Minutes

Committee members present included: Chair Kirk Schueler, Lynda Ciuffetti, Allyn Ford, and Farbodd Ganjifard.

Chancellor’s Office staff present included: Vice Chancellor Jay Kenton, Michael Green, Ellen Holland, Nathan Klinkhammer, Jan Lewis, Di Saunders, Patricia Snopkowski, Marcia Stuart, Charles Triplett, Alice Wiewel, and Denise Yunker.

Others present included: President Mark Weiss; Vice Presidents Mark McCambridge (OSU), Jamie Moffitt (UO), Craig Morris (SOU), and Mary Ann Zemke (OIT); and Sandra Burris (PSU), Chris Ramey (UO) and Eric Yahnke (WOU).

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

   Chair Schueler called the meeting to order at 12:58 p.m.

2. **CONSENT ITEM**

   a. **OUS, Approval of May 11, 2012 Committee Minutes**

      Chair Schueler called for a motion to approve the minutes as amended; Directors Allyn Ford and Lynda Ciuffetti made the motion and second, respectively. Motion carried.

3. **ACTION ITEM**

   a. **OUS, Proposed Fiscal Year 2012-13 Operating Budget Allocations**

      Chair Schueler called upon Assistant Vice Chancellor Jan Lewis to present the proposed 2012-13 allocations. During discussion, Director Ciuffetti queried about graduate education funding. Vice Chancellor Kenton responded that he anticipates the OEIB may change the funding process to a funding-per-student by student-level model (omni-budget) and will be deciding on the continuance of current targeted funding.

      **ACTION:** Chair Schueler called for a motion to recommend to the full Board for approval at the August meeting the proposed allocation of state funding for FY 2012-13 as
reflected in the docket materials. Directors Lynda Ciuffetti and Farbodd Ganjifard made the motion and second, respectively. Motion carried.

b. UO, Approval of a Special Procurement Process for Classroom Expansion at Straub Hall and Earl Hall

Vice Chancellor Kenton introduced the item, noting that the special procurement process was placed into rule in order to provide opportunity for campuses to realize substantial cost savings or promote public interest. Vice President Moffitt advised that the University of Oregon is requesting special procurement approval in order to amend existing contracts and allow for cost savings and an expedited opening of additional classroom space. Although the expansion would add an additional $22 million to the current project contracts, it was noted that no 2013-2015 funding would be applied prior to the approval of that biennial budget and would include terms for the voidance of the contract if funding is not available. It was emphasized that while the special procurement request was for the entire project, to minimize financial exposure to the university, the UO does not plan to commit to the construction phase of the project until legislative funding is approved. Chair Schueler indicated that cost savings will be applied to the infrastructure of the project.

**ACTION:** Chair Schueler called for a motion to approve the use of a Special Procurement exemption as provided in OAR 580-063-0020(7)(s) allowing the UO to expand the scope of the existing contracts with Rowell Brokaw Architects and Fortis Construction for the Straub and Earl Halls Classroom Expansion project as stated in the docket. Directors Allyn Ford and Lynda Ciuffetti made the motion and second, respectively. Motion carried.

c. Financial Projection Project

Chair Schueler provided background on the proposed project and then called upon Vice Chancellor Kenton to lead the discussion. Dr. Kenton shared that achieving the state’s education attainment goals, in light of current economic and fiscal challenges, requires that campuses change to adapt to these new realities. Given this, the Board has requested each campus prepare long-term (five-year) projections of their finances with some standard assumptions, such as limiting resident undergraduate tuition and state funding increases to no more than 3 percent per year. Other revenues and costs should increase/decrease by specified rates in line with historical experience while attempting to keep Education and General (E&G) fund balances and need-based aid for resident undergraduate students in line with current Board policies. He concluded by stating the implementation of this project is timely given the changes occurring in the state budgeting process and impacts to collective bargaining. Vice President Moffitt cautioned that public perception of the statistics resulting from the projections may complicate issues on campuses. Director Ford agreed and suggested that a sensitivity test be applied to the model but that a forecasting tool is greatly needed for use by the Committee and Board. Dr. Kenton stressed that this is a tool only and Vice President Morris agreed, advising that this could be used as a dialogue tool at the campus level. Forecasting can...
be used as a catalyst for decision-making. It was suggested that the projections be discussed under executive session privileges to allow for frank Board discussion.

**Next Steps:** Chancellor’s staff and campus vice presidents for finance will work on the model with the anticipated first presentation in November.

**ACTION:** Chair Schueler called for a motion to direct the Vice Chancellor for Finance and Administration to work with the campuses on developing a standard five-year projection framework and to schedule campus presentations to the Committee of such projections along with strategies needed to maintain financial sustainability in the coming fall. Directors Allyn Ford and Farbodd Ganjifard made the motion and second, respectively. Motion carried.

4. **REPORTS**

a. OUS, Health and Welfare Insurance Plan Options

Vice Chancellor Kenton provided background to the agenda item, advising that, as a result of the implementation of Senate Bill 242, the legislature has tasked the Committee on Health and Welfare Insurance (HWI) with the development of a new healthcare plan. Denise Yunker, Director of OUS human resources, shared that, over the past five months, the committee (consisting of both faculty and staff from each campus) has been concentrating on learning about state and federal healthcare requirements. Currently, consultants are developing recommendations for committee action but there are a number of unknowns at the present time.

The HWI committee developed a health and welfare benefits vision/philosophy statement and also conducted a survey concerning possible changes in PEBB, healthcare coverage, and costs. The survey identified that personnel are generally satisfied with their healthcare coverage but are concerned with the changes in deductible and increased cost.

**Next Steps:** The HWI committee will be drafting an initial report and submission to campuses for comment, with a subsequent final draft submitted to the Board for review. As a report must be submitted to the legislature in December, this item will be brought back to the Committee at the September meeting with a recommendation for submission to the full Board in October.

b. OUS, Optional Retirement Plan Review Committee Status

Vice Chancellor Kenton introduced Mr. Nathan Klinkhammer, OUS Human Resources, and provided background that the ORP, implemented in 1995, provides unclassified faculty and staff with a one-time, irreversible choice to opt-out of PERS and into ORP.
Mr. Klinkhammer reported that SB 242 created an Optional Retirement Plan (ORP) Review Committee comprised of representatives of public university management and employees, both represented and unrepresented, to evaluate options for the ORP. This committee met between February and May on an informational basis and that the process is transitioning into the development stage. A survey revealed that participates are generally satisfied but they have concerns that plans will change. The committee noted that the scope and linkage between the PERS/ORP plans are 1) simplification of the investment provider selection, 2) discontinuation of the refund cycle of contributions, 3) recovery of contributions when 600 hours have not been worked, and 4) adoption of the defined contribution rate for new employees.

**Next Steps:** A report is being drafted for submission to the legislature in December. This item will be brought back to the Committee in September for consideration to forward to the full Board in October.

5. **ADJOURNMENT**

Vice Chancellor Kenton introduced Ellen Holland, who provided an update on the OUS Risk Management program. Of note, she advised the placement of new OUS policies for casualty coverage will begin July 1, upon the transition away from the Department of Administrative Services (DAS). In addition, OUS has placed its own new policy with SAIF with a lower rate than charged previously. Finally, OUS will keep its property policy with DAS through expiration of the current policy period, October 15, 2012, and is in process of placing its new OUS policy effective at that time.

With no further business proposed, Chair Schueler adjourned the meeting at 3:28 p.m.