



MINUTES

Committee Members Present: Mark Baldwin, Patty Bedient, Rani Borkar (*chair*), Julia Brim-Edwards, Darry Callahan (*vice chair*), Michele Longo Eder, Paul Kelly, Angel Mandujano-Guevara, Julie Manning, Laura Naumes, Preston Pulliams, Ed Ray (*ex officio*), Kirk Schueler, and Mike Thorne

University Staff Present: Ron Adams, Jennifer Almquist, Sherm Bloomer, Steve Clark, Debbie Colbert, Jon Dorbolo, Ed Feser, Becca Gose, Mike Green, Jock Mills, Cindy Sagers, and Patti Snopkowski

Guests: Simon Brundage (*president, Associated Students of Oregon State University*), Ben Cannon (*executive director, Higher Education Coordinating Commission, by phone*), Jon DeVaan (*immediate past chair, OSU Foundation Board of Trustees*), and Jordyn Langeliers (*president, Associated Students of Cascades Campus, by phone*)

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

Chair Rani Borkar called the meeting to order at 11:15 a.m., asked the assistant board secretary to call the roll, and noted a quorum.

2. Opening Comments and Reports

a. Chair's Comments

Chair Rani Borkar thanked College of Business Dean Mitzi Montoya for providing an overview of the college at the previous day's Academic Strategies Committee meeting and for organizing opportunities for trustees to interact with faculty and students. She remarked on the college's commitment to preparing students to succeed in a rapidly evolving business environment, noting in particular the launch of the Center of Excellence for Innovation and Entrepreneurship. Borkar also thanked staff for organizing the strategic planning discussion forum, adding that she looked forward to seeing the final plan at the meeting in June.

b. President's Report

President Ed Ray echoed Borkar's remarks regarding positive interactions with faculty and students in the College of Business. He reported that in February he delivered the "State of the University" address to nearly 800 supporters, alumni, and community leaders. Later in the month, the university opened an exhibit at the Oregon Historical Society as part of OSU150 celebrations. The display will be up through September 2018. Ray shared that he had just returned from the University Innovation Alliance national summit. Oregon State is a founding member of the alliance, which works collaboratively to address the achievement gap that exists among students across the country. He reported that he gave a speech to the summit's 400 attendees from over 100 campuses and organizations in which he called on participants to collaborate and redesign

universities around student success. Ray also reported that he recently assumed the role of chair of the Oregon Council of Presidents, which works to support a statewide focus among Oregon's public universities. Next, Ray spoke about the university's commitment to safety as a top priority. He then asked Vice President for Finance and Administration Mike Green and Director of Public Safety Suzy Tannenbaum to provide the Board an update on the university's efforts in this regard. Green said the university remains vigilant in ensuring the safety of the university community, working in partnership with federal, state and local law enforcement and public safety agencies throughout Oregon. He reported that the university also utilizes two 24/7 incident response teams made up of expert representatives from key departments. One team assesses imminent threats or emerging incidents and provides response and support as needed. The other is responsible for timely communications. Green said university leaders rely on the evaluation and judgment of these teams, law enforcement personnel, and other experts in making decisions regarding safety and security. He then asked Tannenbaum to provide a summary of recent actions and major initiatives underway. She provided specific examples of safety and security measures, noting that practices and procedures are subject to continual review and improvement.

c. OSU Foundation Report

Jon DeVaan, immediate past chair of the OSU Foundation Board of Trustees, reported that the Foundation is having a strong year and has surpassed the base fundraising goal, largely due to a \$50M gift to establish the Gary R. Carlson College of Veterinary Medicine. He shared that, in partnership with the university, the OSU Foundation celebrated the launch of the construction of the new Marine Studies Building at OSU's Hatfield Marine Science Center in Newport. DeVaan also reported that the OSU Alumni Association, the OSU Foundation, and OSU Athletics held the annual Destination OSU event in California, which provided an opportunity to engage alumni and friends in the area. He added that Vice Chair Darry Callahan was honored with the Lifetime Trustee Award at the awards gala dinner. He noted that the OSU Foundation Board of Trustees meetings were also held at Destination OSU. At their meeting, the Foundation's board approved the portion of the President's compensation provided by the OSU Foundation. The Foundation's board also discussed implications of the recent tax reform legislation and the implementation of enterprise risk management strategies. DeVaan provided an update on planning for the next comprehensive campaign. He also reported that performance of the university's endowment has been better than average for benchmark institutions. DeVaan concluded by reporting that Foundation staff located in both Corvallis and Portland will be moving to new locations by the fall.

d. Faculty Senate Report

Faculty Senate President Jon Dorbolo provided an update on his objectives for his time as president of the faculty senate, which include continuing the university's commitment to shared governance, engaging with efforts to review the baccalaureate core, and continuing discussions about student evaluations of teaching. He also spoke about the Faculty Mediator, which is a position appointed by the Faculty Senate that is available to provide mediation as part of the OSU Faculty Grievance Procedure. Dorbolo said he would like to raise the visibility of the program and strengthen support for faculty who volunteer as

mediators. Dorbolo said he looked forward to continuing conversations about divestment from fossil fuel-related securities, adding that the Faculty Senate is considering a resolution to affirm the findings of an article written by an international team led by William Ripple, distinguished professor in the College of Forestry, warning about negative global environmental trends. Lastly, Dorbolo invited Chair Borkar to an upcoming meeting of the Faculty Senate.

e. **Higher Education Coordinating Commission Report**

Higher Education Coordinating Commission (HECC) Executive Director Ben Cannon spoke by phone to the Board. He said that he was in Portland for a meeting with campus representatives on improving tools, programs, and policy pathways to streamline transfers between institutions, and he acknowledged the Oregon State University faculty participating in those efforts. Cannon reported that work was underway to develop an Agency Request Budget for all seven public universities to submit to Governor Brown by September 1. Although the HECC has not yet set the deadline for the submission of requests by institutions, Cannon provided an overview of the anticipated timeline. He applauded the Board's efforts to minimize the extent to which increased operating costs are shifted to students by way of tuition. Cannon said the HECC was also working on a capital prioritization rubric and timeline, adding that the commission would be moving from a biennial focus toward articulating a ten-year view of capital planning to better inform strategic investments. Next, Cannon spoke about Oregon's goal for educational achievement. He noted the importance of realizing the state's goals for higher education by boosting the number of college ready students, adding that the HECC is committed to partnering on strategies and budgets to realize these goals. Lastly, Cannon thanked Ray for speaking at a recent meeting of the HECC's Funding and Achievement Subcommittee on the capital needs and priorities for Oregon's public universities. In response to a question by Mike Thorne about Oregon Promise, Cannon said that initial data were collected on the first year and the start of the second year, and as more information is available about the program's progress toward its goals, he will share that with the Board.

f. **Associated Students of Oregon State University Report**

Associated Students of Oregon State University (ASOSU) President Simon Brundage started his report by thanking trustees for the opportunity to join them at the previous evening's dinner. He then provided an update on the initiatives that he has focused on during his year as president, including paving the way for ridesharing services in Corvallis and redesigning the ASOSU website to be more accessible and operable. Brundage also reported on the process for reviewing and recommending mandatory incidental fees for the next academic year. Next, he shared that ASOSU was in the process of drafting a revision to the article of membership in the constitution to denote more accurately who is represented by ASOSU. Brundage reported that ASOSU recently held their annual "Dear OSU" event and launched an online submission form where students can provide comments about their experiences at Oregon State. Callahan asked about the protocols in place to address any comments that might trigger other institutional obligations, noting the importance of strong connections with units such as the Office of Audit Services. General Counsel Becca Gose said that she and the ASOSU President meet regularly and would work to address any matters that may need to be referred elsewhere. Lastly, Brundage reported that he is in the

process of preparing for the transition to the next administration, which will occur in June. Ray asked about the timing of the transition, which was adjusted in the year Brundage was elected. Brundage said there has been some adjustment, but the benefit is that it provides for a more seamless transition, and it also better aligns hiring for positions within ASOSU with other hiring on campus.

g. Associated Students of Cascades Campus

Associated Students of Cascades Campus (ASCC) President Jordyn Langeliers spoke by phone to the Board. She started her report by thanking everyone who had helped ensure approval of the \$39M capital request for the second academic building at OSU-Cascades. Langeliers shared that the ASCC had recently reinstated a childcare subsidy process to support student parents. She also reported that the ASCC's Textbook Lending Program was one of their most utilized programs, adding that they had submitted a request to the student fee committee to continue support at the conclusion of the program's current grant. Lastly, Langeliers said that the ASCC was in the process of selecting the next year's executive board.

3. Public Comments

The following individuals spoke during the public comments period:

- Lisa Gonzales thanked the university for recognizing the value of the Corvallis Multicultural Literacy Center and working to identify a new location, and she noted the importance of historic spaces and asked the Board to consider preservation of the Sunflower House.
- Dee Curwen spoke about the history of the space that is now known as the Sunflower House, shared community generated ideas for preservation of the building, and asked the Board to consider options for preservation.
- Tony Vogt read a letter by a local architect that presented the concept of adaptive reuse and asked the Board to consider preservation of the Sunflower House.
- Court Smith spoke about the Sunflower House as a point of connection between the university and the city, and he asked the Board to consider preservation of the house.

4. Consent Agenda

a. **Minutes of the January 17, 2018 Student-Trustee Roundtable Discussion**

b. **Minutes of the January 19, 2018 Board Meeting**

c. **Minutes of the January 19, 2018 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**

Executive & Audit Committee Chair Rani Borkar said that Chief Audit Executive Patti Snopkowski presented the Office of Audit Services progress report. As part of that report, the committee heard an update from Green on the university's efforts to continuously improve its contracting and planning for capital projects. Borkar reported that the committee also heard an update on how the university is anticipating and mitigating IT security risks. Given the complexity of the topic, Borkar said the Board would schedule further conversation on IT security for June.

b. Academic Strategies Committee

Academic Strategies Committee Chair Paul Kelly said the committee heard a report from Provost and Executive Vice President Ed Feser, which included updates on the university's transition to a new budget model and on the searches underway for the deans of the colleges of Agricultural Sciences and Pharmacy and planned for leadership in enrollment management and student affairs. Kelly reported that Feser also shared plans for an Undergraduate Student Success Summit, which Feser said is intended to gather ideas and input to inform and direct the future work at the university in advancing student success. Kelly reported that the committee heard an update to the Educator Equity Plan and voted to recommend to the Board that it approve the plan. Kelly said the committee also had a discussion with Vice President and Director of Intercollegiate Athletics Scott Barnes, which included athletic and academic updates and a discussion of topics being addressed at a national level. The committee also met Jonathan Smith, the university's new head football coach. Kelly said the committee discussed financial aid trends and long term strategies, heard a report on the university's strategies in the Portland region, and learned from College of Business Dean Mitzi Montoya about efforts underway in the college.

c. Finance & Administration Committee

Finance & Administration Committee Chair Kirk Schueler reported that the committee approved via the consent agenda the fiscal year 2018 second quarter operating management and investment reports. The committee also heard an update by Green who shared that the HECC has provided guidance for Oregon public universities' capital funding requests. Green and his peers at Oregon universities are working on a consolidated operating funding request, and Schueler said the Board will learn more details at the April 16 telephonic meeting. Schueler noted that the committee planned to hold an educational discussion about strategic financial opportunities that could help the university mitigate some of its significant long-term cost drivers; however, due to time constraints, the conversation was moved to the April 16 telephonic meeting. Schueler reported that the Finance & Administration Committee had one action item on the docket: the consideration of staff's recommendation for the Fiscal Year 2019 Tuition Rates, Mandatory Fees and Student Incidental Fees, which also included the context of the university's operating budget outlook. He said that Green and Sherm Bloomer, director of budget and fiscal planning, would provide an overview of the tuition recommendation later in the meeting.

6. Action Items

a. House Bill 3375 Educator Equity Plan

Borkar asked Kelly to introduce this item. Kelly said that the Oregon Educators Equity Act passed by the Oregon Legislature in 2015 requires that each public teacher education program in the state prepare a plan for the recruitment, admission, retention, and graduation of diverse educators. He noted that the goal of the state is to advance both cultural and linguistic diversity. Kelly said the committee considered the proposed Educator Equity Plan for 2018-2020, which includes summary narratives of progress and issues identified since the original 2016-2018 plan was reviewed by the Board and approved by the HECC. Kelly spoke about the plan's goals to support efforts to increase recruitment of

underrepresented minorities in professional teacher education programs, maintain the completion rate to equal or exceed 85 percent for all students, and increase the College of Education's capacity to infuse all licensure programs with English Language Learner and Dual Language competencies. College of Education Dean Toni Doolen added that while the college prepared the plan in response to House Bill 3375, the plan and the work being undertaken is fully aligned with the university and college-level strategic plans. Following Kelly's summary, a motion was made and seconded to approve the 2018-2020 Educator Equity Plan. The motion carried.

b. FY2019 Tuition Rates, Mandatory Fees and Student Incidental Fees

Borkar asked Schueler to introduce this item. Schueler said the Finance & Administration Committee received staff recommendations for tuition and fee rates for the 2018-2019 academic year and the 2018 summer term. He said Bloomer's detailed presentation put the proposed tuition and fee rates into context, showing the long-term effects of different scenarios and the opportunities and potential consequences of each proposal. He then summarized the committee's discussion, which focused on providing feedback on statements around long term tuition planning that can be incorporated into the Board's tuition and fee process and approving a recommendation to the full board on tuition and fees for the coming summer and next academic year. He said much of the committee's discussion centered on the importance of tuition rates in long-term planning and the need to account for inflation of expenses, as well as the impact of costs that the university has little control over, such as long-term retirement costs. Several trustees observed that the way public education is funded in Oregon has fundamentally shifted over the last twenty-plus years and this, together with choices made about the public retirement system, have put the state's universities in a difficult financial position. They advocated for a robust discussion with the legislature on how to address these larger systemic problems that are negatively affecting today's students. Schueler said trustees were generally in favor of making a longer-term statement about anticipated tuition rates that would make it easier for students to plan their college expenses. This could be included in the Board's statement of tuition and fee process. Committee members agreed that this tuition statement should be realistic about the minimum levels and explain the circumstances that would lead to rates being set at levels higher than anticipated. It should also say how frequently this statement would be updated. Schueler said the committee suggested that the statement should also include an emphasis on cost control actions that would allow the Board to keep tuition within the established ranges. He noted that the vision and goals expressed in the university's strategic plan and other such documents would provide leadership with decision-making guidelines around appropriate cuts and investments. Schueler said that based on the committee's discussion, staff will draft amendments to the Board's tuition and fee process for review at the June meeting.

Schueler reported that the committee then moved on to reviewing three tuition rate scenarios. There was discussion about how the university can best manage its costs, given that there are many external factors and cost drivers, as well as the need to fund strategic initiatives like student success programs and the deferred maintenance fund. Because of compounding effects, small tuition changes now will come to have large budgetary impacts in the long-term. He said that several trustees observed that Oregon

State has lower tuition than most of the peer universities used as comparators. With concerns about inflation, rising costs such as retirement benefits, possible shifts in future enrollment levels, and uncertain levels of state funding in the future, several trustees leaned toward the slightly larger tuition increases in scenario C. Schueler noted that other trustees highlighted the need to offer competitive tuition rates in the national and international market, along with the very real consequences of tuition rate increases for students today. Many students would have to take on additional debt, and others might be in a position of choosing between paying for food and rent or paying tuition. Schueler reported that, after the extensive discussion, the committee's recommendation, which is consistent with the staff's recommendation, was for the board to approve scenario B, which averages to about 3.1% overall, and calls for resident undergraduate tuition to be increased by 3.47%, and a non-resident undergraduate rate increase of 2.27%.

Schueler thanked Green, Bloomer, and their staff for the effort they put into developing the recommendation, for the contextual information they provided, and for the outreach they did with students and faculty to get input on the final product. He then asked Green and Bloomer to review the presentation they had made to the committee. Green said the tuition and fee recommendations being presented are part of a long-term financial strategy for the university and are consistent with the university's Ten-Year Business Forecast. Next, Bloomer summarized the tuition and fee recommendation process, which included multiple meetings of the University Budget Committee and the Student Budget Advisory Council. He said the groups considered tuition rates, mandatory fees, institutional financial aid, program quality, and level of service and then made recommendations to the provost in February. In parallel, student committees both in Corvallis and at OSU-Cascades reviewed and recommended student incidental fee rates. Bloomer then summarized discussions about the tuition-setting process in the context of the university's approach to longer-term tuition planning. He spoke about inflationary pressures and the effect on tuition, noting in particular the extent to which inflation is driven by employment expenses. Bloomer added that major drivers of cost also include strategic commitments and enrollment growth. He then provided an overview of incremental revenue sources. In conclusion, Bloomer summarized three undergraduate tuition scenarios and the key comments from the campus discussions about these tuition recommendations.

In the discussion that followed, trustees considered the opportunities and challenges of the proposed scenarios regarding undergraduate tuition rates. They noted that a tuition rate higher than the rate of inflation presents the potential for targeted investments while a tuition rate lower than the rate of inflation necessitates cuts in activities and programs. Regardless of the rate of tuition increases, trustees emphasized that the university must continually strive to maintain the high quality of its programs and continue to improve efficiency of its activities. They also discussed the need to consider both the immediate effect of any increase on current students and the longer-term, compounding effects on programs and services in the future. Some trustees spoke in support of scenario C in order to continue to make strategic investments, particularly in support of student success, while others focused on scenario B as a way to maintain current programs and services. Some who favored scenario B noted that more effort was needed to explore strategies to address inflation drivers and to develop recommendations for strategic investments. Trustees also proposed an option between the two scenarios that would increase tuition by \$8 per credit hour for resident undergraduate students. The change would represent a 3.97 increase for full-time undergraduates attending OSU's Corvallis campus and 4.1 percent for full-time students at OSU-Cascades. Bloomer said this

proposal would provide an approximately \$0.5M in revenues more than scenario B. Trustees emphasized that any surplus should be directed to investments in student success.

Following discussion, a motion was made and seconded to approve the resolution establishing the academic year 2018-19 and summer 2018 tuition and mandatory fees as provided in Attachment 1, at the rates in Scenario B in Table 1. The motion failed. Next, a motion was made and seconded to approve the resolution establishing the academic year 2018-19 and summer 2018 tuition and mandatory fees as provided in Attachment 1, at the rates in Table 1 with an \$8 per credit hour increase for resident undergraduate students. The motion carried.

7. Education/Discussion Item

a. Legislative Update

Borkar asked Jock Mills, director of government relations, to present this item. He started with a review of the 2018 short session, which the university entered seeking \$39M in bonding for a second academic building at OSU-Cascades and \$3M to match a \$35M U.S. Department of energy grant to establish a marine energy test bed. He reported that the legislature approved funding for both. Next, Mills provided an update on several bills that were approved during the session, including a tuition equity bill that enables universities to provide institutional financial aid to students with Deferred Action for Childhood Arrivals (DACA) status, a bill requiring reporting on accelerated college credit programs, and a bill that requires each public university to establish an advisory body on resident tuition and mandatory enrollment fees. Mills also spoke about the 2019 budget cycle, noting that there is unified support by the seven public universities for a common Public University Support Fund increase of at least \$130M over the current \$737M level and for an improvement in the state's calculation of the estimated continuing service level for higher education. He said conversations will also focus on capital projects, targeted funding requests, and the state pension plan's unfunded liability. Mills concluded with an update on anticipated legislative turnover with the 2018 elections.

8. Closing Thoughts

In their closing thoughts, trustees shared their enjoyment at learning more about the College of Business and in interacting with students and faculty from the college, particularly on the topic of student success. They also appreciated the opportunity to participate in a facilitated discussion with academic and administrative leaders as part of the process to develop the university's next strategic plan. Trustees said it was beneficial to engage in conversations about strategies related to financial aid planning and tuition setting, and they remarked on the benefits of considering the long-term impact of current processes and decisions. They noted the complexity of such conversations and expressed their appreciation at being part of a board that engages thoughtfully and considers a range of perspectives. Trustees welcomed Julie Manning, and Manning said she was pleased to join the Board. Eder shared that she was excited about the recent Marine Studies Building construction launch in Newport. Lastly, Borkar thanked her fellow trustees for engaging respectfully and productively in discussions on a wide range of complex issues.

9. Adjournment

With no further business proposed, Chair Borkar adjourned the meeting at 3:31 p.m.

Respectfully submitted,



Jennifer M. Almquist
Assistant Board Secretary