

**Board of Trustees Meeting
Friday, June 21, 2019**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Board Members:

Lyn Hennion	Present	Deborah Rosenberg	Present
Les AuCoin	Present	Daniel Santos	Present
Jonathon Bullock	Present	Linda Schott (ex officio)	Present
Sheila Clough	Present	Barry Thalden	Present
Shaun Franks	Present	Bill Thorndike	Present
Megan Davis Lightman	Present	Steve Vincent	Present
Paul Nicholson	Present	janelle wilson	Absent
Shanztyn Nhipali	Present		

Chair Lyn Hennion called the meeting to order at 12:00 p.m. in the DeBoer Room of the Hannon Library. The Board Secretary recorded the roll and a quorum was verified.

Other attendees included: Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Greg Perkinson, Vice President for Finance and Administration; Dr. Jody Waters, Associate Provost; Jason Catz, General Counsel; Sabrina Prud'homme, Board Secretary; Ryan Schnobrich, Internal Auditor; Chris Stanek, Institutional Research; Lee Ayers, Undergraduate Studies and HECC; John Lamy, community member; Josh Lovern, Budget Office; Andrew Gay, Faculty Senate; Coach Jessica Pistole and members of SOU's women's softball team; Echo Fields, retired faculty; Cristina Sanz, SOU Foundation; Gordon Carrier, Information Technology; and Kathy Park, Office of the Board Secretary.

Reports

Faculty Senate Report

Taking agenda items out of order, Andrew Gay provided the Faculty Senate report, saying it has been a very busy year. He finished his first year as senate chair and will serve another year. Faculty Senate adjusted the officer election process. They have worked on their bylaws and on curriculum, including the digital cinema major. Based on recommendations from the student evaluation task force, they are transforming the process for student evaluations, making them more equitable and meaningful; this could be a model for faculty evaluations of administrators. Regarding shared governance, Faculty Senate approved a task force to transform general education and diversify curriculum to best serve students.

President's Report

President Schott highlighted the accomplishments of the women's softball team: the team won the NAIA national championship; NAIA named Coach Jessica Pistole, "coach of the year;" the staff was named, "coaching staff of the year;" and Gabby Sandoval was selected as a pitcher for the 2019 Softball All-America Team. Coach Pistole introduced players Mackenzie Evangelisti, Taelor Mayben and Paige Leeper, who highlighted their team values and experiences. President Schott then read a letter of congratulations from Governor Kate Brown.

Consent Agenda

Trustee Rosenberg moved approval of the consent agenda, as presented. Trustee Thalden seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Reports (Continued)

President's Report (Continued)

President Schott provided an update on the arrival of Suresh Appavoo, the incoming Chief Diversity and Inclusivity Officer. She later mentioned the departure of her executive assistant and the efforts to fill that position.

President Schott reported on the trip she, Tom Fuhrmark, Trustees Franks and Thalden, and select staff members made to Guanajuato. President Schott said there was a lot of excitement surrounding the trip and praised the hospitality of staff from the University of Guanajuato. The trip was intended to build on the existing relationship between the cities and the universities, and benefit students of both universities.

President Schott mentioned some of the work she has planned for the summer, including the AASCU Summer Council of Presidents; Inside Higher Ed conference on the future of public higher education; her plan to work remotely; and thinking about various issues affecting higher education in general and SOU in particular.

Janet Fratella later provided a fundraising update, as included in the meeting materials, saying they are on track to meet the \$3.2 million target by the end of the fiscal year. She mentioned a few generous gifts from donors and the progress of some of the fundraising campaigns. Ms. Fratella praised the trustees for their 100 percent participation in gift-giving. She then mentioned new members of the SOU Foundation Board.

Committee Reports

Academic and Student Affairs Committee – Trustee Santos reported on topics from the committee's meeting, including the dashboard; reasons students leave the university; mentoring programs; updates on certificate and online programs; Dr. Chad Hamill's work at SOU; SOU's Native American Studies program; President Schott's tribal visits; the Veterans Resource Center; and an update on the assessment and accreditation process.

Finance and Administration Committee – Trustee Clough said much of the last meeting's discussion will be replicated in the board's meeting. The agenda consisted of Vice President Perkinson's report on the dashboard, fiscal levers, state funding and tuition support from the HECC; the budget for fiscal year 2020; and an investment update. Trustee Clough summarized the very healthy and lengthy conversation around the budget and the administration's recommendation of a two-phase budget approval process, which is a new concept for SOU. The committee's primary concerns were regarding setting a precedent, meeting statutory requirements, and understanding how this new process affects the traditional budgeting process.

Executive and Audit Committee – Chair Hennion said the board would discuss all the topics covered in the committee’s last meeting.

Student Leadership Report

Alexis Phillips was not available to present a report.

Action, Information, and Discussion Items

Strategic Plan Update

President Schott said work on the strategic plan is ongoing. Chris Stanek summarized the progress made in each strategic direction since January, as included in the detailed meeting materials. He noted Strategic Direction III did not identify priority goals; a lot of effort was not focused on that direction at the beginning but soon will be.

Mr. Stanek then demonstrated the software used to process the data. Responding to Trustee Clough’s inquiry regarding strategic directions that are falling behind, Mr. Stanek said the directions with non-priority goals would be the ones that appear to be behind, but they are not because the decision was made to focus on priority goals. President Schott added that some areas were not prioritized because they already had a lot of work being done in them and work continued to be done (e.g., sustainability). Additionally, each strategic direction has a cabinet member assigned as the owner, who will ensure progress.

Vice Chair Nicholson stressed the need to tell members of the campus community what work has been done on the strategic plan so they can see how the plan impacts the entire organization. President Schott said information has been disseminated through open forums, a progress summary will be included on the strategic planning webpage, and she will highlight concrete examples at appropriate opportunities. Trustee Rosenberg stressed the importance of the strategic plan as a map to guide decisions and actions.

Strategic Enrollment Management Overview

Dr. Neil Woolf mentioned some of the foundational structures of strategic enrollment management, including the strategic growth matrix and market analyses. He reviewed the national high school market for 2019-2032, noting the anticipated decline in high school graduates for Oregon, the room to improve the rate for high school graduates going to college, and the increase in students’ diversity. Discussing cross-application competitors, Dr. Woolf said SOU’s largest competitor is the University of Oregon.

Dr. Woolf then discussed characteristics of SOU students, as included in the meeting materials. They hail primarily from Oregon and California. The number of students with Hispanic heritage is growing. The average age for undergraduate students is 24 and for graduate students it is 45. SOU has more female students (62 percent) than male students (38 percent). Enrollment by academic discipline from 2015 to 2018 is pretty steady by area, except for the somewhat significant declines in physical sciences and math.

Dr. Woolf demonstrated the Burning Glass database, which is a regional analysis of job opportunities that can be used to focus efforts for recruitment, alumni activities, and other functions. The most common qualifications for positions are budgeting and project management; to the extent SOU’s degrees include those areas, it will make the programs more reflective of what is needed and students more marketable.

The most important factor in choosing a college is whether it offers high-quality academic programs that fit a student's interests. Dr. Woolf said SOU is slightly revising its messaging to focus more on the quality of academic programs and less on location and tuition value. He then showed the video marketing the healthcare administration degree program.

Adoption of Fiscal Year 2019-20 Internal Audit Plan (Action)

Ryan Schnobrich said key collaborator positions have been filled. Management is working through a backlog and he will provide assistance as appropriate. Mr. Schnobrich has increased his internal control assessment activities, which he can do without utilizing as many management resources. He highlighted the proposed internal audit plan for the next year, as included in the meeting materials.

Trustee Clough mentioned the conversation from the Executive and Audit Committee meeting, in which the trustees recognized there is limited bandwidth for both the internal auditor and management, and they suggested having the culture of continuous process improvement in the consulting services area as a priority focus. Chair Hennion also mentioned the committee's conversation about the risks of carrying-forward incomplete assurance, audit, and consulting services.

Vice Chair Nicholson moved approval of the Resolution, Adoption of Fiscal Year 2020 Internal Audit Plan, as included in the meeting materials. Trustee Lightman seconded the motion and it passed unanimously.

Amendments to Governing Documents (Action)

Jason Catz highlighted some of the proposed changes, as included in the meeting materials. One change made throughout is the use of the singular they/them/theirs.

Resolution on the Responsibilities of Individual Trustees

Mr. Catz said more emphasis was placed on attendance at meetings. The Executive and Audit Committee recommended that, in the second paragraph of paragraph 3, the words "to allow a participating Trustee to be appointed" be deleted. Mr. Catz said emphasis also was placed on trustees fulfilling their duties but not directing the employees who report to the president; this allows President Schott to prioritize how her staff spend their time.

Trustee Vincent recommended adding "actual and" to the first sentence of paragraph 5 so it would read "should declare actual and potential conflicts."

Responding to Trustee AuCoin's inquiry regarding the best method to obtain information beyond that presented in meetings, Chair Hennion encouraged attendance at committee meetings and reading the minutes. Further information can be requested through President Schott and Sabrina Prud'homme. President Schott stressed the importance of trustees having and understanding the information, and said this procedure permits her staff to handle such requests at the most opportune time and in a way that does not reprioritize their work. Trustee Clough also suggested submitting questions to Ms. Prud'homme prior to meetings so presenters can incorporate the answers into their presentations.

Trustee Lightman moved approval of the Resolution, as amended. Trustee Rosenberg seconded the motion and it passed unanimously.

Board Statement on the Performance of Official Business

Chair Hennion provided a short explanation of the proposed revisions. Mr. Catz noted a missing letter in the addition to paragraph 1.2. Trustee Bullock recommended “but not for any other purpose” be stricken in paragraph 1.2. Trustee Thorndike moved approval of the Board Statement, as amended. Trustee Clough seconded the motion and it passed unanimously.

Board Statement on Evaluation of the University President

Chair Hennion provided a short explanation for the proposed revisions, saying they were intended to simplify the evaluation process. President Schott suggested removing the phrase “and for three to five years” in the section addressing the prospective elements of the president’s self-assessment and in the paragraph on presentation and approval of goals.

Vice Chair Nicholson moved approval of the Board Statement, as amended. Trustee Santos seconded the motion and it passed unanimously.

Board Chair’s Report on Campus Conversations

Taking agenda items out of order, Chair Hennion said she and Vice Chair Nicholson met with 21 individuals to take the temperature of the university and see if the university was going in the right direction. Comments included phrases such as being at a turning point, light at the end of the tunnel, breath of fresh air and liking the idea of the multilayered strategic plan. A summary of the key comments and some concerns were shared with President Schott. Chair Hennion said it was time very well spent. She said there was also a great deal of appreciation for the board.

University President’s Contract Renewal (Action)

Chair Hennion said the proposed contract for President Schott is very similar to the original contract but has been revised to remove provisions that would be applicable only to a first-time contract, such as moving expenses. President Schott has not had a raise or COLA increase in the three years she has been at SOU. Chair Hennion said the salary for the first year of the contract was calculated by applying a COLA-type increase of just under 5 percent for the past couple of years; that figure was about \$275,000. President Schott was reluctant to accept that since SOU just had to raise tuition. President Schott is the lowest paid of all the seven university presidents. Further, she is the only woman, creating a pay equity issue, and SOU wanted to get President Schott on par with the other TRU presidents. The \$275,000 was reduced to \$272,000. The automobile allowance was raised from \$1000 to \$1250 per month making it more equal to the other presidents’ allowances. Referring to the discussion in the Executive and Audit Committee, Chair Hennion said the committee members felt President Schott was worth a lot more. President Schott mentioned the new paragraph on special projects, permitting her to work remotely with the board chair’s prior approval.

Mr. Catz advised the trustees that they are not approving every word of the proposed contract but rather approving the authority to execute a contract with the proposed salary

levels. He said the Executive and Audit Committee requested the addition of language noting the committee's option, during the course of the contract, to conduct a survey of presidents' salaries and if SOU's enrollment is doing very well, further conversations could be held. Chair Hennion said that the Executive and Audit Committee wanted the first sentence of paragraph 5.0 of the contract to be revised as follows: "Dr. Schott's annual base salary ... shall be the following during each year of the contract term, subject to annual review" and as further edited by Mr. Catz. Responding to Trustee Vincent's comment about seeking other forms of compensation, Chair Hennion said Mr. Catz is looking into the idea of a deferred compensation plan, which is not precluded by the contract.

Trustee AuCoin moved approval of the proposed contract, with the addition of the provision providing for an annual review. Trustee Santos seconded the motion and it passed unanimously.

Responding to Trustee Thorndike's reference to the recent situation involving the president at Portland State University and his inquiry regarding outsiders' interpretation of the contract, Mr. Catz said the contract's terms would be fairly interpreted in terms of responsibility to the public good and would fairly permit termination for cause.

Legislative and State Funding Update

Jeanne Stallman provided a legislative update, saying the goals for the legislators this session are affordable housing, student success, cap and trade, and healthcare funding. SOU's goals are the operating budget, capital repair and renewal funds, TRU identity, and institutional governance.

Regarding the operating budget, the goal was an additional \$120 million for the institutions to maintain the current service level; it appears this will come in at \$100 million. The capital repair and renewal funds were set to be voted on in the Ways and Means Committee; the institutions are expecting \$65 million.

The institutions were tracking about 500 bills related to institutional governance, with 85 of high priority. Some were passed (e.g., Student Success Act and PERS reform), others were amended during the approval process to the satisfaction of the institutions (e.g., community colleges offering accelerated baccalaureate degrees and Kaylee's Law) and some were never acted on by the Ways and Means Committee (e.g., establishing a competency-based education pilot and an open educational resources appropriation).

Adoption of Fiscal Year 2019-20 Budget (Action)

Greg Perkinson walked the committee through the meeting materials. He reviewed the sources of SOU's revenue, saying Education & General, Designated Operations and Auxiliary Enterprises are the operating funds and are before the board for approval. The restricted operating funds and non-operating funds are important resources but are not being presented for approval.

Mr. Perkinson explained where SOU's \$1.7 million portion of the additional \$100 million in the PUSF is reflected on the pro forma. The assumptions used in the pro forma for the 2019-2021 biennium include a -0.5 percent decrease in enrollment in both years; a 10

percent tuition increase for resident undergraduates and a 5 percent tuition increase for nonresident undergraduates for 2019-2020; and a 5 percent tuition increase for resident undergraduates for 2020-2021. This results in an ending fund balance of 8.2 percent in 2019-2020 and 10.1 percent in 2020-2021.

Turning to the timeline, Mr. Perkinson reviewed key milestones as presented in the materials. Enrollment numbers will be solid after the fourth week of the fall term. The final budget will be presented for approval in October. The budget presented for approval at this meeting is the expenditure authorization for each of the three operating funds.

As presented in the meeting materials, Mr. Perkinson oriented the board to the layout of the budget compared to the pro forma. Trustee Lightman mentioned the discussions held in the Finance and Administration Committee about approving only the expenditure portion of the budget, with the committee ultimately deciding to defer to the proposal presented by the university's subject matter experts. Trustee Bullock added that K-12 has been using this approach for at least a couple of decades and it is not surprising that universities are using this approach as well. Putting the expenditures in context, Mr. Perkinson said the first quarter of the fiscal year is over the summer and represents 17 percent of spending. He said there would be a discussion in the next Cabinet and Executive Council meeting that spending would only be for mission essential items. Trustee Clough emphasized the proposed resolution includes that restraint and provides limited authorization.

Responding to Trustee AuCoin's inquiry, Mr. Perkinson said 83 percent of the expenditures are for labor and most of the remaining 17 percent includes must-pay bills. The focus will be on reducing the discretionary spending portion. Dr. Woolf detailed the modeling method used to project enrollment. Mr. Perkinson mentioned some of the cost-cutting measures already taken, such as requesting 5 percent cuts in Supplies & Services, keeping some vacant positions open, and not hiring term-by-term faculty members where appropriate.

Responding to Trustee Franks' inquiry, Mr. Perkinson said the approach gives the university authority to spend and permits fine-tuning the projection in a more purposeful way. President Schott stressed the accountability-centered approach being taken with managers to control costs. Trustee Clough clarified that the Finance and Administration Committee's recommendation was to approve a roll-forward concept for this fiscal year only, which would give the board and the university the opportunity to evaluate the new model and consider whether it should be used in future years.

Mr. Perkinson then directed trustees' attention to the charts in the meeting materials on designated and auxiliary operations, and transfers.

Trustee Clough moved approval of the Resolution, Temporary FY2020 Budget and Expenditure Authorization, as included in the meeting materials. Trustee Lightman seconded the motion. For the record, Trustee Vincent said he supports the recommendation and hopes that, as further evidence of their support for the institution, employees are being conservative and showing discretion in their spending. Trustee Santos added that he favors this approach because it will give the board a better look in October. The motion passed unanimously.

Governance Work Group Update

Vice Chair Nicholson reviewed the work plan included in the meeting materials. He also discussed the culture the board has created over the last 5 years and the importance of codifying it. Another issue the work group has discussed is creating a new process for electing board officers; this also will be presented to the board for its consideration.

Board Officer Elections (Action)

Chair Hennion said Ms. Prud'homme sent a notice to trustees letting them know Chair Hennion and Vice Chair Nicholson would be willing to serve another term and also asking if any trustees wished to nominate themselves or others for the positions of chair or vice chair. Ms. Prud'homme said she received no nominations except the ones for the continuation of Chair Hennion and Vice Chair Nicholson.

Trustee Thorndike moved that Chair Lyn Hennion be reelected as chair for 2020 and that Vice Chair Paul Nicholson be reelected as vice chair for 2020. Trustee Clough seconded the motion and it passed unanimously.

Future Meetings

The board retreat will be on September 19-20 and the board's next regularly scheduled meeting will take place on October 18. President Schott mentioned the HECC visit and the accreditation visit, both on October 9, and said some trustees may be asked to participate.

Adjournment

Chair Hennion adjourned the meeting at 4:41 p.m.

Date: October 18, 2019

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary