



**MINUTES OF THE REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION (#836)
MARCH 5, 2010**

	<u>Page</u>
1. Call to Order/Roll Call/Welcome.....	1
2. Reports.....	2
a. Chancellor’s Report.....	2
b. Interinstitutional Faculty Senate (IFS) President.....	2
c. Oregon Student Association (OSA) Chair	2
3. Action Items	3
a. OUS, Legislative Concepts	3
b. OUS, Revised Charge of the OUS Research Council	5
c. OUS, Internal Bank Implementation	5
d. OUS, Resolution for the Sale of Articles XI-F(1) and XI-G Bonds	5
4. Consent Items	6
a. OSU, Resolution Regarding Classified Information for U.S. Department of Defense	6
b. Authorization to Award Honorary Degrees, OSU, PSU and SOU.....	6
5. Report Items	6
a. Student Participation and Completion Committee Report on November 2009 Symposium.....	6
b. Board’s Standing Committees Update	6
6. Public Input	7
7. Board Comments	7
8. Adjournment.....	7



**MINUTES OF THE REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION (#836)
MARCH 5, 2010**

MINUTES

1. CALL TO ORDER/ROLL CALL/WELCOME

Board members present included: President Paul Kelly, Matt Donegan, Jill Eiland, Hannah Fisher, Allyn Ford, Brian Fox, Jim Francesconi, Dalton Miller-Jones, Rosemary Powers, Preston Pulliams (arrived at 11:43 a.m.), Kirk Schueler, and David Yaden.

Chancellor's Office staff present included: Chancellor George Pernsteiner, Mike Green, Ryan Hagemann, Jay Kenton, and Susan Weeks. Others present include presidents Bob Davies (EOU), Richard Lariviere (UO), Chris Maples (OIT), John Minahan (WOU), Ed Ray, (OSU), and Wim Wiewel (PSU); Provosts Jim Klein (SOU) and Bob Vieira (OHSU) were also present.

President Kelly called the meeting to order at 10:36 a.m. and asked that the Secretary take the roll. Chancellor Pernsteiner thanked staff for their hard work in the planning and preparation of the new Board room.

President Kelly greeted Ms. Jill Eiland to the Board; Ms. Eiland was confirmed to the Oregon State Board of Higher Education in February 2010. In her role as corporate affairs manager for Oregon, Washington, and Colorado, Ms. Eiland leads media, government, and community relations for Intel, as well as heading up its education outreach team and its philanthropic efforts at the company's largest site. She is the national sponsor of the Intel Community Giving Campaign, which raises millions for the United Way in the Northwest and nationally. Eiland also chairs the America Government Affairs Council at Intel. Prior to joining Intel in 2006, she was vice president of corporate communications for Knowledge Learning Corporation; director of government and public relations for KinderCare Learning Centers from 1997 to 2006; and vice president of The Rockey Company, a regional public affairs firm, from 1994 to 1997. Other prior positions include director of public affairs for Portland General Electric; a principal of Edwards Associates in Washington, D.C.; and on the staffs of U.S. Senator Bob Packwood and the U.S. Senate Budget Committee.

A native Oregonian, Eiland is committed to serving the state's many communities as a member of the Portland Business Alliance, the Oregon Business Association Board, the TechAmerica Oregon Council Executive Committee, the United Way of the Columbia-Willamette Board, the Oregon Workforce Investment Board, the Oregon Global Warming Commission, the Oregon State University Business Dean's Circle of Excellence, and the Oregon Higher Education Alliance.

She has also served as chair of Portland Community College's Foundation Board, and volunteers for many local political campaigns.

2. REPORTS

a. Chancellor's Report

President Kelly called upon Chancellor George Pernsteiner for the Chancellor's report. Chancellor Pernsteiner advised that Governor Kulongoski recently signed a compact "Complete College America" to encourage and promote higher education in the State of Oregon. He noted that the System campuses are in the second year of record enrollment, which is expected to continue as the 2010 high school graduating classes will be largest in recent history and that graduation rates of community colleges are at a current high. This additional enrollment will put additional stresses on the campuses—from capacity in housing and academic facilities and faculty and staff. Additionally, the Department of Administrative Services recently released the 2011-2013 biennial budget framework, which includes a 25 percent decrease in budget allocations.

Chancellor Pernsteiner called upon Mr. Jack Isselman and Mr. Drew Hagedorn, Tonkon Torp, for an update on the February 2010 special legislative session. In the discussion, Chancellor Pernsteiner noted that the universities have been sustaining high retention and graduation rates, with greater efficiencies; however, with the anticipated reduction in revenues, President Ray opined that discussions of proposed plans to ameliorate the affects of these reductions need to begin in the near future rather than postponing until next year. Director Fox asked if it was thought that the federal government would be providing additional relief for education; Mr. Isselman stated that, as bad as the economy is in Oregon, we are in better shape than other states in the Union. As such, the federal government may be planning for additional relief packages but the size and shape is unknown at this time.

b. Interinstitutional Faculty Senate (IFS) President

President Kelly called upon Dr. Joel Alexander for the IFS report. He noted that "change is a necessary fact of life." With Senate Bill 442, discussions about changes to the System and pending financial issues, everyone with the System and beyond needs to be ready to adapt and survive in order to maintain, if not build, a better System of Higher Education in the state of Oregon. He shared that the faculty are expressing concern that stresses on faculty and students are increasing because of the present increased burden placed on them with the growing enrollment and decreasing capacity of the campuses.

c. Oregon Student Association (OSA) Chair

President Kelly called upon Emma Kallaway for her report from the OSA. Director Francesconi thanked the Student Association for their support of the System and asked that the students

remain flexible as governance discussions are held. Director Miller-Jones advised that he, on behalf of the student protest group, a student-signed petition.

3. ACTION ITEMS

With the Board's consent, the action items and, in particular the legislative concepts, were moved in order to include Mr. Isselmann in the discussion.

a. OUS, Legislative Concepts

President Kelly called upon Vice Chancellor Jay Kenton to present the item; Kenton called Mr. Isselmann and Mr. Hagedorn back to the table. Dr. Kenton provided an overview of the legislative concept process and then presented each legislative concept for discussion. He advised that this is the first step in the process; following approval by the Board, the concepts are submitted to 1) the Department of Administrative Services for approval, 2) to the Governor, and, finally, 3) to legislative counsel for drafting into a bill. At any time, the concept can be declined.

The first concept is submitted as a placeholder for governance change or other flexibility proposals that could include changes to give OUS greater control over costs, employee compensation, diversity authority, etc. President Ray asked, for clarification, is there a continuum between state agencies and separation of authority; Kenton noted that statutes establish how agencies conduct their business. This concept would change the statutes to change governing structure (e.g., creating a "public corporation," independent governing boards similar to community colleges or other structures). Chancellor Pernsteiner noted that the focus should be in determining what the Board seeks to achieve with a governing change; however, legislative counsel would be responsible for drafting the actual statute language. Mr. Isselmann added that either the Governor's Reset Committee or a newly formed committee will conduct polls to determine support levels. President Kelly advised that today's conversation on this concept is not fully formed but will be reviewed and revised over the next months.

The second concept proposes to retain all income from the investment of all OUS cash balances for the purpose of generating additional revenues to hold down tuition costs and improve services to students. Director Miller-Jones opined that this concept should not be met with resistance by the state but that the change in governing may have a detrimental effect on this concept.

Third, OUS is requesting the ability to purchase risk management coverages for student-related health insurance and special events (other than for liability) and fine arts coverage.

Fourth, to obtain biennial funding for prospective faculty salary and step increases. Director Fox asked if this would eliminate leverage in negotiations with faculty unions; Chancellor Pernsteiner stated it would not, adding that this would not affect negotiations but would

establish equity in the budget build-up in recognize the need for faculty salary increases in changing the budgeting formula. President Kelly asked why this has not been instituted in the past; Pernsteiner advised that step-systems are not currently recognized by DAS and this would establish another category of state employee. In response to Director Powers question, Kenton advised that the three areas affecting employee compensation under the first placeholder would be salary, benefits, and retirement.

The fifth concept seeks biennial funding for enrollment growth to be included in the Essential Budget funding formula. Pernsteiner advised that community colleges will be requesting a similar concept and these proposals are similar to the enrollment growth currently built into the K-12 budget process. Director Schueler opined that, if language was included to reflect enrollment decreases, the funding would be returned to the state; thereby resulting in the a more ready acceptance by the legislature. Pernsteiner noted that this language is not currently included but that the final proposal will parallel the K-12 statute verbiage and will be developed in collaboration with Community College Workforce Development.

Sixth: revenue bonding authority for additional statutory language to make it fully operational (as proposed in Attachment A of the docket). President Kelly asked for clarification on the attachment and noted that the Board will be acting on 351.315.

It has been proposed that one or more of the institutions be authorized to employ and retain state-certified police officers. These officers would possess powers and authority given to peace officers under the current statute. In response to a question, Pernsteiner advised that this concept does not propose arming public safety officers. President Lariviere advised that when a 911 call is placed, it takes, on average, 20 minutes for the Eugene Police Department to respond. Because the public safety officers are not sworn officers, federal funding cannot be sought and safety officers can be excluded from situations of safety on the campus.

The last proposal pertains to exempting OUS from power companies' first right of refusal for any renewable energy project and remove the requirement that one-half of savings resulting from such activity accrue to the General Fund. Kenton noted that this is the first time that the System has submitted this type of proposal; however, other entities have, in the past, attempted exemption.

President Kelly, in calling for a motion, asked if any Board member wished to pull out any of the concept. Director Powers asked for clarification on the first proposal in the specificity of the content of the governance changes; Pernsteiner advised that the itemized list included in the concept are only examples of possible flexibility initiatives. Director Francesconi proposed eliminating the issue of potential arming of police officers on the campuses by including specific language in the concept to prohibit arming. Director Miller-Jones proposed delaying the specific language and noted that certification of officers requires specialized training. Director Francesconi withdrew his proposal and recommended that the concepts be submitted and that the Governance & Policy Committee continue their discussion on this subject.

Action: Director Pulliams made the motion to approve the legislative concepts as outlined in the docket for submission to the Department of Administrative Services and the Governor; Director Schueler seconded; motion passed. President Kelly then directed the Governance & Policy Committee to review the campus safety issue.

b. OUS, Revised Charge of the OUS Research Council

President Kelly called upon Mr. Charles Triplett, staff to the Research Council, and Board Secretary Hagemann to present the item. Director Fox asked if the Council would be working with the Academic Strategies committee; Mr. Triplett advised that the Council will be working with the ASC with emphasis in economic development.

Action: Following discussion, Director Eiland made the motion to adopt the revised charge, Director Pulliams seconded; motion passed unanimously.

c. OUS, Internal Bank Implementation

Controller Mike Green was called upon to present the policy implementation item. Following the presentation, President Kelly asked if the proposed repealing of the IMDs was due to their non-relevancy or conflict with the proposed new policies; Mr. Green affirmed that this was the case.

Action: Director Schueler, Chair of the Finance & Administration Committee advised the Committee has actively reviewed the development of these policies and has recommended the submission of the policies to the full Board for approval; he then made the motion to adopt the three policies (Internal Bank, Debt, and Interest Rate Risk) and to repeal IMDs 6.300, 6.305, 6.306, 6.310, and 6.315; Director Yaden seconded the motion; motion passed.

d. OUS, Resolution for the Sale of Articles XI-F(1) and XI-G Bonds

President Kelly called upon Director Schueler to present the recommendation of the Finance & Administration Committee to approve the bond sale resolution as amended.

Action: Following discussion, Director Schueler then made the motion to adopt the resolution that (1) finds that the projects for which Article XI-F(1) bonds are proposed meet the self-liquidating and self-supporting requirements for Article XI-F(1), Section 2, of the Oregon Constitution and authorizing the sale of Article XI-F(1) bonds; and, (2) authorizing the sale of Article XI-G bonds. Vice Chancellor Kenton advised that the UO housing project was recommended to the legislature during the February special session by the Governor's Office; approved by the special session but will be pulled from the sale if it is not approved by the full legislature. Director Fox seconded the motion; motion passed.

4. CONSENT ITEMS

- a. **OSU, Resolution Regarding Classified Information for U.S. Department of Defense**
- b. **Authorization to Award Honorary Degrees, OSU, PSU and SOU**

Action: President Kelly called for a motion to approve the consent items, Director Fox made the motion and Director Donegan seconded; motion passed.

5. REPORT ITEMS

- a. **Student Participation and Completion Committee Report on November 2009 Symposium**

President Kelly called upon Director Dalton Miller-Jones to update the Board on the work of the Committee and introduce the symposium summary video. Director Pulliams thanked Directors Miller-Jones and Powers for their leadership in this effort. He then asked for an example of what was referred to as “policy.” Miller-Jones replied that the reward/incentive system employed on the campuses needs review; in other words, teachers who go the extra mile in outreach to their students must be rewarded. An evaluation of the pre-college programs must be conducted; cultural competency training must be given to K-12 teachers and postsecondary faculty. Director Schueler asked how the work and findings of the committee is developed into action items/programs for Board review. Miller-Jones advised that staff will be developing the concepts; Director Powers added that many proposals were developed during the last legislative session that did not require funding; the committee is currently working to develop similar proposals in addition to proposals that will require funding. Director Francesconi advised that the Academic Strategies Committee is developing proposals that continue programs implemented during the 2009-2011 biennium, institute new programs that require new funding, and programs that do not require funding.

President Kelly thanked Directors Miller-Jones and Powers, and the other Board members who have been involved, for the work of the Student Participation and Completion Committee over the past several years. Director Miller-Jones concluded by stating that the needs of the state will require the PK-20 education continuum to collaborate in order to survive the current and future funding shortfalls.

- b. **Board’s Standing Committees Update**

Call for the following reports:

- Academic Strategies Committee

Chair Francesconi advised that the Provosts’ Council has been drafting proposals to advance the discussion of mission portfolios. Director Schueler is chairing a team addressing access and student success in Central Oregon; Director Pulliams is chairing the Portland metropolitan

team; and Director is chairs the rural access team. Additionally, graduate education and economic development are areas of interest. President Kelly commended the staff on the clarity of the Committee proposals.

- Finance & Administrative Committee

Chair Schueler advised on the actions taken by the Finance & Administration Committee.

- Governance & Policy Committee

Chair Kelly advised the Committee has been meeting with representation from OSA, IFS, SEIU, and received broad input into the process. No recommendations have been made, to date, but that discussions have been held concerning policy development. Proposals will be brought to the Board in the near future.

6. PUBLIC INPUT

Those providing public comment included: Greg Marks, SEIU representative and public safety officer at Portland State, he expressed his support of the legislative concept pertaining to public safety; Samantha Alloy, PSU, Pierce Wynad, PSU student, and Jonathan Stanford, PSU student body president, publicly requested public forums across the state to enable students to express their views to the Board changes in governance and ensure that communication from university presidents include student input. They also expressed student frustration and anger with the perceived exclusion of the students' voice in the discussion of governance changes. Rowan Griffith, PSU student, opined that creating a public corporate higher education system may create impediments to students having a voice at the state-level. Wael Ausadi, PSU student, brought greetings from 10,000 students and faculty who participated in rallies across 37 states on March 4, 2010, explaining that students desire a fully-funded higher education and an empowered faculty. It was expressed that students do not want to see higher education dismantled and deregulated but that funding be found and politicians directed to support higher education.

7. BOARD COMMENTS

Director Powers thanked the students for their participation in and attentiveness to the meeting.

8. ADJOURNMENT

With no further business raised, President Kelly adjourned the meeting at 3:06 p.m.