MINUTES OF THE
REGULAR MEETING OF THE
OREGON STATE BOARD OF HIGHER EDUCATION

March 20, 1998

ROLL CALL

APPROVAL OF MINUTES

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   Meeting with Governor Kitzhaber

CHANCELLOR’S REPORT
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   Introduction, Dr. Yvette Webber-Davis
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WORK SESSION

ADJOURNMENT
OREGON STATE BOARD OF HIGHER EDUCATION  
MINUTES OF REGULAR MEETING  
PORTLAND STATE UNIVERSITY, ROOM 338  
PORTLAND, OREGON

ROLL CALL

The meeting of the State Board of Higher Education was called to order at 9:00 a.m. by President Aschkenasy.

On roll call, the following answered present:

Ms. Diane Christopher        Mr. Tom Imeson
Mr. Jim Lussier              Ms. Gail McAllister
Ms. Esther Puentes           Ms. Katie Van Patten
Mr. Jim Willis               Ms. Phyllis Wustenberg
Mr. John Wykoff              Dr. Herb Aschkenasy

Absent: Dr. Jim Whittaker (family emergency).

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the February 20, 1998 meeting of the Board. Dr. Thompson alerted the Board to a slight change in the wording of the minutes on pages 90-91.

Ms. McAllister moved and Mr. Willis seconded the motion to approve the minutes with the minor edits as presented to the Board. The following voted in favor: Directors Christopher, Imeson, Lussier, McAllister, Puentes, Van Patten, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

PRESIDENT'S REPORT

Dr. Aschkenasy thanked the Board for agreeing to a full Board meeting this month. “There are substantive issues to discuss. Most importantly is our progressing effort to develop and implement performance indicators for the System,” he observed.

Meeting with Governor Kitzhaber

He announced that he and several others, including Chancellor Cox and Directors Imeson, Lussier, and Willis, were scheduled to meet with Governor Kitzhaber later in the day. The group will update the Governor on the progress of the Board on fulfilling many of the recommendations he made at the December 1997 Board meeting. Further, Dr. Aschkenasy said, “we need to get the State and its leadership tied into this process. As we move toward a combination of greater autonomy with greater accountability, in some instances we need to get the legislature to let us do that.”
CHANCELLOR'S REPORT

The Chancellor opened his remarks by stating that some of the most profound changes in a generation are currently taking place in the System. "The work of this year and the decisions you make today will be as profound as the creation of the System in the 1930s, it will be as transforming as the arrival of the veterans in 1946, or the Sputnik event of the middle 1950s. We’re moving to a more entrepreneurial, client-responsive model, with greater program authority for our campuses so that they can respond more quickly."

Accomplishments

Chancellor Cox outlined briefly some of the accomplishments made by the Board and System staff over the past several months.

1. Articulation: thanks to the work of the Access, Transfer and Community College Solution Team, coupled with the work of the provosts, transfer from the community colleges to the OUS should be considerably smoother. Provided that the student in the community college takes advantage of the advise by counselors, they shouldn’t lose a credit.

2. Establishing a statewide budget: OUS has the first “plus” budget in six years.

3. Graduate and Professional Education: the first statewide College of Engineering and Computer Science, comprised of faculty from OGI, OIT, OSU, PSU, and the UO.

4. Engineering and Computer Science: secured a $5 million investment in engineering and computer science. "The money was released in December 1997 and when spring term begins, the first classes will be available. That is warp speed," the Chancellor affirmed.

5. Oregon Metals Initiative (OMI): "Dr. Bob Dryden, recently named as the new OUS Vice Chancellor for Engineering and Computer Science, is having a major influence on moving that agenda," Chancellor Cox said. "The OMI is a partnership forged between System institutions and key industry for some years now. OMI and the State have had a wonderful relationship in that we would match every private dollar they invested in research. The concept is one that we’ve suggested to Governor Kitzhaber and his staff. It may emerge as a new concept in budget building; for every private dollar invested against the state priority, we match that," the Chancellor
added. He finished by saying that he was planning to bring a request before the Board in April to allow him to go before the Emergency Board requesting the release of funding to move this agenda.

6. Effective use of facilities: "We are moving aggressively to both year-around and expanded days for our System institutions. Just watch our campuses this summer. You will be amazed at the classes, conferences, and workshops. We haven't called much attention to that in the past," said the Chancellor.

7. Access agenda: Dr. Cox pointed out the success of the collaborative efforts between EOU, OIT, and SOU and community colleges in their respective regions.

8. University Center programs: expansion of this concept, particularly the new upper division relationship with Central Oregon Community College, is most encouraging. Chancellor Cox added that there is some work being done with Southwestern Oregon Community College as well. "I'll be back in April to talk more about that, with the hopes of going to the Emergency Board to gain some additional funding to move the University Center agendas, both on the coast and in central Oregon," he reported.

"This is, in fact, a new University System. New in attitude, new in direction, new in enthusiasm and spirit. We aren't just confronting change, but embracing change. There's a difference. This has been a great six weeks. I urge the Board to think about their work and how much more engaged they are now," Dr. Cox commented.

Two other brief announcements concluded the Chancellor's report:

OUS recently received word from the Office of Civil Rights (OCR) that the proposed modified programs regarding scholarships, were consistent with the requirements of the agreement and the stipulations of the OCR. Chancellor's Office staff are expected to monitor each campus and its progress, but OUS now has the approval it sought to move forward. "I thank you Melinda [Grier], and Shirley [Clark]. Most importantly are the students who are dependent upon those scholarships," said the Chancellor.
Chancellor Cox announced the appointment of Dr. Yvette Webber-Davis as the new director of diversity initiatives. She presently serves as Associate Director of the Board of Regents Office for Equal Opportunity Programs, State University System of Florida in Tallahassee. "We're delighted and look forward to having her join us."

IFS Report Dr. Cox then invited IFS President Kemble Yates to speak:

"First let me say that I am very pleased with the inclusiveness shown by both Board Committees toward faculty. On behalf of the OUS faculty, I want to thank the Chairs, Tom Imeson and Jim Willis, for including a faculty representative at the table at recent Committee meetings. The IFS is planning on having one of its senators available at all future meetings to provide faculty perspective as warranted.

"It seems to me that the Committee on Governance and Structure is well on its way to a model which can better define and delineate the duties of the Board, of the Chancellor's Office, and of the individual institutions. This is a healthy move. Even as we try to give individual institutions the autonomy to best perform their missions, defining those missions, incenting cooperation among the institutions, and representing the Oregon University System to the state's government and citizens will still take the leadership of the Board and its administrative arm. As long as the cherished principle of shared faculty governance is maintained, I believe the OUS faculty will buy into the needed restructuring now being designed.

"With respect to the Committee on Budget and Finance, I left the meeting yesterday feeling very optimistic that the institutions, the Chancellor's Office, and the Committee will converge on a simpler, fairer, and more robust model than the current BAS model. I think the trend toward more student-centered principles is right for two reasons. In the final analysis, it is what we do for our students that is most important. And focusing our budget model on how it serves students will make us both more accountable and better positioned to seek adequate funding to perform our mission.

"I think some serious questions remain about tuition: until a better balance is struck between the state's contribution and
the student’s contribution to the cost of a public higher education, we must resist increasing tuition. And of course how tuition will be set will be a key policy decision you will make when you decide on the final shape of this plan. Overall, though, I am very encouraged by the work done by the Presidents and Vice Chancellor Anslow’s staff. Being able to show how the System’s dollars follow our students’ educational delivery should make life easier for all of us.

"I know a major agenda item for today is Performance Measures. First, I do think the idea of performance standards/incentives are conceptually a good idea. Indeed, faculty apply performance standards whenever they teach a class or direct a graduate student’s research by evaluating the learning of their students and assigning grades at the end of each quarter. Also, I think the direction of the Board in concentrating on the four goals of Quality, Access, Employability, and Cost Effectiveness gives a nice focus in defining and applying these standards. A theme that runs throughout this document that I think is especially powerful is the norming of standards to peer comparators. This feature will give any standards adopted needed credibility.

"Some concerns I have: I submit that not every one of the proposed measures is crucial to the overall objective of implementing an effective performance-based system. Getting and tracking this kind of data is a time- and resource-consuming task, so I recommend we be careful to include only as many indicators as we absolutely need to monitor progress on achieving the Board’s policy goals. Second, I have some specific comments about indicators residing in the Cost Effectiveness section of the document. As I reported to you at your last meeting, the IFS is particularly concerned with the comparatively high levels of tuition and low levels of faculty compensation in the System. I submit that the Tuition indicator belongs under Access and the Faculty Compensation indicator belongs under Quality. While each of these items certainly involve money, cost effectiveness gives the wrong connotation for each, I fear. As a public university system, providing affordable higher education to Oregon’s citizens is directly related to the tuition prices we set. And as a system that has already recognized the need to correct the long-standing problem of noncompetitive faculty compensation
levels, maintaining and increasing the quality of our educational delivery requires an increased investment in our faculty. One last thought on the Cost Effectiveness indicators.

"I believe that an indicator missing from the list is: overall cost per student. My guess is that the Governor, legislators, and the general public would be interested in comparing that number from our System to other states, along with the already included indicators of per capita investment and tuition levels. I look forward to listening to your discussion of these measures later in the meeting."

Dr. Aschkenasy thanked Dr. Yates for his report, agreeing that the suggestion of cost per student is worthy of further discussion.

ORS 526.225 specifies that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three individuals who are the heads of state and federal public forestry agencies; and three individuals from the public-at-large. Although the statute does not prescribe the terms of the Committee members, the practice has been to make appointments for a period of three years. Traditionally, those who are performing actively and effectively have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

Dr. George W. Brown, director of the Forest Research Laboratory, with the concurrence of President Paul Risser, made the following recommendation:

- Appointment of Duane C. McDougall, newly appointed president and chief operating officer of Willamette Industries, as an industry representative to replace Steven Rogel. Mr. Rogel recently accepted the position of president and chief executive officer of Weyerhaeuser Corporation, and is unable to complete the final year of his three-year term.

Mr. McDougall has been with Willamette Industries for 19 years, most recently serving as the executive vice president.
of the building materials group. He is an OSU alumnus and former president of the Portland Rotary Charitable Trust Foundation.

Staff Recommendation

Staff recommended that the Board approve the appointment of Duane C. McDougall to the Forest Research Laboratory Advisory Committee.

Board Discussion and Action

Ms. Wustenberg moved and Mr. Lussier seconded the motion to approve the appointment as submitted. The following voted in favor: Directors Christopher, Imeson, Lussier, McAllister, Puentes, Van Patten, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

PERFORMANCE MEASURES AND INDICATORS: 1998 INTERIM SYSTEM REPORT

Executive Summary

The performance measures and indicators initiative is a statewide effort to refine priorities, strengthen quality, and improve the productivity of the Oregon University System (OUS). Launched by the Board of Higher Education in January 1997, it identified four goals — access, quality, cost effectiveness, and employability — as a basis for transforming public higher education and meeting the needs of the state of Oregon.

Context for the Initiative

The Governor and legislature have endorsed these four goals for OUS. Oregon law now supports development and implementation of performance indicators for public higher education. Furthermore, the Governor favors both greater autonomy and accountability in campus operations to meet the educational needs of the state.

Several reports reflect these needs and priorities, including the strategic plan for the state, Oregon Shines II (1997). For example, the document states that by the turn of the century, 33 percent of Oregon adults should have at least a bachelor's degree, with that figure increasing to 45 percent by 2010. As the public provider of
higher educational services in Oregon, this OUS accountability initiative is critical to increasing the quantity and quality of Oregon adults with bachelor’s and advanced degrees.

With the adoption of the performance indicator initiative, the Board recognized the presence of fiscal constraints for the indefinite future, asserted the importance of addressing quality and productivity, set a long-term agenda for change and reinvesting in higher priorities, and recognized the importance of achieving support from the Governor and legislative assembly.

**Proposed Performance Measures**

Since the November 1997 meeting of the Board, Chancellor's Office staff have consulted with campus leadership to refine the list of indicators. The nine proposed performance measures are as follows:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Goal</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Degree completion (graduation rate)</td>
<td>Quality</td>
<td>Output</td>
</tr>
<tr>
<td>2. Graduate abilities at degree completion</td>
<td>Quality</td>
<td>Output</td>
</tr>
<tr>
<td>3. Customer satisfaction</td>
<td>Quality</td>
<td>Outcome</td>
</tr>
<tr>
<td>4. New customers</td>
<td>Access</td>
<td>Input</td>
</tr>
<tr>
<td>5. Student quality and diversity</td>
<td>Access</td>
<td>Input</td>
</tr>
<tr>
<td>6. Graduate success and state needs</td>
<td>Employability</td>
<td>Output</td>
</tr>
<tr>
<td>7. External resources and entrepreneurship</td>
<td>Cost</td>
<td>Mixed</td>
</tr>
<tr>
<td>8. State's investment</td>
<td>Cost</td>
<td>Input</td>
</tr>
<tr>
<td>9. Institutional management</td>
<td>Cost</td>
<td>Mixed</td>
</tr>
</tbody>
</table>

These measures provide the basis for the Board and System administrators to emphasize results achieved by the institutions, while empowering institutions to select the means of achieving these goals and meeting the needs of the state. This approach will help OUS advocate more effectively for public higher education.

**Target-Setting Method**

The purpose of the performance indicators is to improve what each institution does in comparison to its past performance and external standards (based on institution's peers). This process prompts two questions: (1) how well are we doing compared to others? and (2)
Furthermore, Dr. Cox briefly discussed a proposal under consideration that would modify the evaluation system of executives. "We have a process that is formal and rigid and out of another time. I am suggesting that we replace the old system by using the Executive Committee of the Board as the Personnel Committee of the Board, with an annual meeting to discuss goals and objectives, performance, match progress against prior goals, and future goals," he shared.

Dr. Goldschmidt discussed results of a recent trend analysis, which was conducted by the OUS Office of Institutional Research. She noted that approximately 30 percent of the current Indicators show a positive trend, 20 percent are steady, and nearly 35 percent are going in the wrong direction, and require change. Fifteen percent represent new collection efforts, which is now baseline data.

Giving an example of how the indicators are almost contradicting each other (attracting more students versus higher standards), Dr. Aschkenasy questioned what mechanisms are in place to address that issue. Dr. Goldschmidt stated that it is a matter of targeting campuses on issues. She deferred to EOU Provost Bruce Shepard to specifically address Dr. Aschkenasy’s question. Dr. Shepard said that EOU recently raised admission standards, for example, without it affecting enrollment.

President Aschkenasy asked if there was any room to negotiate the nine Performance Measures, adding that Dr. Yates’ point about cost per student is one that should be revisited. While Dr. Goldschmidt clarified that it falls under the State’s Investment measure, Dr. Aschkenasy pointed out that the state is simply one of the payers, and there is an underlying cost per student that should be addressed.

UO Provost John Moseley asked to differentiate the language between cost per student and expenditure per student. "Expenditure is what we spend to educate the student, the cost is what the student pays. I believe that we need to look at what our total expenditure per student is and compare that to our total cost per student, then examine those two figures with comparable figures in other states. We need to carefully define our terms, so when we talk about cost and price expenditure, we know we are talking about the same thing," Dr. Moseley concluded.
Agreeing with Dr. Moseley’s statements, President Aschkenasy felt that focusing on expenditure per student would be the most beneficial. Vice Chancellor Anslow added that one must consider student aid and fee remissions as part of the cost of attendance. “One side is cost of attendance and that is what the student pays. On the other side is expenditure per student and that is what OUS pays to educate them; those two get mixed up,” he observed.

“This is not easy; let’s start with that assumption — but it is important, stated President Aschkenasy. “What we’re trying to do is construct a way of measuring objectively certain kinds of performance criteria that we have mutually agreed upon to do two things: 1) to appropriately distribute the citizens’ money; and 2) to make the best education that we can afford available to our citizens,” he summarized.

Dr. Goldschmidt continued the discussion by outlining methods for setting improvement targets, stating that the process greatly increases the amount of data collection and analysis conducted by OUS institution staff. One area that appears to be a significant challenge is that of selection of peer institutions. Ms. Puentes asked about the criteria for selecting peer campuses.

Describing the series of criteria used, Vice Chancellor Anslow said that staff is still working to get a reasonable peer selection. “The challenge with peers is, how many applications can you make? Our first effort was for faculty salaries, where we are in the marketplace, what are the kinds of differences? We are now using it to be a validation measure in terms of what kind of budget request to make and how monies should be allocated. We’re trying to get as close as possible, but it is a work in progress; OUS wants to make peer analysis a part of how well the campuses are performing and how well the System is performing. It won’t always be a perfect match across the categories,” he explained.

Noting a word of caution with respect to the six-year graduation rate against the measure of Institutional Effectiveness used in the report, UO President Frohnmayer said that an institution hasn’t necessarily failed if a student graduates from somewhere else. “For example, if a student attends the UO and becomes captivated by art and transfers to the California Institute of Art to complete a degree, I don’t
how good do we want to be? Based on analysis of ten-year performance trends and peer data for benchmarking the proposed measures and indicators, institutions will set realistic yet challenging improvement targets for 2005 and 2010. These targets will include interim targets for the odd-numbered years between 1997 and 2010 showing progress toward the 2005 and 2010 targets. Chancellor's Office staff recommends the adoption of the target-setting methods used by the Oregon Progress Board in establishing Oregon Benchmarks.

Reports to the Board

Baseline data for the performance indicator initiative will be presented to the Board in two installments, a System report in March 1998 (on file in the Board's office) and campus reports in June 1998.

This interim report contains information about current results and performance over ten years, where available, for the nine indicators for OUS. The campus reports in June 1998 will provide for each indicator: (1) a brief analysis of institutional and peer performance data, (2) improvement targets set for 2005 and 2010 and interim targets working toward the stated 2005 and 2010 targets, and (3) a brief outline of process interventions or strategic decisions to meet performance goals.

Thereafter, institutions will report annually on their accomplishments and the Chancellor's Office will track achievement of goals.

Staff Recommendation to the Board

Staff recommended that the Board adopt for the Oregon University System the target-setting methods used by the Oregon Progress Board in establishing Oregon Benchmarks; staff further recommended that the Board direct institutions to return in June 1998 with performance data and improvement targets.

Board Discussion and Action

Vice Chancellor Clark outlined the evolution of events over the past several months, primarily the extensive input from the campuses on the proposed measures. "The process has provoked a great deal of interest, intellectual energy, and practical concern. Establishment of performance indicators in public higher education is a major initiative."
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In taking this step, we’re moving in a direction adopted by the majority of states that have sought this kind of performance information for various purposes: for improvement of services, for consumer information, for accountability to the public, and for targeting funding. We are learning from the experience of other states and we are also contributing to the conversation about measuring performance,” Dr. Clark explained. She introduced Dr. Nancy Goldschmidt, who guided the Board through the latest information on performance indicators and the proposed target setting methodology.

Dr. Goldschmidt stated that, in reviewing the performance indicator effort, the top goals are to determine how well OUS is doing today compared to ten years ago, how well compared to others, and how good OUS wants to be. These are in line with the questions posed by the Oregon Progress Board in its determination of benchmarks for the documents Oregon Shines I (1989) and Oregon Shines II (1997).

She submitted that the discussion would focus primarily on the nine performance measures, as will be the case when sharing this information with campus representatives and constituents. Dr. Aschkenasy asked to confirm that the indicators are objectively measurable. Dr. Goldschmidt said they were, yet admitted that “customer satisfaction” is subjective, but it is an accepted practice in this case. “We can measure whether people are satisfied or not,” Dr. Goldschmidt explained.

Noting that IFS President Kemble Yates suggested that Faculty Compensation should be moved under the Quality indicator, Dr. Goldschmidt said that it was an issue that had been deliberated by provosts and Chancellor’s Office staff. “If we put it under Quality and our salaries are low, then are we saying because salaries are low that faculty are low quality? If we are talking about rolling up into a report card where we focus on quality, do we then deflate the Quality measure (i.e., the grade) because we have low faculty salaries? This is the reason behind moving all the money-related factors under the ‘State’s Investment’ measure,” she clarified.

She asked that Board members be sure to note that there was a new Performance Measure: Institutional Management. Chancellor Cox explained that he asked it be included so that OUS includes explicitly what is implicitly believed to be part of its responsibility.
think we've failed that student," Mr. Frohnmaier said. "We need to be careful what we're measuring in terms of retention on a given campus since nationally, 50 percent of students enter one college and graduate from another."

"That's an important loss of students and we need to take that into account," Dr. Aschkenasy observed. "The key here is not to get hung up on some particular measurement, so much as the idea of measuring. If you find a measurement unsuitable, give us a better one," he asked.

Ms. Wustenberg said that "all of this goes back to the education of a student, and in the gathering of data, we need to keep in mind that you can extrapolate data into actions, but they have to be centered on the student. For example, what will we do if we find out we need more counseling for the student, are we going to assume that a university that hasn't been doing that good of a job will do it? As a Board, are we prepared to see that happens, or with the Chancellor? I think it's an appropriate question, because it boils down to why are we doing it if we're not prepared to do it right," she concluded.

"If we end up with the right performance indicators, we only need to make assumptions that the institutions know what is best for them," said President Aschkenasy, adding that, "If counseling attracts more students, or improves placement rates, they should be thinking how to do that. Otherwise, we get too much into the micro managing business. Setting these performance indicators is really key."

Mr. Lussier moved and Ms. Puentes seconded the motion to approve the proposal as submitted. The following voted in favor: Directors Christopher, Irmenon, Lussier, McAllister, Puentes, Van Patten, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

Ms. Puentes shared that she attended a mid-year Partners in Education meeting the day before. Sponsored by the Board of Education, the two goals were to promote coordination and collaboration between stakeholders and foster the alignment of staff development and teacher training programs with the requirements of implementing standards and assessments under the Oregon Education Act.

As a result of the meeting, Ms. Puentes stated that she plans to spend more time with teacher training programs to see what the
perceptions are and how OUS is working to align with the evolution in K-12 education. Ms. Puentes shared that Christine Tell, Associate Director of the PASS Project, did an excellent job explaining the alignment work accomplished to date.

OHSU Board

Provost and Vice President for Academic Affairs Lesley Hallick reported that two major issues were discussed at a recent meeting of the OHSU Board. One was budget preparation; the hospital is fuller and making less money because of the managed care process that discounts services, and second was the growth of future campus sites.

WORK SESSION

Dr. Aschkenasy opened the work session by re-iterating how interdependent many of the issues were with regard to Performance Indicators and the work of the Budget and Finance and Governance and Structure Committees.

In his meeting with Governor Kitzhaber later in the day, he indicated that he will bring up two points: 1) the Board needs to be statutorily relieved of certain responsibilities so that more can be delegated to institutions; and 2) continue to work on changing the view of how higher education is funded. Continuing, he said, "I think there are some feelings out there that what we’re really doing is subsidizing the institutions. If the institutions do what they are capable of doing, and their performance improves the way I think it will, we’re going to get more students. As we get more, we need a funding mechanism that doesn’t punish us for succeeding."

Tom Imeson, Chair of the Budget and Finance Committee, summarized work completed to date. "What we’re proposing is a fundamental change in the way we budget funds for higher education," he began. "We are moving from the BAS model to one where campuses would keep all of the tuition and other fees they bring in. The taxpayers money would be allocated in part, based on students, so that we’re actually funding, and coming up with a specific dollar level per student. There would be a formula attached to that. There’s work to be done on this that does recognize variations of program costs to some degree.

"There would be some other pots of money. To give you a sense, 75-80 percent of tax dollars would be allocated according to the student formula and the rest would be divided up. What this provides is a transparent system, so that when the executive and legislative
branches of state government are making decisions about higher education funding, there's real clarity about what those decisions are. The view of the Committee is that it will provide for a more agile, responsive system. You know you can make a particular investment based on attracting new students because you know the revenue that you'll be able to keep from that. In the past, the Board has taken on the role of approving many things and when we've approved it, provided funding. That responsibility would really be with the campuses. On the other hand, it puts more risk and accountability at the campus level. They would have increased risk and increased reward," Mr. Imeson explained.

Mr. Imeson touched on a potentially sensitive topic that may arise out of the process: the determination of tuition rates. Speaking on behalf of the Committee, he observed that, "What we are proposing is not that any campus can do whatever it wants with regard to tuition. In fact, I think there is a strong feeling across the campuses and within the System that tuition is too high right now. There's more work that needs to be done, but we want to send assurances that this is not about a new way to raise tuition, although the Board should maintain a strong role around the issue."

He concluded by complimenting the work of Vice Chancellor Anslow, his staff, and the presidents. "They did it in a way that is very responsive as far as the direction set by the Board, the Committee, by the Governor, the Governor's two Task Forces, and of the AOI/OBC/Portland Chamber group," he said.

Jim Willis, Chair of the Board Governance and Structure Committee, outlined the Committee's activities. "We began our discussions talking about initial outcomes/expectations. Those were to better serve Oregon citizens, build on strengths of the institutions, improve governance, create a System focus, and increase institutional autonomy," he explained.

Out of those deliberations the Committee began to talk about improved Board focus and how to lead the System. Included was discussion about agendas, what the Board ought to be doing, and how to utilize resources differently.

"The concept of advocacy for the System as a whole — that is part of the Board's responsibility, to think through that and make decisions about outcomes," Mr. Willis said, adding that, "If the Board does one
thing well, it ought to have a vision and it ought to be clear, engaging, and something people get excited about. We have pieces. We need to take what we’ve done and reshape and sharpen that to make it alive again. With that comes a series of defining outcomes. But how do we measure? Do we measure performance? The Committee is recommending several things take place.”

A second component of work focuses on the role of the Chancellor. “He is clearly the CEO of the System,” Mr. Willis explained. The Chancellor would act as the conduit between the Board and presidents, making recommendations on behalf of the Board. Furthermore, Mr. Willis stated that, “We believe that a lot of work that has been on the Board’s table might take place at the Presidents’ Council. The Board’s responsibility is to set the parameters of how those things are dealt with. Part of that is looking at where we need to strengthen the role of the Chancellor.” Using the example of program approval to illustrate his point, he said that program approval is not required in the statutes. “We can make those decisions at a different level,” he said.

The role of the presidents was the next point summarized. “How do we help that role of the individual president contribute to the whole System? The one thing the Governor has been clear about is that he wants System solutions,” Mr. Willis reminded the Board.

The fourth and final area of discussion was around the proposed creation of a Constituency Council, a Development Council, and institutional advisory boards. Both the Constituency and Development Councils would act on an advisory level to the Board, providing updates on topics such as market trends. “As we continue to look at Oregon’s changing economy, population, and how we as a System connect and contribute to that, we have to track it,” he explained. Noting the one unresolved concept was that of the institutional advisory boards, he summarized by saying, “There are a lot of good reasons for it, but there are pitfalls. It has to be carefully crafted.”

Committee member Jim Lussier added that, “In our deliberations, we tried to balance the systemization of the System with institution autonomy, and there is a tension there. They both have significant advantages. We viewed it more as a way of clarifying the rules so that the delegation can be done in a trusted manner.”
President Aschkenasy commented that one of the things he had been incorrectly saying is that the Board must approve programs, but what really is required is that it must monitor program duplication. He asked how that is accomplished.

Mr. Willis responded that, "I think it's our responsibility in program approval that we can set a policy direction that allows it to take place. We're not saying go out and eat each other up. What we're saying is that program approval can take place at a different level. Things outside of those policy parameters, whatever they are that we define, need to come to the Board."

"We talked about a real subtle shift in that you can approve programs, or you can say, here are our ends, and your job as System CEO and president of the institution is to come up with programs to get us to those ends. You don't need our approval to do that," Mr. Lussier added.

Ms. Wustenberg expressed that she was not clear what the statutory changes are that have been discussed. Mr. Willis said that neither was he. "What we're suggesting is that we need to see what's there that prohibits us from doing the things we need to do. The first thing I think we need to do is decide on our vision and be very clear on what those outcomes are. Next, we need to make decisions about what the structure provides, where you might want to change that, and where you want to go," Mr. Willis suggested.

Mr. Imeson said he felt that there are some things that are duplicative and programs that are important to offer at various institutions. "If we are saying to campuses, you make these decisions, and if they don't work out, it's your problem, that is a governing mechanism by itself. I believe it will drive institutions in many instances to be more collaborative. Instead of coming to us for approval and the revenue stream that goes with it, there will be an incentive for campuses," he said. "If we're really going to do this, we need to realize that our role shifts and I think it's consistent with what the Governor said to us to move from being a paper checker to the opportunity broker," Mr. Imeson explained.

Ms. Christopher asked Mr. Imeson if he was saying that there should not be any program approval taking place at the Board level. Mr. Imeson responded that he was unsure, but that he was for "pushing the envelope," adding that, "I am in the camp of worrying much less
about program approval, unless there are quality standards we are trying to ensure that are met. That’s a different issue. From the perspective of duplication, it is something that I welcome discussing.” Further responding to a comment made by Chancellor Cox about program approval by the Board not really being value added, Mr. Imeson stated, “Every dialogue we’ve had where we’ve approved a program, I failed to see any value that we have performed to that process.”

Mr. Willis said that one reason to address that so specifically (program approval process) is that the Board is not the only participant. “Before we can point fingers, we have to be clear that we’ve eliminated a lot of our own obstacles. The further we can get away from something like program approval at the Board level, the better off we’ll be. If it’s cumbersome, then that’s where the Board comes back into it,” he observed.

Chancellor Cox said that he envisioned putting them on the consent agenda, then if there are questions, they can be addressed by the Board. Mr. Willis concurred.

Mr. Wykoff expressed some concern over the process of formalizing advisory councils, adding that he felt that it might give an advantage to the larger campuses. Chancellor Cox replied that there is a balancing between the advantage the large institutions may have versus the innate agility of being smaller.

Mr. Wykoff raised the point Mr. Imeson spoke of in his Committee report — that of differential tuition, and whether it may apply at the undergraduate level, as well as the graduate. Mr. Imeson replied, “I don’t think we’re saying much change will happen there, but would you want to foreclose the opportunity for institutions to lower their tuition if they thought they could maintain the quality? That would be differential tuition. I think we need to explore that, but the real issue is at the graduate level. We need to be clear about what the implications are at both the undergraduate and graduate levels. It’s a little misleading to say that undergraduate tuition is the same everywhere, because if you look at what people actually pay, it’s not. The relevant issue is, what do we pay? It includes more than instructional fees and it’s different. I think we need to recognize that. The critical point for me is maintaining a strong Board role in those issues.”

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Senator Neil Bryant shared his thoughts on what direction the Board should be taking to better position itself for the next legislative session. Responding to what he perceived as apprehension in earlier discussions about statutory changes, he said that they are generally easy to do. "There's always a fear of going to the legislature and asking for change, but it's also an opportunity to sell your new program. I don't think the legislature knows what your vision is. That is important. You need to communicate your vision. I think you should take advantage of your opportunity and you should pre-session file it so that when we go to session in January 1999, your Bills are ready. That means Senator [Tom] Hartung, if re-elected, will be chair of the Education Committee and he'll take that up right away," he assured.

Another recommendation Senator Bryant made was that the System must tie into the community college system in some way. "Oregonians want to see a seamless system. You need to address that," he stated.

Referring to his experience on the 2010 Committee, Senator Bryant said that was a good start in beginning to develop a vision, but expressed dismay over never having any follow up once the original document was drafted. "If you're going to be talking about the vision, even though five years have passed, I'm sure some of the 2010 Committee will be glad to come back and talk about it."

Concluding his remarks, Senator Bryant said that, "Personally, I'll probably be more involved in the budget process than I have in the past. I'm going to look at higher education more closely. That has keen interest for me, although I probably won't serve on the Senate Education Committee."

President Aschkenasy expressed his appreciation for the work of the Committees, emphasizing the importance of it. "We will know we are successful when we have a set of parameters in which we operate that are so well understood there are no more questions," he observed.
ADJOURNMENT The Board meeting adjourned at 12:00 p.m.

Virginia L. Thompson
Secretary of the Board

Herbert Aschkenasy
President of the Board