

MINUTES

Committee Members Present: Mike Bailey, Mark Baldwin, Patty Bedient, Rani Borkar, Julia Brim-Edwards (*by phone*), Darry Callahan (*vice chair*), Michele Longo Eder, Paul Kelly, Brett Morgan, Laura Naumes, Pat Reser (*chair*), Preston Pulliams, Ed Ray, Kirk Schueler, and Mike Thorne

University Staff Present: Ron Adams, Jennifer Almquist, Sherm Bloomer, Susie Brubaker-Cole, Susan Capalbo, Steve Clark, Debbie Colbert, Ed Feser, Becca Gose, Mike Green, Jock Mills, Susana Rivera-Mills, Cindy Sagers, Clay Simmons, Patti Snopkowski, and Marcia Stuart

Guests: Gabby Bangert (*legislative coordinator, Associated Students of Cascades Campus*), Ben Cannon (*executive director, Higher Education Coordinating Commission*), and Rachel Grisham (*president, Associated Students of Oregon State University*), and Bob Mason (*president, Faculty Senate*)

1. Call to Order/Roll/Declaration of a Quorum

Board Chair Pat Reser called the meeting to order at 9:33 a.m., asked the assistant board secretary to call the roll, and noted a quorum.

2. Opening Comments and Reports

a. Chair's Comments

In her Chair's Comments, Reser remarked on the morning's breakfast with students who are gaining IT experiences while studying at OSU. She said that it was inspiring to hear the range of ways students are engaging with IT now and planning to apply their experiences in their future endeavors. Reser noted that students' responses to questions from trustees about their reasons for selecting OSU included the opportunities to explore and engage with faculty and staff outside of the classroom, the potential to build relationships with mentors, and the range of research and employment opportunities. Reser also shared that students' recommendations to the Board included continuing to encourage the development of co-curricular learning opportunities and to facilitate exposure to innovative research. Reser concluded by stating that students expressed their appreciation of the experiences and opportunities afforded to them at OSU, noting that their time at the university was a good investment in themselves.

b. President's Report

Oregon State University President Ed Ray also remarked on that morning's breakfast with students, adding that it highlighted the importance of engaging students in thinking about how to enhance their time at the university. He noted that, while graduation is an important outcome, it is important to think about success in a holistic sense. Ray noted that this is one dimension of OSU's participation in the University Innovation Alliance,

which is a coalition of eleven public research university working together to share strategies for enhancing student success.

Ray reported that he delivered the State of the University address on February 8, 2017, at the Oregon Convention Center. He noted the growth in attendance in recent years, adding that the 2017 address was delivered to over 725 guests. Ray shared highlights from the event, which included an appearance by Benny Beaver and the debut of a walking robot called Cassie. He added that the address also served as a public launch of OSU's \$150 million Student Success Fundraising Campaign, toward which the Oregon State University Foundation has already raised \$50 million. Ray shared that he also called on the Oregon legislature to grant the request of the state's seven public universities for \$100 million funding increase for 2017-19.

Ray noted that on March 14, the House Higher Education Committee unanimously approved House Bill 2782, which will fully fund the \$69.5 million expansion of the OSU-Cascades campus as sought by the OSU Board of Trustees. The bill now goes to the Joint Ways & Means Committee. Ray added that a recent \$5 million gift to OSU-Cascades served as an important step toward a \$10 million philanthropic match required for the state capital funding. He shared that he will deliver his annual State of the University Address in Bend on May 3, and he invited trustees to join.

Ray also reported that he had recently returned from the American Council on Education (ACE) Annual Meeting, which brings together college and university presidents and executives from across the nation. At the meeting, Oregon State University's Difference, Power, and Discrimination (DPD) program was honored with the 2017 ACE State Network Leadership Award for the Advancement of Women in Higher Education.

Ray shared that the women's basketball team recently won their third consecutive Pac-12 title, playing before the first sellout crowd for a women's basketball game in Gill Coliseum history. The baseball team has a 15-1 record and is ranked No. 1 by both D1Baseball.com and Collegiate Baseball and No. 2 in the USA Today coaches' poll. The women's gymnastics team is ranked No. 9 in the nation and will be competing in the Pac-12 Championships and the NCAA Regional Championships.

Ray concluded his report by noting that OSU has recently added several nationally recognized higher education leaders who will contribute to student success efforts. He specifically welcomed Ed Feser to the role of provost and executive vice president, Scott Barnes to the role of vice president and director of intercollegiate athletics, and Kim Kirkland as the new executive director for equal opportunity and access. He thanked Ron Adams, Marianne Vydra, and Clay Simmons respectively for their service in these interim roles.

c. Faculty Senate Report

Reser welcomed Faculty Senate President Bob Mason and asked him to give his report to the Board. Mason began by extending gratitude on behalf of faculty to trustees for their hard work in service to the OSU community. He then provided an overview of the day-to-day business of the Faculty Senate, which includes 26 separate committees performing work critically important to the function of the university. Mason said the Faculty Senate continues to act in accordance with the principles of shared governance and has delivered eight special reports during the academic year thus far to inform

faculty of pressing problems and challenges and provide updates on progress and successes. The Faculty Senate has also been working on policy development and program reviews, and they will have a number of projects concluding before the end of the academic year. Mason shared that the November presidential election and ensuing national discourse has been unsettling, particularly with regard to proposed changes to immigration policy, concerns about threats to freedom of speech and academic freedom, and anticipated cuts in federal support for research and innovation. Mason expressed concern about alarming national trends in alcohol and drug use by students and in relationship and sexual violence, and he reported that OSU is actively working to reverse those trends locally. He shared Oregon State is also working on a number of efforts aimed at improving quality of life for members of the university community, such as improving childcare access and affordability. Mason concluded his report by stating that student success remains an important focus, noting that he is impressed by the dedication of faculty and levels of engagement among students.

d. Higher Education Coordinating Commission Report

Reser welcomed Higher Education Coordinating Commission Executive Director Ben Cannon and asked him to give the HECC report. Cannon noted the importance of coordinating with Director of Government Relations Jock Mills during the current legislative session. He added that HECC staff were preparing for presentations to the Joint Committee on Ways & Means, Subcommittee on Education to convey the importance of adequately supporting higher education to ensure affordability, maintain access, and meet equity commitments. Cannon reported that, in the latest rankings of state support for public higher education, Oregon had moved to 37th after many years in the bottom five, and he stressed the importance of maintaining that trajectory. Cannon also reported that he had recently met with a delegation of advocates from Bend, and he looked forward to ongoing conversation about the build-out of the OSU-Cascades campus.

Cannon reported that simplifying and aligning pathways in the higher education network was an important focus of the HECC. He noted the importance of streamlining community college to university transfer by simplifying the process and reducing the loss of credit. Cannon acknowledged that differences between institutions may have an impact; however, he stressed the importance of working toward a high degree of transferability across Oregon institutions of higher education. Although the HECC is not in a position to impose solutions, Cannon expressed their commitment to working with students, faculty, and legislators to facilitate more seamless transfer policies.

Cannon also reported on the HECC's duties regarding tuition and mandatory enrollment fees at public universities, noting that Oregon's statutes required the commission's review of any proposed annual increase of resident undergraduate tuition or mandatory enrollment fees of greater than five percent. He said HECC staff were in the process of developing principles to apply, should they be confronted by such requests for the 2017-18 academic year. For example, Cannon noted that the HECC would not be redeliberating decisions made by an institution's governing board and would instead be looking to ensure a transparent and accessible process had been followed. Additionally, they would consider the potential impact of any proposed increase on the lowest income students and the strategies proposed by an institution to shield such students.

e. Associated Students of Oregon State University Report

Rachel Grisham, president of the Associated Students of Oregon State University (ASOSU), reported on the results of the recent ASOSU elections. She noted that the new administration would be transitioning to office during spring term and that this would be her last report to the Board. Grisham reported that ASOSU had also been working on setting student fees for the 2017-18 academic year and that modest increases were made to help continue essential services such as subsidies for childcare and support for the Human Services Resource Center. Grisham added that ASOSU had made cuts to their programming budget in order to offset some budget increases while still maintaining support services.

Grisham also reported that ASOSU was working with the State of Oregon Governor's Office to recommend candidates for the student seat on the Board of Trustees. She noted that the nomination committee was incorporating the principles of equity and inclusion, in alignment with OSU's Search Advocate program.

Grisham stated that ASOSU has seen the level of activism on campus increase as students enacted their commitment to working for change on campus and at the state and federal levels. For example, she pointed to concerns about the impact of federal-level actions on OSU's international student population and concerns about federal support for addressing campus sexual violence. Grisham noted that local advocacy efforts included supporting Sexual Assault Awareness Month in April and working with Diversity & Cultural Engagement in support of social justice initiatives. She added that ASOSU will be hosting a textbook rally during spring term to advocate for open education resources and hosting a celebration of World Party Day with a focus on how to have safe, fun, and culturally responsive parties. Grisham reported that efforts were also underway to revise the statement on OSU's shared governance with ASOSU, adding that more information would be available in the coming months.

Grisham concluded her report by highlighting ASOSU's efforts to advocate for higher education access and affordability, traveling to Salem, Tillamook, and Eugene to speak to the Ways & Means Committee and to share stories about the impact of the cost of higher education on students. She also noted passage of the ASOSU resolution titled "Resolution to Request Tuition Freeze for FY 2017/2018."

Upon conclusion of Grisham's report, Reser thanked her for her service.

f. Associated Students of Cascades Campus

On behalf of Associated Students of Cascades Campus (ASCC), Gabby Bangert, ASCC legislative coordinator, provided a report to the Board. She stated that the ASCC had been working on their constitution and bylaws and had just completed their final revisions. She noted that ASCC elections for the 2017-18 academic year would take place during the first three weeks of spring term, and she thanked ASOSU for their help in establishing election processes at OSU-Cascades.

Bangert also reported that access and affordability remained high priorities. She stated the ASCC voted in support of an increase in resident undergraduate tuition up to 3.9%, provided that funds would be allocated to faculty hires to support enrollment growth at OSU-Cascades. Bangert added that the Student Fee Committee had voted to increase mandatory enrollment fees by 49.5% for the 2017-18 academic year to support growth in

enrollment and expansion of essential student services. She noted that ASCC would continue to advocate for such efforts as supporting the ASCC Food Pantry and establishing a textbook lending program.

Bangert concluded her report by acknowledging the recent approval by the House Higher Education Committee to fully fund the expansion of the OSU-Cascades campus, noting the bill would now go to the Joint Ways & Means Committee. She stated that she hopes to bring OSU-Cascades students to OSU Lobby Day to continue advocating for funding.

3. Public Comments

Board Secretary Debbie Colbert announced the receipt of a petition titled “Tuition is Too Dam High,” which included 15 pages of signatures, an ASOSU resolution titled “Resolution to Request Tuition Freeze for FY 2017/2018, and written comments from Shivali Kadam and Justin Bennett.

The following individuals spoke during the public comments period:

- Lyndi Petty shared her experience of the difficulties paying for college without family support. She also acknowledged the impact of the state’s funding decisions on OSU’s budget and encouraged the Board to vote to keep tuition increases below 4%.
- Marquina Hofschneider spoke about connections between the cost of higher education and the diversity of the student body. She urged the Board to address administrative spending rather than pass an increase in tuition.
- Tamara Musafia stated that she is working at OSU to put her children through school. She said any increase would be too much and stressed that economic justice is connected to social justice.
- Carol Moreno stated that the cost of higher education extends beyond tuition to include the high cost of living in Corvallis. She also shared the difficulties of engaging in co-curricular activities for students when students must work. She thanked trustees and staff for their willingness to listen to student voices and acknowledged the impact of state funding. She urged the Board to consider the smallest increase possible.
- Christian Mello spoke about his experience as a first generation student who transferred from community college. He urged the Board not to raise tuition.
- Hana Maaiah expressed concern about scheduling a Board meeting during the last week of classes. She also asked the Board not to increase tuition.
- Justin Whitton spoke about his experience as a transfer student paying for his own education. He shared that, at times, he must make a decision between paying for school and paying for food and rent, and he asked the Board not to increase tuition.
- Douglas Lownsbery spoke about the selection of the location for the marine studies building in Newport. He asked the Board to do a long-term cost benefit analysis of alternatives and shared information about the use of dedicated vertical tsunami evacuation structures.

4. Consent Agenda

- Minutes of the January 20, 2017 Board Meeting**
- Minutes of the January 20, 2017 Executive Session**

On a motion made and seconded, the Board approved the items on the consent agenda.

5. Reports of Standing Committees of the Board

a. Executive & Audit Committee

Committee Chair Pat Reser stated that the Executive & Audit Committee had heard a progress report on efforts to mitigate IT security risks, one of the risks assigned to the committee, noting committee members were impressed by the steps staff were taking to ensure IT security. Reser added that two action items would come before the Board later in the day.

b. Academic Strategies Committee

Committee Chair Paul Kelly reported that the Academic Strategies Committee meeting began with the report by new Provost and Executive Vice President Edward Feser. Feser talked about his vision for his new role, he acknowledged the financial challenges, and he stressed the importance of maintaining the academic mission and exploring options for revenue generation. Kelly reported the committee had no action items; however, they had several engaging education/discussion items. First, the committee heard the annual progress report on efforts to address critical employee training, which was presented by Interim Vice President for Finance and Administration and Chief Financial Officer Mike Green and Acting Chief Human Resources Officer and Director of Workplace Solutions Donna Chastain. Kelly reported that the committee also had an opportunity to interact with deans as part of a panel facilitated by Vice Provost and Dean for Undergraduate Studies Susana Rivera-Mills on the role of data in student success. Lastly, the committee heard an update on academic program reviews by Senior Vice Provost for Academic Affairs Susan Capalbo, who noted an uptick in workload as a result of an increase in reviews.

c. Finance & Administration Committee

Committee Chair Kirk Schueler reported that the Finance & Administration Committee approved as part of the consent agenda the fiscal year 2017 second quarter investment and operating management reports. He stated that the committee also hosted an in-depth panel discussion about Oregon public employee retirement and health benefits to help trustees better understand the cost drivers affecting university operations and tuition rates. He noted agreement among committee members on the university's need for greater flexibility and autonomy from the state in order to better manage healthcare and retirement costs. He added that the committee asked staff to begin to develop short- and long-term strategies. Schueler concluded his report by noting that two action items would come before the Board later in the day.

6. Action Items

a. FY2018 Tuition Rates, Mandatory Fees and Student Incidental Fees and Operating Budget Outlook

Chair Reser asked Schueler to introduce the item. Schueler said that he would provide a review and summary, which would be followed by a presentation by Interim Vice President for Finance and Chief Financial Officer Mike Green and Director of Budget and Fiscal Planning Sherm Bloomer. Schueler began by thanking staff for their efforts in the materials they provided. He then reminded trustees of their work with staff to make changes to the process to provide more opportunities for input from the Board and from the community. This included establishment of a Student Budget Advisory Council to

provide advice to the University Budget Committee as well as efforts by the Office of Budget & Fiscal Planning to solicit a wide range of perspectives.

Schueler noted that the University Budget Committee considered several tuition scenarios and discussed the impact of each on affordability, the quality of programs delivered, undergraduate financial aid needs, and projected future enrollment. Schueler added that the long-term financial strategy for the university would also include expense reductions, administrative efficiencies, and strategic enrollment growth. He noted that each scenario left a gap between projected revenue increases and expenditures, and although the University Budget Committee did not reach consensus on undergraduate rates, Schueler reported that a majority of the committee preferred a recommendation of 4% increase in resident undergraduate tuition and a 2% increase for non-residents.

Schueler reported that, following the staff's presentation, trustees focused their discussion of proposed tuition and mandatory fees on the recommendations for the 2017-18 academic year rates for resident undergraduate tuition. He said trustees acknowledged the complexity of the topic, engaging in a discussion that included the desire to consider both current and future students as well as the need to balance short-term access and affordability with long-term stability and financial health. Schueler summarized the range of options discussed by the committee, which included asking for a higher rate, to be offset by any additional funding from the state. The committee also discussed the possibility of setting a tuition range, which would be dependent on state funding, but noted the Board's statutory responsibility to set a specific rate, and relying on a detailed formula to connect funding levels with tuition rates would likely cause confusion for students and families.

Schueler reported that some trustees expressed concern that the rate recommended by the University Budget Committee was high, instead urging consideration of a 3% increase. Other trustees questioned whether a 4% increase was high enough to ensure the long-term viability of the institution and suggested an increase of 6%. Schueler added that all committee members stressed the importance of developing a long-term strategy that neither shifted the burden entirely to students nor depended solely on state allocations. He concluded his report by stating the committee chose to accept the staff recommendation, recommending that the Board approve the resolution establishing the academic year 2017-18 and summer 2018 tuition and mandatory fees as provided in TAB P, Attachment 1 amended to specify a resident undergraduate tuition increase of 4%. He then invited Green and Bloomer to provide an overview of the presentation they made to the Finance & Administration Committee.

Green began the presentation by noting that the recommended changes in tuition and fees for Fiscal Year 2018 reflected a number of factors. These include projected flat state funding in the next biennium, estimated increases in the cost of Oregon public employee retirement and health benefits, and committed funds to meet strategic goals and address critical infrastructure issues.

Next, Bloomer provided a brief overview of the tuition setting timeline and process for engagement. He noted that rate discussions began by looking at a wide range of budget and tuition scenarios, from a resident/non-resident tuition change of 0%/0% to a change of 12%/6%, but in the end the committee moved toward a preferred recommendation of a 4% increase in resident undergraduate rates and a 2% increase for non-resident undergraduate rates. This scenario was a focus of the Finance & Administration

Committee's discussion; however, Bloomer reiterated Schueler's statement that trustees also considered scenarios of 3%/2% and 6%/2%.

Bloomer noted the goals of the budget planning process included maintaining and supporting current faculty, staff, and students; planning for enrollment growth; making critical strategic investments; and maintaining a balanced budget and financial stability. He added that Oregon is below the national average in state aid per student, appropriations per resident student FTE, and education-related spending per student. Because of the low state investment in higher education, net tuition as a percentage of university revenue in Oregon is above the national average. This context significantly impacts the tuition-setting process at institutions across the state and has prompted other Oregon public universities to be reportedly considering resident undergraduate tuition increases between 5% and 12%.

Bloomer added that, although much of the Finance & Administration Committee's discussion focused on undergraduate tuition rates, the action item before the Board included FY2018 tuition rates, mandatory fees, and student incidental fees. For example, he noted that the proposed change to mandatory enrollment fees in Corvallis was 4.29% while the proposed change for OSU-Cascades was 49.5% to reflect the expansion of student services associated with enrollment growth.

Next, Bloomer stated that all approaches will require an anticipated \$20M in expense reductions, both centrally and across the institution. Strategies will include such actions as reducing new commitments and slowing service and supply spending growth, with the extent of reductions remaining dependent on state funding and enrollment.

At the conclusion of the presentation by Green and Bloomer, Schueler invited discussion by the Board. At that point, Trustees Mike Bailey and Mark Baldwin declared a potential conflict of interest. General Counsel Becca Gose reiterated her response from the prior day's committee meeting. She responded that a potential conflict of interest would exist where a Board decision could potentially impact a trustee's financial interest. Gose stated that, as employees whose salary is paid by OSU, it is logically possible that the salary and job interests of Bailey and Baldwin could be affected by any Board decision regarding tuition, budget, or any other matter with financial implications for OSU. However, Gose noted that there is no conflict if the potential conflict is created by membership in a class that is required by law as a prerequisite to the person being able to hold a position. In this case, the potential conflict is created by Bailey and Baldwin being members of the "employee of OSU" class, and Gose added that Oregon statute's require that two members of the Board belong to this class. Gose noted that while there was likely no potential conflict of interest, there was no problem with Bailey and Baldwin declaring a potential conflict of interest, and, as with all potential conflicts of interest, they would still be permitted to participate in discussion and to vote. Trustee Brett Morgan also declared a potential conflict of interest, and Gose confirmed that the same logic applied. (Gose also reminded all trustees that this is one area in which they could not rely on her legal advice and that there had not been time to obtain OGEC [Oregon Government Ethics Commission] written confirmation of her analysis. Accordingly, it made sense for the trustees to be more conservative and announce the potential conflict in this case.)

Reser invited those signed up for public comment on this topic to address the Board.

Public Comments

The following individuals provided public comments:

- Joshua Kauffman expressed concern about the impact of tuition increases on access and affordability. He encouraged the Board to consider who would no longer be able to attend OSU if tuition rates were increased,
- Darren Nguyen shared that he was a member of the Oregon National Guard and had served in Afghanistan. He has received tuition assistance through the National Guard, but he expressed concern about the cost of living in the Corvallis area. He asked the Board to keep tuition increases to a minimum and to look at the entire cost of attending OSU.
- Nikki Aman said that she has worked on higher education access and affordability as a legislative intern at the Oregon State Capitol. She shared that she has had to choose between food and textbooks and asked the Board not to increase tuition.
- Isamar Chavez asked the Board to consider reducing administrative spending instead of raising tuition.
- Jacqueline Logsdon expressed concern about whether increased financial aid would adequately bridge gaps created by increased tuition. She asked the Board not to increase tuition.
- Saul Boulanger expressed concern about the growing debt burden for students and urged the Board not to increase tuition.
- Silvino Balderrama spoke about the challenges he faces as an international student in trying to cover the cost of higher education, and he asked the Board to not increase tuition.
- Candalynn Johnson referenced the “Tuition is Too Dam High” petition, noting that the timing of the Board meeting made it difficult for many signatories to be available for public comment. She expressed concern about students feeling their voices are not being heard, and she asked the Board to reduce administrative spending rather than increase tuition.
- Azeem Hussaini expressed concern about administrative spending and urged the Board to look to OSU’s mission in making decisions about the operating budget. He also expressed interest in seeing greater diversity and increased student representation on the Board.
- Brandon Bodenhamer expressed concern about a lack of transparency in the operating budget.
- Zach Hammer read a statement on behalf of Justin Bennett, an OSU student and representative of ASOSU, asking the Board not to support a tuition increase.
- Gabby Bangert expressed ASCC’s willingness to accept a modest increase if accompanied by a commitment to support faculty hiring that would maintain OSU-Cascades 1:25 student–faculty ratio as enrollment grows.
- Chris Knutson shared that he is an instructor in the Chemistry department and noted the Board was hearing only a fraction of the stories about the impact of tuition increases on students. He encouraged the Board to continue to find ways to hear more student voices.

Due to disruptions that began at 12:25 p.m., Reser was unable to lead trustees in a discussion of this item. Chair Reser moved to recess at 12:33 p.m.

Chair Reser called the meeting to order at 1:42 p.m. and offered an additional 15-minute public comment period. Due to disruptions, Chair Reser moved to adjourn the meeting at 1:42 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Almquist". The signature is fluid and cursive, with a large initial "J" and "A".

Jennifer M. Almquist
Assistant Board Secretary