AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. APPROVAL OF MINUTES
   APPENDIX B
   F&A Committee Executive Session, May 15, 2007

3. ACTION ITEMS
   a. OUS, 5th Site Hardware Replacement (Kenton/Pederson) ........................................ 1
      New hardware purchases will allow OUS to modify the system architecture to create increased reliability.

   b. SOU, Forgiveness of Chancellor's Office Loan (Green) ............................................ 5
      During FY2004, SOU borrowed Chancellor's Office funds to meet operational needs. Given SOU's current financial condition, management are in agreement in recommending that the loan be forgiven.

   c. UO, Arena Land Acquisition (Simonton) ................................................................. 7
      The University of Oregon has an opportunity to purchase two additional parcels on the corner of Franklin Blvd and Villard St and has reached an agreement with the owner conditioned on Board approval.

4. REPORT ITEM
   a. EOU Financial Plan (Fatemi)

5. ADJOURNMENT
1. **Call to Order/Roll Call/Welcome**

2. **Reports**
   
a. Chancellor's Report

b. Interinstitutional Faculty Senate (IFS) President

c. Oregon Student Association (OSA) Chair

3. **Consent Items**

   a. **Approval of OAR 580-055-0000 through 0080, Information Security** .......................... 9
      
      Recommend approval of comprehensive policies governing information security
      governing campus operations.

   b. **PSU, B.S. in Environmental Engineering** ............................................................... 19
      
      Portland State University seeks Board approval to offer an instructional program leading
      to a B.S. in Environmental Engineering.

   c. **PSU, Executive Master in Public Administration** .................................................... 21
      
      Portland State University seeks Board approval to offer an instructional program leading
      to an Executive Master in Public Administration.

   d. **PSU, Graduate Certificate in Urban Design** ............................................................. 23
      
      Portland State University seeks Board approval to offer an instructional program leading
      to a Graduate Certificate in Urban Design.

   e. **SOU, Master of Theatre Studies in Production and Design** ................................. 25
      
      Southern Oregon University seeks Board approval to offer an instructional program
      leading to a Master of Theatre Studies in Production and Design.

      
      The University of Oregon seeks Board approval to offer an instructional program leading
      to a B.A./B.S. in Material and Product Studies and a Bachelor of Fine Arts in Product
      Design.
g. **WOU, B.A./B.S. in Criminal Justice** ................................................................. 31
   Western Oregon University seeks Board approval to offer an instructional program
   leading to a B.A./B.S. in Criminal Justice.

h. **WOU, Undergraduate Certificate and/or Minor in Homeland Security and
   Community Preparedness** .................................................................................. 33
   Western Oregon University seeks Board approval to offer an instructional program
   leading to an Undergraduate Certificate and/or Minor in Homeland Security and
   Community Preparedness.

4. **ACTION ITEMS**
   a. **Optional Retirement Plan Restatement, Trust Agreement Amendment 1 (Yunker)**. 35

5. **REPORT ITEMS**
   a. **Board Long-Range Planning: Portfolio Conversation with Western Oregon University
      (Minahan)** ............................................................................................................ 39
   b. **OUS, 2007-2009 Legislative Session Report (Pernsteiner/Bryant)**
   c. **OUS, 2007-2009 Biennial Budget (Kenton)** ...................................................... 71

6. **COMMITTEE REPORTS**
   a. Standing Committee Reports
   b. Other Board Committees

7. **PUBLIC INPUT**

8. **BOARD COMMENTS**

9. **DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE**

   “Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher
   Education, the Board delegates to the Executive Committee authority to
   take final action as here designated or deemed by the committee to be
   necessary, subsequent to the adjournment of this meeting and prior to the
   Board’s next meeting. The Executive Committee shall act for the Board in
   minor matters and in any matter where a timely response is required prior
   to the next Board meeting.”

10. **ADJOURNMENT**
Note: All docket materials are available on the OUS website at: http://www.ous.edu/board/meetingmaterials.htm. Please contact the Board’s office at (541) 346-5749 if you have any questions regarding these materials. This agenda may be amended at any time prior to 24 hours before the Board meeting. Estimated starting times for the agenda items are indicated; however, discussions may commence, or action may be taken, before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the President of the Board. During the meeting, the Board may convene in Executive Session to receive legal advice regarding any item on the agenda or for any reasons permitted under Oregon law.
**F&A Committee**

**Action Items**

- OUS, 5th Site Hardware Replacement ................................................................. 1
- SOU, Forgiveness of Chancellor’s Office Loan ....................................................... 5
- UO, Arena Land Acquisition ................................................................................ 7

**Full Board**

**Consent Items**

- OUS, Approval of OAR 580-055-0000 through 0080, Information Security ........... 9
- PSU, B.S. in Environmental Engineering .................................................................. 19
- PSU, Executive Master in Public Administration ..................................................... 21
- PSU, Graduate Certificate in Urban Design ............................................................. 23
- SOU, Master of Theatre Studies in Production and Design ...................................... 25
- WOU, B.A./B.S. in Criminal Justice ....................................................................... 31
- WOU, Undergraduate Certificate and/or Minor in Homeland Security and Community Preparedness ................................................................. 33

**Action Item**

- Optional Retirement Plan Restatement, Trust Agreement Amendment 1 .............. 35

**Report Items**

- Board Long-Range Planning: Portfolio Conversation with Western Oregon University .............................................................................................................. 39
- OUS, 2007-2009 Biennial Budget ............................................................................ 71
OUS, 5th Site Hardware Replacement

**Background:**
The 5th Site Banner servers and disk storage have been in production since January 2002. This hardware is still performing satisfactorily; however, the expected useful life for the disk storage is five years. In addition, beginning July 1, 2007, the maintenance costs on this existing equipment will increase dramatically from $93,756 to $171,200 per year (a difference of $77,444 per year). If new hardware is purchased now, maintenance is included for the next three years at no additional charge, thus essentially paying for the cost of the new equipment over this time.

**Proposed Upgrade:**
New hardware purchases will also allow us to modify the system architecture to create increased reliability. The current three-node cluster has the various 5th Site Banner applications running stand-alone, with just enough CPU and memory. The proposed two-node cluster would have enough excess capacity to move all production services to one server in the event of a hardware failure on the other server (an option we currently do not have). Normal operation would be to have Banner production running on one server and the test, development, and warehouse application running on the other server. The proposed disk storage is faster than the current storage and provides for future growth in data. A visual schematic of the proposed design is attached.

**Disaster Recovery:**
A large hardware purchase gives us the opportunity to reduce the total cost of creating a disaster recovery site. It is proposed that OUS establish a small disaster recovery site in La Grande on the Eastern Oregon University campus. La Grande is the preferred location as it is well outside of the Willamette Valley fault zone and is located near high speed Internet cabling. This proposed “warm site” hardware is capable of running just the Banner production instances for the 5th Site. Data will be shipped in nearly real time from Corvallis to La Grande using Oracle DataGuard software. In the event of an unlikely epic disaster in Corvallis, our core Banner data would be safe in La Grande—nearly up to the minute. To serve as a disaster recover site, the EOU server room will need power, cooling, and network upgrades.

**Funding:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total cost for new system (Includes 3 years of maintenance)</td>
<td>$450,000</td>
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<tr>
<td>Estimate for EOU site upgrades</td>
<td>100,000</td>
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<tr>
<td><strong>Total Cost (including Disaster Recovery site)</strong></td>
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<tr>
<td>Less Current 5th Site Equipment Reserve</td>
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<tr>
<td>Less Savings from 2006/07 Operational Efficiencies</td>
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<tr>
<td><strong>Total Requested Funding from OUS Fund Balance</strong></td>
<td><strong>310,000</strong></td>
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Staff Recommendation to the Committee:
Staff recommends that the Board’s Finance and Administration Committee approve the use of $310,000 of Chancellor’s Office fund balance for the purchase of new 5th Site Banner hardware and to establish a warm site at EOU for disaster recovery purposes.

(Committee action required.)
5th Site Hardware Replacement

Conceptual Primary & DR Site
SOU, Forgiveness of Chancellor’s Office Loan

**Background:**
During the fiscal year ended June 30, 2004, Southern Oregon University (SOU) borrowed $350,000 of Chancellor’s Office (CO) funds to meet operational needs. As documented in a signed inter-institutional loan agreement between the CO and SOU dated May 17, 2004, it was agreed that the loan would be non-interest bearing and SOU would repay the loan once funds became available.

**Requested Action:**
Given SOU’s current financial condition, the Chancellor’s Office and SOU management are in agreement in recommending that the $350,000 loan be forgiven. If approved, this action will improve SOU’s fund balance and provide SOU needed reserves in the case of an unexpected financial downturn. This action would also result in a $350,000 reduction in the CO fund balance which, pursuant to Board policy on the use of CO fund balance, requires approval of the Board’s Finance and Administration Committee. The resulting decrease in CO fund balance as a percent of revenues would be approximately 2 percent.

**Staff Recommendation to the Committee:**
Staff recommends that the Committee approve the forgiveness of the $350,000 loan of Chancellor’s Office funds to SOU as described above.

(Committee action required.)
UO, Arena Land Acquisition

Introduction:
The University of Oregon (UO) has, in the time since purchasing the United States Bakery property, continued to explore the voluntary purchase of the other parcels that would be required for a new basketball arena. The UO has hired a private property agent to negotiate with owners. The UO has an opportunity to purchase two additional parcels on the corner of Franklin Blvd and Villard St and has reached an agreement with the owner conditioned on Board approval. The purchase price is $570,000, which is consistent with the appraisal and market advice received from the University’s property agent who is a licensed appraiser. The current property owner was prepared to enter into a lease with a tenant that would have increased the amount it would have cost the UO to acquire fee simple title but is willing to sell to the UO instead if the same can be accomplished promptly. The UO will use proceeds from bonds sold pursuant to the Board’s approval in December 2004 and the Emergency Board’s authorization in January 2005. The Emergency Board authorized expenditure of funds for purchases of property for the arena at that time. This expenditure is within that authorization.

Background:
The Board may recall, from its previous approval of the United States Bakery site, background on the UO’s decision to acquire property as the future site of a basketball arena. McArthur Court, the UO’s current basketball facility, was constructed in the 1920s entirely with student fees. Over the decades, the University has remodeled and upgraded McArthur Court to the extent financially and structurally feasible. It is no longer reasonable to make major investments in McArthur Court other than for routine maintenance. The UO began discussions regarding sites and methods to construct a new facility. Based on extensive review, including the work of consultants, the preferred site is the location on Franklin Boulevard immediately east and north of the east campus. The UO has completed the purchase of the primary parcel, the former site of the United State Bakery and the United States Bakery has moved to a new state-of-the-art facility in Glenwood, a few miles east of its old site. The United States Bakery’s new facility has allowed the bakery to expand its operations and retain jobs in Oregon.

The Board and the Emergency Board of the Legislature approved sale of $27.5 million in Article XI-F(1) bonds for acquisition of the various properties. The UO paid approximately $22.2 million to acquire the United State Bakery property and has spent approximately $1.3 million on associated costs and fees. Thus, adequate proceeds exist for this purchase.

Financial Terms of Acquisition:
The UO has agreed to pay owner Peter Kryl $570,000 cash at closing. The property involves two parcels, including one that has an operating 7-Eleven convenience store on site. The UO will receive fee simple title to one title and a quitclaim of Mr. Kryl’s interest in the other parcel that is currently occupied under a lease to another third party. The UO will negotiate separately to acquire all other interests in that parcel. The UO has received a preliminary report resulting from a Phase II Environmental Site
Assessment. The report could not gain access to the 7-Eleven building and was unable to complete that component of the review. However, the report includes results of testing in the area of greatest concern, the site of a previous gasoline station. The site was remediated after a 1998 product line release. In 1990, an underground storage tank (UST) upgrade and relining was completed. The tanks would be removed and other contamination eliminated as part of construction of a new arena. Costs to accomplish this do not appear to be significant. The UO will accept the property “as is” for environmental purposes.

This transaction has been reviewed by Paul Weddle, Special Assistant Attorney General, Oregon Department of Justice.

Staff Recommendation to the Board:
Staff recommends the Board authorize the Vice Chancellor for Finance and Administration or designee to complete the acquisition of the Kryl property consistent with the terms and conditions described and authorize the Board President and Secretary to execute such documents as are necessary for the acquisition.

(Board action required.)
OUS, Approval of OAR 580-055-0000 through 0080, Information Security

Background:
In August 2006, the OUS Internal Audit Division completed a review of OUS information security. This review found that the OUS policy framework did not have comprehensive policies governing information security and recommended that we develop such policies governing campus operations.

Following this review, the Vice Chancellor for Finance and Administration consulted with the chief information officers at the various OUS institutions and received recommendations of staff with expertise and an interest in this area who could serve on a task force to develop policies of this nature. This group, led by Jon Dolan, Associate Director of Network Services at OSU, included Craig Schiller, Chief Information Security Officer at PSU; John Kemp, Senior Security Engineer at UO; and Andy Abbott, Chief Information Officer at OIT. Although this subcommittee was staffed by information technology professionals, it has a broader application to all forms of information on media, including paper copies. This group drafted the following policy framework during the fall term 2006. During this process, they reviewed numerous information security policies in place at other universities and other organizations throughout the nation and discussed various options with colleagues throughout OUS. The initial policy framework was circulated among OUS IT professionals, records managers, and others for review and comment.

Once the policy draft was finalized by this group, it was presented to the OUS CIOs for final discussion and acceptance. After this was completed it was reviewed by the administrative, provosts, and presidents councils. All groups indicated that it seemed comprehensive in scope and although concerns were voiced regarding available resources, disaster recovery/business continuity, and the role of the chief information security officer, all agreed that the policy framework seemed workable assuming that compliance expectations would be reasonable given these constraints and concerns.

On June 22, 2007, a public hearing was held; however, no one attended nor submitted written comment pertaining to the proposed rule.

Staff recommendation to the Board:
Staff recommends that the Board approve the proposed Information Security Policies as set forth below in the administrative rule.

(Board action required.)
DIVISION 55
OUS INFORMATION SECURITY POLICIES

Executive Summary
580-055-0000

(1) OUS has a responsibility to protect its Information Assets, business processes, and follow appropriate laws and regulation relating to information security.

(2) OUS will meet its obligations by each member institution implementing an ongoing information security program.

(3) Each Institution’s President (or designee) will have overall responsibility for institution’s program.

(4) Each Institution will assign Chief Information Security Officer (CISO) duties to a qualified person.

(5) Each Institution’s CISO or equivalent will be responsible for the security program and for ensuring that institutional policies, procedures, and standards are developed, implemented, and maintained.

(6) Each Institution will create Information Systems Policies that cover at a minimum: Classification Standards that at least identify Essential and Highly Sensitive data, processes, and systems; security baselines commensurate with classification; and labeling and handling standards for Highly Sensitive data, processes, and systems.

(7) Each Institution will create Personal Information and User Policies that cover at a minimum: Securing Personally Identifiable Information; Acceptable Use of Computing Resources; employee polices for security-sensitive personnel; and account management policies.

(8) Each Institution will create Security Operations policies that cover at a minimum: a notification and escalation plan for breaches of personally identifiable information, a risk assessment program; and an incident response plan.

(9) Each Institution will create Network and Telecommunications Policies that, at a minimum, ensure that Highly Sensitive Information Assets are in a secured zone on the network and are not transmitted outside of secured zones in clear text.

(10) Each Institution will establish physical security standards that protect Essential or Highly Sensitive Information Assets that are critical to the functioning of the institution and ensure that disposal procedures remove or render sensitive data irretrievable from Hard Drives, Compact Disks, External Memory, PDAs, etc.

(11) Each Institution will establish a Disaster Recovery Plan for Essential Information Assets.

(12) Each Institution will develop awareness and training programs for all Information Asset users regarding Information Security.

(13) OUS Internal Audit will conduct periodic Information Security Policy Audits.

Purpose
580-055-0010

The Oregon University System and its member institutions, collectively referred hereinafter as OUS, have a responsibly to protect information entrusted to them, ensure
the effective operation of business critical processes, and must abide by the security policies established by the State Board of Higher Education as well as laws and regulation at the federal, state, and local level relating to information security. OUS must meet a standard of due care regarding the protection of institutional information assets as well as those belonging to OUS students, faculty members, customers, and research partners.

OUS “Information Assets” include information and systems that are owned by OUS, information that OUS is obligated to keep secure by applicable law or by contract, and information exempt from disclosure under public records laws. OUS Information Assets are found in written, spoken, electronic, printed, magnetic, optical, and other mediums.

The purpose of this policy is to document OUS management’s intent regarding the protection of these Information Assets. It is to be used by each OUS institutions’ management to develop, document, implement, and maintain local information security policy and programs.

**Goals**

**580-055-0020**

OUS member institutions will develop and implement ongoing information security programs and assign clear and appropriate roles and responsibilities to the administration, IT personnel, and institutional community members. The basic objectives are to achieve and maintain:

1. **TRUST**–Ensure that institutions establish a baseline of security that will serve as a basis for the ongoing trust of OUS’ information systems, engender confidence between OUS and its students, faculty members, customers, research partners, and the citizens of the State of Oregon.

2. **INTEGRITY**–Establish the concepts of due care, best practice, and security baselines as the basis for protecting the Information Assets of OUS in a manner commensurate with their sensitivity, value, and criticality to ensure they meet expectations of form, fit, and function.

3. **ACCOUNTABILITY**–Maintain the accountability of information users, preserve management options if there is asset misuse or abuse, ensure security of OUS’ physical assets, and provide for business continuity.

**Authority and Scope**

**580-055-0030**

This policy applies to the Oregon University System as organized and empowered by ORS Chapters 351 and 352 and is specifically authorized under ORS 351.087. This policy is applicable to all OUS member institutions as well as all employees, students, contractors, consultants, agents, and vendors working on their behalf. It is applicable to all OUS Information Assets, regardless of form or media. It applies to information gathering, protection, use, processing, storage, communications, and transit.

OUS Member Institution policies, procedures, standards, and work instructions are required to comply with this policy.
580-055-0040  
Roles and Responsibilities
(1) The OUS Chancellor shall have overall oversight responsibility for the provisions of this policy.
(2) The OUS Chief Information Security Officer (CISO) shall have responsibility to develop, implement, maintain, and monitor compliance with this policy.
(3) Each member institution’s President shall have overall oversight responsibility for institutional provisions set forth in this policy.
(4) Each member institution’s Chief Information Officer (CIO), or equivalent, shall be responsible for ensuring that institutional policies are developed in accordance with this policy.
(5) Each member institution shall designate a CISO or equivalent. The institutions’ CISO shall be responsible for the member institution’s security program and for ensuring that institutional policies, procedures, and standards are developed, implemented, and maintained.
(6) All university community members have a responsibility to help ensure security of the Institution’s Information Assets.

Institutional Policy Requirements  
580-055-0050
(1) Security Management
(a) Each member institution shall establish an ongoing information security program and assign clear and appropriate roles and responsibilities to their Administration, CIOs (or equivalent), CISO (or equivalent), and all local University community members. The President of each member institution (or their designee) will be responsible for establishing the program and ensuring that it is effective.
(b) Each member institution should create clear and consistent policy in accordance with their information security program that outline general information security operations including such things as risk assessment procedures, incident response responsibilities, security testing, and day to day security compliance. The specifics of those policy requirements are outlined in the following sections.
(2) Information Systems Security
(a) Information Systems are composed of three major components: data, applications, and infrastructure systems. All three must be addressed in order to ensure overall security of these assets. OUS member institutions should establish policy, procedures, security controls, and standards that govern these assets. These policies should ensure that fundamental security principles, such as those documented as pervasive principles in the Generally Accepted Information Security Principles or those generally incorporated into the COBIT framework, are established and maintained.
(b) At a minimum, each member institution shall establish:
(A) Information system classification standards. These standards shall ensure that Essential and/or Highly Sensitive data, applications, and infrastructure systems are identified and standards for handling them are developed. Member institutions may deem it appropriate to establish multiple levels of sensitivity or criticality.
(B) Security baselines for information systems. Security Baselines are a minimum set of operational guidelines that affect the relative security of an Information Asset. Baselines shall be appropriate to the level of sensitivity and criticality of the systems and ensure that the due care and best practice principles are met.

(3) User and Personal Information Security
   (a) Everyone interacting with information assets has a responsibility to ensure the security of those assets. Each member institution must create policies that articulate the rights, responsibilities, and roles of anyone interacting with Information Assets. Policies must take into account federal, state, and local laws, as well as other institutional policies. For example, FERPA requirements will require attention when dealing with student records and HIPPA requirements will require attention when dealing with health information. Policies should be made readily available to all interested parties.
   (b) At a minimum each member institution shall establish:
      (A) Personal Information Policies. Member institutions are required to specifically define procedures for dealing with personally identifiable information. Information, such as social security numbers, credit card numbers, and driver’s license information, is naturally sensitive and appropriate steps should be taken to protect the privacy of this type of information.
      (B) Acceptable Use Policies. Member institutions are required to develop policies that define the parameters of acceptable use for all users of information resources within the organization. These policies must ensure that the use of Information Assets:
         (i) is consistent with standard security practices;
         (ii) ensure that those resources operate effectively; and
         (iii) that appropriate laws relating to Information Assets are followed. For example, these policies may include user resource use limitation, definitions of inappropriate behavior, copyright restrictions, commercial use restrictions, and confidentiality requirements. These policies should also include definitions of enforcement mechanisms in case of violation. Member institutions shall make it clear that prior notification is not a requirement for applicability of the policy and they shall clearly state that there should be no expectation of privacy while using institutional resources.
      (C) Security Sensitive Personnel Policies. Employees that have access to essential or highly sensitive data and processes should be designated as serving in critical or security-sensitive capacities as per OAR 580-023-0005 through 580-023-0065 and be subject to the appropriate employment policies of the institution.
      (D) Account Management Policies. Member institutions are required to develop policies that ensure appropriate management of user accounts. These policies shall:
         (i) establish and maintain accountability;
         (ii) timely notification of access changes and terminations;
         (iii) timely response to these notifications; and
         (iv) periodic reconciliation of accounts to active users, privileges, and separation of duty requirements. This includes students, employees, contractors, vendors.
   (4) Security Operations
      (a) OUS member institutions have a responsibility to construct operational standards and policies that ensure due care is taken to secure Information Assets. These operational standards and policies should include reasonable and appropriate
proactive and reactive measures to protect Information Assets from unauthorized access, disruption of normal operations, and that comply with appropriate laws and regulations. In particular, member institutions should provide anti-virus software, a system to distribute current anti-virus definitions, and a security patch management system for commonly used operating systems.

(b) At a minimum each member institution shall establish:

(A) An incident response plan. This plan shall include a threat containment strategy, an intrusion detection system, and a mechanism for tracking and reporting security breaches.

(B) A notification and escalation plan for security breaches involving personally identifiable information. This plan shall include clearly defined criteria used to determine that personally identifiable information has been exposed and has been, or it is reasonably believed to have been, obtained by an unauthorized person. This plan shall also include clear escalation and notification steps when such an event occurs and the means by which the member institution’s administration, OUS’ administration, appropriate law enforcement agencies, and the people that could be identified by the information in question, are notified of the breach.

(C) An ongoing risk assessment program. This program should regularly identify and track all Essential and/or Highly Sensitive Information Assets and verify that the appropriate security baseline is in place and being followed with respect to those Information Assets.

5) Network and Telecommunications Security

(a) OUS member institutions have a responsibility to ensure secure management of their local networks. Member institutions should have the ability to control who connects to their networks, the ability to create secure zones with restricted access on their networks, and be able to ensure the effective operation of their networks.

(b) At a minimum each member institution shall establish:

(A) Secured Zones for Essential and Highly Sensitive Information Assets. These zones shall be created by employing standard network technology to restrict access at the network level to authorized personnel only.

(B) Policies that prohibit transmission of unencrypted Highly Sensitive data outside of secured zones.

6) Physical and Environmental Security

(a) Each member Institution should establish procedures for the physical protection of its Information Assets. Protection of physical equipment or of software and data residing on storage media, from theft, loss, damage, or improper use should be addressed. Particular attention must be paid where access to or function of Essential or Highly Sensitive Information Assets is concerned; however, member institutions should also consider physical security for computers and other local Information Assets housed in departmental work areas or under departmental control, such as laptop computers, PDAs, etc. Member institutions should adopt policies that only allow Highly Sensitive data to be permanently retained on portable equipment if protective measures, such as encryption, are implemented that safeguard the confidentiality and integrity of the data in the event of theft or loss of the portable equipment.

(b) At a minimum, member Institutions shall develop policies and procedures to:
(A) Protect physical areas containing Information Assets that represent Essential or Highly Sensitive information systems that are critical to the functioning of the institution.

(B) Ensure that disposal procedures remove or render sensitive data irretrievable from hard drives, compact disks, external memory, PDAs, etc.

(c) In addition, physical inventories of equipment should be completed and maintained in accordance with section 55.100 of the OUS Fiscal Policy Manual.

(7) Disaster Recovery

(a) As part of ongoing business continuity planning, member institutions are responsible for preparing, periodically updating, and regularly testing a campus Disaster Recovery Plan. This plan should address recovering from a disaster that renders Essential Information Assets unavailable for an unacceptable period of time. Such a Disaster Recovery Plan should establish the frequency of testing member institution disaster recovery procedures. Member institutions should ensure that any local operations procedures are coordinated with overall institutional disaster preparedness plans.

(8) Awareness, Education, and Training

(a) Member institutions are required to develop methods for increasing the level of awareness of information security issues among their constituents. Awareness and training programs may be carried out using a number of different approaches, including document distribution, software distribution, web publishing, and internal or external training sessions. These programs should be carried out on a regular basis and they should be periodically reevaluated in order to assess their effectiveness.

(b) At a minimum, users should be made aware of their roles and responsibilities within the organization as they relate to the security of Information Systems. Users should also be informed of all policies and procedures that may apply to them. Contact information for central IT Security personnel, as well as department IT personnel, should be made available. Users should be informed of whom to contact and appropriate measures to take in the event of a security incident. Policies and procedures should be made readily available in accessible locations.

(c) Educational or training materials should be made available in order to educate users on standard security practices. Training on basic computer security concepts should be provided. These concepts include the following: operating system patching, built-in firewalls, anti-virus software, password management, and browser and e-mail security. Additional training should be offered in areas that are of particular concern to the institution.

Policy Review Process
580-055-0060
The OUS CISO will review this policy annually to ensure that it complies with applicable law and Board Policies. Should this policy be revised, the CIOs (or equivalent) of each member institution will be notified to ensure local policies are reviewed and revised as appropriate.
Audit

580-055-0070
The OUS internal audit office has the authority to conduct periodic information security policy audits using the COBIT framework or suitable substitute to ensure compliance and notify each member institution of any noted deficiencies.

Glossary

580-055-0080
(1) Anti-Virus – Programs that identify malicious code installed on computers without the owner/operator’s knowledge or consent.
(2) Applications – Computer programs that collect, process, or otherwise manipulate data.
(3) Best Practice – Generally accepted industry practices that have been broadly adopted and considered standard.
(4) Built-in Firewall – Functions within the local operating system of a computer that limit what other machines on the network can connect to it.
(5) Business Continuity – The ability for business processes and functions to continue and for an organization to continue to function despite emergencies, major disruptions, etc.
(6) CIO – Chief Information Officer. The executive level position in an organization that is generally in charge of the Information Technology division and is responsible for the overall IT operations of an organization.
(7) CISO – Chief Information Security Officer. Generally, the CISO function is one of being responsible for the Information Security Program.
(8) Data – Information stored electronically or in print.
(9) Due Care – The conduct that a reasonable man or woman will exercise in a particular situation in looking out for the safety of others. If one uses due care, then an injured party cannot prove negligence. This is one of those nebulous standards by which negligence is tested. Each juror has to determine what a "reasonable" man or woman would do.
(10) Essential Information Assets – Those Information Assets that are critical to the function of the member institution and without which the normal business functions of the member institution cannot occur.
(11) FERPA – Family Educational Rights Privacy Act. This federal act protects student records, other than directory information, as private information available only to those with an educational need to know.
(12) HIPPA – Health Information Protection and Privacy Act. This federal act protects health records as private information.
(13) Highly Sensitive Information Assets – Those Information Assets that OUS is obligated by law or contract to protect or that represent obviously confidential data that, if released, would represent some actual legal liability to the member institution.
(14) Incident Response – The planned reaction to a breach of security that includes identifying the breach, closing it, and mitigating its effect.
(15) Information Assets – Information and systems that are owned by OUS, information that OUS is obligated to keep secure by applicable law or by contract, and
(16) Information Systems – A collection of computers and processes that interact with each other to manipulate, transmit, and store data.

(17) Infrastructure Systems – Computers and network devices and the operating systems that run them.

(18) Institutional Community Members – Faculty, Staff, Students, Vendors, Visitors, Affiliates, Courtesy Faculty, etc. In short, all persons who have a relationship with the Institution and therefore may interact with Information Assets of the Institution.

(19) Intrusion Detection System – A program or series of programs that watch network traffic and other activities to identify intrusion attempts and compromised machines.

(20) Risk Assessment – In the context of information security, risk assessment is the determination of both the importance of all Information Assets and their likelihood of being accessed by an unauthorized person or of their function being intentionally impaired by someone.

(21) Security Baseline – A minimum set of operational guidelines that affect the relative security of an Information Asset. These guidelines would typically cover such things as firewall settings and network access controls, local permissions, password change policy, operating system patch management, anti-virus policy, and physical access controls.

(22) Security Breach – Theft or unauthorized acquisition of Information Assets by a person that harms or poses an actual threat to the security, confidentiality, or integrity of those assets.

(23) Security Controls – Procedures to follow that help establish and maintain Authentication, Authorization, and Access to Information Assets. These controls include such things as verifying identity, giving access to Information Assets based on job function or duties, network appliances that restrict connections coming from the Internet or unsecured zones, etc.

(24) Threat Containment – Reactive measure to ensure that a security breach is contained to affected systems and that those systems are not able to be used to launch successful intrusion attempts to other systems.

(25) Operating System – The series of programs loaded on a computer that operates it. Common operating systems include Windows, MacOS, and Unix.

(26) OUS Member Institutions – The Chancellor's Office, University of Oregon, Oregon State University, Portland State University, Oregon Institute of Technology, Western Oregon University, Southern Oregon University, and Eastern Oregon University.

(27) Password Management – The practice of creating and maintaining passwords on a system that are not easily guessed, programmatically determined, or otherwise obtained by unauthorized persons. This generally means requiring a base level of complexity in the password and that it is changed on a regular basis.

(28) Personally Identifiable Information – A combination of name and one or more other data elements that could uniquely identify an individual for the purpose of providing restricted access. This term may be formally defined shortly in anti “ID Theft” legislation. Common data elements used in combination with name are: Social Security
number, driver’s license numbers, date of birth, account number (such as credit or debit card number), account passwords (including pass phrases such as mother’s maiden name), identification number issued by a foreign nation, passport number, biometric data, etc.
PSU, B.S. in Environmental Engineering

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

Whereas the Civil Engineering B.S. degree focuses on the infrastructure of society in the areas of structural, geotechnical, transportation, environmental/water resources, and project management, the B.S. degree in Environmental Engineering focuses on the fundamentals of environmental and water resources engineering with recommended tracks in geo-environmental, surface water hydrology and remote sensing, surface and groundwater water quality, groundwater hydrology, and air quality. Many of the required courses in the program are interdisciplinary drawing from the Departments of Chemistry, Mathematics and Statistics, Environmental Science, Physics, and Biology. The PSU Department of Civil and Environmental Engineering has nine faculty and research faculty in the environmental and water resources area. Their research focuses on the natural environment – rivers, lakes, reservoirs, estuaries, near coastal waters, and groundwater aquifers. In the last year this group had approximately $1.5 million in externally funded research.

The objectives of the new program are consistent both with the mission and vision of the University, the College of Liberal Arts and Sciences, the Maseeh College of Engineering and Computer Science, and the Department of Civil and Environmental Engineering. These are shown below:

PSU Mission – “The mission of Portland State University is to enhance the intellectual, social, cultural and economic qualities of urban life by providing access throughout the life span to a quality liberal education for undergraduates and an appropriate array of professional and graduate programs especially relevant to metropolitan areas.”

PSU Vision – “Our vision is to be an internationally recognized urban university known for excellence in student learning, innovative research, and community engagement that contributes to the economic vitality, environmental sustainability, and quality of life in the Portland region and beyond.”

The Department’s vision is compatible with the College’s and University’s vision to provide quality educational programs for professional programs, such as environmental engineering. Providing quality undergraduate education is at the core of the educational objectives of the new B.S. in Environmental Science and Engineering program.

2. What evidence of need does the institution have for the program?

Increasing numbers of students with B.S. degrees in Civil Engineering have preferred a degree only in Environmental Engineering without wanting proficiency in the other discipline areas. Other students, such as in Environmental Science, have
preferred an engineering degree that can offer them a career in environmental engineering. This new degree provides a pathway for these students to excel in an engineering program tailored to Environmental Engineering.

This degree provides training for engineers to preserve the natural environment – an especially important part of our culture in Oregon. Oregon prides itself on its environmental commitments and educating engineers to fulfill this commitment is in-line with meeting the needs of the State, as well as those of the global community. More environmental engineers are needed to improve the quality of life by improving our environment and living in a sustainable manner.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

Even though Oregon State University (OSU) is currently the only other university in Oregon and in the Northwest offering this undergraduate degree in environmental engineering, it is anticipated that this new undergraduate program will draw students from the Portland metropolitan area who would be otherwise unable to commute to OSU or another out-of-state program. The Environmental Engineering degree program at OSU is now housed in a joint department with Chemical Engineering reflecting their research in Environmental Engineering process technology. In contrast, the research at PSU is focused on natural systems (rivers, lakes, reservoirs, estuaries, groundwater systems) and is closely tied to the PSU Environmental Sciences and Resources Department. There has already been considerable interest in this program and every year we get a dozen or more requests for information on such a program. PSU anticipates that they will have between 10-20 students enroll in the first year of the program.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

No new faculty will be needed to implement the program. The staff needs within the CEE Department need to be augmented by .5 FTE within four years. This staff person would be responsible for the increased work-load associated with increased students in the department. No additional resources will be required.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

Recommendation to the Board:
The OUS Provosts’ Council recommends that the Board authorize Portland State University to establish an instructional program leading to a B.S. in Environmental Engineering, effective Fall 2007.

(Board action required.)
PSU, Executive Master in Public Administration

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

Portland State University proposes a new Executive Master in Public Administration (EMPA) degree program designed for those applicants who already possess significant public sector leadership experience. Modeled after similar programs offered in leading U.S. professional schools, the EMPA would admit qualified individuals to a cohort-based 45-credit program offered on a part-time basis and divided into three modules: a 27-credit Public Sector Leadership Core; 12 credits of electives; and a 6-credit capstone requirement. The program expects to admit 15-20 part-time students per year. With a likely three-year completion time, the program expects to graduate 30-40 students in the first five years.

The Hatfield School of Government currently provides leadership training for more than a dozen major public agencies at the federal, state, and local level, as well as major nonprofit organizations. The addition of this new degree will provide an opportunity for program participants to link their agency-sponsored training to a long-term plan for degree. The proposed program thus fits well into PSU’s mission and historic strengths with respect to engagement with public organizations and contributing to the vitality of those organizations.

2. What evidence of need does the institution have for the program?

Demographic changes and large numbers of retirements are creating a major leadership vacuum among mid-career public service professionals who require a different curricular focus than traditional Master of Public Administration programs. Local public agencies have expressed a strong interest in a degree program especially designed for senior leadership preparation, reflecting a growing national trend to develop public service education programs that recognize the unique educational needs of those who occupy positions of leadership.

The proposed EMPA targets experienced managers in public agencies who meet existing graduate admission requirements and have at least ten years of progressive work experience, including positions at the mid-management level. The addition of this new degree directly responds to frequent requests from participants and their sponsoring agencies to link agency-sponsored training to a master’s degree.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

There are no similar programs in the state. This program is unique in targeting existing experienced public managers.
4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

The plan to initiate the program draws on existing faculty resources and existing courses. The program is expected to generate some additional revenues through tuition and fees and will generate some efficiency through increased utilization of existing courses where appropriate. It will not result in program consolidation or elimination.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize Portland State University to establish an instructional program leading to an Executive Master in Public Administration, effective Fall 2007.

*(Board action required.)*
PSU, Graduate Certificate in Urban Design

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

Portland State University proposes a new graduate certificate program offered jointly by the Toulan School of Urban Studies and Planning and the Department of Architecture. The certificate requires 27 credits between the two academic units, including a core of 5 courses and 10 elective credits. The program anticipates approximately 20 graduates in the program each year.

This program will provide a design and physical planning complement to the accredited Master of Urban and Regional Planning degree, a resource for practicing architects and planners, and a post-graduate option for B.Arch recipients and others. This proposal is strongly supported by the Urban Design Committee of the Portland Chapter of the American Institute of Architects and by the Fellows of the American Institute of Certified Planners and will be guided by an advisory committee of community/industry representatives.

The program offers an additional component of the institutional response to PSU’s special urban environment and continues their long tradition of involvement in the planning and design of that environment.

2. What evidence of need does the institution have for the program?

Current graduate planning students and recent graduates have expressed a strong desire for additional training in urban design and are currently seeking out additional educational opportunities at other institutions in and beyond Oregon. Based on recent experience with the Graduate Certificate in Real Estate Development, the program expects approximately 20 students from the MURP to apply to the Graduate Certificate in Urban Design program each year. In addition, the program expects to draw students from Architecture Department graduates and from area planning and architecture firms that have had a close relationship with Portland State.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

There are no similar programs in the state. This program is unique in targeting existing experienced public managers.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?
The plan to initiate the program draws on existing faculty resources and existing courses. The program is expected to generate some additional revenues through tuition and fees and will generate some efficiency through increased utilization of existing courses where appropriate. It will not result in program consolidation or elimination.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize Portland State University to establish an instructional program leading to a Graduate Certificate in Urban Design, effective Fall 2007.

*(Board action required.)*
SOU, Master of Theatre Studies in Production and Design

1. Describe the purpose and relationship of proposed program to the institution’s mission and strategic plan.

This graduate program is effectively aligned with the mission and goals of SOU as a public liberal arts university. This program will play a key role in SOU's designation as a center of excellence in the fine and performing arts by creating an opportunity for secondary school teachers to immerse themselves in the theatrical energy of the local community. Such a program strengthens both SOU's designated area of excellence, Theatre Arts, and its tradition of teacher training.

SOU has piloted the Theatre Teacher Training program as a School Area Degree under the auspices of the School of Arts and Letters at SOU. Start up funding for the pilot program was secured through a FIPSE award. The initial year of the program was 2004.

When looking at the number of student applications and where they are from, it is obvious that this program will meet a need in the field of theatre education on a regional and national level and even serve international demand. Students in the program will already be teachers in an educational theatre setting, so there is also a clear-cut connection to career focused preparation. Another special attribute is SOU's close partnership with the Oregon Shakespeare Festival and the ability of the program to promote standards for theatre production at a professional level.

This program has the potential for major impact in the field of theatre education and teacher training. The pilot program has already been recognized by the North American Association of Summer Sessions with the 2005 Award for the Most Outstanding Credit program and is continuing to achieve further national recognition at conferences and workshops. The strength and breadth of the program can be expected to bring prestige to SOU for years to come.

There is also evidence that this program is having a positive effect at the university within the undergraduate theatre major. Participants from the pilot graduate program have begun sending their strongest students to study at SOU, primarily in theatrical design.

2. What evidence does the institution have of the need of the program?

In 2003, a needs assessment was conducted at the Educational Theatre Association's annual conference. This survey revealed the need for further educational opportunities for high school teachers in the areas of design and technical theatre. It was based on this assessment that the curriculum was developed.
This program is justified as the only graduate level theatre teacher training program in the state that specifically serves working professional theatre teachers and one of only four such master’s programs for theatre teachers in the country. The focus on design and production, the integrated curriculum, the partnership with the Oregon Shakespeare Festival and the integration with distance learning serve to make the program unique on a national level as well. The program meets requirements for both state and national teaching standards, so it serves the needs of teachers at a national and even international level. It is the perfect fit for theatre teachers who are currently employed.

The program can accommodate 20 students in each of its three class levels; over the next five years, the program expects to serve approximately 100 new students.

The increasing number of applications, almost doubling in four years, is evidence of the demand for this program. In the inaugural academic year of 2003-04, there were 28 applicants in the pilot program; in 2004-05, there were 33 applicants; in 2005-06, there were 30 applicants; and for the current academic year of 2006-07, there were 45 applicants for 20 available new placements. The program has enrolled students from all over the country as well as from Korea and Angola.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

No other Oregon university offers a similar program, nor is this unique course of study duplicated in any other state.

There are no other programs in the state that offer an advanced degree for theatre teachers. While professional and academic master’s degrees in theatre are available, none focus on theatre production and design for the theatre educator. While other institutions, including SOU, provide specific curriculum for licensure in theatre education, none provide advanced work focused specifically on the need many current teachers have for theatre studies in production and design. Therefore, no impact is anticipated on other OUS institutions.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

No new resources are needed. The first two year’s expenses for the pilot program were covered by a FIPSE grant and the program is now completely self-supporting. In fact, the program contributes to the Theatre Arts Department budget because the program director’s salary is wholly paid through this program. The director also teaches three classes each year in the undergraduate program and supervises all aspects of Theatre Education, including serving as liaison to the Master of Arts in Teaching program at SOU for students who are focusing on theatre.
All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

Recommendation to the Board:
The OUS Provosts’ Council recommends that the Board authorize Southern Oregon University to establish an instructional program leading to a Master of Theatre Studies in Production and Design, effective Fall 2007.

(Board action required.)
UO, B.A./B.S. in Material and Product Studies and B.F.A. in Product Design

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

The four year B.A./B.S. is firmly seated in the undergraduate liberal arts curriculum of the University of Oregon. Students will complete all Arts and Letters, Science, and Social Science requirements, some of which may also satisfy requirements for the major.

The UO believes that a broad understanding of history, culture, and science, in a context of critical research, is an essential resource for students positioned to become innovators in and interpreters of material culture. The Product and Material Studies major is designed to take advantage of existing coursework offered in the School of Architecture and Allied Arts and UO departments and programs.

2. What evidence of need does the institution have for the program?

Demand for design related courses at the UO is very strong and has been partially met through the curriculum of the program’s limited enrollment – Art (400), Digital Arts program (200), and similarly limited Interior Architecture and Architecture programs (650). Supply, however, falls significantly short of demand. The ability to meet increasing demand has been an ongoing problem and increasingly a significant source of dissatisfaction and complaints from students and their parents.

The Digital Arts program major enrollment has been steady at about 200 for several years. This program admits around 60 students per year, and has turned away between 40-50 applicants each fall for the last three years. The Architecture Department also finds it necessary to turn away students. This program accepts less than 70 percent of the applicants for the combined class of first year architecture and interior architecture students each year.

The unmet demand for art and design-based studies of various scales is an expression and clear evidence of the excellence and desirability of the existing professional design and art curriculums, and demonstrates the need to develop more related programs of study that will better serve demand.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

While Oregon is a national leader in the design industry and a hub for creative communities, there are no other public institutions that offer this course of study in the state of Oregon and very few in the region. Students inspired to pursue design careers in this regional environment that foregrounds excellent, sustainable design will be drawn to prepare for those professions here in Oregon. Those who might
otherwise apply or transfer to schools outside of the Northwest region with more programs in product and industrial design will be encouraged to reconsider. The opportunity of design-related internships in the major and practice in the open courses would further amplify retention and community connection in future years as these programs expand and mature.

4. **What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?**

The existing sources of funds are primarily internal and include tuition and majors fees along with the reallocation of significant resources, including a Knight Professorship. New resources include: (a) recurring support of $100,000 annually from the Provost’s office; (b) Boyle Gift of $300,000 for critical start up funds as well as the Boyle Chair; (c) Provost’s Office bridge funding for the first five years (until the Boyle endowment is able to pay out); (d) fees generated by the Output room and Product Design share (digital imaging services, printing, etc.); and (e) other corporate and individual gifts to the Product Design program.

Although this new program does not directly consolidate or eliminate other programs, School of Architecture and Allied Arts intends to build on the strengths of the two existing curricula, out of which they will develop a program that combines the rigor and responsiveness of design with the wide open forwardness of art.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize the University of Oregon to establish an instructional program leading to a B.A./B.S. in Material and Product Studies and a Bachelor of Fine Arts in Product Design, effective Fall 2008.

*(Board action required.)*
WOU, B.A./B.S. in Criminal Justice

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

The proposed B.S./B.A. degree in Criminal Justice is designed from three existing WOU baccalaureate degree options (Law Enforcement, Corrections, and Community Crime Prevention) to provide a streamlined, comprehensive, quality education to criminal justice majors. By folding the three-track program into a single degree program and adding new courses in law, statistics, and comparative criminal justice, the program will prepare students for employment and service within the criminal justice system; provide them with a more recognizable, marketable, and academically respected degree than the more profession-specific options WOU currently offers; and enhance the likelihood of securing accreditation through the Academy of Criminal Justice Sciences (ACJS), the department’s professional association.

This restructured program proposal aligns with the goals of the College of Liberal Arts and Sciences at WOU, which are to prepare students for life-long learning and societal engagement; to provide an environment where students may develop disciplinary competencies necessary for their chosen career fields; and to provide opportunities for faculty-student mentoring and out-of-classroom learning opportunities. It also characterizes the institution’s overall mission to “support the advancement of knowledge for the public good and maximize individual and professional development.”

2. What evidence of need does the institution have for the program?

The demand for individuals holding a baccalaureate degree in the criminal justice system has been steadily increasing for the last 35 years. There is no indication that this trend will change in the near future. Moreover, there is a pressing need to replace retiring workers each year. During this period, the Criminal Justice Department at WOU has played a critical role in educating and filling the ranks of Oregon’s public servants. The changes WOU proposes will help to continue that tradition.

There are approximately 300 criminal justice majors in the criminal justice program. From this cadre, approximately 55 majors graduate each year. Based on these numbers, it is estimated that 275-plus students will graduate from the program over the next five years. Importantly, the proposed program changes are expected to enhance these numbers because it offers a more recognizable degree while continuing to offer flexibility in elective options.
3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

The program at WOU is the oldest and largest criminal justice program in the state. WOU has about 300 criminal justice majors and graduates about 55-70 students each year. While Portland State University and Southern Oregon University offer B.A./B.S. degrees in Criminology and Criminal Justice, the proposed program changes at WOU will not affect existing relationships with either institution.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

There are no additional costs associated with the proposed restructuring because it simply replaces the existing programs. Efficiencies achieved by the consolidation of three programs into one include increased flexibility for students pursuing the degree and improved recruitment, as well as clarity in publications and general administration of the program.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

**Recommendation to the Board:**

The OUS Provosts’ Council recommends that the Board authorize Western Oregon University to establish an instructional program leading to a B.A./B.S. in Criminal Justice, effective Fall 2007.

**(Board action required.)**
WOU, Undergraduate Certificate and/or Minor in Homeland Security and Community Preparedness

1. Describe the purpose and relationship of the proposed program to the institution’s mission and strategic plan.

In response to national circumstances and market demands, the proposed Undergraduate Certificate and/or Minor in Homeland Security and Community Preparedness will provide students with an educational option designed to prepare them for employment (or enhance their employment) in the various federal, state, and local agencies charged with incident management to prevent, prepare for, respond to, and recover from terrorist attacks, major disasters, and other emergencies. These educational options will complement the programs of study currently offered within the B.A./B.S. degrees in Criminal Justice and Fire Services Administration, in both their on-campus and distance education formats.

The proposed minor and certificate in Homeland Security will expose students to basic and advance concepts of emergency management and disaster preparedness strategies. Importantly, the two concentrations will be offered in partnership with the Western Community Policing Institute (WCPI), which is located on the campus of WOU. WCPI is one of only two programs to receive federal funding for the purpose of presenting Homeland Security training to communities across the nation. The series of five courses for the Certificate in Homeland Security and eight courses for the Minor in Homeland Security will introduce students to the strategies and concepts of homeland security and community preparedness. Students who complete the programs will be prepared to join (or enhance their current utility in) federal, state, and local governments (and collateral agencies) as they work to create vigilant, prepared, and resilient communities for homeland security.

This program proposal aligns with the goals of the College of Liberal Arts and Sciences at WOU, which are to prepare students for life-long learning and societal engagement; to provide an environment where students may develop disciplinary competencies necessary for their chosen career fields; and to provide opportunities for faculty-student mentoring and out-of-classroom learning opportunities. It also characterizes the institution’s overall mission to “support the advancement of knowledge for the public good and maximize individual and professional development.”

2. What evidence of need does the institution have for the program?

Since its establishment in the early 1970s, the Criminal Justice Program at WOU has gained a statewide reputation for excellence in innovative criminal justice education. Hundreds of graduates now serve, or have served, the people of Oregon (and beyond) within the criminal justice system or in other enterprises. The addition of a minor and a certificate in Homeland Security and Community Preparedness is a timely and critical response to national circumstances and market demands. It is
also evidence of WOU’s continuing commitment to provide a rigorous and marketable education to Oregon students seeking employment within the criminal justice system and, specifically, those students who seek to join the ranks of the 180,000 men and women who comprise the Department of Homeland Security (DHS).

The following statement from the DHS summarizes the national demand for qualified employees. “The Department of Homeland Security has unique career opportunities that will challenge your mind and reward your skills and talents. As a Homeland Security employee, you will help secure our borders, airports, seaports and waterways; research and develop the latest security technologies; respond to natural disasters or terrorists assaults; and analyze intelligence reports.” WOU would be one of a small but growing number of institutions currently providing degrees or concentrations in homeland security.

3. Are there similar programs in the state? If so, how does the proposed program collaborate or complement those programs?

There are no programs in Oregon that provide an education in homeland security.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?

WOU will hire two part-time adjunct instructors (employees of the Western Community Policing Institute) to teach the homeland security courses. While significant attendance in these courses is anticipated (in both on-campus and distance education formats), the minor and certificate will be offered only if enrollment warrants continued funding. Regarding revenue enhancements, the certificate option is expected to increase enrollment from working professionals who would not otherwise return to college for miscellaneous coursework, but would be interested in receiving a certificate in homeland security.

All appropriate University committees and the OUS Provosts’ Council have positively reviewed the proposed program.

Recommendation to the Board:
The OUS Provosts’ Council recommends that the Board authorize Western Oregon University to establish an instructional program leading to an Undergraduate Certificate and/or Minor in Homeland Security and Community Preparedness, effective Fall 2007.

(Board action required.)
Optional Retirement Plan Restatement, Trust Agreement Amendment 1

Summary:
The Optional Retirement Plan (ORP) is restated for adoption effective August 1, 2007, to incorporate amendments approved since February 2002 and to clarify certain provisions of the Plan. The Optional Retirement Plan Trust Agreement is amended for adoption effective August 1, 2007, as one step in the implementation of a consolidated operational structure for the two defined contribution plans sponsored by the Oregon University System.

Staff Report to the Board:
Retirement plan providers are required to comply with the provisions of the Plan document in addition to their individual contracts for the provision of investments and services. In preparation for contracting with investment and services providers to the Plan, the ORP plan document is restated to ensure recent amendments are incorporated into the body of the plan document. The Plan restatement and Trust amendment are proposed to assist in contracting and vendor compliance and to clarify existing provisions identified below.

Redesign of the two OUS defined contribution retirement plans’ operational and investment structure has been guided by the provisions of this Plan and these amendments do not substantially change the ORP Plan Document or Trust Agreement.

The Optional Retirement Plan serves 3100 actively employed academic and administrative employees of the Oregon University System. The Plan held active and retiree accounts valued at $240 million as of December 31, 2006. In November 2007, Plan investments and services will consist of three different options for Plan participants. Implementation steps will require additional Board approvals as early as September 2007.

Amendments Included in Restatement:
Amendments 1 and 2 of the 2002 Plan restatement are incorporated into the body of the Plan document. Clarification of and certain additions to existing Plan provisions are proposed as follows:

Section 1.21 Participant Contributions
Specifies that Participant contributions are paid by the employer, through non-elective salary reduction or as employer-funded pick-up contributions under IRC 414(h)(2), to comply with prospective notice requirement of Rev. Rul. 2006-43.

Section 1.24. ORP Administration Committee
The Retirement Committee that serves as Plan administrator is renamed “ORP Administration Committee” to distinguish it from the Retirement Committee that oversee the two defined contribution plans of the Oregon University System.
Section 2.3. Reemployment after Termination
Adopts standard plan definitions to describe the status of an employee who is re-employed after a period as an Inactive Participant. Clarifies how active participation is re-established when a Participant has taken distribution of a vested account.

Section 3.1. Participant Contributions
Before January 1, 2009, the Plan must state in writing that statutorily-required employee contributions are “picked up” by the employer for income tax purposes. This amended section reflects current practice.

Section 3.4. Payment
Prevents interruption of mandatory monthly contributions in the case that a Fund Sponsor is not selected by a Participant or is not available.

Section 4.3. Funding Vehicles
Adds provisions for the newly-available managed accounts and expanded types of default Funding Vehicles. Default options are proposed to include fixed income accounts and lifecycle funds designated by the ORP Administration Committee and Trustees.

Section 4.5. Changing Investments of Existing Balances Between Fund Sponsors
Clarifies original Plan authority to limit, restrict, or require transfer of Participant accounts when in the best interest of the Plan or Participants as a whole. A successor Fund Sponsor is deemed to be a Fund Sponsor selected by the Participant when such a transfer is required by the Plan. A Participant’s right to select another Fund Sponsor is not restricted.

Section 5.9. Loans
Loan provisions are placed under requirements consistent with IRC 401(a) plans. Explicit procedural details for loan approval and administration are deleted. Requires periodic review of Fund Sponsors’ loan procedures and outstanding loan status.

Section 6.2. Forfeitures
Forfeiture effective date is conformed to Sections 4.2, 5.2(d), and 6.2(c). Forfeiture of a non-vested account occurs at termination of employment.

Trust Agreement Amendment 1:
Amendment 1 changes the name of the Retirement Committee to the ORP Administration Committee for conformance with the Plan document.

Section 1.7 conforms the description of funding vehicles to that of the Plan.

Sections 3.3 and 3.4 are amended to defer to the Plan document’s provisions for investment direction.
Staff Recommendati**on to the Board:**
Staff recommends adoption of the restated Optional Retirement Plan Document and Amendment 1 of the Trust Agreement, effective August 1, 2007.

**Appendix (A)**
- August 1, 2007 Restatement, Optional Retirement Plan
- Optional Retirement Plan Trust Agreement, Amendment 1

(Board action required.)
OUS, 2007-2009 Biennial Budget

The Oregon University System’s 2007-2009 biennial operating and capital budgets are summarized in the following to inform Board members of the outcome of the 2007-2009 Legislative Session. This item is for information only at this time as campus allocations for 2007-08 will not be ready for approval until the September 7, 2007 meeting of the Board.

Budget Highlights:
The 2007-2009 budget is a very positive step for higher education and represents a significant reinvestment in Oregon students, our universities, our workforce, and Oregon’s future. This budget signals a major commitment by the legislature to begin to meet Governor Kulongoski’s and the Oregon State Board of Higher Education’s ten-year reinvestment plan to improve student access and affordability, high quality learning, innovative research, and programs directed at economic development and state priorities and initiatives to address workforce shortages in Oregon.

- The legislatively adopted 2007-2009 General Fund budget for the Oregon University System is $870.4 million, an increase of 23 percent or $163.9 million over the 2005-2007 Legislatively Adopted Budget (LAB) of $706.5 million.
  - The 2007-2009 Education and General Program appropriation is $692.7 million, an increase of $125.6 million or 22 percent over 2005-2007 budget of $567.1 million.
  - Funding from Lottery totals $26 million for 2007-2009, a more than doubling of the $11.4 million provided in 2005-2007. This includes lottery funds to pay debt service on lottery bonds and the new allocation of lottery funding for athletic programs and graduate scholarships in OUS.
  - Funding for Statewide Public Services through Oregon State University was provided an additional $5 million above the essential budget level to a total of $110 million, compared to the 2005-2007 budget of $94.3 million.

- A total of $561 million was provided for 2007-2009 capital construction, repair, and deferred maintenance funding, an increase of almost 37 percent or $151 million from the 2005-2007 investment of $410 million. This represents the largest capital budget seen in decades for OUS and is a doubling of the state funding portion provided in 2005-2007 (see page 77 for details on capital). This includes $28 million in state General Funds, included in the General Fund budget total cited above.

- The total 2007-2009 OUS budget, including state funding, tuition revenue, auxiliary, grants, contracts, donations, and other funding, totals $4.9 billion, an increase from the 2005-2007 funding of $4.6 billion.

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1 Education and General Program (E&G), a subset of the General Fund, is made up of core campus funding, such as undergraduate and graduate instruction. Besides E&G funds, the General Fund includes funding for Statewide Public Service programs and capital construction funds related to academic modernization and repair.
The amounts displayed above are the budgets as initially approved by the legislature as of the end of each respective legislative session. After the start of the 2005-2007 biennium, the legislature allocated an additional $31.0 million of General Fund to OUS for compensation increases. The state’s 2007-2009 Emergency Fund budget includes a reserve for statewide compensation increases of $125 million and OUS typically receives approximately 25 percent of this fund; thus, assuming that the economy continues as projected and no major emergencies are encountered, it is anticipated that OUS would receive approximately $31.25 million from this reserve for compensation increases sometime next year when this fund is allocated by the legislature.

Reconciliation of OUS Operating Budget Request to the Governor’s Requested Budget to the Legislatively Adopted Budget:

<table>
<thead>
<tr>
<th></th>
<th>Agency Recommended Budget</th>
<th>Governor’s Recommended Budget</th>
<th>Legislatively Adopted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential Budget Level (EBL)</td>
<td>$800,499,857</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to EBL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DAS Analyst adjustments</td>
<td>$334,838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital repair moved to capital budget</td>
<td>($12,162,015)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. EBL</td>
<td>$800,499,857</td>
<td>($11,827,177)</td>
<td>$788,672,680</td>
</tr>
<tr>
<td>Policy Packages:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POP 101 part a - Regional University Support</td>
<td>$13,000,000</td>
<td>($4,000,000)</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>POP 101 part b - Faculty Salaries*</td>
<td>$29,000,000</td>
<td>($21,000,000)</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>POP 101 part c - Student:Faculty Ratios</td>
<td>$16,960,000</td>
<td>($10,100,000)</td>
<td>$6,860,000</td>
</tr>
<tr>
<td>POP 101 part d - Facilities Maintenance**</td>
<td>$58,000,000</td>
<td>($58,000,000)</td>
<td>$0</td>
</tr>
<tr>
<td>POP 101 part e - Enrollment Growth</td>
<td>$16,000,000</td>
<td>($1,400,000)</td>
<td>$14,600,000</td>
</tr>
<tr>
<td>POP 101 part f - EBL Utility Increase</td>
<td>$2,200,000</td>
<td>$0</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>POP 101 part g - EBL (Employee FTE Mix Change)</td>
<td>$1,582,116</td>
<td>($1,582,116)</td>
<td>$0</td>
</tr>
<tr>
<td>POP 301 - Healthcare Initiative</td>
<td>$7,396,000</td>
<td>$0</td>
<td>$7,396,000</td>
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<tr>
<td>POP 302 - ETIC</td>
<td>$34,440,000</td>
<td>($17,440,000)</td>
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<tr>
<td>POP 301 - Statewide Public Services</td>
<td>$15,000,000</td>
<td>($5,500,000)</td>
<td>$9,500,000</td>
</tr>
<tr>
<td>POP 303 - Information Systems***</td>
<td>$837,000</td>
<td>$0</td>
<td>$837,000</td>
</tr>
<tr>
<td>POP 304 - Service to Rural Oregonians</td>
<td>$4,630,000</td>
<td>($3,030,000)</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>POP 306 - Transportation Center</td>
<td>$2,000,000</td>
<td>($2,000,000)</td>
<td>$0</td>
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<tr>
<td>POP 307 - Veterinary Diagnostic Lab</td>
<td>$1,575,000</td>
<td>($1,575,000)</td>
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<tr>
<td>POP 308 - Institute for Ecosystem and Climate Change</td>
<td>$800,000</td>
<td>($800,000)</td>
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<tr>
<td>POP 454 Risk Management</td>
<td>$600,000 ($600,000)</td>
<td>($600,000) ($600,000)</td>
<td>$0</td>
</tr>
<tr>
<td>Institute for Natural resources</td>
<td>$250,000 ($250,000)</td>
<td>$250,000 ($250,000)</td>
<td>($50,000) ($50,000)</td>
</tr>
<tr>
<td>Oregon Solutions</td>
<td>$1,500,000 ($1,500,000)</td>
<td>$1,500,000 ($1,500,000)</td>
<td>$700,000 ($700,000)</td>
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<tr>
<td>New Leadership Oregon</td>
<td>$0 $0 $0</td>
<td>$0</td>
<td>$150,000 $150,000</td>
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<tr>
<td>PERS and AG Reduction</td>
<td>$0 $0 $0</td>
<td>$0</td>
<td>($1,152,982) ($1,152,982)</td>
</tr>
<tr>
<td>Funding for Capital Budget</td>
<td>$28,327,500 ($28,327,500)</td>
<td>$28,327,500 ($28,327,500)</td>
<td>$0</td>
</tr>
<tr>
<td>Investment Earnings offset</td>
<td>$16,000,000 ($16,000,000)</td>
<td>$16,000,000 ($16,000,000)</td>
<td>$0</td>
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<tr>
<td>Lottery Reduction by DAS</td>
<td>($4,900,000) ($4,900,000)</td>
<td>$0</td>
<td>($4,900,000) ($4,900,000)</td>
</tr>
<tr>
<td>Lottery Increase</td>
<td>$7,559,165 $7,559,165</td>
<td>$7,559,165 $7,559,165</td>
<td>($798,026) ($798,026)</td>
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<tr>
<td>Debt Service</td>
<td>$6,607,373 ($6,607,373)</td>
<td>$0</td>
<td>($6,607,373) ($6,607,373)</td>
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<tr>
<td>Lottery Debt Service</td>
<td>$8,479,436 $8,479,436</td>
<td>$8,479,436 $8,479,436</td>
<td>$3,761,139 $3,761,139</td>
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<tr>
<td>Policy Package Subtotal</td>
<td>$204,020,116 ($134,138,515)</td>
<td>$69,881,601 $37,869,316</td>
<td>$107,750,917 $107,750,917</td>
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<tr>
<td>Remove Comp Package for faculty from ARB POP 101*</td>
<td>($16,500,000) ($16,500,000)</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Capital Repair in GF ($58M in POP, $12.2M in EBL)**</td>
<td>($38,000,000) ($38,000,000)</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Adjusted Policy Package Requests</td>
<td>$129,520,116 ($59,638,515)</td>
<td>$69,881,601 $37,869,316</td>
<td>$107,750,917 $107,750,917</td>
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<tr>
<td>Total General Fund and Lottery Fund Budget</td>
<td>$930,019,973 $858,554,281</td>
<td>$896,423,597 $896,423,597</td>
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</tr>
</tbody>
</table>

* Additional funding for salaries to come from compensation reserve in the Emergency Fund - estimated at $31.25 million for all OUS employees
** Capital repair funding requested in both operating and capital budgets - this adjustment removes it from the operating budget
*** Includes $600,000 of carry-forward from 2005-07
A comparison of the Legislatively Adopted Budgets for 2005-2007 to 2007-2009 are shown below:


<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Lottery</th>
<th>Other Funds Limited</th>
<th>Total Limited Funds</th>
<th>Nonlimited Funds*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2005-2007 LAB</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SB 5153-B Operating Budget</td>
<td>$689,760,525</td>
<td>$11,417,524</td>
<td>$1,476,109,901</td>
<td>$2,177,287,950</td>
<td>$2,416,936,637</td>
<td>$4,594,224,587</td>
</tr>
<tr>
<td>SB 5514-A Capital Budget</td>
<td>$14,796,329</td>
<td>$0</td>
<td>$0</td>
<td>$14,796,329</td>
<td>$0</td>
<td>$14,796,329</td>
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<tr>
<td>SB 5153-B Data Project</td>
<td>$2,081,250</td>
<td>$0</td>
<td>$0</td>
<td>$2,081,250</td>
<td>$0</td>
<td>$2,081,250</td>
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<tr>
<td>HB 5176-A Assessment Adjustments</td>
<td>($120,330)</td>
<td>$0</td>
<td>$0</td>
<td>($120,330)</td>
<td>$0</td>
<td>($120,330)</td>
</tr>
<tr>
<td></td>
<td><strong>$706,517,774</strong></td>
<td><strong>$11,417,524</strong></td>
<td><strong>$1,476,109,901</strong></td>
<td><strong>$2,194,045,199</strong></td>
<td><strong>$2,416,936,637</strong></td>
<td><strong>$4,610,981,836</strong></td>
</tr>
</tbody>
</table>

* The Non-limited budget was subsequently reduced by $278.4 million due to adjustment to bring it more in alignment with actual revenues.

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Lottery</th>
<th>Other Funds Limited</th>
<th>Total Limited Funds</th>
<th>Nonlimited Funds*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007-2009 LAB</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SB 5515 - Operating Budget</td>
<td>$841,936,847</td>
<td>$25,982,232</td>
<td>$1,741,462,413</td>
<td>$2,609,381,492</td>
<td>$2,228,003,414</td>
<td>$4,837,384,906</td>
</tr>
<tr>
<td>HB 3543 - Climate Center</td>
<td>$180,000</td>
<td>$0</td>
<td>$0</td>
<td>$180,000</td>
<td>$0</td>
<td>$180,000</td>
</tr>
<tr>
<td>HB 2115 - Forest Harvest Tax</td>
<td>$0</td>
<td>$0</td>
<td>$700,000</td>
<td>$700,000</td>
<td>$0</td>
<td>$700,000</td>
</tr>
<tr>
<td>SB 5549 - Or. Sol./PSU Leadership</td>
<td>$1,150,000</td>
<td>$0</td>
<td>$0</td>
<td>$1,150,000</td>
<td>$0</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>SB 5516 - Capital Budget</td>
<td>$28,327,500</td>
<td>$0</td>
<td>$0</td>
<td>$28,327,500</td>
<td>$0</td>
<td>$28,327,500</td>
</tr>
<tr>
<td>SB 5549 - Statewide Assessment Adj.</td>
<td>($1,152,982)</td>
<td>$0</td>
<td>($1,152,982)</td>
<td>($1,152,982)</td>
<td>$0</td>
<td>($1,152,982)</td>
</tr>
<tr>
<td></td>
<td><strong>$870,441,365</strong></td>
<td><strong>$25,982,232</strong></td>
<td><strong>$1,741,462,413</strong></td>
<td><strong>$2,638,586,010</strong></td>
<td><strong>$2,228,003,414</strong></td>
<td><strong>$4,866,589,424</strong></td>
</tr>
</tbody>
</table>

% Change

| 2005-2007 LAB vs. 2007-2009 LAB | 23.20% | 127.56% | 17.98% | 20.26% | -7.82% | 5.54% |
Summary of Legislative Budget Actions:
The OUS operating budget was mostly contained in Senate Bill 5515; however, other bills contained supplemental allocations for the Oregon Solutions project at PSU (SB 5549), the new Leadership program at PSU (SB 5549), The Climate Center at OSU (House Bill 3543) and the Forest Product Harvest Tax (HB 2115). The following is a summary of the major line items and expectations contained in these bills:

Funding for Faculty Salaries – $10.0 million
Funding to increase faculty salaries respective to the System’s peer institutions was increased by $10 million in General Fund appropriation. The funds will be distributed to all campuses and to OSU’s Statewide Public Service programs. The Subcommittee adopted the following budget note regarding its expectations for this distribution:

“Institutions shall use the funds allocated to them from the $10 million approved in this package to move faculty compensation rates closer to peer levels, and thereby maintain institution quality, recruit and retain high-quality faculty, and promote academic excellence for students. The Department shall include information on the impact of this funding on measures of campus performance in its budget request to the 2009 Legislative Assembly.”

Funding for Reducing the Student: Faculty Ratio – $6.9 million
An increase of $6.9 million was provided to hire new faculty on campuses where the existing student:faculty ratios exceed peer levels. The Subcommittee adjusted hiring dates for new positions to ensure that there would be no phase-in costs as part of the 2009-11 Essential Budget Level (see Roll-Up Costs Budget Note below).

Funding for Enrollment Growth – $20.6 million:
An additional $20.6 million General Fund was provided to support costs associated with increasing enrollments in the University System. The Subcommittee discussed distribution of General Fund to campuses under the Resource Allocation Model (RAM) and adopted the following budget note to express its expectations:

“The Subcommittee understands that beginning in the 2009-2011 biennium, the Department will distribute General Fund appropriated for Undergraduate and Graduate Cell funding in the Resource Allocation Model on the basis of actual fundable student FTE counts for the fiscal year of the distribution. This may include adjustments designed to settle up fiscal year allocations once final fundable student FTE counts are known.”

Funding for Regional Universities – $9.0 million:
An increase of $9 million General Fund was approved to support the Education and General services programs at the regional and branch campuses, including: Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, and the OSU Cascades Campus.
Funding for Engineering and Technology Industry Council investments – $15.0 million:
Funding for the Engineering Technology and Industry Council (ETIC) program was increased by $15 million General Fund and $11.8 million Other Funds (Certificates of Participation–COPs). These amounts supplement the $22.3 million General Fund in the essential budget for ETIC initiatives. The Subcommittee directed that the additional General Fund be distributed as follows (based on recommendations of the ETIC Board):

- OSU, $11.5 million
- PSU, $2.5 million
- UO, $530,000
- Held for eventual distribution, $490,000

Funding for Utility Costs – $2.2 million:
An increase of $2.2 million General Fund was approved to support the increasing costs associated with utilities at the campuses and OSU’s Statewide Public Services.

Funding for Statewide Public Services – $5.0 million:
An increase of $5.0 million General Fund was approved to enhance the services provided by OSU’s Statewide Public Services.

Health Professions Programs – $7.396 million
An increase of $7.4 million General Fund was approved to support OIT as they expand health professions programs and for some of the other regional universities to expand pre-nursing programs.

Other Funding for Discrete Items:
This funding will be allocated in a manner consistent with how it was requested or authorized. These line-items include the following:

- OSU – Veterinary Diagnostic Lab, $750,000
- OSU – Institute for Natural Resources, $200,000
- OSU – Climate Center, $180,000
- PSU – Oregon Solutions Project, $2.2 million
- PSU – Leadership Institute, $150,000
- EOU – Rural Access, $580,000
- OUS – IDTS, $1.4 million ($800,000 new funding combined with $600,000 carry-forward)

Other Legislative Expectations:
In addition to the Budget notes referenced above, the legislature also expressed expectations for OUS through the following additional budget notes:

Tuition Increases:
The adopted budget projects net tuition and fee revenues of $1 billion for the 2007-2009 biennium. The Subcommittee expects tuition rate increases for resident undergraduate students, excluding students enrolled at Western Oregon University, to average 3.4 percent each year of the biennium. The Department
shall report to the interim Joint Committee on Ways and Means or Emergency Board prior to any State Board of Higher Education approval of tuition and fee rate increases that would result in average increases for resident undergraduate students, excluding students enrolled at Western Oregon University, exceeding these amounts. The Subcommittee further expects the Department to limit resource fee (including energy surcharge fee) revenue to no more than 8.6 percent of gross tuition revenue.”

This language is consistent with the Board’s expectation to limit tuition increases to the projected change in median family income each year. WOU was exempted from this note due to the implementation of the Western Tuition Promise program discussed and approved by the Board in the fall of last year.

Roll-up Costs:
“The approved budget for all programs supported by General Fund and Lottery Funds expenditures fully funds these programs in the 2007-2009 biennium. The Subcommittee understands that Essential Budget Level (EBL) calculations for the 2009-11 biennium budget will not include General Fund or Lottery Funds phase-in adjustments. Notwithstanding this, the Subcommittee understands that a General Fund phase-in adjustment will be included in the EBL calculation for the Faculty Salary Catch-Up package. This phase-in shall be calculated on the basis of package funds being distributed through two equal salary percentage increases awarded on July 1 of each year in the 2007-2009 biennium.

This note makes it clear how these budget adjustments will be rolled up in 2009-2011. Although the Governor’s Office had approved use of the student:faculty ratio funding year two only (thus rolling up to twice the amount in 2009-11), the legislature rejected this notion via this budget note.

Other Miscellaneous Expectations:
In addition, there is a Legislative expectation that OUS will provide LERC with $188,000 above the essential budget level for 2007-2009.

Legislative Concepts:
As you will recall, three Legislative concepts were approved by the Governor’s Office for consideration by the legislature. The legislative disposition of these concepts are shown below:

HB 2198 – Interest Earnings:
The impact of HB 2198, which would allow OUS to retain interest earning on its cash balances, was discussed by the Subcommittee. The Subcommittee did not approve the shift of $16 million from General Funds to Other Funds needed to implement the bill in the 2007-2009 biennium on a budget-neutral basis. The following budget note was adopted regarding potential changes in fund management:
“The Department shall assist the State Treasurer and the Legislative Fiscal Office in an examination of the management and investment of Department funds, and in the development of fund management policy proposals designed to optimize outcomes to both the state General Fund and the Oregon University System. The report findings and policy proposals shall be presented to the interim Joint Committee on Ways and Means or Emergency Board no later than January 1, 2008.”

HB 2199 – Variable and Synthetic Fixed Rate Debt:
This bill was approved by the legislature and OUS now has the authority to sell bonds using a variable or synthetic fixed rate debt. We will be bringing some proposed changes in the OUS Debt Policies needed to enact this legislation to the Board in the near future.

SB 152 – Aggregate Capital Budgets for Self-Supporting Projects:
This bill did not receive a hearing and died in committee.

Capital Budget:
The OUS Capital budget (SB 5516) represents a significant milestone for OUS with an approved budget of $561.4 million, up from $410.3 million in 2005-2007 (an increase of 36.8 percent). Deferred maintenance, capital repair, and new facilities investments of $561 million in this budget will enable our universities to update and upgrade science and engineering labs; expand classroom capacity to ensure student access and ability to get the classes and courses they need to graduate on time; improve student safety; preserve and improve current instructional space and research facilities; maintain quality teaching, learning, and research environments that prepare students for the workforce; and maintain both historical and contemporary capital assets of the state.

- This 37 percent increase will enable the OUS to reduce the $640 million in deferred maintenance by almost $60 million (net current and next biennium), meet critical repair needs, build and modernize classrooms and laboratories.
- This capital investment will have a significant impact on economic development in Oregon over the next several years, including:
  o Creating more than 11,800 jobs across the state
  o Providing a $1.25 billion economic output of goods and services through these capital projects
  o Providing $398.6 million in increased earnings for Oregonians.
A detailed listing of approved projects categorized by funding source is shown below:

### OUS Capital Priorities 2007-2009

#### Total Projects Approved in SB 5516

<table>
<thead>
<tr>
<th>Project Description</th>
<th>General Fund</th>
<th>XI-G Bonds</th>
<th>Lottery Bonds</th>
<th>SELP Loans</th>
<th>Total State Funding</th>
<th>XI-F Bonds</th>
<th>COPs</th>
<th>Other Funds</th>
<th>Total Campus Funding</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU - Inlow Hall DM/Seismic</td>
<td>$1,312,000</td>
<td>$1,312,000</td>
<td>$0</td>
<td>$3,618,000</td>
<td>$6,242,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$6,242,000</td>
</tr>
<tr>
<td>OIT - Ctr. For Health Professions</td>
<td>$0</td>
<td>$5,500,000</td>
<td>$0</td>
<td>$0</td>
<td>$5,500,000</td>
<td>$0</td>
<td>$0</td>
<td>$14,500,000</td>
<td>$14,500,000</td>
<td>$20,000,000</td>
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<tr>
<td>OSU - Nash Hall DM/Seismic</td>
<td>$3,776,000</td>
<td>$3,776,000</td>
<td>$0</td>
<td>$6,824,000</td>
<td>$14,376,000</td>
<td>$0</td>
<td>$0</td>
<td>$1,198,000</td>
<td>$1,198,000</td>
<td>$15,574,000</td>
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<tr>
<td>OSU - National Wave Energy Research Ctr.</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$0</td>
<td>$0</td>
<td>$3,000,000</td>
<td>$0</td>
<td>$0</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
<td>$6,000,000</td>
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<tr>
<td>OSU - Pauling Research &amp; Educ. Bldg</td>
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<td>$31,256,035</td>
<td>$0</td>
<td>$0</td>
<td>$31,256,035</td>
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<td>$0</td>
<td>$31,256,035</td>
<td>$31,256,035</td>
<td>$62,512,070</td>
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<tr>
<td>PSU - Lincoln Hall DM/Seismic</td>
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<tr>
<td>PSU - Science Bldg II DM/Seismic</td>
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<td>$10,992,000</td>
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<td>$0</td>
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<td>$26,309,000</td>
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<tr>
<td>PSU - Science Res &amp; Teach Ctrl/Haz Waste</td>
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<td>$9,500,000</td>
<td>$0</td>
<td>$0</td>
<td>$9,500,000</td>
<td>$0</td>
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# OUS Capital Priorities 2007-2009
## Total Projects Approved in SB 5516 (continued)

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<td>$327,836,443</td>
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A comparison of the capital budgets from 2005-2007 to 2007-2009 by funding category is shown below:


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<th>State Energy Loan Program</th>
<th>Total State</th>
<th>Article XI-F(1) Bonds</th>
<th>Certificates of Participation</th>
<th>Other Funds</th>
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<tr>
<td>New Construction</td>
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<td>$11,796,329</td>
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<td>$0</td>
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<td>$114,947,658</td>
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<td>$0</td>
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<td>$83,100,000</td>
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<tr>
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<td><strong>Totals - 2007-2009</strong></td>
<td>$28,327,500</td>
<td>$117,583,535</td>
<td>$50,000,000</td>
<td>$37,605,000</td>
<td>$233,516,035</td>
<td>$159,683,400</td>
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<td>16.46%</td>
<td>36.81%</td>
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</table>
Other Related Legislative Investments in Affiliated Entity Budgets:
There were two other budgets that will have an effect on OUS: 1) the approval of the shared responsibility model and increased funding for the Oregon Opportunity Grant program in the Oregon Student Assistance Commission budget will provide additional financial assistance to enhance access and affordability for OUS students; and 2) the approval of the budget for the Oregon Economic and Community Development Department will involve faculty from many OUS institutions in economic development activities. A brief discussion of these two items follows.

Oregon Opportunity Grant funding was increased to $106 million, an increase of almost 36 percent over the $78 million appropriated in 2005-2007 and a 240 percent increase over the $44 million provided in 2003-2005. Called the Shared Responsibility Model, this new version of the Oregon Opportunity Grant shares college cost responsibilities among the student, family, federal, and state governments to provide a greater level of relief to reduce costs and borrowing for Oregon’s neediest students. This increase will allow more eligible full- and part-time resident undergraduate students at public institutions, an estimated additional 7,000 students above the 25,000 served today, to qualify for the Oregon Opportunity Grant, with awards based on the student’s and family’s level of need. The income ceiling was raised from $30,000 to as much as $60,000 (subject to family factors; e.g., the number of dependents), enabling more moderate-income families to qualify for grants. This funding is in the Oregon Student Assistance Commission budget.

In addition, the budget for the Oregon Economic and Community Development Department contains funding for investment in emerging industry clusters through the Oregon Innovation Council (Oregon InC) that will be supported by OUS faculty and research institutes as follows:

- $9 million for the Oregon Nanoscience and Microtechnologies Institute (ONAMI) to support development of licensable technologies, patents, spin-off companies, and job creation (previously in the OUS budget).
- $5.2 million for the Oregon Translational Research and Drug Development Institute (ORTRADI), a signature research center in support of drug development in the area of infectious diseases.
- $2.5 million for the BioEconomy and Sustainable Technologies Institute (BEST), a signature research center that will support research seed funding for biofuels/bioproducts research to leverage external funding and supplemental research support.
- $2.8 million for the Manufacturing Competitiveness Initiative for collaborative public-private projects for value-added manufacturing processes to increase competitiveness; includes three faculty members.
- $4.2 million for Ocean Wave Energy for production incentives, development of a commercial scale wave park, and research and development, including staff, consulting, and equipment.
- $3.4 million for Food Processing Innovation and Productivity Center for research, development, and training, including staff, consulting, and equipment.
Appendix A

OUS Optional Retirement Plan
First Amendment to OUS ORP Trust Agreement
Appendix B

Minutes
F&A Committee Executive Session, May 15, 2007
1. **CALL TO ORDER/ROLL CALL/WELCOME**

Chair Blair called the meeting to order at 12:05 p.m. The following Committee members were present: Don Blair, Henry Lorenzen, and Tony Van Vliet. Directors Gretchen Schuette, Howard Sohn also attended the teleconference.

**OUS staff present included:** George Pernsteiner, Ryan J. Hagemann, Ben Rawlins, and Marcia Stuart.

**Campus staff included:** Vice President Lindsay Desroches and Ms. Dee Wendler, Portland State University.

2. **DISCUSSION ITEM**

   a. **PSU, Academic and Student Recreation Center (PCAT Redevelopment)**

   The Board convened in executive session pursuant to ORS 192.660(2)(e) for the purposes of discussing negotiations regarding real property transactions. Pursuant to ORS 192.660(6), no final action was taken during the executive session.

3. **ADJOURNMENT**

Chair Blair adjourned the meeting at 12:32 p.m.