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Minutes

Committee members present included: Chair Paul Kelly (arrived at 9:31 a.m.) and Directors Allyn Ford, Rosemary Powers, and David Yaden; Directors Matt Donegan and Kirk Schueler were absent due to business conflicts. Other Board members present included Director Hannah Fisher.

Chancellor’s staff present included: Chancellor George Pernsteiner, Sona Andrews, Bridget Burns, Ryan Hagemann, Jack Isselmann, Jay Kenton, Di Saunders, Marcia Stuart, and Chuck Triplett.

Others present included: Presidents Bob Davies (EOU), Chris Maples (OIT), and Ed Ray (OSU); and Emily McLain (OSU) and Dr. Phil Lesch (PSU AAUP).

1. CALL TO ORDER

In the absence of Chair Paul Kelly, Chancellor Pernsteiner called upon Director Rosemary Powers to chair the meeting. She then called the meeting to order at 9:09 a.m.

2. STATUS OF LEGISLATIVE PROPOSAL

Director Rosemary Powers called upon Chancellor George Pernsteiner and Jack Isselmann to update the Committee on the two bills submitted to the legislature. Pernsteiner noted that there are differences between the two bills: the Senate Bill strips out of the proposal the ability of the Board to create institutional boards. However, the plan for the Board is to research the possibilities of local boards and the difference would be that the Board would not have legal authority to create local boards. A more significant difference is that the Work Bill (SB 242) creates a joining of OUS and the community colleges; this is to ensure that all postsecondary entities in Oregon would be focused on the 40/40/20 goal within the state. Isselmann added that a Coordinating Committee has been created to work on an amendment to this bill that would ensure the ability of the System to oversee the issues of tuition and financial aid. Another bill has been submitted to ensure the establishment of the 40/40/20 and dual credit goals.

Director Yaden advised Governor Kitzhaber has indicated his support of the creation of an investment board and asked about the impact of that support on the OUS bill; Isselmann advised that Senator Haas advised this support would not obstruct the approval of SB 242. Pernsteiner noted another concern is whether the issues raised by OHSU would affect the OUS
bill. He added that having the bill in the two chambers is important in ensuring the passage of the OUS bill.

3. **PERFORMANCE MEASURES/SURVEYS**

Director Powers called upon Vice Chancellor Sona Andrews and Chancellor Pernsteiner to introduce the item. Pernsteiner called the Committee’s attention to the “OUS Performance Compact with the State,” dated January 20, 2011. On the goal for access and participation, he noted that enrollment will need to continue its growth pattern to meet the 2025 aspirational goal of 40 percent of the adult Oregonians having a bachelor’s degree or higher. With the goal of educated citizenry, more degrees will need to be awarded in subsequent years, but the System is continuing the momentum built and we are moving students to degree effectively.

The goal on workforce enhancement notes that the two areas identified by the state as experiencing workforce shortages include STEM fields (science, technology, engineering, and math) and health professions and related sciences. Time must be spent in this session to determine the goals to be set by the legislature. Another area noted is the degrees supported by the Engineering and Technology Industry Council (ETIC).

The goal on access and affordability was adopted by the Committee in November 2010 to deal with the issues of financial need; the goal is to meet 12 percent of the unmet need for resident undergraduate students by using grant aid. In the past, three areas were measured: 1) total resident undergraduate enrollment (annual), 2) resident undergraduates having submitted the FAFSA, and 3) average unmet need (full-time, full-year resident undergraduates with need). No clear single measure agreed upon by the System and legislators has yet been established. Director Yaden queried concerning the 30 percent of students needing aid as compared to the 50 percent filing FAFSA.

Pernsteiner noted that the goal on graduate success has been amended at the Committee’s recommendation to graduate employment success. He added that, at present, the System does not have a survey mechanism to track the information needed for this measure. The goal for efficient fiscal stewardship, Director Donegan suggested that we ensure expenditures per degree are below the national average but that we would not surpass the national average.

The goal on knowledge creation and innovation enhancement, Pernsteiner noted that a committee (consisting of a University of Oregon faculty unit) is currently working on establishing measures for this goal; a temporary measure, externally-funded research funding, has been tracked in the past. This funding has been increasing over time but only displays the funding received and not the output and impact of the research.

In conclusion, it was emphasized that although the goals have been established and approved, the accompanying measures and statistics are influx. Chief of Staff Bridget Burns added that the impact of these goals will need to be “fleshed out” prior to submitting to the legislature. In response to Director Powers comment, an assurance was provided that, with the passage of
SB 242, the System would still be held publicly accountable. Powers and Kelly both stressed that a message must be developed that conveys that the System will not be delivering “more” with less state funding, but that quality will be maintained and degree goals will be met under the new governance proposal—an assurance that the public interest will be maintained. Pernsteiner agreed but stated that quantification must be established that meets the 40/40/20 goals, fiscal restraints must be released.

President Ray advised that his message to the City Club of Portland will include the points that two issues of expenditure limitations and fund balances being swept at any time present issues to providing student services, hiring of full-time faculty, etc.—all impediments to meeting the 40/40/20 goals. Director Yaden advised that this compact presents a substantial increase in accountability to the legislature and the public and that that message needs to be enhanced.

Chancellor Pernsteiner called upon Vice Chancellor Andrews to lead the discussion on performance measure surveys and the validity of instituting the proposed potential surveys. Director Powers asked concerning successful employer surveys; Andrews agreed that the participation rate has been lower and that degree fields would be determined. In response to Director Fishers’ question concerning the methods to reach graduate input, Andrews advised that alumni associations would have that information.

Dr. Phil Lesch, Executive Director of PSU-AAUP, advised the Committee that faculty at Portland State have indicated that they are experiencing difficulty in maintaining their teaching loads given the enrollment growth experienced. It was noted that faculty salaries at Portland State and the public universities in Oregon are substantially lower than their peers; Oregon is currently 46th in ranking and are on track to slide to 50th in faculty salary rankings. Critical thinking and writing skills are taking a backseat to multiple choice focused tests, which do not determine actual applicable knowledge. With the increased enrollment, many professors have had to reduce their assessment time per student to 20 minutes per term; this is not adequate to determining their success. Director Yaden asked for thoughts on how the Committee could develop a measure on quality; although class size is important, high-quality must be tied to outcomes and that a level of testing must be supported to demonstrate the level of academic success. Student perceptions and how they respond to surveys is important, but testing and assessment, the relationship between the student and the professor should not be diminished with the need to put more students through the System. Vice Chancellor Andrews agreed with those points and added that surveys and accreditation benchmarks are additionally important and that there are multiple was to assess this, both while students are in class and through employment. Director Powers expressed her appreciation for the reminder of the quality issues and impacts on the governance compact.

Vice Chancellor Andrews advised she sees value in using mechanisms to measure student learning outcomes within the System and post-graduation. She recommended reinstating the employer survey and the five-year-out survey that provides students time to reflect and obtain a “real job.” The advantage of the one-year survey is that the student still retains a connection with the university. She recommended finding a way to reinstating the three survey
mechanisms. In response to Chancellor Pernsteiner’s question, she does not have new surveys to be established but that the current three surveys need to be updated and refined to meet today’s goals. When called upon for comment, Director Fisher advised that a question concerning “how did the education you received aid you in employment in your field?” and the degree was helpful in advancing in your field. She said that, having just read an article on surveys, that survey information can be misconstrued by participants and statistics manipulated to reach desired outcomes and that the surveys must be developed to ensure that results are not manipulated.

Director Powers asked whether or not graduate research expertise or faculty expertise could be utilized in the development or conduct of these surveys; Dr. Andrews affirmed and noted that assessment analysis must be incorporated when compiling the information received from the surveys to ensure that curriculum issues are addressed. Director Yaden noted that, in developing the surveys, learning outcomes and measures of quality should be taken into account (value-added benchmarks). Andrews noted that departments have learning outcome measurements implemented. Powers asked where the impact of increased enrollment on learning-environment quality would be measured; Andrews replied that surveys can include assessments on this issue. Fisher recommended that student:advisory ratio information be included in the survey.

Chancellor Pernsteiner summarized that three survey mechanisms will be pursued: a revised employer survey and one- and five-year “graduate look-back” surveys be conducted annually. With regard to learning outcomes issues, Andrews will work with the Provosts’ Council in researching proposed learning outcomes issues. With the approval of the Committee, it was desirous that the three surveys begin within the next three weeks. Director Powers recommended that civic and community engagement be included as an element in the graduate and employer surveys.

4. **Financial Aid**

Chancellor Pernsteiner noted that the issue of need-based financial (grant) aid for resident undergraduates was briefly discussed at the November 2010 meeting (posted at: [http://www.ous.edu/state_board/meeting/dockets/ddoc101118-GP1.pdf](http://www.ous.edu/state_board/meeting/dockets/ddoc101118-GP1.pdf)). Of note, it is assumed that the Oregon Opportunity Grant will be funded in 2011-2013 to support the current need. A target that universities would meet for unmet financial need was established at 12 percent; that, for those students who have filed a FAFSA and subsequent to awards received from PELL and OOG, that campuses would use other funds to meet the remaining unmet need (through foundation funds and tuition set-asides). As prices increase, the responsibilities of the universities toward aid will also increase. A policy has been established by the Board that 30 percent of the income received by the campus would be targeted to meet the unmet need in ratio of the percentage of tuition increases. In response to the query from Emily McLain, OSA, on interest earnings retained by the System under SB 242, the Committee recommended that those funds would be used to meet the unmet financial aid need (it is estimated that interest earnings available for 2013 would be between $4.5 and $7 million). Another proposal
advanced was that, based on levels incorporated at other state systems, 15 percent would be set aside for aid; however, the presidents recommended that a designated percentage should not be established that would limit their actions. He then called the Committee’s attention to the four recommendations put forth for their consideration.

Chair Kelly called for discussion of the policy that will enhance access and affordability to Oregon resident undergraduates and the degree of autonomy of the institutions to meet that policy goal. Director Powers asked for presidents’ input on the proposals. President Ray noted that his agreement with the proposed approach and that the targets set should be variable across the institutions as they have different student populations and levels of need. President Maples noted that resident undergraduate income should be used and that targets be based on resident undergraduate students rather than the entire student population. Director Yaden advised that the policy could be narrowed to only including verbiage concerning the “unmet need” and not establishing a percentage target.

Director Fisher advised that OSA is concerned that implementing the policy of the establishing a 30 percent of income received be used to fund need-based grant aid would cause tuition to increase. The current 30 percent of income issue was developed, not as a philosophical stance, but as a tactical response to funding cuts during the 1990s. Under the proposed compact, the Board can now establish a policy based upon a philosophical stance. Director Ford noted that setting targets by the Board is appropriate but that the Chancellor and institutions should create the mechanisms to meet these targets. Kenton noted that only three mechanisms can be used to meet the need: tuition remissions (8 percent currently for all tuition), interest earnings, and donations/endowments. He further emphasized that the Tuition Work Group, when proposing the elimination of resource fees, it was proposed with the understanding that, if there were differential tuition, that there would be a 10 percent set-aside of that tuition for need-based aid so price would not become an impediment to degree choice. This proposal was “whole heartedly” endorsed by OSA and student groups. Pernsteiner noted that campuses with robust fundraising capability will have more options to meet their unmet financial aid needs, thereby underscoring the need for various avenues that campuses can use. President Maples indicated that a fourth avenue of use by campuses is auxiliary enterprise revenue and/or discounts (e.g., housing discounts, bookstore revenue).

It was recommended by Chair Kelly that the Committee approve, and subsequently submit to the full Board for recommendation, recommendations 2, 3, and 4 and abandon the current policy (recommendation 1) that sets a 30 percent set-aside. He further recommended a change under recommendation 3 that the Committee recommends that each university to require the development of a strategy.

Director Powers noted that the engagement of the students in the tuition-setting and need-based financial aid policies will ensure that students have a voice and recommended adding language in the policy to that end. Pernsteiner noted that, when the Board approves the policy change, these changes would not be implemented until the 2012-13 academic year. President
Ray emphasized that students must be assured that need-based aid goals are being met without implementation of tuition increases that impact the entire student body.

President Kelly made the motion and Director Powers seconded; those voting in favor included: Chair Kelly and Directors Ford, Powers, and Yaden.

5. IMPLEMENTATION ISSUES DISCUSSION

Chancellor Pernsteiner advised that, with the passage of SB 242 and the transfer of responsibility from the Department of Administrative Services to the System, risk management and legal representation functions and strategies will need to be determined and policy developed, set, and implemented. Vice Chancellor Kenton noted that the campuses currently have an interinstitutional committee in place to determine anticipated risk management issues and are proposing a council that will be overseen by the Vice Presidents for Finance and Administration and report to the Board Finance and Administration Committee.

General Counsel Ryan Hagemann advised that the System legal office will be working with the Department of Justice and the campuses in developing a service center that will assist not only the larger campuses who have on-site counsel, but the smaller campuses and Chancellor’s Office on issues adopted from the DOJ. Pernsteiner added that having a formulaic approach to legal services may not work for all cases and issues, so policy issues must be addressed prior to implementation.

The Chancellor advised he is seeking direction from the Committee on the issue; the Committee indicated their support of the current direction.

6. EVALUATION CRITERIA

Chair Kelly provided the current existing performance evaluation criteria for the Chancellor and presidents as academic leadership, administrative leadership, representing the System, strategic vision and goals, diversity, enrollment, research and sponsored projects, freshmen retention, graduation satisfaction, degrees awarded, degrees in shortage areas, philanthropy, and financial management. Chancellor Pernsteiner recommended tailoring the criteria to fit the proposed compact with the state. Kelly stated that the agenda item will be discussed in more detail at the February meeting.

7. ADJOURNMENT

In closing comments, Chair Kelly congratulated teacher training at Western Oregon University and noted that WOU is a leader in making college courses relevant to what new teachers actually will experience in the classroom. WOU’s College of Education was recognized with the Christa McAuliffe Award for Excellence in Teacher Education for 2010, presented by the American Association of State Colleges and Universities.
With no further business or comments, the meeting was adjourned at 11:56 a.m.