



Service Employees International Union, Local 503, OPEU

Senate Education Committee – Hearing on AGB Report to the HECC and Legislature – 2/22/22

SEIU 503 represents about 4,000 workers on the seven public university campuses. Our classified members on university campuses maintain grounds and campus spaces; support libraries; IT; health services; nutrition and academic programs in most of the non-teaching and non-management positions on campus. At the same time, we see Higher Education issues from a second vantage point – over half of our 72,000 statewide members are low-wage earners – most without health care and retirement benefits. They and their families know that post-secondary training and education is the way out of poverty for their families, neighbors, clients, and loved ones.

In the 2021 Regular Session, SEIU Local 503 was among a large group of partners working with Senator Frederick on SB 854. Since then, Oregon’s public university boards and institutions signed a letter to Senator Frederick welcoming alternative opportunities to collaborate in the interim, pending the outcome of the AGB Report, which has since been finalized.

Although we appreciate the commissioning of this report and our ongoing opportunities to collaborate, we have concerns with some of the recommendations. We believe that well-informed board members, who are connected to the values and the culture of campus communities, provide the best opportunity to represent and enact the public’s interest. We believe strongly that the current process for selecting board members creates a perception that university presidents handpick their board members — to resolve this, we believe the state should enact a more transparent nomination and selection process for board members, taking an active role in the onboarding and ongoing training process for board members.

We also believe strongly that boards should execute strong oversight of the administration, and that all board staff should be independent of the administration to assist the board in this responsibility. In addition, we affirm that affordable access to a quality post-secondary education for Oregonians is foundational to a strong democracy and a strong economy. Our members regularly advocate for increased investment in our seven public universities. We believe that it should be a top priority for the interim committee to reexamine Oregon’s oversight and accountability of its seven universities and the institutional boards.

With these value statements in mind, we offer the following feedback and possible questions for the interim committee to consider regarding the recommendations put forward by AGB. We are hopeful that after a decade of experience with the institutional boards, the Senate Education Committee will work during the interim to reevaluate the many authorities and provisions contained in SB 242 (2011), SB 270 (2013), HB 3120 (2013), and HB 4018 (2014). We thank you for the opportunity to continue providing feedback on these key issues for Oregon’s post-secondary education stakeholders.

Board and Campus Community Interaction and Involvement

We support many recommendations from the report to better improve the board members’ time interacting and learning about their campus community members. We believe that a well-informed

board, which is connected to the values and culture of its campus communities, provides the best opportunity to represent the public's interests.

We support the recommendations to improve board communication in response to testimony from campus community members. Students, faculty, staff, parents, and alumni deserve to know that their concerns were heard and are being addressed by the board.

For the interim, we have the following questions: How do board members interact with their campus communities during the board meetings and in-between board meetings? How are campus community members included in the decision making? How does the board address concerns from campus community members?

Board Selection, Board Composition, Onboarding, and Ongoing Training of New Board Members

We agree with certain statements in the report about the need to improve the selection and onboarding training for new board members. We feel strongly that the lack of transparency around nominations and the selection of new board members lends itself to the perceptions that university presidents are handpicking their oversight board. We support more transparency in the nomination process and more oversight from the Oregon Senate during the confirmation process for university board members.

The members of SEIU Local 503 expressed strong opposition to dissolution of state agency status of OUS and the creation of independent university boards in the 2011, 2013 and 2014 sessions. We expressed strong concerns with AGB's official position that the only good board members were members who could also provide significant philanthropic support for the university. We continue to believe that board members who best reflect – and invest the time to understand – the culture and values of the campus community provide the most benefit to the public and the university. We will therefore continue to advocate that board composition reflects the campus community, rather than just its philanthropists.

We also support broad based training and education efforts for all board members. We believe that the HECC, the Governor's office, and groups who represent the campus community must be key providers of the content and delivery of this training.

Questions we're left with include: How are board members selected and trained to ensure they understand their fiduciary responsibilities to the public and lawmakers? How are board members taught about shared governance?

Independent Board Oversight of the Administration

We strongly disagree with the report recommendations that the board secretaries continue to be hired and fired by the university presidents. This critical position should serve at the pleasure of the board members and be independent of the university administration. Board secretaries are critical staff to ensuring that the board can exercise its fiduciary obligation to the public, rather than rubber stamping administrative decisions. To ensure maximum accountability and transparency, board secretaries and other board staff should be independent from the President and their other staff.

Since the inception of the boards in 2013, there have been three high profile resignations of university Presidents at the three largest universities. In all three instances, it was clear that the boards struggled in their decision making, that board secretaries were caught in no-win situations, and that without significant pressure from campus community groups, boards may have remained loyal to the CEO they

hired rather than act in the public's best interests. Despite serious allegations of misconduct by each President, each board chose to make substantial golden parachute payments to their departing Presidents – a practice unheard of for other public entities.

August, 2014 – UO – After only two years on the job and one year shy of his three year contract, President Gottfredson from the UO resigned after allegations that three members of the UO basketball team gang raped a fellow student in March 2014 and the UO administration actively worked to keep it quiet so that players could still play in the March Madness tournament that year. President Gottfredson received a \$940,000 severance package.

May, 2019 – PSU – President Rahmat Shoureshi resigned following allegations of ethical shortcomings, including alleged bullying and misuse of PSU funds for private gain. President Shoureshi received roughly \$850,000 in his severance package including \$35,000 to pay his attorney.

March, 2021 – OSU – President F King Alexander resigned after only eight months on the job after complaints that he mishandled sexual misconduct allegations at LSU during his tenure as chancellor and president from 2013 to 2019. President Alexander received a severance equivalent to one years salary of \$630,000 and relocation assistance of \$40,000 in his separation agreement with the university.

Questions to address: How do boards exercise their fiduciary responsibilities and oversight of the administration, when the board staff reports to the President rather than the board? What safeguards are in place to ensure that the board members, the state, and the public are receiving accurate and timely information from the administration?

State Oversight to Ensure Board Accountability and Transparency

We strongly recommend that the interim committee take a close examination of the powers, roles, and responsibilities of the HECC, Governor, and University Institutional Boards and make recommendations for stronger state oversight and accountability to the 2023 Legislative Session. Currently, the state lacks any real tools to hold boards and their administrations accountable for the public investment.

The role and authorities of the HECC should be more clearly defined in statute. The commission should be given additional authority to ensure the statewide coordination of academic programs for all seven public institutions. This will ensure that universities continue to provide a comprehensive education for all students rather than only focus on programs that generate revenue for the university. The HECC should also be given additional authority to audit and enact sanctions against a board and university that fails to act in the public's best interest. The committee should also consider which decisions by a university board are appealable to the HECC or which decisions should require legislative approval.

Some of the limited tools available to the Governor, Legislature, and HECC to hold universities accountable:

1. Tuition setting: The HECC must approve any tuition increase above 5% at the seven public universities.

2. Hiring Firing the University President: The Governor or Governor's designee must be consulted. State oversight and involvement in this process should be strengthened.
3. Removal of Board Members: The Governor may remove any appointed member of the governing board at any time for cause, after notice and public hearing, but may not remove more than three members within a period of four years, unless it is for corrupt conduct in office.
4. Issuance of Institutional Backed Revenue Bonds: For any institution that issues revenue bonds, they must provide a report to the State Treasurer. We believe that the Legislature should enact greater oversight in the issuance of institutional backed revenue bonds.
5. Budget and Legal Oversight and Accountability: Currently the state lacks any real oversight over a university's legal or budget decisions. We believe that the state should have greater oversight and more transparency over a university's legal and budget actions.

Final questions: What powers/decision making abilities rest solely with the boards? What are the roles and responsibilities of the HECC? How are the board decisions accountable and transparent to members of the public, state officials, and elected officials? What is the role and what are the responsibilities of the HECC as they relate to the institutional boards? What recourse and options do the HECC, Legislature, and Governor have if they feel a university board is no longer fulfilling its public fiduciary obligations?

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