MINUTES OF THE LONG-RANGE PLANNING MEETING OF THE STATE BOARD OF HIGHER EDUCATION (#772) PSU, PORTLAND, OREGON SEPTEMBER 7, 2006

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

Director John von Schlegell, Long-Range Planning Chair, called the Board of Higher Education Long-Range Planning meeting to order at 2:24 p.m. Board members present included: Directors Donald W. Blair (arriving at 3:20 p.m.), Gerry Blakney, Bridget Burns, Kirby Dyess, Henry Lorenzen, Dalton Miller-Jones, Tim Nesbitt, Gretchen Schuette, John von Schlegell, Howard Sohn, and Tony Van Vliet. Adriana Mendoza was absent due to a business conflict.

Chancellor’s staff present included: Chancellor George Pernsteiner, Ryan Hagemann, Jay Kenton, Marcia Stuart, Susan Weeks, and Chris Ertel, Consultant (Global Business Network).

Others present included: Presidents Dan Bernstine (PSU), Mary Cullinan (SOU), Martha Anne Dow (OIT), Khosrow Fatemi (EOU), Dave Frohnmayer (UO), and John Minahan (WOU). Provost Sabah Randhawa (OSU) and Vice President Marilyn Lanier (OHSU) were also present.

2. **DISCUSSION**

   a. **Long-Range Planning**

Vice Chancellor Susan Weeks highlighted, from the Planning Team’s perspective, the key messages of the Long-Range Plan. The most critical aspect for Oregon is to raise the level of bachelor’s degree attainment. Since 2001, the overall level of educational attainment has begun to drop. Additionally, Oregon is experiencing greater in-migration of some other population groups, particularly Hispanic/Latino. Many of these individuals have not had an opportunity for a high educational attainment level and that is reflected in an overall drop in the general population. The recently released *Measuring Up Report* confirmed that a number of trends are converging on a population that is going to be growing, a population where there are increased numbers of young people who are not as likely to be highly educated as those who are retiring and a very dramatic increase in the Hispanic/Latino population in the state.

Secondly, enrollment demand in the next 20 years is likely to grow and even though in the last few years there has been a tapering off in the growth rate, the next 20 years there is anticipated to be a dramatic increase. With these statistics, OUS would be looking at a dramatic increase. At the current rates of production, enrollment would grow by about 37,000 students and there would be an additional 4,000 degrees. Ms. Weeks demonstrated that this would be the equivalent of adding another PSU, WOU, and SOU – a huge increase for Oregon. The
Progress Board has set the benchmark at a 45 percent level of bachelor’s degree attainment in Oregon by 2010, which obviously cannot happen. “But if they are even talking about levels such as 40 percent in the next 20 years, we would be looking at current levels of degree production doubling the size of the System from what we have now to meet that level.”

On the positive side, a second message is that OUS has a great deal of excellence and potential strength in faculty research. New data rank Oregon among the top ten on per faculty research and development. There is a lot of potential in a key area important for the future economic and education health of the state.

A third message of a long-range plan is the dismal financial picture that has resulted from years of disinvestments. OUS must be able to assure the long-term financial viability of the System and the institutions. The urgency of this is the real message in the Long-Range Plan.

Consultant Ertel proposed that the meeting should be guided by four kinds of comments regarding the Long-Range Plan. First is line edits that should be dealt with off-line – not in the meeting. Secondly, if there are substantive comments that have no objections, Vice Chancellor Weeks was to record them and make appropriate changes. The third category is substantive differences of points of view. Attempts will be made to resolve the differences in an efficient manner, but if agreement can’t be reached, dialogue on substantive differences will be deferred until later. The last category of comments relates to policy differences – comments that relate to the stated policy of the Board that it either has approved or will be approved and whether it relates to the planning matrix or the guiding principles. If any of these differences arise, it was suggested that sufficient time should be allowed so that any meaningful outstanding policy differences are resolved before the end of the meeting.

In response to a question as to why long-range planning is important, Chancellor Pernsteiner responded, “If you adopt the planning framework, you are saying this is the context, here are our goals, here is how we are going to measure progress, here are the guiding principles for how we are going to approach things, here is how we’re going to march forward because here is what comes next. What you will have done in adopting this plan and getting agreement on it is saying, ‘here is the landscape as it is, here is the landscape as we see it, here is what we want to try to achieve from a policy perspective, and these are the values and principles that we have. With that, then, as our guiding North Star, here are the things we are going to work on over the next year within that framework.’”

Director von Schlegell added that this long-range planning should guide how the Board spends its time. “If we are spending time at the Board that isn’t in here, it’s probably the wrong things. I think we spend a lot of time, frankly, on the wrong things.”

It was pointed out that the goals and desired outcomes lay out, in light of limited resources, how we might go about cutting back. In other words, it is also a good planning tool.
The plan envisions a timeframe of 20 years. Director Sohn acknowledged that probably no one around the table would be on the Board that long and he wondered what thought had been given to the capacity for continuity. “Was it structured with that in mind? That there could be a kind of handoff for several of the aspects between now and the time this envisions accomplishing the goals? Does that affect the way we frame something like this? If so, in what ways?” he questioned.

One of the reasons given for a 20-year timeframe was an attempt to get out of the biennia-type ways of thinking that are driven by the legislative calendar and look at a farther horizon of planning time. The timeframe that this envisions, it was explained, is intended not to shape what other people do, but shape what this Board does.

President Frohnmayer pointed out what he called an obvious statement: if the size of the increase is 40 percent by 2025, that is just 20 years away. “Just look at the capital construction implications of this and the length of the planning cycle it takes to get it started. It really needs to start tomorrow. You can’t get there, in my view. You need to make those assumptions, heroic or not, and then try to make them as realistic as possible and then plan back from them, rather than move into them incrementally,” he concluded.

Returning to the planned approach to review the planning document, Consultant Ertel proposed that the group look at the plan in the total context and he entertained comments on the first 13 pages that dealt with the contextual statement. One base assumption of the plan was that in 20 years there would be an increase of 37,000 students receiving degrees. Retention and the ability to achieve greater degree production are functions of several things, including how well students are prepared coming into the System and whether they will have the resources, personally, to stay in school and complete their degree.

Director Nesbitt observed that the chart on page 11 tells a great story about disinvestments. “Those who say money isn’t the answer should match that chart up against enrollment, completion, and all the other things we worry about. I know we can’t produce a 20-year budget, but we may be able to produce a four-year budget recommendation. It is so clear to me that these elements we are struggling with define our future and we need to do a better job of conveying what our progress is, what is regression, and what gets us closer to our goals, long term.”

There was general agreement that the Board needed to “sound the alarm” regarding funding and how great the challenges are and the dire consequences for the state by not acting now. Somewhere along the line, in the 1980s and ‘90s, higher education came to be regarded as a luxury. Somehow, it was suggested, that must be reversed and recognition given to the ways in which an advanced degree helps the individual person, as well as the overall health of the economy. The “public good arguments” must be made clearly to the general public and to the legislature. Mr. Ertel observed that there appeared to be a healthy skepticism and concern for the political context in which the plan will be received. It was also labeled as a diminishment of
pride in our state. “Maybe there is a way to set a context or create a set of strategies that try to rebuild our pride in Oregon through working on pubic education,” Director Schuette suggested.

“There is a context for this type of discussion and groups of thinking people who are not interlocked are concerned about the same graphic data that says something about the United States’ position in the world,” President Frohnmayer mused. “While it is pushing rocks up hill, it’s worth pushing one more time because there are very respected companies that have looked at these same data on a global scale and on a very local scale and have come to the same conclusions.”

In summarizing the discussion on the context section, Vice Chancellor Weeks observed that her “takeaway from comments about the section is that we need to strengthen the sense of urgency reflected in it, but take the elements that are there and make them lead to a greater call to action and a sense of urgency.”

Vision, Goals, Desired Outcomes

There was general agreement that these areas had been thoroughly discussed and that the document reflected the sense of the Board.

Guiding Principles

The plan included four guiding principles: 1) manage the System and its institutions as a portfolio; 2) create an adequate and sustainable financial structure; 3) gain and provide operating and financial flexibility; and, 4) facilitate the achievement of stated institutional goals and an integrated pre-K-20 system.

There was discussion about the use of the term “portfolio.” Some Board members said that it carries the connotation of personal financial investments, others that it implied working cooperatively toward improvement, and still others said to them it meant a “balanced, integrated set of things in which all parts know what the other parts are doing and they are complementary when taken as a whole. It is looking at what’s in the package and how the parts relate and what they constitute together,” Director Sohn offered.

In documents from previous planning efforts, “the Board strategy articulated an entrepreneurial approach where essentially every institution was charting its own course and finding its own way. What we are trying to do, as I read it, is to articulate the System where the parts are complementary and the measure of success is not just success of each individual institution but achievement of overall System goals,” Director Blair suggested. “So, it was explicitly a statement of a system aiming for System goals, not just a nominal collection of individual institutions.”

Director Nesbitt noted that the first bullet under “Number 3” says that the Board wants more flexibility on setting compensation for the faculty. “I made the suggestion and I continue to
pursue that we need a separate salary and benefit reserve for the faculty in the legislatively approved budget. I think that can accomplish a lot. I still see us going to the legislature to get an overall approved budget where we’re going to need, for the foreseeable future, unless we have a different governance model, their approval of how we allocate funds for faculty salaries.

“We have a goal of getting faculty salaries up to some level that’s comparative. I think one of the impediments to doing that is that we keep getting these budgets that have one pot of money, for all employees in all state agencies and we end up having a hard time making that work to achieve our goals. If, instead, we had a separate for faculty salary and benefits, it would be a more explicit pool of funds and one we could work with better to achieve that goal.”

Continuing the discussion, Director Blair pointed out that there were several important principles on the table. First is that there must be a recognition that faculty are fundamentally different from many other types of state employees. They are part of a very competitive marketplace with both public and private universities and business and industry where if your hands are tied with compensation levels, then ultimately you lose the ability to attract and retain the best. Secondly, when state funding is one-third of the budget, there is a need for as much flexibility as possible in attracting and retaining and deploying resources against our most important resource and it is not possible to do that with existing structures.

There was strong sentiment that the really important point is to lay out the urgency with which the Board has considered this: to have the ability to deploy the resources available to attain the things needed to keep the institutions strong is limited by all the restrictions that there are. They are not designed for the type of environment of the universities. The message of flexibility that includes the ability to offer pay raises and changes that comprise competitive packages is the message that has to be delivered and there was agreement that the current language doesn’t convey that strongly enough.

In an attempt to reach consensus, Director Blair reminded the Board that in the recent past there was a pay freeze. “So, when there is an edict that says we have a pay freeze and you have a workforce in a highly competitive environment where you have competitors that don’t have those kinds of restrictions, that is a bad situation. I think one of the things we can do to reach agreement is to strike some of the language in the plan. You could take out the words that say ‘outside the framework set for other state employees.’” Director Nesbitt concurred.

In closing the conversation, Vice Chancellor Weeks indicated that she would work on the wording and try to coordinate reconciliation.

Strategic Priorities

The Long-Range Plan included three strategic priorities: 1) increase educational attainment to assure competitive strength for Oregon and its citizens; 2) invest in research that is globally competitive, building on existing excellence and Oregon’s market advantages; and, 3) assure
the long term financial viability of and adequate support for OUS and the institutions through creation of effective governance, organizational, and financial models.

Director Schuette highlighted the language in “1E,” the language of ‘as they emerge.’ “My preference would be to have something like, ‘as well as other identified workforce and economic development areas.’ We’re not waiting for them to emerge; we are choosing to focus on these that we have named and at some point over the next 20 years, we might identify other areas.”

“Everything under ‘3’ is something that, as a Board, we should be reflecting on very seriously for the next year. They really speak to the heart of what our role is as a Board, what the role of the Chancellor should be, how he and we relate to the institutions, the extent of autonomy of the universities. I think this captures what is a very critical thing for us to look at. As a Board, we are probably now at a point where we can address this in a thoughtful and studied manner,” Director Lorenzen offered.

In the interest of time, Vice Chancellor Weeks said, “Just to summarize where we are now with the plan. I would suggest, if you agree, to take the comments and the few suggestions for changes or tweaks of things and then I can feed them back to you. There is a general sense that any revisions in the context section need to be strengthened to reflect greater urgency than maybe are reflected in there now. Those are the kind of changes that, in general, I would make. There are a couple of other little changes I know I want to make. I made some reference to Measuring Up 2004 and I’ll reconcile that with 2006. Those are the kinds of things. But barring anything else, the goal would be to get to tomorrow with a proposal to adopt the plan pending those kinds of edits and revisions. The idea there being that then allows you to have a plan that you’ve approved and you’re ready to launch into action,” she concluded.

Next Steps – Strategy Implementation, Proposed Deliverables, Timeframe, Leadership

This portion of the document was to take each of the strategic priorities and array them with deliverables for the first two years. This was not intended to be a long-term view – rather it suggests strategies for the short-term. The timeframes are suggestive of when work could begin and, in some cases, when it might be completed. Some are urgent and should begin immediately; others have a somewhat longer timeframe.

It was pointed out that an item that has been mentioned at the last several Board meetings is the need to look at reconstituting the committee structure. A few of the original Working Groups have reached closure, others have some additional work and the questions are: Do they morph into permanent committees? Are new committees chartered? Does the full Board do all of the work? This part of the plan needs to be put into the context of some of the other work in which the Board is involved.

As an example, Director Schuette noted that the EDP Working Group had, as a part of their charge, improvement in enrollment and completion rates for underserved populations. “In
every one of our documents, that was a clear commitment. I’m not saying we made progress nor had the right strategies, so I could support having a separate group focused on that. But that was very much at the heart of that work. In the alignment of high school/community college preparation and OUS entrance standards, the provosts would have to be very much involved. In this current planning, we will have to sort out how the Joint Boards Working Group and the Unified Education Enterprise fit in.”

Director Nesbitt noted that “1C” begins by saying, “lead a statewide effort. That’s what needs to happen in a number of the areas. We need to think in terms of marketing across sector lines. I think in the communications/outreach effort, the outreach is even more important.” He noted that in a couple of weeks, he was trying to find a way to jumpstart an effort, particularly at the community colleges, to let every part-time student know to “come and get it,” referring to the Oregon Opportunity Grant. The grants are available, but it is extremely difficult to get the word out to students who need it. “We need to build into the system how we reach students and their families at an early age,” he emphasized.

There was general agreement that the priorities are governance, the legislative session, issues of Portland and Bend, entrance standards, and communication.

There was considerable discussion around the timeframes for deliverables and the question of lead responsibility. With time constraints around the closing of the meeting, Vice Chancellor Weeks agreed to strive for additional clarity and better definitions of what is being talked about in terms of the focus of the timeframes and what the expectations are. Chancellor Pernsteiner indicated that the important thing, in closing, was to be assured that the right things are being looked at in the short and intermediate term. There was consensus that was so.

3. **Adjournment**

Chair von Schlegell adjourned the meeting at 5:07 p.m.