



**WESTERN OREGON UNIVERSITY BOARD OF TRUSTEES
SPECIAL MEETING OF THE BOARD
MARCH 11, 2016
SALEM CONVENTION CENTER
200 COMMERCIAL STREET SE
SALEM, OREGON
CONVENTION CENTER BOARD ROOM
8:00 AM-12:00 PM
MEETING NO. 13**

BOARD MINUTES

(1) Call-to-Meeting and Roll Call

The meeting was called to order by Chair Jim Baumgartner at 8:10 AM.

The following trustees were present:

Arredondo, Baumgartner, Fuller, Guthrie, Hurtado, Ingle, Koontz, Llamas, Minahan, Paraskevas, Shetterly, Taylor

The following trustees were absent:

Kulongoski, Mladenovic

(2) Chair's Welcome

Baumgartner welcomed the board and acknowledged the previous evening's dinner with invited guest Ben Cannon, Higher Education Coordinating Commission's executive director. Baumgartner described HECC was dealing with many of the same challenges as WOU, such as determining new relationships and expectations after all of the higher education governance changes in Oregon. He shared that he thought WOU's relationship with HECC was good. Baumgartner continued to enumerate many of the challenges that would face WOU and public higher education in the coming years, such

lack of state funding and that, quite possibly, WOU would need to “tighten the belt and bear down” in the coming years. He outlined the agenda for the planning session, including getting a legislative update, a report on the upcoming Northwest Commission for Colleges and Universities (NWCCU), and upcoming WOU budget information. Baumgartner stated that, particularly for this meeting, trustees should engage in dialogue and ask questions about the information and reports. He urged trustees to start to think about what the board should do moving forward. Baumgartner reminded trustees that he would need some representation on the strategic planning steering committee and for NWCCU site visit meetings. He stated that the board would end the session by reflecting on the information, reports, and discussion and by sketching out a strategic planning process for the president to bring to the campus for serious engagement and participation.

(3) Legislative Update

Chair Baumgartner recognized Vice President & General Counsel Ryan Hagemann to present a legislative update. Hagemann turned trustees to the written report in the docket and explained that the presentation would be different than previous legislative reports. As opposed to a summary of achievements, the presentation would describe various opportunities and obstacles from both past and future legislative sessions as they might impact budget and strategic positioning of WOU. Hagemann outlined that there was a brief timeline of the next year in the report, including board meetings, revenue forecasts, legislative meetings and sessions, HECC budget submissions, and election dates. Hagemann outlined various “headwinds” that could present budget impacts at WOU. The first of these legislative initiatives was change to Oregon’s minimum wage. Hagemann described SB 1532 which created a three-tiered minimum wage system in the state. He also mentioned that it would be phased in over three biennia. Hagemann shared that the universities decided not to support or oppose any of the minimum wage measures and only responded to information requests with factual fiscal impact information. He shared that the eventual, total fiscal impact on all seven universities was \$41 million, with approximately \$2.1M at WOU when the measure is completely phased-in. Hagemann also noted, with the information from the fiscal impact statement submitted to the state, that the vast majority of the impact was on student employment. He shared that there would need to be strategic conversation about what to do with student jobs in federal work-study positions, auxiliaries, and student fee-funded positions.

Hagemann turned from minimum wage to paid sick leave. He described that the Oregon Legislature passed a paid sick leave bill in the previous session and WOU was implementing it. He acknowledged that most university employees already had paid sick leave, but there was a gap that the legislation addressed. He shared that the estimated fiscal impact to WOU was \$750,000. Baumgartner asked whether or not the bill applied to student-employees and Vice President Yahnke responded that it did and

eligible student-employees draw down accrued sick leave, just as other employees would. Baumgartner observed that WOU appeared to have more student employment impact than other regional campuses and Yahnke affirmed his observation. President Fuller reiterated that the full impact would need to be studied across the auxiliaries and other fee-funded programs. Vice President Dukes also observed that compression is another issue confronting student employment on campus. Trustee Guthrie asked how the fiscal impact statement was constructed regarding salaried employees and Yahnke and Hagemann stated that they would look at the fiscal impact statement to answer his question.

After minimum wage and paid sick leave, Hagemann described legislative efforts to extend health insurance to adjunct university instructors. Senator Michael Dembrow introduced legislation in 2015, but all acknowledged that, particularly with the federal Affordable Care Act, adjunct health care was a complicated issue. Hagemann shared that all stakeholders agreed to send the issue to the HECC for study. The HECC's report reaffirmed the university position, urging expert analysis of the matter with the ACA overlay. Hagemann said that he expected some sort of legislation on this topic in the 2017 session.

Hagemann described the university's concern with budget-building and the current service level calculation next. Prior to the 2013 governance reform, Hagemann shared that the university system separated from the state's HR system and procurement process in 2015 and perfected the DAS separation in 2011 with Senate Bill 242. At that point, when building a budget submission to the state, the universities were only permitted to inflate the previous budget at 3.3%, as opposed to the actual amount it would take to maintain the status quo from the previous biennium. After much study by all of the university vice president for finance and administration, considering legislative mandates and PERS and PEBB assessments, the actual current service level increase would need to be 7.9%, as opposed to 3.3%, to maintain the current state of affairs. Hagemann observed that the community colleges were successful in getting a different CSL process to at least acknowledge PERS and PEBB increases when they submitted their initial number. The universities attempted to craft a budget note that would result in a different CSL process, but DAS and the Legislative Fiscal Office revised the language to mirror the process for community colleges.

Hagemann concluded his legislative report with brief remarks on the gross receipts tax that will appear on the November 2016 ballot and the unfunded PERS liability. He noted that, if it passes, the gross receipts tax could raise between \$2-3 billion. It was unclear if any of that hypothetical revenue would be directed to higher education. As for PERS, after the Oregon Supreme Court rejected two different sets of legislative reforms, public entities are faced, at least for the next three biennia, with substantial increases in PERS assessments. Hagemann observed that while the actual rates will not be set until September 2016, the universities are modeling an assessment of 3% of

current payroll. Hagemann noted that this was not a 3% increase in the current assessment, but a new assessment of three percent of payroll. This would result in an impact to WOU of approximately \$3.8 million, or a 24.6% increase in its PERS assessment.

Baumgartner asked if WOU had been planning for increases, and President Fuller and Yahnke shared that hypothetical increases in PERS were included in models, but the minimum wage impacts had not. Guthrie asked how many of the issues described in the report were a “done deal” and Hagemann described all of them, other than the ballot measure and adjunct health care. Guthrie also asked about changes to overtime rules at the federal level and Hagemann and Baumgartner observed that those were different changes and could also have a substantial financial impact on the operations of the university. Fuller and Hagemann observed that even if the changes in the CSL calculation offered some relief, it was no guarantee that the Governor would include the level in her recommended budget. Hagemann noted that, even with the welcome increases to the Public University Support Fund in the 2015 session, it would take \$100 million across the universities in 2017 in order to keep services and jobs at the same level.

(a) FY2017 Budget

Chair Baumgartner recognized Vice President for Finance & Administration Eric Yahnke to describe the construction of the FY2017 budget. Yahnke noted that initial budget development had started with budget worksheets for positions and salaries. Yahnke shared that departments and units were also asked for strategic needs. Yahnke informed the Board of tuition and state appropriation projections, shared services assessments, and the initial budget outlined by departments and programs. He continued by explaining employment and personnel data, including distribution of payroll expenses and fund balance projections. Yahnke offered that the enrollment assumptions for the projections, at this time, was flat enrollment. President Fuller interjected that tuition revenue could be impacted positively by either new students or better retention efforts. Amid Yahnke’s explanation of state appropriation, the Board observed that retention was even more important because of the potential impact of the Oregon Promise. Yahnke reviewed the format of the management report, which is a side-by-side comparison to the previous year. The Board reiterated the critical importance of retention, noting Yahnke’s budget assumption of flat enrollment. Yahnke observed that the review of the FY2017 Budget planning process would assist in the Board’s consideration of upcoming tuition rate parameters.

(b) 2016-2017 Tuition Rate Range

Vice President Yahnke, after the FY2017 Budget overview, turned to the 2016-2017 tuition rate range proposal. Yahnke advised the Board that the university would seek a

3.3% tuition rate increase for resident undergraduates in the variable rate program, a 3% increase for non-resident undergraduates, a 5% increase for incoming Promise (fixed-rate tuition program) students, and a 3% increase for graduate residents and non-residents. Yahnke reviewed the thresholds by which WOU would need to seek approval from the HECC. The Board considered whether or not the Promise's fixed-rate tuition plan was confusing for some families. Chair Baumgartner asked about engagement with the students around a "not-to-exceed" number when the Board formally approved tuition rates in the spring. Yahnke observed that there was a student advisory committee that was consulted throughout the year on tuition rates and while, no one liked rate increases, the students understood the necessity of a modest increase. Chair Baumgartner turned the Board to a letter of support from the students in the meeting packet. Yahnke reiterated that the university was seeking a "not-to-exceed" rate and would attempt to minimize the increase even further when the Board met in the spring to approve the tuition rates for the upcoming year. The Board examined participation rates in the variable rate and Promise rate tuition plans. The Board asked about the apparent drop in graduate enrollment illustrated in the materials and requested clarifications. Provost Scheck explained that many of the graduate cohorts were reported in the spring and would not be captured in the data presented to the Board in March. In examining tuition, Yahnke and the Board observed that the timelines were somewhat different due to independence, as the HECC required budget requests by April 1. The Board asked about cooperation among the universities and President Fuller described the collaborative Oregon Public University Council of Presidents. Yahnke and Hagemann confirmed that there was no motion necessary as the formal proposal would come at the April 2016 meeting. The Board, Chair Baumgartner and Yahnke returned to the retention conversation and observed the enrollment was key to WOU's success.

(4) NWCCU Update

Chair Baumgartner turned to Provost Scheck for an update on the Northwest Commission of Colleges and Universities accreditation report. Scheck pointed the Board to the institution's written accreditation report and encouraged Board members to review the supporting documentation held on a secure website. He noted that report was frank in its assessment of the university and the site team would be on campus in April. He stressed that the accreditation team would be focused on actions and initiatives that feed into the student experience. Scheck emphasized the importance of trustee participation at the site visit in April. President Fuller noted that accreditation teams stress Chapters 1, 2, and 5 of the report with trustees. He reiterated that the accreditation process is about continuous improvement. The Board asked about how the report was compiled and Dr. Fuller shared that it involved the entire WOU community. Fuller stated that it was important for Board members to be frank and honest with the site team. Chair Baumgartner queried the staff how the process compared to the past accreditation process and what message could be distilled from

the self-study report for the Board. Provost Scheck noted extensive work to get data and numbers to match up for the accreditors. He stressed the national trend for robust assessment of learning outcomes.

(5) Enrollment Management Update/HECC Funding

Chair Baumgartner transitioned the conversation to enrollment management and HECC funding. He observed that recruitment and retention were both important, but different, elements of enrollment management. Provost Scheck reviewed enrollment materials with the Board, including the distribution of students in various programs and majors across campus. Reflecting on the trend analysis, Scheck posed questions about future decisions and potential new programs. Shetterly asked for clarification in the number of Spanish majors. Scheck stated that the largest majors at WOU included business, criminal justice, science, teacher education, and psychology. Scheck continued with a review of the data, focusing on the persistence of students based on major. He noted that the largest group were undecided students. President Fuller stated that the overall persistence of students—regardless of major—was the most important information for the university and the Board to consider. The Board observed that the programs to which students were attracted was just as important as the programs that lost students. Associate Provost David McDonald shared, compared to peer institutions, WOU's graduation rate was in the middle to bottom 30% of comparators. Chair Baumgartner asked what a reasonable goal would be regarding the graduation rate, noting that WOU was currently sitting at 44%. Fuller noted that there was value in choosing aspirational peers. Scheck observed that, consistent with national trends, students with “no major” are more likely to drop out, so, some colleges and universities are asking first-year students to affiliate with an area of interest. The Board observed that even a modest improvement in retention in some of WOU's largest programs could have a big impact.

Baumgartner shifted, asking the Board to engage in strategic thinking about what strategic and tactics could be used to improve outcomes, retention, and degrees granted. Reflecting on the materials organized by major, Minahan asked if organizing the materials by credit hours could illustrate traffic for retention. The Board shared that, if approached correctly, the materials presented at the session could turn into a strategic planning document. President Fuller stressed that it could represent an internal assessment of WOU's strengths and weaknesses. The Board emphasized the university's success with recruiting, retaining, and graduating Latino students. The Board discussed scaling the successful Student Enrichment Program to reach different populations. President Fuller also noted that faculty play an important role in developing relationships with students and contributing positively to the retention of students. The Board reflected on how affordability impacted WOU's retention narrative. Scheck turned to the docket materials entitled “Academic Affairs Executive Committee's Strategic Planning Preparation” to spark discussion. He touched on enrollment trends for first-year students, success of the Student Enrichment Program, and the change in

Oregon's high school student demographics. Scheck shared about the institution's investments and focus on the Willamette Promise, WOU's proficiency-based accelerated learning program. He observed that engagement with faculty at both the university and high school is a hidden strength of the Willamette Promise. Koontz referred to employment trend data and the need to produce more students with bachelor degrees. Chair Baumgartner summarized that the session so far had framed issues well. Before engaging the PEST/SWOT exercise, he observed that WOU needed a strategic approach to the future, like OSU or UO. He concluded that with data, discussion, and a clear review of the "headwinds" that the university is facing, it was time for the Board to turn to a PEST/SWOT exercise to reflect on the strengths, weaknesses, opportunities, and threats to the institution. President Fuller described the PEST/SWOT process and assigned trustees and staff into smaller groups to discuss and reconvene when the Board goes back into full session. He stated that the Board input would launch the university's planning process.

(6) PEST/SWOT Exercise

The Board and staff broke up into small groups to engage in a strategic PESTSWOT exercise.

When the full Board reconvened and reestablished a quorum, Chair Baumgartner returned to the tuition rate range conversation and clarified that the university needed guidance in order to develop the budget for HECC, prior to formal approval in late April. Chair Baumgartner distributed the recent Portland State University strategic plan for perspective.

(7) Strategic Planning Process

Chair Baumgartner and President Fuller asked the Board to review a draft timeline for strategic planning. Fuller noted that the committee should have several faculty members, board representatives, and key internal and external individuals. President Fuller observed that the process could start with an examination of mission statement. President Fuller asked for Board guidance to set up a university-wide committee to launch strategic planning, with a fully drafted and vetted plan for the Board in January 2017. Chair Baumgartner asked for comments on the process and for Board members interested in serving on the university committee. The Board expressed confidence in the process and timeline.

(8) BOARD DISCUSSION: Planning Session Summary

After discussing the process and timeline for strategic planning on campus, Chair Baumgartner asked for brief reports from the small groups engaged in the PEST/SWOT exercise. Guthrie reported from the "threats" group. He shared financial threats,

including PERS assessments and uncertainty, political threats, including WOU's invisibility, recruitments threats, and lack of engagement with WOU friends. Chair Baumgartner asked for a report from the "strengths" group and the Board reported personalized instruction, low student to faculty ratio, smaller campus size, and success with low-income, first-generation students. The Board shifted to examine "opportunities," including recruitment, retention, and fundraising. The "opportunities" group discussed participation in community events and engage statewide Latino leaders. Trustee Ingle reminded the Board to consider outreach to tribal communities in Oregon. Finally, Chair Baumgartner requested reflection on some "weaknesses," and the Board reported lack of coordinated branding, reliance on international students, an understaffed business department, and inability to make progress on key initiatives in the middle of faculty bargaining. Chair Baumgartner concluded with the distribution on another university strategic plan for context. He stressed the challenge is for WOU to move from "best kept secret" to "best known opportunity." He shared that strategic planning was about continuous, active improvement, as opposed to drafting a static document.

(9) Adjournment

Prior to adjournment, Chair Baumgartner outlined some upcoming WOU events. Chair Baumgartner asked Ginny Lang, who joined the Board meeting, to introduce herself to the Board. Ms. Lang was asked to serve as the facilitator for the campus strategic planning process. She shared her confidence in the process that expressly engaged internal and external constituents.

Chair Baumgartner adjourned the meeting at 11:50 AM with a quorum (Arredondo, Baumgartner, Fuller, Guthrie, Hurtado, Ingle, Koontz, Llamas, Minahan, Paraskevas, Shetterly, Taylor).



Ryan J. Hagemann
Secretary to the Board of Trustees