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Board of Trustees Minutes, November 18, 2011

Eastern Washington University

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**EASTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES**

Regular Meeting

November 18, 2011

MINUTES

Trustees Present:

Bertha Ortega, Chair
Robert Whaley
Jo Ann Kauffman
Ines Zozaya-Geist.
Mark Mays
Paul Tanaka
Kris Mikkelsen
Pat Spanner

Call to Order, I.

Chair Ortega called the November 18, 2011, regular meeting of the Eastern Washington University Board of Trustees to order at 9:50 a.m. She announced the Board would convene in executive session under RCW 42.30.110 for the following purposes: To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee; and to discuss with legal counsel representing the agency matters relating to agency enforcement of actions, litigation or potential.

She further announced that executive session would last approximately one and one-half hours, that no final action would be taken during the executive session, and that at the conclusion of the executive session the Board would attend the University Thanksgiving Lunch before reconvening into open session.

Quorum, II.

A quorum was present, and no trustees were absent.

Executive Session, III.

Chair Ortega stated that executive session was held for purposes authorized in RCW 42.30.110 as previously scheduled. She stated that executive session ended at 11 a.m. and that no action was taken during executive session. She then welcomed new board member Robert Whaley, Superior Court Judge from Spokane, and also re-welcomed Trustee Paul Tanaka, whom the Governor has re-appointed to serve another six years.

Board Committee of the Whole

Strategic Planning Update

Dr. Arévalo noted that discussions began 11 months ago about beginning to look at redefining our strategic plan. We began the process last summer, which involved the creation of a committee to

engage the university in a strategic planning process. We have provided updates and presentations to the Board over the last nine months, and today we are presenting a draft of the plan the committee. He asked Michelle Hege, of Desautel-Hege Communications, to present the draft and help us digest and interpret it.

Ms. Hege recognized the great committee of faculty, staff and students for their work on this project. Over the last 9 months they have led 13 focus groups, 27 one-on-one interviews, a web survey that drew 850 responses, strategy sessions, and 9 college and department retreats. The draft plan was distributed to campus for feedback, and then 3 open forums were held with over 100 participants, as well as a second web survey with about 180 responses. Overall, input was received from about 1500 individuals. The draft plan feedback included the need for clarity and simplicity around the mission and vision, a definition of student success, a focus on visibility and reputation, and the importance of community engagement. Ms. Hege referred the trustees to their packet and brochure for additional details to values, mission and vision.

The goals in the strategic plan align with the current Board goals, as well as the accreditation goals. A communication and development launch plan will roll out the values, mission and vision this winter through 2012, internally and externally. Colleges and departments will then create their focus areas and strategic action plans between January and July, to be implemented by fall quarter. These will be annual plans to be updated over the course of five years.

Chair Ortega thanked Ms. Hege for her presentation of the strategic plan.

Economic Outlook

Dr. Grant Forsyth first reported on the state's forecasting process, which is de-politicized in Washington. It uses a bipartisan forecasting group, which works along with the state's chief economist and his staff. They use a multiple equation econometric model, taking several forecasts and other data to develop the official state economic forecast. The Governor's Council of Economic Advisors meets with the Governor at least once a quarter to discuss issues and to submit individual forecasts to be put into the model. Over the last 5-6 years, the advisors have tended to be more pessimistic than the forecasting group, and have been more correct.

The GDP is a good measure of overall economic activity, so basically we are not going to see any significant growth until 2013. The numbers reflect slow economic growth for the next 2-3 years, and no significant employment growth until 2013. Dr. Forsyth's employment forecast for our region is 0.5%, so even though there is a recovery going on, our region is not participating very well in that recovery. It appears all new employment growth in the state this year is in the Puget Sound area. So the economic environment that Eastern is based in is really not very good, and won't be for another couple of years.

His group's average probability of a European recession in the next 12 months was 62%, which is incredibly high; while the probability of a US recession in the next 12 months was 38%, meaning highly likely but not for sure. We are connected to Europe, so even if we don't see a recession here a European recession will mean slower growth here. Looking forward, the prospect of rapid growth and any kind of revenue recovery is very poor.

The State's most recent forecast shows a baseline, optimistic and pessimistic scenarios. The current baseline forecast is \$122 million lower than the previous baseline figure. The probability of the pessimistic scenario has gone up recently.

The regional economy:

The unemployment rate has not changed over the last two years, which reflects no employment growth. We also have a growing youth unemployment problem (ages 16-19), here and across the U.S. A lot of unemployed youth no longer qualify for the military. Population growth is similarly flat. Per capita personal income has shown no significant growth since 2007; he predicts 0.5% for next year which is incredibly low. This makes it hard for people to buy materials that are taxable, which hits higher education hard because it is funded by tax revenues. Income growth excluding government transfer payments (e.g. Medicare and Social Security) is even worse. This region is very dependent on government and government transfers. Big reforms to these programs could pose problems going forward.

Dr. Forsyth's recommendations to the Board regarding Higher Ed in general: View the state cuts to higher education as permanent. There is no comprehensive plan, it's all about negotiating directly with the legislature. Be proactive about producing a viable strategy and a viable financial model. Get ready for the possibility of another four-year university on the west side (Bellevue or some branch campus communities), which potentially could cut off part of our enrollment pipeline. Show how you're educating students for a post-recession labor market. Show you're making university expertise available to the broader community. Retention numbers are not adjusted for income status, and we may have to consider raising standards if the state is going to use that as a serious measure without adjusting for income. Be more aggressive about lobbying for greater flexibility on expensive reporting and for increased ability to contract to outside service providers—more like private schools.

Graph showing wages based on education level—getting educated pays substantially. Only those with an advanced degree (master's and above) show an income growth adjusted for inflation.

Budget

Ms. Mary Voves reported on plans for significant budget reductions for this biennium (2011-2013) in addition to the \$20 million already approved. We are working on early strategies for addressing reductions so we can continue to remain strong, because as we just learned from Dr. Forsyth's presentation, our ability to be strong and healthy is critical for the region. The state's reduction was \$18 billion real dollars over the last 5 years, and they are still predicting about a \$2 billion shortfall, so we will have more reductions this year.

She shared the history since 2007-09: EWU has lost about half of its state funding since then. The upcoming special session, as well as the next regular session, will require reductions. She reviewed how the operations costs of maintaining the campus are now coming out of the capital budget instead of the operations budget, and then explained how we've met our reductions in the past.

The Governor's package of reduction options indicate her recommendations for the budget at the supplemental session, which includes a 15% reduction to higher education, as well as suspension of the state work-study program. This would dramatically impact about 100 of our students. Changes

to employee compensation and benefits are also recommended, including raising the employee contribution for health care from 15% to 25%. She is proposing the complete elimination of the state need grant, which would affect over 4,000 Eastern students (\$1000 to \$6000 per student); the only alternative for some of these students would be student or parent loans. Ms. Voves said Eastern's 15% reduction would equate to \$5.2 million. Furlough days and additional salary reductions would have to be negotiated.

Our strategy to address these reductions uses a three-pronged approach: operating fee revenue/tuition increase, base reductions, and one-time funding. It will take all three of these to meet this reduction, and realistically we're probably looking at a 20-plus percent reduction, or a \$7 to \$9 million figure. She showed some tuition increase scenarios and discussed some options.

Discussion.

Reconvene Open Board of Trustees Meeting

Chair Ortega called the open session of the November 18, 2011, regular meeting of the Eastern Washington University Board of Trustees to order at 3:15 p.m. A quorum was present.

Reports, IV.

University President's Report, IV.A.

Dr. Arévalo provided a written report, but also noted the following:

- Homecoming was one of the highlights of the year because of all the engagement and participation by so many groups on campus. This indicates that the students are feeling good about the institution and are becoming more engaged.
- Early turnout for the basketball schedule is similarly indicative.
- Oktoberfest at the Library had record contributions.
- Legislative events on campus and meeting with legislators continue to send the message of what Eastern continues to provide.

Trustees' Reports, IV.B.

Board Chair Report, IV.B.1.

Chair Ortega presented Dr. Arévalo with his five-year pin.

Academic Affairs Committee, IV.B.2.

Dr. Mays said they had a robust discussion of important and difficult issues, including reorganization and program review. The reorganization efforts are to consolidate programs of Academic Affairs and Student Affairs to move forward. Program review is complex, but necessary in these difficult times. They are looking at doing things quickly and in a timely way. He noted we are not a business, but still have to make financial sense.

Advancement Committee, IV.B.3.

Mr. Tanaka said they heard a report from David Buri regarding the upcoming special session and the Governor's proposals. VP Westfall talked about visibility items for EWU, e.g., the display at the airport, the Bookstore kiosk at Riverpark Square. The committee discussed some additional ways to

raise additional funds, such as a pilot program at the Bookstore where amounts are rounded up to provide scholarship funds. Preliminary discussion of potential new construction on the east side of Roos Field.

Business and Finance Committee, IV.B.4.

Mr. Tanaka reported that they spent time on the first read of a series of policies as well as a second read of some additional policies to be voted on today. The committee heard the annual financial review by Toni Habegger, which indicates that despite the budget cuts Eastern is in very good financial shape.

Student Affairs Committee, IV.B.5.

Ms. Kauffman reported the committee revisited some ongoing concerns and heard about some programs that help support students on campus. VP Morgan Foster provided a sneak preview of an annual report with an overview of services and an array of data points highlighting student life on campus. They are asking the trustees for their input for data for a Student Affairs dashboard. They discussed the new residence hall construction and where we are on the timeline; the bond rating is coming up in the spring. They heard an enrollment report from Larry Briggs, and a housing update that included events/programs organized for students for their success. They also heard about the Veterans on Campus project, as well as the campus recreation, EPIC program and club sports.

Organization President's Reports, IV.C.

Faculty Organization, IV.C.1.

Dr. William Loendorf provided a written report, but recapped that the faculty senate put together the Student Success & Retention Committee. It has been fully staffed and is working on a survey for faculty regarding how to improve student success and student retention. He is also trying to look at the charge for all the committees in hopes of streamlining and making them more efficient. They have also redone the job description of the faculty legislative liaison and have been fundraising to get more money to send the liaison to Olympia. They are making progress on several other issues.

Classified Staff Union, IV.C.2.

Mr. Quincy Burns noted that Eastern has 550 members of the classified staff, and this is a very uncomfortable time for all of us with the budget uncertainties. He reaffirmed that he will do everything possible to work with the administration to get through this next round of budget reductions. He introduced Kathleen Warren as the new Executive Vice President for the next two years. Mr. Burns added that some members attended a statewide conference in October, where a \$5,000 scholarship fund was established for any classified staff member higher education employee, spouse or child.

Associated Students, IV.C.3.

Mr. Oscar Ocaña provided a written report. He discussed student projects such as bus passes for summer quarter, the PUB remodel, space for the interfaith group, childcare services on the Riverpoint campus, and the charter of compassion diversity video. Students have also been busy advocating with legislators.

Action Items, V.

Consent Action Items, V.A.

Minutes of the September 29, 2011, Regular Board of Trustees' Meeting, V.A.1.

Motion 11-01-2011: *Trustee Tanaka moved that the minutes of the September 29, 2011, Regular Board of Trustees' Meeting be approved as presented.*

Seconded by Trustee Spanner.

Motion carried.

EWU Policies: V.A.2.

- WAC 172-168, Library Policies, Revision
- EWU Policy 901-02, Appropriate Use of University Resources, Revision
- EWU Policy 603-08, Lost and Found, New
- UGS 200-140-300, Service of Process, Repeal
- UGS 630-020-020, Holidays, Repeal

Motion 11-2-2011: *Trustee Tanaka moved to approve the recommended changes to the listed policies as presented.*

Seconded by Trustee Zozaya-Geist.

Motion carried.

Discussion Action Items, V.B.

Annual Review and Approval of EWU President's Contract, V.B.1.

Chair Ortega explained that this item was tabled from the previous meeting because the trustees had not had enough time to fully discuss the item. They completed their discussions during executive session today.

Motion 11-3-2011: *Trustee Kauffman moved to approve an amendment to President Arévalo's contract to provide for an extension of one additional year, through June 2016, and to approve the authorization of the president to use his accrued vacation leave in excess of 60 working days in a fiscal year. I further move that Board of Trustees direct the University's Human Resources Department to review and update the University's Administrative Exempt Policies consistent with these provisions.*

Seconded by Trustee Tanaka.

Motion carried with student trustee Spanner abstaining and none opposed.

Board of Trustees' Officer Elections, V.B.2.

Motion 11-4-2011: *Trustee Kauffman moved that Bertha Ortega remain as chair of the Board, and Paul Tanaka be elected Vice Chair.*

Seconded by Trustee Whaley.

Motion carried.

Adjournment

Chair Ortega wished everyone a Happy Thanksgiving Holiday and adjourned the meeting at 4:00 p.m.

Bertha Ortega, Chair
Board of Trustees

Rodolfo Arévalo, Secretary