July 2, 2008

TO: MEMBERS OF THE STATE BOARD OF HIGHER EDUCATION

Meetings of the State Board of Higher Education will be held on July 11, 2008, on the Portland State University campus, Portland, Oregon.

On Friday morning, Beginning at 7 a.m., faculty have been invited to meet with the Board for coffee and discussion; all Board members are encouraged to attend.

Following the coffee, the full Board will meet to approve four academic program consent items from OSU, PSU, and WOU. The Board will take action on the proposed 2009-2011 biennial and capital budgets and approve the permanent adoption of rules pertaining to purchasing, contracting, and construction. The Board will receive and discuss reports from Board focus groups on governance and regional universities.

Additionally, the Chancellor, the chair of the OUS Research Council, the president of the Interinstitutional Faculty Senate, and the chair of the Oregon Student Association will provide informational reports to the Board. This meeting will be held in accordance with the time, location, and schedule listed below:

**Friday, July 11, 2008**

<table>
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<tr>
<th>Time</th>
<th>Event</th>
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<tr>
<td>7-8 a.m.</td>
<td>Faculty Coffee with the Board, SMSU 338</td>
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<tr>
<td>8 a.m.-2 p.m.</td>
<td>Full Board meeting, SMSU 327/8/9</td>
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</tbody>
</table>

Telephone messages for Board members and institution officials attending the meetings may be called to (541) 554-6450. If special accommodations are required, please contact the Board’s Office at (541) 346-5749 at least 72 hours in advance. All docket materials are available on the OUS website at http://www.ous.edu/sb_meet.htm.

Cordially,

Marcia M. Stuart
Secretary of the Board
Oregon State Board of Higher Education
Committee Assignments for 2007-08

Executive Committee
Kirby Dyess, president
Don Blair, vice president
Hannah Fisher
Jim Francesconi
Dalton Miller-Jones
Tony Van Vliet

Finance and Administration Committee
Don Blair, chair
Kirby Dyess
John von Schlegell
Tony Van Vliet
Jay Kenton, OUS (staff)

Oversight Committee on Sexual Assault
Henry Lorenzen, chair
A.J. Amiola, PSU
Doug Beloof, Lewis & Clark
Linda Brady, UO
Jonathan Eldridge, SOU
Ryan Hagemann, OUS
Heather Huhtanen, AG’s Office
Dalton Miller-Jones
Rosemary Powers
Tony Van Vliet
Lt. Phil Zerzan, OSP, OSU
Bridget Bums, OUS (staff)

Student Participation and Completion Committee
Dalton Miller-Jones, chair
Brian Fox
Di Saunders, OUS (staff)

Research Council
Rich Linton, UO, chair
John Cassady, OSU
Dan Dorsa, OHSU
Kirby Dyess
Wayne Embree, Cascadia Partners
Bill Feyerherm, PSU
Nick Konidaris, Electro Scientific Industries
Gary Tallman, Willamette University
Ray Werner, Werner and Axenfeld
David Woodall, OIT

Delegation to the Joint Boards’ Unified Education Enterprise
Dalton Miller-Jones
Preston Pulliams
Tony Van Vliet

Delegation to the Joint Boards’ Working Group on Budget Alignment
Brian Fox
Paul Kelly

OHSU Board
Kirby Dyess

College Savings Board
Kirby Dyess
# Schedule for Board Meetings and Board Member Campus Visits

2008-2009

Locations in bold-type signify a Board campus visit.

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<th>Dates</th>
<th>2009 Tentative Board Meeting Location</th>
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<td>January 3-4</td>
<td>PSU</td>
<td>January 8-9</td>
<td>PSU</td>
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<td>February 7-8</td>
<td>UO</td>
<td>February 5-6</td>
<td>WOU</td>
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<tr>
<td>March 6-7</td>
<td>PSU</td>
<td>March 5-6</td>
<td>OSU</td>
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<td>April 3-4</td>
<td>OHSU</td>
<td>April 2-3</td>
<td>WOU</td>
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<td>May 1-2</td>
<td>PSU</td>
<td>May 7-8</td>
<td>PSU (Board meeting in Salem, Location TBD)</td>
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<tr>
<td>June 5-6</td>
<td>EOU</td>
<td>June 4-5</td>
<td>PSU</td>
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<tr>
<td>July 10-11</td>
<td>PSU</td>
<td>July 9-10</td>
<td>PSU</td>
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<tr>
<td>August 7-8</td>
<td>PSU or Telephonic, if required</td>
<td>August 6-7</td>
<td>PSU or Telephonic, if required</td>
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<td>September 4-5</td>
<td>PSU</td>
<td>September 10-11</td>
<td>OSU-Cascades, Bend</td>
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<td>October 2-3</td>
<td>SOU</td>
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<td>OIT Klamath Falls</td>
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<td>November 6-7</td>
<td>PSU</td>
<td>November 5-6</td>
<td>PSU</td>
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<tr>
<td>December 4-5</td>
<td>Board Retreat (Location TBD)</td>
<td>December 3-4</td>
<td>Board Retreat (Location TBD)</td>
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Updated 7/2/2008 5:16:00 PM
AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. DISCUSSION ITEM
   a. Chancellor Performance Evaluation

3. ADJOURNMENT

REGULAR MEETING OF THE STATE BOARD OF HIGHER EDUCATION
SMITH MEMORIAL STUDENT UNION, 327/8/9
PORTLAND STATE UNIVERSITY
JULY 11, 8 A.M. – 2 P.M.

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. REPORTS
   a. Chancellor’s Report
   b. Provosts’ Council (Randhawa)
c. Research Council (Cassady)

d. Interinstitutional Faculty Senate (IFS) President (Ayers)

e. Oregon Student Association (OSA) Chair

3. **Consent Items**

a. **OSU, Undergraduate Certificate in Religion and Culture** ......................................................... 1
   Oregon State University seeks Board approval to offer an instructional program leading to an Undergraduate Certificate in Religion and Culture.

b. **PSU, Ph.D. in Mechanical Engineering** ....................................................................................... 3
   Portland State University seeks Board approval to offer an instructional program leading to the Ph.D. in Mechanical Engineering.

c. **PSU, Graduate Certificate in Public Management** ................................................................. 5
   Portland State University seeks Board approval to offer an instructional program leading to the Graduate Certificate in Public Management.

d. **WOU, M.S. in Management and Information Systems** .......................................................... 7
   Western Oregon University seeks Board approval to offer an instructional program leading to the Master of Science in Management and Information Systems.

4. **Action Items**

a. Board Elections (Dyess)

b. **Approval of Permanent Adoption Of Amendments to 580-060-0000 through 0060 (Real Property, Facility, and Campus Planning); 580-061-000 through 0160 (Procurement and Contracting Code); 580-062-0000 through 0020 (Purchasing and Contracts for Personal or Professional Services and Goods and Services); and 580-063-0000 through 0045 (Capital Construction and Contracting) (Kenton)** ................................................................. 9
   To adopt the new version of the referenced rules as included in the docket and suspend the previous version of the referenced temporary rules; to be effective upon filing with the Secretary of State.

c. Best Practices (Hagemann)

d. **OUS, Continuing the Investment in Oregonians for our Future (2009-2011 Biennial Operating Budget Presentation) (Kenton)** ................................................................. 53
   OUS is proposing a biennial operating budget that will enable the System to accomplish the objectives of enhancing quality, access, and affordability.
e. **OUS, Capital Construction Budget Request, 2009-2015 (Simonton)**

Each biennium, prior to the legislative session, the State Board of Higher Education submits a capital program summary to the Governor covering the ensuing three biennia. For 2009-2011, a formal capital budget request is presented; for the outlying period 2011-2015, a forecast of needs is identified.

5. **DISCUSSION ITEMS**

   a. Board Focus Group on Governance (Kelly)

   b. Board Focus Group on Regional Universities (Blair)

6. **COMMITTEE REPORTS**

   a. Standing Committee Reports

   b. Other Board Committees

7. **PUBLIC INPUT**

8. **BOARD COMMENTS**

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

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

10. **ADJOURNMENT**

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

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

The OSU Strategic Plan for the 21st Century designates teaching and research in the arts and sciences as the foundation for university achievement in scientific discovery, social and cultural enhancement, and progress in the applied professions. The proposed Undergraduate Certificate in Religion and Culture seeks to strengthen this institutional foundation for academic excellence by providing a distinctive multidisciplinary program of undergraduate study focused by the diverse intersections of religion and culture. The program will furnish Oregon State University (OSU) undergraduates with an opportunity to complement their major field of study with a cohort of courses that encompass the academic study of experience in religious communities and faith traditions, religion and political life, religion and aesthetic expressions, religion and environmental issues, and diversity within and among religious traditions of the world. The certificate in Religion and Culture thereby contributes to the mission and reinforces the five core values of Oregon State University.

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

The highest enrolled course in the OSU Department of Philosophy is a course in world religions, which is taught to over 1,000 students (over 4,000 student credit hours) on an annual basis. Approximately 25 percent of these students take upper division course work in the academic study of specific religious traditions, figures, or themes. Many of these students have expressed an interest to their advisors in taking a more structured, coherent cohort of courses in the study of religion that would be recognized on their academic transcript.

In 2006, OSU’s Office of Academic Affairs commissioned an external academic review team to examine the visibility, identity, and rigor of the curricular offerings in the Department of Philosophy. The primary recommendation of the external review team was a need for better integration of the course offerings with religious studies content within the overall curriculum of the Department of Philosophy. This proposal for a certificate program in Religion and Culture is a direct result and seeks to be responsive to the recommendations of the review team.

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

There are no similar programs in the Oregon University System. The University of Oregon (UO) has an undergraduate degree program in religious studies and, through a liaison communication, the UO department chair indicated that the UO program has a different direction and emphasis, with an academic focus less on the cultural manifestation of religious life and more on the formative texts and documents internal to diverse religious traditions. The UO chair wished success to
the OSU certificate in Religion and Culture and held out the prospects for future collaborations.

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 certificate in Religion and Culture is a revenue-neutral program. It will not require new resources to initiate the program as it draws, with one exception, on courses that are established in the OSU curriculum. Administrative oversight of the certificate will occur through the Hundere Endowed Chair in Religion and Culture, a position already established at OSU.

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 Oregon State University to establish an instructional program leading to an Undergraduate Certificate in Religion and Culture, effective Fall 2008.

*(Board action required.)*
PSU, Ph.D. in Mechanical Engineering

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

Portland State University (PSU) has embraced the mission of supporting the needs of the Portland metropolitan community with excellent professional and graduate programs. The proposed program squarely faces the need to educate and prepare the highly skilled workforce required for the future economic well being of Oregon. If this need is not met, the expanding industry will continue to import trained talent from elsewhere while qualified Oregonians are left behind. The program will involve industry from Portland and around the state. Performing research that is important to and sponsored by regional industries will be a direct service. Further, the influx of industrial ideas and energy will stimulate the academic environment as well as the local economy.

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

The demand for graduate level engineering education in the Portland metropolitan area has dominated the growth of engineering programs for years. All recent developments by the Oregon University System, such as the Oregon Center for Advanced Technology Education (OCATE) and the Oregon College of Engineering and Computer Science (OCECS), have focused on graduate education. Senate Bill 504 was passed to mandate programs to serve all graduate engineering programs of the area. A natural part of that comprehensive program is discipline-specific Ph.D. programs at PSU. As one of PSU’s core programs, Mechanical Engineering is a critical part of that expansion, to serve Portland-area students and industry and to offer PSU faculty greater scholarly opportunities.

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

Oregon State University (OSU) currently offers a Ph.D. in Mechanical Engineering. Collaborative research involving faculty and students from OSU and other Oregon University System institutions, and the cooperative use of laboratories and equipment, will be sought where appropriate. As an example, the Oregon Nanoscience and Microtechnologies Institute (ONAMI) serves as a vehicle to connect activity among PSU, OSU, and the University of Oregon.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? How are the resource need balanced by anticipated student demand?

No additional faculty will be required to accommodate the Ph.D. students anticipated during the startup mode of the program. A key driver for initiating the Ph.D. program at this time is the need to provide adequate support for the growing research programs of current faculty members and to assist in recruiting faculty for new
positions as they become available. Additional workload to support the curriculum of individual or small groups of Ph.D. students will be offset through reallocation of teaching assignments to other regular faculty members and through judicious use of adjunct faculty and graduate teaching assistants. Additional permanent faculty positions will be sought as program demand is assessed and documented. Funds under the control of the Engineering and Technology Industry Council (ETIC) are dedicated to increasing capacity of computer science and engineering programs in support of the state’s high technology industry, with Mechanical Engineering a key discipline. Additional faculty has recently been added and continuing growth in outside funded departmental research will be leveraged to sustain the program through transition to steady state.

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

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize Portland State University to establish an instructional program leading to the Ph.D. in Mechanical Engineering, effective Fall 2008.

*(Board action required.)*
PSU, Graduate Certificate in Public Management

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

This program extends the mission of Portland State University (PSU) and the Hatfield School of Government to those who currently have responsibility for managing public organizations and agencies throughout the Pacific Northwest, enabling these managers to deal more efficiently and effectively in conditions characterized by decline in public support and shrinking budgetary resources. This program will also enable the state higher education system to work in closer partnership with public agencies, thus making better use of increasingly scarce public resources.

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

The Public Management certificate has been created to address a growing leadership crisis in the middle and upper ranks of career public service, where the General Accounting Office reported that 53 percent of federal middle managers qualified for retirement in 2004. Significant numbers of retirements over the next several years are projected in the public sector in Oregon, ranging from a high of 60 percent in middle and senior management in public safety agencies to a low of 25 percent in more recently established regulatory agencies. Similar percentages of expected retirements within the next several years are expected in the six largest employers in the Portland Metropolitan Area (Bonneville Power Administration, U.S. Army Corps of Engineers, City of Portland, Multnomah County, Washington County, and State of Oregon). Large numbers of promotions within public organizations will be necessary to fill these positions, but only a small percentage of those who will likely be promoted currently have any formal training or education to prepare them for their new leadership roles.

In recognition of this leadership succession crisis, a variety of public agencies have contacted the Hatfield School of Government’s Executive Leadership Institute to provide management training to those who will soon be promoted to line management positions. Several programs have been developed over the last six years in response, including an 80-hour public safety managers training, a year-long program for the U.S. Army Corps of Engineers, and a leadership development program for approximately 50 managers in Washington County.

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

While other graduate programs are offered at Oregon State University and the University of Oregon with a public policy and political sciences focus, Portland State’s Public Administration program has a distinctive mission to prepare current and future public administrators. There are no other public management certificate
programs specifically targeted to enhance the managerial knowledge and skills of experienced career public administrators.

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?**

This program relies on existing full-time and adjunct faculty, already reviewed by the National Association of Schools of Public Affairs and Administration. Since these faculty are currently teaching these courses for the Master of Public Administration, the program does not need additional resources for instruction. In those cases where the certificate is offered as part of agency-sponsored training programs, user fees and contract income from the sponsoring agencies will support the costs of the courses and necessary part time staff additions.

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

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize Portland State University to establish an instructional program leading to a Graduate Certificate in Public Management, effective Summer 2008.

*(Board action required.)*
WOU, M.S. in Management and Information Systems

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

The objective for this new program is to produce highly skilled and well-educated managers who have strong knowledge in the areas related to Information Systems. The proposed program is wholly consistent with Western Oregon University’s mission as a university that “creates personalized learning opportunities, supports the advancement of knowledge for the public good, and maximizes individual and professional development.” The development of this new degree program is consistent with the present campus mission and strategic plan and will serve a need for both domestic and international student populations.

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

This program responds directly to identifiable market needs in the region. The state agencies located in Salem and the high-tech industry throughout the mid-Willamette Valley would benefit. Proposed program graduates will be prepared to enter Oregon’s expanding industries with special strengths in, and management and successful use of, technology and business activities related to Information Systems. National Occupational Outlook Statistics and Oregon Occupational Projections both report high growth rates for computer scientists and the National report shows a positive rate of growth for management. The proposed program intends to enhance these same aspects in the professional community of our region, as well as collectively benefiting social, economic, and environmental issues in the region.

According to the document, Snapshot of Oregon’s Principal Traded Sectors, produced by the Oregon Business Plan, high technology is Oregon’s largest industry, with 70,000 jobs, the largest share of state export revenue, and more than 10 percent of U.S. semiconductor output. Employment has grown 5.6 percent annually over the past decade. The further growth of the industry needs management people who understand the technical side of the business. The graduates of the proposed program will answer that need.

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

No programs with the particular content emphases are currently offered within the Oregon University System; the closest aligned program is the University of Oregon’s Applied Information Management which is delivered as an on-line program. The proposed program will serve a regional population seeking a campus-based environment, as well as Western’s campus-based international student population.

4. What new resources will be needed initially and on a recurring basis to implement the program? How will the institution provide these resources? What efficiencies or revenue enhancements are achieved with this program, including consolidation or elimination of programs over time, if any?
No new resources are necessary and recurring costs will be realized by student enrollment and tuition. With the growth of this program, both the computer science division and the business division will be enhanced by adding additional faculty to teach both at the undergraduate and graduate level. Again, any new faculty would be hired by the tuition generated by the new program.

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

**Recommendation to the Board:**
The OUS Provosts’ Council recommends that the Board authorize Western Oregon University to establish an instructional program leading to the Master of Science in Management and Information Systems, effective Fall 2008.

*(Board action required.)*
OUS, Approval of Permanent Adoption Of Amendments to 580-060-0000 through 0060 (Real Property, Facility, and Campus Planning); 580-061-000 through 0160 (Procurement and Contracting Code); 580-062-0000 through 0020 (Purchasing and Contracts for Personal or Professional Services and Goods and Services); and 580-063-0000 through 0045 (Capital Construction and Contracting)

**Summary:**
After extensive discussion and review by staff, campus representatives, and the Oregon Department of Justice (DOJ) at the February 2008 meeting, the Board passed temporary rules significantly updating the OUS rule scheme for procurement, including new sections for contracting, the procurement of goods and professional services, and capital construction. The drafting, revision, and reconstruction of these rules had been underway for over two years and were the result of significant discussion and collaboration on the part of the Chancellor’s Office, OUS campuses, and DOJ. After the temporary rules were passed and became effective, the Chancellor’s Office and DOJ noticed several elements that required correction before the rules were to become permanent. These corrections were adopted under revised temporary rules to clarify the applicability of particular provisions of the rules wholly consistent with the original intent of the rule scheme as passed in February 2008.

**Staff Recommendation to the Board:**
Staff recommends that the Board adopt the new version of the referenced rules as included in the docket and suspend the previous version of the referenced temporary rules; to be effective upon filing with the Secretary of State.

*(Board action required.)*
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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
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-060-0010
Comprehensive Plan Coordination
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. The Chancellor or designee will approve revisions to the campus boundaries.
Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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, and
   (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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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.

Stat. Auth.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-060-0040  
**Easements**  
(1) All instruments granting or acquiring an easement must be executed by the Board President and Board Secretary.  
(2) 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 approval for all other easement grants or acquisitions.

Stat. Auth.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 million over the term of the agreement. The Chancellor or designee may approve transfers of interest if the term of the agreement and all extensions do not exceed 15 years or the consideration for the transfer of an interest does not exceed $15 million over the term of the agreement. All other transfers of interests for real property will be approved by the Board 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 million 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 351ORS 182.415, 182.425 & 351.070
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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" or "Awarding" 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 an Solicitation Document ITB.

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

(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 award 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" or "Institutional" 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 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" is defined by the Bureau of Labor and Industries (BOLI) in ORS 279C.800(6). 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, Request for Information 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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, the Work, the Contract Price and results related Contract terms;
(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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 Contracts 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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 Contracts over $25,000 procured through a Competitive Process will be provided to the Advocate for Minority, Women, and Emerging Small Business, unless otherwise provided, by fully completing the information set out on 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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-061-0035

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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-061-0040
Sexual Harassment Policy
All Contractors Entities that wish to contract with Institutions will be notified on the OUS procurement website 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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.

(1) 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.

(2) 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.: ORS 351
Stats. Implemented: ORS 293.462
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
Invitation to Bid Required Provision Solicitation Document Provisions

(1) Brand-Name Specification. 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 and services of like kind. 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.

(2) 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, as defined in ORS 279A.010(1)(ii), to the maximum extent economically feasible in the performance of the Contract."

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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.
(1) Such request for clarification or change will include the reasons for the clarification or change, and any proposed changes to Specifications or provisions.
(2) The Institution will consider all requests for clarification or change and, if appropriate, amend the Solicitation Document by issuing Addenda.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 580-061-00975(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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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’s 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’s 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 so 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-061-0125
Low Tie Bids

(1) Definition. Low Tie Bids are low tie Responsive Responsible Bidders Bids from 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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 a 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 580-061-00305 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) Has been 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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, is too costly or the 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-061-0145
Protest of Contractor Selection, Contract Award, and Protest of Solicitation Document
(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, unless notice of rejection has been previously provided under OAR 580-061-0130(5);
   (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) In the case of a sole source procurement, that the Single Seller selected is not the only Contractor or consultant reasonably available to provide the personal or professional services, goods, services, Professional Consultant services as defined in OAR 580-061-0010, Construction-Related Services as defined in OAR 580-061-0010, or combination of Professional Consultant services and 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.

(2) The Institution may, if it has given notice in the Solicitation Document, also commence negotiations in accordance with sections (3), (4), (5) and (6) of this rule with Proposers in the competitive range. For purposes of this rule “competitive range” means the highest-ranked Proposers based on evaluating all Responsive Proposals in accordance with the evaluation criteria set forth in the Solicitation Document.

(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.

(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 subsection (d) that best and final Proposals will be due.

(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.
(d) 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.

(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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-062-0015  
**Personal/Professional Services, Goods, and Services Contract Procurement Thresholds**  
(1) When procuring personal or professional services, goods, or services, not including services from 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.  
(2) Notwithstanding subsection (1), 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.  
(3) The selection of a Contractor identified in a Grant application or proposal is exempt from subsection (1).  
Stat. Auth.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-062-0020  
**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.
   (cb) Advertising and media services, excluding consulting services.
(dc) 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.

(ed) 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.

(fe) 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.

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

(hg) Food and food-related products.

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

(ji) Used personal property.

(kj) Goods purchased for resale to outside entities.

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

(mL) Cadavers or cadaveric organs.

(on) Dues, registrations, and membership fees.

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

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

(rq) Repair and overhaul of goods or equipment.

(sr) Goods or services purchased in foreign countries.

(ts) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135, and 414.145 for purposes of source selection.

(ut) Grants.

(vu) 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.

(wv) 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.

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

\(yx\) 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.

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

\(aaaz\) Sponsorship agreements for Institution events or facilities.

(8) 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 personal 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 reasonably equivalent to the respective process established in these rules and that the solicitation was advertised in Oregon.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
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:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 approval as set out in this rule, 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.

(1) 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.

Stat. Auth.: ORS 351  
Stats. Implemented:  
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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, but are not limited to: conventional construction services, 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.

(3) “Capital Construction” means any construction or facility improvement that costs $500,000 or more and is not considered maintenance or repair.

Stat. Auth.: ORS 351  
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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-063-0020
Methods of Procurement
Institutions will use the following methods of procurement when procuring Professional Consultant services, Construction-Related Services, or a combination of Professional Consultant services and Construction-Related Services.
(1) Direct Procurement. A process where the Institution negotiates directly with a single Entity to provide Professional Consultant services, Construction-Related Services, or a combination of Professional Consultant services and 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.

(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.

(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:

(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, experience, or qualifications, only a Single Seller is reasonably available to provide certain Professional Consultant services, Construction-Related Services, or a combination of Professional Consultant services and 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 Professional Consultant services, Construction-Related Services, or combination of Professional Consultant services and 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 Professional Consultant services, Construction-Related Services, or combination of Professional Consultant services and Construction-Related Services to be acquired from the Single Seller, identify the prospective Professional Consultant or 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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

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 $100,000.01 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 $250,000.01 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. **Except in cases of Emergency or when only a Single Seller is reasonably available,** 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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-063-0030
**Contracts for Construction Related 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 Solicitation Document.

(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 Solicitation Document.

(2) Standard Procurement. Except in cases of Emergency or when only a Single Seller is reasonably available, 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 more than $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, not 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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-063-0035
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.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
580-063-0040

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 or higher standards, which promote buildings that significantly reduce or eliminate the negative impact of buildings on the environment and occupants.

Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08

580-063-0045

Retainage Processing Charges

1) The Institution may require a retainage for Construction Related Services Contracts under $1,000,000. For Construction Related Services Contracts 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 Contracts 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
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.: ORS 351
Stats. Implemented:
Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08
Continuing the Investment in Oregonians for Our Future:  
Oregon University System 2009-2011 Operating Budget Request

For consideration by the 
Oregon State Board of Higher Education

July 11, 2008
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OUS, Continuing the Investment in Oregonians for our Future

Doing the Math: Getting More Students In and Through College

Oregon is facing an educational attainment crisis. It can be summarized through a straightforward equation:

As economic prosperity is predicated on higher levels of educational attainment in a greater proportion of the state population who fulfill the workforce needs of diverse industries and businesses,

And given the largest growth in Oregon’s youth population is among the most economically challenged and underserved populations with the lowest levels of high school completion and college-going rates…and Oregon’s older adults (age 45-54), set to retire in the coming years, are currently more educated than our younger adults (25 to 34)…and Oregon is predicted to have the 4th largest percentage of elderly in the United States by 2025, then,

This equals an increasing Oregon population of lower educated, lower skilled workers, unable to support the diverse needs of business and industry in the state, and the growing needs of an increasing population of older Oregonian. In other words, we don’t have “replacement parts” for our current skilled workforce.

Supporting this equation further are the following facts:

- Oregon-based companies are faced with having to import skilled labor from other states and countries or relocate to other states, and out-of-state companies are choosing not to locate in Oregon due to lack of numbers and diversity of a skilled and highly educated workforce;

- Oregon’s traditional natural resources industries, such as timber and fishing, have diminished in size and scope—reducing the numbers of Oregonians employed and their positive economic impact on rural and urban areas in Oregon;

- Twenty years ago the State paid two-thirds of the cost of higher education and students paid the other one-third; today, students pay two-thirds of the cost and the State pays only one-third. Without a rebalancing of this ratio, the very

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1 Sources: (1) Portland State University, Population Research Center; (2) Oregon Office of Economic Analysis, population forecast April 2004; (3) U.S. Census Bureau, Population Division, Population Paper Listing #47.
students we need to fulfill Oregon’s workforce needs will face a cost barrier that many will not be able to overcome. Oregon loses, with fewer highly skilled citizens who can ensure a nimble workforce and viable state economy.

- A declining economy in Oregon will be unable to support a growing percentage of the population who have greater social service needs with a lower population of contributors to state General Fund resources (those with higher educational levels and thus higher income); and

- A state that cannot sustain, attract or retain business and industry; cannot sustain its own population; and cannot support quality PK-20 education systems and programs in its state is not economically viable. Like a dying lake, without the “nutrients” and combination of optimal factors to thrive, Oregon will lose its ability to sustain its human and natural resources that have made it successful in the past without a deliberate intervention.

An equation works well to describe a situation in which a state does not adequately support the educational attainment of its citizens because it is a straight line cause and effect scenario. Similarly, this type of cause and effect situation can be remedied by applying the opposite and positive inputs that can turn this negative equation into a positive one.

Simply put, in order to keep up with the needs of Oregon’s knowledge economy and the borderless, global economy in which we compete, the state must increase educational attainment rates for populations that we have not reached before or have not reached with the effectiveness and focused determination required. Beyond these reasons, there is also the looming issue of inequity in the types of students who are prepared for, enroll in, and succeed at our colleges and universities.

**Determining Oregon’s Future through an Educated Citizenry - Finding and Filling the Gaps**

A recent report by the Brookings Institution and sponsored by the Pew Charitable Trusts predicts that, nationally, the ever widening gaps in higher education between low- and upper-income citizens and between whites and “minorities” will lead to even fewer opportunities for the poorest individuals. In other words, economic mobility will be even lower in the future than it is now. Thus, it is imperative for Oregon to intentionally direct specific resources to improve opportunity for postsecondary education for much greater numbers of underserved students across the state.

**Income does matter when it comes to both enrollment in college and completion to a degree.** Students attending schools with the highest poverty levels are attending

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college at declining rates and were less likely to attend college in 2002 than in 1999. In 1998, only 20 (9 percent) of Oregon high schools had Free or Reduced Lunch Program participation levels at 50 percent or higher. In 2002, there were 34 high schools (15 percent) at the 50 percent or greater level. **Oregon is leaving behind many of its students who have the ability to succeed in college and contribute to their communities and to the state.** Whether for equity or economy, we must do better.

Although Oregon has made gains with increases in the Oregon Opportunity Grant in the last two biennia, affordability is still a barrier for low- and moderate-income families in attending postsecondary education. In 1992, the percent of income (average of all income levels) needed to cover college expenses, minus financial aid, was 25 percent at Oregon’s public 4-year universities; by 2006, this had increased to an average of 36 percent of family income needed to cover college costs.

### A Closer Look at Family Ability to Pay in Oregon

<table>
<thead>
<tr>
<th>Income groups used to calculate 2006 family ability to pay</th>
<th>Average family income</th>
<th>Community colleges</th>
<th>Public 4-year colleges/universities</th>
<th>Private 4-year colleges/universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% of the population with the lowest income</td>
<td>$11,720</td>
<td>$8,361</td>
<td>71%</td>
<td>$9,774 83%</td>
</tr>
<tr>
<td>20% of the population with lower-middle income</td>
<td>$27,000</td>
<td>$9,972</td>
<td>33%</td>
<td>$10,685 40%</td>
</tr>
<tr>
<td>20% of the population with middle income</td>
<td>$44,000</td>
<td>$9,496</td>
<td>22%</td>
<td>$11,731 27%</td>
</tr>
<tr>
<td>20% of the population with upper-middle income</td>
<td>$58,924</td>
<td>$9,640</td>
<td>14%</td>
<td>$11,950 17%</td>
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<td>20% of the population with the highest income</td>
<td>$112,600</td>
<td>$9,679</td>
<td>9%</td>
<td>$12,019 11%</td>
</tr>
<tr>
<td>40% of the population with the lowest income</td>
<td>$19,360</td>
<td>$8,867</td>
<td>45%</td>
<td>$10,230 53%</td>
</tr>
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<td>$8,867</td>
<td>45%</td>
<td>$10,230 53%</td>
</tr>
</tbody>
</table>

*Net college cost equals tuition, room, and board minus financial aid.


### Barriers for Rural Students and Students of Color

Often it is suggested that **there are two Oregons**: the rural areas and the valley/urban areas of the state. This holds true as well for educational attainment in Oregon. In 2005, only 16 percent of Oregonians in rural counties had a bachelor’s degree or greater, compared to over 30 percent of Oregonians in metropolitan or near-metropolitan areas (state overall is 27 percent). The situation in Oregon’s rural areas has gained national attention, as well as the attention of Senator Gordon Smith, who has included a bill—The College and University Rural Education Act—in the House’s version for the reauthorization of the Higher Education Act. If approved, this funding

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would align postsecondary training with careers that are “relevant to the regional economy, and that target a specific job market need.”

Bruce Weber, professor of Rural Studies at Oregon State University, noted to the Board of Higher Education Committee on Student Preparation and Completion that rural student preparation is affected by attending small schools in low-population density areas isolated from large population centers. Per capita income in Oregon’s rural areas is lower than the urban and valley regions of the state, with that gap widening significantly from the mid-to-late 1970s to 2004. As a corollary to this, unemployment tends to be higher in rural areas as well, with fewer opportunities for students with a college degree to return to once they finish college. Rick Dalton, CEO of College for Every Student, recently said in an article in the *Albany Times Union*, “Rural families often feel threatened when their children want to go off to college – because when they go, they may be leaving for good. Families don’t pass the dream along to their children. And the children don’t pick it up on their own.”

Weber also noted that rural student participation in postsecondary education is likely conditioned by low family income, perceived lack of opportunities and support at universities, and a feeling that they may join a campus environment with which they have no familiarity.

**Disparities exist as well among Oregonians from different racial and ethnic backgrounds.** The disparities in educational attainment rates by race make it very clear that Oregon needs to do a better job at providing equal opportunities to all students to have a chance to attend and complete postsecondary education. Most critical to address is the growing Hispanic/Latino population in Oregon, which has the lowest freshman participation rate and the African American and American Indian students who graduate from college in much lower numbers than their Asian and White counterparts. Ironically, these most at-risk populations are also the only ones whose high school age populations will be increasing in the next decade and beyond. A recent Oregon Business Council Report noted, “Ensuring an adequate education for the state’s new immigrant..."
population – whether adults or children, whether from other states or countries – will be a key to Oregon’s future economic prosperity.\(^6\)

These demographic trends present a real crisis for Oregon in meeting current and future workforce demands. With nearly 80 percent of high wage jobs requiring a bachelor’s degree or higher by 2014 to be competitive,\(^7\) Oregon cannot meet these needs given the current trajectory unless we begin immediately to address this situation through significant funding. In the state’s most populous county, Multnomah, a new report released in March 2008\(^8\) states that the County is expected to lose fully half of its work force to retirement in the next dozen years. County Chairman Ted Wheeler recently noted at a public event about this report that, “The hard reality is…we’re losing two employees for every one that we can bring in.”

**True Access = Persistence to a Degree**

Getting students better prepared to succeed in college through a variety of academic enrichment and other pre-college programs is the first step in the college success trajectory for students. Step two is getting students to enroll and begin at a postsecondary institution. And the very important third step is ensuring that students are able to persist in their studies and stay in college until degree attainment. For first-generation and underserved students, the first year in college can be a difficult adjustment on several fronts, from academic preparation to cultural adjustment issues to financial difficulties and other reasons. As shown on the chart, it is clear that average retention rates vary by race/ethnicity. This reflects not only the level of academic preparation but also campus climate issues faced by these students and the need for targeted support services and outreach programs that ensure a welcoming, supportive academic, social, and community environment.

The research is clear: if we can keep a student in college through their first year, their chance of getting a degree rises dramatically. If we can keep them in two years, there is an even greater chance for degree attainment.

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\(^7\) Source: Oregon Employment Department.
Within OUS, the research shows that students who complete their first year at a university, on average, have a 71.4 percent chance of getting a degree; this rises to 81.5 percent for those who persisted at least two years. These percentages compare to 59.7 percent for students overall. In other words, if we can retain first-generation and underserved students once they are enrolled through specific, targeted programs that address the most common reasons they drop out of school, then we can dramatically increase the graduation rate of our Oregon students. This makes sense from a fiscally responsible standpoint, in terms of gaining a return on the state’s investment in these students and in gaining greater equity for students who are much more likely to drop out.

Although the entering freshman six-year graduation rate has risen from the 1987 cohort of students to the 2001 cohort — from 48.8 percent to 59.7 percent — it has remained relatively stagnant in recent years and is showing some disturbing trends for Oregon freshmen. The graduation rate of Oregon residents made the smallest gain, from 60.5 percent to 60.6 percent, since the entering class of 1995. Resident students make up over 70 percent of the entering freshman cohort.

While a possible explanation of this trend is the economic downturn that began in 2001 when recent graduates started college, it remains cause for concern. Improving this trend must be a focus of efforts to improve the ability of our institutions and of our state to get more students into college and keep them there through graduation. Without such a renewed effort, and one that truly increases the capacity of our institutions to effectively address retention, the concern for graduating our residents will grow. This will impact Oregon’s ability to train a skilled, highly educated workforce, to retain and attract businesses and industry in all parts of the state, and to ensure a strong, supportive, and innovative state economy that is nimble enough to survive and thrive through all types of economic cycles.

Now is the time to continue to make the investments needed to fulfill the future dreams of Oregon’s citizens by supporting and sustaining a vibrant public system of higher education. Now is the time for Oregon to demonstrate its creativity and flex its competitive muscles for the direct benefit of current and future Oregonians.

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9 Source: OUS Institutional Research, 2001-02 First-Time Freshman Cohort; includes students transferring within OUS after initial enrollment.
Graduate Education, Research, and the Critical Role of Faculty

Knowledge creation through graduate education and research is vital for a knowledge-based economy. While few discussions of educational attainment mention these elements as important drivers, a robust research enterprise, including advanced degree programs, also energizes undergraduate teaching and learning:

- A strong research enterprise attracts and retains a strong faculty which, in turn, develops new discoveries that often provide economic returns to the university and the state;
- A strong faculty inspires and excites quality learning in students;
- Focused inquiry and research, when incorporated into the college curriculum, build a deeper understanding of the subject and a curiosity for learning through hypothesis development and experimentation;
- A university education that embraces research and inquiry should raise the expectations of high school and middle school students to engage in rigorous math and science curricula.

Both as a provider of direct economic benefits through research commercialization and in its contributions to learning, the university research enterprise is a critical part of the overall OUS mission. The Board’s long-range plan proposes four action steps to implement its strategic priority related to research:

1. Attract and retain excellent internationally recognized faculty, particularly in targeted areas of existing excellence such as Biomedical Research and Neurosciences, Sustainability and Natural Resources, and Nanoscience and Microtechnologies.
2. Sustain existing signature research funding (ONAMI) while developing new signature research centers in the areas of Biomedical Research (building on current work in pharmaceutical testing) and Sustainability (especially in the areas of innovative and sustainable materials, clean energy, and green buildings).
3. In partnership with the Oregon Innovation Council (Oregon InC), align targets for research funding growth and research productivity with the needs of Oregon companies and industry clusters.
4. Establish at every OUS university an expectation of student engagement in research at both the undergraduate and graduate levels.

One programmatic area that will give Oregon a strong competitive edge is Sustainability. Oregon’s universities have excellent sustainability-focused faculty and research programs, including those in green chemistry, green buildings and architecture, transportation, renewable energy, and sustainable agriculture and forestry, among others. As university instructional programs are brought into greater focus around the theme of Sustainability, OUS will have strength in all quarters to make
Oregon a national and international center for sustainable industry, business, workforce preparation, policy development, and innovation.

Successful knowledge creation that brings benefits to Oregon depends on strong doctoral programs and high quality faculty. Oregon already reaps benefits from having university faculty that are among the most productive researchers in the U.S., ranking 6th in federal R&D per faculty.10 Yet this strength is fragile because the elements that form its foundation – strong doctoral programs and the ability to recruit and retain high quality faculty – have been weakened by diminished resources. For example, while the number of doctoral degrees in the U.S. grew by more than 10 percent during the last ten years, the number in OUS declined by 1 percent, although we are seeing improvement in the most recent year.

The key to high performance in knowledge creation through research and graduate education is a strong faculty. However, faculty salaries in OUS continue to rank near the bottom nationally, ranging from 79 percent to 87 percent of peer institution averages. Even considering total compensation, the OUS range is from 89 percent to 96 percent of the peer averages. Perennially low faculty salaries have made it difficult for OUS universities to compete for the best faculty, a problem that will be exacerbated as more faculty retire or leave for better paying jobs elsewhere. While recent legislative appropriations for faculty salaries are a first step in moving OUS upward, it will require time and significant resources to bring Oregon to the national average.

Both faculty productivity and student learning are affected by the ratio of students to full-time faculty. This measure is a surrogate for average class sizes, class availability, advising, outreach to community colleges and high schools, curriculum development and alignment, and other aspects of instructional quality and access, including students’ time-to-degree. It is also an indicator of faculty engagement and morale, and their research and service productivity. Lower student-faculty ratios mean that faculty can provide a better classroom learning environment, more intellectually engaging assignments for students, more opportunities for student research, more time outside the classroom for advising and mentoring students, and ultimately, enhanced student completion and success. OUS student-faculty ratios reached a high of nearly 28:1 a few years ago, improving to 25:1 currently. That ratio is still considerably higher than the 21:1 current average of OUS peers. The Board’s target ratio is 22:1.

With a strong foundation of quality faculty and productive graduate programs, Oregon will be able to compete with the top states and countries in advancing knowledge through research and innovation. **Strengthening our ability to attract and retain highly productive faculty to assure Oregon’s competitive position in the knowledge economy is a priority for OUS.**

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10 National Science Foundation, R&D expenditures per FTE faculty at public universities and colleges by state and source of funds: FY 2005.
OUS Budget Request for 2009-2011

The State Board of Higher Education takes its responsibilities seriously and is committed to the future welfare of Oregon and all of its citizens.

Once again, OUS is seeking three basic items in its 2009-2011 operating budget request:

1. State support adequate to fund the OUS base budget in order to rebuild quality levels, enhance access via affordable tuition, fund a growing enrollment, better maintain facilities and place the OUS on a more stable and sustainable funding base;

2. Policy package funding needed to engage the other educational sectors, business/industry and other partners to create educational opportunities around a common goal of student-success, efficient delivery and support systems for postsecondary education, and to enhance Oregon’s quality of life and economic vitality; and

3. Legislative relief to manage OUS revenues and expenses in a more responsible manner and to create an environment needed to encourage knowledge creation and research related to the state’s and the nation’s most pressing needs.

Main Policy Package: Enhance Quality and Maintain Affordability and Access

The first priority for OUS is to continue seeking a more stable and sustainable base budget that will allow the system to enhance quality, access, and affordability, in order to increase the number and diversity of highly educated and skilled Oregonians to meet economic, workforce, and citizenship needs. One principle upon which this base is founded is that tuition should not increase faster than students’ ability to pay, so the increases in tuition rates in this proposal are restricted to the expected growth in Oregon’s median family income in each year of the upcoming biennium (3.6 percent per year).

To accomplish the objectives of this proposal to enhance quality, access and affordability, OUS is seeking a base state General Fund budget of $1.05 billion (an increase of $154.3 million above 2007-2009 levels). This funding, combined with an estimated $143.8 million in Other Funds Limited revenues (primarily tuition revenues), would provide OUS with $298.1 million in added revenues (see Appendix A for funding details). In 2006-07, Oregon ranked 46th in the U.S. in state funding per student in postsecondary education. To meet the national average level of funding per student FTE, Oregon’s public universities would need an additional investment of more than $300 million (in 2007-08 dollars) each year.
These additional revenues will be used to stabilize and enhance the existing higher education system, continue to rebuild quality in educational delivery and outcomes, and continue shifting more of the financial burden for higher education funding away from students and back to the State by:

- **Funding the essential operating budget level of OUS** - $65.3 million, including $42.3 million of state General Fund.
- **Funding debt service on previously approved capital projects** - $23.6 million of state General Fund and $8.3 million of Lottery funds.
- **Funding facilities maintenance** at a level to stop the growth of the deferred maintenance backlog. Currently, OUS receives approximately $25 million per year ($50 million per biennium) for capital repairs and facilities maintenance. However, our facilities need maintenance funding of $45 million per year ($90 million per biennium) to avoid adding to our deferred maintenance backlogs, leading to an incremental request of $40 million from the state General Fund for this item for 2009-2011.
- **Enhancing faculty salaries** to retain and attract top faculty for teaching and research and to remain competitive with other universities around the nation. The second biennial installment in a ten-year effort to bring OUS faculty salaries to national market standards will require $21.2 million of state General Fund money. This supplemental funding is in addition to the regular compensation funding usually provided by the Legislature and is intended to allow OUS institutions to make progress on faculty salaries in relationship to their peers.
- **Adding more faculty to reduce student-faculty ratios.** This will ensure that adequate numbers of faculty and courses are available to serve a growing enrollment and enable students to graduate on time, saving the state and the students money and time, and addressing institutional capacity. The amount sought for this element of the base funding package is $22.4 million, an amount that would be sufficient to reduce the student-to-faculty ratio toward meeting the Board’s target of a ratio of 22:1 (the current average of OUS peers is 21:1).
- **Funding current and projected enrollment growth.** Current projections indicate that OUS should expect to serve another 7,320 headcount students (5,856 annual FTE) in 2009-2011 (see appendix B for enrollment history and projections). To provide OUS with the same level of resources to serve these new students as it receives from the state for those currently enrolled and to fund the remaining students who are currently unfunded, will require $33.1 million in General Fund and will generate $51.7 million in tuition in 2009-2011.

**Return on this Investment: Improved Outcomes and Better Educational Alignment**

This proposed level of funding will allow OUS to take the second step toward advancing the Board’s goals of improved educational attainment and opportunity for Oregonians,
provision of high quality learning leading to student success, creation of new knowledge and innovation through research, and securing economic and civic benefits for Oregon and its communities.

Key to improved educational attainment and student success outcomes is more effective alignment among Oregon’s K-12, community college, and public university sectors. To that end, the requested level of funding will permit OUS to contribute broadly to the PK-20 instructional mission, from student preparation to new avenues for college participation and strategies for successful completion. In addition, this level of funding will support significant gains in critical areas of graduate education and research, and will improve the competitiveness of Oregon’s institutions in attracting and retaining the faculty needed to carry out the teaching and research missions of OUS. Specifically, the proposed funding will provide for significant returns in the following areas:

- Enhanced recruitment and retention of exceptional faculty who will increase research and service activities for the direct benefit of Oregon’s businesses and citizenry;
- Increased number of students served and degrees conferred;
- Improved maintenance of the state’s physical facilities and significant assets that have served education needs of Oregonians and ensure that these assets will continue to be available for future generations of Oregon students; and
- Integrated and synergistic system of educational entities equipped to serve the changing demographics of Oregon and its citizenry and to meet the changing nature of our increasingly global economy and society.

**Other Policy Packages to Create Greater Synergies**

At its June 2008 meeting, the Board deliberated numerous policy option packages for possible inclusion in the OUS budget request. OUS and its partners are seeking $82.9 million of state funds for the following policy option packages (see attached Appendix C for a complete description of these policy packages):

- Enhancing student preparation, participation, and completion of postsecondary education, including more effective services to students with disabilities. ($15.5 million)

- Increased graduate education to increase the competitiveness of OUS universities to attract advanced degree seeking students. This is the first step of a multi-biennial strategy that will lead to higher numbers of masters and doctoral degrees being conferred in the future. The amount requested represents funding for planning during the first year of the biennium with implementation of new strategies to occur in the second year of the biennium. ($5 million)
• Enhanced strategic research partnerships via intercampus and interdisciplinary collaborations and centers associated with supporting Oregon’s competitiveness in addressing state/national research priorities. This includes support of an OUS Sustainability Research Initiative (natural resources, climate change, water resources, and transportation) and seeking designation as a National Center on Sustainability Research for Oregon. ($5.025 million)

• Serving the needs of the Portland area through:
  a. The creation of a PSU University Center at Portland Community College. This Center will broaden access and create options for both transfer and career-technical education and increased bachelor degree attainment for PCC students, with a focus on underserved students. ($1.6 million)
  b. The creation of an Urban Rural Connected Center in order to change the paradigm of disconnection between urban and rural communities from one of division to connection and to apply this knowledge to statewide problems. ($1.4 million)

• Investments in Statewide Public Services as follows:
  a. Extension Service’s Response to Loss of Federal Funding. Funding will help replace federal support lost by counties in Oregon and enable continued and consolidated services through the Oregon Open Campus, Community and Business Development, and A Front Door in Every County programs. ($5.8 million)
  b. Forest Research Lab - Implementation of this package would substantially increase the capacity of the FRL and OSU College of Forestry in key areas vital to the economic, social, and environmental health of Oregon. Implementation of the program would be instrumental in stimulating and sustaining Oregon’s natural resource based economy, improving livability across urban and rural Oregon, and adding economic vitality to communities while simultaneously improving the environment. ($900,000)
  c. Agricultural Experiment Station - Funding will (1) expand research and extension programs to establish a sustainable bio-based industry in Oregon that meets the state’s sustainability goals while simultaneously addressing unintended consequences; (2) help address these emerging market opportunities, and the unintended exposure to toxics and the related health impacts, requiring targeted investment in research and outreach that leverages and enhances existing biological, toxicological, and applied technology (including honey bee research) expertise and will be in cooperation with the Linus Pauling Institute at OSU; (3) create an Oregon Sustainable Agriculture and Food Systems Research, Education and Outreach Center to allow this expertise to be tapped in a targeted, coordinated, systematic response tailored to these emerging needs; (4) enhance innovation and productivity in the food industry by connecting firms with new technologies and the intellectual and research talent at the University and its Experiment Stations; (5) address critical water resource research and outreach needs related to storage, use, and management;
(6) leverage faculty expertise to address questions related to ecosystem services and help ensure that Oregon will be strongly positioned to be a leader in this new and rapidly developing area of economic investment; and (7) address critical information deficits and help avoid potentially catastrophic collapse of near-shore fisheries and associated economies and ecosystems. ($8.3 million)

- Increasing the competitiveness of Eastern Oregon University and Southern Oregon University by limiting their tuition increases through added General Fund support. ($4 million) (Note: WOU is excluded due to its Tuition Promise program and OIT is excluded due to its program mix.)

- Funding the OUS Optional Retirement Program in the same manner in which PERS is funded. In 1995, OUS obtained Legislative authority to establish a unique Optional Retirement Program (ORP) for faculty so long as this program used the same contributions rate as PERS. The sale of pension obligation bonds in 2001-2003 added a debt service component to all PERS rates that was again matched by the ORP; however, while PERS rates were fully funded by the State, the ORP rates were not. This funding would fund the ORP on the same basis that PERS is funded. ($7.5 million)

- Engineering & Technology Industry Council (ETIC). This package will make investments in engineering and technology programs to produce graduates and innovations that provide competitive advantage to Oregon’s industries. During its eleven-year history, ETIC has created a results-oriented model for investing in education and research with a track record to match. The proposed investments in research and teaching faculty and facilities complemented by pre-college outreach programs will enhance Oregon’s ability to innovate in all industries by providing:
  a. Highly educated work-ready graduates that can immediately help their employers create new products and services as well as enhance existing ones.
  b. New technologies that can be put to use by both high-tech and low-tech companies.
  c. New businesses based on new ideas and the people that create them—leading to new industries that diversify Oregon’s economy. ($39.7 million)

- Improved technology for Regional Universities to improve student services and efficiency. This funding would allow the Fifth Site to implement Banner Financial Aid and document imaging for all Regional Universities. ($1.4 million)

- Oregon Metals funding to expand an existing program, the Oregon Metals Initiative (OMI), to create increased collaboration between Oregon University System research faculty and the manufacturing cluster. This longstanding successful program provides incentives for collaboration between Oregon companies and university researchers by matching industry grants that qualify under the program with state dollars. For the 2007-2009 biennium, Oregon InC provided increased
funding via the Oregon Economic and Community Development Department (OECDD) budget in the form of $850,000 in lottery funds. The proposed funding provides this increased funding level in the OUS budget rather than requiring inter-agency transfers during the biennium. ($850,000)

- Retaining investment earnings on student tuition and other funds. This policy package is related to the Legislative Concept to retain investment earnings on student tuition, auxiliary and other sources that is currently retained in the General Fund. OUS would reduce its General Fund support from the State in favor of retaining these investment earnings. ($14.1 million)

Funding these policy option packages will allow OUS to respond to the opportunities that present themselves each year and will provide capital to invest in the following initiatives:
- Providing increased outreach and services to increase student participation and completion of college;
- Providing support for graduate students and research activities to support state workforce needs and to enhance Oregon’s competitive position in the global economy;
- Creating university centers around Portland to increase access and participation in historically underserved areas;
- Helping to bridge the urban/rural gap by creating a center to identify the interdependencies of these two regions;
- Providing enhanced support for Oregon’s counties, agricultural industry, extension, and forest research;
- Allowing certain regional universities to increase affordability and access across the state and enhance competitiveness through reduced student tuition;
- Funding for OUS’ optional retirement program on the same basis as PERS;
- Capitalizing on Oregon’s competitive advantages (e.g., nano-science/technology, sustainability, urban planning, transportation, manufacturing, neuroscience, biomedical research, and metals industries).

**Statutory Changes to Create Opportunities**
Statutory changes are needed in the following areas to increase revenue opportunities available to the system, reduce the ongoing costs of maintaining the System, and create the type of environment needed to stimulate maximum resourcefulness and output of our faculty and System:

1. Retention of investment earnings on all funds earned by or entrusted to OUS – to be offset by reduction in General Funds as noted above.

2. Delegation of authority from Board to Chancellor or Presidents – placeholder at this time to allow Governance workgroup time to analyze issues.
3. Dental clinic exemption for student health centers – exempts OUS from statutory requirements of operating licensed dental clinics.

4. Authority to permit OUS institutions to sell excess energy produced from sustainable sources.

5. Relief from Department of Justice oversight over intellectual property development and dissemination.

6. Changes in the capital budgeting process for projects that are wholly funded by non-State sources; e.g., gifts or grants.

7. Authority to process payroll deductions for charitable donations as approved by the Chancellor.

8. Incidental fees – change name to student activity fees to better define their intended purpose and significance.

9. Campus security – placeholder at this time pending the Governor’s Task Force on Campus Safety report.

The 2009-2011 budget request represents a significant increase in state funding. The reason for this is clear to the Board of Higher Education and the public University System which serve as stewards and advocates for the welfare of the state: these resources are vital for the future of the state and all Oregonians.

**Other Agencies’ Policy Packages for Board Endorsement**

In addition, the Board will be asked to endorse budget packages being requested by partner agencies. These include:

1. The Shared Responsibility Model, developed by the Board’s Access and Affordability Working Group, but being requested in the budget of the Oregon Student Assistance Commission;

2. Those portions of the efforts for student retention and success, the healthcare initiative, and data systems being sought in the budgets of the Oregon Department of Community Colleges and Workforce Development and the Oregon Department of Education.;

3. Items that may be sought in September by Oregon InC either directly or through the budget of the Oregon Economic and Community Development Department; and,
4. Oregon Health and Science University request for funding to educate additional medical students, also known as ORMED.

Further, a subcommittee of the Joint Boards of Education, including some members of the State Board of Higher Education, will work through October to integrate the budgets of the various education enterprise agencies (Oregon Department of Education, Oregon Department of Community Colleges and Workforce Development, Oregon Workforce Investment Board, Oregon Student Assistance Commission, and the Oregon University System).

Taken together, these proposals, along with those advanced by the State Board of Higher Education, provide a sound, strategic plan for both the investment needed to ensure a vibrant economy and society for Oregonians and the integrated framework and approach to service embodied in the Governor’s proposal for a closely linked education enterprise for Oregon and Oregonians.

**Mandatory Ten Percent Reduction Plan**

In addition to submitting the budget request as outlined above, OUS is required by state law to submit a 10 percent reduction plan. As stated above, the System is already underfunded compared to other states and failure to secure additional funding may precipitate tuition increasing at rates greater than the increase in Median Family Income, restrict enrollment, and/or force structural changes within the System, including a number of cuts across all programs, severely limiting access to higher education, and limiting the services received by Oregonians. If a 10 percent reduction were imposed, the Board would consider the items in Appendix D as well as other significant actions.

**Staff Recommendation to the Board:**
Staff recommends that the Board approve the 2009-2011 OUS Biennial Operating Budget request, including Policy Packages reflecting the Board’s budget priorities, Essential Budget Level funding requirements, and 10 percent reduction options. The Vice Chancellor for Finance and Administration is given authority to make funding adjustments if revisions in the estimates for the Essential Budget Level, revenue projections, or student enrollment information are necessary.

*(Board action required.)*

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## Appendix A - Page 1

### Summary Comparison of proposed EBL vs LAB - Preliminary Estimates

*(Amounts in millions)*

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<td>6.6</td>
<td>0.2</td>
<td>6.8</td>
<td>7.0</td>
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<td>$ 867.4</td>
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<td><strong>Capital Construction</strong></td>
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<td>28.3</td>
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<td>(28.3)</td>
<td>-100.0%</td>
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<td>$ 892.8</td>
<td>$ 930.4</td>
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<tr>
<td>E&amp;G</td>
<td>$ 1,142.0</td>
<td>(1) $ 52.1</td>
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<td>$ 12.7</td>
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<td>-</td>
<td>13.3</td>
<td>21.6</td>
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<td><strong>Total - Lottery</strong></td>
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<td>$ -</td>
<td>$ 26.0</td>
<td>$ 34.6</td>
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<td><strong>Total - All Funds</strong></td>
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<td>$ 76.1</td>
<td>$ 4,390.0</td>
<td>$ 4,525.0</td>
<td>$ 135.0</td>
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(1) Includes adjustment for 07-09 COPS projects.
(2) Adjustment includes 07-09 compensation packages.
(3) Eliminate one time project funding.
(4) Calculation includes $4.8 mill. phase out for the sunset of the forest product harvest tax.
(5) EBL reduction related to lower federal and county revenues and one time costs.
### Appendix A - Page 2

#### Itemization of Budget Request by Fund Type - Preliminary Estimates

*(Amounts in millions)*

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<tr>
<th>Budget Request</th>
<th>General Fund</th>
<th>Other Funds Limited</th>
<th>Lottery Funds</th>
<th>Total Limited</th>
<th>Non-Limited Other Funds</th>
<th>Total</th>
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<td>0.3</td>
<td>(11.2)</td>
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<td>(1.2)</td>
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<td>-</td>
<td>8.3</td>
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<td>(28.3)</td>
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<td>(28.3)</td>
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<td>$40.0</td>
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<td>21.2</td>
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<td>Student Success</td>
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<td>Graduate Education ($5M annual with FY11 start)</td>
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<td>ETIC</td>
<td>39.7</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>39.7</td>
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<td>-</td>
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<td>-</td>
<td>1.4</td>
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<td>-</td>
<td>0.9</td>
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<td>0.9</td>
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<td>Interest Earnings</td>
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<td>(14.1)</td>
<td>-</td>
<td>(14.1)</td>
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<td>Forest Product Harvest Tax</td>
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<td>5.6</td>
<td>-</td>
<td>5.6</td>
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<td>Total Other Policy Packages</td>
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<td>$-</td>
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<td>$-</td>
<td>$88.5</td>
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<td>Total Request (excludes new capital items)</td>
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<td>$2,487.8</td>
<td>$2,294.1</td>
<td>$4,781.9</td>
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</table>

| % Increase                                           | 26.6%        | 6.4%                | 33.1%        | 15.1%         | 3.0%                   | 8.9%    |
| 2007-2009 Fund Split (GF & OFL)                       | 41.9%        | 58.2%               | 33.1%        | 15.1%         | 3.0%                   | 8.9%    |
| 2009-2011 Fund Split as Proposed (GF & OFL)           | 46.1%        | 53.9%               | 33.1%        | 15.1%         | 3.0%                   | 8.9%    |
### Appendix A - Page 3

**Analysis of OFL Required to fund Proposed 2009-11 Budget - Preliminary Estimates**

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 08</th>
<th>FY 09</th>
<th>2007-09</th>
<th>FY 10</th>
<th>FY 11</th>
<th>2009-11</th>
<th>Increase</th>
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<td><strong>Education &amp; General</strong></td>
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<td>Estimated Tuition &amp; Fees (net of Fee Remissions)</td>
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<td>$524.4</td>
<td>$1,014.4</td>
<td>$524.4</td>
<td>$524.4</td>
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<td>96.3</td>
<td>191.2</td>
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<td><strong>Total OFL Revenue</strong></td>
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<td>$1,199.3</td>
<td>$619.3</td>
<td>$620.7</td>
<td>$1,240.0</td>
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<td>Projected change in Median Family Income (MFI)</td>
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<td>3.6%</td>
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<tr>
<td>Projected Portland CPI change</td>
<td>2.5%</td>
<td>2.5%</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Projected FTE enrollment (June 08)</td>
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<td></td>
<td></td>
<td>76,331</td>
<td>78,039</td>
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**Estimated Tuition & Fees Revenue Increase**

- 2009-10 Increase @ 3.6% MFI: $20.5
- 2010-11 Increase @ 3.6% MFI: $21.2

**Total Incremental E&G OFL revenue**: $57.2

**Adjustments:**

- SWPS OFL Revenue Change: $143.8
- Amount Committed to Prospective OFL Compensation Funding (see note): $63.8
- Net Amount to Fund EBL and Policy Packages: $80.0

**Note:** Based on 3.5% salary increase plus 9% PEBB increase per year.
## Fall End-of-Term Headcount: 1995 to 2022

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<tr>
<th>Year</th>
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<th>OSU</th>
<th>Casc.</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
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<td>17,771</td>
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### Source
OUS Institutional Research enrollment forecast June 17, 2008.
### Appendix B - Page 2
Annual FTE Summary: 1995-96 to 2022-23

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Appendix C

2009-2011 Policy Packages

I. Student Success Initiative

Title: Increase numbers of first-generation, rural, disabled, and underserved students entering and completing postsecondary education through expansion of pre-college academic preparation and in-college retention and support programs.

Total 2009-2011 Budget Request: $15,500,000

Background and Summary

The Student Success Policy Package describes how the State of Oregon, through the Oregon University System and its many education and other partners, can (1) significantly and quickly increase the number of students entering postsecondary education; (2) improve their academic preparation for college and thus increase their ability to persist and complete a degree; and (3) increase the capacity of Oregon public institutions of higher education to support students’ success.

Each component of this comprehensive package addresses the barriers and offers best practices leading to student success in a focused and deliberative manner. If adopted in full, this approach will enable Oregon to make significant progress in increasing its educational attainment rate among the most underserved populations in the state, meeting the knowledge and skill requirements of the current and future economy, and ensuring growth and community success in every corner of the state. As seen in studies completed by the OUS11 — after controlling for disparities in high school GPA and SAT scores — there is no statistically significant difference in the odds of college graduation of African American, Asian/Pacific Islander, Hispanic/Latino, and White freshmen. In other words, through high expectations of all students, the availability of pre-college preparation programs, and in-college support, all Oregon students can enter and succeed in postsecondary education, gaining the skills and degrees they need to contribute to their families and communities.

Besides having comprehensive and connected elements in this package, it is also predicated on a close partnership between the Oregon University System, the Oregon Department of Community Colleges and Workforce Development, the Oregon Department of Education, and other partners, including the business community, foundations, and community-based organizations in the state. The Board and the Committee which have developed this proposal believe it to be imperative that all education sectors work in close cooperation to address these serious issues, both for efficacy as well as to expend state resources in the most expedient manner. Allocation of funds for OUS, community college, and community-based programs would be done through a competitive grant application and allocation process.

Description and Outcomes

A. Increase Capacity of College Preparation for Underserved Students

(i) Outcomes: Funding of this proposal will increase capacity and reach, and replicate existing or create new pre-college academic enrichment, college outreach, and college preparatory programs for underserved Oregon students, including in- and out-of-school time and summer bridge programs that help students transition from one school-level to the next (middle to high school, high school to college) by being academically and otherwise prepared to succeed in college. A subset of this component is second biennium funding for the Rural Access Initiative and $800,000 is included for this. [$5,950,000]

Examples of programs could include but not be limited to middle/high school-based, campus-based, and community-based academic enrichment programs, as well as programs offering advanced credits as a strategy to increase the number of underserved students who enroll in postsecondary education in the initial year following high school graduation. Program offerings will be culturally appropriate and link career aspirations to students’ educational learning plans in middle and high school.

(ii) Outcomes: Funding will help students envision and achieve a route to college success by launching college planning, preparation, and aspiration programs for Oregon students. The primary goal of this proposal is to increase college-going aspirations and expectations and understanding of college admissions, college financing, and educational career paths for underserved populations. The program will include a central web access portal and social marketing techniques; emphasize parent, family, school, and community engagement; be segmented to reach multiple audiences; and utilize regional-specific strategies, including multilingual approaches and dissemination through the web portal, as well as working with existing GEAR UP, ASPIRE, TRIO, and other campus-based and school-based program and organizational infrastructures.

The proposal also includes support of the Oregon Student Assistance Commission in their efforts to gain full funding of the Oregon Opportunity Grant (OOG) program and assistance in informing Oregon students and families about the OOG through outreach and advertising efforts. [$1,200,000]

(iii) Outcomes: Funding will expand middle/high school visitation and outreach programs through a partnership/team program approach by OUS universities and community colleges which broaden opportunities and enhance resources that share college planning information with middle and high school students and their families; and expand capacity of organized
visits to campuses by middle and high school students and parents with special programming directed at increasing college aspirations, awareness, acculturation, preparation, culturally appropriate presentations, and college-going rates. [$450,000]

(iv) Outcomes: **Disabilities funding** to cover mandatory campus costs for academic accommodation of disabled students. Currently, campuses are not fully funded for the diverse learning and accommodation needs of students, including special equipment, academic tutoring and assistance, facilities accommodation, and other costs. [$2,500,000]

(v) Outcomes: Funding will **build and support the technology necessary to facilitate alignment of Oregon’s PreK-20 educational sectors** (PreK-12, community colleges, and OUS) to assist students in transitioning seamlessly and successfully, providing accurate and timely communications of academic planning information, and analysis of student participation and performance across education sectors.

Programming would include 1) completion of the Integrated Data Transfer System (IDTS), begun in 2005, a statewide infrastructure for the electronic submission of high school transcripts from K-12 to higher education; 2) support Phase III of the ATLAS internet interface, allowing students and advisors to efficiently evaluate course credits and degree requirements online, facilitating transfer between community colleges and universities; and (3) completion of the cross-sector student data warehouse. The IDTS funding would provide universal access of the system to all Oregon high schools, improve formats to simplify the transfer and import of data, expand connection of the transcript submission to college admission course approvals, and support high school counselor and administrative training in the use of the system. The ATLAS Phase III would include enhancements to allow OUS to partner with community colleges, who plan to implement ATLAS in 2009-2011, to ensure effective and efficient statewide expansion and would fund training on the system regionally for advisors from all OUS and community college campuses. The cross-sector student data warehouse, built on initial pilot testing in 2007-2009, will provide the information and analytic infrastructure to evaluate student participation and performance across education sectors. [$1,500,000]

(vi) Outcomes: Funding will support college faculty participation in **statewide work on assessment of K-12 students** related to new high school diploma and essential skills standards to ensure that these reflect expectations for college work. [$100,000]
B. Expand Capacity of Retention Programs to Increase Student Success and Degrees

(i) Outcomes: Funding will increase capacity and create culturally-inclusive programming and approaches in campus support services with the goal of increasing retention for students most at-risk of leaving college before graduation, including first-generation, rural students, students of color, parenting students, and students with disabilities. Programming will include targeted academic and student services support such as tutoring and mentoring, curriculum coordination, living and learning communities, development of academic plans, study and research skills, campus-savvy skills such as communicating with professors, self-advocacy, support of academic department roles with these students, including faculty training, and one-on-one support and counseling.

Examples of program components for helping to retain, develop and graduate students from underserved communities could include increasing the academic performance of students during their first year of college, and in academic core areas throughout college, especially “barrier courses”; enable successful transition into college for first-generation, diverse, and other students; enhance goal and career directedness; identify and respond to physical and other place-bound challenges; build knowledge and skills relative to financial management and college costs; support students in meeting the demands of college and bridge the gap between academic preparation and skills needed to succeed; build leadership and problem-solving skills; and help students reach their full potential so they can succeed and graduate. [$3,300,000]

(ii) Funding will support pathways programs that increase the number of skilled bachelor’s degree holders through development of applied bachelor’s degree programs in high growth, high demand areas, particularly in rural areas and areas in economic downturn. This would be accomplished through development or enhancement of “pathways” programs which support transfer of community college students to OUS institutions to complete 4-year degree programs. Such programs could include allied healthcare fields, technology, engineering, and other local and regional high demand fields that enable graduates to work in underserved communities within Oregon.

These programs would provide a clear completion path for students who start their postsecondary education in a technical program at a community college through articulation and coordination of a bachelor’s technical degree in high demand fields in Oregon communities in need of economic stimulation and workforce development and enrichment. These communities would also benefit from retention of local students staying in the area to work and support community and regional economic development. [$500,000]
In addition, OUS is seeking support to create pathways for more first-generation and heritage language speakers through support of the Oregon Language Roadmap program, which produces culturally and linguistically competent citizens to meet state and community needs. This effort would accelerate bachelor’s degree programs for second language speakers who are first-generation students and who will be able to contribute through their degree attainment and their second language skills in areas in high need of bilingual practitioners such as education, social services, and healthcare fields. [No funding allocation for this component is being requested.]

Performance Indicators

OUS proposes to use performance measures of participation and completion rates for select student populations. These will include: (1) students from rural high schools, (2) students of color, and (3) students from high schools with a high proportion of free-and reduced lunch program participation (an indicator of financial need).

All funded programs for pre-college preparation and in-college retention will also require specific outcome indicators of program success, relevant to program content and goals.

II. Graduate Education

Title: Increase numbers of graduate students entering and completing advanced degrees at OUS institutions, in order to meet in-state workforce needs and competitiveness of OUS to attract advanced degree students.

Total 2009-2011 Budget Request: $5,000,000 (targeted to second year of biennium; half of full need for biennium)

Background and Summary

Oregon’s prosperity depends on a highly skilled workforce capable of leading innovation and driving the economy. Oregon competes in a global society, where research and innovation are essential to economic and social progress. Graduate education provides a proven and most cost-effective method of educating and training a citizenry that is able to address society’s complex and broad range of problems. Increasing the number of workers in Oregon with advanced degrees will have a lasting effect on the economy.

However, Oregon’s ability to compete globally, from a solid foundation of strong graduate programs and advanced degree production, has been eroded over the past decade or more by diminished state resources. While the number of doctoral degrees in the U.S. grew by more than 10 percent during the last ten years, the number in OUS declined by 1 percent, although we are seeing some improvement in the most recent year. These trends and the urgent need to address them drive this proposal.
In 1996, the then Oregon State System of Higher Education (OSSHE) commissioned the Report of the Task Force on Graduate/Professional Education and Research\(^\text{12}\) that asserted, “Virtually every aspect of contemporary technological society is affected by graduate education and research (p. i).” The report further stated that graduate education “…makes broad contributions to the state of Oregon and its citizens by training its teachers and other professionals; by enhancing income of degree recipients, the tax base, and society; and by creating new knowledge through research which can improve the state’s economy and can be used to address important social problems” (p.16).

A recent national report\(^\text{13}\) pointed to the critical role of graduate education in the generation of new knowledge that has led to scientific, technical, and social advances which, when translated into products and processes, directly impact both our prosperity and our security. The report states, “Graduate education, a vital part of the U.S. educational system, must be strengthened as part of a national strategy on innovation and competitiveness. The work of graduate students contributes directly to our sustained economic growth and prosperity. Graduate students conduct groundbreaking research in universities, national laboratories, and private industry” (p. 1). Oregon’s universities must be able to attract the most talented graduate students within an increasingly competitive environment both domestically and globally.

**Description and Outcomes**

The proposed investment in graduate education will facilitate the recruitment and support of additional doctoral students by making OUS universities more competitive in the academic marketplace, thereby increasing the potential pool of people with advanced skills in Oregon’s workforce. An investment in graduate education over several biennia will help OUS to reverse the declining trends in graduate enrollment over the past decade, enabling enrollment in OUS to grow at a rate that is at least commensurate with that of the rest of the nation.

Investment in graduate education is a complementary and important component of investment in faculty, research, and undergraduate education. It will have a significant impact on the higher education System in Oregon, as it will:

- Tie graduate education to research and economic development;
- Advance workforce preparation;
- Increase retention of faculty;
- Increase recruitment and retention of women graduate students and diversity of the graduate population; and
- Impact the quality of undergraduate education.


A. Competitive Salaries at Increased Stipend Levels

OUS institutions are losing students to whom admission offers have been extended because other universities have made more attractive financial offers. Salaries for graduate students are short in two areas: compensation and stipend levels. To make OUS institutions competitive with top universities nationwide, stipends offered to students need to be raised to a minimum of $15,000 per year for a 0.49 FTE appointment, with a concomitant annual salary base of about $30,000. An estimated $3.0 million is needed at OUS’ research universities—Oregon State University, Portland State University, and the University of Oregon—to increase stipend levels to a competitive half-time appointment.

B. First Step Toward Eliminating Fees

An additional factor that further contributes to lack of competitive offers is that graduate assistants on teaching or research appointments are expected to pay fees that, on average, represent approximately 10 percent of the tuition paid by graduate students. This is a significant impediment to attracting graduate students.

C. Targeted Fellowships

A fellowship fund to recruit new graduate students in targeted areas will strengthen the link between graduate education and economic and workforce development. These targeted programs will be aligned with the signature research areas of ONAMI (the Oregon on Nanoscience and Microtechnologies Institute), OTRADI (the Oregon Translational Research and Drug Development Institute), and BEST (Built Environment and Sustainable Technologies Institute) and the State Board’s focus to increase graduates and impact in areas of critical need, such as the STEM disciplines and Education. Additionally, there are opportunities in the social sciences, humanities, and the arts to develop intellectual leadership and entrepreneurial initiatives that support our commitments to global, cross-cultural competitiveness; support Oregon’s important creative services sector; build excellence in communications; and advance social innovation and justice.

D. Diversity Enhancement

Increasing the diversity of the student population is an important element of OUS’ strategic directions and part of each OUS university’s mission. Fellowships to recruit graduate students with a diverse set of experiences and backgrounds will not only increase the diversity of OUS’ graduate student population, but also enable us to develop a pipeline for future faculty members for OUS.

Performance Indicators

The two key performance measures that will be used to track the impact of this investment are the number of additional doctoral students that will be enrolled and
supported and, over a 6-year period, the number of additional doctoral degrees awarded from this 2009-2011 investment. The investment will facilitate the recruitment of an additional 125 students during 2009-2011, leading to an additional 100 doctoral degrees by 2015-2017 (assuming that, at minimum, the level of support requested here is maintained over the 2011-2013 and 2013-2015 biennia).

III. Research and Sustainability

Title: Maintain and build Oregon’s competitiveness for federal research funding and enhance its broader impacts and societal benefits through strategic partnerships; and support development of a national sustainability center and inter-university collaborations.

Total 2009-2011 Budget Request: $5,025,000

Background and Summary

At the core of our national innovation matrix, including academic, industry, government, and non-profit R&D organizations, as well as individual entrepreneurs, is our system of higher education and research. America’s major research universities serve as key drivers of innovation because they emphasize the integration of world-class research with education. With strong federal government support of the research enterprise, these institutions have made the U.S. the leading incubator of innovators and innovation.

America’s research universities generate both human and intellectual capital, the twin engines of innovation and economic growth. By conducting research that serves science and the public good, by educating the next generation of leaders, and by producing the ideas that advance civilization, these institutions are the foundation for continuing American leadership in the 21st century global economy.

Universities perform 54 percent of the nation’s basic research aimed at increasing fundamental knowledge. New products and applications in the knowledge-based economy of the 21st Century would be impossible without basic research breakthroughs. The average annual rate of return to society from academic research has recently been estimated to be between 28 to 40 percent. Our nation’s commerce, security, and culture are critically dependent on the advances that have been catalyzed by university research.

One of the most compelling metrics for Oregon’s research excellence is its current ranking of sixth among all public university systems nationally in federal dollars awarded per faculty member. The primary objective of this proposal is to maintain and build Oregon’s competitiveness for federal research funding and to enhance its broader impacts and societal benefits. This will be achieved through a combination of strategic initiatives and associated partnerships that will enhance Oregon’s research infrastructure and attract additional investments from non-state sources.

The second component of this proposal is to leverage Portland’s “green” reputation to build a national center for sustainability research in Portland that will include...
triple bottom line analysis (environmental, economic, and social sustainability) to create a nexus for the next wave of business opportunities and a new way of life. This new center will feature faculty from numerous institutions working together via the Built Environment and Sustainable Technologies Institute (BEST) with many public and private collaborators on projects, including but not limited to, green energy, sustainable transportation systems, green buildings, native landscaping, food industry practices, recycling and waste reduction, and storm water management. Working closely, these collaborators will develop capacity in multidisciplinary research, instruction, inclusive discussion, operational practices, and green collar company incubation to create and model a more sustainable way of life for all Oregonians and position Oregon as a world leader in this regard.

Description and Outcomes

A. Enhancing Research Competitiveness through Strategic Partnerships through intercampus and interdisciplinary collaborations and centers associated with state/national priorities. [$4,025,000]

This proposal would advance inter-campus and inter-disciplinary research collaborations related to sustainability to attract and leverage additional investments from non-state sources and further economic development. The Oregon Business Plan recognizes that sustainability is Oregon’s greatest competitive advantage and opportunity. The Academic Excellence and Economic Development Working Group recognized this and the Board of Higher Education has taken the lead on developing a sustainability initiative within OUS.

Since 2001, the Oregon Legislature and Congress have created three new multi-institutional interdisciplinary research institutes focused on natural resources and sustainability within the OUS: the Institute for Natural Resources (INR) (http://inr.oregonstate.edu); the Oregon Transportation Research and Education Consortium (OTREC) (http://otrec.us); and the Oregon Climate Change Research Institute (OCCRI). In addition, OSU created the Institute for Water and Watersheds (IWW; http://water.oregonstate.edu) to coordinate and facilitate water activities at OSU. These four efforts can and should be aligned and integrated across OUS in order to provide the institutional framework and foundation for interdisciplinary research needed to put Oregon at the forefront of sustainable solutions to the great natural resource, environmental, and energy problems we face: climate change, water, bio-diversity conservation, and the integrated systems approaches needed to make the transition to a sustainable future.

These four institutes address the fundamental underlying Earth systems science, data integration and access, and systems analysis thinking needed to support the invention of sustainable development technologies by the existing Built Environment and Sustainable Technology Center. They focus on the fundamental threats to human well-being: climate change, water, bio-diversity conservation, and the integrated systems approaches needed to make the transition to a sustainable
future. All four institutes are committed to research addressed to solving major public problems and developing new, long-term strategies for sustainability.

Today, these four institutes all receive some support from the state, individual campuses, or the federal government; however, they are all too small to afford the full-time administrative staff support they need for office management, grants and contracts administration, information technology and web services, and communications and outreach. They also lack common space and communication services needed to facilitate interdisciplinary communications and collaborations across colleges and campuses. Opportunities to leverage available federal funds are limited by lack of state matching funds and lack of state seed money limits opportunities for young faculty to develop new interdisciplinary approaches to sustainability. Data management services and new methods of data integration and access are essential to provide critical information and technical assistance to researchers, public agencies, and the general public.

This proposal would fund: (1) shared administrative support services for all four of these OUS-level collaborative research partnerships; (2) research seed funds and development of research roadmaps to leverage additional federal, state, and private funds for new multi-institutional collaborations; (3) data management and access, including an integrated natural resources digital library, a climate change clearinghouse, and a biodiversity database; and (4) technical assistance to federal, state, and local government and Oregonians. This proposal will: (1) leverage additional non-state funds; (2) catalyze new faculty teams and support them as they seek new funding; (3) attract and hire high quality staff and improve communications and outreach; (4) enhance communication and collaboration among researchers across OUS in furtherance of positioning and branding OUS in sustainability and natural resources; and (5) develop needed statewide indicators of sustainability.

The overarching benefit and value of this proposal is positioning Oregon to be at the international forefront in addressing the sustainability challenges of the 21st Century by accelerating basic research on climate change and water, making critical data about sustainability and natural resources available to policy makers and citizens and providing technical assistance needed to transform the way we live. More specifically, the proposal will: (1) leverage additional non-state funds; (2) catalyze new faculty teams and support them as they seek new funding; (3) attract and hire high quality staff and improve communications and outreach; (4) enhance communication and collaboration between researchers across OUS in furtherance of positioning and branding OUS in sustainability and natural resources; and (5) develop needed statewide indicators of sustainability.
B. National Center on Sustainability [$1,000,000]

Building on Portland’s and Oregon’s green reputations, a legacy started by former Governors McCall and Straub more than forty years ago, OUS recommends the creation of a national center for sustainability research to advance Oregon’s international prominence in research and development in this important sector. This includes areas such as excellence in student learning, innovative research, and community engagement that simultaneously help Portland and Oregon achieve economic vitality, environmental health, strong families, and communities and stakeholder involvement in the process. Importantly, it also will include the foundation of the nexus for the next wave of business innovation and a new way of life for all.

Investment is needed to add faculty and to fund other initiatives to more fully develop core multidisciplinary research competencies in key sustainability areas related to pressing real world problems. Areas of focus include the following: intelligent transportation systems, integrated water resource management, sustainable urban design and community development, sustainable business processes and practices, green science and technology development, environmental law, sustainable public policy development and management, social equity, and green collar company incubation. This investment includes a base level of support needed to fund the basic infrastructure this center will need to sustain its operations and supplemental funding targeted to specific research initiatives.

A “first step” in this initiative is to create an inventory of related initiatives currently underway and develop a gap analysis to identify new initiatives. Projects involving green energy, sustainable transportation systems, green buildings, native landscaping, food industry practices, recycling and waste reduction, and storm water management are just a few examples of areas where higher education can demonstrate sustainable practices. Working closely with many public and private collaborators, we recommend developing capacity in multidisciplinary research, instruction, inclusive discussion, and operational practices to create and model a more sustainable way of life for all Oregonians.

Portland has the sustainable development base, green building inventory, and reputation to jump start this initiative by building photovoltaic solar power arrays, wind power capabilities and other sustainable energy systems in as many college and university facilities as is feasible. This initiative is consistent with Governor Kulongoski’s direction that state agencies use 100 percent renewable energy by 2010. OIT’s Klamath Falls campus is using its available geothermal resources to take the necessary steps to become the nation’s first “net zero” campus in America as part of this national center on sustainability. These initiatives, along with the inventory of other sustainable practices noted above, can serve as demonstration projects that can both educate the public as to their benefits and provide living laboratories that faculty and students can work within and study. Further, this “green” initiative can be used as leverage by the Oregon Economic and Community
Development Department (OECDD), City of Portland, Portland Development Commission (PDC) and other economic development entities in the metropolitan area to recruit more green businesses to Portland.

Performance Indicators

Specific performance measures for the four OUS-wide research and sustainability interdisciplinary research institutes will need to be developed; however, this proposal supports and aligns with the following existing performance indicators for:

- Sponsored Research Funding from Grants and Contracts
- Philanthropy and Private Support of OUS Research
- Research Dollars per Faculty

IV. Portland Higher Education Initiative

Title: Increase access to postsecondary education in the Portland-Metro area, while also creating new linkages and collaborations with rural Oregon.

Total 2009-2011 Budget Request: $3,000,000

Background and Summary

The future of Greater Portland and of Oregon is linked to education above all else. The Portland metropolitan area is the population center, the principal hub of economic activity, and the cultural leader of our state. Portland’s success in achieving its potential depends upon the availability of smart, creative, and knowledgeable citizens with the ability to understand a domestic and international environment; this in turn requires a quality education system with opportunities available to all. A comprehensive educational system generates ideas, enhances the region's capacity to innovate and sustain economic vitality, guides urban growth, assures quality environmental conditions, and promotes cultural vitality.

This package will strengthen educational capacity, delivery, and effectiveness in the Portland Metro region, increasing student access, degree attainment, collaborative research, and connections with the rest of the state that are beneficial to students. Strengthen business, local government, and community engagement in higher education. These groups must provide advice, advocacy, and financial assistance where possible to create a sustainable comprehensive higher education system in Portland.
Description and Outcomes

A. University Center at Portland Community College with PSU [$1,600,000]

Greater Portland is a very large and diverse geographic area with a growing population and increasing demands for higher education programs and services. As we seek to accommodate 700,000 more residents to Greater Portland in the next 20 years and increase the number of postsecondary degrees, it is not realistic to assume that all these students can be accommodated by a few entities in a single or small number of locations. We must find a means of delivering higher education services at convenient locations throughout the metropolitan region in a systematic and sustainable manner. In addition, we must find better ways of ensuring that the efforts of community colleges and universities are more closely aligned to serve the diverse educational needs of Portland. These entities must work together to align applications, systems, and curricula to better serve the needs of today’s lifelong learners.

Many of today’s students simultaneously interact with both community colleges and universities, despite the numerous obstacles they encounter in the process. To be successful in meeting the educational needs of Portland, these systems must be streamlined and more closely coordinated around students needs. PSU, working with its partners in OUS, must take the lead in forging a more meaningful relationship with community colleges.

Four-year degrees must be affordable, convenient, and accessible to people living and working throughout the greater Portland area. In the late 18th century, Thomas Jefferson said that higher education must be within a day’s horseback ride of all Americans. In Portland in the 21st century, our goal should be to make higher education available within a 20 minute Tri-Met ride of all Portland metropolitan residents. To accomplish this, we recommend making high-demand four-year degree programs available at community college campuses and centers, eventually throughout Portland, but starting at Portland Community College (PCC) and Clackamas Community College.

To be successful, these university centers must have four components:

1. Sufficient student demand in specific program areas to form financially viable student cohorts;
2. Adequate numbers of qualified faculty available in the locations where there is student demand;
3. Adequate faculties and other ancillary support functions necessary to serve the student and faculty needs in these locations at the appropriate times of day; and
4. A financial model that provides sufficient financial rewards and incentives to all parties who collaborate in delivering these programs, yet allow the programs to be priced reasonably so as to not thwart demand.
This Center would broaden access and create options for both transfer and career-technical education and increase bachelor’s degree attainment for PCC students, with a focus on underserved students. It will create coordinated programs and services focused on student success that are integrated throughout all educational sectors: K-12, community colleges, and public and private institutions of higher education. This initiative will be led by PSU and PCC and will include coordinated outreach to involve students and faculty in middle- and high-schools working with postsecondary institutions in a more systematic manner to enhance access, affordability, and opportunities for all current and future students, with particular attention focused on historically under-represented populations, from every part of the metropolitan area.

B. The Urban Rural Connected [$1,400,000]

Another component of this package is the Urban Rural Connected initiative. The goal of UR Connected is to change the paradigm of how we think about urban and rural communities, from a sense of division to a true connectedness, and to apply and share our experience in doing so broadly throughout Oregon and the nation. One of the UR Connected partners, the National Policy Consensus Center at Portland State University and its national Board, can provide a national platform for discussion of Oregon’s experience in connecting urban and rural communities. Universities are ideally suited to provide research, outreach, service, forums for civic engagement, and facilitation of on-the-ground projects to help communities address the challenges of the future. The proposal for UR Connected will capitalize and build on a strong foundation for connecting rural and urban Oregon that already exists in several OUS institutions and programs.

Urban Rural Connected will identify, strengthen, and leverage connections between urban and rural economies, environment, and communities. Oregon’s revenue sharing system means that the performance of one part of the state’s economy affects the others. Since communities across Oregon share many of the same challenges and opportunities, it’s vital to find common interests and to strengthen and support common bonds. As a whole, a vital Oregon means urban and rural communities that benefit from connections with each other’s economies, social attributes, and environmental health. The Urban/Rural Connections Network will coordinate and enhance existing research and service taking place around the state. The outcomes of the network will be better connections between our urban and rural communities, coupled with data and research that identifies new environmental, social, and economic opportunities to connect Oregon communities.

Performance Indicators

Indicators that will be used to measure success against goals for this policy package include:

1. Number of community college transfers to PSU from PCC and CCC;
2. Number of bachelor's degrees;
3. Time to degree for graduates;
4. Satisfaction of graduates with quality of their education; and
5. Collaborations/partnerships initiated between urban and rural Oregon through Urban Rural Connected

V. Statewide Public Services

Title: Continue and expand powerful enabling partnerships with natural resource industries, environmental and natural resource agencies, and a broad coalition of stakeholders to enhance Oregon’s economy and environment.

Total 2009-2011 Budget Request: $15,000,000

Background and Summary

OUS' statewide public service units—the Oregon Agricultural Experiment Station based at Oregon State University (OSU), the OSU Extension Service, and the OSU Forest Research Laboratory—are positioned to continue and expand powerful enabling partnerships with natural resource industries, environmental and natural resource agencies, and a broad coalition of stakeholders to enhance Oregon’s economy and environment.

Agriculture alone is a $17.6 billion-a-year industry, with a total economic footprint of $25.8 billion in sales and more than 214,000 jobs. While agriculture—increasingly referred to as food, fuel, and fiber systems—does not boom as much as other industries, neither does it bust during recessions, thus providing diversity and stable support for the Oregon economy in good and bad times. Oregon’s 40,000 plus farms, occupying 28 percent of Oregon’s land base, also play a critical role in providing ecosystem services—e.g., water quality, wildlife habitat, carbon management. These private agricultural lands, private forests, and the adjoining 50 percent of Oregon consisting of public forest and rangelands are increasingly being looked to as a source of renewable energy and as a means to reduce the state’s carbon footprint.

Forest-related activities in Oregon generate $13 billion in total economic output annually, directly provide more than 85,000 living wage jobs, and indirectly provide another 70,000 jobs, accounting for 11 percent of Oregon’s economy. The forest sector produces sustainable, renewable, and environmentally beneficial resources fundamental to Oregonian’s quality of life – wood and paper products, wood-based materials and chemicals, water quality, fish and wildlife habitats, outdoor recreation, and vital ecosystem services such as climate moderation. The sector, however, is increasingly challenged by global competition, by rising land values for non-forest uses, and rapid climate change. The FRL proposes continued or new expansion of its research in six strategically targeted areas that we believe are vitally important to Oregon’s environmental, economic, and social future.
OSU’s Extension Services help Oregonians build their future by improving access to relevant information for decision making in local communities. This includes enhancing the application of natural resource research from the Oregon Agricultural Experiment Station, Forest Research Laboratory, and Sea Grant Program; and strengthening local economies while contributing to healthy youth and families; and importantly, covering losses from federal county timber payments.

**Description and Outcomes**

A. **Agricultural Experiment Station** [$8,300,000]

Funding for the Agriculture Experiment Station will (1) expand research and extension programs to establish a sustainable bio-based industry in Oregon that meets the state’s sustainability goals while simultaneously addressing unintended consequences; (2) help address these emerging market opportunities, and the unintended exposure to toxics and the related health impacts, requiring targeted investment in research and outreach that leverages and enhances existing biological, toxicological, and applied technology expertise and will be in cooperation with the Linus Pauling Institute at OSU; (3) create an Oregon Sustainable Agriculture and Food Systems Research, Education and Outreach Center to allow this expertise to be tapped in a targeted, coordinated, systematic response tailored to these emerging needs; (4) enhance innovation and productivity in the food industry by connecting firms with new technologies and the intellectual and research talent at the University and its Experiment Stations; (5) address critical water resource research and outreach needs related to storage, use, and management; (6) leverage faculty expertise to address questions related to ecosystem services and help ensure that Oregon will be strongly positioned to be a leader in this new and rapidly developing area of economic investment; and (7) address critical information deficits and help avoid potentially catastrophic collapse of near-shore fisheries and associated economies and ecosystems.

B. **Forest Research Lab** [$900,000]

Implementation of the Forest Research Lab proposal would substantially increase the capacity of the FRL and OSU College of Forestry in key areas vital to the economic, social and environmental health of Oregon. Implementation of the program would be instrumental in stimulating and sustaining Oregon’s natural resource based economy, improving livability across urban and rural Oregon, and adding economic vitality to communities while simultaneously improving the environment. Funding will support continued or new expansion of its research in six strategically targeted areas vitally important to Oregon’s environmental, economic, and social future: The Center for Intensive Planted-forest Silviculture; Watersheds Research Cooperative; Oregon Wood Innovation Center; Forest Health and Renewable Bio-based Energy; Forests and Climate (ForClim): Managing Forests and Using Forest Products to Mitigate and Adapt to Rapid Climate Change; Urban Forestry for Livable Cities.
C. Extension Service [$5,800,000]

Funding for Extension Service will help Oregonians build their future by improving access to relevant information for decision making in local communities; enhancing the application of natural resource research from the Oregon Agricultural Experiment Station, Forest Research Laboratory and Sea Grant Program; and strengthening local economies while contributing to healthy youth and families. Outcomes include increased profits and sustainability within the agricultural sector of Oregon’s economy; enhanced development of sustainable food systems; enhanced environmental stewardship and conservation; increased provision of ecosystem services; and enhanced community vitality. Program components include: (1) **Access for all Oregonians**: urban and rural interdependence; Innovative education combining online and residential learning; enhanced relationships to county government, community colleges and local partners through the concept of “OSU Open Campus”; increased college participation for rural high school students; Social learning opportunities; (2) **Secure and Sustainable Communities**: economic performance and entrepreneurial development; sustainable local food systems from farmer to consumer; family security through crisis communication and disaster recovery; emergency preparedness; (3) **Natural Resources and Climate**: energy use and efficiency; climate change and adaptation strategies; Invasive species; managing water quality and quantity; and (4) **Human Health and Performance**: disease prevention through nutrition and food choices; healthy lifestyles; aging without disability; hunger and obesity.

Funding for this proposal includes replacement of federal support lost by counties in Oregon and enables continued and consolidated services through the Oregon Open Campus, Community and Business Development, and “A Front Door in Every County” programs.

**Performance Indicators**

Performance Indicators for the Statewide Public Services include increases in:

- production of sustainable bio-based feedstocks;
- development of sustainable, second-generation biorefineries;
- sales of bio-based, health-promoting products;
- health of vulnerable populations in response to reduced exposure to toxics;
- sales of sustainable food products; agricultural water storage capacity;
- agricultural water use efficiency; food processing productivity and innovation rates;
- the size and viability of ecosystem services markets and industries in Oregon;
- options for management tools (e.g., fishery management, zoning policies, etc.) to prevent further declines in near-shore ecosystems and related economies;
- output and wage income in the forestry sector;
- ensuring water quality and a livable environment; and
• beneficial educational opportunities for Oregon’s children.

VI. Regional Tuition Buy Down

Title: Increasing the competitiveness of Eastern Oregon University and Southern Oregon University by limiting their tuition increases through added General Fund support

Total 2009-2011 Budget Request: $4,000,000

Background and Summary

This investment will allow Eastern Oregon University and Southern Oregon University to freeze their undergraduate, resident tuition at 2008-09 levels, thereby making these institutions more accessible, affordable and competitive. Increased General Fund in an amount equivalent to freezing tuition at 2008-09 levels will substitute for increased tuition income, thereby making these campuses more attractive to prospective students. Increasing student enrollment helps to stabilize the universities’ budgets, allows these campuses to attain economies of scale where needed, and makes these institutions more financially sustainable. This will also help these institutions to increase the enrollment of students from rural households, thereby achieving another OUS goal.

Performance Indicators

Indicators that will be used to measure success against goals for this policy package include:

1. Cost of tuition and fees at EOU and SOU compared to peers;
2. Number of students enrolled at these institutions; and
3. Number of students enrolled from rural areas.

VII. Optional Retirement Program (ORP) Funding

Title: Funding the OUS Optional Retirement Program in the same manner in which PERS is funded.

Total 2009-2011 Budget Request: $7,500,000

Background and Summary

In 1995, OUS sought and obtained a statutory change to offer an Optional Retirement Program (ORP) for its unclassified employees as many of these employees come to OUS after working in other states with pre-existing retirement accounts. This statutory change required that employees who elected into this ORP have a retirement contribution equivalent to that offered to employees enrolled in the Public Employees Retirement System (PERS). After the sale of the Pension Obligation Bonds (POB) in
2001-02, PERS employers were required to pay an assessment on all retirement contributions to cover the annual POB debt service. For PERS employees, this assessment was added to the regular PERS contribution and this amount was funded by the state through the annual Essential Budget Level (EBL) cost calculations. Because the 1995 statute was written in such a way that ORP members were to receive the same contribution as PERS members, OUS was obligated to match the contribution paid to PERS members. Thus, OUS has been adding approximately 6 percent to each members account due to the POB annual debt service, yet this was not funded by the state through the EBL calculation process for ORP members. Therefore, OUS is now requesting that its ORP employees be treated equitably through the EBL process each year. OUS filed an exception request to the EBL process which was denied by the Department of Administrative Services. At the time of notification of this denial, OUS was informed that it should request this funding via the policy package process.

Performance Indicators

Indicators that will be used to measure success against goals for this policy package include:

1. Equal funding treatment for PERS and ORP members each biennium.

VIII. Engineering and Technology Industry Council (ETIC)

Title: Make investments in engineering and technology programs to produce graduates and innovations that provide competitive advantage to Oregon’s industries.

Total 2009-2011 Budget Request: $39,700,000
(Forecasted Private Support for 2009-2011 Biennium: $47,100,000)

Background and Summary

During its eleven-year history, ETIC has created a results-oriented model for investing in education and research, with a track record to match. The proposed investments in research and teaching faculty and facilities complemented by pre-college outreach programs will enhance Oregon’s ability to innovate in all industries by providing:

a. Highly educated work-ready graduates that can immediately help their employers create new products and services as well as enhance existing ones.

b. New technologies that can be put to use by both high-tech and low-tech companies.

c. New businesses based on new ideas and the people that create them—leading to new industries that diversify Oregon’s economy.

ETIC’s proposed state investments for the next biennium, combined with private investments, will more than double the number of degrees produced each year and
increase the amount of externally funded research by a factor of four from 1999 (the ETIC baseline year) and 2020.

Oregon’s engineering and technology education and research programs through ETIC are strategic assets for Oregon’s economy and its residents by providing unique programs of the highest quality that meet the needs of Oregon’s industry clusters; attracting resources to Oregon from throughout the world; doubling the number of bachelors, masters, and PhDs receiving a globally competitive engineering education; and performing innovative research that gives existing and new businesses a competitive advantages in the global economy.

Description and Outcomes

Based on the needs of existing and emerging Oregon clusters, ETIC’s strategy to grow our engineering and technology programs produces graduates and innovations that provide competitive advantage to Oregon’s industries. Over the long term, ETIC is building a self-sustaining innovation engine that draws grants, donations, and other sources of underwriting to Oregon. In particular, ETIC plans to more than double the number of degrees produced each year and increase the amount of externally funded research by a factor of four between 1999 and 2020.

Expected Outcomes of the 2009-2011 investments include:

- Additional faculty and facilities needed to make additional progress toward goals;
- Enhancing the cooperation among academic programs and between these programs and industry;
- More than doubling number of work-ready graduates available to Oregon economic clusters by 2020;
- Four-fold increase in the amount of federally funded research serving as a source of innovation for Oregon’s clusters by 2020;
- Increasing the quality and diversity (ethnic, geographic, gender) of students graduating from these programs; and
- Increasing the global competitiveness of Oregon’s programs and thus Oregon’s economic clusters.

The ETIC Board uses the following criteria to review campus proposals:

<table>
<thead>
<tr>
<th>2X</th>
<th>Contribution to doubling the number of work-ready technical graduates by 2013 vs. 1999</th>
<th>Forecasted Results</th>
<th>Metrics forecast indicates plan will contribute to ETIC 2X goal.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Educational Capacity &amp; Productivity</td>
<td>Plan invests in increasing capacity and productivity to reach metrics forecast.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outreach</td>
<td>Plan for increasing number and diversity of students.</td>
<td></td>
</tr>
</tbody>
</table>
### Retention
Plan for increasing the proportion of students completing degree programs.

<table>
<thead>
<tr>
<th>5X</th>
<th>Contribution to 5X increase in externally funded research in Oregon by 2020 vs. 1999.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forecasted Results</strong></td>
<td>Metrics forecast indicates plan will contribute to ETIC 5X goal.</td>
</tr>
<tr>
<td><strong>Research Capacity &amp; Productivity</strong></td>
<td>Plan invests in increasing capacity and productivity to reach metrics forecast.</td>
</tr>
<tr>
<td><strong>Collaboration</strong></td>
<td>Plan includes industry-academic, inter-department, inter-campus, regional.</td>
</tr>
<tr>
<td><strong>Public-Private Partnership</strong></td>
<td>Mutually beneficial relationship with Oregon industry.</td>
</tr>
</tbody>
</table>

### Global competitiveness
Contribution to global competitiveness of Oregon industries

<table>
<thead>
<tr>
<th>National Ranking</th>
<th>Will lead to higher national ranking.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercialization</strong></td>
<td>Produces patents, licenses, spin-offs.</td>
</tr>
<tr>
<td><strong>Benefits Oregonians</strong></td>
<td>Provides opportunities. Helps keep and grow family-wage jobs.</td>
</tr>
<tr>
<td><strong>Serves Oregon Clusters</strong></td>
<td>Source of talent and innovation for existing and new companies.</td>
</tr>
</tbody>
</table>

### Effectiveness
Effectiveness of proposed investment

<table>
<thead>
<tr>
<th>Private Support Ratio</th>
<th>Forecasted private support divided by requested state funds.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expertise Leverage</strong></td>
<td>Plan leverages existing expertise.</td>
</tr>
<tr>
<td><strong>Track Record</strong></td>
<td>Track record makes plan credible.</td>
</tr>
<tr>
<td><strong>Internal Consistency</strong></td>
<td>Details of plan match stated goals and provide confidence that results can be achieved.</td>
</tr>
<tr>
<td><strong>Return on Investment</strong></td>
<td>Strong results for Oregon including progress toward “2X” and “5X” goals vs. level of proposed investment.</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>Increases in tuition, research revenues and other resources will cover some or all of the cost of new faculty.</td>
</tr>
</tbody>
</table>

## Pre-college Investments in ETIC (Oregon Pre-engineering and Applied Science Initiative or OPAS)

For ETIC to achieve its goal of doubling the number of engineering and technology degrees, Oregon needs a growing number of college freshmen motivated and prepared to pursue these degree programs. Unfortunately, interest in engineering and applied technology degree programs among college-bound high school students has been flat...
in engineering and has shown a significant decline in computer science over the last several years. The problem is due in part to a lack of exposure to these disciplines: of the 170,000 Oregon high school students in over 220 high schools, fewer than 5,200 students in only 33 high schools take even a half credit in engineering and technology courses. Similarly, fewer than 60 Oregon students took AP (advanced placement) computer science exams in 2007, about one-third the national average as a percentage of AP tests taken. With regard to gender and ethnicity, it is worth noting that only six of the students taking the AP computer science exams were women and, of the 57 students who reported ethnicity, all but one were white or Asian. This is consistent with other data indicating low rates of interest and participation in engineering and applied science in high school and college by women and non-Asian minorities.

ETIC recommends a six-year initiative to expand the pool of well-prepared high school students who choose to pursue engineering and applied science majors in college.

- **In-Class Offerings**: Engineering, computer science, and applied science courses should be offered much more broadly as a part of state-wide college preparatory programs. In-class programs have a high impact on students since they provide a content rich curriculum, significant contact hours, and teaching by trained educators.

- **Out-of-School Time Offerings** (OST): Investment in engineering and applied science which target in-depth experiences that provide the contact hours, mentoring, and hands-on engagement required to significantly impact student interest, academic engagement, and college plans.

- **Intensive internships for high school students and teachers**. Such programs have proven beneficial for students who have demonstrated high potential and preparation when these internship experiences are at the time they are preparing to make key post-secondary education decisions like choice of college and major. Teacher internships provide high leverage because every teacher that gains a better understanding of a technical field through an internship can impact hundreds of students by bringing new insights back to the classroom.

- **Team-based activities for younger students—fourth grade to ninth grade**. Social context is important to students’ participation and engagement in engineering and applied science programs. OST programs, such as the Oregon Robotics Tournament and Outreach Program (ORTOP), engage teams of students in demanding and socially relevant technical challenges and bring groups of students together for culminating contests and events. Such programs have proven successful in engaging students in authentic learning experiences that influence academic and career choices. Expanding such opportunities statewide will require start-up funding and collaborations with schools to provide the necessary access to school facilities and provision of OST engineer coaching staff and engineering challenge kits.
Performance Indicators

ETIC used two primary performance indicators to measure its success against goals:

1. Engineering and Computer Science degrees; and
2. Externally-funded engineering and technology research (internal ETIC indicator).

IX. Technology for Regionals

Title: Improved technology for Regional Universities to improve student services and efficiency.

Total 2009-2011 Budget Request: $1,400,000

Background and Summary

These investments will allow the OUS “Fifth Site” to purchase Banner financial aid and document imaging solutions for use by the regional universities (Eastern, Southern, and Western Oregon Universities and Oregon Institute of Technology) in awarding and disbursing financial aid to students and to image document to minimize record retrieval and storage costs. In addition, these systems will allow these campuses to effectively and efficiently deliver and manage financial aid programs and administrative services.

Performance Indicators

Indicators that will be used to measure success against goals for this policy package include:

1. Number of students who receive financial aid;
2. Amount of financial aid disbursed;
3. Satisfaction with services rendered; and
4. Records retrieval and storage costs

X. Oregon Metals/Oregon Metals Initiative (OMI)

Title: Support for applied research projects conducted jointly by metals industry members and research facilities of the Oregon University System.

Total 2009-2011 Budget Request: $850,000

Background and Summary

OMI was established in 1990 as a mechanism to both support and enhance the competitive position and economic contribution of the Oregon metals industry. Industry members work with OUS research universities, currently Portland State University and Oregon State University, to develop industry relevant project proposals that can lead to
new proprietary products, processes, jobs, and more efficient operations. The OMI Board of Directors reviews these proposals, based on their by-laws and selection guidelines, and manages allocation of research grants.

Oregon’s metal manufacturers have proven they have deep roots in Oregon and have weathered many changes in the economy while continuing to provide thousands of Oregonians family wage jobs. Industry members understand the need to remain competitive through innovation achieved through continued, high level applied research. OMI provides the industry with the ability to experiment and research ideas which can lead to new products or new processes which enhance their competitiveness in the global economy.

Additionally, OMI helps strengthen the infrastructure and research capacity of Oregon University System’s research institutions. Industry engineers and scientists work directly with professors and students in university labs to conduct this research, thereby investing in the research capabilities of our universities. These increased capabilities can then be accessed by other Oregon industries providing increased innovation statewide. With state match support, industry has been able to undertake research that would not have been pursued at all or at this time. Industry members provide a direct one-to-one financial match to the research grant as well as expertise through their engineers and scientists. The industry match level is never less than the state contribution. The Board has considered allowing small businesses a one-time exception. The university provides the lab, technology, and faculty expertise. Additionally, the OMI Board of Directors is comprised of both industry members and research universities. OMI has fostered not only communication between academia and industry but also among industry members themselves as they participate in the program.

From 2002 to 2007, 18 industry members participated in OMI. Many of these companies had multiple projects over the past five years. OMI and the universities consistently communicate with industry members to ensure that they are aware of this unique opportunity.

**Description and Outcomes**

OMI is requesting $850,000 in state funds which will be matched on a one-to-one basis with industry funds. All funds go directly to the research universities with none being earmarked for OMI administrative costs. The OMI Board of Directors manages the funds and the OMI Executive Director implements the activities associated with the funds. Applied research projects developed in a collaborative process between industry members and OUS research universities will be funded with this investment.

Since 1990, industry members have provided a one-to-one match on state funding and are committed to continuing this program as long as the legislature provides funding. The program allows industry to conduct necessary research projects using the
extensive resources of our research universities, some of which are unaffordable or unattainable by individual companies.

Through Oregon InC’s support of PSU materials science program, OMI has been and will be able to broaden the scope, diversity, and quantity of projects. OMI allows industry to work with university labs, equipment, and faculty rather than conducting duplicative research in house. By providing access to the resources of the research universities, industry members can more efficiently allocate their limited resources to ensure continued employment and competitiveness.

**Performance Indicators**

These projects help increase the metals industry global competitiveness. By protecting and enhancing industry market share, OMI research projects have a direct link to retaining and increasing jobs.

Due to the diversity of the individual projects and the research results, it is somewhat difficult to measure the overall OMI program’s industry impact. However, we can show results on a project by project basis. As one example, Boeing conducted a project with PSU to develop the tools and techniques for real time non-contact temperature measurement of the induction hardening process. These real time temperature measurements allowed the company to reduce their costs and production time which increases the value added to the economy and helps them maintain a competitive position in the world market.

OMI has two performance goals to measure performance against objectives in the current contract that the program shares with PSU. The first is to generate $500,000 in industry match by July 2009. The program is well on its way to meeting this milestone. The second is to participate in the development of 10 new products or processes by July 2011. OMI projects often result in new processes or products and the OMI Board is confident the program will meet and likely surpass this milestone.

**XI. Investment Earnings**

**Title:** Allowing OUS to retain all investment earnings on student tuition and other funds and to pool its funds for investing by Treasury to increase the investment earnings on these funds.

**Total 2009-2011 Budget Request: ($14,100,000)** [As was agreed with DAS and the Governor’s Office, this is a request to reduce the OUS budget in the amount noted above in exchange for the ability to retain interest earnings on all “other funds,” both limited and non-limited, generated by OUS.]
Background and Summary

For many years, investment earnings on student tuition, certain auxiliary income and certain other OUS revenues accrued to the General Fund of the state and not to OUS. In 2007-2009, OUS requested a legislative concept to allow OUS to retain these investment earnings that was supported by the Governor in exchange for a dollar for dollar reduction of appropriated General Funds to offset the loss of these revenues to the state’s General Fund. Although the Legislative Concept was not approved by the Legislature in 2007-2009, they did commission a study of the impact of such a change. This study, completed by LFO and Treasury in December 2007, confirmed that additional investment earnings could be generated, with little increase in risk to the state.

This policy package and accompanying Legislative Concept for statutory changes are being re-submitted in 2009-2011 and would again permit OUS and Treasury: 1) to have OUS retain all investment earnings from these investment of these funds; and 2) to pool its funds to allow stratified investment to maximize investment earnings available to OUS each biennium.

Performance Indicators

Indicators that will be used to measure success against goals for this policy package include:

1. Actual investment earnings under new structure as compared to old structure.
### Appendix D – Example of 10% Reduction Plans

<table>
<thead>
<tr>
<th>Activity or Program</th>
<th>Describe Reduction</th>
<th>Amount and Fund Type</th>
<th>Rank and Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Which program or activity will not be undertaken)</td>
<td>(Describe the effects of this reduction. Include positions and FTE in 2007-09)</td>
<td>Revenue Source</td>
<td>(Rank the activities or programs not undertaken in order of lowest cost for benefit obtained)</td>
</tr>
<tr>
<td>1. Education and General – All Institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>Eliminate 88 course sections and 67 FTE. Close satellite instructional facilities serving students in rural areas and reduce distance ed course development – $1.45 million. Reduce temporary staffing of $1.2 million. Eliminate faculty recruitment funds by $250,000.</td>
<td>GF $14 M</td>
<td>The listing of reductions and their effects reflects an equitable distribution of the budget reductions across OUS’ major programs. This approach comports with general principles underlying the Board of Higher Education’s Resource Allocation Model. It is also consistent with the Board’s goals to provide access, affordability, quality, and cost effectiveness for all of the state’s public universities and statewide public services.</td>
</tr>
<tr>
<td>Student and Administrative Support</td>
<td>Reduce Student Services and Administrative Support, cutting 87 FTE. Reduce career services; eliminate new campus based financial aid; close two buildings; reduce library acquisitions, supplies, and equipment. Reduce Community College Partnership funding, recruiting, mailings, and outreach services. Defer classroom upgrades.</td>
<td>GF $14 M</td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>Eliminate 110 course sections per term and 85 FTE.</td>
<td>GF $16 M</td>
<td></td>
</tr>
<tr>
<td>Student and Administrative Support</td>
<td>Reduce student services and administrative support, cutting 90 FTE. Delay minor building renovations for research labs. Defer maintenance projects, only correcting major safety issues. Service reductions may jeopardize accreditation and faculty development.</td>
<td>GF $15 M</td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>Eliminate 100 course sections per term.</td>
<td>GF $16 M</td>
<td></td>
</tr>
</tbody>
</table>
## Activity or Program
(Which program or activity will not be undertaken)

## Describe Reduction
(Describe the effects of this reduction. Include positions and FTE in 2007-09)

## Amount and Fund Type
Revenue Source

## Rank and Justification
(Rank the activities or programs not undertaken in order of lowest cost for benefit obtained)

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<th>Amount and Fund Type</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>Tuition and Fees OUS equates a 10 percent reduction in OFL to the loss of approximately 8,800 FTE students who would be denied access.</td>
<td>GF $75 M</td>
<td></td>
</tr>
<tr>
<td>2. Agricultural Experiment Station</td>
<td>Across the board reductions in all areas, including FTEs, would result in significant decreases in Statewide Public Services.</td>
<td>GF $6 M</td>
<td></td>
</tr>
<tr>
<td>3. Extension Service</td>
<td>Across the board cuts in all areas, including staffing levels, will:</td>
<td>GF $4.7 M</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Result in loss of faculty having joint appointments among research, teaching, and Extension;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Jeopardize retention of some existing outside funding; Reduce ability to attract other outside funding; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Negatively impact the Oregon economy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Forest Research Laboratory</td>
<td>Across the board cuts in all areas, including FTEs, will significantly impact the FRL ability to provide public services.</td>
<td>GF $0.7 M</td>
<td></td>
</tr>
</tbody>
</table>

**GF:** General Fund  
**OFL:** Other Funds Limited
OUS, Capital Construction Budget Request, 2009-2015

Staff Report to the Board:
Each biennium, prior to the legislative session, the State Board of Higher Education submits a capital program summary to the Governor covering the ensuing three biennia. For 2009-2011, a formal capital budget request is presented; for the outlying period 2011-2015, a forecast of needs is identified.

The 2009-2011 capital budget recommended to the Board for approval totals $1,364,588,001 for the seven OUS campuses and University Centers. Approximately 63 percent of the request pertains to projects related to capital repair, code needs, modernization, and collaborative projects; 24 percent is related to Education and General projects that directly provide facilities for instruction, research, and service missions of the System; and the remaining 13 percent is for projects carried out by Auxiliaries, including student facilities funded by the student building fee.

A supplement to the recommendation has been prepared, included as Appendix E, and provides details of the requests by biennium, including information on the major issues, a summary of the outstanding and forecasted bonds, and funding for deferred maintenance. Lists of exhibits and tables provide further detail.

Staff Recommendation to the Board:
Staff recommends that the Board authorize the Chancellor or designee, to prepare and submit to the Department of Administrative Services a proposed 2009-2015 Capital Construction Program in accordance with this docket item and the supplemental materials included herein. Further, it is recommended that staff be authorized by the Board to apply for the necessary grants and seek the necessary bonding authority and Certificates of Participation authorizations to effect the projects and purchase the equipment and systems described in this docket item for the 2009-2011 biennium. In addition, staff recommends that the Chancellor or designee, be authorized to make any technical adjustments required to the program during the ensuing period prior to the end of the 2009 Legislative session.

(Board action required.)
Continuing the Investment in Oregonians for Our Future: 2009-2011 Operating Budget Request

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Capital Construction Program Request for 2009-2015