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

Chancellor’s staff present included: Interim Chancellor Melody Rose, Bridget Burns, Michael Green, Drew Hagedorn (telephone), Ryan Hagemann, Jay Kenton, Karen Marongelle, George Pernsteiner, Di Saunders, Patricia Snopkowski, Charles Triplett, Marcia Stuart, and Denise Yunker.

Campus personnel present included: Presidents Mary Cullinan (SOU), Bob Davies (EOU), Mike Gottfredson (UO), Chris Maples (OIT), Mark Weiss (WOU), and Wim Wiewel (PSU); others present included Dr. Bob Mason (IFS), Provost Sabah Randhawa (OSU), 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 9:10 a.m. by acknowledging Director Brianna Coulombe’s final in-person meeting with the Board and thanking her for her service. He then asked the Board Secretary to take the roll.

2. **REPORTS**

   a. **Chancellor’s Report**

   President Donegan called upon Interim Chancellor Rose to provide her report to the Board. Attention was drawn to a national issue in academe pertaining to student loan debts, increasing default rates, and, with the threatening increase in student loan interest rates, the potential impact on student debt. Dr. Rose noted that OUS is attentive to these issues and Chancellor’s Office staff are working on a fall symposium to convene relevant stakeholders around the issue of debt and affordability. She then informed the Board of successful presentations to the legislative Ways & Means Committee during the month of March. Presentations focused on student-outcomes, plans to accomplish the 40-40-20 goals, and the gaps and challenges associated with meeting the state’s attainment goals. Presentations also highlighted research and Statewide Public Services, in order to ensure that all aspects of the higher education enterprise were conveyed.
Dr. Rose also informed the Board on several staffing changes within the Chancellor’s Office, including: the appointment of Dr. Karen Marrongelle to the position of interim vice chancellor for academic strategies; the pending selection of the director for industry affairs; and that Board Secretary Triplett will assume responsibilities of deputy chief of staff as Chief of Staff Bridget Burns transitions into a fellowship with the American Council on Education (ACE).

Finally, Dr. Rose noted that the Secretary of State Audit Division is conducting two performance audits of the System. An audit of higher education cost-drivers was recently completed and the draft report has been reviewed by System staff. A response from OUS management will be submitted in the near future. A second system audit on teacher preparation has been significantly delayed by the SOS and the draft is not anticipated until May.

As a part of the Chancellor’s report, Ms. Burns and Mr. Drew Hagedorn provided an update of legislative bills currently being addressed in the state legislature that affect public higher education.

b. Interinstitutional Faculty Senate (IFS) President

Dr. Bob Mason, president of the Institutional Faculty Senate, began his report by thanking Former Chancellor Pernsteiner, on behalf of the faculty and staff for all eight public universities, for his service to the System and his collaborative efforts to “constantly improve educational outcomes for all students in this state.” He expressed continued faculty concern over the unprecedented changes being proposed to the administration and oversight of higher education in Oregon, and in particular, the proposed exclusion of faculty and students on future university boards (referring to Senate Bill 270). (The full IFS report is on file in the Board’s Office.)

c. Oregon Student Association (OSA) Chair

Ms. Merriam Weatherhead, chair of the Oregon Student Association, highlighted events at the state capitol in which students were involved: higher education budgets, tuition affordability, and governance structures. She thanked the Board for their support of the Tuition Equity bill, noting that the successful passage of this bill is “an amazing victory.” But she cautioned against excessive tuition increases that, since 2007-08, have made higher education unaffordable and been a contributing factor to people taking longer to graduate, flat-lining enrollment, and decreased graduation rates. Due to these negative factors, students will be lobbying against tuition increases for 2013-14. (The full OSA report is on file in the Board’s Office.)

d. Committee Action Reports and Six-Month Work Plan Review

i. Academic Strategies

Drs. Emily Plec and Karen Marrongelle were called upon to provide the Academic Strategies Committee report and mid-year action plan update. Director Plec directed the Board’s attention to three topics recently addressed by the Committee: the approval of the Board
The development of strategic priorities and initiatives for the 2015-2017 biennium is underway on teacher preparation; collaborative opportunities with other educational partners such as the Oregon Education Investment Board (OEIB), the Higher Education Coordinating Commission (HECC), and the Community College Workforce Development (CCWD); connecting research to Oregon’s economy; and 40-40-20 strategic planning. The Committee continues to work with the provosts on retention gaps and goals for each university, as well as ensuring that the work on 40-40-20 reflects the Board’s commitment to diversity.

Dr. Marrongelle expanded on the collaboration with K-12 and community college partners, in particular, the implementation of the common core state standards. Additionally, she advised that the Committee has requested the provosts to provide projections on their campus’ diversity goals and to outline the campuses plans to reach 40-40-20 goals. The statistical information garnered through the state’s census-taking will be incorporated with high school graduation data to better aid in informing where the gaps are in reaching the Board’s diversity goals and to set future goals for each campus. The Committee will produce a report in mid-May to be used by Chancellor Rose in developing a 40-40-20 plan for the University System, and is anticipated to be presented to the full Board in June.

ii. Finance & Administration

In the absence of Chair Schueler, Vice Chancellor Kenton provided the Finance & Administration Committee’s report. Of note, in the first meeting of calendar year 2013 the Committee met with representatives from each campus to reconsider the prioritization of the 2013-2015 capital budget, at the request of the Governor, for the purposes of aligning the projects using a “40-40-20 lens.” Dr. Kenton also reported that the System received an “unqualified opinion” of the annual financial audit by the new audit firm contracted by the Secretary of State (Clifton, Larson, Allen).

He indicated that the Committee has been following the annual work plan closely, with one exception being the adoption of a new initiative on outcome-based budgeting. This work is consistent with the Governor’s and Budget Buying-team’s recommendations for education reform. To ensure alignment with Oregon community colleges, OUS has contracted with the same organization shepherding their budgeting exercise. The National Center for Higher Education Management Systems (NCHEMS) is leading efforts in both sectors to develop an outcome-based budgeting model for OUS that will allocate state appropriations based on outcomes such as degrees produced for in-state residents, low-income students, diversity, priority degree areas, number of transfer students from community colleges, economic development and research, etc.
iii. Governance & Policy

Chair Paul Kelly provided the Governance & Policy Committee’s report and reviewed the work plan, noting that the most recent work on principles of a shared services enterprise have been submitted for consideration later in the meeting. He proposed revising the Committee annual work plan to add a specific, clear reference to continued shared services work under the strategic priority section.

iv. External Relations

Director Jill Eiland provided a brief update on the External Relations work group, highlighting the charge to develop strategic messages that “demonstrate the expertise that is resident within the Oregon University System” and noting Pyramid Communications work to perform a communications audit and to design a messaging platform. Chancellor Rose commended the Pyramid Communication work and its value in framing the testimony and presentations to the legislative Ways and Means Committee.

3. DISCUSSION ITEM

a. Research Presentation and Discussion

President Donegan called upon Vice Chancellor Karen Marrongelle and Director Ciuffetti to open the discussion. Dr. Marrongelle introduced Sue Stafford (Oregon BEST), Dan Dorsa (OHSU), Scott Nelson (Governor’s Office), and Jennifer Fox (OTRADI), and then provided a brief description of her research background, noting that she served at the National Science Foundation as a program director and also at Portland State giving her both a national and a university perspective on research. Dr. Marrongelle highlighted several examples of the value of university research noting that it’s an essential part of reaching each of the Board’s five goals: creating an educated citizenry; ensuring high-quality student learning; creating original knowledge and advancing innovation; contributing positively to the economic development of Oregon; and diversity. She noted that reaching the 40-40-20 goal requires an effective higher education system and that research and scholarship are fundamental to all university campuses to attract high caliber faculty and students (both undergraduate and graduate). University research provides service to Oregonians through a variety of research grants (e.g., professional development to K-12 teachers, and social services to community members). In 2004, the Board’s Academic Excellence and Economic Development Working Group recommended investments in various research arenas, such as nanoscience and sustainability (with Oregon since becoming a national and international leader in sustainability).

Director Ciuffetti provided the viewpoint of a faculty member concerning the direct impact on students in the development of skills and learning, and ultimately contributing to the workforce upon graduation. Dr. Ciuffetti stressed how research interconnects throughout all aspects of the learning continuum and must not be relegated to the sidelines. She shared that “support for research and value placed on graduate education actually does have a grave impact in terms of how we attract and retain high-quality faculty to Oregon.” Another integral part of the
research collaboratory in the universities is the interaction between graduate (teaching assistants) and undergraduate students and provides them with a broader, more global diverse population. Dr. Ciuffetti concluded her remarks by asking that the Board be mindful of research during the development of the outcome-based budgeting and the restructuring of the educational continuum. If research is devalued, the universities will be unable to attract and retain high-quality faculty or students.

Each guest was invited to share with the Board how their organization provides research opportunities and employment in Oregon. In conclusion, Mr. Scott Nelson, Jobs & Economy Policy Advisor for the Office of the Governor, advised that during the past year, the Governor’s Office engaged in a 10-year budget exercise to better strategically invest public funds. The Jobs & Economy committee identified three strategic elements to the building of a chain of innovation for the development and production of “trade and sector” products. As a result of the exercise, a recommendation was made to increase the Oregon Innovation Council (Oregon InC) budget by approximately $10 million with an additional allocation of $5.5 million of Lottery Funds and $10 million of Capital Funds for innovation activities. Following a robust discussion with the guests, concern was raised about the potential of federal government sequestration and the impact to research funding in Oregon. Director Ciuffetti stressed that this issue is “a jobs issue,” that the impact isn’t just to research funding but to faculty, post-docs, students, and staff, having a trickle-down effect that touches on all areas within the System. In conclusion, Dr. Marrongelle asked that the Board consider the following: 1) keep research specific in their thoughts, conversations, and as the work of the Board and committees move forward; 2) to direct and assist the research vice presidents in the formulate a plan for the allocation of investments that are necessary to continue the forward advancement of the endeavor; and 3) to update the research plan developed by the AEED working group in 2004.

4. CONSENT ITEMS

   a. Advanced Placement/International Baccalaureate Statewide Alignment Policy Approval
   b. Oregon Administrative Rule Updates
      i. Amendments to OAR Division 60 (Real Property, Facility, and Campus Planning)
      ii. Amendments to OAR Divisions 61 (OUS Procurement and Contracting Code) and 62 (Purchasing and Contracts for Personal or Professional Services and Goods)
   c. Approval of Minutes, January 11 and 28, and February 14, 2013

   ACTION: With no changes proposed to the consent items, Vice President Eiland called for a motion for approval. Directors Middleton and Forbes made the motion and second, respectively; motion carried.
5. **ACTION ITEMS**

a. **OUS, Principles of a Shared Services Enterprise**

With the departure of President Donegan, Vice President Eiland called upon Director Paul Kelly and former Chancellor George Pernsteiner to present the principles of a shared services enterprise, drawing the members’ attention to the principles provided in the docket. As background, with the passage of Senate Bill 242, current legislative consideration of institutional governing boards, and the restructuring of postsecondary education through the OEIB (Oregon Education Investment Board), staff within the Chancellor’s Office and universities have been reviewing and defining opportunities for shared services that will “optimize efficiency, minimize cost, maximize revenue, and assure quality.” During the past months, the Committee reviewed a list of services provided within the System generally categorized as shared services and, with that review, have developed a preamble and an initial set of principles to guide the implementation process and govern the Shared Services Enterprise.

**ACTION:** Following a productive discussion, Vice President Eiland called for a motion to approve the preamble and principles of the Shared Services Enterprise; Directors Middleton and Plec made the motion and second, respectively. Motion carried.

b. **Approval of Board Resolution for Chancellor Emeritus Status, George P. Pernsteiner**

Vice President Eiland called upon Director Kelly to present the item. In acknowledgement of Former Chancellor George P. Pernsteiner, the following resolution was introduced:

> **WHEREAS,** George P. Pernsteiner has served with dignity and distinction as the 12th chancellor of the Oregon University System since October 2004; and

> **WHEREAS,** Chancellor Pernsteiner has provided innovative and distinguished leadership in higher education for seven universities of the State of Oregon; and

> **WHEREAS,** Chancellor Pernsteiner has worked tirelessly to expand access to higher education for all Oregonians – particularly people in underserved areas and people with richly diverse characteristics – by helping to create partnerships and alliances with community and independent colleges, and by encouraging new models of educational delivery in collaboration with schools, industries, and all levels of governments; and

> **WHEREAS,** Chancellor Pernsteiner has successfully led public policy efforts to build and maintain high quality throughout the instruction, research, and public service programs of the Oregon University System despite burgeoning growth within the System and countless fiscal obstacles; and

> **WHEREAS,** Chancellor Pernsteiner successfully championed the 2011 passage of Senate Bill 242, a historic package of governance reforms that changed the Oregon University System.

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from a state agency to a public university system with improved operational flexibilities and increased accountability to the state and its students; and

WHEREAS, Chancellor Pernsteiner led the Oregon University System to national prominence in performance-based accountability, promoting high levels of effectiveness and efficiency in the services that support all of its academic and financial functions; and

WHEREAS, Chancellor Pernsteiner, in all of his dealings with students, parents, citizens, faculty, staff, government officials, administrative colleagues, and friends of the public higher education in Oregon, has provided respect, civility, courtesy, wise counsel, and continuing friendship.

NOW, THEREFORE, BE IT RESOLVED, that the Oregon State Board of Higher Education confers upon George P. Pernsteiner the title of Chancellor Emeritus and bestows upon him all the rights, accommodations and privileges accorded therein, and publicly expresses herein its gratitude for his long and distinguished service to the Oregon University System and the citizens of Oregon.

ACTION: Following the presentation, Director Kelly made a motion to approve the bestowment of Chancellor Emeritus status on Mr. Pernsteiner and Director Farbodd Ganjifard seconded; motion carried.

6. **Public Input**

No public input was submitted.

7. **Board Comments**

Members of the Board expressed their thankfulness to Chancellor Emeritus Pernsteiner for his service to the Board and System.

8. **Adjournment**

With no further business submitted for consideration, the meeting was adjourned at 1:26 p.m.