Oregon State University's signing ceremony for additional dual enrollment agreements, its collaboration regarding the Siletz Early College Academy, the progress with the conduct and disciplinary review for OSU athletics, and the hiring of new women's basketball and volleyball coaches.

President Conn noted the public service of the universities in hosting a multiplicity of events, including the upcoming session of the Oregon Supreme Court on Western Oregon University's campus. He commented on the success of the WOU extramural women's rugby team.

Provost Hallick shared the news of Professor Theresa Nicholson's Howard Hughes Medical Institute Fellowship, the formation of a Portland chapter of Achievement Rewards for College Scientists, the focus on finding innovative ways to provide health care for the poor, including collaboration with the Salvation Army to create an infirmary, and the hiring of three new Vice Presidents at OHSU.
President Bernstine thanked the Board for the opportunity to host a visit, recognized Professor of Jazz Studies Darrell Grant, noted Portland State University’s honors at the Businesses for Environmentally Sustainable Tomorrow breakfast, and participation in Wordstock.

President Fatemi shared that Eastern Oregon University had reached a tentative collective bargaining agreement with its faculty and acknowledged the work of members of the Chancellor’s Office and EOU Provost John Miller. President Lorenzen recognized President Fatemi’s efforts to use scholarship funds to inspire students from eastern Oregon to consider college.

President Dow shared news of the $190,000 Department of Education grant awarded to Professor Tim Brower, noted Oregon Institute of Technology’s efforts to recognize opportunities for women in engineering, added the renewal of the Technology Opportunity Program grant, and observed the renewal of OIT’s strategic planning efforts.

President Frohnmayer introduced the University of Oregon’s new Vice President of Finance and Administration Frances Dyke; shared the UO’s concerns regarding diversity and cultural competence at the Department of Education; noted the recognition of Professors Jim Hutchinson and Heiner Linke; added the accomplishment of the UO’s women’s a cappella group; and mentioned the new renovation of Hayward Field.

c. Provosts’ Council

President Lorenzen called on Provosts’ Council Chair Lorraine Davis for a report. She shared the Council's involvement in legislative efforts and work in developing and clarifying performance indicators. Davis added the preliminary discussions regarding work with the future Graduate Council. She mentioned the work slated with Curt Pederson regarding the information technology proposals and concluded with observations about faculty recruitment and retention difficulties. Director Blair asked if the faculty retention and recruitment issues could be quantified and Davis noted that it could and that Senator Devlin had asked for the information. Director Blair asked for a copy of the report. President Lorenzen asked for Davis’ assessment on how the Council was serving as a gatekeeper for new programs and Davis observed that she believed the Council was asking the tough questions necessary for a thorough review. Director Blair asked if there were any program proposals that had not made it through Council review and Davis explained that there were programs that the Council had sent back to the campuses and that had not been returned to the Council. She also noted that the program proposals are subject to a rigorous campus-focused process before they reach the Council. Director Richmond commended the work of the Council and President Lorenzen observed the cooperation of the campuses through the work of the Council.
d. Interinstitutional Faculty Senate (IFS) President

President Lorenzen asked Professor Bob Turner for an IFS report. IFS President Turner noted work on the sexual harassment and consensual relationship policies, including efforts to develop a faculty ethics statement. He observed appreciation to get OUS faculty representation on the Joint Boards Articulation Commission (JBAC). Turner added the continued efforts to work on the various curriculum proposals, such as the common course numbering bill, in the legislature. He noted that IFS would continue to monitor work on performance indicators and faculty retention, recruitment, and compensation.

e. Oregon Student Association (OSA) Chair

President Lorenzen asked OSA Chair Adam Petkun for a report. Petkun observed the legislative uncertainty and noted the necessity for a common higher education message. He stated the OSA efforts to prioritize the proposed tuition freeze and Oregon Opportunity Grant funding. Petkun added that OSA acknowledged the need of funding for enrollment growth and competitive salaries.

4. CONSENT ITEMS

a. OSU, Graduate Certificate in Teaching English to (Adult) Speakers of Other Languages

BOARD DOCKET:

Oregon State University proposes to offer a professional graduate certificate in Teaching English to (Adult) Speakers of Other Languages (TESOL), effective immediately. The proposed graduate certification program will be administered and coordinated by the School of Education's Department of Adult Education and Higher Education Leadership. While there are several certification and endorsement programs for K-12 ESL teachers, no other Oregon college or university offers a similar certification for teaching adults.

The TESOL certificate is a graduate-level, 24-credit hour program that results in highly skilled adult educators and practitioners equipped with a sound theoretical foundation and sufficient practical experience to be successful in the wide range of settings that offer English as a Second Language (ESL) and English as a Foreign Language (EFL) courses and programs to second-language adult learners. Three credit hours of practicum are required under the supervision of experienced ESL instructors. Candidates for the program include recent college graduates seeking to prepare themselves to teach English while traveling abroad; current teachers from other disciplines who wish to add to their teaching repertoire; individuals who may have worked or currently work in the field but do not have the depth of educational background and training necessary for optimal performance in their jobs; and English teachers from abroad.
Candidates must have an earned Bachelor’s degree from an accredited institution of higher education. If English is the applicant’s second language, the applicant must provide evidence of a TOEFL score of 570 or higher. Applicants must be currently teaching or have access to a teaching environment in an ESL/EFL classroom for practicum purposes.

Some teaching positions available to ESL/EFL instructors require a Master’s degree in addition to a TESOL certificate. For this reason, individuals wishing to earn a Master’s degree may apply coursework from their TESOL graduate certificate to the EdM program available in Adult Education through OSU’s School of Education. Doing so would require a minimum of an additional 27 credit hours.

Over the past few years, state and local agencies and teachers from the field have requested a concentrated study in teaching adults with limited English language proficiency. Three primary reasons support this request: (1) the increased numbers of adults immigrating to the United States; (2) the subsequent changing demographics and workforce in the state of Oregon; and (3) community colleges and universities, which need and require more highly trained ESL teachers for these adult learners, are now requiring the TESOL certificate in addition to a Master’s degree. Surveys by OSU’s Department of Adult Education and Higher Education Leadership have been conducted with the 17 community colleges, all of which report their unanimous support for a certification that focuses on the teaching of adults with limited English language. With the TESOL certificate, teachers can now obtain their Master’s degree in Adult Education and complete a specialization in teaching adult ESL within the same program and university.

All appropriate university committees and the OUS Provosts’ Council have positively reviewed the proposed program.

Recommendation to the Board:
The OUS Provosts’ Council recommended that the Board authorize Oregon State University to establish an instructional program leading to a Graduate Certificate in Teaching English to (Adult) Speakers of Other Languages, effective immediately.

b. SOU, Post-Baccalaureate Certificate in Nonprofit Management (NPM)

BOARD DOCKET:

Southern Oregon University proposes to offer a Post-Baccalaureate Certificate in Nonprofit Management. The cross-disciplinary program involves collaboration among up to eight departments and will be coordinated through the School of Business. Portland State University offers a Certificate Program in Nonprofit Management and the University of Oregon offers a Minor in Nonprofit Administration, as well as a Graduate Not-for-Profit Certificate. No other comparable certificate is offered in southern Oregon.
The post-baccalaureate certificate consists of 28 credits (seven 4-credit courses), plus 300 hours of internship with a nonprofit organization. Core coursework includes 16 credits from the fields of business, political science, and writing, with 12 additional credits selected from a list of over 30 electives to address topic areas such as human resource management, marketing, and nonprofit program planning.

In June 2004, SOU received approval from American Humanics, Inc., to offer a nonprofit certificate through the SOU School of Business and students first enrolled in this program in Fall 2004. Following this initial introduction, SOU now seeks Board approval for the Post-Baccalaureate Certificate in Nonprofit Management, beginning Fall 2005. All courses but one are existing courses; students who have already taken existing courses for the proposed certificate may petition to have these credits apply toward the proposed program, pending approval.

Southern Oregon’s local nonprofit leaders have indicated that staff and managers within nonprofits address multiple roles within their organizations – often without in-depth knowledge or prerequisite business education. Compounding the situation, the rural nature of the community limits the ability for nonprofits to attract qualified management personnel from outside the area. The growing base of nonprofits, coupled with the identified skills gap, points to the need for a sustainable education program that will enhance leadership skills, strengthen management, and deliver new resources to ensure long-term success of our nonprofit organizations.

In 2002-03, SOU conducted two studies to assess the needs of regional nonprofit organizations. The areas of highest need for training and assistance were fundraising, marketing, visioning/strategic planning, and board development. A key recommendation was the need for local training to eliminate the need for respondents to travel outside the region for nonprofit education. For education requirements, eight key areas emerged for local nonprofit organizations: strategic planning, leadership development, fundraising, board development, financial management, partnership and alliance development, employee and volunteer management, and marketing/public awareness. The post-baccalaureate certificate curriculum includes instruction in all these key areas.

SOU expects the certificate to attract 40-45 students during its first three years. The program is focused, providing hands-on experience necessary to produce managers who will learn to manage the many facets of nonprofit organizations.

All appropriate university committees and the OUS Provosts’ Council have positively reviewed the proposed program.

**Recommendation to the Board:**
The OUS Provosts’ Council recommended that the Board authorize Southern Oregon University to establish an instructional program leading to a Post-Baccalaureate Certificate in Nonprofit Management, effective Fall 2005.
c. UO, Conflict and Dispute Resolution, M.A./M.S.

BOARD DOCKET:

The M.A./M.S. in Conflict and Dispute Resolution (CDR) is designed to provide graduate and law students with advanced opportunities to learn about and master a breadth of fundamental principles and skills through interdisciplinary study, research, and practical application. The CDR Master's program is a 68-credit degree program including all core and elective courses, practicum, and professional project production. This degree program is administered by the UO Law School. The new academic program will require students to participate in a cohort learning experience; to complete a research methodology course; to engage in extended practica; and will culminate with a professional project.

The specific learning outcomes for the Master's degree in CDR will emphasize an integrative and interdisciplinary understanding of the connections among various forms of conflict (e.g., interpersonal, social, economic, organizational, environmental, global, cultural, psychological, etc.). Under the supervision and direction of faculty mentors, students will master specific skills to manage, transform, or resolve disputes through experiential and theoretical learning activities. Graduates of the program will be prepared to contribute within traditional occupations and to undertake employment specifically in the field of conflict and dispute resolution.

Projected estimates of enrollment are approximately 20-25 students in the first and second years. The expected enrollment in subsequent years is 30-35 students based on student interest surveys conducted with currently enrolled UO students and from the experiences of comparator programs.

The CDR Master’s degree targets three main groups: (1) prospective conflict/dispute resolution professionals; (2) individuals who seek to add these marketable skills to their professional repertoire; and (3) scholars, researchers, and educators. In part, these groups reflect the sharp growth in jobs that demand specific training in conflict resolution. Also, there is an expressed need by mid-career professionals and current UO graduate and law students to expand their knowledge and skills through a CDR master’s degree program. Additionally, surveys of recent academic and research job postings for CDR scholars in core and related fields demonstrate a critical need for candidates who possess an advanced degree. Currently, only two schools (Pepperdine University and Portland State University) offer similar conflict/dispute resolution degree programs on the West Coast of the United States. Given the trajectory of demand and its consistency with the strategic directions articulated, the CDR Master’s program will help serve the UO’s mission to expand graduate and research programs. All appropriate university committees and the OUS Provosts’ Council have positively reviewed the proposed program.
Recommendation to the Board:
The OUS Provosts’ Council recommended that the Board authorize the University of Oregon to establish an instructional program leading to a M.A./M.S. in Conflict and Dispute Resolution, effective immediately.

BOARD DISCUSSION AND ACTION:

President Lorenzen called for a motion to approve the consent agenda as included in the docket materials. Director Blair moved approval of the consent agenda and Director Nesbitt seconded the motion. All in favor: Blair, Burns, Dyess, Mendoza, Nesbitt, Richmond, Schuette, Sohn, Van Vliet, and Lorenzen. Opposed: none. Motion passed.

5. REPORT ITEMS

a. Linking Performance Measures to Funding

BOARD DOCKET:

Following the presentation of the October 2004 Board of Higher Education report on Performance Measurement in the Oregon University System, much work has been done to incorporate Board members’ comments, align OUS and Oregon Progress Board performance measurement efforts, and test the new ideas with legislators and the Governor’s Office. While it is still a work in progress, the new performance and accountability framework displayed in Figure 1 represents the culmination of these efforts of the past six months.

The framework has organized the array of performance indicators into four primary outcome measures, four secondary measures, and a larger number of supporting indicators. The framework includes all of the measures currently reported to the Board, nearly all of the measures reported to the Oregon Progress Board, and several new measures arising out of discussions with the Provosts’ Council and legislators.

A primary consideration in the development of the framework was its ability to connect directly to the Board’s strategic goals (Access, Affordability, Excellence, and Economic Development) and to the Board’s working groups that target initiatives in those areas. Four broad performance measurement areas were identified: (1) Access and Affordability, (2) Student Progress, (3) Education Quality, and (4) Economic and Civic Contributions. Primary, secondary, and supporting measures were then identified and listed under each area. The alignment of Board goals, working groups, performance areas, and primary outcome measures is shown in Figure 2.

In an effort to take this to the next level—connecting outcomes and funding—a new template was designed to show estimated outcomes for the four primary performance measures arrayed across three different funding scenarios. The resulting 8-page document is included here.
For each of the primary outcome measures—number of bachelor’s and advanced degrees awarded, graduation rate, percent of the cost of attendance for a resident undergraduate covered by federal and state need-based aid for resident undergraduates receiving financial aid, and “graduate success” or the percent of bachelor’s recipients employed or continuing their education following graduation—projections were made under the three funding levels shown in Figure 3. The higher level represents the funding needed to maintain current program levels and the projected enrollment demand. The other levels represent the Governor’s Recommended Budget (GRB) and the GRB minus 10 percent. Because the resulting estimates reflect many hard-to-quantify factors, a page of additional text is provided with each outcome measure to identify key issues and contextual variables.

It is important to view these performance outcomes/funding scenarios documents as just a first step in estimating consequences of funding decisions. The goal of this analysis—however imprecise it may be—is to provide decision makers a tool to help in making difficult investment choices.

A more detailed presentation of the performance framework and the accompanying decision tool will be provided at the Board meeting.
**OUS Performance Areas Related to Strategic Goals**

**Affordable Access**
- Cost of attendance as a percent of family income
- Students of color
- Undergraduate and graduate enrollment
- New community college transfers
- 25-to-49-year-olds enrolled part-time

**Student Progress**
- Graduation rate for community college transfers
- Graduation rate for students of color
- Time to degree: freshmen, CC transfers, students of color

**Education Quality**
- Graduate satisfaction
- Teaching effectiveness
- Internships, other experiential learning
- Students per full-time faculty
- Percent part-time faculty
- Student advising
- Faculty compensation
- Facilities maintenance

**Economic & Civic Contributions**
- Graduates employed in Oregon
- Total R &D dollars
- Ph.Ds awarded in science & technology
- Inventions
- License income
- Employer satisfaction
- Statewide Public Services
- Sustainability
- Alumni volunteerism

*Primary and secondary outcome measures are displayed in shaded boxes; supporting indicators below. Indicators not currently reported in the OUS or DAS performance indicator reports, including those to be developed, are shown in italics.*
Figure 2
Alignment of Board Goals, Working Groups, Performance Areas, and Primary Outcome Measures

<table>
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<tr>
<th>Strategic Goals</th>
<th>Board Working Group</th>
<th>Performance Measurement Areas</th>
<th>Primary Outcome Measures</th>
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<tbody>
<tr>
<td>Access</td>
<td>EDP</td>
<td>Student Progress</td>
<td>Graduation rate of entering freshmen</td>
</tr>
<tr>
<td>Affordability</td>
<td>AAWG</td>
<td>Access and Affordability</td>
<td>Percent of total cost of attendance covered by federal and state need-based financial aid for resident undergrad aid recipients</td>
</tr>
<tr>
<td>Excellence</td>
<td>EDP, AEED</td>
<td>Education Quality</td>
<td>Graduate success (percent employed or continuing their education)</td>
</tr>
<tr>
<td>Economic Development</td>
<td>AEED</td>
<td>Economic &amp; Civic Contributions</td>
<td>Bachelor's and advanced degrees awarded</td>
</tr>
</tbody>
</table>

Figure 3
Three Levels of Funding for Performance Outcome Estimates

<table>
<thead>
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<th>Funding Scenario</th>
<th>General Fund Dollars</th>
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<tr>
<td>Governor's Recommended Budget + $55M (funding needed to maintain current program levels and projected enrollment demand)</td>
<td>$740.4 million</td>
</tr>
<tr>
<td>Governor's Recommended Budget</td>
<td>$685.4 million</td>
</tr>
<tr>
<td>Governor's Recommended Budget minus 10%</td>
<td>$616.9 million</td>
</tr>
</tbody>
</table>
BOARD DISCUSSION:

President Lorenzen turned to Deputy for Planning Susan Weeks to continue the discussion on performance measures from the last regular meeting.

Weeks returned to previous materials and noted the effort was focused on connecting high-level performance outcomes to funding scenarios. She explained that the draft framework were supported by three principles: performance indicators should measure high-level outcomes, indicators should measure activities of which OUS has direct control or major influence, and performance measures should provide a sensible way to set targets.

She reviewed the four primary outcome measures under each of the Board goals and observed how the measures reflected the outlined principles. Weeks noted that as the Board considered the performance measures in the context of its long-range planning effort, it should determine if the proposed performance measures were satisfactory or if alternative indicators were preferable. She reviewed the relationship between the proposed performance measures under three different funding scenarios: the Governor's Recommended Budget plus $55 million, the Governor's Recommended Budget, and the Governor's Recommended Budget minus ten percent. Weeks added that the assumptions in the projections were included on the handout.

Weeks turned to the work with legislators regarding performance indicators, including the direct involvement by legislators in identifying, defining, and setting targets for performance measures. She noted that the co-chairs and co-vice-chairs had provided a list of performance measures, but there were a number of elements about which OUS had some concerns. Weeks explained the legislature's interest in more aggressive graduation and persistence rate targets and the measurement of graduate success. She shared the work with the Education Subcommittee, its interest in a faculty diversity performance measure, the efforts to work collaboratively with other sectors to develop performance measurement for teacher shortage areas, and the need to consider how to sunset or modify the teacher shortage measure when the shortage no longer exists. Weeks added that another important issue from the legislature is how to measure the effectiveness of community college partnerships. Director Van Vliet asked if OUS would track the difference between community college transfers that came in under the transfer module and those that did not and Weeks stated yes.

Weeks stressed that the Board consider whether the performance measures were durable and adaptable. Director Blair asked for clarification on the freshman participation measure. He also asked whether there were external measures that would assist in the development of indicators to measure quality and Weeks noted that it might be interesting to tap into the accreditation process each campus goes through, but it would be critical to examine methodology of any reputational survey or ranking. Acknowledging trade-offs, Director Blair expressed concern that some of the secondary metrics presupposed a method of delivering the output. Weeks discussed the part-time
faculty measure and Director Blair reiterated the concept of focusing on the goal instead of the method of delivery. He concluded with some concern about the projections under different funding scenarios because of the OUS ability in the past to adapt to reduced resources.

Director Schuette asked about the connection between the development of the measures and the concepts discussed at the January retreat. President Lorenzen acknowledged Director Schuette's question and noted that the long-range planning effort would pick up after the legislative session and asked Weeks about the lack of economic efficiency indicators in the framework. Weeks observed that there was space to add such elements to the overall accountability framework with the assistance and guidance of Vice Chancellor Kenton. President Lorenzen noted that the work of other states might be useful and that he hoped that there would be a way to identify resources necessary to develop a durable result.

President Frohnmayer observed that he was concerned about including performance measures over which the universities or OUS did not have direct influence. Director Burns asked for an average class size measure and Weeks explained it was difficult to pinpoint the average across different disciplines and graduate and undergraduate levels. She added that the data was in the Fact Book. Director Sohn returned to President Frohnmayer's comments and noted the difference between measures to specifically evaluate the campuses and presidents and measures to identify how higher education is doing for Oregon. President Lorenzen observed the Governor's interest in an integrated education enterprise and how some of the performance measures may demonstrate to Oregonians the deficit in education as a whole. Director Blair returned to the tension between only measuring what the institutions do and measuring what the state needs that may not be working. Weeks added she would be interested in exploring how to convey the complexities surrounding the measures.

Director Richmond expressed her concern about how to develop the measure for graduate studies and research and the necessity to craft some benchmarks consistent with Board goals regarding graduate studies and research. President Ray added that it was important to distinguish between valuing what you can measure and measuring what you value. He noted it was important to develop what the System wants to measure, why it wants to measure it, and how OUS would get the messages across to the legislature. Director Nesbitt echoed President Ray's comments and noted a framework that measured what the System valued might well include a broader canvas. President Zinser asked what role the Joint Boards would play in developing different responsibilities based on the various sectors. President Lorenzen responded that a wise place to start might be for the Board to engage its long-range planning effort and determine how performance measures fit into that plan. Director Blair summarized that two important issues to consider were determining how OUS fits into a bigger system and what drives goals that are important to the System and defining what the Board wants to do. He noted that OUS should engage various constituencies to ensure consistency and Weeks added that it was part of the work plan.
President Dow asked about the deadline for certain targets and Weeks explained that the legislature was requiring historical data and targets for performance measures in less than a month. Director Nesbitt offered that in light of the legislative deadline, it might make sense to turn to the work groups for guidance on the performance measures. Weeks clarified that the legislature was only interested in a subset of the measures presented to the Board and Director Richmond added that the Board should see the subset. Director Dyess asked Weeks about the freshman participation measure. Weeks offered it would be helpful for input on which of the measures for which it would make sense to set targets and which measures it would be better to simply track. President Ray asked if it would be possible to communicate to the legislature that performance measurement was an ongoing concern of the Board. Director Schuette added that, in some instances, there are concerns about the measure itself. Director Blair reiterated that, in the short-term, it might be important to keep the measures close to what OUS could control.

President Lorenzen added that it might be useful to include an optimum funding level on the funding scenarios chart and Director Blair reiterated his comments regarding funding projections. Director Richmond noted that using peer comparators to illustrate a funding level were different than sharing a wish list with the legislature. Director Dyess observed that it might be interesting to validate assumptions with peer data.

6. COMMITTEE REPORTS
   a. Standing Committees
      i. Finance/Budget/Audit/Personnel/Real Estate (Don Blair)

President Lorenzen asked Director Blair for a report from the FBAPRE Committee. Director Blair stated that the Committee had been renamed the Finance and Administration Committee. He noted the Chancellor’s Office report on fund balances and the request to make a transfer of over $250,000 to the University of Oregon for the Oregon Wide-area Education Network (OWEN). Director Blair explained the $4.2 million fund balance estimate was approximately $750,000 higher than last forecast. Director Blair also observed the Committee’s discussion of Department of Justice costs and that the $1.8 million spent on DOJ was not allowed into the Essential Budget Level.

Director Blair turned to management reports next. He commented on the value of the reports and the improved format. Director Blair explained that the Education and General fund balance projection moved up by $4.9 million, auxiliary funds went up by $3.7 million, and other funds went up by $1.7 million. He noted that the fiscal year projection has improved, but illustrated that the institutions were getting more conservative with spending. Director Blair observed that most institutions showed improvement regarding fund balances.

Director Blair moved to the investment report, observing that on a year-to-date basis, the portfolio beat its 6 percent benchmark. He shared that there was discussion regarding the approach to managing the funds and questioned whether it might make more sense for the Oregon State Treasurer to cooperatively manage the funds in order
to save OUS some money. Director Blair noted that the Committee asked staff to investigate these possibilities.

He also summarized PSU's report on University Place. Director Blair explained that University Place was a strategic purchase for PSU and that the lack of student housing income and labor costs forced an operational loss of about $1 million. On a net basis, however, PSU spent less than expected, so some of the bond proceeds were funded back against the project. Director Blair shared that PSU projects University Place to be profitable in fiscal year 2006 and fiscal year 2007. He noted PSU would return on a quarterly basis to ensure the project is on-track.

Director Blair also reviewed the discussion on the charge of the FBAPRE Committee. He noted that the Committee was interested in the Board's input on how the Committee could serve the full Board. He explained the concept would be to refer items that needed to be approved by the full Board directly to the Board, conceptualize the Committee as a venue to research and frame issues, and determine what authority, if any, could be delegated to the Committee. Director Dyess commented that another concept to investigate was the responsibility for tracking various projects.

Director Sohn returned to the investment discussion and asked for clarification on investments and endowments. Mike Green explained the unit value pool, foundations, and quasi-endowments to benefit individual institutions. Director Van Vliet asked whether restricted funds could be transferred to foundations and Green and Vice Chancellor Kenton explained they could not. President Ray asked if the question about what happens to the endowment would be pursued and Director Richmond suggested an update at the next meeting. Kenton offered that staff would follow-up with Treasury to see if it could be managed there.

b. Working Groups
   i. Access and Affordability Progress Report (Tim Nesbitt)

President Lorenzen asked Director Nesbitt for a progress report of the Access and Affordability Working Group. Director Nesbitt highlighted the written report and focused attention on the summary of working group recommendations. He outlined short-term, mid-term, and long-term goals based on the proposed Governor's Recommended Budget. Director Nesbitt explained the proposals included serving all eligible students as eligibility is defined, ending the practice of "first come, first served," increasing the maximum grant size, and providing an enhancement grant to students that earn the Certificate of Initial Mastery. Director Nesbitt shared that he was proud of the collaborative work among OUS institutions, community colleges, and independent colleges regarding the direction of resources. He discussed the relationship between the money in the Oregon Opportunity Grant and long-term goals. Director Schuette and President Lorenzen commended the effort.
ii. Excellence in Delivery and Productivity (Gretchen Schuette)

No report.

iii. Academic Excellence and Economic Development (Kirby Dyess)

President Lorenzen turned to Director Dyess for an Academic Excellence and Economic Development report. Director Dyess shared the working group was moving toward its full report for the Board.

c. Other Board Committees

i. OHSU (Kirby Dyess)

Director Dyess noted that the OHSU Board would have a strategy session in May and she expected a more substantive report at the next Board meeting.

ii. Oregon College Savings Plan (Tim Nesbitt)

Director Nesbitt discussed the advertising campaign and the amount of assets in the Oregon College Savings Plan that permitted a reduction in basis points charged to the fund by the fund managers. He noted the savings might go into a scholarship program.

iii. Joint Boards Working Group (Tony Van Vliet)

Director Van Vliet shared that the working group would be meeting after the Board meeting and that it had worked on a mission statement at the previous meeting.

7. PUBLIC INPUT

No public input.

8. BOARD COMMENTS

Director Sohn echoed comments regarding the entire education enterprise and noted the Joint Boards would be focused on that effort.

9. DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE

“Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as here designated or deemed by the committee to be necessary, subsequent to the adjournment of this meeting and prior to the Board’s next meeting. The Executive Committee shall act for the Board in minor matters and in any matter where a timely response is required prior to the next Board meeting.”
President Lorenzen called for a motion to approve the delegation of authority to the Board’s Executive Committee as included in the docket. Director Dyess moved approval of the delegation and Director Sohn seconded the motion. All in favor: Blair, Burns, Dyess, Mendoza, Nesbitt, Richmond, Schuette, Sohn, Van Vliet, and Lorenzen. Opposed: none. Motion passed.

10. **ADJOURNMENT**

President Lorenzen adjourned the meeting at 1:00 p.m.

[Signature]
Henry C. Lorenzen
President of the Board

[Signature]
Ryan J. Hagemann
Secretary of the Board