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

April 17, 1998

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OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
PORTLAND STATE UNIVERSITY, ROOMS 327/8/9
PORTLAND, OREGON

ROLL CALL

The meeting of the State Board of Higher Education was called to order at 9:05 a.m. by President Aschkenasy.

On roll call, the following answered present:

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

Mr. Wykoff joined the meeting at 9:10 a.m.

MINUTES APPROVED

The Board dispensed with the reading of the March 1998 minutes. Ms. Wustenberg motioned and Mr. Willis seconded the motion to approve the minutes as submitted. Those voting in favor: Directors Christopher, Imeson, Lussier, McAllister, Puentes, Van Patten, Whittaker, Willis, Wustenberg, and Aschkenasy. Those voting no: none.

PRESIDENT’S REPORT

EOU President
Search
Concludes

Dr. Aschkenasy announced that the Board had just named Dr. Phillip Creighton president designate of EOU. “He was met with great enthusiasm,” he observed.

Continuing, Dr. Aschkenasy noted that his fellow Board members are really public servants in the best sense of the word. “A search takes a lot of work and commitment of personal time. My thanks again to Gail McAllister, Esther Puentes, and Jim Whittaker for a great job on the search.”

Dr. Diane Vines

Formally introducing Dr. Diane Vines, President Aschkenasy joined in the Chancellor’s enthusiasm for the “recruiting coup.”

Nominating Committee

President Aschkenasy named the Board’s Nominating Committee for 1998-99 — Ms. Wustenberg (chair), Ms. Puentes, and Dr. Whittaker. They will make recommendations for officers at the June Board meeting.
CHANCELLOR’S REPORT
IFS Report

Chancellor Cox said that he wanted to change the process slightly, using his time differently. First, he called on IFS President Kemble Yates for his monthly report. Below is an excerpt:

"The IFS met two weeks ago on the campus of the UO. Among our guests were Mr. Imeson and Chancellor Cox. They reported to us on the current state of the work of the Board Committees. Thanks to both of you for making time for our meeting. Also visiting us was Gretchen Pierce, member of the Governor’s Task Force on Higher Education and the Economy. She outlined for us the key recommendations of the Task Force and I had the sense that Task Force members are very interested in the final outcomes of the Board Committees, and are cautiously optimistic that significant improvements in the Oregon University System are on the horizon.

“We also visited with Senator Susan Castillo and Representative Jim Welsh. Both expressed support for higher education in Oregon, and interest in the current work of the Board. Our final guest was Mr. Steve Handran, a teacher at North Eugene High School, who is active in the PASS Project. I must tell you he expressed serious concerns about the efficacy of the CIM and CAM process, as well as the PASS standards we are adopting. His primary concern is, I think, instructive for us. The CIM and CAM exams do not have clear identifiable consequences or incentives for students. If a student fails the CIM, they stay in school. If a student fails the CAM, they can still graduate. In short, only the school system suffers any direct consequences for a student’s poor results. He suggested two ideas that resonated with me: linking driver’s licences with performance on CIM and linking tuition rates at OUS with performance on PASS. The latter idea would be a way to entice students to take our PASS standards seriously, reward them for doing well, and hopefully raise the level of student abilities for our entering freshmen.

“During our business meeting, I shared with the IFS an overview of the performance-based standards you passed at your March meeting. The Senators echoed concerns about some of the details in the proposal, but did express overall support for the concept."
"One new concern raised was that we need to be careful to not only norm our standards to comparitors, we also need to have sufficient data on OUS to establish meaningful baselines. I believe the Chancellor's Office staff recognize this, but the fear by some Senators was that a single data point for an institution might be used to establish a Performance Indicator, and creating an unrealistic set of expectations. For example, if an institution had an unusually high recruiting class from Curry County and was then told to increase its recruitment there by two percent per year OR ELSE, it might be in an impossible position.

"We also discussed the funding model presented to the Board Committee on Budget and Finance in March. One point about the proposal resonated with the Senate: when linking funding to students, our institutions will be very vulnerable to fluctuations in enrollment. We recommend that funding be tied to a three-year rolling average, rather than only the current enrollment. In this way the incentive to manage enrollments can be combined with enough stability to take on new challenges while preserving core ongoing programs."

Dr. Aschkenasy commented on a remark in Dr. Yates’ report regarding rolling averages. "I'd like to see the kind of give and take that would allow us to refine and improve the standards."

Recalling a recent discussion on the PASS Project, Ms. Wustenberg asked for clarification on a sentence in the IFS report related to PASS standards. Dr. Yates said that he was simply trying to illustrate a fear about standards and when establishing them, to keep in mind that it is important to have a meaningful average number of students.

OSU Budget

Transitioning to the topic of the OSU financing and deficit concerns, Chancellor Cox asked President Risser to brief the Board on steps underway to alleviate the problems faced by that institution.

President Risser explained that four units within the institution faced budgetary challenges: Information Services, College of Home Economics and Education, College of Science, and the Department of Intercollegiate Athletics. He outlined action plans for each:

1) Information Services — While considered a very successful department, it was spending too much money. Citing its
commendations, Dr. Risser pointed out that the American Productivity Council selected OSU for having the best computer student services in the nation. Further, the development of web-based technologies has been excellent. However, because of a growing deficit, a critical review of the department led to reducing some programs and protecting others. An example of a program that remains intact is the computer services for disabled students. New leadership has been brought on board and a plan for reducing the debt in a five-year period is in effect.

2) College of Home Economics and Education — A relatively small deficit existed. Private funds were used to take care of it.

3) College of Science — This deficit presented somewhat more of a challenge to the institution. One factor leading to the deficit was to take advantage of opportunities to hire outstanding faculty. This, coupled with the expense of teaching science and engineering and expanding enrollment, has produced a deficit. The deans and department chairs are now working on a zero based budget and will repay the deficit over the next five years.

4) Department of Intercollegiate Athletics — "This is our most difficult issue and I have spent much of my last year looking at it," said Dr. Risser. "The key," he said, "is increased competitiveness, but that means making some investments, while at the same time eliminating the deficit."

Detailing an action plan, Dr. Risser said that at OSU there is now a new approach to how it looks at financing, budgeting, and accounting. A university-wide oversight group reviews all of these factors on a regular basis. OSU has also revised the accounting system, with clear accountabilities throughout the institution.

"We are in the process of looking for a new vice president for finance and administration. I am confident that we will have a vice president who will take seriously the kinds of actions that I have just mentioned to you," President Risser stated.

Describing the strengths of the athletic program, Dr. Risser pointed out that OSU has an excellent Title IX compliance record, and last
year, had the highest graduation rate of athletes when compared to all Division I-A universities.

President Risser outlined the events leading up to the realization of the budget shortfall, which began in 1984. Sources of the athletic department deficit included financial aid and the demand for student/scholar athletes, achieving Title IX compliance, and investments in the football program (particularly coaching staff).

"The challenge here is that we, in fact, need to recognize that part of solving the issue is to increase our fundraising," Dr. Risser explained. "We have been a little casual in how we have gone about raising funds for scholarships. We are in the process of reorganizing private fundraising and will mount a campaign," he announced.

Other university actions taken include:

1) A systematic review of all athletics expenditures.

2) A uniform accounting system. Dr. Risser said that in the past, the Athletic Department used an accounting system somewhat separate from the university.

3) Better revenue forecasting techniques.

4) A new athletic director from the University of Tennessee, which had a very successful program. "I think Mitch Barnhart will bring a new level of professionalism that we need in the department," Dr. Risser shared. Further, Dr. Risser said that decreasing expenditures will include some staff reduction in the Athletic Department. President Risser went on to say that there are many ways to be more economical and efficient in travel, therefore reducing expenses.

Opportunities for increasing revenue are also being carefully studied. These include some PAC-10 Conference revenue, an endorsements program, gate receipts, private sources, and marketing.

Expenses in 1999 are a critical turning point in rectifying the current situation, Dr. Risser said, going from $12.8 million to $10.9 million. He explained that a number of contract obligations will end in 1998 and they will not have to be carried forward. A plan to raise an additional $1 million in private funds will be in place. "However, I think that we
will get to a balanced budget sooner because I think our fundraising will increase even more next year," Dr. Risser added.

"In another year, we will look at this chart (on file in the Board’s office) and see exactly where we are and how we will reduce the deficit so that when we get out further, we will have a balanced budget. What we’ve committed to do is reduce the debt to $6 million by 1999, and in seven years, eliminate the total deficit," said President Risser.

Enrollment, Dr. Risser explained, is one thing that will help overcome the deficit, saying that there are two ways to think about it: 1) headcount, and 2) actual FTE (calculated on the number of students and the number of hours a student takes). "In 1997, our targeted number here was 13,940 and what we actually have is 14,360 students," he said. "When one looks at the calculations for funding those students (FTE), there is an increase of about $8 million."

Concluding his presentation, Dr. Risser reiterated that steps have been taken across the university to overcome this shortfall. "There is a new expectation in terms of performance and accountability standards, not just in budgeting, but in academic programs as well. I think we are, in fact, on task, on time, and on target."

Chancellor Cox asked if there were any questions from Board members. Dr. Aschkenasy complimented Dr. Risser’s presentation, then followed it up with a question about overspending by the institutions and the System covering expenses.

Vice Chancellor Anslow responded that there is a need to cover, through System balances, a portion of the deficit. "We think we are able to do that through July 1998. I think the more challenging aspect is whether we can continue to cover through July 1999. We are in a state of reviewing what the budgets are for 1998-99," he explained. "So, reviews of this situation should be regularly scheduled?" Dr. Aschkenasy asked. Mr. Anslow affirmed the question, adding that the projections need to be monitored closely. "There are no central funds available for a quick recovery. We are on a razor edge right now, in terms of our funds," he said.

Dr. Cox clarified one point made by Dr. Risser in his presentation. "Because of the magnitude of the athletic deficit, it had caused the entire university to be in a deficit situation. So when they talk about the deficit in athletics continuing out for three or four years, they are
covering that with the overall university budget. It's not that they have $6 million 'hanging out there' that is not covered, they are covering it within the university from other sources," he explained.

Ms. Wustenberg asked about the System resources being funneled to OSU and if there is a repayment plan in place. Mr. Anslow provided a detailed explanation of the repayment process, which includes interest on the principal.

Expressing some concern over the repayment, and how it might affect specific academic programs, Ms. McAllister asked if care was being taken so that the quality of academic programs would not be adversely affected. "To the best of our ability," said President Risser.

Dr. Whittaker commended OSU for turning its enrollment around and asked how that additional revenue affects the budget situation. President Risser said that accommodating the increase is a difficult issue institution staff are struggling to resolve. Chancellor Cox explained that in the old budget model, if an institution's enrollment fell below its target, System reserves made up the difference, allowing the institution to work to get its enrollment back up. "We had enrollment difficulties at both OSU and OIT for a number of years; we used our reserves covering and making them whole through that period. We've reached a point in this current biennium where we can no longer do that," the Chancellor said.

Further, Chancellor Cox described the condition of the General Fund. The General Fund budget was planned based on OSU serving an enrollment midpoint of 12,000 FTE students, and there is no Systemwide General Fund reserve for further expanded enrollment. So, if Dr. Risser's enrollment projection occurs, there will be $3 million in tuition revenue to cover the Education and General Fund loan to the Athletics Department. Chancellor Cox, said, "What isn't there is the $5 million that would have come from the General Fund because it wasn't there at the start of the biennium. It has been allocated out and institutions have all made their resident enrollment. The State doesn't make a mid-biennium adjustment."

Mr. Lussier, while expressing confidence that the plans of President Risser and his staff are in place, said that he would not want to be in a situation where the System was in a deficit. Moreover, he felt that the Board should recommend that not be the case. "What I saw missing is a contingency plan if we do not hit the interim targets. What
action will be taken if we do not hit the optimistic projections that are here?” he observed. Responding to Mr. Lussier’s concern’s, Dr. Risser reiterated that the deficit will ultimately be covered by the institution.

“I think it is important to know if there are signals that tell us either we’re doing better than the targets President Risser has outlined, or if for some reason we are not achieving those. We need to get an early warning sign,” Mr. Imeson noted. Chancellor Cox said that he expects to provide a monthly report to the Executive Committee.

Mr. Imeson questioned the enrollment projections and the comfort level of President Risser with those figures and when the Board may have an indication whether or not the numbers are met. Dr. Risser explained that the estimates are conservative, based on both applications and interest for new enrollments. The figures are also based on retention rates for current students. “However, the official numbers are available the fourth week of fall term. We’ll know on a monthly basis where we are with athletics, but we won’t know enrollment for sure until then,” Dr. Risser said.

“What are we doing to assure this doesn’t occur again?” asked Mr. Willis. “What do we need, as a Board, to help recognize that a deficit is occurring over a 12-14 year period?” he added. Chancellor Cox responded that beyond the existing policy, staff are moving as rapidly as possible to have systems in place. “The key to all of this may be moving to an encumbrance system that says when your spending reaches the point originally budgeted, the cash stops,” the Chancellor asserted. Vice Chancellor Anslow concurred with Chancellor Cox, adding that there is an encumbrance system in place for the payroll side, but what is also needed is a similar system on the supplies and expense side so that money cannot be spent more than once.

Ms. Wustenberg noted that she appreciated, along with other Board members expressing the same sentiments, the shift toward immediate accountability. “If we are used to dipping into the pot of gold, we have to change the mind set of all the people involved. From that standpoint, the faster you put your accountability systems in place, the better off we are all going to be.” Furthering Ms. Wustenberg’s comments, Chancellor Cox said, “We can’t move into this new economic environment that is the future for us with the present system of controls. We simply have to make changes.”
Ms. McAllister acknowledged the efforts of President Risser’s long-range planning, further acknowledging that this is, indeed, a crisis situation. “I think that as we work through this, as we put timelines in place, the weekly, monthly, quarterly, and yearly reports can help us overcome the current deficit and perhaps during these incremental steps, find the resources. It is important for the Board and the universities to take seriously these charges,” she concluded.

Mr. Lussier referred to his original concern about a possible contingency plan. “I would hate for us to hear in a month or two that certain projections haven’t been realized and the deficit has increased. And now, frankly, we don’t have an option. Somehow or other, we need to be assured that we can manage our way through this situation, or request additional action that gets us to that point. If it is simply a monthly monitoring and we’re willing to run that risk, then I am in favor of that. But I think we need to accept the risks inherent with these kinds of projections.”

Responding to Mr. Lussier’s comments, President Risser said that OSU is committed to covering its debts in athletics. “The other issue, the expenditure side, we are committed to changing that. If we have to manage that from the university, we will. I don’t think the Board runs any risk on that. The more difficult issue is based on our enrollment and the number of students and the cost to educate more students. There is an $8 million gap between our funding and what we will be needing to educate those students next fall. That is difficult.”

Dr. Aschkenasy concluded the discussion by saying that this is not a Board issue as it stands, which is why it took place during the Chancellor’s report. “However the Board is very serious about it. We’re behind you, but we will be looking over your shoulder.”

**Executive Summary**

Since 1990, the Oregon Metals Initiative (OMI) has exemplified the concept of successful private-public partnerships. The metals industry contributes more than $500,000 annually for cutting edge research, (performed by postgraduate students at Oregon institutions), which is matched 1:1 by state funds. All funds go to the research institution, with none being earmarked for administrative costs. OMI is the model the Chancellor’s Office hopes other industries will emulate in the next biennium. Governor Kitzhaber’s budget will encourage private/public partnerships.
Context for the Initiative

Full matching funds from the state for this biennium are not available. The Oregon Joint Graduate Schools of Engineering (OUS) provides $600,000 per biennium. Historically, the Oregon Economic Development Department has provided approximately $450,000 per biennium to complete the match. Dramatic changes at OEDD have eliminated this source of matching funds.

Without $450,000 in gap funding to complete the state's side of the partnership and this biennium's match, OMI industries will most likely redirect their money to other business needs when the OMI board meets in June. The loss of this partnership would dismantle an investment of hundreds of thousands of dollars in current projects and eliminate a vital catalyst for jobs, competitiveness, and higher education infrastructure. It would also severely set back the partnership model.

The Governor has committed $50,000 in Strategic Reserve funds to help meet this shortfall. He has also asked OMI to seek $50,000 from the Washington-Multnomah Strategic Reserve Board, which has been done through the submission of a proposal, leaving $350,000 needed to fill the gap. OMI staff has already contacted a number of the members of the Emergency Board in advance of making this request and have been very encouraged.

Staff Recommendation to the Board

Staff requested permission from the Board to seek approval for $350,000 from the Emergency Board to fulfill OUS matching funds for the Oregon Metals Initiative.

Board Discussion and Action

Following a brief overview of the request by Chancellor Cox, Ms. McAllister asked if it is a one time expenditure, or if it will be rolled up. Chancellor Cox responded that the hope is to roll it up into the next budget, since it is such a desired partnership for the System.

OMI spokesperson, Ms. Gwen Baldwin, explained that industry brings its money to the table first, then OUS is asked to join. “It is a very
industry driven program and all research is conducted at Oregon institutions. OMI looks forward to its continued relationship with the Chancellor and the System."

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

The University of Oregon proposed to reinstate the Master of Accounting degree, effective fall 2000. The original Master of Accounting at the UO was established to allow graduate business students to specialize in accounting. During the 1980s, the move toward a more generalist approach within the profession, declining student enrollments, and other departmental-level factors prompted the UO to request suspension of the degree program. In spring 1989, the Academic Council and the Chancellor approved UO's request, to be effective in fall 1989, with phase-out to follow.

The impetus for the reinstatement request is recent state legislation, effective in 2000, requiring five years of university-level education before taking the Certified Public Accounting (CPA) examination. Oregon State University and Portland State University are developing new programs to respond to the legislation. The UO degree reinstatement also responds broadly to the increasing complexities of high-level accounting positions. Advances in information technology have caused enormous changes in the accounting profession. Accountants are expected to have better communication, intellectual and interpersonal skills, as well as increased technical competence to better address the needs of clients. The variety of client needs and the changing business environment call for professional accountants who can adapt successfully.

Students entering this program must have completed a bachelor's degree in accounting or the equivalent of specified courses. The expected size of the program is 40 to 45 students per year, most of whom would likely come from the UO's undergraduate program. A conceptual approach to the study of accounting will be emphasized. Students will be prepared to become successful accounting professionals, engaging in financial, tax, and managerial accounting. They will develop skills in auditing and accounting systems,
accounting research, and communications. In addition, they will receive further training in general business to improve their qualifications as business consultants.

The UO proposed to generate support for this program from increased graduate tuition. In addition to the considerable strength of the existing UO accounting faculty, one to two additional faculty will be required to offer this program. Slight modifications in the undergraduate major, along with utilizing available student spaces in second-year Master of Business Administration classes, are actions that will contribute to building the resource base needed to sustain the program. Several classes in business and in computer/information science will need to be developed for the Master of Accounting students.

On March 6, 1998, Vice Chancellor Clark and the provosts and faculty representatives from Oregon State University, Portland State University, and the University of Oregon, met with Interim President Johnston, Vice President Hutton, and faculty representatives of Willamette University, at their request, to discuss the impact of the new legislation that raises the bar for CPA eligibility. Information about plans for educational programs, including the master's programs proposed by OSU, PSU, and UO, was shared. Understandings were achieved regarding differentiation among the programs of the OUS universities and Willamette University.

Staff Recommendation to the Board

Staff recommended that the Board authorize the University of Oregon to reinstate the Master of Accounting program, effective fall 2000.

Board Discussion and Action

UO Provost John Moseley explained to the Board the impetus for reinstatement of the program, adding that the main reason for its original demise was that students were attaching more value to the MBA, thereby gravitating to that program. Because of the new five year requirement for taking the CPA examination, UO's intent is to have the program mirror the academic quality that the Master of Accounting had at an earlier time. "There will be a new market for this
degree because of the requirement and we want to meet that in a way that is consistent with the academic quality of the UO Business School," said Dr. Moseley.

Ms. Wustenberg asked why there isn't a cooperative program between OSU and PSU if it is indeed a preparation for CPA certification. Provost Moseley said that in the discussions with other institutions, including Willamette University, there is a belief that the four programs will appeal to different students. "The specifics of what one needs to do to take the CPA exam, the UO will be offering. The other components of the programs will be distinct," he offered.

Dr. Whittaker moved and Ms. Christopher seconded the motion to approve reinstatement of the program. Those voting in favor: Directors Christopher, Imeson, Lussier, McAllister, Puentes, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

During the March 20, 1998 meeting of the Board, President Aschkenasy asked Vice Chancellor Clark to prepare a response to the question of what admission alternatives the Oregon University System (OUS) would have if the state's Certificate of Initial Mastery (CIM) and Certificate of Advanced Mastery (CAM) requirements were not implemented. Since then, staff has conferred and developed the explanation that follows.

The Proficiency-based Admission Standards System (PASS) Project was initiated as a response to school reform legislation. PASS is predicated on the notion that increasingly more Oregon students will apply for admission with evidence of proficiency generated as they pursue the CIM and/or CAM.

The standards for the CIM and CAM have been established by the State Board of Education (SBE) and represent its definition of a level of expectation high enough to stimulate Oregon schools to improve, but not so high as to prevent the vast majority of students from reaching required levels within 12 years of schooling. The SBE standards are challenging, but early evidence suggests that schools can meet them if given time, an understanding of the assessments, and a focus by the school on the standards. For example, scores of elementary school students in grades 3 and 5 have improved in writing and mathematics over the seven years that assessments have been in place in these areas.
The programs for the CIM and CAM basically require schools to assess student progress in relation to the state’s adopted Content Standards, and then to modify the instructional program or provide additional assistance to students who are not making adequate progress toward achieving the standards. These Content Standards have been aligned with the PASS proficiencies and were adopted by the Board of Education on February 20, 1998. This means that once students reach required levels for the CIM, they may continue toward the levels of performance required by PASS. Moreover, PASS is working with the Oregon Department of Education (ODE) to align the CIM and CAM assessment systems with PASS proficiencies.

Early estimates are that perhaps one-third of Oregon 10th graders will be able to earn a CIM in the first year of the program. More students will receive their CIMs as they re-test in the 11th and 12th grades. The number of 10th graders receiving the CIM can be expected to increase in subsequent years as educators and students become more familiar with the program. Since the CIM per se is not required for entrance into OUS institutions, there is no direct relationship between these numbers and the proportion of students who will be eligible under PASS requirements. However, the number receiving a CIM should be a reasonable indicator of the proportion of students who will be college-ready two years hence. That is, as more students reach CIM levels in 10th grade, more will likely be college-eligible at the end of 12th grade.

If the state abandons the CIM and CAM or if high schools resist and refuse to implement them (an unlikely outcome), OUS would have the option of returning to traditional admissions methods and simply discontinuing PASS or of continuing to offer PASS as an alternative for schools that wish to pursue proficiency-based programs of instruction. It is likely that even if the state were to back away from a performance-based system, many schools would continue to redesign their curricula around standards and performance. Schools that utilized a performance-based design for curricula may not be as able to report student learning in terms that coincide well with traditional entrance requirements based on course titles and Carnegie units. PASS would offer an alternative for those schools and would enable OUS to avoid becoming an obstacle to high school reform.

Since PASS performance levels are being derived from actual examples of student work, it is unlikely that initial PASS requirements will be at a level that excludes significant numbers of applicants who
possess the potential to succeed in college. However, the levels being developed will require students to engage in diligent study and produce multiple pieces of evidence to confirm that they do, in fact, have the knowledge and skills required for success in college. The intent is to raise expectations over time as it becomes clearer what Oregon high school students are truly capable of doing as they prepare for college.

In short, if school reform in Oregon were to disappear tomorrow, PASS would still represent a viable and useful alternative method of admitting students from schools that chose to emphasize performance over Carnegie units.

**Board Discussion**

Vice Chancellor for Academic Affairs Shirley Clark reviewed the report to the Board. She then provided three possible outcomes for OUS if the CIM and CAM requirements were not ultimately implemented: 1) proceed with the current requirements; 2) operate in a parallel fashion with established requirements (this, since 30 high schools statewide are implementing PASS standards); or 3) “fold our tents.” Dr. Clark said that she would certainly prefer one of the first two alternatives.

President Aschkenasy asked about the effects, if any, of implementing the CIM only and the effects on PASS. Dr. Clark said that PASS is much more closely aligned with the CIM. “The CAM is largely not yet developed. So if the CAM is the slow, indefinite part of this, that would not be a problem for the way in which we have planned the PASS,” she explained.

“I am invested in this and many of us want to see this happen. We have tried to be proactive and optimistic so far as we can be toward this whole movement. We have thought if our behavior were skeptical, we will not be encouraging the kind of change in the field we want to have. They will look to us and say, ‘higher education doesn’t think this is going to happen.’ Most of our students are being prepared to go on to college and therefore, it is why we should invest ourselves in this work of reform for K-12,” Dr. Clark closed.
Grattan Kerans, director of OUS Government Relations, distributed copies of ten legislative concepts (on file in the Board’s office) requiring Board approval for submission to the Department of Administrative Services (DAS).

President Aschkenasy asked if these items could be filed with an option to pull any at a later date, given the lack of opportunity for Board members to review them. Mr. Kerans responded that is possible, adding that, “Everything on the list has been addressed by you in previous actions.”

Mr. Willis requested a more detailed explanation of the first item on the list. Mr. Kerans explained that HB 2321 was passed in the 1997 Legislative Session as a result of some other agencies, not OUS, relative to legal sufficiency of vendor/external contracts. The statute said that all contracts must go up the chain to the Department of Justice to be cleared and there haven’t been any procedures put in place to provide for fast track approval and repeal. At one point, OUS had an exemption in the Bill, but the Attorney General wouldn’t support that. “OUS believes that the standard imposed is bureaucratic and mechanical,” Mr. Kerans said.

Noting that the Legislature mandated a report on SB 271, Ms. McAllister asked when that would come before the Board. Chancellor Cox responded that staff is in the process of completing the background work and a task force has been jointly appointed by DAS Director Jon Yunker and himself. The report should be completed in June and ready for review by the July Board Renewal.

Ms. McAllister moved and Mr. Imeson seconded the motion to approve submission of the concepts, with the proviso that the Board will have the opportunity to rescind any at a later date. Those voting in favor: Directors Christopher, Imeson, Lussier, McAllister, Puentes, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

Continuing the discussion, President Aschkenasy said that it is likely to assume that recommendations and proposals will emerge from the two Board Committees. Mr. Kerans said that he and his staff have been tracking the work of both Committees and the Chancellor reported to the Senate Budget Committee the day before, touching on
the issue of legislative changes. "The organic statute that created the Department of Higher Education is an exceptionally broad grant of power. So far, you have not taken up an issue that is outside of that original act, which created the State System," he said.

"When do we need to submit recommendations from the Board Committees?" questioned Dr. Aschkenasy. "Up until the deadline late in the fall for pre-session filing," responded Mr. Kerans. "Of course, after that, there are 90 members who can introduce legislation well into next spring," he said.

President Aschkenasy observed that if the System is successful in improving performance, there needs to be recognition by the State. "Part of this is making our funding more logical so we can, in effect, reward institutions for doing a better job, or otherwise it isn't going to work. That needs to be discussed with the Legislature early enough so that by the time a vote is taken, there is a body of support and a general understanding of what we are after. Are we going to work on that? Who does that? When do we start?"

Mr. Kerans said that communication is going on currently and the legislative leadership is aware of the work of the Board. "Senator Bryant commented yesterday that through this process, it will make the Legislature more accountable as well. We are involved in creating new relationships, discussing legislative concepts and budget initiatives with provosts, and bringing the Legislature much closer to our business and how we allocate resources. So, the growth of the System and the extension of its services is linked to an understanding by the Legislature of what it is purchasing with its resources, the subsidies it is making, and that lawmakers are accountable," Mr. Kerans explained.

Further, Mr. Kerans noted that a presentation is scheduled for May 20 to the Senate Education Committee that outlines the Performance Indicators approved by the Board and subsequent measurements. Vice Chancellor Clark and Nancy Goldschmidt, from the Office of Academic Affairs, will be giving that report at the invitation of Senator Tom Hartung.

Mr. Imeson added that, "I have been in meetings with legislators where the topics have come up and I think they are familiar with what we are doing. I think that it is likely many of us will need to spend some time, both before and during the next Legislative Session,
augmenting the work of the Chancellor’s Office and the universities.” “Have we made some assessment on whether or not the program approval process requires legislative action?” questioned Mr. Lussier. Mr. Kerans responded that the decision was made to continue the current work with the SB 271 Review Panel to see if that was an appropriate place for that issue to be reviewed. Mr. Willis said that he felt the Board should first streamline everything it can and then ask for help on those issues outside its jurisdiction.

Chancellor Cox offered a final note on work with the Oregon Progress Board in relation to the Performance Indicators. “We have made tremendous progress in having our accountability measures track with the state’s accountability measures so that in the overall Oregon goals, you can read right over it. It begins to tie together in people’s minds,” he said.

Mr. Imeson said that the Budget and Finance Committee intends to convene next in early May. He shared that in a recent meeting with the Governor that included the Chancellor, Jim Willis, Jim Lussier, and himself, the Governor seemed both pleased with the progress and direction of both Board Committees to date.

Ms. McAllister formally announced that the Board successfully completed the EOU search, with the approval of the appointment of Dr. Phillip Creighton. “I want to publicly thank Dr. Gilbert and the Eastern community for laying a solid and outstanding foundation. I am thrilled with the prospect of the next steps for this nationally recognized university,” she said. “Furthermore, I also would like to extend my warm thanks to my fellow Board members, Esther Puentes and Jim Whittaker.”

Mr. Lussier recommended a book entitled, Failing the Future, a synopsis of the future of higher education in the country.

Ms. Christopher thanked the Board members involved in the EOU presidential search for a job well done. She also thanked President Bernstine for hosting the dinner party the evening prior.

“I’d like to share with Dave [Gilbert], having the opportunity to be involved in the search and getting to know the faculty and staff at EOU was a wonderful experience. They understood the charge and proceeded with dedication and professionalism,” Dr. Whittaker shared.
Ms. Puentes echoed Dr. Whittaker’s thoughts, adding that, “It’s a very impressive, committed staff. Each candidate mentioned that EOU is very well known nationally for the work it is doing.”

She also expressed gratitude toward Chancellor Cox and President Risser for the information on the budget situation at OSU.

ADJOURNMENT  The Board meeting adjourned at 11:35 a.m.

Diane Vines
Secretary of the Board

Herbert Aschkenasy
President of the Board