# Oregon State Board of Higher Education

## Regular Meeting of the Full Board (#862)

January 11, 2013

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Minutes

Board members present included President Matt Donegan and Directors Lynda Ciuffetti, Brianna Coulombe (telephone), Jill Eiland, Orcilia Forbes, Allyn Ford, Farbodd Ganjifard, Paul Kelly, Jim Middleton, Emily Plec, and Kirk Schueler. Members absent included: Jim Francesconi and David Yaden.

Chancellor’s staff present included: Chancellor George Pernsteiner, Bridget Burns, Mike Green, Drew Hagedorn, Ryan Hagemann, Jay Kenton, Melody Rose, Di Saunders, Patricia Snopkowski, Charles Triplett, and Marcia Stuart.

Campus personnel present included: Presidents Mary Cullinan (SOU), Bob Davies (EOU), Mike Gottfredson (UO), Chris Maples (OIT), Ed Ray (OSU), Mark Weiss (WOU), and Wim Wiewel (PSU); others present included Dr. Bob Mason (IFS), Vice President Jamie Moffitt (UO), Provost James Bean (UO), and Mary Weatherhead, Emily McLain and Emma Kallaway (OSA).

1. CALL THE MEETING TO ORDER/ROLL CALL/WELCOME

President Donegan called the meeting to order at 9:18 and asked the Board Secretary to take the roll.

2. REPORTS
   a. Chancellor’s Report

Chancellor Pernsteiner advised that the Governor’s recommended budget is slightly above the System budget request; however, the Statewide Public Services did not receive an increase. The Sports Action Lottery was defunded and will impact the campuses. These two issues will need to be addressed as the biennium progresses.

The Capital Budget was submitted following the approval of the reprioritization by the Finance & Administration Committee at the January 9th meeting; this revised budget will now be submitted to the Oregon Education Investment Board (OEIB) and Governor. The OEIB unveiled the first reading of the Chief Education Officer’s strategic plan; this plan will evolve in the next few weeks. Some of the measures included in the plan challenge the System to organize the education continuum to move important educational attainment goals. This will change the way the universities reach out and connect to students, even starting at the elementary school age. This strategic plan begins to provide a framework to be used throughout the state and the education continuum. Regional compacts are being created and organized around community
college districts to promote more effective collaboration among universities, community colleges, ESDs, and regional health & welfare agencies.

Chancellor Pernsteiner called upon Chief of Staff Bridget Burns and Mr. Drew Hagedorn to provide an update on the legislative process. Three legislative concepts will be shepherded by the System through the 2013-2015 legislative session: 1) Senate Bill 242 cleanup, including: a) financing agreements for leases, b) revenue bonding, c) ORP amendment, d) Board officer title change, and e) abandoned retirement accounts; 2) 2013-2015 operating budget; and 3) 2013-2015 capital budget.

b. Committee Action Reports
   i. Academic Strategies

   In the absence of Chair Jim Francesconi, Vice Chancellor Rose provided the ASC report. The Committee met on January 10th and reviewed and refined their Committee Work Plan. Advancing OUS diversity remains a top priority for the Committee with additional emphasis during 2013 on generating strategic planning efforts to support faculty satisfaction and promote Board strategic priorities (teacher preparation, research, economic development).

   ii. Finance & Administration

   Chair Kirk Schueler reported that the Committee held a meeting on January 9th to review and reprioritize the capital budget submission to better align with the Governor’s 40-40-20 goal. The majority of OUS priority projects remained on the revised list but several moved in the ranking. Vice Chancellor Kenton will provide the Governor’s Office with the rationale used in the prioritization of the projects.

   The Committee met in retreat on December 21 and received reports from the universities on a directed budget modeling exercise. Schueler advised that the findings will be brought to the Board at some time in future.

   iii. Governance & Policy

   Chair Paul Kelly reported that the Committee reviewed the practice of university foundations providing supplemental compensation for university presidents and the guidelines for that practice. Discussion included testimony from foundation representatives and university presidents and the Committee concluded that current policy is effective and allows the Chancellor and full Board to negotiate and approve all compensation terms. The Governance Committee agreed to review the Chancellor’s recommendations prior to submittal to the full Board in the future.

   Chair Kelly advised that the Committee will continue to focus a majority of its time on the Shared Services Enterprise topic.
c. **SOU Campus Visitation**

Director Jill Eiland reported that she and Directors Kirk Schueler, and Allyn Ford, visited Southern Oregon University and spent the day with administration, students, faculty and staff, as well as community and political leaders. Partnerships with SOU, the Ashland community, and the Board were strengthened. Director Ford acknowledged the fast-paced changes that President Cullinan is implementing on the campus and the support of the campus and community for these changes, even through difficult times. Director Schueler noted the importance of the Board visitations to campuses throughout the System, and how the visits provide opportunities for the directors to interact with the communities, building lines of communication, and increasing their understanding of the campuses.

d. **Interinstitutional Faculty Senate**

Dr. Bob Mason, president, reported that at the November IFS meeting, the Senate reconfirmed their mission and goals and are committed to “reinvigorating and repurposing” themselves to be more effective in representing their constituent faculty, staff, and students as well as their institutions as a whole. The IFS has formed an ad-hoc committee to review pertinent administrative rules relating to faculty ranks and will present recommendations to the IFS at their January meeting. (The complete report is on file in the Board’s Office.)

e. **Oregon Student Association**

Chair Merriam Weatherhead reported that, in the OSA’s efforts to “get out the vote,” they registered 50,750 people to vote in Oregon, surpassing their goal of 40,000 registrations. Noting OSA’s primary legislative priority as funding for schools and need-based aid, she shared the frustration of students that OUS appears to represent the Governor’s Recommended Budget as sufficient. Tuition is skyrocketing and students are taking fewer classes in order to work more hours thus extending their stay or choosing not to complete their degree solely based on the growing cost of their education. She asked that the Board to reconsider messages that suggest that the GRB is enough.

Members applauded the OSA for their success in increasing voter registration on the campuses but challenged the belief that the Board, in supporting of the Governor’s budget, believes that funding for OUS is adequate. Chancellor Pernsteiner added to this point and thanked Ms. Weatherhead for the clarity of her report. (The complete report is on file in the Board’s Office.)

f. **40-40-20 Strategy Update**

Dr. Rose provided the update by characterizing the System as entering the beginning stages of preparing a strategic framework to reach the 40-40-20 goal. Under the leadership of Director Yaden, Dr. Rose is mapping out a strategy that will draw upon campuses strategic plans, system goals, and the state’s P20 efforts. She thanked Directors Yaden, Middleton, Plec, and Ganjifard for their leadership and contributions. It was noted that a draft “white paper” is in development and will be distributed to the Board through the Academic Strategies Committee.
with a strategic framework provided to the full Board in June. It is anticipated that the framework will identify the requisite elements, variables and resources needed for the 40-40-20 strategy. Director Middleton and President Ray encouraged Dr. Rose to be in close contact and collaboration with the community college to alleviate duplication of effort while in the development stage.

3. **DISCUSSION ITEMS**

   a. **Distance Delivery and Related Topics (Eastern Oregon University and Oregon State University)**

Vice President Eiland called upon Dr. Rose to introduce and facilitate the discussion on distance delivery. Following the introduction wherein she advised that online education has presented a massive paradigm shift in the way knowledge is created and delivered, Dr. Rose introduced Dr. Steve Adkison (EOU provost), Chris Cronin (Center Director for Grant County, John Day), Terry Walters (Director for Mid-Willamette/North Coast Center), Linda Jerofke (professor of anthropology), and Terry Hanson (EOU student from John Day). President Davies shared that distance education is the passion of Eastern Oregon University and began as correspondence courses over 20 years ago with Dr. Dixie Lund developing their online education. EOU has subsequently become the leading university in online distance education, offering over two dozen majors and 22 minors to students around the country. Fully half of EOU’s enrollment is made up of online students. As a strategy to meeting 40-40-20 goals, EOU offers a high degree of flexibility to meet student needs, focuses on the ability of the students to stay connected with their communities without traveling to a physical campus, and academic integration with Eastern’s larger set of programs. EOU’s service area consists of 42,000 square miles, 10 counties, and 46 percent of the state. A key piece of EOU’s model in offering high levels of service and student contact is centered in the 16 regional centers located around the state.

President Weiss informed that, at Western Oregon University, distance education offerings are increasing significantly and inquired into persistence rates for online students as compared to other cohorts and tuition differentiation for out-of-state students. President Davies replied that many distance education students are persisting and graduating at a higher rate than on-campus students and presently differential tuition rates for out-of-state students are not used.

Following the EOU presentation, President Ray introduced Associate Provost David King, University Outreach and Engagement, and Vice Provost Scott Reed, OSU Outreach & Engagement and director of the OSU Extension Service, to report to the Board on the distance education provided by Oregon State University. Dr. Reed advised that the Division of University Outreach and Engagement was created in 2007, through the combination of the OSU Extension Service and the former Office of Distance Continuing Education (now called the Extended Campus – or ECampus). Three primary goals drive the ECampus plan: 1) student access, 2) partnerships, and 3) scholarship. The success of
the ECampus has resulted in the Carnegie Foundation Award for the Advancement of Teaching in 2010, a relatively-new credential for community engagement.

Dr. King reported that when created in 2007, only eight undergraduate degrees were offered completely online. Now there are more than 30 undergraduate and graduate degree and certificate programs offered online and ECampus offers approximately 800 courses in approximately 80 subjects. There are 16 undergraduate programs and 17 graduate programs available through ECampus and approximately 35 percent of enrollment is made up of off-campus adult students seeking a degree part-time. In closing, Dr. King advised that 49 percent of graduates in 2003 or 2004, taking an online course, graduated in four years. Students who take online courses tend to graduate at a faster rate because online courses allow the university and students to mix and match effectively and, therefore, more efficiently.

President Ray concluded the presentation by noting that the ways in which universities can connect with students throughout the P20 continuum were unimaginable just a short time ago. This opens more avenues for outreach and capabilities to pursue open dialogue along the entire educational continuum. However, he cautioned that, in striving to meet the 40-40-20 goal, universities must reach Oregonians and not just out-of-state students. President Wiewel advised that Portland State’s online courses are structured to support and serve the student body in achieving their educational goals, especially part-time students who are working toward a degree while working full-time. He expressed eagerness to work with EOU and their regional centers in order to complement their course offerings.

Following a robust discussion, President Donegan thanked the participants for the information and insights they provided.

4. **CONSENT ITEMS**

   a. **OSU, Resolution Regarding Classified Information for the U.S. Department of Defense**
   b. **Approval of Minutes, October 2012**

   **ACTION:** With no comments or corrections provided President Donegan called for a motion to approve the consent agenda as presented in the docket materials. Directors Jim Middleton and Jill Eiland made the motion and second, respectively; motion carried.

5. **VISIT BY REPRESENTATIVE DEBROW**

   Representative Michael Denbrow, representing Northeast Portland and also chair of the Higher Education and Workforce Development Legislative Subcommittee, joined the meeting. He pledged to ensure that the subcommittee “will do a lot of work and not a lot of damage.” The subcommittee will be reviewing issues that include governance, student debt, affordability, increasing access, and completion progress to assist students in completing lower- and upper-division work in a timely manner. He recognized the System’s support of tuition equity. This
program will allow children of undocumented Oregonians to be considered in-state for the purposes of tuition when they meet certain criteria; to include, attending and graduating from an Oregon high school, acceptance into an Oregon institution of higher education, and an indication (by means of an affidavit) that they will pursue citizenship. This was submitted in a legislative concept form (LC 1951) and will be introduced at the beginning of the 2013-2015 Session as a committee bill. He noted his expectation that the bill be “fast-tracked” through the process for implementation in time for the next academic year and encouraged the Board to continue their support of the issue. Directors Kelly and Eiland thanked Representative Denbrow for his continued support for higher education and his leadership in the legislature. Director Plec thanked Rep. Denbrow for his work during the 2011-2013 legislative session on the issue of textbook affordability for students. Dr. Plec noted that this issue remains important to faculty and students.

6. **ACTION ITEMS**

a. **OUS, Code of Ethics and Financial Irregularities Board Policy**

President Donegan called upon Chief Audit Executive Patricia Snopkowski to present the item. She advised that the code of ethics and the proposed Board policy on financial irregularities have been developed over the past year. Although the State of Oregon currently has a code of ethics and a hotline, these do not meet current System needs and, with the passage of SB 242 and the implementation of a new risk management program in 2012, the System has assumed significant additional liabilities. If adequate coverage is not in place, then the System is exposed to increased reputational and financial risk. Additionally, recent ethical breaches and criminal activities in higher education nationally have created awareness and led to questions regarding the potential for such acts in Oregon.

In the development of the code of ethics and policy, information on best practices across public systems of higher education and private universities was gleaned and melded to meet Oregon’s needs; the resulting documents were vetted with faculty, staff, key management, and the Finance & Administration Committee. Protocols dealing with ethical breaches were updated. Ms. Snopkowski then demonstrated the hotline website for the Board.

**ACTION:** Following discussion, President Donegan called for a motion to approve the OUS Code of Ethics and repeal the current Financial Irregularities Board Policy, to be replaced by the OUS Fraud, Waste, and Abuse Reporting Internal Management Directive. Directors Allyn Ford and Orcilia Forbes made the motion and second, respectively; motion carried.

b. **OUS, Incentive Funding for 2011-12**

President Donegan called upon Vice Chancellor Rose to provide the background and make the recommendation for the 2011-12 incentive funding distribution for Year 2.
ACTION: With no discussion raised, President Donegan called for a motion to approve the proposed incentive allocations as presented; motion carried.

c. **UO, Request to Renovate and Expand its Erb Memorial Union**

President Donegan called upon Vice Chancellor Jay Kenton and UO President Michael Gottfredson to provide background and present the item. Dr. Kenton advised that in August 2012, the Board approved a placeholder in the Governor’s capital budget pending a positive outcome of a UO student referendum on the project. President Gottfredson noted that this project has a lengthy history and emphasized that it is a critical project for the campus in order to serve more students with a modernized facility. President Gottfredson then called upon Jamie Moffitt (vice president for finance and administration) and Robyn Holmes (vice president for student affairs) to provide additional information. ASUO President Laura Hinman and a first year student provided information pertaining to the student referendum.

Director Schueler asked concerning the reduction in project scope and Article XI-F(1) bonds; Moffitt advised that the original project design included a concert hall, that was to be funded through private fundraising ($35 million). The removal of that portion of the project reduced the risks associated with fundraising and complications relating to having such a facility in the middle of the campus. This resulted in an approximate $12 per term reduction in the student fee proposal (15 percent). Dr. Kenton advised that the project stays within the Board’s guidelines (less than or equal to 7 percent) but based on conservative assumptions of expense growth, the addition of this debt load will bring the University close to that threshold.

Dr. Kenton advised the Board that the recommendation for approval of the project contains a caveat that if the grievance is upheld by the student court and the referendum is invalidated, the project will be withdrawn from the capital budget project. Through the tuition and fee process, if the proposed student fee is opposed, the project will subsequently be withdrawn. Chancellor Pernsteiner added that, when the Board makes a decision to approve the project, that approval outweighs the other factors. Ms. Hinman advised that, when the new ASUO board was elected, the student body was made aware of the current fee structure and the proposed new fee to support the EMU expansion. She further noted that, when President Gottfredson addressed the student senate concerning the project, the students requested that the current fee structure be reviewed for potential reduction in fees to off-set the proposed increase in fees.

Members expressed concerns that the increased student fees, coupled with the continued disinvestment by the state, will place additional burden on students and further jeopardize their ability to complete their education. Directors strongly emphasized that a satisfactory resolution to the grievance issue must be received in order to prevent a negative impression to students and that, if the referendum is invalidated, the project must be resubmitted to the Board. President Gottfredson noted that, if delayed by even one year, additional costs would accrue as construction costs are likely to trend up while the economy recovers. Chancellor Pernsteiner advised that this action only places the project on the Governor’s budget; if, prior
to the bond sale during the next biennium, the Board decides to postpone or eliminate the project, that option remains available.

**ACTION:** Following discussion and public input, President Donegan called for a motion to approve, subject to satisfactory resolution of the aforementioned grievance that preserves the validity of the referendum, the EMU project as presented and direct the Chancellor to draft a letter to the Governor requesting that $84.3 million in Article XI-F(1) bonds for the project be added to the 2013-2015 capital budget. Directors Allyn Ford and Orcilia Forbes made the motion and second, respectively; motion carried.

7. **Public Input**

None provided.

8. **Board Comments**

No comments were provided.

9. **Adjournment**

With no further business proposed, President Donegan adjourned the meeting at 2:02 p.m.