MINUTES OF THE REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION (#859)
AUGUST 3, 2012

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Board members present included President Matt Donegan and Directors Lynda Ciuffetti (by phone), Brianna Coulombe, Jill Eiland, Orcilia Forbes, Allyn Ford, Farbodd Ganjifard, Jim Middleton, Emily PLEC, Kirk Schueler (10:00 by phone) and David Yaden. Directors Jim Francesconi and Paul Kelly were absent due to personal conflicts.

Chancellor’s staff present included: Chancellor George Pernsteiner, Bridget Burns, Anji Duchi, Ryan Hagemann, Jack Isselmann, Jay Kenton, Bob Kieran, Jan Lewis, Karen Marrongelle, Melody Rose, Di Saunders, Patricia Snopkowski (by phone), Charles Triplett, Denise Yunker, and Marcia Stuart.

Campus personnel present included: Presidents Bob Davies (EOU), Mary Cullinan (SOU), Mike Gottfredson (UO), Chris Maples (OIT), Ed Ray (OSU), Mark Weiss (WOU), and Wim Wiewel (PSU); others present included Provosts Sabah Randhawa (OSU), Jim Bean (UO), and Kent Neely (WOU); Vice Presidents Becky Johnson (OSU-Cascades), Mark McCambridge (OSU), Craig Morris (SOU), and Jamie Moffitt (UO); and Bob Berdahl (UO) and Tim Nesbitt (Governor’s Office).

1. **RECONVENE/ROLL CALL/WELCOME**

President Donegan convened the meeting at 9:01 a.m. and welcomed Directors Orcilia Forbes and Jim Middleton to the Board.

2. **REPORTS**

a. **Chancellor’s Report**

Chancellor Pernsteiner thanked Dr. Bob Berdahl for his service to the System, the University of Oregon, and higher education. Dr. Berdahl served as interim president for the UO since January 2012. Dr. Melody Rose was recognized as the newly appointed Vice Chancellor for Academic Strategies Division; Dr. Michael Gottfredson was introduced as the newly appointed president of the University of Oregon. Chancellor Pernsteiner reported on the continuing budget process.
in Salem and how the new budget process affects the System and universities. Ultimately, what motivates the Board, the campuses, and Chancellor’s staff must be student success.

i. HECC Update

OUS Chief of Staff Bridget Burns advised that the Higher Education Coordinating Commission has met twice in recent months; the commission will initially focus on three key issues, as directed by legislation: textbook affordability, Western Governors University, and credit for prior learning. Reports from the related HECC advisory groups are due to the legislature in advance of the 2013 Legislative session.

ii. Special Committee on University Governance

Mr. Jack Isselmann advised that the Special Committee on University Governance was formed by the legislature to analyze issues surrounding the establishment of institutional governing boards for Oregon’s public universities and to propose legislation to the appropriate interim committees of the Legislative Assembly by August 15, 2012. As statutorily required, public comments will be accepted for thirty days and final recommendations will be submitted to the Governor and the Legislature by November 1. (Mr. Isselmann’s written report is on file with the Board’s Office.)

b. Committee Action Reports
   i. Academic Strategies
   ii. Finance & Administration
   iii. Governance & Policy

President Donegan called the Board’s attention to the committee action reports in the docket; no further comments were shared.

3. CONSENT ITEMS

   a. OUS, Adoption of Optional Retirement Plan Fifth and Sixth Amendments
   b. OUS, Proposed Fiscal Year 2012-13 Operating Budget Allocations
   c. OSU, BFA in Graphic Design
   d. OSU, BA/BS in Innovation Management
   e. Approval of Minutes, June 1 and 15, 2012

   ACTION: Directors Jill Eiland and Allyn Ford made the motion and second, respectively, to approve the consent agenda items. Motion carried.

4. ACTION ITEMS

   a. Board Elections
ACTION: Director Allyn Ford advised the Governance & Policy Committee nominated Directors Matt Donegan and Jill Eiland to the president and vice president positions during the June 22, 2012 committee meeting; he then made the motion to approve the nomination, Director David Yaden seconded; motion carried.

b. OSU, Expansion into Lower Division Courses at Oregon State University–Cascades

President Ray made introductory remarks, commending Dr. Jim Middleton (president, Central Oregon Community College) and Dr. Becky Johnson (Vice President OSU-Cascades) for their collaborative work for higher education in Bend, Oregon. With the growing technology industry in Bend, the business community is asking for greater numbers of qualified employees to fill the needs generated by this expanding region. The branch campus model (a four-year campus under the auspices of Oregon State) provides efficiencies through established diversity services, administrative staff, and student services. Under the Oregon State University “brand,” the campus is able to attract international, out-of-state, and residents from across the state to the Bend area, with the goal of retaining graduates in Central Oregon. Director Kirk Schueler shared that, as a Board member, the efficiency in overhead costs is of paramount importance to OSU-Cascades and to the state as a whole. He noted that, with the realization that higher education in Central Oregon is invaluable to its economic prosperity, community support for OSU-Cascades is growing rapidly. Dr. Middleton shared that COCC supports this proposal, that the collaboration will profit both the community college and university by promoting greater student access and success. He acknowledged that the two institutions will continue to evaluate areas that are best achieved in partnership or done separately.

ACTION: Following discussion, President Donegan called for a motion to endorse OSU-Cascades’ plan to expand its programs and enrollment, including offering lower-division coursework in Central Oregon, while continuing to work cooperatively with COCC in areas of mutual benefit. This endorsement is predicated on OSU-Cascades following standard approval processes for new degrees in the future and its continued financial viability. Included in the motion, the Board directs that the Academic Strategies and Finance Committees periodically assess the impact this decision has on OSU-Cascades comprehensive program offerings and finances. Directors Jill Eiland and Orcilia Forbes made the motion and second, respectively; motion carried.

c. OUS, 2013-2015 Biennial Budget Request

Assistant Vice Chancellor for Budget and Planning Jan Lewis provided background on the development of Rounds 1 and 2 of the 2013-2015 biennial operating budget. Vice Chancellor Kenton noted that, with the implementation of Senate Bill 242 in 2011, the state is viewing the System in a similar manner as Oregon Health & Science University and community colleges and will be allocating state funds as they determine appropriate. The new process is based on value-added, return on investment; therefore, the System budget must emphasize the investment in students, not the typical current service level plus inflation approach. Of note,
the Governor is proposing tax reform that will benefit educational programs in the state, with an earmark for research. Chancellor Pernsteiner advised that the proposal is essentially what the Board approved in Round 1 in June, with the addition of several minor projects.

**ACTION:** President Donegan called for a motion to approve the approach to the 2013-2015 Budget Request, including the new initiatives, as set forth in Table 2 and the capital requests in Tables 3 and 4 and authorize the Chancellor, or designee, to adjust proposal budgets within the prescribed total request limit if needed and to submit the final budget request and related DAS and funding team forms. Directors Orcilia Forbes and Farbodd Ganjifard made the motion and second, respectively. Motion carried.

5. **DISCUSSION ITEM**

a. **OUS, Achievement Compact Targets**

Assistant Vice Chancellor for Institutional Research and Planning Robert Kieran and Director for Performance Measurements Anji Duchi presented the item. In compiling the achievement compact targets, Chancellor’s staff worked with the Provosts’ Council to develop appropriate targets that are categorized in the following three areas: completions, quality, and connections. Pell recipients make up over 50 percent of the students and, with the possible reduction in Pell funding, the Oregon Student Access Commission is actively seeking additional funding for the Oregon Opportunity Grant. Chancellor Pernsteiner advised that 2013-2015 compact targets will be submitted to the Board in the near future for consideration.

6. **ACTION ITEMS (CONTINUED)**

a. **Presidential Compensation**

Chancellor Pernsteiner advised that, except for longevity adjustments granted to Presidents Ray and Cullinan for 2011-12 and a deferred compensation adjustment from the PSU Foundation for President Wiewel in 2010, salaries for presidents were last increased in July 2008. Presidents saw pay reduced temporarily during the 2009-2011 biennium.

In 2005, the Board began tying the salaries of its university presidents to national norms. Salaries for the presidents of the smaller universities have been pegged to the average of presidential salaries in the Administrative Compensation Survey prepared by the College and University Professional Association for Human Resources (CUPA). The most recent CUPA survey is for 2010-11. The compensation for the presidents of the larger campuses has been compared with those of peer universities reported in the Chronicle of Higher Education each year.

The CUPA data for 2010-11 show an average salary for presidents of public masters universities with budgets of less than $50 million, the category that best characterizes the smaller campuses, of just over $220,000. Inflation for the year ending in December 2011 was
2.9 percent. That suggests that $226,000 would be about the national average for presidential salaries for public universities of the size and scope of the smaller OUS campuses.

No university’s faculty received an average increase in 2011-12 of more than 5 percent but it is anticipated that most faculty will be granted an increase in 2012-13. The total increase over the biennium for the campuses is expected to range from 4 percent to about 8.2 percent. Therefore, the Chancellor is recommending that the salaries of the four presidents of smaller universities be increased for 2012-13 by 5 percent for fully satisfactory performance.

For the larger campuses, the Chronicle data suggest that the 2010-11 salaries plus deferred compensation for presidents of universities generally comparable to the University of Oregon and Oregon State University presidents averaged about $555,000. Using a 2.9 percent inflation adjustment would raise that average amount to $570,000. Faculty at the three larger universities will generally receive increases of at least 5 percent and as much as 8.2 percent based on raises already granted or negotiated in the coming biennium. OSU expects to make further faculty pay adjustments in 2012-13 to deal with compression issues, which will mean that some faculty members will see increases over the biennium in excess of the average 5 percent granted last January. Many of the UO faculty will now bargain collectively regarding general salary adjustments, a process that has yet to begin. The outcome of such bargaining cannot be predicted. The PSU faculty will see an increase of about 4 percent in 2012-13 (in addition to increases in 2011-12), based upon a collective bargaining agreement.

The Chancellor recommended that the compensation for President Ray of Oregon State University be increased by 5 percent over approved 2011-12 amounts plus an additional amount from the OSU Foundation of $6,295. The Chancellor further recommended that the Board again authorize a maximum compensation for President Wiewel of $540,000.

The recommended presidential salaries are as follows:

- President Davies $194,736
- President Maples $210,108
- President Weiss $194,736
- President Cullinan $205,236
- President Gottfredson $540,000 (all from university sources)
- President Ray $623,385 ($273,744 from university funds and $349,641 from foundation funds)
- President Wiewel $540,000 ($260,700 from university funds and $279,300 from foundation funds)

Director Plec commended the presidents’ collaborative work for the System and their universities; however, as a faculty representative on the Board, she brought to the Board’s
attention that with low classified staff salaries and increased cost of living and healthcare costs, she cautioned that the proposed increases may send a negative message to those employees.

**ACTION:** President Donegan called for a motion to approve the Chancellor’s recommendation for presidential salaries; Directors Orcilia Forbes and David Yaden made the motion and second, respectively. Motion carried.

7. **PUBLIC INPUT**

No public input was put forth.

8. **BOARD COMMENTS**

The Board had no additional comments.

9. **RECESS INTO EXECUTIVE SESSION**

President Donegan recessed the meeting into executive session at 12:46 p.m.