
Campus and Chancellor’s Office staff included: Interim Chancellor Melody Rose and presidents Mary Cullinan (SOU), Mike Gottfredson (UO), Chris Maples (OIT), Ed Ray (OSU), and Mark Weiss (WOU); provosts and vice presidents for finance included: Steve Adkison (EOU), Brad Burda (SOU), Michael Green (CO), Ryan Hagemann (CO), Endi Hartigan (CO), Jan Lewis (CO), Craig Morris (SOU), Sabah Randhawa (OSU), Meg Reeves (OSU), Monica Rimai (PSU), Dave Robinson (OHSU), Marcia Stuart (CO), Charles Triplett (CO), Denise Yunker (CO), and Mary Ann Zemke (OIT). Others present included: Bill McGee (DAS) and Mario Parker-Milligan (OSA).

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

   President Donegan called the meeting to order at 9:06 a.m.

2. **Reports**

   a. **Interim Chancellor’s Report**

   Interim Chancellor Rose provided her report. Highlights included the recent legislative approval for the Governor’s “Grand Bargain” in which the System will receive an additional $25 million for the purposes of buying down tuition. The budget note clearly delineates how the appropriation should be applied. Rose noted that the funding is not expected to be recurring and continued conversation with the legislature and the Governor’s Office must occur to ensure that the appropriations continues in future biennia. Within the “Grand Bargain,” changes to PERS cost of living allowances may face litigation.

   Dr. Rose also reported that on September 26, 2013, SEIU and OUS reached a tentative agreement on contract negotiations for OUS classified staff. The settlement averts a proposed strike on OUS campuses and contains contingency language pending additional legislative appropriation in February 2014 that affects the technical and regional universities within the system.
b. Committee Action Reports

i. Finance & Administration Committee

In the absence of the chair, Committee member Orcilia Forbes provided the report covering the September 2013 Committee meeting. The Committee approved the purchase of two pieces of land in Bend for the development by OSU-Cascades; adopted a composite financial index to replace the current fund balance metric; and heard testimony from SEIU members who voiced their concerns regarding OUS/SEIU bargaining.

ii. Governance & Policy Committee

In the absence of the chair, Committee member Allyn Ford provided the report covering the September 2013 Committee meeting. The meeting included a discussion of the Committee’s continuing participation in the shared services development; the development of the 2013-14 work plan, and the nomination of Board officers.

iii. Academic Strategies Committee

In the absence of the chair, Committee member Dave Yaden provided an update on the Committee’s deliberations and actions since the June Board meeting. A number of policy and program approvals were passed and highlighted that Academic Strategies, generally, is an area that will be difficult to coordinate as the new institutional boards and HECC are established. Appreciation was expressed for the Diversity Report and the dedicated work of university and Chancellor’s Office staff in detailing the continuing work to reach a diverse population.

iv. OUS 40-40-20 Strategy Progress report

Director Yaden presented an update on the 40-40-20 strategy progress report and a preview of issues that ASC will continue to address through the transition. He noted that the the five-year business plan exercise to be completed by the Technical and Regional Universities (TRUs) was modified to include an independent variable concerning degree production targets. This variable emphasizes a bottom-up approach in which the campuses inform the Board of their plans to meet the goals of 40-40-20. Although the business plan exercise is targeted toward the TRUs, input from the remaining three universities is necessary to aggregate the statistics from all seven universities. In the initial achievement compacts with the state concerning 40-40-20, the universities set goals that were predicated on a presumed funding appropriation provided by the legislature; however, decreased funding has an adverse effect on the number of degrees awarded to Oregonians given the increased cost. Recognizing the iterative nature of the process, the Board needs to evaluate the funding gap and discuss how best to address the need. Given the new allocation process being considered by the HECC, the rural and other specific missions of the TRUs need to be addressed through a cost differential that reflects their distinctive contributions.
**NEXT STEPS:** Expand 40-40-20 discussions include research and graduate education, public service, quality of degrees, and link the 40-40-20 plan to the shared responsibility model and affordability.

v. **University Shared Services Work Group**

President Donegan called upon Dr. Ed Ray to provide the update on the current work of the USSWG. Dr. Ray provided information on the proposed Oregon University Shared Services Center (see the [draft proposal](#)). The shared services will be provided by member universities of the OUSSC, and services could then expand to provide services to other entities (e.g., community colleges, independent universities). OSU, PSU, and WOU have expressed interest in hosting shared services. Shared services agreements would be developed on a biennial basis between universities and will include, for example, financial statement compilation and preparation; 5th Site operations; payroll processing, reporting, and depositing; treasury services, internal bank, cash management, investment services, debt management; and employee benefit services, labor relations, and risk management.

**NEXT STEPS:** The vice presidents for finance and administration will determine the most effective levels of authority within the OUSSC without creating an unnecessary bureaucracy; review specific cost estimates of services; and determine which institutions are prepared to opt-in for individual shared services. A final draft report to the Special Legislative Committee is required by December 15, 2013.

vi. **HECC Transition Work Group**

Director Orcilia Forbes advised that the work group’s goal is to facilitate a smooth transition of legislative, and perhaps other, responsibilities as effectively as possible to the Higher Education Coordinating Commission by July 1, 2014. The high priority work areas include the development of: 1) the framework and materials for the areas mentioned in the legislation (e.g., budget and program approvals), 2) a compilation of staff duties to be transferred to the HECC or another entity, and 3) a list of questions to assist in clarifying expectations of the HECC, OSBHE and institutional boards.

vii. **University Governance Work Group**

Chair Donegan updated the Board on the work group process and timeline. The first work group meeting on October 17 will be an opportunity for members and Technical and Regional University (TRU) presidents to provide feedback on the proposed business plan outline. Meetings in November and December are scheduled to monitor progress on the business plan development and provide feedback throughout the process. The TRUs will present their complete business plans and recommendations to the work group in February, with a full Board presentation anticipated at the April 2014 Board meeting. Following the Board presentation,
the work group will submit a report to the Legislative Special Committee on University Governance and Operations. Concern was expressed that an April 2014 presentation accelerates the legislative window of March 1, 2014 through June 1, 2015 for TRU institutions to request an institutional governing board and may limit a comprehensive, thoughtful decision process.

c. **Interinstitutional Faculty Senate (IFS) President**

No report was provided.

d. **Oregon Student Association (OSA) Chair**

President Donegan called on Eric Noll, chair of the OSA and student at Portland State. (OSA’s full report is on file in the Board’s Office). He reported that the OSA recently met with representatives of the Oregon Community College Student Association to develop a student survey to determine a final list of five to six platform efforts for the next legislative session. Mr. Noll emphasized that students are experiencing continuing financial strain while tuition increases and financial aid resources become increasingly scarce. While students are seeking to increase the amount of shared governance on campuses, they have expressed concerns related to the new governance structure. Students will be working to establish relationships with the new governing boards and statewide entities.

3. **Action Items**


   Assistant Vice Chancellor for Budget Jan Lewis provided background and the proposed 2013-14 campus budget allocations. She noted that, with the mid-biennium enactment of significant university governance changes, only 2013-14 allocations were proposed, with the understanding that the Higher Education Coordinating Commission (HECC) will assume responsibility for further budget allocation processes.

   Of note, due to the passage of two legislative bills, two targeted reductions affect the OUS budget: 1) $2.3 million in recognition of responsibilities shifting from OUS to the HECC and 2) Sports Lottery was capped in total, with two caps specifically targeted to OSU and the UO. However, of a positive note, the first tuition buy-down was approved and $15 million appropriated as such, resulting in a reduction to proposed tuition increases to an average 3.5% for resident undergraduates. Although the budget was increased for the $15 million buy-down, in actuality, this resulted in a shift of funding rather than an increase. For FY 2014, $3.37 million was set aside for incentive funding. Overall, the total funding increased from 10.2% to 13.8% over the prior biennium.
Several targeted funds that were initially created by the OUS were moved and funded through other state agencies; such as the Oregon Research Collaboratory, funded through the Business Oregon, and the Eastern Promise, funded through the Oregon Department of Education.

**ACTION:** Following a brief discussion, President Donegan called for a motion to endorse the recommendations put forth by the Academic Strategies and Finance & Administration Committees as reflected on page 35 in the docket materials, with the understanding that the Interim Chancellor or designee are authorized to make minor adjustments as needed. Directors Orcilia Forbes and David Yaden made the motion and second, respectively. Motion carried.

With the adjournment of the Special Legislative Session and the passage of the revised budget, a special meeting of the Board will be convened in the near future to approve the adjusted tuition rates.

b. **Adoption of Plan Document: Oregon University System 401(a) Defined Contribution Plan**

Chief Human Resources Officer Denise Yunker explained that the OUS 401(a) Defined Contribution Plan is to be submitted to the Internal Revenue Service (IRS) on or before December 31, 2013 and that OUS must request a determination letter every five years that states the Plan conforms to Internal Revenue Code, a process that allows OUS to ensure the Plan is qualified to provide tax-favored treatment of contributions made on the behalf of plan participants. Although the Plan operates in conjunction with the Public Employees Retirement System, the restatement addresses only the annuity portion of the plan and does not change the employee benefits or participation in PERS. As the Plan is required to be updated through a restatement for compliance with requirements of the IRS, it must be adopted and signed on behalf of the Board prior to submittal to the IRS.

**ACTION:** President Donegan called for a motion to adopt the restated OUS 401(a) Defined Contribution Plan as reflected in the docket materials. Directors Orcilia Forbes and David Yaden made the motion and second, respectively. Motion carried.

c. **Adoption of Plan Document: Oregon University System 403(b) Defined Contribution Plan**

Ms. Yunker indicated that, as with the IRS 401(a) successor, the plan document is also required for compliance with requirements of the IRS, and must be adopted and signed on behalf of the Board prior to submittal to the IRS.

**ACTION:** President Donegan called for a motion to adopt the restated OUS 403(b) Defined Contribution Plan as reflected in the docket materials. Directors David Yaden and Orcilia Forbes made the motion and second, respectively. Motion carried.
4. **CONSENT ITEMS**

   a. Adoption of Optional Retirement Plan Ninth Amendment
   b. OUS, Credit for Prior Learning Policy
   c. Approval of Minutes (June 20-21, July 12, 19, August 2)

   **ACTION:** With no comments extended on the items, President Donegan called for a motion to approve the consent agenda; Directors Forbes and Yaden made the motion and second, respectively. Motion carried.

5. **PUBLIC INPUT**

   No public input was put forth.

6. **BOARD COMMENTS**

   No comments were provided.

7. **ADJOURNMENT**

   With no further business proposed, President Donegan adjourned the meeting at 11:55 am.