



MINUTES

Committee Members Present: Mike Bailey, Mark Baldwin, Patty Bedient, Rani Borkar, Julia Brim-Edwards, 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: Jennifer Almquist, Sherm Bloomer, Steve Clark, Debbie Colbert, Ed Feser, Becca Gose, Mike Green, Jock Mills, Dan Larson, and Marcia Stuart

Guests: Steve Demarest (*SEIU Local 503*), Melissa Unger (*SEIU Local 503*), and Len Norwitz (*SEIU Local 503*)

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

Board Chair Pat Reser called the meeting to order at 2:34 p.m., asked Board Secretary Debbie Colbert to call the role, and noted a quorum.

2. Consent Agenda

a. Minutes of the March 17, 2017 Board Meeting

b. Statement of Mission, Principles, and Core Values

c. Handling Written Comments Submitted in Advance of Board Meetings

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

3. Action Item

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

Chair Reser reminded trustees that the meeting was being held to complete the work from the Board's March 17, 2017, meeting, which was adjourned due to disruptions prior to completion of the agenda. She noted that significant and insightful public comment and testimony on tuition had been provided at that meeting, adding that no additional testimony would be heard because input was concluded on March 17 prior to the disruption. Reser also reminded trustees that the testimony from 20 individuals, most of whom were OSU students, addressed the impact of proposed tuition increases on their ability to pay for their school and living expenses. She also noted that the Board received a copy of a resolution adopted by the ASOSU House of Representatives and a petition signed by more than 160 students requesting a freeze in tuition.

Reser recalled the impact of that testimony and asked trustees to keep the comments front of mind as they deliberated. She also reflected on other aspects of the Board's March agenda, such as the breakfast with students gaining IT experiences while

studying at OSU. Reser reminded trustees that those students encouraged the Board to continue to support the development of co-curricular learning opportunities and exposure to innovative research. Lastly, she reminded trustees of the months of extensive university-wide engagement, input received, and deliberation conducted by the university's budget committee and student advisory committee, as well as the significant examination and discussion conducted by the Finance & Administration Committee. She then asked Finance & Administration Committee Chair Kirk Schueler to present the major elements of the discussion from the March meeting.

Schueler summarized the report made at the March meeting. He reminded trustees that the Finance & Administration Committee had an extensive discussion of tuition and fee rates on March 16, and moved a recommendation forward to the Board. He noted that on March 17, he provided a detailed summary of the committee's discussion, which was followed by a presentation by Interim Vice President for Finance and Administration and Chief Financial Officer Mike Green and Director of Budget and Fiscal Planning Sherm Bloomer. To help return the Board to the point at which their discussion had left off, Schueler reminded trustees that the Finance & Administration Committee considered a number of tuition scenarios. After doing so, the committee chose to accept the staff recommendation of a 4% tuition increase for resident undergraduate students and a 2% tuition increase for non-resident undergraduate students, as detailed in TAB D, Attachment 1, moving that level of increase forward to the Board for consideration. He concluded by reminding trustees that the recommendation was put forward following a wide-ranging committee discussion that considered the impact of an increase on different groups of students, the quality of programs delivered, the university's long-term financial health, the unmet need for financial aid, and the level of expense reductions needed to close the projected budget gap. Following Schueler's summary, Reser invited discussion by the Board.

General Counsel Becca Gose reminded the Board that Trustees Mike Bailey, Mark Baldwin, and Brett Morgan had declared at the March meeting a potential conflict of interest because of their affiliation with the university as employees and as a student, respectively. She reiterated her response from the meeting on March 17, noting 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. Because Oregon statute requires that two members of the Board belong to the "employee of OSU" class and one to the "student of OSU" class, there was likely no potential conflict of interest.

During the discussion, Schueler noted that each tuition scenario presented by staff assumed that 1% of the resident tuition increase and 0.5% of the non-resident tuition increase would be allocated to additional need-based financial aid. In the conversation that followed, trustees considered making this explicit in the resolution regarding tuition rates and fees.

Trustees also discussed the impact on FY2018 tuition rates and fees should the level of state funding increase beyond the Governor's Recommended Budget. However, in reflecting on the discussion at the March meeting, trustees noted that setting a tuition range depended on state funding could create confusion for students and families who are trying to make decisions now about the next academic year. Additionally, this approach would require development of a detailed formula connecting funding levels with tuition rates because of the Board's statutory responsibility to set a specific rate.

Trustee Paul Kelly noted that the Finance & Administration Committee forwarded a recommendation to the Board establishing the academic year 2017-18 and summer FY2018 tuition and mandatory fees and recommending the Board's endorsement of a set of investments to be made with additional state funding. Bloomer reminded trustees that his March presentation listed possible investments should such funds be made available by the state, and President Ray added that strategies for use of any additional funds would be discussed with the Board.

Trustees also asked about decisions regarding 2017-18 tuition rates at other Oregon public universities. Green noted that resident tuition increases at universities were being reported as ranging from 4.9% up to 12%, with some Boards approving formulas for lowering tuition rates depending on the level of state funding. It was noted that, once the biennial budget is approved, the Higher Education Coordinating Commission will allocate the Public University Support Fund using an outcomes-based funding model.

Trustee Brett Morgan shared with the Board the complication created for him by holding the roles of both student trustee and ASOSU vice president. He acknowledged the work of staff to develop tuition and fee recommendations as well as the efforts of trustees to weigh various perspectives in enacting their fiduciary duties. He also noted that OSU's commitment to students is reflected in efforts to keep proposed increases as low as possible. He added, however, that he feels a responsibility to the student body, noting that many students are concerned about the potential impact of increases. With that in mind, he stated that he would not vote to support an increase to FY2018 tuition rates and fees.

Trustees Rani Borkar and Patty Bedient each remarked on the entirety of their fiduciary duties, including balancing the impact of their decision on current students and the long-term best interests of the university. Bedient also noted the importance of weighing future pressures in their current decision, such as uncertain levels of state funding and growing employee retirement and health benefits costs. With this in mind, Trustees Laura Naumes and Kelly each stated that it would be important for the Board to continue discussing strategies for cost containment and revenue generation. Trustee Julia Brim-Edwards said she also supported discussions about the long-term financial strategy for the university, particularly with the aim of minimizing increases beyond the rate of inflation. Ray said the fall retreat would present an opportunity to continue to discuss the ten-year business forecast, adding that, by October, the budget for the 2017-19 biennium would be set.

Throughout the discussion, trustees reflected on the extensive and thoughtful process employed, particularly by the University Budget Committee and Student Budget Advisory Council, in developing the tuition and fee recommendations. Trustees also acknowledged the many meaningful public and written comments shared with the Board. They stressed the importance of considering these perspectives in their decision, along with considering the long-term stability, reputation, and quality of the university. Following this discussion, Reser called for a motion that reflected both a decision about tuition rates and fees as well as a commitment to allocate a percentage of any increase to additional need-based financial aid, which she asked Board Secretary Debbie Colbert to read. Colbert shared this as a motion to approve the resolution establishing the academic year 2017-18 and summer 2018 tuition and mandatory fees as provided in Attachment 1 and amended to specify a resident undergraduate tuition increase of 4% and further specifying that 1% of the resident tuition increase and 0.5% of the non-

resident tuition increase be allocated to additional need-based financial aid. A motion was made and seconded to approve the resolution as stated by Colbert. The motion passed.

4. Education/Discussion Item

a. Legislative Update

Chair Reser asked Government Relations Director Jock Mills to present this item. Mills reported that the Oregon legislature was nearing the halfway point in the 2017 session and had recently passed the deadline for moving bills out of committee in their chamber of origin. Bills that did not pass out of committee are considered to have failed, although Mills noted that they still could be combined with other bills under consideration by the legislature. He reported that the bills considered important to OSU had passed out of committee, as had some bills of concern, which staff are continuing to monitor. Mills said a number of bills seek to increase the transferability of credits between universities and community colleges, which has been a topic in previous legislative sessions. This session, legislators are showing an interest in moving beyond simply studying the issue to enacting mandates. Mills stressed the importance of preserving faculty governance over the determination of how university credits are awarded.

Mills also shared two small but significant victories noting that the House Higher Education Committee approved the House Bill (HB 2782) that would provide the \$69.5M needed to fully fund the OSU-Cascades campus expansion and the House Bill (HB 2582) that would establish a \$20M fund to support universities as they compete for federal grants. He added that the “fighting fund” established by HB 2582 was able to pass out of committee by committing to \$5M increments over the next four biennia rather than a single \$20M allocation. He also noted that the Co-Chairs of the Joint Ways and Means Committee had issued a revised budget, which included an additional \$19M to the Public University Support Fund; however, that amount is still well below the \$100M for which Oregon’s public universities are advocating.

Mills reported that other bills of interest pertain to the reform of the Public Employees Retirement System, healthcare, transportation, housing affordability, and cost containment. Mills also reported that Governor Kate Brown signed an executive order ordering a hiring freeze for state agencies; however, Oregon State is not subject to the executive order because the university is not a “state agency” under the cited statute. Nevertheless, the university may need to consider similar actions to manage its own costs.

As part of his update, Mills then introduced SEIU Local 503 President Steve Demarest and Political Director Melissa Unger. Len Norwitz, SEIU Local 503 senior political organizer, also joined the call. Demarest shared that the SEIU Local 503 represents approximately 55,000 workers across the state, and one of the efforts they are working on in the current legislative session is to improve the state’s revenue system. Demarest said that the union’s members share the Board’s commitment to higher education and suggested there may be opportunities for the two entities to discuss jointly cost containment and revenue generation ideas. Unger added that SEIU Local 503 sees higher education as an important investment for Oregon and has an interest in engaging with partners in navigating the state’s budget shortfall.

During the discussion, trustees noted the importance of considering whether the Board has a role in addressing state policy matters and, if so, identifying the parameters of that role. It was noted that this education item was an initial introduction to members of the SEIU Local 503 and their current policy priorities, and consideration of further engagement by the Board would require more discussion or possibly initial work at the committee level.

At the conclusion of the legislative update, Reser thanked the Board for their thoughtful participation in the difficult discussion about FY2018 tuition and fees, adding that their deliberations reflected the values of the Board.

5. Adjournment

With no further business proposed, Chair Reser adjourned the meeting at 4:25 p.m.

Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary