1. Call to Order ........................................................................................................................................ 1
2. Review of Lessons Learned .................................................................................................................. 1
3. Key Questions and Ongoing Focus Areas............................................................................................ 2
4. Adjournment ....................................................................................................................................... 4
Committee Members: Chair Paul Kelly, Matt Donegan, Allyn Ford, Rosemary Powers, and Kirk Schueler (9:35). Directors Francesconi and Yaden were absent due to business reasons. Other Board members in attendance: Lynda Ciuffetti and Preston Pulliams.

Campus representatives present included: President Bob Davies (EOU); Provost Brad Burda (OIT); Vice President (OIT); Joel Alexander (IFS), Jock Mills (OSU), Lois Davis (PSU), Emily McLain (OSA), and Susan Weeks (UO).

OUS Staff: Chancellor George Pernsteiner, Sona Andrews, Bridget Burns, Ryan Hagemann, Patricia Snopkowski, Marcia Stuart, and Charles Triplett.

1. **CALL TO ORDER**

   Chair Paul Kelly called the meeting to order at 9:05 a.m.

2. **REVIEW OF LESSONS LEARNED**

   Chair Kelly called upon Chancellor Pernsteiner to facilitate the discussion; Pernsteiner then described the different governing (Board) structures across the nation and the impact on achieving public policy goals. Governance has a variety of potentials and dimensions; however, the implementation and evolution of Senate Bill 242 will be an ongoing process. It is changing the way we think and provides the System and campuses new opportunities to change the dynamics with the state and within the System. An example of impacts made, the Board set certain policies and outcomes pertaining to purchasing, contracting, real estate, and diversity policies, procedures, and rules; these policy changes may constrain campus operational flexibility and the preference toward using entities that are certified or demonstrate the use of MSWEB.

   Kelly asked the Committee members if they agree with the assumption that the Board will continue to devolve to the institutions greater operational control. Donegan agreed with principle and that decisions made by previous Board members put into place that decentralize and give greater autonomy to the campuses were bearing fruit.

   Other examples of delegating authority to the institutions include the approvals of leases (e.g., the UO’s request for Riverfront Research Park) and academic program proposals. The next
question is: Would delegated authority be given to the institutions not dependent upon whether or not they have a governing board. The clarity would be established between the State Board and the campus. Bridget Burns added that there is nothing precluding the campuses from establishing “advisory boards”; however, Kelly indicated that advisory boards do not necessarily have governing authority.

3. **KEY QUESTIONS AND ONGOING FOCUS AREAS**

Burns directed the Committee’s attention to the docket report and the summary of key points, emphasizing the development of operational and philosophical positions:

1) Is governance the relevant issue to examine?
2) Should there be varied levels of autonomy for institutions?
3) Would Oregon’s regional institutions fare well under an institutional governance structure? What are the consequences? What steps should be taken to safeguard against negative consequences?
4) Does Oregon want the institutions to grow and achieve as a team?
5) If you want to examine the idea of an institutional board, what is the composition of that board? Elected by the state? Appointed by the governor? Appointed by the institution?

She stressed that, going forward, the next steps should be based on deliberative and informed decisions and should not be rushed. Although three governance models were presented in the report, there are actually more than 19 models used across the states and bear studying. On page 4 of the report, specific critical governance powers were displayed that can be transferred, reformed, or delegated while leaving the overall structure intact (tuition-setting authority; presidential selection, review, and dismal; selection of board members, enforcement mechanisms and regulatory oversight; performance-based autonomy; changes to funding models; and employee status).

During the discussion, the following questions were presented for presidents to address during their presentations to the Committee in September:

1) Would the Board mandate that a president create an implementation plan for creating an institutional governing board? What are impediments and benefits of not losing a strong System governance structure (e.g., Article XI-F(1) bonding decisions)?
2) Donegan stated that campuses should base their decision on their strategic plan: what do presidents see as the key leverage points for the plan, risks or opportunities with the plan (out-perform or under-perform), and how is the plan progressing?
3) Donegan: How specifically does the relationship with the state and the State Board does governance play in the ability to achieve or not achieve the plan and what are the opportunities of governance for the plan? If there is a better governance model, would it better enable the strategic plan? How does the plan consider changes in public funding, what steps have been taken to improve fundraising, what changes in governance would assist in the two issues?
4) Donegan: Specifically respond to any issues that the Board and Governance Committee identifies as they relate to achieving the strategic plan (Donegan noted that, during his review, President Ray was asked if the funding model enable the achievement of OSU’s strategic plan).

5) Ford: What is it that the institution can do, in relation to the state and Board, to improve funding?

6) Schueler: What are the goals that campuses have in the creation of institutional boards and how would the board help the campus to reach those goals? What is the purpose of the institutional board?

7) Pernsteiner: How do you ensure that state goals are being met (outcomes) under an institutional governing board scenario?

8) Powers: How does the campus’ strategic plan address the goal of the System to increase capacity and access to students? Do the campus proposals/issues have an impact on other institutions and how would the campus address negative impacts? What is the student perspective?

9) Donegan: How would campuses ensure, under a bond-financing governance structure, the state’s capacity for ongoing recourse to enforce goals and outcomes? Would this structure attract additional unrestricted private investment? What strings might be attached to private investment and how would it impact the campus? What kind of donor would be willing to donate to a System-level investment? (Kelly shared an example of Portland school district application of funds raised as a percentage of the donation being applied to the donor’s neighborhood schools and the school district for distribution to other schools; Burns opined that an option would be for the campuses to form need-based aid grants at the campus-level mirroring the Oregon Opportunity Grant.)

10) Ford: Are we better off with self-governing campuses or not?

11) Kelly: What flexibility might the campuses need for the recruiting and admission of non-Oregon students to build a top-tiered university and what limitations might the Board put upon that recruiting flexibility?

12) Donegan: If the opportunity was created for the establishment of institution boards at some to-be-determined defined authority, would the campus elect to have a board or remain under the authority of the Board. Pernsteiner: the Board has a defined relationship with the seven campuses, the question would be would a campus request a different relationship and how would the changed relationship enable the campus to meet the 40-40-20 goals?

13) Kelly: What are the mechanisms needed to implement delegated authority to either a president or an institutional board and what would make the institution board structure better serve the campus as opposed to presidential delegated authority? Pernsteiner cautioned against perceived outcomes and Donegan asked what is the value-added of the authority delegated to a board versus the present.

Director Donegan noted that reviewing prior ways that the Board and/or presidents addressed past impediments as they relate to current impediments would be beneficial to the discussions. In response to the new funding reality, there is interplay between governance and financial
decisions and there are expectations that the Board will tackle the financial impediments during the implementation of SB 242. Kelly agreed and related that the State Treasurer will be invited to relate to the Board the bonding authority issues in relationship to defining and framing a legislative proposal to delegate bonding authority to the System and/or campuses. Dr. Alexander expressed his concern that relating governance to campus strategic plans may invite Interinstitutional competitiveness rather than functioning as a unified System team. The Chancellor agreed that the potential exists for some campuses to be negatively affected by the creation of institutional boards and that questions should be framed to adequately address this concern. A needed future research evaluation was identified of governance models at other states that advance or impede 40-40-20 goals.

Burns noted that a logical progression to the start of the September/October discussion and evaluating the presidents’ recommendations would be: “does solving this benefit the state or the students?”, “is it governance?”, “if it isn’t governance, what is it?”, and “is this Board set up to accommodate this and, if not, what steps need to be made to align the Board to the new structure?”. Evaluate the presidents’ answers from the viewpoint of potential impact to the campus/System and not on the basis of an individual president’s personality. Isselmann added that a legislative-mandated coordination function with the state (SB 909 and the state investment board) should be kept in mind while making decisions. It is important to keep in mind that the September meeting provides the opportunity for the presidents to outline problems and impediments and that the October meeting would be structured around a discussion toward outlining solutions to the expressed impediments.

Chancellor Pernsteiner asked that campuses weigh-in on the proposed questions:

- Davis (PSU): Agreed with the proposed questions and that the financial implications will impact governance decisions
- Davies (EOU): What are the opportunities or threats to the proposed changes, he noted that there are distinct advantages and/or disadvantages and intended or unintended consequences
- Weeks (UO): The value-added by institutional boards needs clarification by presidents and agreed that tying to the institution’s strategic plan but proposed the addition of aligning with mission. Anticipate what some of the major adjustments would be to the strategic plan.
- Mills (OSU): The role of the missions is important to the discussion; if decisions are made by the investment board (SB 909), the presidents need to anticipate the impact to their campuses. Long-term budget implications cannot be ignored.

4. ADJOURNMENT

Chair Kelly encouraged the Board members and presidents to adjust their calendars to accommodate the September Board retreat and the September/October Governance meetings. With no further business, the meeting was adjourned at 12:04 p.m.