1. **Call to Order/Roll Call/Welcome**

   Board Members present included: Chair Paul Kelly, Kirby Dyess, Hannah Fisher, Brian Fox, Jim Francesconi, Dalton Miller-Jones, Rosemary Powers, Preston Pulliams, Kirk Schueler, Tony Van Vliet, and David Yaden. Board members absent: John Von Schlegell

   Chancellor’s Office staff present included: Chancellor George Pernsteiner, Neil Bryant, Mark Endsley, Michael Green, Ryan Hagemann, Endi Hartigan, Joe Holliday, Jay Kenton, Brian Meara, Robert Turner, Patricia Snopkowski, Susan Weeks, and Denise Yunker.

   Others included: Presidents Mary Cullinan (SOU), Dave Frohnmayer (UO), Dixie Lund (EOU), Chris Maples (OIT), John Minahan (WOU), Ed Ray (OSU), and Wim Viewel (PSU); Brad Burda (OIT), Lindsay Desrochers (PSU), Leslie Hallick (OHSU), Michael Jaeger (EOU), Jim Klein (SOU), Roy Koch (PSU), Mark McCambridge (OSU), Craig Morris (SOU), Kent Neely (WOU), Bob Nettles (OIT), Sabah Randhawa (OSU), Scott Reed (OSU), Hal Salwasser (OSU), Mark Weiss (WOU).

   Chair Kelly called the meeting to order at 8:00 a.m. He welcomed Director Yaden back from his travels to Sri Lanka and thanked President Minahan for yesterday’s visitation presentation. He continued by congratulating Eastern Oregon University on its new president, Bob Davies, who would start on July 1, and the University of Oregon on its appointment of Richard Lariviere as its new president. He turned to President Maples who mentioned that Dr. Purvine, the founding president at OIT had passed away and the memorial service would be on Saturday, April 11.

2. **Reports**

   a. **Interinstitutional Faculty Senate**

      Peter Gilkey, president of the Interinstitutional Faculty Senate, gave the report. He spoke briefly about the fact that good communication was essential. He remarked, “There’s a timetable which we in the academic community understand which is not so well understood outside which is we expect the final budget decisions to come in late June. However, many of our faculty will already have left by the 15th of June. That means we have to do our communicating this spring so that decisions which are made over the summer are understood by the faculty and by the staff and by the students.”

   b. **Oregon Student Association**

      Kelly Horvath, Board Chair for the Oregon Student Association, presented the OSA report. She noted that students had met with legislators from both sides of the assembly to keep momentum going as the
Ways & Means process begins. She went on to discuss the recent dual enrollment role agreement established between Southern Oregon University and the University of Oregon, expressing that students had some concerns regarding its effects, especially on students from underrepresented communities. She commented on two agenda items the Board would be addressing later that day: the tuition policy work groups’ recommendations and the work of the Participation and Completion Committee. She observed, “The three policies chosen are those that students fully support, particularly that of improving faculty effectiveness with underserved populations retention and completion rates and we hope that will include cultural competency training for all faculty and staff. However, a priority of the Oregon Students of Color Coalition, an integral component of the Oregon Student Association was not chosen.”

3. Consent Item

a. OIT, MS in Civil Engineering

Docket Item:

Oregon Institute of Technology – M.S. in Civil Engineering

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

Preparing students to become licensed professional engineers has long been the primary goal of the Civil Engineering Department at Oregon Institute of Technology (OIT). As the licensure requirements have changed over the years, so has the program: most notably with the transition from offering degrees in civil engineering technology to degrees in civil engineering because, throughout the United States, many of the state boards were no longer granting licenses to practitioners with technology degrees. The industry is undergoing yet another major philosophical shift in that the American Society of Civil Engineering (ASCE), the National Council of Examiners for Engineering and Surveying (NCEES), and Accreditation Board for Engineering and Technology (ABET) are each pursuing various policies requiring graduate degrees (or equivalent coursework) in order to be eligible for professional licensure. As such, the addition of a graduate civil engineering program at OIT is a logical way to continue the current mission.

The current institutional mission statement, approved by the Oregon Board of Higher Education, is comprised of six central objectives. These are listed below with a short description of how the proposed program supports each one.

- Provide degree programs that enable graduates to obtain the knowledge and skills necessary for immediate employment. A majority of the employers of graduates from the Bachelor of Science in Civil Engineering (BSCE) program at OIT are seeking to hire individuals who will be eligible for professional licensure. As discussed previously, candidates in the near future will need to obtain a master’s degree (or equivalent) to be eligible and so offering a Master of Science in Civil Engineering (MSCE) is going to be integral to a graduate’s employability.
• Enable students to be effective communicators, responsible citizens, and lifelong learners by assisting them in the development of critical thinking and problem solving skills, and ethical and cultural awareness. Providing students with access to advanced coursework and projects will strengthen their communication, critical thinking, and problem solving skills as well as give them more exposure to an increasingly broad industry.

• Offer continuing and distance education and advanced professional studies to meet the emerging needs of today’s citizens. Offering advanced courses in civil engineering will provide continuing education to today’s citizens.

• Provide informational and technical expertise to regional, state, national, and global publics in applied research. It is expected that a majority of the students pursuing the MSCE degree will conduct a significant applied research project, the results of which will be disseminated to the general public via papers and presentations at both the regional and national level.

• Develop and maintain partnerships with public and private institutions, business and industry, and government agencies to ensure quality programs that meet the needs of students and the organizations that employ them. Current partners strongly support the offering of a MSCE at OIT.

• Provide statewide access to address the needs of the Oregon workforce. The proposed MSCE would only be offered at the Klamath Falls OIT campus. Other MSCE programs are available in northern Oregon.

2. What evidence of need does the institution have for the program?

As the Oregon economy improves, more construction takes place. As more buildings, bridges, roads, and communities are being built, the need for civil engineers to design these systems grows as well. Unlike other fields of engineering, civil engineering is less often outsourced. The result of these two factors is the fact that the need for civil engineers in Oregon has increased dramatically in recent years. According to The Oregonian: “public and private employers throughout the region are struggling to attract qualified civil engineers from a small pool of candidates.” Nationally, USA Today states that due to “general population growth and an expanding economy, more civil engineers will be needed to design and construct higher capacity transportation, water supply, pollution control systems, and large buildings and building complexes.” Furthermore, a national career development and job search association lists civil engineering as being in the top 10 most in demand degrees for 2007.

3. Are there similar programs in the state? If so, how does the proposed program supplement, complement, or collaborate with those programs?

Both Oregon State University and Portland State University have a M.S. in Civil Engineering. It is intended that the OIT’s MSCE program would be complementary to and not in competition with the MSCE programs offered at Oregon State University and Portland State University. The OUS Provost’s Council has approved this degree.

There is no projected student enrollment or faculty workload impact on other OUS institutions.
4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

Initially, enrollment in the program will be low and, as such, it is estimated that no additional faculty members will be needed. As the program grows, and especially if Oregon and/or surrounding states require an M.S. or equivalent for licensure, an additional faculty member will be required. Specifically, it is estimated that when PS 465 is implemented fully, 95 percent of the BSCE students at OIT will remain for an MSCE as well. When this happens, it will be necessary to add another assistant, associate, or full professor with as broad a background within the area of civil engineering as possible to further support the objective to prepare students for professional practice. Because the NCEES model law calls for a 2015 implementation, which, when subtracting four years of professional practice from that number, would affect students graduating in 2011, it is estimated that an additional faculty member would be required in the fall of 2011.

The OIT Library’s holdings in the broad subject category of civil engineering include print and electronic resources. In recent years, the Library has purchased more journals and books electronically in response to cost savings for electronic titles over printed editions and cost savings through consortial buying opportunities. To bring library materials to an appropriate level for this program will require initial funds of $5,000. The majority of this additional financial support will be through a reallocation of a portion of the Library budget that is dedicated to the Civil Engineering Department. Other funding will come from external research grants.

Facilities, Equipment, and Technology: In the program’s infancy, because initial enrollment will be low, few additional resources will be required. As the program grows, however, especially with the full implementation of PS 465, it is envisioned that some additional facilities and equipment will be needed. Specifically, some graduate student offices and updated lab equipment would be beneficial.

The Department has had great success obtaining lab equipment from a number of different sources. Grants from private groups, such as the Associated General Contractors of America, which provides an annual equipment grant, are expected to continue to provide updated and additional equipment.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

Recommendation to the Board: The OUS Provosts’ Council recommends that the Board authorize Oregon Institute of Technology to establish an instructional program leading to a M.S. in Civil Engineering, effective Fall 2009.

Board Discussion and Action:

Brad Burda, provost at OIT, spoke briefly concerning the civil engineering master’s degree, noting that it is complementary to programs at OSU and PSU and is unique in that it is project based.

Chair Kelly called for a motion to approve the civil engineering master’s degree at OIT. Directors Fox and Francesconi moved and seconded, respectively. Motion passed.
4. **Action Items**

   a. **OUS, Identity Theft Prevention Program**

   **Docket Item:**

   **Background**
   In late 2007, the Federal Trade Commission (FTC) and Federal banking agencies issued a regulation known as the *Red Flag Rule* under sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003. (A “Red Flag” is defined as a pattern, practice, or specific activity that indicates the possible existence of identity theft.) The regulation is intended to reduce the risk of identity theft that results in the theft of goods and/or services that are provided by creditors to their customers on account.

   The regulation applies to any organization that allows its customers to obtain goods and/or services and defer payment for those goods or services. The Red Flag rule requires any such organization to establish, document, and maintain an Identity Theft Prevention Program (Program) that identifies potential red flags that signal identity theft, detects the occurrence of identified red flags, and appropriately responds to detected red flags.

   The regulation requires that the Program be approved by the organization’s governing board. Oversight of the program is to be assigned to a senior management level staff member, with program reviews conducted annually. Red Flag rules go into effect on May 1, 2009.

   **Program Development**
   The Chancellor’s Office developed a draft Program based on examples from other universities and the National Association of College and University Business Officers (NACUBO). The Chancellor’s Office then engaged a team consisting of the director of business affairs at each campus, the OUS General Counsel, the general counsels from Oregon State University and the University of Oregon, and a representative from Information Technology to further refine the Program. The Program that is presented as Attachment A was then reviewed and approved by the Vice Presidents for Finance and Administration at each campus.

   **Risk Assessment**
   The campus representatives to the Program development process reported no known instances of identity theft relating to deferred payment programs that resulted in the theft of goods and/or services from their campuses. While the team believes the likelihood of such identity theft is remote, the team also believes that the risk is growing with the advent of electronic account access coupled with automated financial aid refund processes. Campuses currently employ strong processes and procedures that significantly reduce the risk of this type of identity theft. Examples include requiring photo
identification for registration and financial aid disbursement and securing electronic systems via password and other authentication processes. The OUS administration concludes that the risk of identity theft relating to deferred payment programs that result in the theft of goods and services to be low.

Administration of the Program
The Program establishes an Identity Theft Committee (Committee), appointed by the vice chancellor for finance and administration, to implement and administer the provisions of the Program. The Committee will be made up of a Chancellor’s Office representative and a Program administrator for each OUS campus. The Program administrators will be responsible to implement and administer the Program at their campus. The Committee will review the Program annually (or more frequently if events warrant) to review its effectiveness and to determine if changes in the Program are needed. The Program must be implemented by May 1, 2009.

Staff Recommendation to the Board:
Staff recommends that the Board adopt the attached Identity Theft Prevention Program.

Board Discussion and Action:

Mike Green, OUS Associate Vice Chancellor for Finance and Administration and Controller, gave some background on the item, noting that in 2007, the FDC issued a regulation known as a “red flag rule,” which applied to any organization that provides goods or services to the public on account. The regulation required that any entity that has any kind of account or any kind of credit where it allowed consumers to purchase goods or services have an identity theft prevention program in place. He explained, “In order to develop this program, we put together a team of directors of business affairs from each of the campuses, legal counsel of the System and UO and Oregon State and also an IT representative. The rule allowed the program that you develop to be based on the relative risk that you assess and, at this point in time, we believe the risk to be quite low. However, we do believe the risk is growing with the advent of technology, electronic refunds of financial aid to students’ accounts and electronic access to accounts by students.” An Identity Theft Committee was appointed by the Vice Chancellor for Finance and Administration to implement and administer the program. A representative from each campus would monitor any red flags that have been noted by the institutions.

After a brief Board discussion, Chair Kelly called for a motion to approve the Identity Theft Prevention Program. Directors Dyess and Powers moved and seconded, respectively. Motion passed.

b. Update to IMD 6.140(2) Relating to Endowment Fund Investments

Docket Item:

OUS, Update to IMD 6.140(2) Relating to Endowment Fund Investments

Background:
Prior to 2007, the OUS endowment funds were governed by Oregon’s version of the Uniform Management of Institutional Funds Act (UMIFA). One of the provisions in UMIFA prohibited spending
endowment funds below their original historic dollar value (HDV). In the 2007 legislative session, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted to replace UMIFA. That law eliminated the prohibition on spending below the historic dollar value unless that provision was a part of the original trust document that created the endowment. The purpose of this change was to give institutions the ability to cope more easily with fluctuations in the value of the endowment. Under UPMIFA, institutions must still meet the general standard of prudence in their endowment investment decisions but they have more flexibility in establishing a spending policy that is responsive to short-term fluctuations in the market.

**Action Requested:**
In order to provide the flexibility intended by UPMIFA, and bring the OUS policies in line with Oregon laws, the language in OUS Internal Management Directive (IMD) 6.140(2) that prohibits spending below HDV needs to be removed.

In addition, in reviewing IMD 6.140(2), it was noted that a reference to Section (1) of IMD 6.140 should be updated to reflect the current language therein. This is a housekeeping item that does not change endowment fund investment management.

**Staff Recommendation to the Board:**
Staff recommends approval of the following changes to IMD 6.140(2); the added language is underlined and deleted language is in strikethrough:

6.140(2) - Dividend and interest income in excess of the amount needed to fund the annual spending participant requirements specified in 6.140(1) the investment objectives and policy guidelines approved by the Board are placed in an endowment fund reserve account and reinvested. Securities may be sold to provide cash equivalent to the income needs. However, the book value of endowments may not be invaded.

**Board Discussion and Action:**

Controller Mike Green presented the item observing that previously to 2007, endowment funds were managed under the uniform management of the institutional funds act and a provision of that act required that you could not spend down into the historic dollar value of the endowment. He explained that the practical effect of that in times of short term market declines was a suspension of spending from endowments, which created temporary budget issues for campuses. A uniform prudent management of institutional funds act was established, which was adopted by most states that removed the provision that prohibited the spending down into the historic dollar value of the endowment, except in cases where the instrument that created the endowments specifically had that provision in it. The update to the IMD changes the language and removes that prohibition from OUS policy and assures that the OUS policy comports with the state law and allows the management of the endowment to be more in line with the way those monies are invested.

Chair Kelly called for a motion to approve the changes to IMD 6.140(2). Directors Van Vliet and Dyess moved and seconded, respectively. Motion passed.
c. Approval of Proposed Board Committees

Chair Kelly presented the item, noting that Board members had had a few months to review and comment on the committees. General Counsel Ryan Hagemann had incorporated the feedback into each of the charters. He indicated that he would like to adopt the committee charters today so that the committees could begin functioning. A suggestion was made that the charters be called provisional, subject to future feedback from the committees.

After Mr. Hagemann noted some of the changes and additions to the charters requested by Board members, Chair Kelly called for a motion to approve the proposed Board committee provisional charters. Directors Van Vliet and Pulliams moved and seconded, respectively. Motion passed.

5. Report Items

a. Tuition Policy Work Group Update

Handout:

Draft

Tuition Policy Workgroup Guiding Principles

The Legislative Assembly declares: “... that higher education for residents of Oregon who desire it and are qualified to benefit from it is critical to the welfare and security of this state and this nation and consequently is an important public purpose. [1993 c.240 §3]”

In the early years, higher education was a privilege of only the very gifted and affluent. Over time, these qualities drove American society to redefine the goal of higher education, which became in Clark Kerr’s (1982) words, “to serve less the perpetuation of an elite class and more the creation of a relatively classless society, with the doors of opportunity open to all through public education.”

In agreement with the Legislative Assembly and with the goal of re-gaining a social compact via increased State support to improve access, affordability, and quality education for the people of the State of Oregon, the Tuition Policy Workgroup seeks to establish the following guidelines.

Guiding Principles:
When setting Undergraduate tuition rates, the following factors shall be considered:
1. Maintaining and increasing access for qualified Oregonians to be educated at Oregon University System (OUS) institutions.
2. Maintaining and increasing affordability for students through both support and advocacy for state funding and need-based aid.
   a. Ensuring no student is deterred from enrolling at a participating campus or in a particular major due to tuition pricing.
b. Program demand and the salaries in the field upon completion of education should only be considered when setting differential tuition so long as need-based aid is available to avoid the cost of a particular major becoming an impediment to degree choice.

3. Nonresident undergraduate students should pay a larger share of instructional costs than resident students when the market allows. Nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives.

4. Pricing tuition should be moderate and predictable and managed such that the quality of the education is not compromised to the extent this is feasible. Where budget resources are not sufficient to maintain quality, supplemental tuition increases should assist in redressing the imbalance between needs and resources.

5. Maintaining and managing institutional financial viability by balancing the aforementioned principles, access (participation), affordability, and quality with tuition pricing.

Considerations

When setting tuition rates, OUS Institutions and the Board in consultation with student leadership should consider:

1. Level of State funding – this is the primary and critical factor
2. Institutional mission
3. Sustain quality of the academic programs and student experience
4. Institutional accessibility (size, location, program mix, capacity)
5. Peer/Competitor rates
6. Program cost
7. Value of degree, salaries in field, program demand and institutional capacity

It is a goal of the Board of Higher Education that as a matter of prudent fiscal and educational policy, state appropriations should, at a minimum, strive to provide at least 50% of the costs of an undergraduate education for all qualified Oregonians.

Board Discussion

Director Brian Fox updated the Board on the Tuition Policy Work Group. He took the Board through the guiding principles and considerations as noted in the handout.
Discussion centered around additions/changes to the draft guiding principles and considerations. President Wiewel commented on his concern with the wording in number 2a and 2b, “It shall not be an impediment or forced to becoming an impediment” and “No students shall be deterred.” Chair Kelly responded that the wording could be changed to “aspirational” guidelines. Chancellor Pernsteiner responded that the use the word aspirational might imply that it really doesn’t have to be done because it’s aspirational. President Ray noted that if the principles are adhered to, it will be much more effective discussion, assuring that everyone is participating and everyone understands the trade-offs when decisions on tuition are made. To a concern regarding that the factors included in the guidelines are institution specific, Chancellor Pernsteiner expressed that his interpretation would be that this was a policy for the State Board of Higher Education for the institutions under its governance and, as such, would not affect either the opportunity grant, which is administered by separate state agency, or the tuition policies of either the community colleges, the Oregon Health and Science University or the independent institutions in the state. President Frohnmaier indicated that, “the message really is that our bedrock principle still is access, success, and predictability. But given the level of state support we’re getting, we have to assert that we have two important relatively new emphases that we’re going to give in setting tuition. One is to protect quality of education the people are getting. And the second is the flexibility implied for setting tuition both at the program level, at the institutional level and that doesn’t have implications for governance.”

Chair Kelly asked for a motion to authorize the Tuition Policy Work Group to make revisions that accommodate the feedback made at the Board meeting, to authorize the Chancellor’s Office to use the draft document in talks with the legislature, and to charge the Chancellor’s Office to assure that it is reviewed by the Administrative, Provost, and Presidents Councils. Directors Dyess and Powers moved and seconded, respectively. Motion passed.

b. OSU Extension Service Report

Scott Reed, OSU Vice Provost for University Outreach and Director of the OSU Extension Service, presented the report. He was joined by Hal Salwasser, OSU Dean of the Forestry and Director of the Forestry Research Laboratory. Dr. Reed illustrated a sampling of extension programs and their impacts, described the organizational reach of extension programs, provided a look forward regarding programmatic and infrastructure initiatives, and depicted what the impact of budget reductions might be. Dr. Salwasser shared with the Board the inner-connectness between research and extension education. Dr. Reed indicated that Extension Service faculty are organized around five core educational program areas and extension service: agriculture and natural resources, 4H and youth development, Sea-grant, family and community health, and forestry and natural resources.

Board discussion followed.

c. Student Participation and Completion Committee Update
Director Miller-Jones updated the Board on the work of the Student Participation and Completion Committee. He asked Joe Holliday, OUS Assistant Vice Chancellor for Student Success Initiatives and David McDonald, WOU, to join him. Director Miller-Jones reminded the Board of the committee goal, which was to develop policies and strategies to improve the participation retention and success in postsecondary education involving all Oregon students with a special focus on the needs of underserved populations throughout the state. He reviewed by noting that the committee culminated its first year and a half by proposing a policy option packages that would continue its outreach and research, which was directed at improving student participation completion and increasing pre-college academic preparation and outreach and students’ success through retention initiatives on campuses. Through December 2008, the committee convened a set of expert panels that identified the best practices in retention and in programs that were successful. Last month, the committee voted and decided on three short term priority items for action over the next 12 to 18 months: to increase the college participation rates for Hispanic and Latino populations in the state, to increase the college participation and retention rates for Native American and African American students, and to improve the college participation and retention rates for rural and first generation students. In the future, the committee would like to be able to convene a symposium to share successful practices that have been achieved across the campuses. In addition, the committee would like to find ways to support partnerships and collaborations with existing successful precollege academic preparation outreach and retention programs, look for ways to improve faculty effectiveness, provide a commitment to equity and student success, and to a welcoming campus environment.

The Board then convened in Executive Session. The Executive Session, from which the public is excluded, is held pursuant to ORS 192.660 (2F) for the purpose of considering records that are exempt by law from public inspection pursuant to that same statute. Representatives of the news media will be allowed to attend but the discussion and any reports received in the Executive Session will be undisclosed by the news media. Pursuant to the same statute, subsection 6, no final action is going to be taken or final decision made in that Executive Session.

The regular Board meeting was reconvened after the adjournment of the Executive Session.

6. Discussion Items

a. Policies on Undergraduate Program Demand and Minimum Class Size

Susan Weeks presented the item, noting that both policies are intended to do three things: assure appropriate Board level stewardship over academic programs and curricula; provide enough flexibility for provosts to make exceptions where they are warranted; and require an annual review and reporting through the Provosts’ Council. She indicated that neither policy addresses graduate programs because of the individualized nature of graduate programs both in the quantity and type of course work that is required and in the purpose and expectations regarding degree production and program programs. The minimum class size policy conveys the expectation that at the undergraduate level, lecture format classes enrolling fewer than ten students would be cancelled but that the Provosts may make some
exceptions. Regarding the undergraduate program demand policy, she shared that it was intended to flag undergraduate programs that may not be in sufficient demand based on the number of degrees awarded by those programs as the indicator.

Board discussion followed.

b. Common Acceptance/Admissions

Joe Holliday began the discussion with some background on the OUS common admissions process. He noted that it came from a request from the Presidents Council to create an Ad Hoc group to study common admissions approaches. He clarified that the process is not a common application, but common admissions process. It would ask students if they also wish to be considered for admission at other OUS universities and, if they answer yes, would provide a release of information. There would be no additional application fees charged to these students beyond those that they had paid to the universities they applied directly to and it would be in effect as of fall 2010.

7. Public Input

Michelle Stanley, OSU Director of Admissions, spoke of the concerns that the OUS Admissions Directors have with the common acceptance/admissions process. She mentioned how it might be limiting students’ ability to plan if the admissions directors don’t go ahead on the first choice school and do the deny process. She stated, “We will be holding that up and it will be quite complex no matter depending on how many schools get into the mix of this and how much we’re sending applications around. Another concern we have is we don’t want to hold up deny systems that will impact students. Many students apply to their first choice school. They will wait for that decision and they’ll hold out to the bitter end to hear because that is their first choice school. We also are concerned that there is no additional application fee. The other point we wanted to make sure to note was, we are concerned about how this will affect those target populations we’re trying so hard to attract. If you look at the data and the research that has been done, they apply late in the cycle, typically after application deadlines. If this does cause us to have more time to process applications, we will have to look at how we’re going to get all this work done with the staff that we currently have.”

8. Chancellor’s Report

Chancellor Pernsteiner began by thanking the Board for appointing two outstanding candidates to be President at two of our institutions: Richard Lariviere, incoming president of the University of Oregon and Bob Davies, incoming president of Eastern Oregon University. He then turned to Neil Bryant for the legislative report. He spoke about the Ways and Means committee process going forward. He added, “On May 15, the revenue forecast is announced. On May 18, the co-chairs will produce their co-chairs’ budget. And that’ll be the budget that will be used for the 2009-2011 session. The session is still planned to end on June 30.” He went on to discuss Senate Bill 442, noting that there were additional amendments: a common application form, shared services, a study concerning a better relationship with
community colleges and regionals, including whether or not there was a possibility of a different legal entity or some sort of a merger, and should some of the larger institutions have branch campuses rather than independent regionals.

Chancellor Pernsteiner pointed out that there had been numerous discussions with Board members, presidents, and other campus and governance staff personnel with regard to how to respond to a request from the legislative fiscal office for a 30% reduction from the 2009-2011 essential budget level, which is a reduction of approximately $285 million. He explained that the use of federal stimulus money makes it unlikely that such a number would actually be the budget but it is part of what every state agency has been asked to provide to the legislative fiscal office. He added, “I would like to seek your concurrence to provide some guidance to Jay Kenton, to me, and to the campuses as we move forward. And I would like to lay all of these things out at one time. The first is I would like a reaffirmation of the policy decision which this Board made in January that tuition increases for resident undergraduate students that exceed 3.6% in any year set aside 30% of the funds derived from that increase to be used for need based financial aid. Secondly, calling to mind the principles which this Board discussed last month with regard to how we would approach the budget, that we would give priority to those programs that were related to the instruction and support of students and to research. I’m asking that the presidents be advised that in order to maintain the highest level of resource possible for instruction, research, and student services, that the campuses reduce budgets for campus public services and other public service by more than the 30% of the general decrease. Third, I’m asking that you provide the direction that the funding for the Cascades Campus of Oregon State University be reduced by more than the 30% of the general decrease. Fourth, in order to help ensure the financial sustainability of the smaller campuses in the System, that services and financial management for those campuses be shared. That the academic programs of those campuses be limited in such a manner as determined by the Board that focuses on the necessary programs needed in those regions by those universities.”

Chair Kelly called for a motion to affirm the Chancellor’s recommendations on the package of proposals to the legislature as perspective cuts to meet the 30% target reduction. Directors Yaden and Dyess moved and seconded, respectively. Those voting in favor include: Directors Kelly, Dyess, Fisher, Fox, Francesconi, Pulliams, Schueler, and Yaden. Directors Miller-Jones, Powers, and Van Vliet abstained due to a potential conflict of interest regarding compensation for faculty. Motion passed.

9. Committee Reports

There were no committee reports.

10. Board Comments

Director Powers thanked President Minahan and the WOU community for providing us this opportunity to see education in action.

11. Delegation of Authority to Board’s Executive Committee
Chair Kelly called for a motion to approve the delegation of authority to the Executive Committee of the Board as stated in the docket materials. It was moved and seconded. Motion passed.

12. **Adjournment**

There being no further business before the Board, Chair Kelly adjourned the meeting at 2:35 pm.