**MINUTES OF THE MEETING OF THE**
**STATE BOARD OF HIGHER EDUCATION (#775)**
**SOUTHERN OREGON UNIVERSITY, ASHLAND, OREGON**
**OCTOBER 6, 2006**

1. Call to Order/Roll Call/Welcome ................................................................. 1
2. Reports ............................................................................................................. 1
   a. Chancellor’s Report ..................................................................................... 1
   b. Presidents’ Reports ..................................................................................... 2
   c. Interinstitutional Faculty Senate (IFS) ......................................................... 3
   d. Oregon Student Association (OSA) .......................................................... 4
3. Consent Item .................................................................................................... 5
   a. OIT, B.S. in Biology .................................................................................... 5
4. Action Items ..................................................................................................... 6
   a. WOU Undergraduate Tuition Guarantee .................................................. 6
5. Report Item ...................................................................................................... 11
   a. Annual Report on OUS Performance ......................................................... 11
6. Committee Reports .......................................................................................... 15
   a. Standing Committee .................................................................................. 15
   b. Working Groups ....................................................................................... 16
   c. Other Board Committees ......................................................................... 16
7. Public Input ...................................................................................................... 16
8. Board Comments ............................................................................................. 16
9. Delegation of Authority to Board’s Executive Committee ......................... 16
10. Adjournment .................................................................................................. 16
1. CALL TO ORDER/ROLL CALL/WELCOME

President Henry Lorenzen called the meeting of the State Board of Higher Education to order at 10:00 a.m. Board members present included: President Henry Lorenzen, Don Blair, Gerry Blakney, Bridget Burns, Kirby Dyess, Adriana Mendoza, Dalton Miller-Jones, Tim Nesbitt (by phone at 10:30 a.m.), John von Schlegell, Gretchen Schuette, Howard Sohn, and Tony Van Vliet.

Chancellor’s Office Staff Members Present included: Chancellor George Pernsteiner, Ryan Hagemann, Ruth Keele, Jay Kenton, Ben Rawlins, Di Saunders, Marcia Stuart, and Susan Weeks.

Others present included: Presidents: Dan Bernstine (PSU), Mary Cullinan (SOU), Martha Anne Dow (OIT), Khosrow Fatemi (EOU), Dave Frohnmayer (UO), John Minahan (WOU), and Ed Ray (OSU). Representing OHSU was Vice President Marilyn Lanier.

2. REPORTS

a. Chancellor’s Report

Chancellor Pernsteiner added his thanks to President Cullinan and the many at SOU who had made the stay in Ashland such an enjoyable one.

The Chancellor indicated that he and others continue discussions with the Governor’s Office and the Department of Administrative Services (DAS) concerning both budget proposals and the legislative requests relative to statutory changes. Additionally, negotiations are continuing with the Attorney General regarding removing the intellectual property contracts from Department of Justice review. “I think we’re making very good and cooperative progress with the Attorney General on defining how that could work. I will recommend to you that we withdraw the legislative concept for independence from the Department of Justice review. That is in line with the discussions that we have been having with the Governor and with you in the past.”

Several Chancellor’s Office staff changes were noted. Mr. Ben Rawlins, under the title of Chief of Staff, has an expanded role, which has necessitated acquiring additional assistance in the area of legal services. Ryan Hagemann has been designated as both Counsel to OUS and also as a Special Assistant Attorney General. This in turn has necessitated Marcia Stuart taking on
greater responsibilities as staff support to the Board and a new person will be hired to assist her. Director of Internal Audit, Patti Snopkowski has been selected by her peers around the country to serve as chair of the Best Practices Committee for the national Internal Audit Group. “Congratulations to all of you,” the Chancellor added.

Finally, Chancellor Pernsteiner speculated that the landscape in Salem could change materially with the upcoming election, should certain ballot measures pass. “I want to put the warning out there that the discussion could well be a discussion that could be somewhat different from the budget discussions we have had up until now.”

b. Presidents’ Reports

Oregon State University (OSU) President Ed Ray remarked that 70 percent of the pre-med students at OSU were accepted to medical schools. That percent is matched against a national average of 45 percent and graduates were accepted into schools such as the Mayo Clinic, Johns Hopkins, OHSU, and Harvard, to name a few. Secondly, the OSU Veterinary Medicine students had a 95 percent pass rate on the national veterinary examination that compares to the national average of 88 percent. Finally, the pass rate on the National Pharmacy Examination for OSU pharmacy students was 100 percent. Research expenditures at OSU last year totaled $194 million, almost $10 million above the previous year’s record. OSU surpassed $2 million in research licensing revenue for the first time. The National Science Foundation has awarded the Science and Technology Center to OHSU, OSU, and the University of Washington to study the coast and Columbia River environment. This is a ten-year program with a $19 million allowance for the first five years.

President Mary Cullinan indicated that Southern Oregon University (SOU) had a very successful freshman orientation under the leadership of the new Vice President for Student Affairs, Jonathan Eldridge. “We are forming one of our niches for undergraduate education in civic engagement. We really believe that students should be academically connected as well as connected to their community and the campus,” she reported. Excellent progress continues on SOU’s partnership with Rogue Community College in Medford. The two institutions will have a building with a 50/50 partnership that will benefit both. Finally, SOU and OIT have signed an agreement to develop a Science and learning Center at Crater Lake and another at Deer Creek.

Hosted by the University of Oregon (UO) College of Arts and Sciences and the Department of Economics, the third Oregon Economic Forum will be held in Portland on October 11th. The topic of this year’s Forum is the Healthcare System – Can This Patient be Saved? and the keynote speaker will be former Governor John Kitzhaber who will speak to a national model. Approximately 300 people are expected to be in attendance. The first new residence hall at the UO in 40 years was opened as a Living Learning Center – an academic center as well as a student dormitory. A collaborative federally funded Chinese K-16 program will start next week. The federal government has funded the program at $1 million and involves the Portland Public Schools and the UO. It is a pioneer program – the first federal program of its kind. The UO joined OSU and PSU in participating in the Pendleton Roundup. A number of successful alumni
events were hosted during that time. The final Defense Appropriations Act was passed and the three research universities did well in the $8.3 million funding from the Department of Defense budget for ONAMI [Oregon Nanoscience and Microtechnologies Institute] and for the UO brain biology machine program. Finally, Professor Katherine Crashman of Geological Science at the UO published a significant article in *Nature Periodical* on heating and cooling of magma, which has some very practical and important applications for potential disasters in the Pacific Northwest.

Oregon Health & Science University (OHSU) Vice President Marilyn Lanier stated that the new president, Dr. Joe Robertson, was “handed the torch,” by former president Dr. Peter Kohler. She shared that Dr. Robertson was embarking on a University-wide strategic planning effort aimed at better defining the mission of OHSU and will be long-term in nature. OHSU is collaborating with the Oregon Consortium for Nursing Education along with several other OUS institutions. This past fall, there were 290 students throughout the state participating in the program. OHSU has recently received a $55 million award from the National Institutes of Health for one of the first clinical and translational science awards. This project is in collaboration with Keiser Permanente Center for Health Research.

Western Oregon University (WOU) President John Minahan recognized the work of Professor Eduardo Gonzalez-Viana who, since moving to Monmouth from Peru, has had one mission: building a bridge between the Latino and Anglo communities. “He developed the Building a Bridge outreach program that matches students who speak Spanish with local Latino families who speak little or no English. To date, the program has helped nearly 900 families. A prolific writer, Dr. Gonzalez-Viana has published over 20 books and numerous articles in both Spanish and English. His most recent publication is an English translation of his new work called *American Dreams* that has been on the best seller list of the *New York Times,*” Dr. Minahan shared. “It is a magnificent testimony of the Latin-American presence in the United States. For his literature, Dr. Gonzalez-Viana has received Peru’s national prize for literature.” Concluding, the president said that WOU was proud to have this writer and scholar teaching at Western, dealing with such a timely topic as the assimilation of Latinos into American culture.

At the Oregon Institute of Technology (OIT) Convocation, a more formal strategic planning session, called “Strategic Position,” was initiated, according to President Martha Anne Dow. Chancellor Pernsteiner joined them for the session that was important for “renewing ourselves and aligning OIT with the System planning efforts,” she emphasized. Some OIT undergraduate students in applied research were recognized in the October issue of *Oregon Research Magazine*, a special issue of *Oregon Business Magazine*.

c. **Interinstitutional Faculty Senate (IFS)**

IFS President Scott Burns remarked that the group is beginning to invite the faculty members of the campus on which they meet to join them for their meetings. The topics for this academic year for IFS include the new OUS tax deferred annuity program, advanced placement programs, and university credits. Additionally they will be studying the Board’s long-range plans and the
implications for faculty and P-20 planning. On the individual campuses, faculty are beginning to contact legislators, which they also did in the interim. There is a push to get faculty and students out to vote in larger numbers. IFS has asked for information on the impact passage of Measures 41 and 48 would have on OUS and the institutions. (A copy of the full report is on file in the Board’s office.)

d. Oregon Student Association (OSA)

Ms. Megan Driver, the newly elected OSA Board Chair and the State Affairs Director for the Associated Students of Oregon State University, addressed the Board. Relative to WOU’s tuition proposal, the Associated Students of WOU support the proposal, and, in turn, OSA supports their involvement in the process of creating and implementing the program. OSA, however, has some lingering concerns. The first concern is that, while enrollment has increased at some of the campuses where the “tuition promise” has been implemented, there has been no tracking on how it has impacted underserved students such as first-generation students and students of color. Secondly, there are concerns about the impact of a 16 percent increase on the first-generation and low-income students that Western serves. In the third place, they are concerned that the plan promises the tuition freeze for four years and not five. “A four-year promise program favors students that have stable financial situations or are single and young with their education as the one thing they have to concentrate on. Unfortunately, that describes a shrinking portion of the student population,” she explained.

Additionally, OSA is concerned about who will be impacted if the state does not adequately fund postsecondary education. Ms. Driver said that, to the OSA Board, it was clear that the Higher Education Board was likely to pass this proposal and made the following recommendation:

1. The OUS Board require that research reported back to the Board in the fall of 2008 include specific research on enrollment and retention of first-generation students, students of color, and students that apply for federal financial aid.
2. The program is not considered for other campuses until after a full evaluation of the impact of the program at Western.
3. The program is for five years. If this is not possible, the program should be at least guaranteed five years for students in majors that require five years to complete as well as a clear appeals process for students who have legitimate reasons to take more than four years to complete their degrees.

In the last two weeks, OSA has registered over 8,000 students across the state to vote and is well on the way to their goal of registering 18,000 students by the deadline set for registering to vote. They are also working on the campaign for additional resources for OUS and the community college system. (A copy of the full report is on file in the Board’s office.)

President Minahan, having listened to the OSA report, said that he wanted to remind the Board that WOU is “not looking at a tuition increase that puts Western’s tuition above anyone in the University System. In fact, in comparison with the regionals, we are 30 percent below the regionals, to which tuition as it exists right now, has been for the last four years. We lose
$1.4 million a year in support that could go to these first generation students had we had the ability to be at parity – at parity with the other institutions in the state in terms of tuition. Despite that, we have a very high retention rate among students of color and minority students. It would have been most helpful had the conversation in relation to students’ concerns in past years been the concern about Western’s inability to maintain its services to students with the traditional or fair tuition level. What we’re suggesting is that we raise our tuition to the mean of the System and that is a raise of 16 percent,” he emphasized.

3. **Consent Item**

   a. **OIT, B.S. in Biology**

**Docket Item:**

The proposed Bachelor of Science in Biology is a science degree that would draw on existing faculty expertise at Oregon Institute of Technology in health and environmental sciences. The B.S. includes 180 quarter-credits of coursework and a solid foundation of communications, humanities and social sciences, biology, chemistry, physics, and mathematics. The curriculum would allow students to take courses and gain practical experience in health care simulation modeling and to develop solid theoretical backgrounds in ecology, evolution, biological psychology, and medical biology. The curriculum includes extensive laboratory-based coursework and would allow students interested in the life sciences to develop a course of study tailored to their individual interests and professional goals.

Graduates with this degree would be prepared for careers in biological research and graduate education. There are two areas of emphasis: general biology, focusing on preparation for graduate biological and educational programs, and entry-level biological technician positions; and health sciences, focusing on professional schools in the medical and health-related fields including medicine, dentistry, pharmacy, veterinary medicine, and physical therapy.

It is anticipated that Oregon Institute of Technology will have 50-70 upper division students in this program within five years and will have 10-20 graduates per year.

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

**Staff Recommendation to the Board:**

Staff recommended that the Board authorize Oregon Institute of Technology to establish an instructional program leading to a B.S. in Biology, effective fall 2006.
BOARD DISCUSSION AND ACTION:

It was moved by Director Kirby Dyess, seconded by Director John von Schlegell to approve the staff recommendation. Those voting in favor of the motion: Directors Blair, Blakney, Burns, Dyess, Lorenzen, Mendoza, Miller-Jones, Nesbitt, von Schlegell, Schuette, Sohn, and Van Vliet. Those voting no or abstaining: none. Motion passed.

4. ACTION ITEMS

a. WOU Undergraduate Tuition Guarantee

DOCKET ITEM:

Background:
This was the second discussion of WOU’s proposal to implement a four-year tuition guarantee program, beginning fall 2007. As proposed, WOU would guarantee incoming resident undergraduate and Western Undergraduate Exchange (WUE) students a fixed tuition that would not increase for a four-year period. This guarantee would require mandatory participation for all new resident undergraduate and WUE students admitted during the 2007-08 academic year. In addition, WOU would allow students admitted the previous year to opt into this program on a voluntary basis. The proposal treats all students as part of a cohort defined by the date of entry to the university. Each cohort is guaranteed an unchanged per credit hour tuition rate for four years. It is acknowledged that other mandatory enrollment fees (resource fees, incidental, health, and building) can, and probably will, change over this time period.

WOU is seeking approval of the concept of guaranteed tuition at this time in order to begin marketing the guaranteed rate to prospective students during the fall recruitment season. The tuition rate for new eligible undergraduate students associated with this program is anticipated to increase by 16 percent over current rates; however, that decision will not be brought to the OUS Board until June 2007 when the academic year fee book is considered for adoption.

Proposal Specifics:
2. Eligible students: all incoming resident undergraduate and WUE students will be placed in the guaranteed tuition plan.
3. Students first enrolling during the prior (2006-07) academic year will have a one-time, non-revocable opportunity to sign up for the program.
4. Formal marketing and recruitment of students will commence upon final Board approval.
5. Guarantee length: four academic years for freshmen, prorated for transfer students.
6. Academic year begins with fall quarter. At this time, summer session will not be included in the guarantee.
7. Students first enrolling in terms other than fall will pay the rate established for those enrolling in the previous fall term.
8. The four-year period is an academic year count and does not stop if the student does not remain continuously enrolled.
9. Data from the entering class of 1999 found that 25 percent of graduates took longer than four years to complete their degree. The first step in increasing the number of students who graduate in four years is to provide incentives to those who take longer to finish.
10. Tuition guaranteed at the per credit level.
11. Under current plans, the elimination of the tuition plateau will be complete by 2007-08.
12. Students enrolled beyond the guaranteed period will be assessed the tuition rate effective for students who first began studies in the following year. Each subsequent year of enrollment would result in an increase in tuition based upon the next cohort’s rate.
13. Members of the armed services (including the National Guard and the Reserves) who are called into active duty will have their four-year calendar frozen until their deployment ends, plus 12 months or reenrollment, whichever happens first. They will receive the full four-year guarantee unless they stop out for reasons other than service on active duty.
14. In order to make the program work fiscally for WOU, the tuition rate per credit hour will be increased by 16 percent beginning fall 2007. Subsequent annual increases are projected to maintain overall campus affordability and will be consistent with current pricing increase and state funding patterns.
15. WOU’s tuition rates will remain comparable to other OUS institutions to ensure WOU’s tuition rates remain competitive.
16. An appeals committee will be established to include student, staff, and faculty representation. This committee will set standards for applicability of the tuition guarantee for individual students for a fifth year.

The full docket item is available at: http://www.ous.edu/state_board/meeting/dockets/ddoc061006.pdf.

Staff Recommendation to the Board:
Staff recommended approval of WOU’s proposal to implement a four-year tuition guarantee program effective fall 2007, subject to the following conditions:
1. That this be considered a pilot program to be evaluated in fall 2008 and every two years thereafter. Program evaluation criteria should include the impact of this plan on WOU’s enrollment, retention rates, graduation rates, time to degree, and finances.
2. That the Board direct WOU to maintain its E&G fund balance as a percentage of operating revenues at a level closer to 15 percent due to the financial risks inherent with this plan (current Board policy targets 10 percent).
3. That the Board reserves the right to terminate the plan for future cohorts if any evaluation proves unsatisfactory.
4. That, in consultation with legal counsel, WOU draft statements for inclusion in its catalog and schedule of classes each term that indicate that the tuition guarantee is subject to sufficient Legislative funding each biennium.

BOARD DISCUSSION AND ACTION:

Vice Chancellor Kenton reminded the Board that WOU was proposing to start the Undergraduate Tuition Guarantee program in the fall of 2007 and it would affect the resident undergraduate and WUE rates. Additionally, WOU proposed elimination of the tuition plateau and guaranteeing the rate per-credit hour for a four-year period of time. WOU has further proposed that members of the armed forces and the National Guard would have options to stop-out should they be called to active service. Finally, an appeals committee will be established to address concerns of students who take longer than four years to graduate.

Staff in the OUS Budget Office conducted extensive research in terms of what other states have done with programs of this nature. Dr. Kenton indicated that the focus was primarily on public institutions. Western Illinois University has had a program like the one being proposed the longest – for five years – and they have experienced great success in retention and in meeting their goals. It has been so successful at that institution that the program is being expanded to the entire system. The success of a number of other states was documented.

The Budget Office focused a lot of attention on the financial uncertainty in Oregon and the implications if state appropriations were reduced or other events occur that might erode WOU’s financial base. “The undergraduate and WUE revenues comprise about 35 percent of Western’s total revenue base. However, each year, about 32 percent of the student body is incoming freshmen or incoming transfer students and, therefore, about 25 percent of their revenue base would actually be locked up in this should something precipitous happen to state appropriations,” Vice Chancellor Kenton explained.

The proposal was also looked at as an implied contract. The Department of Justice requires all OUS contracts that cross biennial year-ends to contain a non-appropriation clause that, if insufficient funds were appropriated, OUS would have the option of voiding those contracts. “With that, we are recommending that the Board consider this as a pilot program for Western Oregon University. We are not recommending this as a pilot for the System; we are recommending it as a pilot for Western and we also are recommending that the Board direct Western to carry higher levels of reserves to mitigate some of the financial uncertainty associated with the risk of decreased state appropriations,” Mr. Kenton continued.

Dr. David McDonald from WOU addressed three questions the Board had posed at the Board meeting when the proposal was introduced. The first question related to the appeals process for an additional year in the program. “WOU has decided to create a committee of students, staff, and faculty that would hear appeals from students for a fifth year. There would only be a one-year extension for the program. Additionally, we thought there might be occasions when we would do automatic extensions for students so they would not need to go through a formal
appeals process. That would be for students who are in already recognized five-year degree programs. Additionally, because we are focusing so much energy on internationalization and globalization of the campus, we are encouraging our students to go abroad. So those students would be eligible for an automatic extension of time to facilitate that process. We would also develop parameters with the students on other extenuating circumstances,” he explained.

A second question raised by the Board concerned the kinds of advising services that were available. In response, WOU carefully examined the student advising program and realized that there is a very robust process already in place. Advising is described as “proactive and intrusive,” and includes a dual advising model. There is centralized advising as well as individual faculty advising. “Rather than waiting for students to come to us, when we identify a student as having difficulties, even in the middle of a term, a faculty member may see that a student is struggling, or at the posting of grades, we proactively go out and talk with students and suggest changes in study habits or hours devoted to study or use of a tutor.” In addition to the Academic Advising and Learning Center and the services provided there, WOU has a Trio Program that serves approximately 100 students a year and there is academic advising through the Athletic Department.

The final question was in regard to risk mitigation. “This particular program will not affect graduate, international, non-resident, or non-WUE students. We will abide by the recommendation that our fund balance be closer to the 15 percent as recommended by OUS staff and we will continue to have tuition increases for the other group of students outside the Promise category,” Dr. McDonald added. “Let me be clear – we are not looking to ‘back door’ increases by having our fees go up. We know retention will improve and we are assuming and expecting an increase in enrollment,” he concluded.

Chair Lorenzen pointed out that WOU was asking for approval of the proposal but at the same time indicated that the actual tuition increase would be delayed until a later time. “I’m a little bit concerned that we are embarking upon this program knowing that you have to have a certain level of fee increase, but we’re not voting on the fee increase at this time.”

Dr. McDonald responded that all of the campuses submit their fee structures for the Fee Book that runs through the beginning of June to allow for student feedback. “We had talked with the Chancellor’s Office in terms of the timing of this and, while we’d like to have it locked up now, we didn’t want to jump out of step, unless the Board wanted us to.” He further explained that Western is being very forthright with students and telling them that there would be a tuition increase of about 16 percent or $105 per credit, starting in the fall.

In response to Director Burns’ question regarding additional goals for financial aid, President Minahan explained that additional goals have been set for financial aid and those are beginning to be met from the Sesquicentennial Campaign for Scholarships that will favor first-generation and minority students. He indicated that at this point, it appears that financial aid would be increasing at least to the percentage of the increase of tuition.
“We have two disconnected questions here,” Director Blair mused. “The one that we’re trying to make today doesn’t work without the one that we have to make in six months time regarding tuition level. So the question, from a process standpoint, is whether or not we are going to get ourselves into a box from which we can’t escape?”

Vice Chancellor Kenton highlighted that the Fee Book is an administrative rule and must be promulgated through certain processes, including public hearings. It is done annually in the April/May timeframe and is brought to the Board in June for approval. He pointed out that WOU needs to begin marketing the program as they are recruiting high school students like all of the institutions. He indicated that it could be marketed with the rate to come in the spring.

Chancellor Pernsteiner added that all of the campuses were essentially doing the same thing. “The tuition and fees that prevail today are the ones that typically they would show prospective students. In this case, what Western is doing is going one step further and indicating that this is what they intend for the next academic year. The level they are proposing at this point is no greater than that of the other campuses. I would also point out that this is for a relatively smaller group than the total enrollment at Western.”

It was pointed out by Director Blair that by approving the program, the Board would be narrowing the degrees of freedom that it would have in June. “If we do decide to go forward with this structure, then we are going to have to back that up with a tuition increase that makes the model work.”

There was considerable discussion about the issue of approving the program now and the actual tuition increase in six months. Director Sohn asked Chancellor Pernsteiner what circumstances might precipitate the Board not approving the WOU increase of 16 percent for tuition. Chancellor Pernsteiner responded, “That is a speculative question. Each institution proposes tuition rates independently. There may be a circumstance in which an institution would, for a financial condition, propose a lower rate than other campuses. The Board always reserves the right to indicate that it does agree with the proposal.”

Director Blair opined that the Western proposal was something the Board should approve and the System try as an experiment. “I think it is beneficial for the students and, in this case, will be beneficial for the institution. We have two decisions that are inextricably linked and, unfortunately, we are a little tied up with the process,” he pointed out.

“First, I want to be sure we are on solid procedural ground to be able to do this the way it is being proposed. Secondly, that the Board and WOU recognize that when we vote for this, we are going to have to support Western when it comes time to approve the fee book. I just want to be sure we are aware of the decisions we are making when we vote,” he concluded.

Dr. Kenton pointed out that most of the marketing materials used by institutions for recruiting prospective students indicate the current tuition rate and say, “subject to change based on Board approval at the June meeting.” Director Schuette indicated that she considered this a
significant change and would be supporting the proposal. However, she asked for clarification as to how dual enrolled community college students would be treated under the proposal. Dr. McDonald explained that those students coming to WOU into the dual enrollment program would benefit from the tuition guarantee. They will have that guarantee time set upon initial enrollment in the dual enrollment program.

Director Gretchen Schuette moved approval of the staff recommendation and the motion was seconded by Director Howard Sohn. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Mendoza, Miller-Jones, Nesbitt, von Schlegell, Schuette, Sohn, and Van Vliet. Those voting no: none. Those abstaining: Director Blakney.

5. **REPORT ITEM**

   a. Annual Report on OUS Performance

**DOCKET ITEM:**

Since the inception of performance measurement within the Oregon University System (OUS), two parallel but separate tracks have developed in response to divergent goals and processes set out by the state and the State Board of Higher Education. As a result, one set of measures is reported to and amended by the legislature, while a similar but more focused array has been used for almost ten years by the Board to monitor System activities around key outcomes. This report addresses Systemwide performance results for 2005-06 on measures historically reported to the Board. The annual report on legislatively-approved measures will be submitted to the state and shared with the Board later this fall.

Summarized performance indicators for OUS, as a whole, are displayed in Table 1 and described below. Because faculty compensation is reported at an institutional level, data are not included in this System-level summary; this information will be included in the presidents’ reports on institutional performance and targets to be presented to the Board in November 2006. In addition, the indicator for degrees in shortage areas has been excluded from this summary because the specific shortage areas vary among the institutions. This information, too, will be included in the presidents’ reports.

**Enrollment.** Total credit enrollment, especially at the undergraduate level, has increased significantly in the five years between 2000-01 and 2005-06, reflecting the high priority placed on ensuring access, even during periods of constrained resources. Undergraduate enrollment in OUS grew 17 percent over this time while graduate enrollment grew by 12 percent. By comparison, undergraduate enrollment in the U.S., as a whole, increased 13 percent and graduate enrollment increased 17 percent during the same period.1

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However, the rate of growth has slowed since 2002-03 at both the undergraduate and graduate levels. Between fall 2004 and fall 2005, undergraduate enrollment grew by 1 percent and graduate enrollment by less than 2 percent. Nevertheless, it should be noted that graduate enrollment in 2005-06 recovered the losses noted in last year’s report. Following a 9 percent increase in 2001-02, enrollment of newly admitted undergraduates has remained relatively flat, with fall 2005 figures showing only 0.1 percent growth over the previous fall. This trend is reflected in Oregon freshmen participation rates, which have been declining since that time.

Student Persistence and Completion. The percentage of new freshmen continuing to their second year has maintained a steady rate of 80 percent for five years, since 2000-01. Annually, rates have fluctuated within one-half of a percentage; for the freshmen cohort returning in 2004-05, the rate increased slightly, recovering the decline noted in the previous year.

Campus initiatives to facilitate student progress and completion are showing success. Six-year graduation rates for students entering as freshmen and completing their degree at an OUS institution continue to improve, with steady increases over the past three years. In 2004-05, 58.7 percent of the freshmen cohort entering six years earlier had completed their degree at an OUS institution, compared to 58.0 percent the previous year and 55.5 percent in 2001-02.

Graduation rates for 2004-05 reflect the progress of students entering OUS in 1999-00. The higher rates for this cohort cannot be attributed directly either to stronger academic preparation or tuition stability. This group entered with comparable average high school GPA and SAT scores compared to the classmates one year earlier. They also faced steep tuition increases in 2002-03, their fourth year in college.

Graduate Satisfaction and Success. Data on graduate satisfaction and success are obtained through a biennial survey of recent bachelor’s graduates. Performance data for the OUS graduating class of 2005 were collected during April and May of 2006.

The graduate satisfaction measure reflects the percentage of bachelor’s degree recipients who rate the quality of their overall educational experience at the institution as either “excellent” or “very good.” Performance results for the class of 2005 showed 84.3 percent assessing their educational experience highly, up from 72 percent ten years earlier and the highest level yet obtained.

Graduate success for the purposes of this measure is defined as the percentage of bachelor’s degree recipients who report that they are employed, continuing their studies, volunteering, or working at home approximately one year following their graduation. This percentage rose with the class of 2005 to 97.3 percent, following a drop two years earlier in the midst of a weakened economy. Not only are OUS graduates reaping the benefits of an improved job market, but the percentage of OUS graduates actively, but unsuccessfully, seeking work remains well below the state unemployment rate.
Degree Production and Internships. For two years—in 2002-03 and 2003-04—OUS degree production grew dramatically, spurred by significant enrollment growth in earlier years. While the number of degrees awarded grew again in 2004-05 to 16,694, the rate of growth has slowed. Despite higher graduation rates, the slowing enrollment growth in recent years will likely be reflected in future degree production.

Internship data, like graduate satisfaction and success, are derived from the biennial survey recently completed for the class of 2005. Graduates were queried on their participation in a variety of experiential learning exercises, including internships, clinical or student teaching experience, fieldwork, practica, capstone projects, and community service learning opportunities. Among this group, 84 percent reported their participation in at least one form of experiential learning. While this figure is higher than those reported for previous graduating classes, comparisons are complicated by changes to the survey instrument. Efforts continue among Chancellor’s Office and campus staff to accurately identify and collect data—both internally and through the survey—on the many and varied opportunities for applied learning experiences.

Philanthropy. This measure is defined as the net worth of the institutions’ affiliated foundations. While investment returns, current projects, and the nature of individual gifts will affect a foundation’s net assets at any given time, an increase over time is a good indicator of external support and public confidence. Systemwide, total foundation net assets have shown strong growth in two subsequent years, growing 15.3 percent in 2003-04 and another 12.2 percent in 2004-05, the most recent year for which data are available. In this year, total assets reached $960.6 million, boosted by the strength of fundraising campaigns on several campuses. Detailed data regarding individual campus campaigns will be provided in the campus performance reports presented in November.

Sponsored Research. Sponsored research is a measure of faculty quality and productivity, as well as faculty and institutional entrepreneurship, reflecting, in addition, the competitive capacity of institutions to attract and retain respected and productive faculty with mature research programs. Increases in this measure bolster not only academic excellence and student support, but also broader economic development initiatives within the state. OUS institutions continue to demonstrate strong annual growth in sponsored research dollars. Between 2000-01 and 2004-05, sponsored research expenditures grew by almost $59 million to $280.5 million, an increase of 26.5 percent. Adjusted for inflation, the increase is over $39 million or 17.7 percent. Sponsored research funding from federal sources increased by 35 percent during this same period.

Students per Full-Time Faculty. After reaching a high of 27.9 in 2003-04, the ratio of students to full-time faculty declined in each of the two subsequent years to 25.7 in 2005-06. While an improvement, this remains higher than 24.3 five years earlier and the ratios of 22 or 23 seen through the early- and mid-1990s. Slowing enrollment growth and further gains in recouping the faculty losses seen in 2003-04 account for declining ratios in recent years.
As enrollment has increased, OUS institutions have attempted to work within continuing funding constraints by hiring more temporary, part-time faculty. Between 2000-01 and 2004-05, the percentage of part-time faculty grew from approximately one-quarter to one-third (24.8 percent to 33.2 percent). In 2005-06, however, that proportion decreased slightly to 32.3 percent, the first decline in several years. This small but important reversal followed the lifting of a two-year salary freeze and the 2005-2007 legislative allocation of a small fund, $1 million, for faculty recruitment and retention.

The full docket item is available at: http://www.ous.edu/state_board/meeting/dockets/ddoc061006.pdf.

BOARD DISCUSSION:

Vice Chancellor Weeks and Ms. Ruth Keele discussed the annual report on OUS performance from the System level. Ms. Weeks indicated that a new indicator had been added to address the Board’s interest in ensuring that the System is globally competitive in research.

There has been a five-year improvement in performance in some areas. Among the trends worth noting were:

- Rate of enrollment growth has slowed since 2002-03;
- Proportion of students of color failed to increase in the fall of 2005;
- Completion rates have improved annually since 2001-02;
- Foundation net assets have shown particularly strong growth in the last two years, growing 29 percent;
- Funding for sponsored research has grown steadily over the five period at 38 percent or $77 million;
- Student-to-full-time faculty ratios have dropped in the last several years as has the proportion of part-time faculty;
- Total credit enrollment, especially at the undergraduate level, has increased significantly over a five-year period;
- Undergraduate enrollment is up by 17 percent, which is higher than the national average of 13 percent;
- Graduate enrollment is up 12 percent;
- The percentage of new freshmen who continue to the second year at any OUS institution stayed at around 80 percent;
- The six-year graduation rates for students who enter as freshmen and complete their degree at any OUS institution continued to improve. The graduation rate for OUS students, excluding intra-OUS transfers, is 53.1 percent compared to the national rate at all public four-year institutions of 52.6 percent;
- Total number of degrees has grown 23 percent in the five year period: bachelor’s degrees at 22 percent and graduate degrees at 24.5 percent; and
- For the class of 2005, 84.3 percent assessed the educational quality as “highly excellent” or “very good,” the highest level of graduate satisfaction recorded;
President Lorenzen observed that the statistic normally used in discussions, particularly with legislators, is a student to faculty ratio of 27:1. The information in the report showed that it was 25.7:1, which, as he pointed out, was a big difference. There was agreement that one and a half points is a big move. Ms. Weeks responded that the shift occurred from a combination of changes in enrollment, some changes in full-time regular-ranked faculty, and the change in the proportion of part-time adjunct faculty. She agreed to take a closer look at the statistics and the reasons behind the shift.

In summarizing the report, Ms. Keele highlighted that OUS has made some “impressive gains over a five-year period in a number of goal areas including access, student progress and completion, quality, and external support. “The report reiterates the challenges that the Board has discussed in depth in proving access, particularly for traditionally underserved populations, and for maintaining the high level of quality across the System. It also raises the question,” Ms. Keele indicated, “of where we should be as a System on all of these dimensions.”

Director Dyess questioned the drop in graduate enrollments and asked if there were a relationship between that and the high graduate tuition. Ms. Weeks indicated that the relationship between the two had not been examined and at some point there should be a discussion on the topic involving the presidents.

In closing the conversation, Director Blair asked how to reconcile some of the aspects of the report with financial sustainability. “So, people have done a terrific job with what they have. However, if you look at the financial indicators, we are burning through our resources, we are out-spending our revenues, and our physical plants are falling down. Other than that, things are great!”

Chancellor Pernsteiner mused that overall, OUS is doing better with the students who enter. But the lesson of the last 15 years is that Oregon has not served the number of students that it needs to serve. “So the percentages can look good. But the raw numbers are bad and that is reflected in the educational level of the younger workforce in the state.”

6. **COMMITTEE REPORTS**

a. **Standing Committee**

**Finance and Administration Committee:** Chair Don Blair reported on the Committee meeting. He noted that, through the efforts of staff working with the Department of Administrative Services, a reduction in the state assessments of $3.1 million has been approved. All three of the proposals the Board had sent to the Emergency Board were also approved.

Ms. Snopkowski reviewed the work of the Internal Audit Department. She reported that at PSU, SOU, and WOU, 100 percent of the recommendations of the Internal Audit Division had been implemented. There were two reviews conducted at the request of the individual institutions.
The PSU request involved some potential financial irregularities within a department and appropriate steps have been initiated to deal with the problems. A second review involved a loan program at the University of Oregon. The investigation suggested that there were some opportunities for some improvements in the administration of the program and there were some higher risk of uncollectable loan balances. These issues appear to have been handled appropriately. Internal Audit was reviewed by a group of peers from other public universities and it was determined that the Division was in compliance with acceptable audit standards.

b. Working Groups

Director Schuette reported on the work of the Excellence in Delivery and Productivity (EDP) Working Group. The group has been focused on what has been accomplished in the areas of capacity, access, and alignment.

c. Other Board Committees

There were no other Board Committee reports.

7. Public Input

There was no public input.

8. Board Comments

There were no comments.

9. Delegation of Authority to Board’s Executive Committee

A motion to delegate authority to the Executive Committee as presented in the docket material was approved.

10. Adjournment

President Lorenzen adjourned the meeting at 12:08 p.m.

Henry Lorenzen
Board President

Ryan J. Hagemann
Board Secretary