Oregon State Board of Higher Education
UNIVERSITY OF OREGON
EUGENE, OREGON

Thursday, February 7, 2008

- Administrative Council, 9 a.m. – 1 p.m., EMU Gumwood Room
- Research Council, 10 a.m. – noon, EMU Century A Room
- Provosts’ Council, noon – 3 p.m., EMU, Maple Room
- President’s Council, 1–3 p.m., EMU Oak Room
- Board visitation, 3–5 p.m., EMU Ballroom lobby

Friday, February 8, 2008

- Board/Faculty Coffee, 7–8 a.m., EMU Maple Room
- Board F&A Committee, 8–10 a.m., EMU Ballroom
- Board Regular Meeting, 10 a.m. – 1:30 p.m., EMU Ballroom
- Small School Working Group, 2:30 – 4 p.m., EMU Maple Room

BOARD FINANCE & ADMINISTRATION COMMITTEE MEETING
ERB MEMORIAL UNION BALLROOM
UNIVERSITY OF OREGON
FEBRUARY 8, 8-10 A.M.

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. ACTION ITEMS

   a. OUS, Managerial Reporting – Quarterly Management Report (Green) ..................... 1
      To request Board acceptance of quarterly management reports dated 12/31/07 that
      monitor the financial activity of the OUS current unrestricted and auxiliary enterprise
      funds.

   b. OUS, Report on Investments – As of December 31, 2007 (Green) ........................... 3
      The investment report for the second quarter of FY 2008 is included with the
      supplemental materials (on file with the Board’s Office).
REGULAR MEETING OF THE STATE BOARD OF HIGHER EDUCATION
ERB MEMORIAL UNION BALLROOM
UNIVERSITY OF OREGON
FEBRUARY 8, 10 A.M. – 1:30 P.M.

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. REPORTS
   a. Chancellor’s Report
   b. Interinstitutional Faculty Senate (IFS) President (Carson)
   c. Oregon Student Association (OSA) Chair

3. CONSENT ITEMS
   a. WOU, M.A. in History............................................................................................... 21

4. ACTION ITEMS
   a. OUS Undergraduate Admission Requirements for 2009-10 Academic Year ......... 23
   b. OUS, Amendments to OAR 580-023-0005 Criminal Background Checks (Hagemann)
c. **OUS, Adopt temporary OAR Divisions 60, 61, 62, and 63; repeal OAR 580-040-0100 and 580-042-0005(1)(f), Division 50, OSU OAR 576-008-0200 through 295; UO OAR 571-040-0010 through 0460; and repeal IMD Sections 6 (6.100-6.103 and 6.150-0.175) and 7 (7.001 through 7.145) (Marlton)................. 35**

Following January’s Board meeting discussion, Board comments and suggested changes from that discussion have been incorporated into the rules and are submitted for Board approval as temporary rules.

d. **OUS, Optional Retirement Plan, Amendment 1 (Yunker) ........................................ 91**

Board adoption of an amendment to permit non-spouse beneficiary rollover distributions of deceased participants’ accounts is requested as Amendment 1 to the 2007 Optional Retirement Plan.

e. **SOU, Revised Mission Statement (Cullinan) ........................................................... 93**

SOU’s revised mission statement is submitted for Board approval.

5. **REPORT ITEM**

a. **Board Schedule and Work Plan – 2008 (Kenton) .................................................... 95**

As requested at the January 2008 OUS Board meeting, a proposed schedule and work plan for the next 12 months is provided.

6. **DISCUSSION ITEMS**

a. **OUS, Legislative Concept Proposals (Kenton) ........................................................ 99**

Concepts for legislative changes are presented for OUS Board consideration for submission in the 2009-2011 legislative process.

b. **OUS, Strategic Planning (Weeks)**

The Board will receive progress reports from the Participation/Completion and Portland Higher Education committees and will discuss progress on other initiatives identified at the Board retreat.

7. **COMMITTEE REPORTS**

a. Standing Committee Reports

b. Other Board Committees

8. **PUBLIC INPUT**

9. **BOARD COMMENTS**
10. **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.”

11. **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.
Oregon State Board of Higher Education

February 8, 2007
University of Oregon
Eugene, Oregon

Board Materials
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- OUS, Undergraduate Admission Requirements for 2009-10 Academic Year .......... 23
- OUS, Adopt Temporary OAR Divisions 60, 61, 62, and 63; Repeal OAR 580-040-0100 and 580042-0005(1)(f), Division 50, OSU OAR 576-008-0200 through 295; UO OAR 571-040-0010 through 0460; and repeal IMD Sections 6 (6.100-6.103 and 6.150-0.175) and 7 (7.001 through 7.145) ........................................ 35
- OUS, Optional Retirement Plan, Amendment 1 ............................................................ 91
- SOU, Revised Mission Statement .................................................................................. 93
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- Appendix A.................................................................................................................. 103
OUS, Managerial Reporting – Quarterly Management Report

Attached are the quarterly management reports as of December 31, 2007. After reviewing the Budget Projections Summary received from each university and comparing prior year results, we noted the following:

**Education and General–Limited:** Revenue collections are projected to be up $75.9 million or 8.1 percent above 2006-07 due primarily to a $48.2 million increase in state funding and a $26.0 million or 5.6 percent increase in tuition and resource fee revenue. The increase in projected tuition and resource fee revenue is primarily due to tuition rate increases and an increase in nonresident undergraduate enrollment.

Revenue collections year-to-date are up 4.7 percent over the prior year due to increased state funding and tuition revenue. Collection of state funding is lagging the prior year due to the receipt of $17.1 million of additional compensation funding from the State in the first quarter of the prior year. Spending is up 8.6 percent year-to-date above the prior year and is projected to be 7.8 percent above 2006-07 at year-end. The increase in spending is primarily due to pay raises, increased supplies and services expenses, and spending related to new targeted programs.

The ending fund balance of Education and General–Limited is projected to be $111.0 million or 11.0 percent of operating revenues, compared to 10.9 percent at the end of the prior year. The projected June 30, 2008 fund balance of Education and General–Limited is within the Board directed reserve level of 5-15 percent.

Although below the Board’s recommended lower threshold of 5 percent, SOU’s fund balance as a percent of operating revenues is projected to be in line with their three-year plan at 4.7 percent. EOU is projected to have an ending fund balance of 5.6 percent of operating revenues consistent with their three-year plan.

The Chancellor’s Office ending fund balance exceeds the recommended reserve level of 5–15 percent of operating revenue. The current year plan projects an ending fund balance of 27.5 percent of operating revenue, which is an 18 percent spend down of the fund balance in the current year with non-recurring items.

The projections presented in this report do not reflect the potential impacts of the Governmental Accounting Standards Board’s Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 generally requires that OUS account for and report the cost and obligations related to postemployment healthcare and other nonpension benefits. An actuarial study has been performed at the State level and the actuarial accrued liability attributed to OUS ranges between $69 million and $86 million for all OUS operations. OUS is currently reviewing the options of recording the liability and its impacts, if any, on these reports.

**Auxiliary Enterprises:** Systemwide, Auxiliary Enterprises is projected to have total revenue of $303.4 million and expenditures of $290.5 million, resulting in $12.9 million
of revenue over expenditures. Unrestricted Net Assets are projected to increase $10.0 million to $71.1 million. Please refer to the explanatory notes on the institution and Chancellor’s Office reports for additional information.

**Designated Operations, Service Departments, and Clearing Funds:** The projected ending fund balance of $27.2 million is $0.9 million or 3.1 percent lower than the prior year. Please refer to the explanatory notes on the institution and Chancellor’s Office reports for additional information.

**Staff Recommendation to the Board:**
Staff recommends that the Board accept the Budget Projections Summary for December 31, 2007. The next management reports for the quarter ending March 31, 2008, are scheduled to be presented to the Board in May 2008.

(Committee action required.)
OUS, Report on Investments – As of December 31, 2007

The investment report for the second quarter of Fiscal Year 2008 is presented below. **The following is a brief summary of the information contained in the report.**

As of December 31, 2007, total OUS investments had a combined market value of approximately $357 million, summarized as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market Value December 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Funds (pooled and separately invested)</td>
<td>$78,799,703</td>
</tr>
<tr>
<td>Donation Funds (including receivables)</td>
<td>67,836,424</td>
</tr>
<tr>
<td>Bond Building Funds</td>
<td>115,695,768</td>
</tr>
<tr>
<td>Bond Sinking Funds</td>
<td>65,966,738</td>
</tr>
<tr>
<td>Auxiliary Enterprise Building Repair and Equipment Replacement Reserves</td>
<td>28,651,319</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$356,949,952</strong></td>
</tr>
</tbody>
</table>

**Higher Education Pooled Endowment Fund–Oregon State Treasury Discussion of Performance:**

Within the portfolio, each equity manager (BGI, Arrowstreet, and Batterymarch) uses a quantitative approach to stock selection. Given the recent market turmoil impacting most all quantitative strategies, each manager underperformed their respective benchmark for the year, which drove down longer term performance as well. It should be noted that the Oregon State Treasury (OST) staff and the Oregon Investment Council (OIC) consultant checked the correlation of excess returns of the quants, specifically, to avoid such coordinated downdrafts. Unfortunately, in a market crisis, correlations trend higher. To dampen this potential impact going forward, OST staff and OIC’s consultant are recommending several enhancements to the equity manager line-up, specifically:

- A shift from a 60/40 domestic/non-US allocation to a 50/50 allocation.
- The introduction of the Alliance Bernstein Global Style Blend to provide manager style diversification.
- The termination of Batterymarch from a small/mid-cap mandate, since the mandate will be reduced from approximately $9.2 million to $3 million in assets after the restructuring.
- The addition of the “Wanger” Acorn Fund to fill the reduced small/mid-cap mandate. Acorn will provide additional style diversification and add a manager with whom we are more comfortable, since they are within OPERF as well.
These changes, taken together, are expected to:

1) Consistently apply the OIC goal of moving towards global equity allocations to all portfolios.
2) Reduce the portfolio’s expected tracking error (approximately 20 percent less active risk than the existing portfolio).
3) Maintain the portfolio’s expected alpha on a slightly higher expected return.

Mike Mueller, Office of the Oregon State Treasurer, will discuss market results and the OST’s recommendation in more detail. The materials presented by the OST to the OIC on January 30th are provided in Appendix A.

**Alternative Investments**

During the quarter, OUS made additional capital contributions totaling $400,000 to the HRJ Capital Growth II Fund. As of December 31, 2007, OUS has contributed $3 million of the total $5 million commitment. There were no new capital contributions to the HRJ Global Real Estate III Fund during this quarter. As of December 31, 2007, OUS has contributed $2 million of the total $4 million commitment.

**Donation and Other Investable Funds**

Donation, bond building, bond sinking, and repair and replacement reserve funds are invested in the OST short-term fund and returned 1.3 percent for the quarter, which exceeded the 91-day T-Bill rate of 1.1 percent.

**Staff Recommendation to the Committee**

Staff recommends the Committee accept the Investment Report as of December 31, 2007.

(Committee action required.)
# Oregon State Board of Higher Education

## Budget Projections Summary

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

## COMBINED OUS

<table>
<thead>
<tr>
<th></th>
<th>Year-to-Date</th>
<th>Budget</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actual</td>
<td>Prior Yr. Actual</td>
<td>Projected 6/30/2008</td>
</tr>
<tr>
<td></td>
<td>YTD as a % of</td>
<td>LAB Budget</td>
<td>from Adj. Budget</td>
</tr>
<tr>
<td></td>
<td>Prior Yr.</td>
<td>Adjusted Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of YTD</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Current/ Prior YTD</td>
<td>Projected to PY Actual</td>
</tr>
<tr>
<td><strong>EDUCATION &amp; GENERAL - LIMITED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State General Fund</td>
<td>200,296</td>
<td>50%</td>
<td>4%</td>
</tr>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>341,841</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Other</td>
<td>53,625</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>2,147</td>
<td></td>
<td>3,884</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers In</strong></td>
<td>597,909</td>
<td>59%</td>
<td>46%</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>(355,762)</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>(82,509)</td>
<td>46%</td>
<td>49%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>(12,125)</td>
<td>63%</td>
<td>50%</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(13,005)</td>
<td></td>
<td>(19,747)</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers Out</strong></td>
<td>(463,401)</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Net from Operations and Transfers</td>
<td>134,508</td>
<td></td>
<td>5,114</td>
</tr>
<tr>
<td>Fund Additions/Deductions</td>
<td>0</td>
<td>0</td>
<td>2,737</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>134,508</td>
<td></td>
<td>5,114</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>101,846</td>
<td></td>
<td>96,732</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>236,354</td>
<td></td>
<td>101,846</td>
</tr>
<tr>
<td>% Operating Revenues</td>
<td>10.9%</td>
<td>10.2%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

**Student FTE Enrollment (YTD-Summer/Fall Term only)**

- 28,990 | 40% | 41% | 0% | 71,328 | 72,177 | 72,079 | 71,903 | (176) | (274) | 1% |

## AUXILIARY ENTERPRISES

<table>
<thead>
<tr>
<th></th>
<th>Year-to-Date</th>
<th>Budget</th>
<th>Projections</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>YTD Actual</td>
<td>Prior Yr. Actual</td>
<td>Projected 6/30/2008</td>
</tr>
<tr>
<td></td>
<td>YTD as a % of</td>
<td>LAB Budget</td>
<td>from Adj. Budget</td>
</tr>
<tr>
<td></td>
<td>Prior Yr.</td>
<td>Adjusted Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of YTD</td>
<td>Current/ Prior YTD</td>
<td>Projected to PY Actual</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>172,636</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>Expenditures &amp; Net Transfers (Excl. Depr. Exp.)</td>
<td>(146,755)</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Net from Operations</td>
<td>25,881</td>
<td></td>
<td>15,779</td>
</tr>
<tr>
<td>Additions/Deductions to Unrestricted Net Assets</td>
<td>(773)</td>
<td></td>
<td>(12,855)</td>
</tr>
<tr>
<td>Change in Unrestricted Net Assets</td>
<td>25,108</td>
<td></td>
<td>2,924</td>
</tr>
<tr>
<td>Beginning Unrestricted Net Assets</td>
<td>61,043</td>
<td></td>
<td>58,119</td>
</tr>
<tr>
<td>Ending Unrestricted Net Assets</td>
<td>86,151</td>
<td></td>
<td>61,043</td>
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</table>

## DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Year-to-Date</th>
<th>Budget</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD Actual</td>
<td>Prior Yr. Actual</td>
<td>Projected 6/30/2008</td>
</tr>
<tr>
<td></td>
<td>YTD as a % of</td>
<td>LAB Budget</td>
<td>from Adj. Budget</td>
</tr>
<tr>
<td></td>
<td>Prior Yr.</td>
<td>Adjusted Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of YTD</td>
<td>Current/ Prior YTD</td>
<td>Projected to PY Actual</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>56,602</td>
<td>56%</td>
<td>55%</td>
</tr>
<tr>
<td>Expenditures &amp; Net Transfers</td>
<td>(50,496)</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Net from Operations and Transfers</td>
<td>6,106</td>
<td></td>
<td>3,433</td>
</tr>
<tr>
<td>Fund Additions/Deductions</td>
<td>(231)</td>
<td></td>
<td>(1,964)</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>5,875</td>
<td></td>
<td>1,469</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>28,067</td>
<td></td>
<td>26,598</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>33,432</td>
<td></td>
<td>28,067</td>
</tr>
</tbody>
</table>
## Oregon University System
### Budget Projections Summary

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

### Year-to-Date

<table>
<thead>
<tr>
<th>State General Fund</th>
<th>Actual</th>
<th>50%</th>
<th>54%</th>
<th>11%</th>
<th>14,202</th>
<th>16,697</th>
<th>17,105</th>
<th>17,105</th>
<th>0</th>
<th>0</th>
<th>20%</th>
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</thead>
<tbody>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>9,205</td>
<td>75%</td>
<td>73%</td>
<td>-2%</td>
<td>12,800</td>
<td>12,387</td>
<td>11,678</td>
<td>12,284</td>
<td>406</td>
<td>406</td>
<td>-4%</td>
</tr>
<tr>
<td>Other</td>
<td>335</td>
<td>30%</td>
<td>38%</td>
<td>-20%</td>
<td>1,106</td>
<td>1,045</td>
<td>1,410</td>
<td>1,123</td>
<td>26(7)</td>
<td>287</td>
<td>2%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td>235</td>
<td></td>
<td>85</td>
<td>110</td>
<td>25</td>
<td>25</td>
<td>-53%</td>
</tr>
<tr>
<td>Total Revenues &amp; Transfers In</td>
<td>18,214</td>
<td>59%</td>
<td>62%</td>
<td>4%</td>
<td>28,343</td>
<td>30,129</td>
<td>30,478</td>
<td>30,622</td>
<td>144</td>
<td>25</td>
<td>8%</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>(10,996)</td>
<td>45%</td>
<td>46%</td>
<td>-3%</td>
<td>(24,807)</td>
<td>(25,800)</td>
<td>(24,610)</td>
<td>(21,190)</td>
<td>1,190</td>
<td>1,190</td>
<td>-1%</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>(1,949)</td>
<td>45%</td>
<td>43%</td>
<td>12%</td>
<td>(4,056)</td>
<td>(4,074)</td>
<td>(4,340)</td>
<td>(4,340)</td>
<td>266</td>
<td>266</td>
<td>6%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>(316)</td>
<td>62%</td>
<td>56%</td>
<td>16%</td>
<td>(547)</td>
<td>(547)</td>
<td>(509)</td>
<td>38</td>
<td>38</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(28)</td>
<td></td>
<td></td>
<td></td>
<td>(118)</td>
<td></td>
<td>(132)</td>
<td>(59)</td>
<td>82</td>
<td>82</td>
<td>-58%</td>
</tr>
<tr>
<td>Total Expenditures &amp; Transfers Out</td>
<td>(11,269)</td>
<td>45%</td>
<td>46%</td>
<td>-1%</td>
<td>(29,509)</td>
<td>(30,563)</td>
<td>(29,009)</td>
<td>1,188</td>
<td>1,188</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

**NOTES AND ASSUMPTIONS:**

1. Original forecast at -5.8% growth, reflects higher enrollment through Fall.
2. Athletics share of EOU Implementation Plan recast to reduce expenses instead of increasing General Fund revenue.
3. Reflects savings expected this year from EOU Implementation Plan.
4. Services and supplies budgeted about $200,000 higher on utility cost increases due to colder winter.
5. Reflects savings expected this year from repositioning.
### Oregon University System
#### Budget Projections Summary

**Oregon Institute of Technology**

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

#### Year-to-Date Projections

<table>
<thead>
<tr>
<th>OREGON INSTITUTE OF TECHNOLOGY</th>
<th>Budget</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Prior Yr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Distributed</td>
</tr>
<tr>
<td><strong>EDUCATION &amp; GENERAL - LIMITED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State General Fund</strong></td>
<td>10,886</td>
<td>21,237</td>
</tr>
<tr>
<td><strong>Tuition &amp; Resource Fees, net of Remissions</strong></td>
<td>8,752</td>
<td>11,672</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>828</td>
<td>1,277</td>
</tr>
<tr>
<td><strong>Transfers In</strong></td>
<td>227</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers In</strong></td>
<td>20,693</td>
<td>34,386</td>
</tr>
<tr>
<td><strong>Personnel Services</strong></td>
<td>(11,454)</td>
<td>(26,896)</td>
</tr>
<tr>
<td><strong>Supplies &amp; Services</strong></td>
<td>(2,489)</td>
<td>(6,348)</td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td>(1,453)</td>
<td>(639)</td>
</tr>
<tr>
<td><strong>Transfers Out</strong></td>
<td>(40)</td>
<td>(670)</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers Out</strong></td>
<td>(15,426)</td>
<td>(34,553)</td>
</tr>
<tr>
<td><strong>Net from Operations and Transfers</strong></td>
<td>5,267</td>
<td>324</td>
</tr>
<tr>
<td><strong>Fund Additions/Deductions</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>5,267</td>
<td>324</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>3,988</td>
<td>3,688</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>8,945</td>
<td>3,688</td>
</tr>
<tr>
<td><strong>% Operating Revenues</strong></td>
<td>12.4%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

**AUXILIARY ENTERPRISES**

| Total Revenues | 4,091 | 50% | 46% | 26% | 7,116 | 696 | 690 | 690 | 15% | (5) |
| Expenditures & Net Transfers (Excl. Depr. Exp.) | (3,549) | 48% | 49% | 4% | (6,964) | (7,420) | (7,420) | 0 | 0 | 7% |
| **Net from Operations** | 542 | 157 | 59 | 749 | 690 | 690 | 690 | |
| **Additions/Deductions to Unrestricted Net Assets** | (21) | (6) | (11) | 0 | 0 | 0 | 0 | |
| **Change in Unrestricted Net Assets** | 521 | 146 | 48 | 738 | 690 | 690 | 690 | 405% |
| **Beginning Unrestricted Net Assets** | 3,332 | 3,186 | 3,332 | 3,332 | 0 | 0 | 0 | |
| **Ending Unrestricted Net Assets** | 3,853 | 3,332 | 3,332 | 3,332 | 0 | 0 | 0 | 22% |

**DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS**

| Total Revenues | 343 | 50% | 42% | 39% | 589 | 687 | 687 | 0 | 0 | 17% | (4) |
| Expenditures & Net Transfers | (187) | 28% | 6% | 545% | (512) | (675) | (675) | 0 | 0 | 32% |
| **Net from Operations and Transfers** | 156 | 77 | 12 | 12 | 0 | 0 | 0 | |
| **Fund Additions/Deductions** | (8) | (10) | (12) | 0 | 0 | 0 | 0 | |
| **Change in Fund Balance** | 148 | 87 | 0 | 0 | 0 | 0 | 0 | -100% |
| **Beginning Fund Balance** | 685 | 588 | 685 | 685 | 0 | 0 | 0 | |
| **Ending Fund Balance** | 833 | 685 | 685 | 685 | 0 | 0 | 0 | 0% |

**NOTES AND ASSUMPTIONS:**

1. Enrollment up more than 2%, estimated increase $300,000 and updated projections.
2. Database Integration Funds from Chancellor's Office, $90,000.
3. Equipment spending for DOW Center for Health Professions.
4. Faculty salary increase.
5. Proceeds of sale on Metro Center land.
Oregon University System
Budget Projections Summary

As of the Quarter Ended December 31, 2007
For the Fiscal Year Ended June 30, 2008

Oregon State Board of Higher Education
Docket—Meeting #800 February 8, 2008

**EDUCATION & GENERAL - LIMITED**

<table>
<thead>
<tr>
<th>State General Fund</th>
<th>80,747</th>
<th>50%</th>
<th>55%</th>
<th>4%</th>
<th>141,986</th>
<th>158,326</th>
<th>161,326</th>
<th>161,326</th>
<th>0</th>
<th>0</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>90,400</td>
<td>72%</td>
<td>71%</td>
<td>6%</td>
<td>119,842</td>
<td>125,524</td>
<td>125,524</td>
<td>126,299</td>
<td>775</td>
<td>775</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>27,862</td>
<td>43%</td>
<td>46%</td>
<td>0%</td>
<td>60,298</td>
<td>64,588</td>
<td>63,159</td>
<td>64,184</td>
<td>1,025</td>
<td>1,025</td>
<td>6%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>689</td>
<td></td>
<td></td>
<td></td>
<td>1,379</td>
<td>1,379</td>
<td></td>
<td>1,096</td>
<td>(283)</td>
<td>(283)</td>
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<tr>
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<td>57%</td>
<td>59%</td>
<td>5%</td>
<td>323,505</td>
<td>348,440</td>
<td>351,388</td>
<td>352,905</td>
<td>1,517</td>
<td>1,517</td>
<td>9%</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>(122,400)</td>
<td>47%</td>
<td>47%</td>
<td>3%</td>
<td>(252,422)</td>
<td>(265,991)</td>
<td>(263,030)</td>
<td>(261,572)</td>
<td>662</td>
<td>662</td>
<td>23%</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>(32,756)</td>
<td>46%</td>
<td>53%</td>
<td>6%</td>
<td>(58,033)</td>
<td>(72,234)</td>
<td>(71,572)</td>
<td>(70,269)</td>
<td>480</td>
<td>480</td>
<td>27%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>(2,830)</td>
<td>43%</td>
<td>45%</td>
<td>19%</td>
<td>(5,232)</td>
<td>(7,101)</td>
<td>(6,621)</td>
<td>(7,054)</td>
<td>480</td>
<td>480</td>
<td>27%</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(1,728)</td>
<td></td>
<td></td>
<td></td>
<td>(3,518)</td>
<td>(4,616)</td>
<td>(4,679)</td>
<td>(4,679)</td>
<td>(63)</td>
<td>(63)</td>
<td>19%</td>
</tr>
<tr>
<td>Total Expenditures &amp; Transfers Out</td>
<td>(159,714)</td>
<td>46%</td>
<td>48%</td>
<td>3%</td>
<td>(319,605)</td>
<td>(349,942)</td>
<td>(351,388)</td>
<td>(352,905)</td>
<td>4,040</td>
<td>4,040</td>
<td>8%</td>
</tr>
</tbody>
</table>

**AUXILIARY ENTERPRISES**

| Total Revenues | 41,739 | 48% | 46% | 8% | 83,497 | 83,283 | 86,303 | 3,020 | 3,020 | 3% |
| Net from Operations | 3,900 | 1,446 | 7,003 | 5,557 | 5,557 |
| Additions/Deductions | - | | | | |
| Beginning Unrestricted Net Assets | 31,010 | | 31,010 | 31,010 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Unrestricted Net Assets | 31,010 | 32,456 | 38,013 | 5,557 | 5,557 |

**DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS**

| Total Revenues | 21,698 | 56% | 50% | 13% | 38,303 | 38,629 | 38,793 | 164 | 164 |
| Expenditures & Net Transfers | 18,444 | 47% | 47% | 4% | (37,515) | (38,491) | (38,891) | (400) | (400) |
| Net from Operations | 3,254 | | 788 | 138 | (98) | (236) | (236) |
| Fund Additions/Deductions | 788 | | | | |
| Change in Unrestricted Net Assets | 3,242 | | 2,105 | 870 | (1,235) | 935 |
| Beginning Unrestricted Net Assets | 16,687 | | 18,792 | 17,337 | 935 |
| Ending Unrestricted Net Assets | 16,501 | | 18,592 | 17,357 | 935 |

**NOTES AND ASSUMPTIONS:**

1. Tuition is up slightly while FTE is down because the anticipated student mix changed - UG nonresident FTE increased more than anticipated while UG resident and Graduate resident decreased.
2. Positions are not being filled and new hires not being brought on board as fast as anticipated.
3. Athletics - Football revenue increased of $1 million, Lottery proceeds estimate increased by $300,000, Gift projection increased by $1 million due to in-kind donations, Interest & misc revenue up by $250,000; Student Health - Enrollment fees budgeted conservatively, projection is up $200,000; Ag Science auxiliary rental revenue higher than expected - $100,000; Student Centers - Sales & Service revenue higher by $150,000 due to new meal plan (1st Qtr estimate was conservative); interest revenue is higher as effort is being made to maximize earnings - $100,000.
4. Athletics - Services & Supplies projection is higher this quarter by $1 million due to receipt of in-kind revenue. Merchandise for resale is also higher than anticipated by $300,000; Housing & Dining - Merchandise for resale is up by $400,000 due to increased food costs and higher than expected activity from the new meal plan.
### Oregon University System

#### Budget Projections Summary

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

#### PORTLAND STATE UNIVERSITY

<table>
<thead>
<tr>
<th>Year-to-Date</th>
<th>Budget Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in thousands of dollars except enrollment)</strong></td>
<td><strong>YTD as a % of Prior as a % of Prior</strong></td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td><strong>Projected</strong></td>
</tr>
<tr>
<td>EDUCATION &amp; GENERAL - LIMITED</td>
<td></td>
</tr>
<tr>
<td>State General Fund</td>
<td>37,242</td>
</tr>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>85,419</td>
</tr>
<tr>
<td>Other</td>
<td>6,274</td>
</tr>
<tr>
<td>Transfers In</td>
<td>267</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers In</strong></td>
<td>129,202</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>(70,503)</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>(17,136)</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>(2,847)</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(7,511)</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers Out</strong></td>
<td>(86,607)</td>
</tr>
<tr>
<td><strong>Net from Operations and Transfers</strong></td>
<td>31,115</td>
</tr>
<tr>
<td><strong>Fund Additions/Deductions</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>31,115</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>26,486</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>57,601</td>
</tr>
<tr>
<td><strong>% Operating Revenues</strong></td>
<td>13.6%</td>
</tr>
</tbody>
</table>

#### AUXILIARY ENTERPRISES

| **Total Revenues** | 35,850 | 57% | 53% | 21% | 55,935 | 61,845 | 62,649 | 804 | 804 | 12% |
| Expenditures & Net Transfers (Excl. Depr. Exp.) | (31,054) | 53% | 52% | 12% | (53,516) | (58,062) | (58,327) | (265) | (265) | 9% |
| **Net from Operations** | 4,796 | | | | | 2,419 | 3,783 | 4,322 | 539 | 539 | 539 |
| Additions/Deductions to Unrestricted Net Assets | (16) | | | | | 2,403 | 3,783 | 4,322 | 539 | 539 | 539 |
| **Change in Unrestricted Net Assets** | 4,780 | | | | | 2,403 | 3,783 | 4,322 | 539 | 539 | 539 |
| **Beginning Unrestricted Net Assets** | 11,126 | | | | | 8,723 | 11,126 | 11,126 | 0 | 0 | 0 |
| **Ending Unrestricted Net Assets** | 15,906 | | | | | 11,126 | 14,309 | 15,448 | 539 | 539 | 39% |
| **% Operating Revenues** | 13.6% | | | | | 13.2% | 12.8% | 12.8% | 12.8% | 12.8% | -6% |

#### DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS

| **Total Revenues** | 6,872 | 53% | 61% | -41% | 19,071 | 12,888 | 12,956 | 69 | 69 | -32% |
| Expenditures & Net Transfers | (6,495) | 50% | 61% | -42% | (18,283) | (12,579) | (12,888) | (298) | (298) | -30% |
| **Net from Operations and Transfers** | 377 | | | | | 788 | 308 | 88 | (200) | (200) | (200) |
| Additions/Deductions to Unrestricted Net Assets | (11) | | | | | (158) | 0 | 0 | 0 | 0 | 0 |
| **Change in Fund Balance** | 366 | | | | | 630 | 308 | 88 | (200) | (200) | -86% |
| **Beginning Fund Balance** | 3,427 | | | | | 3,427 | 3,427 | 3,427 | 0 | 0 | 0 |
| **Ending Fund Balance** | 3,793 | | | | | 3,427 | 3,755 | 3,515 | (220) | (220) | -32% |
| **% Operating Revenues** | 13.6% | | | | | 13.2% | 12.8% | 12.8% | 12.8% | 12.8% | -6% |

#### NOTES AND ASSUMPTIONS:

1. Higher than anticipated fees due to student course selections.
2. Adjustment for salary increases.
3. Lower than anticipated spending trends in first two quarters; anticipated to increase with increased personnel services.
4. Adjustment for academic rental increases.
5. Change in accounting methodology in Facilities Service and timing of Facilities work.
### Oregon State Board of Higher Education

#### F&A Committee

**Docket—Meeting #800**  

**February 8, 2008**

**Southern Oregon University**

- **Approved Variance**
- **Since**
- **YTD Prior Yr.**
- **LAB**
- **Adjusted**
- **Budget Report**

#### Year-to-Date Budget Projections

<table>
<thead>
<tr>
<th></th>
<th>YTD as a % of Prior Yr.</th>
<th>Current/ Prior Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tuition &amp; Resource Fees, net of Remissions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies &amp; Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers In</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tuition &amp; Resource Fees, net of Remissions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies &amp; Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers Out</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers In</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies &amp; Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers Out</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers Out</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Auxiliary Enterprises

- **Total Revenues**
- **Expenditures & Net Transfers (Excl. Depr. Exp.)**
- **Net from Operations**
- **Additions/Deductions to Unrestricted Net Assets**
- **Change in Unrestricted Net Assets**
- **Beginning Unrestricted Net Assets**
- **Ending Unrestricted Net Assets**

#### Designated Operations, Service Departments, Clearing Funds

- **Total Revenues**
- **Expenditures & Net Transfers**
- **Net from Operations and Transfers**
- **Fund Additions/Deductions**
- **Change in Fund Balance**
- **Beginning Fund Balance**
- **Ending Fund Balance**

#### Notes and Assumptions:

1. $100,000 due to new contract revenue coming into the General Fund. Additionally, revenues from the swimming pool are up about $40,000 due to user groups paying higher fees to cover maintenance needs to keep the pool open. The remainder of the increase is due to increased revenues across various miscellaneous revenue lines.
2. Extra cost savings from unfilled positions, as well as accelerated cost savings coming out of the retrenchment plan.
3. Higher than anticipated maintenance and repair activities (up 58% from the prior year, equaling to an increase of about $250,000). Additional marketing, recruitment and retention initiatives.
4. Timing issues involving transfers to building reserves. In FY2007, approximately $700,000 was transferred by the 1st quarter. In FY2008, the transfers were delayed until after the 2nd quarter.
Oregon University System
Budget Projections Summary

Oregon University System
As of the Quarter Ended December 31, 2007
For the Fiscal Year Ended June 30, 2008

Oregon University System
Budget Projections Summary

<table>
<thead>
<tr>
<th>UNIVERSITY OF OREGON</th>
<th>Year-to-Date</th>
<th>Budget Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Projected % of PY</td>
</tr>
<tr>
<td></td>
<td>Prior Yr.</td>
<td>% of PY</td>
</tr>
<tr>
<td></td>
<td>%△ Current/</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prior YD</td>
<td></td>
</tr>
<tr>
<td>EDUCATION &amp; GENERAL - LIMITED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State General Fund</td>
<td>37,041</td>
<td>49%</td>
</tr>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>116,009</td>
<td>70%</td>
</tr>
<tr>
<td>Other</td>
<td>15,137</td>
<td>58%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>226</td>
<td>9%</td>
</tr>
<tr>
<td>Total Revenues &amp; Transfers In</td>
<td>170,413</td>
<td>63%</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>(104,793)</td>
<td>47%</td>
</tr>
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<td>Supplies &amp; Services</td>
<td>(20,651)</td>
<td>51%</td>
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<tr>
<td>Capital Outlay</td>
<td>(4,067)</td>
<td>114%</td>
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<tr>
<td>Transfers Out</td>
<td>(2,136)</td>
<td>48%</td>
</tr>
<tr>
<td>Total Expenditures &amp; Transfers Out</td>
<td>(131,647)</td>
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<td>Net from Operations and Transfers</td>
<td>36,766</td>
<td>51%</td>
</tr>
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<td>Fund Additions/Deductions</td>
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<td>0%</td>
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<td>Change in Fund Balance</td>
<td>38,766</td>
<td>67%</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>29,037</td>
<td>52%</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>66,803</td>
<td>48%</td>
</tr>
<tr>
<td>% Operating Revenues</td>
<td>10.8%</td>
<td>10%</td>
</tr>
</tbody>
</table>

AUXILIARY ENTERPRISES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>65,810</td>
<td>(50,572)</td>
<td>15,238</td>
<td>3,620</td>
<td>20,677</td>
<td>36,531</td>
</tr>
<tr>
<td>67%</td>
<td>52%</td>
<td>-17%</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>67%</td>
<td>52%</td>
<td>-17%</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS

<table>
<thead>
<tr>
<th>Total Revenues</th>
<th>Expenditures &amp; Net Transfers</th>
<th>Net from Operations and Transfers</th>
<th>Fund Additions/Deductions</th>
<th>Change in Fund Balance</th>
<th>Beginning Fund Balance</th>
<th>Ending Fund Balance</th>
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</thead>
<tbody>
<tr>
<td>23,109</td>
<td>(20,146)</td>
<td>(20,146)</td>
<td>(20,146)</td>
<td>2,983</td>
<td>9,811</td>
<td>12,510</td>
</tr>
<tr>
<td>57%</td>
<td>51%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

NOTES AND ASSUMPTIONS:
(1) Appropriation includes $2.5 million salary augment for classified and unclassified salary increases.
(2) Higher than anticipated occupancy in residence halls.
(3) $1.6 million in tenant improvements for Portland property pending potential redistribution.
**Oregon University System**

**Budget Projections Summary**

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

<table>
<thead>
<tr>
<th>WESTERN OREGON UNIVERSITY</th>
<th>Year-to-Date</th>
<th>Budget</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YTD as a % of Prior Yr.</td>
<td>Approved</td>
<td>Adjusted</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Projected</td>
<td>Prior Yr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of PY</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% Current/</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prior YTD</td>
<td></td>
</tr>
</tbody>
</table>

### EDUCATION & GENERAL - LIMITED

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>9,529</td>
<td>17,665</td>
<td>19,235</td>
<td>9%</td>
</tr>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>15,595</td>
<td>18,572</td>
<td>22,034</td>
<td>21%</td>
</tr>
<tr>
<td>Other</td>
<td>927</td>
<td>1,966</td>
<td>1,959</td>
<td>2%</td>
</tr>
</tbody>
</table>

### WESTERN OREGON UNIVERSITY

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers In</td>
<td>210</td>
<td>54</td>
<td>285</td>
<td>474%</td>
</tr>
</tbody>
</table>

Total Revenues & Transfers In

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>15,919</td>
<td>(33,622)</td>
<td>(37,131)</td>
<td>15%</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>(1,910)</td>
<td>(3,141)</td>
<td>(4,368)</td>
<td>39%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>(410)</td>
<td>(862)</td>
<td>(830)</td>
<td>4%</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>0</td>
<td>(15)</td>
<td>0</td>
<td>-100%</td>
</tr>
</tbody>
</table>

Total Revenues & Transfers Out

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Fund Balance</td>
<td>8,022</td>
<td>617</td>
<td>1,404</td>
<td>12%</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>4,503</td>
<td>3,976</td>
<td>4,593</td>
<td>37%</td>
</tr>
</tbody>
</table>

Ending Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12,615</td>
<td>5,997</td>
<td>6,303</td>
<td>37%</td>
</tr>
</tbody>
</table>

### AUXILIARY ENTERPRISES

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net from Operations and Transfers</td>
<td>8,022</td>
<td>617</td>
<td>1,404</td>
<td>12%</td>
</tr>
<tr>
<td>Fund Additions/Deductions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Adjusted</th>
<th>6/30/2008</th>
<th>Current/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Fund Balance</td>
<td>5,206</td>
<td>5,693</td>
<td>5,206</td>
<td>6%</td>
</tr>
<tr>
<td>Ending Unrestricted Net Assets</td>
<td>5,347</td>
<td>5,206</td>
<td>5,206</td>
<td>6%</td>
</tr>
</tbody>
</table>

### NOTES AND ASSUMPTIONS:

1. Tuition, housing, dining, bookstore, and student health revenues up due to increased enrollment.
2. Transfer in from OUS to fund "Making College Happen."
3. Supplies & Services and Capital expenditures are anticipated to run higher than initially budgeted to fund Nursing and other initiatives including a lab and various remodeling functions.
4. Higher expenditures resulting from increased services due to enrollment.
### Oregon State Board of Higher Education

#### F&A Committee Page 13

**Oregon University System**

**Budget Projections Summary**

**As of the Quarter Ended December 31, 2007**

**For the Fiscal Year Ended June 30, 2008**

#### Year-to-Date Projections

<table>
<thead>
<tr>
<th>CHANCELLOR’S OFFICE</th>
<th>Budget Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In thousands of dollars except enrollment</strong></td>
<td><strong>Prior Yr. as % of PY</strong></td>
</tr>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>EDUCATION &amp; GENERAL - LIMITED</strong></td>
<td></td>
</tr>
<tr>
<td>State General Fund</td>
<td>6,948</td>
</tr>
<tr>
<td>Tuition &amp; Resource Fees, net of Remissions</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>1,167</td>
</tr>
<tr>
<td>Transfers In</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Transfers In</strong></td>
<td>6,115</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>4,306</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>3,015</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>0</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>1,563</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers Out</strong></td>
<td>(8,803)</td>
</tr>
<tr>
<td><strong>Net from Operations</strong></td>
<td>-768</td>
</tr>
<tr>
<td><strong>% Operating Revenues</strong></td>
<td>33.4%</td>
</tr>
</tbody>
</table>

**NOTES AND ASSUMPTIONS:**

1. Decreased projection in Transfer Out reflects the reduced subsidy required for CAPITAL Center which is being sold, offset by other miscellaneous commitments.
2. $3 million of the total projected fund balance will be used for a loan to PSU for its PCAT redevelopment project.
3. Changes in revenues, expenditures, transfers, and ending unrestricted net assets reflect the sale of the CAPITAL Center and closing of related plant funds. Disposition of proceeds is pending review of bond counsel.

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### Oregon State Board of Higher Education

F&A Committee

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ACTION ITEMS
OUS Internal Audit Progress Report

Background:
The Oregon State Board of Higher Education Audit Charter requires that a summary of internal audit activity be provided to the Chancellor and the Finance and Administration Committee semi-annually or more frequently.

This report provides information on Internal Audit Division activities as follows:

I. Audits issued between September 2007 and January 2008
II. Progress achieved towards the 2007 planned activities

I. Audits Issued September 2007 Through January 2008

During the period from September 2007 through January 2008, the Oregon University System Internal Audit Division (IAD) issued four management request engagements, one information technology project, six reports on surplus property management and cashiering, and five follow-up reports.

Scheduled Audit Status

<table>
<thead>
<tr>
<th>Audit Project Title</th>
<th>Institution</th>
<th>Risk Rating (as of 1/25/08)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashiering</td>
<td>UO</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>OSU</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>EOU</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Systemwide</td>
<td>N/A</td>
</tr>
<tr>
<td>Surplus Property Management</td>
<td>PSU</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Systemwide</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Ratings – The rating relates to the selected financial, compliance, and operational areas tested. The rating is NOT a global performance rating.

High – Some controls exist, but they are generally not functioning as intended and additional controls are needed.
Medium – Controls exist, but some controls are not functioning and/or additional controls are needed.
Low – Controls are in place and functioning effectively. Additional control enhancements are outlined in the recommendation section of the report.
### Follow up Audit Status

<table>
<thead>
<tr>
<th>Institution &amp; Title</th>
<th>Original Recommendations</th>
<th>Implemented</th>
<th>In Progress</th>
<th>Percent Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO Business Affairs Office – Student Loan Program</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>UO International Programs</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>OSU International Programs</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>PSU International Programs</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>PSU PICMET</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>EOU Athletic Department</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>EOU Central Fiscal Controls</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>OIT Office of Admissions</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>100%</td>
</tr>
</tbody>
</table>
II. **Status of IAD 2007 Calendar Year Audit Plan**

The following table outlines the status of IAD planned audits for calendar year 2007. These activities were presented and approved by the Board in February 2007.

### Status of 2007 Planned Audits

| Scheduled Projects Issued in 2007 Or in Draft Report Stage | - Leave Reporting  
- Performance Evaluation  
- Central and Departmental Cashiering Practices  
- Surplus Equipment  
- Banner Student Grade Security (Banner application security)  
- Student Health Center (departmental information system)  
- Banner Strategic Planning  
- Distance Education (draft)  
- Federally-Funded Personnel Costs (draft) |
| Projects Added to the Audit Schedule | - Student Health Center Pharmacy |
| Projects Not To Be Completed in 2007/ Dropped (Reasoning) | - Financial Aid Fee Remissions (committee work)  
- Construction Management (external audit work) |

**Conclusion:**
The Oregon University System Internal Audit Division activity serves to assist the Board in meeting its responsibility over of financial reporting, ensuring effective and efficient internal controls, and complying with laws, regulations, and ethics.

**Staff Recommendation to the Committee:**
This report summarizes how IAD scheduled activity served the Oregon University System in meeting its fiduciary responsibility in calendar year 2007. Staff recommends the Committee accept the IAD progress report.

(Committee Action Required.)
2008 OUS Internal Audit Plan
As outlined in the Oregon University System Internal Audit Division (IAD) charter, IAD is an independent, objective, assurance, and consulting activity designed to add value and improve the organization's operations. In order to meet this responsibility, IAD annually develops an audit plan to provide comprehensive audit coverage and deploy audit resources in an effective and efficient manner.

IAD performed a macro level risk assessment using industry trends, past audit experience, fiscal analysis, and management input in order to determine the audit plan for the upcoming year. Our assessment utilized the Internal Control Integrated Framework components as published by the Treadway Commission's Committee of Sponsoring Organizations.

A major portion of internal audit resources are allocated to performing scheduled audits. IAD has segmented OUS into nine major functions in order to ensure comprehensive coverage across OUS. The following audits are scheduled audit topics to be completed in 2008.

<table>
<thead>
<tr>
<th>Major Functions</th>
<th>Scheduled Audit Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance/Leadership</td>
<td>• Presidential transition reviews (EOU, PSU, OIT)</td>
</tr>
<tr>
<td>Instruction and Academic Support</td>
<td>• College activity will be included in audit sample selections and follow-up audit activity</td>
</tr>
<tr>
<td>Research and Development</td>
<td>• Research Council – Participation with compliance risk assessment sub-committee</td>
</tr>
<tr>
<td>Student Services</td>
<td>• Financial Aid - Student loan collection processes and reporting</td>
</tr>
<tr>
<td>Human Resources Management</td>
<td>• Employee background check processes</td>
</tr>
<tr>
<td>Fiscal/Asset Management</td>
<td>• Fixed asset inventory accounting and controls</td>
</tr>
<tr>
<td>Plant Operations</td>
<td>• Construction Management - Fund accounting processes and monitoring</td>
</tr>
<tr>
<td>Auxiliaries and Services</td>
<td>• Athletics fiscal reporting and compliance</td>
</tr>
<tr>
<td>Information Technology</td>
<td>• Departmental information systems</td>
</tr>
<tr>
<td></td>
<td>• Banner application access security</td>
</tr>
<tr>
<td></td>
<td>• Banner application change management</td>
</tr>
</tbody>
</table>
In addition to completing the scheduled audits listed above, IAD will perform a number of other activities in 2008. These activities are designed to add value and improve organizational effectiveness. These activities include:

- Complaint investigation and special management request audits
- Audit follow up activities for previously issued audit reports including, but not limited to:
  - Information security policy
  - Human resources leave reporting and performance evaluations
  - Procurement card program design and monitoring controls
  - Distance education
  - Cashiering operations
  - Surplus equipment
  - Student grades
- Continual auditing program - routine testing of high risk transactions (purchasing/payroll)
- External audit liaison (Moss Adams and state and federal audit agencies)
- IAD staff development – training, recruitment, and orientation
- IAD continual process improvement activities
- Internal control training sessions
- Professional association leadership positions

Staff Recommendation to the Board:
Staff recommends the Committee approve the 2008 OUS Internal Audit Plan.

(Committee action required.)
WOU, M.A. in History

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

The Master of Arts (M.A.) program in History is designed for teachers seeking to strengthen their history content, for students planning professional careers with a background in history, for individuals seeking career advancement or personal enrichment, and for students preparing for doctoral programs.

Introduction of the M.A. program in History will foster Western Oregon University’s (WOU) reputation as a comprehensive first-choice Liberal Arts institution, facilitate the recruitment and retention of high quality faculty, help promote a campus environment conducive to intellectual inquiry, and foster student-faculty interaction and research. It will raise awareness of the quality of programs and students at WOU and develop ties with other institutions and historical organizations in the Willamette Valley. The History faculty believes, therefore, that the introduction of the M.A. in History is an integral part of the vision for WOU laid out by the Provost and the University Strategic Plan.

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

Changes in educational curricula, certification, and the introduction of International Baccalaureate programs have created a need for highly qualified teachers in the state of Oregon. The History faculty believes that this program will satisfy this demand and enhance the ability of Oregon and WOU to meet the changing educational environment. Further, this program will provide a viable option for professionals seeking Master’s level graduate training in the liberal arts to further enhance their competency in information analysis and writing.

The History faculty routinely receives inquiries about opportunities for graduate study at WOU from educators and prospective students. In order to determine the extent of interest among students, a survey of 150 upper division students and 100 lower division students was taken during Winter 2005. Of the upper division students, 95 (59 percent) planned to go to graduate school; 102 (66 percent) expressed definite or possible interest in a Master’s program in History at WOU; and 99 (65 percent) expressed definite or possible interest in a program offered during the summer. Expression of interest in graduate training at WOU remains strong.

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

The only other terminal M.A. program in History in the Oregon University System is offered by Portland State University (PSU). Although PSU is not strictly comparable to WOU, in 2005-06, the History M.A. program at PSU attracted 20 full-time and 34 part-time students. No non-OUS institution in Oregon offers an M.A. in History nor is a summer-only terminal M.A. program offered at any institution in the state of Oregon. Masters degrees are included in the graduate programs at the University of Oregon and Oregon State University. Feedback from students enrolled in the
terminal M.A. program in Classics at the University of Georgia–Athens, however, indicates that M.A. only students, rather than doctoral students, are attracted to programs that focus on a terminal M.A.

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 implementation of the graduate program in History will require no investment of extra funds. No member of the History faculty will teach more than two 600-level courses per academic year (no more than one per term and usually one per four quarter cycle). In view of the limited number of graduate-only courses that will be offered by any individual member of the History faculty, no further course reassignment or graduate faculty teaching load reduction will be necessary. History faculty will continue to offer nine courses per academic year (36 units), of which four will be lower division and four will be upper division in addition to one 600-level graduate course. The History Department will raise enrollment in upper division undergraduate courses from 20 students to 25 students to allow for graduate only course offerings.

A limited number of graduate teaching assistant slots available from the College of Arts and Sciences pool will be allotted to graduate students enrolled in the History M.A. program on an as-available basis.

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 Master of Arts in History, effective Fall 2008.

*(Board action required.)*
OUS, Undergraduate Admission Requirements for 2009-10 Academic Year

Background:  
In February of every year, the Oregon State Board of Higher Education policy calls for approval of undergraduate admission requirements for Oregon University System (OUS) institutions. This document is for the 2009-10 academic year. The schedule is necessary for institutional planning, program implementation, publication production, and timely notice to prospective students.

Currently, the Joint Boards of Education has been tasked by the Governor with creating a Unified Education Enterprise, building a student-centered pipeline that maximizes educational opportunity and achievement for all Oregon students. As part of this assignment, OUS continues to examine the current framework of standards and assessments in Oregon to close the gap between high school exit expectations for most students and the proficiency needed to take the next step into post-secondary education.

Although high school diploma standards do not guarantee OUS entrance, the universities’ admission criteria are based on continued performance analysis and retention outcomes of students at each institution. The admission policy of each institution is designed to ensure appropriate preparedness and to increase the likelihood for retention and university graduation within four to six years.

Students who successfully complete an Oregon high school diploma, but who are not admissible to OUS, are encouraged to pursue preparatory coursework and/or remediation at any of the Oregon community colleges. Community college partnerships to support these students are well developed among OUS institutions. Statewide legislative support for statewide P-20 initiatives has improved access to information about alternative pathways toward a baccalaureate degree for students who begin their post-secondary education at Oregon community colleges. A comprehensive electronic source, Articulation Transfer Linked Audit System (ATLAS), will provide students with centralized public access to individual course and program articulation among all public institutions in Oregon. ATLAS is currently available for all seven OUS institutions.

Recommendation to the Board:  
The OUS Provosts’ Council recommends that the Undergraduate Admission Requirements be approved as updated for the 2009-10 academic year.
Undergraduate Admissions

The following two charts summarize freshman and transfer admission requirements for 2009-10. Subsequent sections of the report provide more detailed information.

<table>
<thead>
<tr>
<th>Undergraduate Freshman Admission Requirements for 2009-10 (Residents and Nonresidents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Graduation</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subject Requirements – 14 Units (4-English, 3-Math, 2-Science, 3-Social Studies, 2-Second Language)</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SAT Reasoning/ACT Scores¹</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High School GPA</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.00²</td>
<td>3.00</td>
<td>3.00³</td>
<td>3.00</td>
<td>2.75</td>
<td>3.00⁴</td>
<td>2.75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Campus Review Required (Evidence of proficiency, if available, will be considered here.)</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 3.00 portfolio required</td>
<td>2.50</td>
<td>2.99</td>
<td>Below 3.00; or fewer than 14 subject units</td>
<td>Below 3.0</td>
<td>Below 2.75</td>
<td>Below 3.0</td>
<td></td>
</tr>
</tbody>
</table>

¹ Minimum test scores are not set, but test results must be submitted and may be used during additional campus review processes. Beginning Fall 2006, OUS schools require a standardized writing exam. Students submitting the new SAT II Reasoning exam will be submitting a standardized writing exam. Students submitting the ACT should submit scores from the optional writing examination.

² In courses taken to satisfy the subject requirements.

³ OSU admits applicants who have a 3.00 high school GPA and 14 units of subject requirements. Applicants below the 3.00 high school GPA or lacking subject requirements will receive additional campus review. OSU requires the Insight Resume. Completion of math through the level of Algebra II is highly recommended.

⁴ UO automatically admits applicants who have a 3.25 high school GPA and 16 units of subject requirements including the 14 OUS subject requirements and 2 additional academic units. Applicants below the 3.25 high school GPA or 16 units of subject requirements will receive additional campus review.

NOTE: All OUS institutions conduct more comprehensive reviews of applicants who do not meet the minimum required GPA for admission. Reviews include additional factors such as standardized test results, rigor of courses taken, review of writing sample or personal essays, Proficiency-based Admission Standards System (PASS) performance information, and other indicators that predict success in college.
### Undergraduate Transfer Admission Requirements for 2009-10

<table>
<thead>
<tr>
<th>Minimum College Credits Required</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>All institutions: Students who have completed fewer than 12 transferable quarter credit (or 8 semester hours) must meet freshman admission requirements. Students who have completed from 12 to the minimum college credits required by the school and listed in the chart above.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GPA (Residents)</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
</tr>
<tr>
<td>GPA (Nonresidents)</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.50</td>
<td>2.25</td>
</tr>
<tr>
<td>All Applicants Must Meet Specified Course Requirements</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

1. All institutions: Students who have completed fewer than 12 transferable quarter credit (or 8 semester hours) must meet freshman admission requirements. Students who have completed from 12 to the minimum college credits required by the school and listed in the chart above.

2. OIT: Transfer applicants who hold an Associate’s or Bachelor’s degree will be admitted with a 2.00 GPA.

3. PSU: Applicants who hold a transferable Associate’s or Bachelor’s degree or an Oregon Transfer Module will be admitted with a 2.00 GPA.

4. SOU: Applicants who graduate with an AAOT degree from an Oregon community college or an Associate’s degree from an approved exchange partner will be admitted with a 2.00 GPA.

5. Courses required: OSU and UO require one writing course beginning with WR 121 with a grade of C– or above; and college algebra or above with a grade of C– or above, or the equivalent of Math 105.

EOU requires successful completion of a minimum of two courses in the sciences, social sciences, or humanities. College-level writing and math are strongly recommended.

OIT requires demonstration of readiness for college-level mathematics and writing; for example, by completion of the equivalent of Math 95 Intermediate Algebra (or higher) and WR 115 Introduction to Writing (or higher) with grades of C or above. Applicants who do not have an Associate’s or a Bachelor’s degree must have at least 33 college-level credits that are not in Physical Education. If more than 10 percent of an applicant’s credits are in Physical Education, credits beyond the 10 percent threshold will not be counted toward meeting GPA requirements.

6. OSU requires the Insight Resume.

NOTE: All OUS institutions require two years of same high school-level second language with a grade of C– or above, or two terms of a college-level second language with a grade of C– or above, or acceptable performance on proficiency-assessment options. American Sign Language meets the second language requirement. The second language requirement applies to transfer students graduating from high school in 1997 and thereafter.
Freshman Admission

To be admitted to freshman standing, students must fulfill each of the requirements (or alternatives) as specified in 1. through 4. below. Applicants failing to meet all of these requirements may receive a comprehensive review of their application that may result in an offer of admission.

1. **High School Graduation**

**Nongraduates** qualify for admission by taking the GED, as follows:

Meet the minimum score **and** average subtest score on the test of the General Educational Development (GED) as listed below.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Minimum Score on Each Exam</th>
<th>Minimum Overall Average Score for Five Subtests</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>400</td>
<td>510</td>
</tr>
<tr>
<td>OIT</td>
<td>410</td>
<td>580**</td>
</tr>
<tr>
<td>OSU</td>
<td>410</td>
<td>580</td>
</tr>
<tr>
<td>PSU</td>
<td>410</td>
<td>460</td>
</tr>
<tr>
<td>SOU</td>
<td>410</td>
<td>550</td>
</tr>
<tr>
<td>UO</td>
<td>410</td>
<td>580</td>
</tr>
<tr>
<td>WOU</td>
<td>410</td>
<td>550</td>
</tr>
</tbody>
</table>

* For tests taken before January 1, 2002, scores were reported in a two-digit format. To convert a pre-2002 score to the current three-digit format, add a zero (e.g., a 41 becomes 410.).

** OIT: Applicants with GED composite scores between 550 and 570 (55 and 57) and a minimum of 410 (40) on each subtest must have minimum SAT Reasoning scores of 400 math and 800 combined math and critical reading or ACT scores of 17 math and 17 composite. For scores between 500 and 540 (50 and 54) and a minimum score of 410 (40) on each subtest must have minimum SAT Reasoning scores of 500 math and 1000 combined math and critical reading or ACT scores of 21 math and 21 composite.

1 Students with any college credit note Transfer Admission, 1.
**Graduates of Nonstandard or Unaccredited High Schools**

Public high school graduates must have graduated from a standard1 high school.

Private high school graduates must have graduated from an accredited2 high school.

Graduates of nonstandard or unaccredited high schools must qualify for admission by meeting institutional SAT Reasoning Exam/ACT requirements and have an average score of 470 or above (940 total) on two College Board SAT Subject Tests (Math level I or IIC and another test of the student’s choice. An examination in a second language is strongly recommended to qualify student for admission by meeting the language proficiency requirements. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)

**Minimum ACT/SAT Reasoning Requirements for Students Who Did Not Graduate from an Accredited or Standard School for 2009-10**

*(includes Math, Critical Reading, and Writing beginning March 2005)*

<table>
<thead>
<tr>
<th>Campus</th>
<th>ACT* or SAT Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>Portfolio Required</td>
</tr>
<tr>
<td>OIT</td>
<td>21 or 1000 on SAT math and critical reading</td>
</tr>
<tr>
<td>OSU</td>
<td>23 or 1540</td>
</tr>
<tr>
<td>PSU</td>
<td>21 or 1470</td>
</tr>
<tr>
<td>SOU</td>
<td>21 or 1480</td>
</tr>
<tr>
<td>UO</td>
<td>22 or 1540</td>
</tr>
<tr>
<td>WOU</td>
<td>21 or 1470</td>
</tr>
</tbody>
</table>

* ACT scores are subject to change with additional information from ACT on integration of the optional writing exam.

2. **Admission Tests (ACT and SAT)**

Applicants who have graduated from an accredited and/or standard high school within three years of OUS enrollment must submit scores on the SAT Reasoning or American College Test (ACT) that include a standardized writing examination.

SAT Subject Tests are required for applicants who are graduates of unaccredited high schools, including home-schooled students.

---

1 Standard high schools are public high schools that are certified as meeting specified levels of resources, services, and quality established by the Oregon Department of Education.

2 Accredited high schools are those that are reviewed and recognized by a regional entity, such as the Northwest Association of Schools and Colleges, as meeting an appropriate level of academic rigor and support.
Test scores are used:
- as an alternate means of meeting the GPA and/or subject requirements;
- to comply with the admission policy for graduates of unaccredited high schools;
- in selectively admitting qualified applicants; and
- for advising, guidance, and research purposes.

3. **OUS Subject Requirements**

Applicants must satisfactorily (grade of C– or above) complete at least 14 units\(^3\) (one year equal to one unit) of college preparatory work in the following areas. Graduates of Oregon high schools may also use the Proficiency-based Admission Standards System (PASS) option to substitute for English, mathematics, science, social science, and second language subject requirements.

**English (4 units).** Shall include the study of the English language, literature, speaking and listening, and writing, with emphasis on and frequent practice in writing expository prose during all four years.

**Mathematics (3 units).** Shall include first-year algebra and two additional years of college preparatory mathematics selected from geometry (deductive or descriptive); advanced topics in algebra (through Algebra II), trigonometry, analytical geometry, finite mathematics, advanced applications, calculus, and probability and statistics, or courses that integrate topics from two or more of these areas. One unit is strongly recommended in the senior year. (Algebra and geometry taken prior to ninth grade will be accepted.)

**Science (2 units).** Shall include a year each in two fields of inquiry based college preparatory science such as biology, chemistry, physics, or earth and physical science. Science courses that are “inquiry based” provide students the opportunity to apply scientific reasoning and critical thinking to support conclusions or explanations with evidence from their investigations. It is strongly recommended that one year be taken as a laboratory science and that a total of three years of science be taken.

**Social Studies (3 units).** Shall include analysis of societal issues and events. It is strongly recommended that study includes knowledge and use of geographic information, patterns of United States history, patterns of human history, structures and systems of US Government, and analysis of economic systems.

**Second Language (2 units).** Shall include two years of the same high school-level second language, or a C– or above in the third year of a high school-level language, or two terms of a college-level second language with a grade of C– or above, or satisfactory performance on an approved assessment of second

\(^3\) Minimum requirements for admission to UO include these 14 units. For automatic admission, students must complete two additional approved units in any of the five subject requirements.
language proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement only applies to applicants graduating from high school in 1997 or later. Students failing to meet this requirement must complete it with a grade of C– or above or with two terms of the same college-level second language.

4. High School Grade Point Average (GPA) and Subject Requirements

**Eastern Oregon University**
- High School Graduate or Portfolio Review
- Admission Test (ACT or SAT Reasoning)
- 3.00 high school GPA in courses that satisfy the OUS Subject Requirements
  - Alternative to GPA Requirement:
    - Review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.
- Subject Requirement: 14 units
  - Alternative to Subject Requirement:
    - Students who have below a 3.00 high school GPA in all subject requirement coursework may be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.

**Oregon Institute of Technology**
- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 3.00 cumulative high school GPA
  - Alternative to GPA Requirement:
    - High School GPA between 2.75 and 2.99: SAT Reasoning Math 400 or above and SAT Reasoning Math and Critical Reading combined score of 800 or above or ACT math of at least 17 and composite of at least 17.
    - High School GPA between 2.50 and 2.74: SAT Reasoning Math 500 or above and SAT Reasoning Math and Critical Reading combined score of 1000 or above or ACT math of at least 21 and composite of at least 21.
- Subject Requirement: 14 units
  - Alternative to Subject Requirement:
    - Score an average of 470 or above (940 total) on two College Board SAT Subject Tests (Math Level I or IIC and a second test of the student’s choice. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)
Oregon State University
- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 3.00 minimum cumulative high school GPA and 14 academic subject requirements. Applicants with a GPA below 3.00 will be considered based on additional criteria listed below.
  - Strength of Curriculum: OUS Subject Requirement, 14 units, with additional consideration for:
    - Math course(s) beyond Algebra II
    - Advanced Placement courses
    - International Baccalaureate courses
    - College-level courses
    - Oregon PASS scores
  - Insight Resume (written experiential assessment)
- Alternatives to Subject Requirement:
  - Score an average of 470 or above (940 total) on two College Board SAT Subject Tests (Math Level I or IIC and a second test of the student’s choice. An examination in a second language is strongly recommended to qualify student for admission by meeting the language proficiency requirements. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.) OR
  - Successfully completing course work (high school or college transfer) for specific subject deficiencies.
- Alternatives should be completed by high school graduation.

Portland State University
- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 3.00 high school cumulative GPA
  - Alternative to GPA Requirement:
    - 1000 SAT Critical Reading and Math or 21 ACT
- Subject Requirement: 14 units
  - Alternative to Subject Requirement:
    - Score an average of 470 or above (940 total) on two College Board SAT Subject Tests (Math Level I or IIC and a second test of the student’s choice. An examination in a second language is strongly recommended to qualify student for admission by meeting the language proficiency requirements. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)

Southern Oregon University
- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 2.75 high school cumulative GPA
Alternative to GPA Requirement:
  o 1010 SAT Critical Reading and Math or 21 ACT

Subject Requirement: 14 units

Alternative to Subject Requirement:
  o Score an average of 470 or above (940 total) on a minimum of two College Board SAT Subject Tests (Math Level I or II and a second test in the area of deficiency. An examination in a second language is strongly recommended to qualify student for admission by meeting the language proficiency requirements. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)
  o If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.

University of Oregon

- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 3.00 minimum cumulative high school GPA and 14 academic subjects. Automatic admission requires a 3.25 GPA and two additional subject requirements.
  - Applicants below a 3.25 GPA or with less than 16 academic units are considered for admission through a comprehensive review, which includes:
    o Rigor of courses taken in high school;
    o Grade trends throughout high school;
    o Number of senior year academic courses;
    o Quality of admission essay; and
    o SAT Reasoning or ACT scores and other factors provided by the applicant.
- Subject Requirement: 14 units (16 for automatic admission)
  - Subject requirements can also be met alternatively by:
    o Score an average of 470 or above (940 total) on two College Board SAT Subject Tests (Math Level I or II and a second test of the student’s choice. An examination in a second language is strongly recommended to qualify student for admission by meeting the language proficiency requirements. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)

Western Oregon University

- High School Graduate
- Admission Test (ACT or SAT Reasoning)
- 2.75 high school GPA
  - Alternative to GPA Requirement:
    o Applicants are eligible for automatic admission within an acceptable 2.50 to 2.74 GPA range if they have a combined score of 1000 on
the Critical Reading and Mathematics sections of the SAT Reasoning Exam or a composite score of 21 on the ACT. Students below the acceptable GPA range would be eligible for comprehensive review.

- An alternative comprehensive review process is available for applicants of academic promise and potential but who do not meet minimum GPA requirements and minimum ACT or SAT score alternatives. Such applicants are required to submit three letters of reference from school personnel who had the capacity to assess the applicant’s potential for academic success at WOU. This policy also requires a one-page typed statement from the students providing a persuasive argument that the student is capable of success in college despite academic shortcomings.

- Subject Requirement: 14 units
  - Alternative to Subject Requirement:
    - Score an average of 470 or above (940 total) on two College Board SAT Subject Tests (Math I or IIC and a second test of the student's choice. Students who do not take an SAT Subject test in a second language must prove language proficiency through another approved process.)

**Five Percent Special Admission**
Institutions are authorized to admit a quota of freshmen totaling no more than five percent of the institution’s first-time freshman class for the previous academic year as exceptions to the stated admission requirements. To qualify for five percent special admission, applicants are considered on a case-by-case basis. If admitted by exception to the second language requirement, the admission deficiency must be made up by completion of two terms of a college-level second language or by demonstration of proficiency in a second language.

**Selective Admission**
Institutions are authorized to manage enrollment to ensure the maintenance of academic quality. Thus, simply qualifying for admissions does not guarantee admission; institutions may use a number of other factors in making a final admissions decision.

**Transfer Admission**

1. **All Transfer Applicants**

- Students who have earned between 12 and 36 quarter credit hours of college-level work (Oregon Institute of Technology, Oregon State University, Southern Oregon University, University of Oregon, Western Oregon University); or 30 (Eastern Oregon University, Portland State University) must meet both freshman and transfer admission requirements. Students who have completed fewer than
12 transferable quarter credits (or 8 semester hours) must meet freshman admission requirements.

- Students who meet the above minimum college credits to be reviewed using transfer admission criteria must meet 2.25 GPA requirements in acceptable college work.

- Transfer applicants under freshman admission or transfer requirements must have completed two terms of a college-level second language with an average grade of C– or above, or two years of the same high school-level second language with an average grade of C– or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency on American Sign Language meets the second language requirement. The second language requirement applies to transfer applicants graduating from high school in 1997 or after.

2. Applicants Must Meet Institutional Requirements

**Eastern Oregon University**

- A minimum GPA of 2.25 or above in 30 or more quarter credit hours of acceptable college-level work.
- Successful completion of a minimum of two courses in the sciences, social sciences, or humanities. College-level writing and math are strongly recommended.

**Oregon Institute of Technology**

- A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work. Students who hold an Associate or Bachelor’s degree will be admitted with a 2.00 GPA or higher.
- Applicants who do not have an Associate’s or a Bachelor’s degree must have at least 33 college-level credits that are not in Physical Education. If more than 10 percent of an applicant’s credits are in Physical Education, credits beyond the 10 percent threshold will not be counted toward meeting GPA requirements.
- OIT requires demonstration of readiness for college-level mathematics and writing; for example by completing the equivalent of Math 95 Intermediate Algebra (or higher) and WR 115 Introduction to Writing (or higher) with grades of C or above.

**Oregon State University**

- A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work.
- One writing course beginning with WR 121 with a grade of C– or above.
- College algebra or above with a grade of C– or above, or the equivalent of Math 105.
- Insight Resume (written experiential assessment).
Portland State University
- A minimum GPA of 2.25 or above in 30 or more quarter credit hours of acceptable college-level work. Applicants who hold a transferable Associate’s or Bachelor’s degree or an Oregon Transfer Module will be admitted with a 2.00 GPA.

Southern Oregon University
- A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work.
- Students who graduate with an AAOT degree from an Oregon Community College or an Associate’s degree from an approved exchange partner will be admitted with a 2.00 GPA.
- SOU limits students to a maximum of 12 credits of physical education activity and team participation credits which can be used toward meeting the transfer admission requirements.

University of Oregon
- A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work.
- One writing course equivalent to WR 121 with a grade of C– or above.
- College algebra or above with a grade of C– or above, or the equivalent of Math 105.
- Students who graduate with an AAOT degree from an Oregon Community College or an Associate’s degree from an approved partner will be admitted with a 2.00 GPA.

Western Oregon University
- A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work.

Special Transfer Admission
Institutions are authorized to grant special admission to transfer applicants on a case-by-case basis in accordance with each institution’s transfer admission policy. If admitted by exception to the second language requirement, the admission deficiency must be made up by completion of two terms of a college-level second language or by demonstration of proficiency in a second language.

Selective Admission
Institutions are authorized to manage enrollment to ensure the maintenance of academic quality. Thus, simply qualifying for admissions does not guarantee admission; institutions may use a number of other factors in making a final admissions decision.
OUS, Adopt Temporary OAR Divisions 60, 61, 62, and 63; Repeal OAR 580-040-0100 and 580042-0005(1)(f), Division 50, OSU OAR 576-008-0200 through 295; UO OAR 571-040-0010 through 0460; and repeal IMD Sections 6 (6.100-6.103 and 6.150-0.175) and 7 (7.001 through 7.145)

Summary:
OUS institutions are requesting the Board review and approve temporary rules to modify current OUS administrative rules that govern procurements of professional services, goods and services, construction services, and purchases of real property. During the January Finance and Administration Committee meeting, staff and Committee members discussed the proposed rules. Committee members requested staff to make modifications to the rules, which are highlighted below.

Staff recommends that the rule modifications be adopted as a temporary rule, effective February 18, 2008. The temporary rule would remain effective for a maximum of 180 days. During that period, the Chancellor's Office will conduct public hearings to ensure that the public has an opportunity to comment on the changed business practices prior to final Board adoption.

Background:
The Chancellor's Office has worked with campus personnel, the Department of Justice and the Governor's Advocate for Minority, Women, and Emerging Small Businesses to develop procurement rules that provide increased transparency, accountability, and flexibility for OUS institutions. Table 1 outlines a contrast of the current rules versus the set of proposed rules for the significant activities and authorities contemplated in the re-write.
### Procurement, Construction, and Purchase and Sale of Real Property

**Proposed Major Changes**

<table>
<thead>
<tr>
<th>Current Rule</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Miscellaneous</strong></td>
<td></td>
</tr>
<tr>
<td>Authorizes Campus to adopt unique rules</td>
<td>No provisions for separate campus rules.</td>
</tr>
<tr>
<td>Definitions and Contracting Code</td>
<td>Consolidated Division 40 and 50 into single Division 61</td>
</tr>
<tr>
<td>Advertising of Opportunities</td>
<td>Notice and Reporting provided by OUS Procurement Web Site</td>
</tr>
<tr>
<td>MWEGB Notice and Reporting</td>
<td>Notice and Reporting provided by OUS Procurement Web Site</td>
</tr>
<tr>
<td>Code of Ethics/Conflict of Interest Declaration</td>
<td>Requires all who procure to sign on an annual basis that they have reviewed the Code of Ethics. Members of Evaluation Committees to complete conflict of interest declaration</td>
</tr>
<tr>
<td>Sexual Harassment Policy</td>
<td>Added per 9/9/2005 Board requirement</td>
</tr>
</tbody>
</table>

**Use of Property**

<table>
<thead>
<tr>
<th>Purchase and Sale of Property</th>
<th>Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval</td>
<td>Institution President approves up to $1 million; Chancellor for amounts &gt;$1 million</td>
</tr>
<tr>
<td>Formal Policy: Board Approval if over five years</td>
<td>Institution President approves up to 10 year lease and where consideration is less than $5 million for the term of the lease, Chancellor approves leases longer than 10 years. Board approves leases if improvements to property exceed $5 million</td>
</tr>
</tbody>
</table>

**Capital Construction Contracting**

<table>
<thead>
<tr>
<th>Emergency Procurement</th>
<th>Sole Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized</td>
<td>President approves up to $1 million cumulative per fiscal year. Chancellor approves all projects up to $5 million. Board approves all other. Institution must provide an opportunity for public to comment that it is not a sole source.</td>
</tr>
<tr>
<td>Not Authorized</td>
<td></td>
</tr>
</tbody>
</table>

**Contracts for Professional Consultants**

<table>
<thead>
<tr>
<th>Direct Procurement</th>
<th>Informal</th>
<th>Formal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $75,000</td>
<td>$15,000 to $200,000 Select one from Retainer or Formal RFP for Standard procurement</td>
<td>Above $250,000 requires Formal RFP</td>
</tr>
<tr>
<td>Under $25,000</td>
<td>$25,000 to $100,000 three proposals</td>
<td>$100,000 +, Formal RFP</td>
</tr>
<tr>
<td>Under $100,000</td>
<td>$100,000 to $250,000 three proposals from retainer</td>
<td>$250,000 to $1 million, advertise to all on Retainer</td>
</tr>
</tbody>
</table>

**Contracts for Construction Services**

<table>
<thead>
<tr>
<th>Direct Procurement</th>
<th>Informal</th>
<th>Formal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $25,000</td>
<td>$25,000 to $50,000 Select two bids from Retainer or Formal RFP</td>
<td>$50,000 to $100,000 three bids</td>
</tr>
<tr>
<td>Under $25,000</td>
<td>$25,000 to $100,000 three bids from retainer</td>
<td>$50,000 to $500,000 three bids from retainer</td>
</tr>
<tr>
<td>Under $50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $500,000 +, Formal RFP</td>
<td>$100,000 +, Formal RFP</td>
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**Professional Goods and Services**

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<th>Formal</th>
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<tr>
<td>Under $5,000</td>
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**Contracts for Goods & Services**

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<table>
<thead>
<tr>
<th>Negotiation</th>
<th>Exemptions</th>
<th>Rule hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Authorized</td>
<td>Authorizes specific goods or services to be exempt from competitive process</td>
<td>Funding agencies may have more stringent requirements that must be followed when making procurements using their funds</td>
</tr>
<tr>
<td>Authorized</td>
<td>Adds to exempt: goods and services for intercollegiate athletics, doctors, nurses, performers, artists, graphic designers, web developers, photographers, utilities, employee benefits, banking, and finance agreements</td>
<td></td>
</tr>
</tbody>
</table>

**Exemptions**

<table>
<thead>
<tr>
<th>Professional Goods and Services</th>
<th>Construction, and Purchase and Sale of Real Property</th>
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<tbody>
<tr>
<td>Authorizes specific goods or services to be exempt from competitive process</td>
<td>Requires all who procure to sign on an annual basis that they have reviewed the Code of Ethics. Members of Evaluation Committees to complete conflict of interest declaration</td>
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<tr>
<td>Added per 9/9/2005 Board requirement</td>
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**Funding agencies may have more stringent requirements that must be followed when making procurements using their funds**

**Funding agencies may have more stringent requirements that must be followed when making procurements using their funds**
<table>
<thead>
<tr>
<th>Topic</th>
<th>Modification to Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegate more transactions to Chancellor to reduce transactions requiring Board review.</td>
<td>The Chancellor will approve most transactions where the Board previously approved.</td>
</tr>
<tr>
<td>Compliance with Code of Ethics and regular acknowledgement of the responsibility.</td>
<td>Require that employees that purchase sign an annual statement reaffirming the Code of Ethics.</td>
</tr>
<tr>
<td>Leases – Rule did not address the amount of consideration for a lease.</td>
<td>Presidents may authorize if the consideration of the lease does not exceed $5 million. If above, Chancellor will approve.</td>
</tr>
<tr>
<td>Large contracts – Large contracts should be unbundled if feasible to provide more MWESB opportunities</td>
<td>Institutions are encouraged to unbundle when appropriate.</td>
</tr>
<tr>
<td>Sole Source – Ensure that sufficient justification is documented and that is used only as a last resort.</td>
<td>Personal services and goods and services: still authorized; however, institutions must publish on the OUS website a notice of intent to award for at least seven calendar days before awarding. Capital Construction: Presidents authorize up to $1 million cumulative for institution projects throughout fiscal year. Chancellor may approve up to $5 million cumulative for each institution. All other must be approved by Board. Institutions must publish on the OUS website a notice of intent to award for at least seven calendar days before awarding.</td>
</tr>
<tr>
<td>Procurement Assessments – Institutions need to develop procurement assessment methods to start benchmarking things such as fiscal efficiencies, customer service, Systemwide cooperative purchasing, and quality control.</td>
<td>Staff proposes that the purchasing and facility directors collaborate to establish goals and methods for conducting procurement assessment.</td>
</tr>
</tbody>
</table>

**Staff Recommendation to the Board:**
Staff recommends the Board repeal OAR Chapter 580-040-0100 through 0295, repeal OAR Chapter 580 Division 50 in its entirety, repeal OAR Chapter 580-042-0005(1)(f), repeal OSU OAR Chapter 576-008-0200 through 0295, repeal UO OAR Chapter 571-040-0010 through 0460, delete the below Internal Management Directives, and adopt permanent rules titled: Division 60 – Real Property, Facility, and Campus Planning; Division 61 – OUS Procurement and Contracting Code; Division 62 – Purchasing and Contracts for Personal or Professional Services and Goods and Services; and Division 63 – Capital Construction and Contracting.
Internal Management Directives To Be Repealed:

Section 6 – Gift, Grant, and Contract Management
   6.100 Grants and Contracts
   6.101 Personal Service Contracts: Definitions, Standards, and Procedures
   6.102 Authority to Enter into Personal Services Contracts
   6.103 Justification of Personal Services Contracts

Section 6 – Property Procurement/Management
   6.150 Assignment of Responsibility – Personal Property
   6.155 Purchases to Conform with Department of General Services Regulations
   6.160 Purchase of Books and Periodicals
   6.170 Responsibility for Review, Retention, and Disposition of Real Property
   6.175 Guidelines for Real Property Retention and Disposition Decisions

Section 7 – Planning, Facilities, Physical Plan, and Equipment
   7.001 Land Acquisition Policies
   7.010 Rededication of Physical Facilities
   7.100 Long-Range Campus Development Planning
   7.105 Space Use Objectives and Building Planning Standards
   7.106 Authorization to Undertake Capital Construction Projects
   7.110 Categories of Capital Outlay Expenditures
   7.115 Cost Allocation of Utility Services
   7.125 Air Conditioning
   7.130 Approval of Plans, Specifications, and Contracts
   7.140 Acceptance of Buildings
   7.145 Plant Rehabilitation
   7.155 Use of Facilities for Other-Than-State Purposes
   7.160 Lease of Retail Store Spaces in Institutions Buildings
   7.170 Board-Provided Housing
DIVISION 60
REAL PROPERTY, FACILITY, AND CAMPUS PLANNING

580-060-0000
Authority
These rules establish the procedures that will be followed by Institutions of the Oregon University System to acquire, receive, hold, control, convey, sell, manage, operate, lease, lend, improve, and develop all real property given to any of the Institutions under the control of the Board by private donors or acquired by any other method or from any source, except for any structure, or asset encumbered by a certificate of participation.

Stat. Auth.: ORS 351.060
Stats. Implemented:

580-060-0005
Definitions
All capitalized terms in chapter 580, division 60 have the meanings set forth in OAR 580-061-0010 unless the context requires otherwise or except as stated.

Stat. Auth.: Stats. Implemented:

580-060-0010
Comprehensive Plan Coordination
(1) Each of the Institutions will maintain a long-range campus development plan covering approved campus boundaries, including real property that is not contiguous to the main campus. The combined institutional plans will be known as the Oregon University System Comprehensive Plan. Institutional plans will conform to OAR Chapter 660, Division 30 of the Land Conservation and Development Commission, which includes, but is not limited to, conforming the Institutional plans to regulations of the applicable local jurisdiction. Institutional plans will be approved by the Institution President and by the Chancellor or designee. Board or a subcommittee thereof as appropriate due to major revisions of campus boundaries approved by the Board. The Chancellor or designee Board will approve revisions to the campus boundaries.

Stat. Auth.: Stats. Implemented:

580-060-0015
Records
The Office of Capital Construction, Planning, and Budget of the Chancellor's Office will be the official record keeper for all documents that affect real property under the control of the Board. Documents affecting real property include, but are not limited to, all
instruments that acquire, transfer, sell, or alter the character of land. All documents will be provided by Institutions to the Office of Capital Construction, Planning, and Budget in a timely manner.

Stat. Auth.: Stats. Implemented:

580-060-0020  
**Purchase of Real Property**  
All purchases will be in the name of the State of Oregon. All instruments acquiring title to real property must be executed by the Board President and Board Secretary in accordance with ORS 351.150. All purchases will be for the present or future development of the Institution.

(1) The Institution President has the authority to approve purchases of real property after obtaining at least one appraisal by a licensed and experienced real estate appraiser estimating the fair market value if the consideration is less than $1,000,000. The Institution President must ensure that an environmental assessment has been completed and that any risk associated with the real property is reasonable under the circumstances and OUS Systemwide legislative expenditure limitation has been obtained prior to approving the purchase of real property.

(2) For the purchase of real property where the consideration exceeds $1,000,000, the Institution President or designee must:

(a) Obtain at least one appraisal by a licensed and experienced real estate appraiser estimating the fair market value, and

(b) Obtain prior approval of the acquisition by the Chancellor or designee Board,

(c) Complete an environmental assessment and confirm that any risk associated with the real property is reasonable under the circumstances, and

(d) Obtain Legislative limitation, if required.

(3) All purchases of real property will comply with the applicable requirements of ORS Chapter 270.

Stat. Auth.: Stats. Implemented:
580-060-0025
 Gifts of Real Property
The Institution President may accept gifts of real property on behalf of the Board. The Institution President must ensure that an environmental assessment has been completed prior to accepting the gift of real property and that any risk associated with the real property is reasonable under the circumstances. Legal title to all real property gifted to the Institution must be taken and held in the name of the State of Oregon and executed by the Board President and Board Secretary.

Stat. Auth.:  
Stats. Implemented:

580-060-0030
Condemnation
Acquisition of real property by condemnation will be conducted in accordance with ORS Chapter 35 and must be approved by the Board.

Stat. Auth.:  
Stats. Implemented:

580-060-0035
Sale of Real Property
(1) All instruments transferring title to real property must be executed by the Board President and Board Secretary.

(2) The Institution President has the authority to approve the sale of real property after obtaining at least one appraisal by a licensed and experienced real estate appraiser estimating the fair market value if the consideration is less than $1,000,000.

(3) For the sale of real property where the consideration exceeds $1,000,000, the Institution President must obtain at least one appraisal by a licensed and experienced real estate appraiser estimating the fair market value and must obtain prior approval of the sale by the Chancellor, or designee Board.

Stat. Auth.:  
Stats. Implemented:

580-060-0040
Easements
(1) All instruments granting or acquiring an easement must be executed by the Board President and Board Secretary.
(2) The Institution President or designee has the authority to approve acquisition or grant of an easement reasonably related to the operation of the Institution if the consideration does not exceed $1,000,000.

(3) The Institution President or designee must obtain Chancellor, or designee Board approval for all other easement grants or acquisitions.

Stat. Auth.: Stats. Implemented:

580-060-0045
Use of Facilities for Other than Institutional Purposes
Institutions normally will not make available Institutional buildings and other facilities to individuals for essentially private use or to outside organizations, unless approved in Institutional policy or required by law. Exceptions will be made only if the proposed use is consistent with Institutional policies and missions and the individual or organization fully reimburses the Institution for all appropriate costs. The Institutional President or designee will confer with the OUS Controller’s Division to determine compliance with bond restrictions.

Stat. Auth.: Stats. Implemented:

580-060-0050
Transfers of Interests in Real Property
(1) Private Activity Limitations: If an Institution intends to execute any transfer of an interest in real property owned by the Board or the right to use Board real property, including a lease or license, and either (a) the term of the transfer exceeds 50 days in total or (b) the arrangement was not set at fair market value, then prior to the execution of that transfer of interest in real property, the Institution President or designee will confer with the OUS Controller’s Division to determine compliance with bond restrictions.

(2) Authority to Execute Agreements: The Institution President or designee is authorized to execute documents transferring such interests for real property owned or controlled by the Board or real property for the use of the Institution if the term of the agreement and all extensions do not exceed ten years or the consideration for the transfer of an interest does not exceed $5,000,000 over the term of the agreement. All other transfers of interests for real property will be approved by the Chancellor or designee.

(3) Improvements to Board Owned Property: The Institution President or designee will obtain prior approval of the Board for agreements permitting the construction on or renovation to Board owned property if such improvements exceed $5,000,000 during
the term of the agreement. To obtain approval from the Board, the Institution must specify where funding for operations and maintenance will come from.

(a) If the Institution permits construction on or renovation to Board-owned property, the Institution must approve all plans and specifications prior to the commencement of work and obtain record drawings upon termination of the agreement or completion of the work, whichever first occurs.

Stat. Auth.:  
Stats. Implemented:

580-060-0055
Naming Buildings
An Institution President is authorized to name buildings. No building or structure of the Oregon University System will be named after a living person. However, the Chancellor, or designee Board may make exceptions to this rule if a donor contributes a substantial share of the cost of construction or if other unusually meritorious reasons exist.

Stat. Auth.:  
Stats. Implemented:

580-060-0060
Board of Higher Education-Provided Housing
(1) Consistent with ORS 182.415 to 182.435, the Board will collect rent for housing provided to officers and employees. Each Institution will:

(a) Examine periodically, but not less frequently than once every five years, each rental unit's fair rental value. Fair rental value will be determined by a qualified appraiser certified under ORS 308.010 or licensed or certified under ORS 674.310. The rental rate will be adjusted annually to reflect changes in community real estate values, if any.

(b) Collect rent for such housing based on the fair rental value, subject to any rental rate reductions authorized in subsection (2).

(c) Deposit such rental income in an appropriate Institution account.

(d) Provide no furnishings except as authorized by ORS 182.415(1).

(e) Determine whether to provide or to what extent the Institution will provide utilities and services for each housing unit.
(2) Each Institution providing housing for officers or employees may reduce the rent charged, by up to 100 percent from the fair rental value based on the following factors:

(a) Rental reduction for Institution need provided.

(A) If residence in the housing unit is a job requirement, as evidenced by contract or position description and not offered as an incentive or a fringe benefit to the resident state employee—50 percent reduction; or

(B) If residence in the housing unit is not a job-related requirement but it is a distinct advantage to the Institution to have the officer or employee live near the job in case of an emergency or for general protection of Board property in the area—20 percent reduction; or

(C) If residence in the housing unit is not a job requirement and the only advantage to the Institution is to reduce the chance of vandalism and deterioration to a Board-owned or controlled residence—10 percent reduction; or

(D) If residence in the housing unit is not a job requirement nor is it for the benefit of the Institution, but is solely for the benefit of the occupant—No reduction.

(b) Rental reduction for invasion of privacy.

(A) If the housing unit or a significant part of it is used for a public office or public business or is so located that invasion of privacy by the public or by guests invited for Institution-related activities is expected or usual—30 percent reduction; or

(B) If the public is not invited and invasion of privacy is not the usual occurrence, but the residence location or architecture plainly indicates state ownership and there is little or no restriction of public or Institution client traffic—20 percent reduction; or

(C) Invasion of privacy is an occasional or seasonal occurrence and there is some restriction to public traffic—10 percent reduction; or

(D) Invasion of privacy is no more than would be expected for an average privately owned residence—No reduction.

(c) Rental reduction for isolation.

(A) If the housing unit is located in an isolated area, defined as being more than 50 miles distance or 90 minutes travel by automobile from the nearest full service community, or the travel conditions are usually severe
or hazardous—20 percent reduction. A full-service community is one with a supermarket, department store, medical doctor, dentist, church, school, etc; or

(B) If the housing unit is located 30 to 50 miles distance or 60 to 90 minutes travel by automobile from the nearest full-service community or the travel conditions are seasonally severe or hazardous—15 percent reduction; or

(C) If the housing unit is located 10 to 30 miles distance or 30 to 60 minutes travel time by automobile from the nearest full-service community, the travel conditions are only occasionally severe or hazardous—10 percent reduction; or

(D) The housing unit is located within 10 miles and not over 30 minutes travel time by automobile from the nearest full-service community and the travel conditions are rarely severe or hazardous—No reduction.

(d) Rental reduction for unique conditions. Certain unique conditions may arise or exist in addition to those in subsections (a)–(c) above. Rent may be reduced as follows:

(A) To correct inequities between the fair rental value as determined in subsection (1) and the salary of the officer or employee occupying the residence—reduction to the extent necessary and reasonable;

(B) Because of unique conditions in the Board's title to the property (e.g., the Board's ownership is conditioned upon residence by a specified employee) —up to 100 percent of the fair rental value; and

(C) Other factors necessary for effective program management (cannot include factors reflecting only the convenience or comfort of an employee)—a reduction of up to 20 percent.

(3) At least once every five years, Institutions will prepare a report indicating the fair rental value of each housing unit, the date of the most recent appraisal, and the amount of any reductions from the fair rental value and the reasons for the reductions. This report will be available for public inspection.

Stat. Auth.: ORS 182.415, 182.425 & 351.070
Stats. Implemented:
DIVISION 61
OUS PROCUREMENT AND CONTRACTING CODE

580-061-0000
Code of Ethics
(1) The following Code of Ethics will apply to Oregon University System employees in relation to Chapter 580, Divisions 60, 61, 62, and 63. Employees will:

(a) Give first consideration to the objectives and policies of the Board, OUS, and the Institution;
(b) Strive to obtain the best value for expenditures;
(c) Fairly consider prospective Contractors insofar as state or federal statutes and institutional rules and policies require;
(d) Conduct business in an atmosphere of good faith;
(e) Demand honesty in representations made by prospective Contractors;
(f) Promote competition by encouraging the participation of Oregon businesses, emerging small and minority-owned and women-owned businesses, and Qualified Rehabilitation Facilities;
(g) Comply with the applicable provisions of ORS Chapter 244 and other applicable rules and policies on conflict of interest that may be more restrictive;
(h) Refrain from having financial interests incompatible with the impartial, objective, and effective performance of duties. Activities that may create a conflict of interest must be addressed in accordance with the procedures outlined in the Oregon University System's Internal Management Directives and other applicable rules and policies;
(i) Receive the written consent of the originator of proprietary ideas and designs before using them; and
(j) Foster fair, ethical, and legal trade practices.
(k) Execute the OUS Conflict of Interest Statement before any person may participate in the evaluation or selection of a Contractor or vendor under a Formal Procurement process.
(L) On an annual basis, sign a statement that the employee has reviewed and will comply with the OUS Code of Ethics.
(2) This code is for the Oregon University System's internal use only and creates no obligations enforceable by Contractors, Proposers, Bidders, or other parties doing business with an Institution, nor may it be used by Contractors, Proposers, Bidders, or other parties doing business with an Institution who are challenging actions taken by an Institution or its officers, employees, or agents. This code may not be the only statement on ethics applicable to an employee.

Stat. Auth.:  
Stats. Implemented:

580-061-0005  
Applicable Model Public Contract Rules  
The Attorney General’s Model Public Contract Rules adopted by the Oregon Attorney General pursuant to ORS 279A.065 are generally inapplicable to the contracting activities of Institutions unless specifically referenced and adopted herein.

Stat. Auth.:  
Stats. Implemented:

580-061-0010  
Definitions  
The following Definitions will apply to Chapter 580, Divisions 60, 61, 62, and 63, unless the context requires otherwise:

(1) “Addendum” or “Addenda” means an addition to, deletion from, a material change in, or general interest explanation of the Solicitation Document. Addenda will be labeled as such and distributed to all interested Bidders or Proposers.

(2) “Award” means, as the context requires, identifying the Entity with whom the Institution intends to enter into a Contract following the resolution of any protest of the selection of that Entity and the completion of all Contract negotiations.

(3) “Bid” means an offer, binding on the Bidder and submitted in response to a Solicitation Document.

(4) “Bidder” means an Entity that submits a Bid in response to a Solicitation Document.

(5) “Board” means the Oregon State Board of Higher Education.

(6) “Change Order” or “Contract Amendment” means a written order issued by an Institution to the Contractor requiring a change in the Work within the general scope of the original Contract.
(7) “Closing” means the date and time specified in a Solicitation Document as the deadline for submitting Bids or Proposals.

(8) “Competitive Process” means the process of procuring goods and services and construction related services by fair and open competition, under varying market conditions, with the intent of minimizing opportunities for favoritism and assuring that Contracts are awarded equitably and economically using various factors in determining such equitability and economy.

(9) “Contract” means a contract for sale or other disposal, or a purchase, lease, rental, or other acquisition, by an Institution of personal property, services, including personal or professional services, public improvements, public works, minor alterations, or ordinary repair or maintenance necessary to preserve a Public Improvement. “Contract” does not include grants. “Contract” may also mean a purchase order, Price Agreement, or other Contract document in addition to an Institution’s Solicitation Document and the accepted portions of a Bid or Proposal.

(10) “Contract Officer” means the Vice President for Finance and Administration or his or her designee at an Institution or the Vice Chancellor for Finance and Administration or his or her designee with the authority to negotiate and execute Contracts.

(11) “Contract Price” means, as the context requires, the maximum monetary obligation that an Institution either will or may incur under a Contract, including bonuses, incentives and contingency amounts, Addenda, Change Orders, or approved alternates, if the Contractor fully performs under the Contract.

(12) “Contractor” means the Entity awarded a Contract to furnish an Institution goods, services, or Work.

(13) “Days” means calendar days, including weekdays, weekends, and holidays, unless otherwise specified.

(14) “Disadvantaged Business Enterprise” means a small business concern as defined in ORS 200.005.

(15) “Disqualification or Disqualify” means the preclusion of an Entity from contracting with an agency of the State of Oregon in accordance with OAR 580-061-0160.

(16) “Electronic Bid or Proposal” means a response to a Solicitation Document submitted to an Institution via the World Wide Web or some other internet protocol.

(17) “Emergency” means an unexpected, serious situation that creates a significant risk of loss, damage, interruption of service, or threat to the public health or safety that requires prompt action to remedy the condition.
(18) “Emerging Small Business” means an Emerging Small Business as defined in ORS 200.005 and that maintains a current certification issued by the Oregon Department of Consumer and Business Services.

(19) “Entity” means a natural person capable of being legally bound, sole proprietorship, corporation, partnership, limited liability company or partnership, limited partnership, profit or nonprofit unincorporated association, business trust, two or more persons having a joint or common economic interest, or any other person with legal capacity to Contract, or a government or governmental subdivision.

(20) “Facsimile” means a document that has been transmitted to and received by an Institution in a format that is capable of being received via a device commonly known as a facsimile machine.

(21) “Grant” means:

(a) An agreement under which an Institution receives money, property, or other assistance, including, but not limited to, federal assistance that is characterized as a Grant by federal law or regulations, loans, loan guarantees, credit enhancements, gifts, bequests, commodities, or other assets, from a grantor for the purpose of supporting or stimulating a program or activity of the Institution and in which no substantial involvement by the grantor is anticipated in the program or activity other than involvement associated with monitoring compliance with the Grant conditions; or

(b) An agreement under which an Institution provides money, property, or other assistance, including, but not limited to, federal assistance that is characterized as a Grant by federal law or regulations, loans, loan guarantees, credit enhancements, gifts, bequests, commodities, or other assets, to a recipient for the purpose of supporting or stimulating a program or activity of the recipient and in which no substantial involvement by the Institution is anticipated in the program or activity other than involvement associated with monitoring compliance with the Grant conditions.

(c) "Grant" does not include a Public Improvement Contract or a Contract for Emergency work.

(22) “Institution” means a university under the authority of the Board, including the Chancellor’s Office.

(23) “Invitation to Bid” (ITB) means a Solicitation Document for the solicitation of competitive, written, signed, and sealed Bids in which Specifications, price, and delivery (or project completion) are the predominant award criteria.
(24) “Minority Business Enterprise” means a Minority Business Enterprise as defined in ORS 200.005 and that maintains a current certification issued by the Oregon Department of Consumer and Business Services.

(25) “Opening” means the date, time, and place specified in the Solicitation Document for the public opening of written sealed Bids or Proposals.

(26) “Owner” means the State of Oregon acting by and through the Board, in its own right or on behalf of one of its Institutions as identified in the Solicitation Document, also known as the Oregon University System (OUS).

(27) “President” means the president of one of the Institutions and, in the case of the Chancellor’s Office, the Chancellor. Where the term “Institution President” is used, it refers to the president of the Institution at issue.

(28) “Personal or Professional Services Contract” means a Contract with an Entity whose primary purpose is to acquire specialized skills, knowledge, and resources in the application of technical or scientific expertise, or the exercise of professional, artistic, or management discretion or judgment, including, without limitation, a Contract for the services of an accountant, physician or dentist, educator, consultant, broadcaster or artist (including a photographer, filmmaker, painter, weaver, or sculptor). “Personal or Professional Services Contract” under this definition does not include an architect, engineer, planners, land surveyors, appraisers, construction managers, and similar professional consultants for construction work.

(29) “Price Agreement” means a binding nonexclusive agreement in which the Contractor agrees to provide specific items or services to an Institution at a set price during a specified period of time.

(30) "Proposal" means a binding competitive offer submitted in response to a Request for Proposals.

(31) “Proposer” means an Entity that submits a Proposal in response to a Request for Proposals.

(32) “Public Improvement” means a project for construction, reconstruction, or major renovation on real property by or for an Institution. “Public Improvement” does not include:

(a) Projects for which no funds of an Institution are directly or indirectly used, except for participation that is incidental or related primarily to project design or inspection; or

(b) Emergency work, minor alteration, ordinary repair or maintenance necessary to preserve a Public Improvement.
(33) “Public Improvement Contract” means a Contract for a Public Improvement. “Public Improvement Contract” does not include a Contract for Emergency work, minor alterations, or ordinary repair or maintenance necessary to preserve a Public Improvement.

(34) “Public Work” as defined by the Bureau of Labor and Industries (BOLI) includes, but is not limited to, roads, highways, buildings, structures, and improvements of all types, the construction, reconstruction, major renovation or painting of which is carried on or contracted for by an Institution or the Board to serve the public interest but does not include the reconstruction or renovation of privately owned property that is leased by the Board or an Institution.

(35) “Qualified Rehabilitation Facility” means a nonprofit activity center or rehabilitation facility authorized by the Oregon Department of Administrative Services to provide goods or services in accordance with ORS 279.835 et seq.

(36) “Request for Information (RFI)” means a Solicitation Document seeking information regarding products or services that an Institution is interested in procuring.

(37) “Request for Proposals (RFP)” means a Solicitation Document to obtain written, competitive Proposals to be used as a basis for making an acquisition or entering into a Contract when price will not necessarily be the predominant award criteria.

(38) “Request for Qualifications (RFQ)” means a Solicitation Document issued by an Institution to which interested Contractors respond in writing by describing their experience with and qualifications to provide the services, personal services or architectural, engineering or land surveying services, or related services described in the Solicitation Document.

(39) “Responsible Bidder or Proposer” means an Entity that demonstrates their ability to perform satisfactorily under a Contract by meeting the applicable standards of responsibility outlined in OAR 580-061-0130.

(40) “Responsive Bid or Proposal” means a Bid or Proposal that has substantially complied in all material respects with the criteria outlined in a Solicitation Document.

(41) “Retainer Contract” means a Contract by which, pursuant to a Request for Proposals or Invitation to Bid, multiple Contractors are authorized to provide specific supplies or equipment to or perform specific services for an Institution(s). Contractors on a Retainer Contract may provide goods or services on a non-exclusive and as-needed basis.

(42) “Signed or Signature” mean any Written mark, word, or symbol that is made or adopted by an Entity with the intent to be bound and that is attached to or logically associated with a Written document to which the Entity intends to be bound.
(43) “Single Seller” means the only Contractor of a particular product or service reasonably available.

(44) “Solicitation Document” means an Invitation to Bid, Request for Proposals, Request for Qualifications or any other written document issued or posted on the OUS procurement website by an Institution that outlines the required Specifications necessary to submit a Bid, Proposal, or other response.

(45) “Specifications” means a description of the physical or functional characteristics, or of the nature of the goods or services, including any requirement for inspecting, testing, or preparing the goods or services for delivery and the quantities or qualities of the goods or services to be furnished under a Contract. Specifications generally will state the result to be obtained and may describe the method and manner of performance.

(46) “Women Business Enterprise” means a Women Business Enterprise as defined in ORS 200.005 and that maintains a current certification issued by the Oregon Department of Consumer and Business Services.

(47) “Work” means the furnishing of all materials, equipment, labor, transportation, services, and incidentals necessary to successfully complete any individual item or the entire Contract and carrying out and completion of all duties and obligations imposed by the Contract.

(48) “Written or Writing” means letters, characters, and symbols inscribed on paper by hand, print, type, or other method of impression intended to represent or convey particular ideas or means. “Writing,” when required or permitted by law, or required or permitted in a Solicitation Document, also means letters, characters, and symbols made in electronic form and intended to represent or convey particular ideas or meanings.

Stat. Auth.: 
Stats. Implemented:

580-061-0015

**Purchasing and Contract Records**

(1) Institutions will maintain records relating to all Institutional purchasing and contracting transactions in accordance with the requirements of the Secretary of State and OUS administrative rule.

(2) Documentation of all purchasing and contracting transactions will be made available for inspection by the public as outlined in applicable public records laws.

(3) Institutions will maintain records relating to all Institutional purchasing and contracting transactions that may include:

   (a) An executed Contract and any amendments or Change Orders;
(b) The record of the actions used to develop the Contract;

(c) A copy of the Solicitation Document, if any;

(d) Any required findings or statement of justification for the selection of the Contractor or the procurement method used;

(e) The record of any negotiation of the Specifications and results;

(f) All information describing how the Contractor was selected, including the basis for awarding the Contract;

(g) The names of Entities and cost estimates considered.

Stat. Auth.:  
Stats. Implemented:

580-061-0020  
Designation of Contract Officers

Each Institutional Vice President for Finance and Administration or the Vice Chancellor for Finance and Administration will designate staff authorized to enter into Contracts and Public Improvement Contracts for the Institution.

(1) Institutions will maintain a list identifying Contract Officers and describing the types and Contract Price of Contracts and Public Improvement Contracts they are authorized to enter into. Institutions will provide an updated list annually to the Chancellor’s Office. The Vice Chancellor for Finance and Administration may designate staff authorized to enter into Contracts and Public Improvement Contract on behalf of all Institutions.

(2) Contracts or Public Improvement Contracts entered into by individuals not designated as authorized Contract Officers will be voidable at the sole discretion of the Institution. Institutions may take appropriate action in response to execution of Contracts contrary to this rule. Such actions include, but are not limited to, providing educational guidance, imposing disciplinary measures, and holding individuals personally liable for such Contracts.

(3) Authorized Contract Officers will be responsible for ensuring that the proper procedures are followed as outlined in chapter 580, Divisions 60, 61, 62, and 63.

(4) Unless otherwise specified in Chapter 580, Divisions 60, 61, 62, and 63, the Contracting Officer will perform all the duties of the Owner on behalf of the Board.
(5) The Institution President may, by Written agreement with the President of another Institution or the Chancellor, and after notice to the Chancellor, transfer such delegation to a person at another Institution.

Stat. Auth.:  
Stats. Implemented:

580-061-0025  
Policy Governing the Acquisition of Goods and Services available from Qualified Rehabilitation Facilities  
Institutions will purchase goods and services from Qualified Rehabilitation Facilities in accordance with the provisions of ORS 279.835 to 279.855 and applicable administrative rules.

Stat. Auth.:  
Stats. Implemented:

580-061-0030  
Affirmative Action; General Policy  
(1) The general policy of OUS Institutions will be to expand economic opportunities for Minority Business Enterprises, Women Business Enterprises, and Emerging Small Businesses by offering them the contracting and subcontracting opportunities available through Institution Contracts. Notice of all Contract procured through a Competitive Process will be provided to the Advocate for Minority, Women, and Emerging Small Business, unless otherwise provided, using the OUS procurement website. Institutions are encouraged to unbundle contracts, when appropriate, to expand contract opportunities for Minority, Women, and Emerging Small Businesses and Oregon based businesses.

(2) OUS will not knowingly contract with or procure goods or services from any Entity that discriminates on the basis of age, disability, national origin, race, marital status, religion, sex, or sexual orientation.

(3) Bidders and Proposers will certify, as part of the Bids or Proposals that such Bidder or Proposer has not discriminated against Minority, Women or Emerging Small Business Enterprises in obtaining any required subcontracts.

(4) On an annual basis, Institutional Presidents will report to the Board statistical information regarding the number of Contracts awarded and the cumulative dollar amount of Contracts awarded to Minority Business Enterprises, Women Business Enterprises, Emerging Small Businesses, and Oregon-based businesses. The report will include information describing Institutional programs or initiatives to expand contracting opportunities to Minority, Women, Emerging Small Businesses, and Oregon based businesses.
Emerging Small Business Program

(1) The Board encourages participation of Emerging Small Businesses by creating an Emerging Small Business Program. The Emerging Small Business Program is limited to businesses that meet the definition in ORS 200.005(3) and that maintain a current certification issued by the Oregon Department of Consumer and Business Services. When conducting procurements, Institutions may implement the Emerging Small Business Program by methods including, but not limited to:

(a) Priority of Contract Award. In the event of a tie low Bid, when price is the sole determinative factor, give priority to a certified Emerging Small Business;

(b) Exclusive Emerging Small Business Opportunities. Institutions have the authority to create opportunities that are only open to certified Emerging Small Businesses. When an Institution issues a Solicitation Document, the Institution may determine that it is in the Institution’s interest to limit the opportunity to only qualified and certified Emerging Small Businesses.

(c) Evaluation Criteria. An Institution may identify in a Solicitation Document that it will award additional evaluation points based on certified Emerging Small Business status.

(2) For Construction Related Services where price is the determinative factor, if a Responsible Emerging Small Business’ Responsive Bid is within one percent of the lowest Responsible Responsive Bid, the Institution will award the Contract to the Emerging Small Business.

Sexual Harassment Policy

All Contractors will be notified that the Board has adopted policies applicable to Contractors that prohibit sexual harassment and that the Contractor’s company and employees are required to adhere to the Institution’s policy prohibiting sexual harassment in their interactions with members of the Institution’s community.
580-061-0045
Insurance or Bond Requirements
All Contractors will provide and maintain insurance or bonding as may be required by the Institution. Such insurance or bonding will remain in force throughout the term of the Contract, including any extensions.

Stat. Auth.: 
Stats. Implemented:

580-061-0050
Interest on Overdue Charges
The policy of the Board is that an Institution pay any overdue account charge, in accordance with ORS 293.462, incurred by an Institution when payment for goods and services have not been reasonably made.

(a) Overdue claims will be those that have not been paid within 45 days from the latest of the following dates: The date of the receipt of the accurate invoice, the date of the initial billing statement if no invoice is received, the date all goods have been received, or the date the claim is made certain by agreement of the parties or by operation of law. However, overdue account charges will not accrue on any purchases made by an Institution during time of civil emergency or in the event of a natural disaster that prevents the timely payment of accounts. In such instances, accounts will be paid in as timely a manner as possible.

(b) The maximum overdue charge incidental to procurement of the goods or services will be at a rate of two-thirds of one percent per month, but not more than eight percent per annum.

Stat. Auth.: 
Stats. Implemented:: ORS 293.462

580-061-0055
Invitation to Bid Required Provision
If an Invitation to Bid is issued for a Contract for goods or services, the Institution will ensure that the following statement is contained in the Invitation to Bid: “Contractors will use recyclable products to the maximum extent economically feasible in the performance of the Contract.”

Stat. Auth.: 
Stats. Implemented:
580-061-0060
Basis for Awarding Contracts
Institutions will select Contractors and award Contracts based on such factors as are identified in the Solicitation Document and such other factors as are reasonable under the circumstances.

Stat. Auth.: 
Stats. Implemented:

580-061-0065
Contract Amendments (Including Change Orders and Extra Work) and Expired Contracts
An amendment for additional Work or goods that is reasonably related to the scope of Work under the original Contract, including Change Orders, extra work, field orders, or other change in the original Specifications that increases the original Contract Price or length of time, may be made with the Contractor without using a Competitive Process provided that the amendment does not materially alter such a Contract. An amendment that extends the Contract past the period set out in the Solicitation Document for anything other than completion of the Work contemplated in the original Contract as extended, will require a new Competitive Process, unless approved by the Vice President for Finance and Administration or Vice Chancellor for Finance and Administration for good cause. Expired Contracts may be revived and reinstated upon the approval of the Vice President for Finance and Administration or Vice Chancellor for Finance and Administration or their designees, subject to receiving all required approvals.

Stat. Auth.: 
Stats. Implemented:

580-061-0070
Bids or Proposals are Offers
(1) Offer and Acceptance. The Bid or Proposal is the Bidder’s or Proposer’s offer to enter into a Contract that will be binding upon the Bidder or Proposer for thirty (30) days, unless a different time frame is specified in the Solicitation Document. An Institution’s award of the Contract constitutes acceptance of the offer and binds the Bidder or Proposer.

(2) The Bid or Proposal will be a complete offer and fully responsive to the Solicitation Document, unless Bidders or Proposers are specifically authorized by the Solicitation Document to take exceptions or to leave terms open to negotiation.

(3) Unless expressly authorized by the Solicitation Document, Bidders or Proposers will not make their Bids or Proposals contingent upon the Institution’s acceptance of
Specifications or contract terms that conflict with or are in addition to those in the Solicitation Document.

Stat. Auth.:  
Stats. Implemented:

580-061-0075  
**Facsimile and Electronic Bids and Proposals**  
(1) Institutions may authorize submission of Bids or Proposals through facsimile or electronic methods if:

   (a) The Solicitation Document permits submission via facsimile or electronic means; and

   (b) The Institution establishes methods of receiving, identifying, recording, and preserving the “sealed” requirement of the Competitive Process.

   (c) Bids or Proposals submitted through facsimile and electronic methods must contain Written signatures indicating intent to be bound by the offer.

(2) Institutions may execute or open electronic submissions to verify receipt of documents prior to the Closing, but will not verify responsiveness.

Stat. Auth.:  
Stats. Implemented:

580-061-0080  
**Bid or Proposal Submissions**  
(1) Identification of Bids or Proposals. To ensure proper identification and special handling, Bids or Proposals will be submitted in a sealed envelope appropriately marked or in the envelope provided by the Institution, whichever is applicable. The Institution will not be responsible for the proper identification and handling of Bids or Proposals not submitted in the designated manner or format as required in the Solicitation Document.

(2) Receipt of Bids or Proposals. It is the Bidder’s or Proposer’s responsibility to ensure that Bids or Proposals are received by the Institution at the required delivery point, prior to the Closing as indicated in the Solicitation Document, regardless of the method used to submit or transmit the Bid or Proposal.

Stat. Auth.:  
Stats. Implemented:
580-061-0085
Pre-Bid and Pre-Proposal Conferences
(1) Pre-Bid or pre-Proposal conferences may be scheduled. Each pre-Bid or pre-Proposal conference will be described in the Solicitation Document as “voluntary” or “mandatory.” If such a conference is designated as “mandatory,” a Bidder or Proposer must attend in order to submit a Bid or Proposal.

(2) If the Bidder or Proposer is an individual, the Bidder or Proposer may authorize a representative other than himself/herself to attend the pre-Bid or pre-Proposal conference.

(3) Statements made by Institutional representatives at the pre-Bid or pre-Proposal conference will not be binding unless a Written Addendum to the Solicitation Document is issued.

Stat. Auth.: 
Stats. Implemented:

580-061-0090
Bid or Proposal Security
(1) The Institution may require in the Solicitation Document submission of a Bid or Proposal security. Security includes, but is not limited to, a surety bond from a surety company authorized to do business in the state of Oregon, cashier's check, certified check, or savings and loan secured check.

(2) The Bid or Proposal security of all unsuccessful Bidders or Proposers will be returned or released after a Contract has been executed and a performance bond provided (if such a bond is required), or after all Bids or Proposals have been rejected.

Stat. Auth.: 
Stats. Implemented:

580-061-0095
Addenda to Solicitation Document
(1) The Institution may change a Solicitation Document by Written Addenda. Institutions will make reasonable efforts to notify potential Bidders or Proposers of such Written Addenda by methods that may include, but are not limited to, publication of the Written Addenda on the OUS procurement website or requiring submission of a notice of interest by potential Bidders or Proposers to receive Addenda.

(2) The Institution will issue the Written Addenda within a reasonable time prior to Closing to allow prospective Bidders or Proposers to consider the Addenda in preparing their Bids or Proposals. The Institution may extend the Closing if it determines
prospective Bidders or Proposers need additional time to review and respond to Addenda.

Stat. Auth.:  
Stats. Implemented:

580-061-0100  
Clarification of Solicitation Document and Requests for Change

Unless a different deadline is specified in the Solicitation Document, requests for clarification or change of the Solicitation Document must be received by the Institution in Writing at least ten (10) days prior to the Closing.

(a) Such request for clarification or change will include the reasons for the clarification or change, and any proposed changes to Specifications or provisions.

(b) The Institution will consider all requests for clarification or change and, if appropriate, amend the Solicitation Document by issuing Addenda.

Stat. Auth.:  
Stats. Implemented:

580-061-0105  
Pre-Closing Modifications or Withdrawal of Bids or Proposals

(1) Modifications. A Bidder or Proposer may modify its Bid or Proposal in Writing prior to the Closing. Any modification must include a statement that the modification amends and supersedes the prior Bid or Proposal.

(2) Withdrawals. A Bidder or Proposer may withdraw its Bid or Proposal by Written notice submitted on the Bidder or Proposer's letterhead, signed by an authorized representative of the Bidder or Proposer, delivered to the individual and location specified in the Solicitation Document (or the place of Closing if no location is specified), and received by the Institution prior to the Closing. The Bidder or Proposer, or authorized representative of the Bidder or Proposer, may also withdraw its Bid or Proposal in person prior to the Closing, upon presentation of appropriate identification and evidence of authority satisfactory to the Institution.

Stat. Auth.:  
Stats. Implemented:
580-061-0110
Receipt, Opening, and Recording of Bids and Proposals

(1) Receipt. An Institution will electronically or mechanically time-stamp or hand-mark each Bid or Proposal and any modification upon receipt. Except as provided in OAR 580-061-00075(2) the Institution will not open the Bid or Proposal or modification, but will store it in a secure place until Opening. If the Institution inadvertently opens a Bid or Proposal or a modification prior to the Opening, the Institution will reseal and store the opened Bid or Proposal or modification until the Opening. The Institution will document the resealing for the solicitation file (e.g., "Institution inadvertently opened the Bid/Proposal due to improper identification of the Bid/Proposal.").

(2) Opening and Recording. An Institution will publicly open Bids or Proposals including any modifications made to the Bid or Proposal. Unless otherwise specified in the Solicitation Document, the name of the Entity submitting a Bid or Proposal will be the only information that may be made public until notice of the intent to Award or an Award has been issued.

Stat. Auth.: 
Stats. Implemented:

580-061-0115
Late Bids and Proposals, Late Withdrawals, and Late Modifications

Any Bid or Proposal, modification, or withdrawal received after the Closing is late. An Institution will not consider late Bids, Proposals, modifications, or withdrawals except as permitted in OAR 580-061-0120.

Stat. Auth.: 
Stats. Implemented:

580-061-0120
Mistakes

(1) Generally. To protect the integrity of the Competitive Process and to assure fair treatment of Bidders and Proposers, an Institution should carefully consider whether to permit waiver, correction, or withdrawal for certain mistakes.

(2) Institution Treatment of Mistakes. An Institution will not allow a Bidder or Proposer to correct or withdraw a Bid or Proposal for an error in judgment. If the Institution discovers certain mistakes in a Bid or Proposal after Opening, but before award of the Contract, the Institution may take the following action:

(a) An Institution, in its sole discretion, may waive or permit a Bidder or Proposer to correct a minor informality. A minor informality is a matter of form rather than substance that is evident on the face of the Bid or Proposal or an insignificant mistake that can be waived or corrected without prejudice to other Bidders or
Proposers. Examples of minor informalities include a Bidder or Proposer’s failure to:

(A) Return the correct number of Signed Bids or Proposals or the correct number of other documents required by the Solicitation Document; or

(B) Sign the Bid or Proposal in the designated block, provided a Signature appears elsewhere in the Bid or Proposal, evidencing an intent to be bound; or

(C) Acknowledge receipt of an Addendum to the Solicitation Document, provided it is clear on the face of the Bid or Proposal that the Bidder or Proposer received the Addendum and intended to be bound by its terms, or the Addendum involved did not affect price, quality, or delivery.

(b) An Institution may correct a clerical error if the error is evident on the face of the Bid or Proposal or other documents submitted with the Bid or Proposal and the Bidder’s or Proposer confirms the Institution’s correction in Writing. A clerical error is a Bidder or Proposer’s error in transcribing its Bid or Proposal. Examples include, but are not limited to, typographical mistakes, errors in extending unit prices, transposition errors, and arithmetical errors, instances in which the intended correct unit or amount is evident by simple arithmetic calculations. In the event of a discrepancy, unit prices will prevail over extended prices.

(c) An Institution may permit a Bidder or Proposer to withdraw a Bid or Proposal after Closing based on one or more clerical errors in the Bid or Proposal only if the Bidder or Proposer shows with objective proof and by clear and convincing evidence:

(A) The nature of the error;

(B) That the error is not a minor informality under this subsection or an error in judgment;

(C) That the error cannot be corrected under subsection (b) of this subsection;

(D) That the Bidder or Proposer acted in good faith in submitting a Bid or Proposal that contained the claimed error and in claiming that the alleged error in the Bid or Proposal exists;

(E) That the Bidder or Proposer acted without gross negligence in submitting a Bid or Proposal that contained a claimed error;

(F) That the Bidder or Proposer will suffer substantial detriment if the Institution does not grant it permission to withdraw the Bid or Proposal;
(G) That the Institution's or the public's status has not changed significantly that withdrawal of the Bid or Proposal will work a substantial hardship on the Institution or the public it represents; and

(H) That the Bidder or Proposer promptly gave notice of the claimed error to the Institution.

(d) The criteria in subsection (2)(a) of this rule will determine whether an Institution will permit a Bidder or Proposer to withdraw its Bid or Proposal after Closing. These criteria also will apply to the question whether an Institution will permit a Bidder or Proposer to withdraw its Bid or Proposal without forfeiture of its Bid bond (or other Bid security) or without liability to the Institution based on the difference between the amount of the Bidder’s or Proposer’s Bid or Proposal and the amount of the Contract actually awarded by the Institution, whether by Award to the next lowest Responsive and Responsible Bidder or the best Responsive and Responsible Proposer or by resort to a new solicitation.

(3) Rejection for Mistakes. The Institution will reject any Bidder or Proposer in which a mistake is evident on the face of the Bid or Proposal and the intended correct Bid or Proposal is not evident or cannot be substantiated from documents submitted with the Bid or Proposal.

Stat. Auth.: Stats. Implemented:

580-061-0125
Low Tie Bids

(1) Definition. Low Tie Bids are low tie Responsive Responsible Bidders that are identical in price, fitness, availability, and quality and that meet all the requirements and criteria set forth in the Solicitation Document.

(2) Award. In the event of a Low Tie Bid, the Institution will award the Contract based on the following order of precedence:

   (a) An Emerging Small Business that meets the definition in ORS 200.005(3) and that maintains a current certification issued by the Oregon Department of Consumer and Business Services;

   (b) An Entity whose principal offices or headquarters are located in Oregon;

   (c) If neither subsection (a) or (b) apply, award of the Contract will be made by drawing lots.
580-061-0130
Rejection of Individual Bids or Proposals and Bidders or Proposers

(1) An Institution may reject, in whole or in part, any Bid or Proposal not in compliance with all prescribed Bid or Proposal procedures, Contract provisions, and Specifications contained in the Solicitation Document or if upon written finding by the Institution that it is in the public interest to do so.

(2) Reasons for rejection. An Institution may reject a Bid or Proposal upon the Institution’s findings that include, but are not limited to, the Bid or Proposal:

(a) Is contingent upon the Institution's acceptance of terms and conditions that differ from the Solicitation Document; or

(b) Takes exception to the terms and conditions (including Specifications) set forth in the Solicitation Document; or

(c) Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the Solicitation Document or in contravention of applicable law; or

(d) Offers goods or services that fail to meet the Specifications of the Solicitation Document; or

(e) Is late; or

(f) Is not in substantial compliance with the Solicitation Document; or

(g) Is not in substantial compliance with all prescribed solicitation procedures; or

(h) Does not include the Bid or Proposal security as required by the Solicitation Document; or

(i) Does not include an executed certification of non-discrimination in compliance with 580-061-0035 and compliance with Oregon tax laws.

(3) An Institution may reject a Bidder or Proposer upon the Institution’s findings that include, but are not limited to, the Bidder or Proposer:

(a) Has not met any required mandatory prequalification;

(b) Has been disqualified pursuant to OAR 137-046-0210(3) (Disadvantaged Business Enterprise Disqualification);
(c) Has not met the requirements of the Emerging Small Business Program created in OAR 580-061-0035, if required in the Solicitation Document.

(d) Being submitted by an Entity that has been debarred in accordance with ORS 279B130 or 279C.440;

(e) Has been declared ineligible by the Commissioner of Bureau of Labor and Industries under ORS 279C.860;

(f) Has within the last five years been found, in a civil, criminal, or administrative proceeding, to have committed or engaged in fraud, misrepresentation, price-rigging, unlawful anti-competitive conduct, or similar behavior;

(g) Is non-Responsible. Bidders or Proposers are required to demonstrate their ability to perform satisfactorily under a Contract. Before Awarding a Contract, the Institution must have information that indicates that the Bidder or Proposer meets the applicable standards of Responsibility. To be a Responsible Bidder or Proposer, the Institution may consider:

(A) If the Bidder or Proposer has appropriate financial, material, equipment, facility, and personnel resources and expertise, or ability to obtain the resources and expertise, necessary to indicate the capability of the Bidder or Proposer to meet all contractual responsibilities;

(B) If the Bidder or Proposer has a satisfactory record of contract performance. The Institution may consider both private and public contracts in determining responsible performance under a contract;

(C) If the Bidder or Proposer has a satisfactory record of integrity. A Bidder or Proposer may lack integrity if an Institution determines the Bidder or Proposer demonstrates a lack of business ethics such as violation of state environmental laws or false certifications made to a state agency. An Institution may find a Bidder or Proposer non-Responsible based on the lack of integrity of any person having influence or control over the Bidder or Proposer (such as a key employee of the Bidder or Proposer that has the authority to significantly influence the Bidder’s or Proposer’s performance of the Contract or a parent company, predecessor or successor person);

(D) If the Bidder or Proposer is qualified legally to Contract with the Institution;

(E) If the Bidder or Proposer has supplied all necessary information in connection with the inquiry concerning Responsibility. If the Bidder or Proposer fails to promptly supply information requested by the Institution
concerning responsibility, the Institution may base the determination of responsibility upon any available information or may find the Bidder or Proposer non-Responsible.

(4) Form of Business Entity. For purposes of this rule, the Institution may investigate any Entity submitting a Bid or Proposal. The investigation may include the Entity’s officers, directors, owners, affiliates, or any other person acquiring ownership of the Entity to determine application of this rule.

(5) Notice. If a Bidder or Proposer or a Bid or Proposal is rejected in accordance with this rule, the Institution will provide written notice of such rejection to the Bidder or Proposer. The notice will include the grounds for rejection and a statement of the Bidder’s or Proposer’s appeal rights and applicable appeal deadlines.

(a) If a Bidder or Proposer wishes to appeal the decision to reject the Bidder or Proposer or Bid or Proposal, the Bidder or Proposer must notify the Institution, in Writing, within three Days after receipt of the notification.

Stat. Auth.:
Stats. Implemented:

580-061-0135
Rejection of All Bids or Proposals
(1) Rejection. An Institution may reject all Bids or Proposals for good cause upon a Written finding that it is in the public interest to do so. Notification of rejection of all Bids or Proposals, along with the good cause justification and finding of public interest, will be sent to all who submitted a Bid or Proposal.

(2) Criteria. The Institution may reject all Bids or Proposals based upon the following criteria:

(a) The content of or an error in the Solicitation Document or the procurement process unnecessarily restricted competition for the Contract;

(b) The price, quality, or performance presented by the Bidders or Proposers are too costly or of insufficient quality to justify acceptance of any Bid or Proposal;

(c) Misconduct, error, or ambiguous or misleading provisions in the Solicitation Document threaten the fairness and integrity of the Competitive Process;

(d) Causes other than legitimate market forces threaten the integrity of the Competitive Process. These causes may include, without limitation, those that tend to limit competition, such as restrictions on competition, collusion, corruption, unlawful anti-competitive conduct, and inadvertent or intentional errors in the Solicitation Document;
(e) Any other circumstance indicating that Awarding the Contract would not be in the public interest.

Stat. Auth.:  
Stats. Implemented:

580-061-0140  
Disposition of Bids or Proposals if Solicitation Cancelled
(1) Prior to Bid or Proposal Opening. When a solicitation is cancelled prior to Opening, all Bids or Proposals received will be returned to Bidders or Proposers unopened if submitted in a hard copy format with a clearly visible return address. If there is no return address on the envelope, the Bid or Proposal will be opened to determine the source and then returned to the sender.

(2) After Bid or Proposal Opening. When all Bids or Proposals are rejected, the Bids or Proposals received will be retained and become part of the Institution’s permanent solicitation file.

Stat. Auth.:  
Stats. Implemented:

580-061-0145  
Protest of Contractor Selection, Contract Award
(1) The purpose of this rule is to require adversely affected or aggrieved Bidders or Proposers on an Institution solicitation to exhaust all avenues of administrative review and relief before seeking judicial review of the Institution’s selection or Award decision.

(2) Types of Protests. The following matters may be protested:

(a) A determination of responsibility or lack thereof;

(b) A determination of responsiveness or lack thereof;

(c) The rejection of a Bid or Proposal;

(d) The content of a Solicitation Document;

(e) The selection of one or more Contractors. A protest may be submitted only by an Entity that can demonstrate that it has been or is being adversely affected by an Institution decision or the content of a Solicitation Document.

(3) Delivery. Unless otherwise specified in the Solicitation Document, a Bidder or Proposer must deliver a Written protest to the Institution within seven (7) Days after the
Award of a Contract or issuance of the notice of intent to Award the Contract, whichever occurs first. Protests must be clearly marked on the outside of the envelope with the title or the number of the Bid or Proposal and that it is a protest to ensure that it is recognized and recorded.

(4) Content of Protest. A Bidder's or Proposer's protest must fully specify the grounds for the protest and include all evidence that the protestor wishes the Vice Chancellor for Finance and Administration, Institution Vice President for Finance and Administration, or designee to consider. Failure to include any ground for the protest or any evidence in support of it will constitute a final, knowing, and voluntary waiver of the right to assert such ground or evidence. A protest must include a conspicuous marking identifying the type and nature of the protest.

(5) A protest of a Solicitation Document may be made only if a term or condition of the Solicitation Document, including, but not limited to, Specifications or Contract terms violates applicable law. The Institution will (upon altering the Solicitation Document in response to a protest) promptly transmit the revised Solicitation Document to all Bidders and Proposers and extend the Closing where appropriate. The Institution may choose, in its sole discretion, to close the procurement process without making an Award and begin a new procurement process.

(6) A protest of the selection of one or more Contractors requires the protestor to demonstrate, as applicable;

(a) That all higher-ranked Bidders or Proposers were ineligible for selection or that the protestor would have been “next in line” to receive the Award and was eligible for selection; and

(b) That the Bidder or Proposer selected was ineligible.

(c) That the Single Seller selected is not the only Contractor reasonably available to provide the personal or professional services, goods, services, or Construction Related Services.

(7) A protest of the rejection of a Bid or Proposal must demonstrate that the Institution’s decision was materially in error or that the Institution committed a material procedural error and that any such error, alone or in combination with other errors, was a “but for” cause of the rejection.

(8) Response. The Vice Chancellor for Finance and Administration or the Institution Vice President for Finance and Administration, or their designee, will have the authority to settle or resolve a Written protest. A protest received after the time set out in the Solicitation Document will not be considered. The Vice Chancellor for Finance and Administration, or Vice President for Finance and Administration, or designee will issue a Written final agency order of the protest in a timely manner. If the protest is upheld, in whole or in part, the Institution may, in its sole discretion, either Award the Contract to
the successful protestor or cancel the procurement or solicitation. Contract Award may be made prior to issuance of the final agency order if authorized by the Vice Chancellor for Finance and Administration, Vice President for Finance and Administration, or their designee.

(9) Judicial Review. Judicial review of the Institution’s decision relating to a Contract Award protest will be available pursuant to the provisions of ORS 183.480 et seq.

Stat. Auth.:
Stats. Implemented:

580-061-0150
Right to Inspect Plant
The Institution may, at reasonable times, inspect the part of the plant or place of business of a Contractor or any subcontractor that is related to the performance of any prospective Contract or Awarded Contract.

Stat. Auth.:
Stats. Implemented:

580-061-0155
Negotiations
(1) The Institution may negotiate in accordance with sections (4) and (5) of this rule with the highest-ranked Bidders or Proposers after determining that all Responsible Responsive Bids or Proposals exceed the Institution’s cost estimate.

(2) The Institution may also commence negotiations with Proposers in the competitive range following the:

(a) Initial determination of the competitive range based on evaluating all Responsive Proposals in accordance with the evaluation criteria set forth in the Solicitation Document. After evaluation of all Proposals in accordance with the criteria set forth in the Solicitation Document, the Institution will determine Proposers in the competitive range.

(b) The Institution may increase the number of Proposers in the competitive range if the Institution’s evaluation of Proposals establishes a natural break in the scores of Proposers indicating a number of Proposers greater than the initial competitive range are closely competitive or have a reasonable chance of being determined the best Proposer. The Institution may decrease the number of Proposers in the initial competitive range only if the excluded Proposers have no reasonable chance to be the best Proposer.
(c) The Institution will provide Written notice to all Proposers identifying Proposers in the competitive range.

(d) After determination of the competitive range, the Institution may either:

(A) Provide Written notice to all Proposers in the competitive range of its intent to Award the Contract to the highest-ranked Proposer in the competitive range; or

(B) Engage in discussions with Proposers in the competitive range and accept revised Proposals from them as set forth in section (3) of this rule and following such discussions and receipt and evaluation of revised Proposals, conduct negotiations as set forth in sections (3) and (4) of this rule with the Proposers in the competitive range.

(3) If the Institution chooses to enter into discussions with and receive best and final Proposals, the Institution will proceed as follows:

(a) The Institution will initiate oral or written discussions with all Proposers submitting Responsive Proposals or all Proposers in the competitive range regarding their Proposals with respect to the provisions of the Solicitation Document that the Institution identified in the Solicitation Document as the subject of discussions. The Institution may conduct discussions for the following purposes:

(A) Informing eligible Proposers of deficiencies in their initial Proposals;

(B) Notifying eligible Proposers of parts of their Proposals for which the Institution would like additional information; or

(C) Otherwise allowing eligible Proposers to develop revised Proposals that will allow the Institution to obtain the best Proposal based on the requirements and evaluation criteria set forth in the Solicitation Document.

(b) The Institution may conduct discussions with each eligible Proposer necessary to fulfill the purposes of this section (3), but need not conduct the same amount of discussions with each eligible Proposer. The Institution may terminate discussions with any eligible Proposer at any time. However, the Institution will offer all eligible Proposers the same opportunity to discuss their Proposals with the Institution before the Institution notifies eligible Proposers of the date and time pursuant to section (6) that best and final Proposals will be due. At any time during the time allowed for discussions, the Institution may:

(A) Continue discussions with a particular eligible Proposer;
(B) Terminate discussions with a particular eligible Proposer and continue discussions with other eligible Proposers; or

(C) Conclude discussions with all remaining eligible Proposers and provide notice pursuant to section (6) of this rule to the eligible Proposers requesting best and final Proposals.

(c) The Institution may adjust the evaluation of a Proposal as a result of a discussion under this section. The conditions, terms, or price of the Proposal may be altered or otherwise changed during the course of the discussions provided the changes are within the scope of the Solicitation Document.

(4) Negotiations.

(a) The Institution may commence serial negotiations with the highest-ranked eligible Bidder or Proposer or commence simultaneous negotiations with all eligible Bidders or Proposers.

(b) The Institution may negotiate:

(A) The statement of Work;

(B) The Contract Price as it is affected by negotiating the statement of Work; and

(C) Any other terms and conditions reasonably related to those expressly authorized for negotiation in the Solicitation Document. Accordingly, Bidders or Proposers will not submit and the Institution will not accept for negotiation, any alternative terms and conditions that are not reasonably related to those expressly authorized for negotiation in the Solicitation Document.

(5) At any time during discussions or negotiations that the Institution conducts in accordance with this rule, the Institution may terminate discussions or negotiations with the highest-ranked Bidder or Proposer or the Bidder or Proposer with whom it is currently discussing or negotiating, if the Institution reasonably believes that:

(a) The Bidder or Proposer is not discussing or negotiating in good faith; or

(b) Further discussions or negotiations with the Bidder or Proposer will not result in the parties agreeing to the terms and conditions of a final Contract in a timely manner.

(c) If the Institution is conducting serial negotiations and the Institution terminates negotiations with a Proposer in accordance with section (3)(b)(B) of this rule, the Institution may then commence negotiations with the next highest scoring
Proposer in the competitive range and continue the process described in section (3) of this rule until the Institution has either:

(A) Determined to Award the Contract to the Proposer with whom it is currently discussing or negotiating; or

(B) Completed one round of discussions or negotiations with all Proposers in the competitive range, unless the Institution provided for more than one round of discussions or negotiations in the Solicitation Document.

(d) If the Institution chooses to conduct competitive negotiations, the Institution may negotiate simultaneously with competing Proposers. The Institution:

(A) Will treat all Proposers fairly and will not favor any Proposer over another;

(B) May disclose other Proposer’s Proposals or the substance of negotiations with other Proposers only if the Institution notifies all of the Proposers with whom the Institution will engage in negotiations of the Institution’s intent to disclose before engaging in negotiations with any Proposer.

(e) Any oral modification of a Proposal resulting from negotiations under sections (4) and (5) will be reduced to Writing by the Proposer.

(6) If best and final Proposals are required, the Institution will establish a common date and time by which Proposers must submit best and final Proposals. Best and final Proposals will be submitted only once, provided, however, the Institution may make a written determination that it is in the Institution’s best interest to conduct additional discussions, negotiations, or change the Institution’s requirements and require another submission of best and final Proposals. The Institution will evaluate Proposals as modified.

Stat. Auth.:
Stats. Implemented:

580-061-0160
Disqualification from Consideration for Award of Contracts
(1) An Institution may disqualify an Entity from consideration for award of Institution Contracts for the reasons listed in subsection (2) of this section after providing the Entity with notice and a reasonable opportunity to be heard.

(a) All OUS Institutions may rely upon a disqualification of an Entity by another Institution. The Chancellor’s Office will maintain a current roster for Entities that have been disqualified.
(b) In lieu of the disqualification process described in this rule, an Institution contracting for a Public Improvement may petition the Construction Contractors Board to disqualify an Entity from consideration for award of the Institution’s Public Improvement Contracts for the reasons listed in subsection 2 of this rule.

(2) An Entity may be disqualified from consideration for Award of a Contract for any of the following reasons:

(a) A primary employee of the Entity has been convicted of a criminal offense as an incident of obtaining or attempting to obtain a public or private contract or subcontract or in the performance of such contract or subcontract;

(b) A primary employee of the Entity has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty that currently, seriously, and directly affects the person’s responsibility for the Entity;

(c) A primary employee of the Entity has been convicted under state or federal antitrust statutes;

(d) A primary employee of the Entity has committed a violation of a contract provision that is regarded by an Institution or the Construction Contractors Board to be so serious as to justify disqualification. A violation may include, but is not limited to, a failure to perform the terms of a contract or an unsatisfactory performance in accordance with the terms of the contract. However, a failure to perform or an unsatisfactory performance caused by acts beyond the control of the Entity may not be considered to be a basis for disqualification;

(e) The Entity does not carry workers’ compensation or unemployment insurance as required by statute.

(3) An Institution will issue a Written decision to disqualify an Entity under this section. The decision will:

(a) State the reasons for the action taken; and

(b) Inform the disqualified Entity of the appeal rights of the Entity under ORS 279C.445 and 279C.450.

(4) A copy of the decision issued under subsection (3) of this section must be mailed or otherwise furnished immediately to the disqualified Entity.

(5) Appeal of Disqualification. An Entity who wishes to appeal disqualification will, within three (3) business days after receipt of notice of disqualification, notify the Institution in
Writing that the Entity appeals the disqualification. Immediately upon receipt of the notice of appeal, the Institution will notify the Director of the Oregon Department of Administrative Services, or designee.

(6) The Oregon Department of Administrative Services will conduct the appeal in accordance with ORS 279C.450.

Stat. Auth.: Stats. Implemented:
DIVISION 62

PURCHASING AND CONTRACTS FOR PERSONAL OR PROFESSIONAL SERVICES AND GOODS AND SERVICES

580-062-0000 Definitions
All capitalized terms in chapter 580, division 62 have the meanings set forth in OAR 580-061-0010 unless the context requires otherwise or except as stated.

Stat. Auth.: 
Stats. Implemented:

580-062-0005 Procurement and Contracting Procedures
The procedures set out in OAR 580-061-0000 through 580-061-0160 will be used for the procurement of personal or professional services or goods and services.

Stat. Auth.: 
Stats. Implemented:

580-062-0010 Procurement Card
The Chancellor’s Office may maintain procurement card services for the benefit of the Institutions. The Controller’s Office of the Chancellor’s Office will publish policies governing use of the procurement card.

Stat. Auth.: 
Stats. Implemented:

580-062-0015 Personal/Professional Services, Goods, and Services Contract Procurement Thresholds
(2) When procuring personal or professional services, goods, or services, not including Professional Consultants as defined in chapter 580, division 63, Institutions will conduct the procurement in accordance with the Direct Procurement, Informal Procurement, or Formal Procurement method, unless another method is applicable, based on the anticipated contract price, including consultant fees, reimbursable expenses, and all amendments contemplated by the parties. Multiple Contracts, purchase orders, or purchasing requisitions will not be issued separately with the intent to circumvent these rules.
(a) $25,000 or less – Direct Procurement or other method of procurement that the Institution deems beneficial to the procurement.

(b) $25,000.01 to $100,000 – Informal Procurement, Formal Procurement, or other method of procurement, except the Direct Procurement method, that the Institution deems beneficial to the procurement.

(c) Greater than $100,000 – Formal Procurement or other method of procurement, except the Direct Procurement or Informal Procurement methods, that the Institution deems beneficial to the procurement.

(3) Notwithstanding subsection (2), if the source of the funding for the procurement requires a different procurement method, the Institution will comply with the procurement method required by the funding source.

Stat. Auth.: Stats. Implemented:

580-062-0025
Methods of Procurement
Institutions will use the following methods of procurement when procuring personal or professional services or goods and services.

(1) Direct Procurement. A process where the Institution negotiates directly with a single Entity to provide personal or professional services or goods and services.

(2) Informal Procurement. A Competitive Process where the Institution posts an advertisement of the opportunity on the OUS procurement website for a reasonable time necessary to obtain at least three Bids or Proposals. The Institution may also directly contact prospective Bidders or Proposers. If the notice has been posted for a reasonable time period and fewer than three Bids or Proposals have been submitted, the Institution may enter into a Contract with a Responsible Bidder or Proposer based on the Specifications contained in the Solicitation Document.

(3) Formal Procurement. A Competitive Process where the Institution:

(a) Creates a Solicitation Document that contains the procurement procedures and necessary Specifications.

(b) Publishes a notice of the procurement on the OUS procurement website and, if beneficial to the procurement, in a trade periodical, newspaper of general circulation, or other minority, women, and emerging small business targeted periodicals, Institution website, or other medium for advertising. The notice must specify when and where the Solicitation Document may be obtained and the
Closing Date/Time. The notice must be published for a duration reasonable under the circumstances for the procurement.

(c) Conducts the procurement in accordance with Chapter 580, Division 61, section 0000 through 0160.

(4) Emergency Procurement. The Institution President, Chancellor, or designee may declare an Emergency when such a declaration is deemed appropriate. The reasons for the declaration will be documented and will include justifications for the procedure used to select the Entity for a Contract within the scope of the Emergency declaration. After the Institution President, Chancellor, or designee has declared an Emergency, the Institution may negotiate a Contract with any qualified Entity for services included in the scope of the Emergency. The Institution will maintain appropriate records of negotiations carried out as part of the contracting process.

(5) Retainer. Institutions may conduct a Formal Procurement to enter into Retainer Contracts with multiple Entities to provide personal or professional services or goods and services at contracted rates of compensation or based on pre-qualifications.

(6) Alternative Processes. Notwithstanding the foregoing procedures, the Institution Contract Officer may authorize alternative procurement methods that provide a Competitive Process to two or more Entities to Contract with the Institution and meet the following objectives:

(a) Responds to innovative business and market methods; or

(b) Contributes to Institution productivity improvement and process redesign; or

(c) Results in comprehensive cost-effectiveness and productivity for the Institution.

(7) Exempt. Institutions need not follow, regardless of value, a Competitive Process when seeking or acquiring or paying for the following goods and services:

(a) Educational services.

(b) Brand-name goods and services or product prequalification. Institutions may specify brand names in the procurement of goods and services if that particular product or service has attributes not found in other goods or services. In addition, when specific design or performance specifications must be met for a good or service to be purchased, an Institution may specify a list of qualified goods or services by reference to the qualified goods or services of a particular contractor or potential contractor.

(c) Advertising and media services, excluding consulting services.
(d) Price-regulated goods and services, including utilities, where the rate or price for the goods or services being purchased is established by federal, state, or local regulatory authority.

(e) Goods or services under federal contracts. When the price of goods and services has been established by a contract with an agency of the federal government pursuant to a federal contract award, Institutions may purchase the goods and services in accordance with the federal contract. In addition, Institutions may purchase specific equipment that is only available from one source or use specific Entities that are expressly required under the terms of the contract.

(f) Copyrighted materials. Copyrighted materials covered by this exemption may include, but are not limited to, textbooks, workbooks, curriculum kits, reference materials, software, periodicals, library books, library materials, and audio, visual, and electronic media.

(g) Investment contracts and retirement plan services, excluding consulting services.

(h) Food and food-related products.

(i) Maintenance services directly from the contractor providing the goods.

(j) Used personal property.

(k) Goods purchased for resale to outside entities.

(L) Goods or services related to intercollegiate athletic programs.

(m) Cadavers or Cadaveric organs.

(n) Hotel sites for large conferences and workshops.

(o) Dues, registrations, and membership fees.

(p) Gasoline, diesel fuel, heating oil, lubricants, natural gas, electricity, and similar commodities and products and the transportation thereof.

(q) Supplies, maintenance, and services for ocean-going vessels when they are in other than home port.

(r) Repair and overhaul of goods or equipment.

(s) Goods or services purchased in foreign countries.
(t) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135, and 414.145 for purposes of source selection.

(u) Grants.

(v) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which an Institution is or may become interested.

(w) Contracts entered into, issued, or established in connection with:

(A) The incurring of debt by an Institution, including but not limited to the issuance of bonds, certificates of participation, and other debt repayment obligations, and any associated Contracts, regardless of whether the obligations that the Contracts establish are general, special, or limited;

(B) The making of program loans and similar extensions or advances of funds, aid, or assistance by an Institution to a public or private body for the purpose of carrying out, promoting, or sustaining activities or programs authorized by law; or

(C) The investment of funds by an Institution as authorized by law and other financial transactions of an Institution that by their character cannot practically be established under the Competitive Process.

(x) Contracts for employee benefit plans as authorized by law.

(y) Services provided by those in the medical community including, but not limited to, doctors, physicians, psychologists, nurses, veterinarians, and those with specific license to administer treatments for the health and well-being of people or animals.

(z) Artists, performers, photographers, graphic designers, website design, and speakers.

(aa) Sponsorship agreements for Institution events or facilities.

(8) Sole Source. A process where the Institution President, Chancellor, or designee has made a Written determination that due to special needs or qualifications, only a single Entity is reasonably available to provide such personal or professional services or goods or services.

(a) On or before the first day in February of each year, Institution Presidents, the Chancellor, or their designees will submit a report to the Board summarizing approved sole source justifications for the Institution for the prior calendar year.
Sole Source. A process where the Institutional President, the Chancellor or designee has made a Written determination that due to special needs or qualifications, only a Single Seller is reasonably available to provide such personal or professional services or goods or services. Sole source procurement will be avoided except when no reasonably available alternative source exists.

(a) Each Institution will provide public notice of its determination that the person or professional services or goods or services are only available from a Single Seller. Public notice may be provided on the OUS procurement website. The public notice will describe the personal or professional services or goods or services to be acquired from the Single Seller, identify the prospective Contractor, and include the date, time and place that protests are due. The Institution shall give Entities at least seven (7) Days from the date of notice publication to protest the sole source determination.

(b) An Entity may protest the Institution’s determination that the personal or professional services or goods or services are available from a Single Seller in accordance with OAR 580-061-0145.

(c) On an annual basis, Institution Presidents, or their designees will submit a report to the Board summarizing approved sole source procurements for the Institution for the prior fiscal year. The report will be made available for public inspection.

(9) Special Entity. Institutions may enter into Contracts without using a Competitive Process when the contracting Entity is a federal, state, or local governmental agency, or a state Qualified Rehabilitation Facility certified by the Oregon Department of Human Services or the Oregon State Procurement Office. Institutions may participate in cooperative procurements with other contracting agencies if it is determined, in Writing, that the solicitation and award process for the Contract is substantially equivalent to the respective process established in these rules.

Stat. Auth.:  
Stats. Implemented:
DIVISION 63
CAPITAL CONSTRUCTION AND CONTRACTING

580-063-0000
Authority
These rules establish the procedures that will be followed by the Institutions of the Oregon University System (OUS) to erect, improve, repair, maintain, equip, and furnish buildings and structures under the control of the Board.

Stat. Auth.: ORS 351.060
Stats. Implemented:

580-063-0005
Authorization to Undertake Capital Construction Projects
Capital construction is defined as any construction or facility improvement that costs $500,000 or more and is not considered maintenance or repair. Before an Institution contracts for capital construction on land owned or controlled by the Board, or prepares other than conceptual plans or preconstruction design, the Institution will obtain Board approval, regardless of the source of funds or method by which the project is to be financed. To obtain approval, the Institution will describe the project, the financing plan for design and construction, and the operation and maintenance cost of the proposed project. Capital construction is defined as any construction or facility improvement that costs $500,000 or more and is not considered maintenance or repair.

(12) If appropriate Systemwide limitation exists for a capital construction project that totals $500,000 or more but less than $5 million, inclusive of all fund sources, the Chancellor or designee may approve the allocation of the existing expenditure authority to the Institution.

(2) Any capital construction project that does not meet the criteria in subsection (1) of this section shall be approved by the Board and submitted to the Legislature. Unless appropriate limitation exists for a capital construction project that totals $500,000 or more but less than $5 million, inclusive of all fund sources, Legislative approval is required.

Stat. Auth.: 
Stats. Implemented:

580-063-0010
Definitions
All capitalized terms in chapter 580, division 63, have the meanings set forth in OAR 580-061-0010 unless set forth below, or unless the context requires otherwise or except as stated.
(1) “Construction Related Services” means one or more related services, which includes, but is not limited to: finance, design, preconstruction, and construction services. The project delivery methods that use Construction-Related Services include: design-build, construction manager at risk, agency construction management, and performance contracting.

(2) “Professional Consultant” means architects, engineers, planners, land surveyors, appraisers, construction managers, and similar professional consultants.

Stat. Auth.:  
Stats. Implemented:

580-063-0015  
Procurement and Contracting Procedures  
The procedures set out in OAR 580-061-0000 through 580-061-0160 will be used for the procurement of Construction-Related Services and Professional Consultants.

Stat. Auth.:  
Stats. Implemented:

580-063-0020  
Methods of Procurement  
Institutions will use the following methods of procurement when procuring Professional Consultant services or Construction-Related Services.

(1) Direct Procurement. A process where the Institution negotiates directly with a single Entity to provide Professional Consultant services or Construction-Related Services.

(2) Informal Procurement. A competitive process where the Institution posts an advertisement of the opportunity on the OUS procurement website for a reasonable time necessary to obtain at least three Bids or Proposals. The Institution may also directly contact prospective Bidders or Proposers. If the notice has been posted for a reasonable time period and fewer than three Bids or Proposals have been submitted, the Institution may enter into a Contract with a Responsible Bidder or Proposer based on the Specifications contained in the Solicitation Document.

(3) Formal Procurement. A Competitive Process where the Institution:

(a) Creates a Solicitation Document that contains the procurement procedures and necessary Specifications.

(b) Publishes a notice of the procurement on the OUS procurement website and, if beneficial to the procurement, in a trade periodical, newspaper of general circulation, or other minority, women, and emerging small business targeted
periodicals, institutional website, or other medium for advertising. The notice must specify when and where the Solicitation Document may be obtained and the Closing Date/Time. The notice must be published for a duration reasonable under the circumstances for the procurement.

(c) Conducts the procurement in accordance with Chapter 580, Division 61, section 0000 through 0160.

(4) Emergency Procurement. The Institution President, Chancellor, or designee may declare an Emergency when such a declaration is deemed appropriate. The reasons for the declaration will be documented and will include justifications for the procedure used to select the Contractor or Professional Consultant for a Contract or Public Improvement Contract within the scope of the Emergency declaration. After the Institution President, Chancellor, or designee has declared an Emergency, the Institution may negotiate a Contract or Public Improvement Contract with any qualified Entity or Professional Consultant for services included in the scope of the Emergency declaration. The Institution will maintain appropriate records of negotiations carried out as part of the contracting process.

(5) OUS Retainer Contract Program

(a) The OUS Capital Construction and Planning Office will maintain Retainer Contracts for Professional Consultants, Construction Related Services, and any other service that may from time to time benefit Institutions. The Retainer Contracts will be established in accordance with this subsection.

(A) Periodically, but no less often than every two years, the OUS Capital Construction and Planning Office will invite interested Contractors to submit business information that meets minimum qualifications as described in a Solicitation Document. Contractors that meet the minimum qualifications and have not been disbarred or disqualified by an agency of the State of Oregon as outlined in OAR 580-061-0160, may be offered a Retainer Contract to be listed on the respective retainer program to provide services in a non-exclusive and on an as-needed basis.

(B) Notice of the procurement will be published on the OUS procurement website and, if beneficial to the procurement, in a trade periodical, newspaper of general circulation, or other minority, women, and emerging small business targeted periodicals, Institution website, or other medium for advertisement.

(b) The OUS Capital Construction and Planning Office may enter into interagency agreements to permit other public agencies to utilize the services offered by Entities that have entered into Retainer Contracts if the public agency agrees to conditions, including but not limited to:
(A) Follow the procurement processes established in these rules.

(B) Use the contract templates associated with each retainer program.

(C) Any service procured will be the sole financial responsibility of the public agency.

(D) The public agency will be solely liable to resolve all disputes that may arise from breach of contract.

(E) The OUS Capital Construction, Planning, and Budget Office may impose a reasonable administrative fee on the public agency using the Retainer Contracts based on the compensation for services procured to recover administrative costs, legal review fees, and to improve or expand retainer programs.

(c) The OUS Capital Construction, Planning, and Budget Office will maintain an electronic roster of all Professional Consultants and Contractors who have entered into Retainer Contracts. Institutions that utilize retainer programs will follow the procedures established in these rules and will only execute contracts from templates that have been approved for each respective retainer program.

(6) Sole Source. A process where the Institution President, the Chancellor or designee has made a Written determination that due to special needs or qualifications, only a Single Seller is reasonably available to provide such Construction Related Services. Sole source procurement will be avoided except when no reasonably available alternative source exists.

(a) Authority. Institutions may authorize sole source procurements up to $1,000,000 cumulative for all Institution projects throughout a fiscal year. The Chancellor or designee may authorize sole source procurements up to $5,000,000 cumulative for each Institution’s projects throughout a fiscal year. The Board will approve all other sole source procurements.

(b) Each Institution will provide public notice of its determination that the Construction Related Services are only available from a Single Seller. Public notice may be provided on the OUS procurement website. The public notice will describe the Construction Related Services to be acquired from the Single Seller, identify the prospective Contractor, and include the date, time and place that protests are due. The Institution shall give Entities at least seven (7) Days from the date of notice publication to protest the sole source determination.

(c) On an annual basis, Institution Presidents, or their designees will submit a report to the Board summarizing approved sole source
procurements for the Institution for the prior fiscal year. The report will be made available for public inspection.

(6) Sole Source. A process where the Institution President, Chancellor, or designee has made a Written determination that due to special needs or qualifications, only a single Entity is reasonably available to provide such construction related services. Sole source procurement will be avoided except when no reasonable alternative source exists.

(a) All sole source justifications for Professional Consultants or Construction Related Services greater than $5,000,000 will be approved in advance by the Board prior to Contract execution.

(b) Each Institution will maintain a record listing all sole source procurements in excess of $25,000 for Professional Consultants and Construction Related Services. The records will be made available for public inspection and reported to the Board annually.

Stat. Auth.:
Stats. Implemented:

580-063-0025
Contracts for Professional Consultants
Institutions will use one of the following two procedures when contracting for Professional Consultant services:

(1) OUS Capital Construction Retainer Program for Professional Consultants.

(a) For Professional Consultant service contracts where the anticipated Contract Price, including consultant fees, reimbursable expenses, and all amendments contemplated by the parties is $100,000 or less, the Institution may select a Professional Consultant that has entered into a Retainer Contract.

(b) For Professional Consultant service contracts where the anticipated Contract Price, including consultant fees, reimbursable expenses, and all amendments contemplated by the parties is $100,001 to $250,000, the Institution must select at least three Professional Consultants who have entered into Retainer Contracts to provide proposals for the service. Selection of a Professional Consultant from submitted proposals will be based on the criteria set forth in the Solicitation Document.

(c) For Professional Consultant service contracts where the anticipated Contract Price, including consultant fees, reimbursable expenses, and all amendments contemplated by the parties is $250,001 to $1,000,000, the Institution will post an advertisement of the opportunity on the OUS procurement website. All eligible Professional Consultants that have entered into Retainer Contracts will have an
opportunity to submit a proposal in response to the opportunity. Selection of a Professional Consultant from submitted proposals will be based on the criteria set forth in the Solicitation Document.

(2) Standard Procurement. When procuring Professional Consultant services, Institutions will conduct the procurement in accordance with the Direct Procurement, Informal Procurement, or Formal Procurement method, unless another method is applicable, based on the anticipated Contract Price, including consultant fees, reimbursable expenses, and all amendments contemplated by the parties. Multiple Contracts, purchase orders, or purchasing requisitions will not be issued separately with the intent to circumvent these rules.

(a) $25,000 or less – Direct Procurement or other method of procurement that the Institution deems beneficial to the procurement.

(b) $25,000.01 to $100,000 – Informal Procurement, Formal Procurement, or other method of procurement, except the Direct Procurement method, that the Institution deems beneficial to the procurement.

(c) Greater than $100,000 – Formal Procurement or other method of procurement, except the Direct Procurement or Informal Procurement methods, that the Institution deems beneficial to the procurement.

Stat. Auth.: Stats. Implemented:

580-063-0030 Contracts for Construction Services

Institutions will use one of the following policies and procedures when procuring Construction-Related Services for a Contract or Public Improvement Contract:

(1) OUS Capital Construction Retainer Program for Construction Related Services.

(a) For Construction-Related Services Contracts or Public Improvement Contracts where the anticipated Contract Price, including reimbursable expenses and all Change Orders contemplated by the parties is $50,000 or less, the Institution may select a Contractor that has entered into a Retainer Contract.

(b) For Construction-Related Services Contracts or Public Improvement Contracts where the anticipated Contract Price, including reimbursable expenses and all Change Orders contemplated by the parties is $50,000.01 to $500,000, the Institution must select at least three Contractors that have entered into Retainer Contracts to provide Bids or Proposals for the service. Selection of a Contractor from submitted Bids or Proposals will be based on the criteria set forth in the opportunity.
(c) For Construction-Related Services Contracts or Public Improvement Contracts where the anticipated Contract Price, including reimbursable expenses and all Change Orders contemplated by the parties is $500,000.01 to $1,000,000, the Institution will post an advertisement of the opportunity on the OUS procurement website. All eligible Contractors that have entered into Retainer Contracts will have an opportunity to submit a Bid or Proposal in response to the opportunity. Selection of a Contractor from submitted Bids or Proposals will be based on the criteria set forth in the opportunity.

(2) Standard Procurement. When procuring Construction Related Services, Institutions will conduct the procurement in accordance with the Direct Procurement, Informal Procurement, or Formal Procurement method, unless another method is applicable, based on the anticipated Contract Price, including reimbursable expenses and all Change Orders contemplated by the parties. Multiple Contracts, purchase orders, or purchasing requisitions will not be issued separately with the intent to circumvent these rules.

(a) $25,000 or less – Direct Procurement or other method of procurement that the Institution deems beneficial to the procurement.

(b) $25,000.01 to $100,000 – Informal Procurement, Formal Procurement, or other method of procurement, except the Direct Procurement method, that the Institution deems beneficial to the procurement.

(c) Greater than $100,000 – Formal Procurement or other method of procurement, except the Direct Procurement or Informal Procurement methods, that the Institution deems beneficial to the procurement.

(3) In accordance with ORS 279C.800 et seq, projects having a total Contract Price of $50,000 or more, or on a project where the combined Contract Price of all contracts awarded on the project is more than $50,000, will be subject to the Bureau of Labor and Industries Prevailing Wage Laws. Projects may not be divided into more than one Contract to avoid the application of this subsection. Projects funded in part or wholly by federal funds will comply with the higher of the state or federal prevailing rate of wage.

(4) No Contract will be awarded to any construction firm that is not licensed to do business in the State of Oregon, registered or licensed by the appropriate state licensing boards, or listed as ineligible to enter into Contracts or Public Improvement Contracts by the Bureau of Labor and Industries.

(5) Contractors will post and maintain performance and payment bonds as required in the Solicitation Document. For Public Improvement Contracts with a total Contract Price in excess of $100,000, one hundred percent performance and payment bonds will be required.
Oregon’s Percent for Art
The “Percent for Art” legislation governed by ORS 276.073 through 276.090, guides the acquisition of Oregon’s state art collection. For acquisition of art work in applicable state buildings, this program sets aside no less than 1 percent of the construction funds of buildings with a construction budget of $100,000 or more. The Institution will be responsible to ensure compliance with the “Percent for Art” for applicable projects.

Design Standards
All major facility projects will be planned, designed, constructed, and renovated to meet high performance building standards for energy efficiency and environmental sustainability as defined by the Department of Energy and the State of Oregon.

(1) State Energy Efficiency Design is the policy of the State of Oregon that facilities to be constructed or purchased by authorized state agencies be designed, constructed, renovated, and operated so as to minimize the use of nonrenewable energy resources and to serve as models of energy efficiency per ORS 276.900 through 276.915.

(2) Green building design and construction is an integral part of OUS Capital Construction. Institution projects should consider design standards that incorporate the 'Leadership in Energy & Environmental Design' (LEED) Silver standards, which promote buildings that significantly reduce or eliminate the negative impact of buildings on the environment and occupants.

Retainage Processing Charges
(1) The Institution may require a retainage for Construction Related Services under $1,000,000. For Construction Related Services over $1,000,000, the Institution will withhold a retainage.

(2) An Institution will not retain an amount in excess of five percent (5%) of the Contract Price for Work completed. If the Contractor has performed at least fifty percent (50%) of the Work and is progressing satisfactorily, upon the Contractor's submission of Written
application containing the surety’s written approval, the Institution may, in its discretion, reduce or eliminate retainage on any remaining progress payments. The Institution will respond in Writing to all such applications within a reasonable time. When the Work is ninety-seven and a half percent (97.5%) completed, the Institution may, at its discretion and without application by the Contractor, reduce the retained amount to one hundred percent (100%) of the value of the remaining unperformed Work. An Institution may at any time reinstate retainage. Retainage will be included in the final payment of the Contract Price.

(3) For Construction Related Services over $1,000,000 the Contractor may request that the retainage be deposited in an interest-bearing account at a financial institution. Title to such funds will remain with the Board until the Work is complete and accepted by the Institution. Interest on deposited retainage accrues to the benefit of the Contractor and will remain in the retainage account until the Work is accepted. The Institution may deduct fees necessary to open and maintain an interest-bearing account.

(4) Alternatives to cash retainage. In lieu of cash retainage to be held by the Institution or financial institution, the Contractor may substitute one of the following:

(a) Deposit of securities:

(A) The Contractor may deposit bonds or securities with the Institution or in any bank or trust company to be held for the benefit of the Institution. In such event, the Institution will reduce the retainage by an amount equal to the value of the bonds and securities, and reimburse the excess to the Contractor.

(B) Bonds and securities deposited or acquired in lieu of retainage will be of a character approved by the Controller’s Office, including but not limited to:

(i) Bills, certificates, notes, or bonds of the United States.

(ii) Other obligations of the United States or its agencies.

(iii) Obligations of any corporation wholly owned by the federal government.


(C) Upon the Institution determination that all requirements for the protection of the Institution’s interests have been fulfilled, it will release to the Contractor all bonds and securities deposited in lieu of retainage.

(b) Deposit of surety bond. An Institution, at its discretion, may allow the Contractor to deposit a surety bond in a form acceptable to the Institution in lieu
of all or a portion of funds retained or to be retained. A Contractor depositing such a bond will accept surety bonds from its subcontractors and suppliers in lieu of retainage. In such cases, retainage will be reduced by an amount equal to the value of the bond and the excess will be reimbursed to the Contractor.

(5) An Institution will recover from the Contractor all costs incurred in the proper handling of cash retainage and securities, by reduction of the final Contract payment.

Stat. Auth.: 
Stats. Implemented:
OUS, Optional Retirement Plan, Amendment 1

Summary:
Board adoption of an amendment to permit non-spouse beneficiary rollover distributions of deceased participants’ accounts is requested as Amendment 1 to the 2007 Optional Retirement Plan.

Staff Report to the Board:
Until 2007, non-spouse beneficiaries of deceased employees were permitted to withdraw account balances from inherited retirement accounts but could not request non-taxable rollovers to other retirement plans or IRAs. The Pension Protection Act of 2006 now allows retirement plans to offer tax-favored rollover distributions to children and other non-spouse beneficiaries, subject to inclusion of this rollover benefit by the Plan.

Amendment:

AMENDMENT NO. 1
TO THE
Oregon University System Optional Retirement Plan
As Amended and Restated Effective August 1, 2007

The Oregon State Board of Higher Education (the “Board”) amends the Oregon University System Optional Retirement Plan, as amended and restated effective August 1, 2007, by adding the following new Section 5.8(e) immediately after Section 5.8(d) thereof:

“(e) Modification of Definition of Distribuee to Include Non-spouse Designated Beneficiary

“This paragraph shall apply to distributions made after December 31, 2007. For distributions made after December 31, 2007, and before March 1, 2008, this paragraph shall apply to distributions from the part of a Participant’s Accounts held by a particular Fund Sponsor only on and after the first date that Fund Sponsor makes a direct trustee-to-trustee transfer under Code Section 402(c)(11) from any Participant’s Accounts. For purposes of the direct rollover provision in this Section 5.8, a distributee includes an individual who is a designated beneficiary (as defined in Code Section 401(a)(9)(E)) of a deceased Employee or former Employee and who is not the Employee’s or former Employee’s surviving spouse. In the case of an eligible rollover distribution for such an individual, an eligible retirement plan is only an individual retirement account described in Code Section 408(a), or individual retirement annuity described in Code Section 408(b), established for the purpose of receiving the distribution on behalf of the individual and that will be treated as an inherited IRA pursuant to Code Section 402(c)(11). The determination of any distribution required under Code Section 401(a)(9) that is
ineligible for rollover for such an individual shall be made in accordance with Q&A-17 and -18 of Internal Revenue Service Notice 2007-7, 2007-5 I.R.B. 395, or later guidance by the Internal Revenue Service or in Treasury regulations. For purposes of this paragraph, an individual includes a trust the beneficiaries of which meet the requirements to be designated beneficiaries within the meaning of Code Section 401(a)(9)(E). The last three sentences of Section 5.8(a) (about notice and consent) do not apply to eligible rollover distributions for such an individual."

Staff Recommendation to the Board:
Amending the Optional Retirement Plan to change benefits is a non-delegable Board responsibility under the OUS Investment Policy Statement and governance guidelines. Board adoption of Amendment 1 is required for addition of this benefit to the Optional Retirement Plan. Staff recommends adoption of this amendment, including the stated effective dates.

(Board action required.)
SOU, Revised Mission Statement

Background:  
In January 2008, President Cullinan introduced for Board consideration Southern Oregon University’s new mission statement. Board comments and suggested changes from that discussion have been incorporated into a revised statement and offered for Board approval.

SOU Mission Statement

Southern Oregon University is an inclusive campus community dedicated to student success, intellectual growth, and responsible global citizenship.

Commitments

Southern Oregon University is committed to

- a challenging and practical liberal arts education centered on student learning, accessibility, and civic engagement;
- academic programs, partnerships, public service, outreach, sustainable practices, and economic development activities that address regional needs such as health and human services, business, and education; and
- outstanding programs that draw on and enrich our unique arts community and bioregion.

Staff Recommendation to the Board:  
Staff recommends the Board approve Southern Oregon University’s revised mission statement.

(Board action required.)
Board Schedule and Work Plan – 2008

Background:
As requested at the January 2008 OUS Board meeting, the following is a proposed schedule and work plan for the next 12 months. Please note that this is preliminary as it represents the staff’s best thinking at this time. Inevitably, other issues will arise that will require some modification to this plan.

Oregon University System
Proposed Agendas and Work Plan for 2008
OUS Board and Standing Committees

February 7-8 – University of Oregon – Eugene, Oregon
- Campus visitation
- Finance and Administration:
  - Quarterly Reports:
    - Management
    - Investment
    - Audit
  - Annual audit plan
- Full Board:
  - 2009-2011 legislative concepts – preliminary discussion
  - Procurement policies second reading – adopt temporary rule
  - Employee Background check rule adoption
  - OUS undergraduate admission requirements for 2009-10
  - SOU Mission statement adoption
  - ORP Plan document amendment
  - Board schedule
  - Strategic planning discussion

March 6-7, 2008 – Portland State University, Portland, Oregon
- Finance and Administration:
  - Finance human resource plan – first reading
  - Risk management update
  - Internal bank concept discussion
  - Capital project placeholder
- Full Board:
  - Domestic violence fee – income distribution
  - 2009-11 Legislative concept approval
  - Bond sale resolution
  - Strategic planning discussion

April 3-4, 2008 – Oregon Health and Science University, Portland, Oregon
- Campus visitation
- Finance and Administration:
  - Financial irregularity policy revision discussion
• Capital project status report
• Capital project placeholder

• Full Board:
  o Procurement policy – permanent rule adoption
  o OUS 2007-09 operating budget adjustment – salary funding distribution
  o Strategic planning discussion

May 1-2, 2008 – Portland State University, Portland, Oregon
• Finance and Administration:
  o Quarterly Reports:
    ▪ Management
    ▪ Investment
    ▪ Audit
  o Capital project placeholder
• Full Board:
  o Annual OUS Performance Report (this can include time otherwise allotted for strategic planning discussion since it will address planning issues)
  o Updated financial modeling projections
  o 2009-11 Legislative policy packages – first discussion
  o 2009-11 Legislative capital budget preview
  o Preview resource fee update for Legislative Emergency Board
  o PSU President appointment

June 5-6, 2008 – Eastern Oregon University, La Grande, Oregon
• Campus visitation
• Finance and Administration:
  o Capital project placeholder
• Full Board:
  o 2007-08 tuition and fee policy approval
  o 2009-2011 Legislative policy packages – first discussion
  o 2009-2011 Legislative capital budget preview
  o Strategic planning discussion – status reports and plans regarding:
    ▪ Academic program review policy
    ▪ Sustainability
    ▪ PK-12/teacher prep
  o OIT President appointment
  o Executive session:
    ▪ Annual Presidential evaluations – report

July 10-11, 2008 – Portland State University, Portland, Oregon
• Finance and Administration:
  o Capital project placeholder
• Full Board:
  o 2009-2011 Legislative policy packages – final approval
  o 2009-2011 Legislative capital budget – final approval
  o Report on revised OUS peer institutions
Docket—Meeting #800  February 8, 2008

- Annual Diversity report
- Strategic planning discussion
- Briefing on state-mandated performance measures for agency boards

**August 7-8, 2008 – PSU or Telephonic (if needed)**
- Finance and Administration:
- Full Board:

**September 4-5, 2008 – Portland State University, Portland, Oregon**
- Campus visitation
- Finance and Administration:
  - Quarterly Updates:
    - Audit
    - Investment
    - Managerial Report
  - Financial Statement analysis:
    - Key ratios
    - Peer ratios
    - Revenue and expenditure trends
    - Enrollment trends
  - Capital project placeholder
- Full Board:
  - Review, revision and/or reconfirmation of institution mission statements
  - Bond sale resolution (if needed)
  - Strategic planning discussion (if separate from mission discussions)

**October 2-3, 2008 – Southern Oregon University, Ashland, Oregon**
- Campus Visit
- Finance and Administration:
  - Capital project placeholder
  - Athletics Financial report
  - Capital project status report
- Full Board:
  - Higher Education Outreach Plan Update
  - Continuation of mission statement review if needed
  - Other strategic planning discussion

**November 6-7, 2008 – Portland State University, Portland, Oregon**
- Finance and Administration:
  - Quarterly Updates:
    - Audit
    - Investment
    - Managerial Report
  - Capital project placeholder
• Full Board:
  o One Year Later report (survey of 2007 OUS bachelor’s recipients)
  o TDI plan document adoption (must be adopted prior to 1/1/09)
  o Strategic planning discussion

December 4-5, 2008 – Board planning retreat

January 8-9, 2009 – Portland State University, Portland, Oregon
• Finance and Administration:
  o Capital project placeholder
• Full Board:
  o External audit annual report
  o Summer 2009 tuition and fee approval
  o Strategic planning discussion
OUS, Legislative Concept Proposals

As was discussed in the January 2008 OUS Board meeting, staff have been investigating legislative concepts that would give the OUS greater flexibility in operations in order to better manage both revenues and expenditures. As was noted in this meeting, legislative concepts are due to the Department of Administrative Services (DAS) in April 2008.

The following concepts for legislative changes are presented for OUS Board consideration for submission in the 2009-2011 Legislative process:

(1) Legal Services

Under Oregon Revised Statutes Chapter 180, the Attorney General and the Department of Justice are responsible for the legal services and representation of state agencies, including the Oregon University System. As a part of this authority, the Attorney General may appoint "special assistant attorneys general" for particular assignments and has done so to provide for the in-house counsels for the Chancellor's Office, the University of Oregon, Oregon State University, and Portland State University. Because of the unique and multi-faceted nature of a higher education legal practice, however, with particular consideration to capital construction, intellectual property, and contractual agreements, it could enhance System efficiency if OUS and its member institutions possessed statutory authority, outside of ORS Chapter 180, to hire its own legal counsel.

(2) Delegation of Authority from Board to Chancellor/Presidents

As outlined in Oregon Revised Statutes Chapter 351, the State Board of Higher Education possesses broad governing authority. As the Board increasingly engages in transactional, as opposed to policy or advocacy work, it may be required to amend ORS Chapter 351 and, perhaps, Chapter 352 to permit delegation of specific powers, particularly those of a transactional nature, to the Chancellor or the OUS presidents, as the Board deems necessary for the efficient and effective operation of the System and individual institutions.

(3) Campus Public Safety

Oregon Revised Statute 352.385 permits and governs "special campus security officers." Although special campus security officers possess some law enforcement authority, such as "stop and frisk" and "probable cause arrest authority," special campus security officers are not "peace officers" and, as such, do not possess the full compliment of law enforcement authority, including the ability to carry a firearm.

As times have changed, however, it may be necessary to revisit how OUS institutions secure campuses and provide the safest environment possible for students, staff, faculty, and visitors to campus. With statutes governing "special
campus security officers” and various definitions of "peace officer" and accompanying authority, the Board can examine and discuss different models of law enforcement and advocate the necessary statutory revisions to implement the model that it prefers. Depending on whether the Board would like to permit individual campuses to organize police departments, manage a police department centrally, or require collaborative agreements with existing law enforcement agencies (such as that with Oregon State University and the Oregon State Police), specific statutory changes might be required to effectuate the model the Board chooses to pursue.

(4) Investment Earnings

Currently, the investment earnings generated on student tuition and fees and other university operating revenues accrue to the state’s General Fund and not to OUS. We believe this to be fundamentally unfair. Our students have been forced to bear a greater and greater share of their higher education costs, while the investment earnings on their tuition and fees, which has grown as a result of the State's disinvestment, is not able to be used for improving student instruction and other student services. Additionally, OUS has identified new cash, investment, and debt management techniques that can generate significant incremental revenues to the state and reduce its debt service costs through the prudent use of variable rate debt. Without retaining the investment earnings on the operating revenues of OUS, such as student tuition and fees, these new treasury management techniques cannot be implemented in a cost-effective manner. OUS is requesting the authority to retain the investment earnings on all of its funds for the purpose of generating additional revenues to hold down tuition costs and improve services to students.

(5) Risk Management

Currently, OUS has delegated authority only to purchase student-related coverage (other than for liability) and fine arts coverage. OUS has benefited greatly from developing relationships with brokers and insurers, thus ensuring timely renewals and the best rates available. All other insurance coverage is provided or purchased by the Department of Administrative Services (DAS). Staff believe that statutory ability to contract for all of its insurance coverage with other insurance agencies or groups created uniquely for universities, such as WICHE, will result in a more efficient, cost-effective system for obtaining insurance coverage. There are strong indications that other university systems save substantially by obtaining their insurance through such groups. We are therefore seeking statutory authority to purchase all insurance coverage directly in the marketplace, as opposed to having DAS do this for OUS.

(6) Payroll Deduction Authorization

ORS 292 specifies all payroll deductions that can be authorized by a State agency. From time to time, campuses would like to add voluntary payroll deductions for local non-profits or other reasons. This legislative concept would modify ORS 292 to
authorize the OUS Chancellor to, where warranted, approve voluntary payroll deductions if requested by OUS or its member institutions.

(7) Non-State Funded Capital Projects

This Legislative Concept would increase the delegation from the Legislature to the Board to establish Other Funds limitation for new projects or supplement existing projects without further Legislative approval. The Legislature would set an overall Other Funds limitation each biennium that could then be subsequently allocated by the Board to specific projects. This concept would provide the campuses with greater flexibility in managing their donations by allowing more gift opportunities to support the educational mission of the universities. This change would maintain accountability to the Legislature and Board, but would provide a timely and entrepreneurial focus on results rather than process.

Staff Recommendation to the Board:
Discussion item only, no action required at this time. This item will be brought forward to the March 2008 OUS meeting for approval.
Appendix A

Report on Investments - As of December 31, 2007

(1) Oregon Investment Council, Higher Education Pooled Endowment Fund, Investment Portfolio Recommendations

(2) HIED Pooled Endowment Fund Implementation Update
Oregon Investment Council
Higher Education Pooled Endowment Fund
Investment Portfolio Recommendations

Purpose
Staff recommends a re-allocation of the equity portion of the HIED pooled endowment fund, and manager specific changes as well to enhance diversification.

Historical Fund Performance
Below is the historical performance of the HIED account on a rolling and calendar year basis:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market Value</th>
<th>%</th>
<th>1 YEAR</th>
<th>2 YEARS</th>
<th>3 YEARS</th>
<th>4 YEARS</th>
<th>5 YEARS</th>
</tr>
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<tbody>
<tr>
<td>Higher Education Endowment Fund</td>
<td>76,902</td>
<td>100%</td>
<td>3.91</td>
<td>8.41</td>
<td>8.41</td>
<td>9.14</td>
<td>12.37</td>
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<td>Higher Education Policy</td>
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<td>7.98</td>
<td>10.76</td>
<td>9.13</td>
<td>9.45</td>
<td>12.07</td>
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<tr>
<td>Value Added</td>
<td></td>
<td></td>
<td>(4.07)</td>
<td>(2.35)</td>
<td>(0.72)</td>
<td>(0.31)</td>
<td>0.30</td>
</tr>
<tr>
<td>BGI Alpha Tilts Fund B</td>
<td>20,286</td>
<td>26%</td>
<td>0.51</td>
<td>8.04</td>
<td>8.38</td>
<td>9.00</td>
<td>12.78</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td></td>
<td></td>
<td>5.49</td>
<td>10.52</td>
<td>8.62</td>
<td>9.18</td>
<td>12.83</td>
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<tr>
<td>Value Added</td>
<td></td>
<td></td>
<td>(4.98)</td>
<td>(2.48)</td>
<td>(0.24)</td>
<td>(0.18)</td>
<td>(0.05)</td>
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<tr>
<td>Arrowstreet Capital, L.P</td>
<td>19,189</td>
<td>25%</td>
<td>10.14</td>
<td>18.92</td>
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<td></td>
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<tr>
<td>MSCI World Ex US</td>
<td></td>
<td></td>
<td>12.92</td>
<td>19.39</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Value Added</td>
<td></td>
<td></td>
<td>(2.78)</td>
<td>(0.47)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Batterymarch Financial</td>
<td>9,190</td>
<td>12%</td>
<td>0.79</td>
<td>5.87</td>
<td>8.18</td>
<td>10.28</td>
<td>16.43</td>
</tr>
<tr>
<td>Russell 2500</td>
<td></td>
<td></td>
<td>1.38</td>
<td>8.52</td>
<td>8.38</td>
<td>10.78</td>
<td>16.99</td>
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<tr>
<td>Value Added</td>
<td></td>
<td></td>
<td>(0.59)</td>
<td>(2.65)</td>
<td>(0.20)</td>
<td>(0.50)</td>
<td>(0.56)</td>
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<tr>
<td>Western Asset Management Company</td>
<td>22,705</td>
<td>30%</td>
<td>2.55</td>
<td>4.64</td>
<td>3.85</td>
<td>4.75</td>
<td>5.67</td>
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<tr>
<td>LB Aggregate Index</td>
<td></td>
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<td>6.97</td>
<td>5.64</td>
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<td>4.90</td>
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<td>Value Added</td>
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<td>(4.42)</td>
<td>(1.00)</td>
<td>(0.71)</td>
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<td>Alternative Investment</td>
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<td>7%</td>
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<tr>
<td>Cash Fund</td>
<td>449</td>
<td>1%</td>
<td>5.41</td>
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</tr>
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</table>

As the following table demonstrates, only in the most recent calendar year did the style characteristics of the underlying managers demonstrate such a high correlation. While our confidence in the individual managers remains reasonably strong, the combination of managers may be enhanced by the introduction of different investment styles.
1 Year Net Returns, as of…..

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tr>
<td>Total Fund</td>
<td>3.91</td>
<td>13.11</td>
<td>8.40</td>
<td>11.36</td>
<td>26.27</td>
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<td>Policy Benchmark</td>
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<td>13.61</td>
<td>5.95</td>
<td>10.41</td>
<td>23.18</td>
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<tr>
<td></td>
<td>(4.07)</td>
<td>(0.50)</td>
<td>2.45</td>
<td>0.95</td>
<td>3.09</td>
</tr>
<tr>
<td>Arrowstreet Capital</td>
<td>10.14</td>
<td>28.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSCI WORLD EX US</td>
<td>12.92</td>
<td>26.23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.78)</td>
<td>2.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Batterymarch Financial</td>
<td>0.79</td>
<td>11.20</td>
<td>12.96</td>
<td>16.85</td>
<td>44.63</td>
</tr>
<tr>
<td>RUSSELL 2500</td>
<td>1.38</td>
<td>16.17</td>
<td>8.11</td>
<td>18.29</td>
<td>45.51</td>
</tr>
<tr>
<td></td>
<td>(0.59)</td>
<td>(4.97)</td>
<td>4.85</td>
<td>(1.44)</td>
<td>(0.88)</td>
</tr>
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<td>BGI Alpha Tilts</td>
<td>0.51</td>
<td>16.13</td>
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<td>10.90</td>
<td>29.22</td>
</tr>
<tr>
<td>S&amp;P 500</td>
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<td>15.79</td>
<td>4.91</td>
<td>10.88</td>
<td>28.68</td>
</tr>
<tr>
<td></td>
<td>(4.98)</td>
<td>0.34</td>
<td>4.15</td>
<td>0.02</td>
<td>0.54</td>
</tr>
<tr>
<td>Western Asset Management</td>
<td>2.55</td>
<td>6.78</td>
<td>2.28</td>
<td>7.51</td>
<td>9.40</td>
</tr>
<tr>
<td>LB AGGREGATE</td>
<td>6.97</td>
<td>4.33</td>
<td>2.43</td>
<td>4.34</td>
<td>4.10</td>
</tr>
<tr>
<td></td>
<td>(4.42)</td>
<td>2.45</td>
<td>(0.15)</td>
<td>3.17</td>
<td>5.30</td>
</tr>
</tbody>
</table>

**Discussion**

Within the HIED portfolio, each equity manager (BGI, Arrowstreet, and Batterymarch) uses a quantitative approach to stock selection. Given the recent market turmoil impacting most all quantitative strategies, each manager underperformed their respective benchmark for the year, which drove down longer term performance as well. It should be noted that OST staff and the OIC’s consultant checked the correlation of excess returns of the quants, specifically, to avoid such coordinated downdrafts. Unfortunately, in a market crisis, correlations trend higher. To dampen this potential impact going forward, staff and SIS are recommending several enhancements to the equity manager line-up, specifically:

- A shift from a 60/40 domestic/non-US allocation to a 50/50 allocation.
- The introduction of the Alliance Bernstein Global Style Blend to provide manager style diversification.
- The termination of Batterymarch from a small/mid cap mandate, since the mandate will be reduced from approximately $9.2 million to $3 million in assets after the restructuring.
- The addition of the “Wanger” Acorn Fund to fill the reduced smid cap mandate. Acorn will provide additional style diversification and add a manager with whom we are more comfortable, since they are within OPERF as well.

These changes, taken together, are expected to:

1. Consistently apply the OIC goal of moving towards global equity allocations to all portfolios.
2. Reduce the portfolio’s expected tracking error (approximately 20% less active risk than the existing portfolio).
3. Maintain the portfolio’s expected alpha on a slightly higher expected return.

Recommendation
Subject to the HIED Finance Committee’s acceptance of the following proposed changes at their scheduled February 8th meeting, authorize staff and SIS to: 1) Adopt a 50/50 US/Non-US equity target; 2) Hire Alliance Bernstein Global Style Blend to manage one-third of the equity allocation; 3) Replace Batterymarch with the “Wanger” Acorn Fund, at a reduced target of six percent of the total equity allocation; and 4) Update the related OIC policies accordingly.
HIED Pooled Endowment Fund Implementation Update

- Recommend Adoption of 50% US/50% International Public Equity Target

- Recommend Diversification of Equity Manager Lineup
  - Hire Alliance Bernstein Global Style Blend
  - Replace Batterymarch with Acorn Fund (Wanger)
Adoption of 50% US/50% International Public Equity Target

- Mirrors OPERF’s move towards a more global orientation of public equity
- Increases Expected Return of Target Asset Allocation
- Increases Diversification of Target Asset Allocation
- Does Not Change the Equity/Bond Mix of the Fund
### Diversification of Equity Manager Lineup

<table>
<thead>
<tr>
<th>MANAGER</th>
<th>ASSIGNMENT</th>
<th>CURRENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% OF EQUITY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% OF EQUITY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>BGI Alpha Tilts</td>
<td>US Large Cap</td>
<td>20.3</td>
</tr>
<tr>
<td>Batterymarch</td>
<td>US Small/Mid Cap</td>
<td>9.2</td>
</tr>
<tr>
<td>Arrowstreet</td>
<td>International</td>
<td>19.2</td>
</tr>
<tr>
<td>Alliance Bernstein</td>
<td>Global</td>
<td>-</td>
</tr>
<tr>
<td>Acorn Fund</td>
<td>US Small/Mid Cap</td>
<td>-</td>
</tr>
<tr>
<td>Western</td>
<td>Fixed Income</td>
<td>22.7</td>
</tr>
<tr>
<td>Alternatives</td>
<td>Alternatives</td>
<td>5.1</td>
</tr>
<tr>
<td>Cash</td>
<td>Cash</td>
<td>0.4</td>
</tr>
</tbody>
</table>

- Current Lineup of 100% Quantitative Managers has proven to be much less diversifying than originally expected.
- Alliance Bernstein Global Style Blend provides diversifying growth and value fundamental active management in US and International equity in a single product. Manages ~$3 billion for OPERF in this product.
- Acorn Fund provides additional diversifying fundamental active management with better long term results than Batterymarch.
- Acorn Fund manager has a significant allocation in OPERF whereas HIED is the only exposure of Oregon to Batterymarch.
- Recommended portfolio has roughly 20% less Active Risk for the same level of expected alpha as the existing portfolio.